

Submitted to the Fairbanks Daily News Miner:

Please consider this as a Community perspective piece. I felt compelled to offer it as I was quoted in the FDNM 6/27, and no mention was made of the most important things that were said.

June 27, 2003

Today on your front page (6/27/03) was an article purporting to review a hearing by the Senate judiciary committee (and a house committee) to consider a proposal to change the way the earnings from the Permanent Fund are used. This change requires a vote of the people because it is a change in our constitution. Consequently it is very important, and deserves the attention of all Alaskans who care about the Permanent Fund and its dividend.

I was quoted in your article reviewing the hearing, as supporting it generally. After hearing the presentation of the Permanent Fund Board representatives, I felt this was a credible and trustworthy way to overcome the volatility of earnings available from the Permanent Fund due to stock market fluctuations, corporate crime and other worries about the security and permanence of the fund. Certainly the last few years show just how unreliable the stock market can be for providing a stable dividend.

BT! At that was before I heard the reactions to the testimonies of other citizens at the hearing by the senators, particularly Sens. Therriault and Seekins. I was the first person to testify, and seeing the reactions of the legislators to the hearing statements completely changed my mind by the end of the hearing. Let me explain why. One of the most important things I mentioned was not covered at all in your article. This proposal to use PF income makes 5% of the fund's market value available for appropriation by the legislature. Usually only about half of the available money earned by the fund is appropriated for dividends in any given year. This means that the legislature will have complete and unaccountable access to spending half the 5% for the general fund budget. Just like that, the legislature could spend Permanent Fund money without any need to account for its spending to the people. It is money no one earned or paid taxes on, and no constituency can claim it for accountability. This change would give the legislature all the more license to continue its free ride of spending state revenue without being accountable to the people of the state. Its our Permanent fund, our state services, our schools, roads, harbors, and university. I clearly said to the senators, Just making this change will not be enough to protect the Permanent Fund. If you really wish to protect this precious fund, then you must simultaneously enact an income tax. Otherwise, the fund will be pressured more each year to provide the bulk of the state budget, and there will still be no accountability on the part of legislators. Both Senator Seekins and Senator Therriault met this assertion with rancor. I cannot accurately quote their responses, but others who testified also said we must have an income tax as well to diversify our reliance on revenues for our state. And all agreed that an income tax is the most reliable and fair way to do that. Each time the legislators reactions were the same. They fabricated elaborate protests as to why a tax was not needed. Clearly they don't want people to hold them accountable, either for establishing a tax, or for using their tax dollars. Now, nobody can claim to the state legislators: " I am a taxpayer! You are spending my tax dollars."

The Permanent Fund can best be protected by also, simultaneously enacting an income tax along with the proposed change. It is now, after that hearing that I realize this is the only responsible way I could vote for this change. Unless the legislature enacts an income tax, there is no way I would now vote to make more Permanent Fund money available for appropriation by our legislators. Consider this change to our Permanent Fund carefully my friends. It has a very dark side.

Rich Seifert