

Oftentimes the Fiscal Truth Stings

By Speaker of the House Pete Kott

Alaskans are facing some tough choices: Do we fundamentally change the way we spend State money in order to run the government more efficiently; do we ask for a state income tax to maintain all the programs and services that the State now provides; or do we wait in false hope that the money in the Constitutional Budget Reserve will last until the coastal plain of ANWR is open to development or a gas pipeline is built? Both the House Majority and Governor Murkowski perceived their election in November as a mandate for a reduction in the size and scope of government while searching for ways to increase revenue to the State.

We are at a pivotal juncture in our State's history. In order to revitalize our economy and renew opportunity and hope for Alaskans, we must clarify our priorities and our goals. To this end, the House Majority is committed to giving the governor's proposals full consideration while bearing this question in mind: What is best for the future of our State and for future generations of Alaskans?

To plan for our future and to understand our present, it's helpful to review our history:

In the first half of the 1980s, the State spent almost \$50,000 for every Alaskan. Money flowed in and out of the State's coffers like oil through the pipeline. We became hooked on the cash and addicted to the services the government was providing. Then the price of oil came tumbling down in 1986 and both oil production and oil revenues declined.

It became obvious in the early 1990s that we were heading towards a major fiscal crisis. Our outgo exceeded our income, and our Constitutional Budget Reserve was already being tapped. Despite Republican requests for a bipartisan effort to implement a five-year plan that would cut General Fund spending by approximately \$250 million, Governor Knowles asked for more and more money each year to expand the role of government. The Republican-led Majority's persistence in reducing the draw from the General Fund, made Alaska the only state in the Union that managed to decrease spending.

But our fiscal gap has not disappeared by ignoring it or willing it away. There is a belief among many Alaskans that they are entitled to receive much from the government without having to give anything back. Weaning ourselves off programs we have grown accustomed to the State providing, may sting. Paying something towards services we take for granted, might temporarily hurt.

We finally have a governor who is willing to go out on a limb to say, "Enough is enough." Governor Murkowski has shown great courage and taken a huge political risk to do what he said he would do: reduce state spending, encourage resource development, refrain from implementing a state income tax, and refuse to touch the Permanent Fund without a vote of the people. Murkowski's proposals are not going to make everyone happy. Many of them are not making him popular. However, his intentions should be clear. He has asked us to sacrifice some things now in order to reap greater benefits later.

Both Houses of the Legislature are going to enjoy a healthy debate over many of Murkowski's proposals. Many are controversial, many are hard to swallow, and many just make sense. The House Majority will give full consideration to the tax options, the user fees, and the departmental changes. However, we will not blindly agree to the governor's proposals. The people are holding us accountable, and we have committed to listen and to act on your behalf.

What the House Majority and Governor Murkowski heard from voters in the November elections was simple, but the solutions are multi-pronged. You said that you want us to find a way to close the fiscal gap without taxing the productivity of hard-working people, and you want the Permanent Fund to be protected from the long arm of government spending. I believe Governor Murkowski has demonstrated true leadership by taking the first steps in running the State more efficiently while meeting essential needs of Alaskans.

In the last half of the session, both the representatives and the represented have the opportunity to assess priorities and to plan a bright, prosperous future for Alaska. Governor Murkowski promised to work diligently to create a smaller, smarter state government. Now we must give him the opportunity to fulfill that promise.

Rep. Pete Kott (R- Eagle River/East Anchorage) is serving his sixth term in the Alaska Legislature and is currently the Speaker of the House. He has live in Eagle River since 1984.