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The recording begins mid-discussion with a man's voice saying that he's standing by constitutional amendment rather than none at all. He thinks that it wasn't a check on legislature's spending, but more of a matter of their [unclear] for future generations when the oil runs out.

Another man's voice says that as management is [unclear talking]. [Unclear question.] A man answers that that's one of the major policy questions that has to be decided and it's going to require lots of getting together and discussing various ideas. He thinks that they have to set up a mini checks and balances system. The legislature and the executive have something to say in investment decisions and so does the board. If they cut anybody loose and make them too independent, they run into danger. [Unclear.]

2:31 [Unclear discussion.] Another man says that the executive of the legislator and through the system of public forums that are coming up, [unclear] consumer representatives are trying to [unclear]. The previous man says that one of the enabling [unclear] is \$35,000 dollars [unclear]. On that state advisory board [unclear] is other commissioners and the public. The board is trying to decide their policies.

When they talk about politics, they talk about [unclear] politics and the speaker doesn't think that legislators and commissioners should be making a specific law. Policy decisions should be making the standards under which [unclear]. The proper role of the legislature is to make proper policies and they should be administered under those guidelines.

5:17 Another man wants to add that a consultant from Price-Waterhouse has given [unclear] involved with World Bank and development banks in numerous countries. The key is to separate operations of the fund from before [unclear]. Among the considerations that they feel are important is a strong executive officer

who chooses his own staff and has to answer for it. They should offer to pay the kind of money that is needed for finding top-rated professionals.

On the operating level, they need to make sure that their numbers are correct and to [unclear] and make sure all that is in order according to guidelines laid down by [unclear]. They don't want to have the government picking and choosing between individual loan applications and every interest group being able to bend the ear of somebody on the policy board in order to get a [unclear] loan.

7:04 Another man says that it an important [unclear] decision or lack of decision [unclear] \$900 million and the aspirations of what people want to [unclear]. The speaker finds it odd that people talk to him that [unclear] represented by their legislature. There's a whole realm of decisions about what kind of tactics they are going to take if the permanent fund will pass.

In 1970, it took the legislature 6 months to amend the State Investment Act after the \$900 million dollars came. At that time, they were only able to invest in direct U.S. Government obligations and they thought that they only had another 6 months to enact another, modern, investment act [unclear talking]. The public, through legislative process, hadn't decided.

8:50 A man asks what the rational [unclear] to profit making rather than capital investments [unclear talking.] The previous speaker says that when they try to direct focus on private sector, they see plenty of money in private sector [unclear] income producing investments. Those words lock out the roads unless it's a toll road.

Another man is worried about Susitna Dam proposal under the [unclear] govern, including Mike Gravel. The means to set up a state [unclear]. They could get money for a project like Susitna which would be smaller than Rampart [Dam]. They will be saddled with the cost of that and it's a motherhood issue for anybody who needs power. There's power on the other side of Susitna and Cook Inlet, much smaller [unclear] and that power is more limited to South-Central area.

Under this system, with the authorities, they are going to [unclear] just as the New York [unclear] authorities railroaded spending money which was spent very poorly and which practically bankrupted New York. The man worried about that, and how they can get the trustees, who are taken by the PR-man's promises of power that solves all their problems.

11:28 Another man says that the previous speaker was speaking to state agencies [unclear] debt. That's nothing new in Alaska that has helped finance 129-130

[what?] and the ability to do that was set up in the constitution. That is a danger because it is a [unclear] state government. They have to have careful consideration about how they want to spend money and change the constitution.

Another man's voice says that he wants to talk about program budgeting. He asks how program budgeting [unclear] works in Steve's opinion, taking into an account that he's a junior legislator and doesn't have the older legislature to compare it to. Steve says that it would work better if it had a lot more time, but the way the legislature has set itself up so that the finance committee is doing nearly everything. A better way of dividing the workload would be to have one team studying new legislation and another one studying the budget. If they could do that, the finance committee could concentrate on the budget.

14:29 There's no reason for the public finance committee to sit and work 12-15 hours a day [unclear] rest of the legislature down at Barenoff [Laughter.] In California, they have a budget for two years. First year they spend reviewing the budget and the alternate year they take up non-finance matters.

