

CITY OF BETHEL, ALASKA

Resolution #16-17

A RESOLUTION BY THE BETHEL CITY COUNCIL REQUESTING LEGISLATURE TO DEVELOP A SUSTAINABLE BUDGET PLAN

- Whereas,** due to declining oil production and low oil prices, the State of Alaska is in a financial crisis;
- Whereas,** the State of Alaska is facing about a \$4.3 billion deficit per year in their operating budget;
- Whereas,** the Legislature is the governing body for all of the unorganized areas, such as Bethel and the surrounding Yukon-Kuskokwim region;
- Whereas,** it is the Alaska State Legislature's responsibility to provide a balanced budget for healthy economy;
- Whereas,** the current year's operating budget does not have a sustainable funding source;
- Whereas,** the current uncertainty of the State's financial future harms local communities, schools, businesses, business investment, real estate values and the overall long term health of our state;
- Whereas,** the Legislature has been in session 78 days and has discussed various ways to restructure the Permanent Fund Earnings Reserve Account;
- Whereas,** it is now being reported that rather than develop a long term, structured approach to funding state government services, the Legislature's approach may instead be a raid on the Earnings Reserve Account;
- Whereas,** taking an approach that includes budget cuts, a broad based statewide tax and structured use of the Permanent Fund earnings can help stabilize our annual budgets, our economy and help preserve a portion of the Permanent Fund Dividend;
- Whereas,** structured use of the Permanent Fund earnings as part of an overall fiscal plan protects the dividend into the future. Emptying the Constitutional Budget Reserve leaves the Permanent Fund earnings as the single funding source, making dividend elimination almost inevitable. Filling the budget gap with a mix of Permanent Fund earnings and CBR funding strikes the right balance for preserving a sustainable dividend;

Introduced by: Mayor Robb
Date: April 12, 2016
Action: Approved
Vote: 6-0

Whereas, rating agencies have warned that if "lawmakers do not enact significant fiscal reforms to reduce the state's fiscal imbalance during its 2016 legislative session, Alaska's downward rating transition will likely persist." Lowering credit ratings and associated loss of investor confidence would feed a downward economic spiral;

Whereas, large ad hoc draws from the Earnings Reserve now will make it difficult to maintain a healthy Earnings Reserve balance. A sufficient Earnings Reserve account is needed to buffer ups and downs in the market;

NOW, THEREFORE, BE IT RESOLVED that the City of Bethel opposes using the Earnings Reserve Account without a comprehensive restructuring of the way Alaska funds its governmental services.

ENACTED THIS 12th DAY OF APRIL 2016 BY A VOTE OF 6 IN FAVOR AND 0 OPPOSED.

ATTEST:



Richard Robb, Mayor


Lori Strickler, City Clerk