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AS WE ALL MOVE with lightning speed into the high-tech future, my office has decided to make some concessions to modernity. We're putting together a web page, www.senatorelton.net, that will debut in the next week or two—with links to 'off the record', and other legislative info. We'll also start delivering 'off the record' by email to those who request it.

Just send an email to senator_kim_elton@legis.state.ak.us and type "subscribe" in the message window.

Speaking of a high-tech future, I have an idea for:

A modest contest

I'D LIKE TO HAVE YOU HELP ME celebrate this last Labor Day of the 1900s by inviting your predictions about what happens to the American workforce if internet commerce grows as rapidly as predicted. Maybe the best way to honor the ingenuity and energy of the American worker as we switch centuries is to not just reflect on where our economy has been but try to see where our economy is going.

In the century now slipping away, American workers went from haystacks to smokestacks to what now may be a deck stacked against millions of Americans working in smaller Main St. businesses. Corner bookstores, drug stores, office supply stores, travel agencies, and other bedrock local businesses face competition from faraway warehouses where consumers cruise internet aisles.

As shopping on the internet blossoms, what withers? What happens to the value of a community's commercial real estate? What happens to local governments that depend on local sales tax revenues? Most importantly, what happens to the workers, our neighbors and friends, who depended on these businesses?

Send in your predictions on these and other e-commerce issues. My staff and I will select the weirdest, or most prescient, or most thought-provoking entry and I'll take that prognosticator to lunch. We'll also put together a list of some of the predictions and publish them in a future newsletter.

What happens when voters 'just say no'?

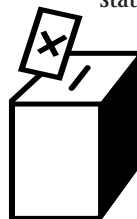
Advisory vote is a lesson in political imperfection

IN POLITICS, there are no perfect answers.

After all, as the old cliché goes, perfection is in the eye of the beholder. When an elected official represents 15,000 Alaskans, or 30,000 Alaskans, or 600,000 Alaskans, there theoretically are 15,000, or 30,000, or 600,000 versions of perfection. Each brings their own set of assumptions and expectations.

As exhibit 'A' in support of my theory that we can have close to 600,000 different perfect answers on a statewide political issue, I offer the ballot question: "After payment of annual dividends. . .and inflation proofing the permanent fund, should a portion of permanent fund investment earnings be used to help balance the state budget?"

For most Alaskans a 'yes' or 'no' vote on September 14 is not a simple choice between perfect and imperfect. Instead each voter will decide whether they believe we've cut too much or not enough from state government, whether they believe the dividend is their share of Alaska, Inc. or a freebie, whether they believe the dividend should be the first target or the last target, or whether (fill in the blank). They'll consider regressive/progressive, they'll test the thickness of their wallet and decide how much government service they can afford, and they'll look at the supporters of the ballot question and opponents and try to determine what their motives may be. Each voter will make a series of determinations and take them into the booth.

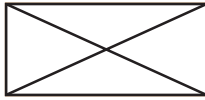


I suspect most Alaskans will vote 'no'. Recent polling indicates that if the vote was taken today it would fail in Juneau by a couple of percentage points—and Juneau is as good as it gets for the 'vote yes' proponents. I am concerned that some in the legislature will take a 'no' vote by the public as a total rejection of the notion that earnings from the permanent fund should be counted as part of the general fund revenues available for spending.

Instead, I think many voting 'no' simply rejects an approach that focuses solely on a solution that lowers future dividends. Some 'no' voters don't believe in an either/or scenario but favor a broader approach that also includes other kinds of taxes with less of a bite on the dividend. Some believe the governor and the legislature unfairly narrowed the search for revenue solutions, excluding nonresident workers, and corporations, and sin taxes.

If the ballot proposal does fail, I will support a mixed bag of new
(what happens, cont'd on p. 2)

Capitol Undercurrents



Hmmmm...