Steve [?] says he doesn't have much background on the issue but he is under the impression that most states write a 2-year budget. He's sure that has been considered in the [Alaska] constitution. Another man says that it's a new concept. [Unclear discussion.] A man says that it leaves a lot of flexibility. Another man says that the question was discussed by the committee but they were certain to specify annual legislative sessions [unclear, quiet].

16:13 Another man says that [unclear] was the administrator of revenue and always felt that revenue administration should be a short shift because they have to [unclear] the same committee than the budget and legislature is preoccupied by looking at expenditure matters and they are happy to do something with constituency rather than analyzing revenue statutes.

[Unclear talking.] A man says that he's intrigued by the 2 year proposition because the public hopes for short sessions. Even in long sessions it gets very [unclear] and they have to assume that that is a moment of opportunity. Some agencies rush things by, even ones with small staff. On the other hand, there's the problem of what to do with the amount of [unclear] over [unclear] years and what to do about changes.

18:49 A man who is an administrator says that it takes almost 18 months to change directions of some program when he tries to do it now. That takes away from flexibility. They haven't had a tax fraud case since 1968, but it took him 2 years to

get to the budget and to finally have [unclear] tax fraud sorts of situation, that is a new direction. If they [unclear] 2 year process, they are talking about 2.5-3 [unclear] changes of directors.

Another man says that there's a lot of concern over the length of sessions. [Unclear] is caused by the fact that finance committee is doing the budget while everybody else is waiting to get home. [Unclear.] The speaker thinks that they should be able to get home [unclear] but probably less than that. He thinks they could handle annual budget. The speaker had the same problem that there was no flexibility and says that sometimes one just has to change mid-stream.

20:32 A man's voice says he wants to make a short observation. He knows no [unclear] in the world that would allow passive finance committee [unclear] to be spread among the community, although that's [unclear]. The man continues that one also wonders why that never occurs. It may not be that [unclear] gather around finance table, but it can also be that it's hard to get 60 people to be reasonable about money. They learn the hard way that they need to contain the conflict for it to be resolved in a reasonable time frame. In U.S. Congress, they have [unclear] in charge of intake and one in charge of exhaust. [Unclear discussion.]

Many health and social services people believe that programs do not approach the programs with very much [unclear]. [Unclear.]

Another man notes that the issue is not in their area but in [unclear] and the decision is delegates' to [unclear] session. [Unclear talking.]

22:55 [Unclear talking.] The speaker says he hasn't been a legislator. Another man says he doesn't know any legislators who would want to stay in Juneau any longer than necessary. If one has a family, one wants to go home.

Another man says that a section in the constitution has been remarkable in keeping down [unclear] so that [unclear].

25:05 The speaker has always enjoyed the legislative [unclear] experience, the one that they have is a good system. They [who?] get in and dig out problems even when they attack the speaker. When they attack him, he deserves it. Sometimes he has used them and can't get anybody's attention to get a change, so he invites them to visit. Then they get a change.

[Unclear talking by another man.] The previous speaker says that one can use all the arguments after getting past their attorney general. Each one of the commissions probably has their own research done in competition with legislative

council. Another man wonders why they can't work together more closely. The previous speaker says that the legislative council has looked into matters that [unclear] what the commissioner is doing certain agencies. They have spent time this year, looking at ABC.

27:28 Another man says that each section of government has separate research capabilities. His experience is that it may seem wasteful, but it's an integral component of the checks and balances system. If one has to argue about facts and figures and the only source of information that one has is the governor's source of information, one is under governor's control. The speaker thinks that it's important for the legislature to have their own research capabilities. In his area, the legislative research can't, by law, look at all the things he can because they are all confidential, like tax returns.

28:47 Another says that the constitution has been used in court under the health education and welfare section to direct state's attention to its responsibility to provide secondary education in rural areas. Traditionally, school districts have provided a great deal of funding for school facilities but the state has paced [unclear] ruling to provide facilities in rural areas. He asks if the school districts have to do any self-financing.

[Unclear.] A man answers that he believes that each case should be litigated and he doesn't believe that the court would have found that the state wasn't [unclear] its responsibilities. That's a separate question from whether the state ought to provide educational facilities for small, remote villages. Administration has settled the case to a decree of some sort although the speaker hasn't seen the decree. The administration used it in ruling in that case.

