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**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 16-017

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE AND DECISIVE ACTION DURING THE 2016 LEGISLATIVE SESSION TO ENACT A COMPLETE PACKAGE OF INITIATIVES TO PROVIDE FOR A BALANCED, SUSTAINABLE, AND PREDICTABLE STATE BUDGET FOR THE FORESEEABLE FUTURE.

WHEREAS, Alaska is an 'owner state' who has developed its natural resources as the primary means to fund essential/desired public services offered by the state; and

WHEREAS, Alaska has relied predominately on the development of its vast oil reserves to fund the majority of state government expenditures over the past 35 years; and

WHEREAS, Production of Alaskan North Slope crude oil has steadily decreased over the past 25 years; and

WHEREAS, Global oil prices have remained highly volatile over recent decades, but until recently, have trended higher over time, masking the effect of decreasing oil production; and

WHEREAS, Global oil prices have dropped significantly over the past two years and are projected to remain relatively low for the foreseeable future; and

WHEREAS, The combination of reduced oil production, reduced oil prices, and an overreliance on oil as the primary source of funding for state government has resulted in a massive state fiscal deficit; and

WHEREAS, Cash reserves currently being used to cover the existing deficit will be depleted in just a few years, threatening the state's annual dividend program and potentially the state's Permanent Fund itself; and

WHEREAS, The State of Alaska has been duly warned by Standard & Poors that due to the current fiscal imbalance, its credit rating will continue to be downgraded if the Legislature fails to take appropriate action in 2016; and

42 WHEREAS, Major business leaders in the state have warned that they would be
43 unlikely to continue making significant commercial investments in Alaska if the Legislature
44 fails to address the fiscal deficit during the 2016 legislative session; and
45

46 WHEREAS, Governor Walker has introduced a complete fiscal plan to provide a
47 sustainable and predicable balanced budget, using the strength of our existing financial
48 assets, and a balanced blend of spending reductions and additional new revenues; and
49

50 WHEREAS, While spending reductions must be a part of any balanced fiscal solution,
51 extreme care must be exercised to not inadvertently cut our way into an economic recession
52 as was done in the 1980's; and
53

54 WHEREAS, Every dollar of cash reserves spent now to fund one-time budget shortfalls,
55 is then unavailable to continue working for the state as an ongoing income producing asset
56 into the future; and
57

58 WHEREAS, Continuing to spend down cash reserves in the short-term, will reduce the
59 amount of sustainable revenue we can plan to generate from our current financial assets in
60 the future, resulting in the necessity to increase other sources of revenue (taxes) in the future
61 to compensate; and
62

63 WHEREAS, Now more than ever is the time for statesmanship, not provincial politics or
64 electioneering rhetoric. Politically difficult decisions are required this year.
65

66 NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska that:
67

68 Section 1. The City Council of Homer, Alaska, calls upon the Alaska State Legislature
69 to take affirmative and immediate action this year to enact a comprehensive package of
70 initiatives that will provide for a sustainable and predictable balanced state budget for the
71 foreseeable future.
72

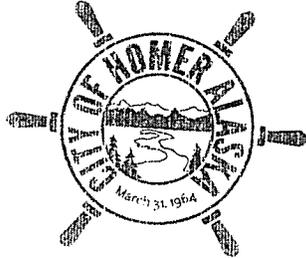
73 Section 2. The City Council of Homer, Alaska, appreciates the difficult work of the
74 Administration to put forth one possible comprehensive fiscal solution; and while the
75 (Community Name) may not support every aspect of this plan, does recognize it as an
76 appropriate starting point for legislative deliberation.
77

78 Section 3. The City Council of Homer, Alaska, insists that the Alaska State Legislature
79 engage in meaningful discussions of all fiscal options without regard to perceived negative
80 political fallout.
81

82 Section 4. The Homer City Clerk is instructed to transmit a copy of this resolution to
83 every member of the Alaska State Legislature, the Governor, and all local and statewide
84 media outlets.

85
86 PASSED AND ADOPTED by the City Council of Homer, Alaska, this 25th day of January,
87 2016.

88 CITY OF HOMER



91 
92 MARY E. WYTHE, MAYOR

94 ATTEST:

95 
96 _____
97 JO JOHNSON, MMC, CITY CLERK

99
100 Fiscal Note: N/A