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RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 22, 2016

The Honorable Bill Walker
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Walker:

The Resource Development Council for Alaska, Inc. (RDC) is writing to thank you for meeting with our board in January. As a follow up, we have included our 2016 Policy Positions.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

We appreciate efforts made by you and many in the legislature to achieve a sustainable fiscal plan. We believe Alaskans, like ourselves, will be best served with a sustainable budget, first and foremost. As you saw at the RDC fly-in, RDC's 78 member, statewide board, as well as our hundreds of member companies, is concerned with the state fiscal situation.

For more than 20 years, RDC has advocated for a long-term fiscal plan, including efforts to limit unrestricted General Fund spending to a sustainable level, support some use of the Permanent Fund earnings as part of a fiscal plan, and tax policy and incentives that encourage future investment in Alaska's resource industries. Most importantly, Alaska needs a plan that grows the pie bigger, rather than fighting over crumbs from a shrinking pie. This means maximizing investment in all of our natural resource industries to increase production and the creation of wealth, jobs, and economic opportunity. Achieving this requires prudent use of earnings from state investments, and increasing private sector investment in our natural resource industries – rather than chasing away investment dollars through an ongoing series of tax and fee increases, increasing regulatory burdens, and associated actions and policies which make us less competitive for global investment.

The state's operating budget is on an unsustainable path, and operating expenditures of all state agencies need to be prioritized. Unrestricted General Fund spending increased for 10 years while revenues fell.

It may be politically challenging for Alaska to fix the budget this session, but we must find a path to sustainability.

Support efficiencies in state spending to sustainable levels

RDC encourages you to seek ways to reduce state spending. We support further efficiencies in state government, and encourage you to work with the Governor in prioritizing and finding further reductions to achieve a sustainable level of spending.

Permanent Fund earnings

The state budget can be compared to a two-income household – revenues derived from the development of natural resources and financial returns on investments. Given budget reductions and taxes will not close the budget gap alone, Permanent Fund earnings will need to be used, but only in a sustainable manner.

Consider broad based taxes, but don't shrink the economic pie

As a last resort, after budget reductions and sustainable use of the Permanent Fund earnings, broad-based, equitable taxes on hard-working Alaskans and Alaskan businesses should be considered. The effects of a broad-based tax on Alaskans and businesses, particularly in rural Alaska, must be fully reviewed and unintended consequences considered.

Taxes on industry, while politically easier to achieve, risk shrinking our economy and the revenue pie, making things worse in the long run. Continuing to incentivize growth in the private sector will strengthen the foundation of Alaska's economy and grow the revenue pie for the state over the long run. A strong and growing private sector should be a priority. When the private sector is healthy and growing, the State of Alaska will prosper.

It is not RDC's role to tell policy makers specifically where to cut the budget, but to offer support to those who show leadership and help achieve a long range, sustainable fiscal plan. RDC encourages you to work together with the governor and your colleagues toward solving the state's ongoing fiscal imbalance. We promise you our support and participation.

Again, RDC appreciates your time, and thanks you for meeting with our board. We look forward to working with the Administration and legislature to find solutions for Alaska's future.

Sincerely,



Marleanna Hall
Executive Director

Enclosure: RDC's 2016 Policy Positions

2016 Resource Development Council Policy Positions

TOP LEGISLATIVE PRIORITIES

- Advocate to limit unrestricted general fund spending to a sustainable level.
- Advocate for tax policy and incentives that enhance the State of Alaska's competitiveness for all industries.
- Support efforts to bring more accountability to the appeals and litigation processes for community and resource development projects.
- Encourage the State to promote and defend the integrity of Alaska's permitting process and advocate for predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.
- Support policies to encourage new exploration and development of Alaska's mineral and energy deposits, as well as enhanced production from existing operations.

