

Proposed by:	Assembly
Attorney Review:	01/25/2016
Vote:	4 Aye 0 Nay 2 Absent

MUNICIPALITY OF SKAGWAY, ALASKA

RESOLUTION NO. 16-02R

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA, EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE AND DECISIVE ACTION DURING THE 2016 LEGISLATIVE SESSION TO ENACT A COMPLETE PACKAGE OF INITIATIVES TO PROVIDE FOR A BALANCED, SUSTAINABLE, AND PREDICTABLE STATE BUDGET FOR THE FORESEEABLE FUTURE.

WHEREAS, Alaska is an 'owner state' that has developed its natural resources as the primary means to fund essential/desired public services offered by the state; and

WHEREAS, Alaska has relied predominately 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 Alaskan North Slope crude oil has steadily decreased over the past 25 years; and

WHEREAS, global oil prices have remained highly volatile over recent decades, but until recently have trended higher over time, masking the effect of decreasing oil production; 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 as the primary source of funding for state government has resulted in a massive state fiscal deficit; and

WHEREAS, case reserves currently being used to cover the existing deficit will be depleted in just a few years, threatening the state's annual dividend program and potentially the state's Permanent Fund itself; and

WHEREAS, the State of Alaska has been duly warned by Standard & Poors that due to the current fiscal imbalance, its credit rating 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 that they would be unlikely to continue making significant commercial investments in Alaska if the Legislature fails to address the fiscal deficit during the 2016 legislative session; and

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

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WHEREAS, while spending reductions must be a part of any balanced fiscal solution, extreme care must be exercised to not inadvertently cut our way into an economic recession, as was done in the 1980s; and

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

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

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 this year to enact a comprehensive package of initiatives that will provide for a sustainable and predictable 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, it does recognize the plan as an appropriate starting point for legislative deliberation.


Section 3: The Borough Assembly of the Municipality of Skagway, Alaska, requests and urges the Alaska State Legislature to engage in meaningful discussions of all fiscal options with the focus and goal on the long term betterment of the fiscal health of the State.

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

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly of the Municipality of Skagway this 4th day of February, 2016.


Mark Schaefer, Mayor

ATTEST


Emily A. Deach
Municipal Clerk
(SEAL)