31:01 Administration used that case to justify capital requests in some of the villages. They had many years of legal service [unclear] at the finance committee. They had a plan [unclear] and it occurred to them that perhaps they [who?] weren't the best qualified people to tell people at the state of Alaska where the schools [unclear]. The speaker doesn't think one can draw a line based on a number of students even if it would be convenient to do so. [Unclear] proposition for a child of 9-10 years old to leave his or her village and go study somewhere else is a moral question.

Another man says that's a good point but that there's certainly [unclear] and there's a question of who pays the bills. The previous man says that there's lots of [unclear] mandatory organization.

33:00 Unorganized borough has never organized and that's something they have to face in next legislature.

There's a case [unclear] of \$60 million dollars. Another man corrects it to be \$50 million. [Unclear talking.] Once they decided to question [unclear], they weren't sure if people were saying that they shouldn't build all the schools in the bush but they should be [unclear]. Another man says that he voted against that bill for a number of reasons but it's interesting to note that some of the schools are incorporated school districts and he questions the propriety of that.

[Unclear discussion.] The man continues that school districts should [unclear] 50% of capital finances [unclear] exception. If the school district can't cut it, maybe they should become unincorporated. [Unclear] might apply to Fairbanks North Star Borough but might not apply to North Slope Borough and their school district.

35:27 The whole state tax [unclear] schools and local government are different from what they were 20 years ago when Alaska basically [unclear] 20% of the operating costs.

A man's voice says that there's no reason for people to stay until the end unless there are more comments. Another man says that Mr. [Unclear] made a statement that imagining the [unclear] outside investments and is unproductive, and Mr. [Unclear] suggested that they are forced to be productive. The speaker explains that he was a legislator during territorial days and they had [unclear]. Most Alaskans had come there for resources and didn't pay any taxes. Eventually, [unclear] they did pay nominal amount of taxes.

Later, when the feeling against canned salmon and traps [?] was so great that they were taxed out of business, the speaker [unclear] and put out an idea against the taxation measure. For him, taxation is a source of revenue that is supposed to be for everybody. He didn't think that taxation should be a form of punishment and voted against it. [Unclear talking.] The speaker asks if people have any ideas.

38:37 A man's voice says that the difference in his mind is that in Section 4 they talked about real property and the sorts of taxes that allow for making an exception in the law. It bothers the speaker that [unclear] that they allow any exceptions to personal property. In New York City, personal residents are taxed 25% of the assessed evaluation and downtown buildings are taxed 100% of their assessed value. That buys people out of business. One has to make sure that there's a natural constituency to [unclear] the government. They have allowed for potential danger to that natural constituency.

Another man comments that he has a question about using the arbitrary evaluation system and says that there are people who owned a piece of residential property in downtown Anchorage or Fairbanks and then businesses are being built around them, causing them having to pay more property taxes. That's true to agricultural land too.

Yet another man says that in Palmer, the agricultural land is being broken up as bedroom communities for Anchorage and as a result, one of the basic industries of Matanuska Valley is being destroyed. Attempts have been made to counteract that through taxation methods and the speaker wonders if the other man could comment on that. The other man says that there was a bill in the house to provide some relief. The previous speaker says that the people in Palmer didn't want to lose agriculture but on the other hand, they wanted to make all the money they could through [unclear] process. [Unclear talking.]

42:20 A man says that his recollection is that [unclear talking and discussion]. The speaker says he can't remember everything that came to bear on the language of the two section, but one facet of it was that at that time, he was popular [unclear] to grant certain tax concessions to industries in local area for set number of years. [Unclear.] Another man's voice says that that was included in their commentary on the article [unclear].

The previous speaker says that section 5 is an interesting one in that reserves taxes are based on it. [Unclear talking.]

44:37 A man says that some representatives of the petroleum industry insisted that there was some kind of an understanding that there wouldn't be full taxation of operations in state of Alaska. When "this section" is pointed out to them, they claim not to understand it.

In several cases the background information on capital improvements has been stared at by attorneys [unclear] that it has some tangible value in essence and [unclear talking].

Section 10 is a good article in that it limits the part of [unclear] in anticipation of revenues. [Unclear.]

47:06 Another man says he thinks they have more faith in the ability of the legislature to judge the [unclear]. Yet another man says that it's not entirely clear what section 13 means, but if they look at the provisions in light of state loan programs, there's some question about constitutionality as to [unclear]. It could be a case someday. [Another man says something unclear about renewable resources.]

[End of the recording.]