

2004\_6\_13\_FBX\_Alaska needs results from the Legislature's special session

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### **Alaska needs results from the Legislature's special session**

I have called a special session of the Alaska Legislature to fix the state's long-term fiscal problem while oil prices are high and while we have the luxury of not being in an economic crisis.

Such a solution will assure the state's ability to maintain essential public services like education, health care, roads and public safety.

I want to emphasize the fiscal fix is designed not only to protect essential public services but also to protect your dividend. My first principle for a plan is that it must protect both the permanent fund and the dividend.

As many Alaskans may know, the Legislature already has the authority to spend every nickel of the \$4 billion currently in the permanent fund's earnings reserve account.

The endowment concept for management of the permanent fund, which the House has already passed, would constitutionally limit the amount the Legislature could spend to no more than 5 percent of the value of the permanent fund. This limitation would stabilize the permanent fund and make the annual dividend more predictable in the future.

There are other ways to protect the dividend that I am prepared to support so long as a reasonable portion of the permanent fund's earnings are available to maintain essential public services like education.

Let me explain why I believe education funding is so important. Many educators and parents believe their schools do not have the financial resources to adequately meet the demands of educating their children. That's why I supported the \$82 million increase in the foundation formula for the next school year. The only way to continue this level of education funding into the future is to identify new revenues to pay for it, such as some of the permanent fund's earnings. What better way is there to invest in our future?

The second principle for a plan that I will support is funding for safe and strong communities. The House-passed package included a 5 percent community dividend, which would allow communities to pay for needed services or roll back local taxes.

We have reduced state spending by more than \$245 million over the last two sessions of the Legislature. I have directed my fiscal team to continue these efforts to ensure that we have an effective, efficient state government that delivers results for Alaskans.

The third principle on which a fiscal package must be based is a real spending

limit that will force government to prioritize and be more efficient. I will not let public funds be wasted by building a bloated bureaucracy.

The last but most important principle is a responsibility that I have placed at the forefront of my administration--to grow the economy by developing Alaska's natural resource wealth, just as Congress intended when Alaska was granted statehood.

Through revenue earned from natural resource development, we can grow the economy and the permanent fund and provide jobs for our kids. This is our administration's highest responsibility.

The proclamation calling the Legislature into special session includes a spending limit, an endowment concept for the permanent fund's management, and legislation to split the endowment payout among the dividend, funding for communities and education.

While the proclamation allows consideration of a bond package for much-needed transportation infrastructure, like a fix for Anchorage traffic congestion problems and to meet university needs, I will only approve a bond package if it is part of the fiscal solution. We cannot afford to jeopardize the state's credit rating by approving a bond package if we do not resolve our structural fiscal problem.

The call also includes a tobacco tax, which is essential to help reduce teen smoking and offset the overwhelming costs of tobacco-related illness. As you recall, time ran out before the Legislature could pass it.

Finally, the proclamation includes a workers' compensation bill. This is important to small businesses in Alaska that are relying on us to find ways to reduce the escalating cost of insurance.

Alaskans rightly have high expectations that the Legislature will enact a solution to the state's long-term fiscal problem and do it now.

Frank Murkowski was elected governor of Alaska in 2002.