Some "informed" sources predict several legislators will decide not to run again if Alaskans reject the September 14th ballot initiative. They say some GOP moderates are tired of the sniping coming from the terminator caucus on subsistence and cuts to government and will decide they have better things to do. This is pure idle speculation, however, and no Alaskan should get their hopes up and decide to vote 'no' on the simple premise that some legislators will quit if the ballot question fails.

A metaphor for life?

When the weather is lousy and the Golden North Salmon Derby fishing is slow, the mind tends to wander a bit. Hunkered over in the wind and rain in our 15-foot skiff with my parents and Marylou it helped to think we had the same opportunity for derby success as those sipping hot coffee straight from the galley of large yachts. They weren't getting wet or cold and didn't need to carefully choreograph their every movement in their spacious vessels. Luckily salmon are democratic sorts, and show no preference for hooks dangling from open skiffs or yachts.

But what does it really mean?

I don't know whether there really is a larger issue here but it is intriguing that Juneau will get 108 more hotel beds because of the construction of new hotels in a market where the occupancy rate hovers at around 58 percent while in Anchorage we're building 400 more prison beds because that "market" now has over 100 percent occupancy.

News to use

It's less expensive to live in Juneau than New York City but more expensive to live here than Boston, Washington, DC, Anchorage, or Fairbanks (this according to the American Chamber of Commerce Researchers Association market basket survey of the third quarter of 1998). About 40 percent of

Juneau's overall population lives in the East Mendenhall Valley while less than 13 percent live between the rock dump and Aurora Harbor (so says data from the CBJ).

News to use from that big world outside Alaska

The above item noted how expensive it is to live in New York City. Reuters News service confirms that by noting it costs \$12/hour to hook into the world wide web at a Kinko's on Madison Ave. but only \$8/hour at Phnom Penh's first and only internet café. On a completely different subject, the LA Times reports that 40 percent of men will change channels during a commercial break but only 28 percent of women will.

Crime and Punishments

We've followed the messy details of Royal Caribbean's recent crimes and apologies. Now it's time to follow the money. The cruise company will pay \$6.5 million for the Alaska portion of its settlement. \$3.5 million goes straight to the U.S. Treasury, and \$3 million is suspended for "community service" payments. Of that, \$1 million goes to the National Fish and Wildlife Foundation and \$2 million goes to the National Parks Foundation. Guidelines for the NFWF money are broad: folks like DEC, EPA, Coast Guard, NFWF could apply for this money and use it for monitoring, study, sampling and analysis of affected areas, as well as enforcement of environmental laws. The NPF money is dicier—this foundation usually acts as an adjunct for the National Park Service. They spend money on displays, interpretation, education in National Parks—the sort of thing that benefits tourists and cruise companies.

Can we learn from history? Last year, as part of a settlement for similar oily bilge dumping in Southeast, Holland America paid the NPF \$1 million in "community service". What've they done with this money? The Foundation reports it's sitting in the bank, earning interest for future "resource protection". If any good comes of the Royal Caribbean and Holland America crimes, I sure hope it's an invigorated commitment to protection of Southeast waters—not a cash cow for the Park Service.

(what happens, cont'd from p. 1)

revenue measures in conjunction with using some of the earnings of the permanent fund after dividends and inflation proofing. I believe strongly we've cut to the bone. Alaska is the only state that has reduced real spending in the last decade.

For example, if the ballot question fails, we will need to reconsider the exemption the legislature granted last year that gave foreign-flagged cruise ships a \$3 million to \$8 million dollar tax break. We will need to reassess whether or not our alcohol taxes, which haven't been raised for nearly two decades, should more closely match what the state spends on law enforcement, courts, prisons, and health care dealing with the impacts of drinking. I will continue to push my bill that imposes a berth tax on cruise ships—an "exportable" tax on visitors. We should review oil and gas taxes, especially in light of proposed consolidations in the oil patch. We should consider implementing the governor's proposed gasoline tax.

We should review all these and other narrow revenue sources in conjunction with general taxes like an income, sales and school tax. By using a multi-faceted approach to new revenues we'll spread the cost of essential government more broadly and, hopefully, more fairly.

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