



FOR IMMEDIATE RELEASE

No. 15-160

Contact: Katie Marquette, Press Secretary – (907) 269-7447
Aileen Cole, Deputy Press Secretary – (907) 269-7458

Walker-Mallott Administration Rolls out New Sustainable Alaska Plan

*Continues government spending reductions; Ensures dividends will continue;
Protects the economy; Ties Alaskans to natural resource production*

December 9, 2015 ANCHORAGE—Governor Bill Walker unveiled the New Sustainable Alaska Plan, the administration’s blueprint for the state’s economic future, and the budget for fiscal year 2017. The New Sustainable Alaska Plan retools how government powers the state economy through continued spending cuts, wealth management, new revenue and investment.

“This is a major paradigm shift in how the State of Alaska conducts business,” Governor Walker said. “That’s because we cannot continue with business as usual and live solely off of our natural resource revenues. Never before has the state faced a deficit so large that we are draining more than \$9 million from savings every day. Fortunately, those who came before us had the wisdom to set aside money for a rainy day. Well, it’s raining now. But the good news is we have a very large umbrella and some other very handy tools to weather this storm. But we all have to pull together to make this work.”

The Alaska Permanent Fund Protection Act is the major underpinning of the plan. It re-plumbs the flow of funding by diverting volatile resource revenue away from the state’s annual budget and puts it directly in the Permanent Fund.

“If we do nothing, we will empty our savings in the constitutional budget reserve, then we will have to tap into the earnings reserve—which means that in five years Alaskans would no longer get dividends,” said Office of Management and Budget Director Pat Pitney. “This plan ensures that Alaskans will continue to receive dividend checks. More importantly, our children and grandchildren will also be able to benefit from continued dividends, as well.”

The New Sustainable Alaska Plan also calls for continued cuts and ongoing spending restraint. The Walker-Mallott administration worked with the Legislature to cut about \$1 billion from state spending since taking office on Dec. 1, 2014, and eliminated 600 state jobs. Governor Walker’s fiscal year 2017 budget calls for \$100 million in additional cuts from the operating budget and \$425 million in cuts from oil exploration credits.

The plan will change the oil and gas tax credit system into a low-interest loan program, wherein the rates will be determined by the number of Alaskans the companies hire. To honor existing commitments for credits, the FY17 budget allocates \$1.2 billion for a transition fund and loan program. The minimum tax on the oil industry will increase by \$100 million. The mining, fishing and tourism industries will also be taxed for projected revenue of about \$47 million. The plan also calls for an income tax of 6 percent of federal tax liability, which is about 1.5 percent of income for the average Alaskan family, for projected revenue of about \$200 million. Taxes will also be levied on alcohol, tobacco and motor fuel for projected revenue of \$112 million.

“Corporate Alaska is stepping up to be part of the solution, just as everyday Alaskans are,” Governor Walker said. “A strong, vibrant Alaskan economy requires that we all share in the responsibility to build our future.”

The New Sustainable Alaska Plan is the result of collaboration with hundreds of Alaskans. The Walker-Mallott administration first went to the public for suggestions and ideas on how to solve the state’s fiscal challenges through an online survey and Sustainable Future dialogues around the state. The administration then took that input to members of the business community and the legislature to further refine plan proposals.

“It is very important this plan is fair,” Lt. Governor Byron Mallott said. “That’s why we have had multiple meetings throughout the year with various stakeholders. We wanted to ensure that the pain and the benefits are shared across the state. No one has been held harmless in this process. It’s about fairness. It’s about what’s best for all Alaskans—not just one group over another.”

Governor Walker said he looks forward to working closely with members of the Legislature to solve Alaska’s fiscal challenges, and offered the New Sustainable Alaska Plan to start the conversation.

“I thank legislators for their input and insight,” Governor Walker said. “Tackling our state’s problems requires a team approach. I know many lawmakers agree that doing nothing is not an option.”

Governor Walker announced the plan at the Lynden hangar in West Anchorage.

“I thank Jim Jansen for generously providing us the space in which to make this announcement,” Governor Walker said. “Lynden is a company that touches on almost every sector of our state. It provides jobs to thousands of Alaskans and perfectly encapsulates what this plan is about; it keeps the economic engine moving. It’s important to note: Jim told me he does not support every aspect of the plan, but he realizes that doing nothing is not an option. He and many other business leaders love Alaska and care deeply about the future of this great state. I thank Jim and members of the Lynden family for graciously welcoming us.”

Link to OMB website for fiscal year 2017 budget: <https://www.omb.alaska.gov/index.php>

Attached: Summary of cuts that have been made since Dec. 1, 2014

###