General Issues

Fiscal Policy & Planning

- Advocate for tax policy and incentives that enhance the State of Alaska's competitiveness for all industries.
- Advocate for implementation of a comprehensive, responsible, and long-range state fiscal plan.
- Advocate to limit unrestricted general fund spending to sustainable level.
- Support some use of the Permanent Fund earnings as part of a fiscal plan.
- Oppose efforts to enshrine the Permanent Fund Dividend in the Alaska Constitution.
- Encourage and support foreign and domestic private sector investments in Alaska's resource industries and manufacturing.

Access

- Advocate for increased access to and across public lands for resource and community development.
- Advocate for multiple-use of public lands.
- Advocate for the state's rights on navigable waters and submerged lands.

Regulation/Permitting

- Support efforts to bring more accountability to the appeals and litigation processes for community and resource development projects.
- Encourage the state to promote and defend the integrity of Alaska's permitting process.
- Encourage the state to use all available avenues to ensure reasonable and predictable decision making under the CWA Section 404 permit program including establishment of an industry/state government working group to identify and implement Alaska solutions to wetlands mitigation.
- Advocate predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.
- Provide adequate resources to permitting agencies for personnel, research, and science.
- Support the State of Alaska's efforts to challenge unwarranted Endangered Species Act listings and proposed critical habitat designations.
- Support reasonable mixing zones for resource and community development.
- Support efforts to reduce federal interference and devolve more authority to the states.

Infrastructure

- Support transportation and power projects that enhance resource and community development activities.
- Encourage development of new electrical generating and transmission systems to provide stable sources of electricity for economic development and existing consumers.
- Support efforts stimulate investment in power and transportation infrastructure by catalyzing private partnership investment through the public-private-partnership (P3) model.

Education

- Support programs, including the Alaska Resource Education program, to educate students and the general public on responsible resource development activities in Alaska.
- Support efforts to provide for a skilled and trained Alaska workforce necessary to support resource development industries.

Industry Specific Issues

Oil & Gas

- Support tax policies that establish a competitive tax structure and incentives to increase the exploration, production and development of all Alaska's oil fields (new and existing).
- Support policies to establish a competitive tax structure and legislative and administration efforts to increase the commercial viability of developing Alaska's natural gas resources.
- Advocate for access to and development of oil and gas resources on federal lands; including the coastal plain of ANWR, NPR-A, and the Alaskan OCS.
- Advocate for federal revenue sharing and/or community impact assistance to maximize benefits of OCS development to Alaska.

Mining

- Encourage the expansion and increased production from existing deposits as well as new exploration and responsible development of Alaska's mineral resources.
- Advocate for continuation and expansion of airborne geophysical mapping and the on-the-ground follow up work required to realize the full benefits of the program.
- Support the State's efforts to maintain control of reclamation bonding.

Fisheries

- Support policies that ensure healthy, sustainable commercial, sport and subsistence fishery resources; access and markets for Alaska fishermen, sport charter businesses and coastal communities; including a reasonable and stable regulatory environment.
- Support funding of fisheries and marine mammal research.
- Encourage programs that not only manage but in fact enhance the State's fisheries resources.

Forestry

- Advocate for a reliable and economical long-term state and federal timber supply.
- Support funding and enforcement of the Alaska Forest Practices Act.
- Encourage funding of forest management initiatives that address long-term forest health and reforestation.

Tourism

- Advocate for a positive business environment to promote continued growth of the cruise and tourism industries in Alaska.
- Advocate for equitable environmental laws for cruise ships.
- Advocate for additional aircraft landing sites and reduced restrictions on over-flights.
- Support South Denali infrastructure development to provide for a variety of visitor experiences and help accommodate future visitor needs in the region.
- Advocate for the reinvestment of a portion of visitor industry-related revenues to market Alaska as a destination.

Energy

- Support simplified leasing and efficient permitting of non-conventional fuel resources to encourage development of the state's resources and provide energy to local areas.
- Support utilization of Alaska's coal resources for value-added industries and power generation in addition to export to international markets.
- Support efforts to diversify Alaska's energy sources, including known renewable energy options.