

CITY OF PELICAN
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Pelican, Alaska 99832
(907) 735-2202 · Fax (907) 735-2258

RESOLUTION 2016-9

A RESOLUTION OF THE CITY OF PELICAN REQUESTING THE ALASKA STATE LEGISLATURE AND GOVERNOR WALKER TO ENACT DURING THE 2016 LEGISLATIVE SESSION LEGISLATION TO PROVIDE FOR A BALANCED, SUSTAINABLE, AND PREDICTABLE STATE BUDGET

WHEREAS, Alaska relies 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 Alaska 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 falling oil production, reduced oil prices, and reliance 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 are being depleted, threatening the Alaska Permanent Fund Program; and

WHEREAS, the State of Alaska has been duly warned by Standard & Poor's that due to the current fiscal imbalance, Alaska's credit rating will continue to downgrade if the Legislature fails to take appropriate action in 2016; and

WHEREAS, major business leaders in Alaska are unlikely to continue making significant investments in Alaska if the Legislature delays addressing the fiscal deficit during the 2016 legislative session; and

WHEREAS, it is clear that a complete fiscal plan to provide a balanced, sustainable, and predictable budget will require using a balanced blend of spending reductions, use of the earnings of the Permanent Fund and additional new revenues in the form of broad-based taxes and other general fund sources; and

WHEREAS, while spending reductions must be a part of any balanced fiscal solution, extreme care must be exercised to not inadvertently result in economic recession; and

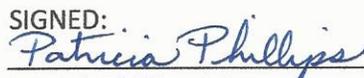
WHEREAS, continuing to spend down cash reserves in the short-term, will reduce the amount of sustainable revenue we can plan to generate from our current financial assets in the future, resulting in the necessity to increase other sources of revenue in the future to compensate; and

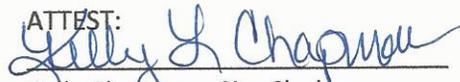
WHEREAS, difficult decisions that require significant statesmanship are required this year.

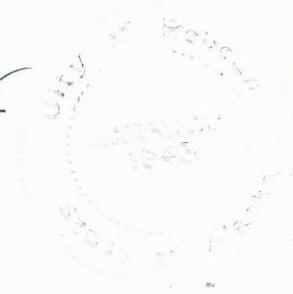
NOW, THEREFORE BE IT RESOLVED by the City of Pelican that:

1. The City calls upon the Alaska State Legislature and the Governor of the great State of Alaska to take affirmative and immediate action this year to enact a set of initiatives that will provide for a balanced, sustainable and predictable state budget for the foreseeable future. Further, the City urges gradual budget cuts.
2. The City appreciates the difficult work of the Governor's Administration and the Alaska Legislature to put forth possible elements of a complete fiscal plan; and the City does recognize and appreciate the difficult work being taken to develop a plan that can be enacted this year.

PASSED, APPROVED AND ADOPTED THIS 22nd DAY OF MARCH, 2016.

SIGNED: 
Patricia Phillips, Mayor

ATTEST: 
Kelly Chapman, City Clerk



RESOLUTION 2016-17

A RESOLUTION OF THE CITY OF PELICAN REQUESTING THE ALASKA STATE LEGISLATURE TAKE IMMEDIATE ACTION DURING THE FIFTH SPECIAL SESSION OF THE 29TH LEGISLATURE TO PASS ALL NECESSARY FISCAL LEGISLATION 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; and

WHEREAS, global oil prices have dropped significantly and are projected to remain diminished for the foreseeable future; and

WHEREAS, the combination of reduced oil production and oil prices has resulted in a debilitating state fiscal deficit; and

WHEREAS, the credit rating for the State of Alaska has decreased due to this fiscal imbalance, and will continue to downgrade, 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 shifts to municipalities will require significant local tax increases, endangering the viability of many Alaskan communities.

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 BY THE CITY OF PELICAN that:

Section 1. The Pelican City Council calls upon the Alaska State Legislature to take clear and immediate action during the fifth special session of the 29th Legislature to enact a comprehensive package of initiatives that provides for a sustainable, balanced state budget for the foreseeable future.

Section 2. The Pelican City Council appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and the Council does recognize this as the appropriate foundation for legislative deliberation and fiscal planning.

Section 3. The Pelican City Council strongly urges the Alaska State Legislature to engage in meaningful discussions of all fiscal options for the long-term sustainability of the State of Alaska.

PASSED, APPROVED AND ADOPTED THIS 18th DAY OF JULY, 2016.

SIGNED:

Patricia Phillips
Patricia Phillips, Mayor

ATTEST:

Kelly G. Chapman
Kelly Chapman, City Clerk

