

off the record

a bi-weekly legislative
update from
Senator Kim Elton

Room 504, State Capitol, Juneau, AK 99801 ♦ 465-4947 ♦ 465-2108 FAX ♦ December 10, 1999

Capitol Undercurrents

Fill in the blank—

Here's an anti-trust pop quiz.

1) "Between 1985 and 1990 the six largest buyers (of what Alaska resource?) accounted for at least 51 percent of the total processed."

2) "Our investigation found that the market is very much an oligopoly because the same few processors (of what Alaska resource?) consistently control 50 percent or more of the annual production."

3) "It is clear from the table above that a small number of processors (of what Alaska resource?) is responsible for a large proportion of the purchases. . . Concentration of this sort, while not in itself proof of collusion or price fixing, greatly facilitates. . . coordination of prices."

4) "A few of the processors (of what Alaska resource?) can, given their combined market share, wield oligopsonistic market power."

5) "In a market in which the buyer (of what Alaska resource?) exercises monopsonistic or oligopsonistic power the amount paid for a good falls short of the price that would be paid in a fully competitive market."

6) "Without a level playing field, a disproportionate amount

Our fiscal annoyances still with us

By Clem Tillion

Former Republican State Senate President Clem Tillion has been an articulate spokesman on Alaska issues for many years. He granted me permission to reprint this column which originally appeared in the Anchorage Daily News.

As the year slips by, the Y2K issue that worries me the most is not the crash of my computer but the convening of the Alaska State Legislature in January.

The price of oil being up gives the Legislature a chance to have their collective heads in the sand for another year. Remember, infinity to an elected official is the next election.

This is not the for office but a fault of wards those who sions more than ward to solve the

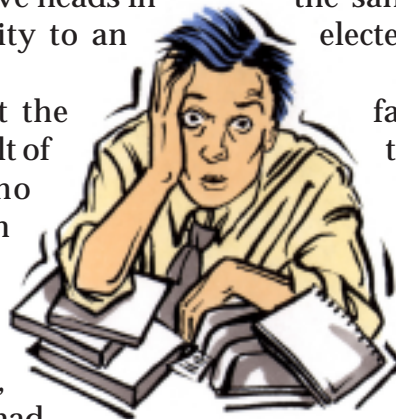
Common- came out with a Fund Earnings, in May 1999. It had

concepts that could be of use to the Legislature, but it also had some basic flaws. For a group of businessmen hoping to avoid a general statewide tax, be it a sales tax or the reimposition of the state income tax, the study made very good sense, especially to those who are in a higher tax bracket or represented a municipal subdivision of our state that lacked the guts to tax those who receive the Permanent fund dividend directly and instead looked for a back door way of levying a flat tax, i.e., a reduction of our dividend that was without doubt an income tax paid only by Alaskans.

The people saw right through this in spite of the bast amounts of money spent on a glitzy campaign and explained very clearly to our elected officials that this solution was unacceptable.

So now, in spite of higher oil prices, the problem is still with us.

For what it is worth, the constitutional convention that laid the groundwork for the transition from the Territory of Alaska to the State of Alaska came down hard on dedicated funds for a num-



fault of those who run the system that re-dodge tough deci-those who step for-problem.

wealth North study "Permanent Phase 2," released some interesting

Undercurrents (cont.)

of the value (of what Alaska resource?) will probably continue flowing out of the state and the country, where it can provide no benefit to the owners of the resource.”

(The correct answer for each of the six questions is “fish”, not “oil”. The quotes are from an AG’s report on Bristol Bay in 1993. The AG was worried that six vertically integrated Bristol Bay salmon processors—they buy, process in their plants, ship, and sell in world markets—may have too much control of the Alaska salmon industry. We’ve not seen a similar report about whether the same concerns adhere to the North Slope where the only two vertically integrated companies—that own the slope facilities, hold most of the oil leases, own a majority share of the pipeline, own the ships and gas stations—are trying to merge.)

Fran fan—Alaskans in the audience of the banquet for participants in the Fifth North Pacific Rim Fisheries Conference chuckled when former Governor Wally Hickel introduced Lt. Gov. Fran Ulmer, the featured banquet speaker. He noted in his laudatory remarks that Alaskans shouldn’t be surprised to hear he gets along much better with Gov. Knowles’ partner than he did with the previous lieutenant governor, his running mate and sidekick in the early 1990s—Jack Coghill.

Movin’ on up—Homer GOP-Rep. Gail Phillips is telling folks she is not running for re-election next fall but will instead focus on running for governor two years later. The former two-term speaker of the house is one of several Republicans interested in moving to the mansion on Calhoun. One of those others is state Senator Robin Taylor of Wrangell-Petersburg-Sitka-Ketchikan, but he may not want to look that far ahead. Word is that Wrangell Mayor and Southeast Conference mainstay Bill Privett is looking for a campaign guru so he can take on Taylor in the Republican primary for the state’s southernmost senate seat.

Fiscal annoyances (cont.)

ber of very solid reasons, the strongest reason being those agencies that do not need to plead for a spot in the annual budget soon become wasteful. This goes for all guaranteed entitlements, be it welfare or municipal government support, and while going to the Legislature each year to plead your case is a real bore, the Legislature, with all its faults, is the voice of the people. Any time I hear someone say, “Let’s take it out of politics” they are really saying, “We really prefer not to let the people choose what to support.”

So I, for one, would oppose the proposed community dividend program and the 10 percent proposed for capital needs. Not that these are not vital, but not the back door, please, but on your knees to those who represent the people.

If you think my support of the dividend is inconsistent with this, I can only point out that the Permanent fund is the people’s fund set up not by the Legislature alone but by a vote of the people. It’s our money, as citizens of Alaska, and belongs not to any bureaucracy or special group.

If tax needs to be levied on the people’s savings account, I, for one, would first want to see a tax statewide so that those who come to Alaska to work or play will pay some small portion of our governmental costs.

Reimposition of our old state income tax would hardly be the end of the world. It need not, and should not, fill the whole fiscal gap. The same with a statewide sales tax, not large but no exemptions of any kind. Let us all pay.

Then, and not until then, present to the people a proposition such as “When the price of crude oil falls below \$16 a barrel, the Legislature may appropriate an amount not to exceed 20 percent of that year’s earnings of the Permanent Fund for the support of general government,” and I’m sure the people would support it.

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