



Interim Report
By
Senator Gary Stevens

Hello again. As 2019 and the Interim wind down, legislators are preparing to return to Juneau for the 2020 session, which begins Tuesday, January 21st. I am optimistic we will finish our work in 90 days. If needed, the state constitution allows the legislature to extend the session an additional month.

Another Special Session Unlikely this Year

With time running out in the Interim, we are not anticipating Governor Dunleavy calling lawmakers into a special session to consider an additional Permanent Fund Dividend (PFD) allocation this year. It is expected the governor will introduce legislation on the matter for consideration early in the upcoming session.

Josh Revak Confirmed to the Senate

Senate Republicans confirmed the governor's appointment of Josh Revak to the Anchorage District M seat in early November. Republican Mel Gillis of Anchorage has been confirmed to fill Senator Revak's former House District 25 seat.

Committee assignments for Senator Revak have not been announced, but they are unlikely to impact my assignments. Again in 2020, I will chair the Senate Education Committee and the joint Legislative Council. I will also continue as a member of the Senate Health and Social Services Committee next session.

FY '21 Budget Proposal Due This month

Not surprisingly, the budget will again dominate the debate in the Capitol next year. By law, Governor Dunleavy is required to present the proposed budget to the legislature by December 15th, so we will have our first look at it soon.

Although exact details will not be known until the budget is released, it is probable the governor's budget plan will include significant cuts again next year to many departments, with impacts felt throughout the state. As much as \$500 million to cover shortfalls in the Medicaid budget, as well as repairs from last fall's major earthquake, summer firefighting costs, and funding for the state retirement system will also need to be factored into the budget.

This month, we will see the Department of Revenue's state revenue forecast. With declines in oil production and low oil prices, state revenue may be down about \$200 million.

Given the governor's opposition to new taxes, the conservative makeup up of the Senate Majority, and 2020 election year politics, there is no talk about an income tax at this time. Currently, there are no known plans to create a statewide sales tax next year either.

We may hear much discussion about increasing taxes on oil production during session. As you may know, a group of Alaskans are working on a ballot initiative called the Fair Share Tax. Supporters will need to gather more than 28,000 certified signatures from registered voters around the state to get the initiative on the ballot next year. You will then have the opportunity and responsibility to vote on the initiative. If passed, the initiative would change tax collection on the North Slope's three legacy fields (Prudhoe Bay, Kuparuk and Alpine). Supporters believe this will raise \$1.2 billion in state revenue.

There will also be continued dialog on the role the \$65 billion Permanent Fund will have in the budget. A law passed last year created a percentage of market value approach to using the Permanent Fund's earnings. This allows a draw of 5% annually to pay for the PFD, help fund government services, and for some money to be reinvested back into the Permanent Fund's corpus. It is a logical, reasonable way to manage the Permanent Fund's earnings, provide revenue to the state and pay for the dividend.

Please keep in mind that the governor's proposal is only the starting point in what will be months' long discussions and negotiations before the budget is finalized. Although cuts will be made, the legislature and the governor need to take a reasonable and cooperative approach as we balance the budget.

Proper funding of state services critical to Senate District P residents, such as the Alaska Marine Highway System, education, safety, and fisheries management remain my top priorities. I am greatly concerned about the education budget as a rumor is circulating the governor may cut 10% from the K-12 base student allocation. A reduction of that size would take \$120 million in state support from public schools, much of which could not be made-up at the local level.

Throughout the years, Senate District P residents have been great about sharing their thoughts and concerns as the legislature works on the budget. I welcome and value your input on the budget, and on any of the issues facing our state. Please let me know what's on your mind.

Next Permanent Fund Dividend Period Opens Soon

The 2020 PFD application period opens Wednesday, January 1st and closes Tuesday, March 31st. Again this year, the Permanent Fund Dividend Division is encouraging you to apply online at

<http://pfd.alaska.gov>. I have submitted my PFD applications online for several years and have found it to be a very quick and easy process.

If you are planning to file online, I recommend your printing a copy of the application for your records. If you file an application by mail, you should send it by certified mail with a return receipt to ensure its arrival at the Permanent Fund Dividend Division office. As always, please double-check your application to make certain all questions are answered accurately. Please do not miss the March 31st filing deadline, as applications not received or postmarked by that date will be considered late and denied.

For more information on the application process, eligibility questions and your application status, please contact the Permanent Fund Dividend Division at 907-269-0370.

2020 Census

The next United States census begins Wednesday, April 1st. This important population count is used to determine Alaska's share of more than \$675 billion in federal funding each year. The census will also help in the establishment of new boundaries for Alaska's 40 House and 20 Senate districts beginning with the 2022 elections.

The Census Bureau is currently hiring staff for the upcoming count. You can find out more about these positions online at <https://2020census.gov/en/jobs.html>.

Office Schedule for the Remainder of the Interim

As we transition to Juneau for the upcoming session, the Senate District P Kodiak office will close in early January and reopen in the spring. Our Homer and State Capitol offices are open throughout the year.

Please give us a call if you need assistance with issues involving state government. The number in Kodiak is 486-4925. Contact us in Homer at 235-0690. Call us toll-free in Juneau at 1-800-821-4925.

You can E-mail me at: Sen.Gary.Stevens@akleg.gov.

Capitol Report Returning in 2020

Thank you to Senate District P's media for giving me the opportunity to share information with you throughout the interim. The Capitol Report, my session column, will resume in late January.

On behalf of myself, my wife, Rita, my family, and the District P staff, I wish you a very happy and prosperous new year.