

Proposed by:	Mayor Schaefer
Vote:	6 Aye 0 Nay 0 Absent

MUNICIPALITY OF SKAGWAY, ALASKA RESOLUTION NO. 16-20R

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA, EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE ACTION DURING THE FIFTH SPECIAL SESSION OF THE 29TH LEGISLATURE TO PASS ALL NECESSARY FISCAL LEGISLATION REQUIRED TO PROVIDE FOR A FAIR, BALANCED AND SUSTAINABLE STATE BUDGET.

WHEREAS, Alaska has relied predominantly on the development of its vast oil reserves to fund the majority of state government expenditures over the past 35 years, yet production of Alaskan North Slope crude oil has steadily decreased over the past 25 years; 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 revenue as state government's primary source of funding has resulted in a massive state fiscal deficit; and

WHEREAS, the State of Alaska's credit rating has dropped due to the current fiscal imbalance, and will continue to be downgraded, if the Legislature fails to take appropriate action in 2016; and

WHEREAS, major business leaders in the state have warned they would be unlikely to continue making significant commercial investments in Alaska if the Legislature fails to address the fiscal deficit in 2016; and

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

WHEREAS, following adjournment of the 2016 regular session and fourth special session of the 29th Legislature, the Legislature failed to enact any component of any fiscal plan, and instead continued past practice of funding the FY2017 budget from dwindling cash reserves; and

WHEREAS, cash reserves typically used to cover budget deficits are now depleted such that they are insufficient to cover next year's budget, threatening the state's annual dividend program and potentially the state's Permanent Fund itself; and

WHEREAS, every dollar of cash reserves spent on one-time budget shortfalls is then unavailable to continue working for the state as an ongoing income-producing asset in the future; and

WHEREAS, since spending down cash reserves reduces the amount of sustainable revenue we can generate from our financial assets in the future, increases in other sources of revenue (taxes) will become necessary to compensate; and

WHEREAS, without immediate enactment of a balanced fiscal plan, the Permanent Fund Dividend program will end in approximately four years, and the inevitable dramatic state cost

**MUNICIPALITY OF SKAGWAY, ALASKA
RESOLUTION NO. 16-20R
PAGE 2 OF 2**

shifts to municipalities will require significant local tax increases, endangering the viability of many Alaskan communities; and

WHEREAS, now more than ever is the time for statesmanship, not provincial politics or electioneering rhetoric. Politically difficult, but financially sound decisions are required immediately;

NOW THEREFORE, BE IT RESOLVED, that:

Section 1: The Borough Assembly of the Municipality of Skagway, Alaska, calls upon the Alaska State Legislature to take affirmative and immediate action during the fifth special session of the 29th Legislature to enact a comprehensive package of initiatives that will provide for a sustainable, balanced state budget for the foreseeable future.

Section 2: The Borough Assembly of the Municipality of Skagway, Alaska, appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and while the Municipality of Skagway may not support every aspect of this plan, does recognize it as the appropriate foundation for legislative deliberation.

Section 3: The Borough Assembly of the Municipality of Skagway, Alaska, insists that the Alaska State Legislature engage in meaningful discussions of all fiscal options without regard to perceived negative political fallout.

Section 4: The Municipality of Skagway Clerk is instructed to transmit a copy of this resolution to every member of the Alaska State Legislature, the Governor, and all local media outlets.

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly of the Municipality of Skagway this 6th day of July, 2016.


Mark Schaefer, Mayor

ATTEST:


Emily A. Deach, CMC
Municipal Clerk

(SEAL)

