

The Need for Compromise

By Curtis W. Thayer

I have to applaud the Governor for putting forward a compromise fiscal package. I don't like everything in the proposed compromise. I'd like to see some changes, and I'd like to see them before our public services stumble to a close.

But we're several years past 'liking' our fiscal situation. And to be honest, we're lucky to still have the cash reserves needed to find a compromise.

The Alaska Chamber has been a vocal advocate for sustainable public spending for years. There's actually a chance that our members have been the loudest of all voices on that particular point. So Governor Walker is correct that his package will not please everyone, and he's honest enough to admit that there are parts that he personally struggles with.

But even as one of the most outspoken advocates admonishing the State to live within its means, shutting down our state's government for failure to perform doesn't serve anyone's interests — public or private.

When working toward a compromise, you have a chance to find mutual wins for all involved. In regards to the State budget, that means wins for public employees, for Alaskans, and even for embattled politicians. Because if you can't find compromise, then the only thing left to do is control the damage while everyone loses.

That's the situation we're facing right now, and responsibility rests squarely on the presumptuous shoulders of the House Majority. Legislative bodies are formed around the core concept of compromise. From campaign to election, and through the committee process to debate on the floor, the legislative process is an exploration of interests and compromise.

The House Majority has abandoned all sense and civility. They have willfully ignored Alaskans' interests, favoring inflated spending and punitive taxes. They have subverted the legislative process in committees and now in special session. They have balled their fists and stuck out their chins at the suggestion of compromise.

One thing that must be acknowledged about the compromise package is that it doesn't actually put state government on a sustainable path. We're still facing a shortfall of hundreds of millions of dollars. That's because everything is most definitely *not* on the table. The glaring omission is reductions to the operating budget.

The compromise proposal includes tax hikes on fuel that will hike prices at the pump and may also increase the airfare and shipping costs. Those taxes double initially, ultimately tripling in 2019.



It also includes a frightfully misnamed and misleading income tax — the Education Head Tax. Alaska’s state government is not allowed to create taxes dedicated to specific funds like roads or education. Adding education to the title while teachers are being laid off may make it a new tax easier to pass, but this is purely new money for legislators to spend as they choose.

The compromise package also maintains significant capitulations from the business community with the loss of development incentives for oil and gas developers. Similarly, restructure of the Permanent Fund to cap dividends is a huge concession from each and every Alaska citizen.

But compromise is still possible. At least for this year it is.

We’ve been marching — eyes open — toward this cliff for years. And, thankfully, we are still blessed with reserves to survive inaction from Juneau. Whatever compromise package emerges needs to address the ballooning cost of the operating budget, the undeniable root of Alaska’s fiscal crisis.

Curtis W. Thayer is lifelong Alaskan and serves as president and CEO of the Alaska Chamber.

A handwritten signature in black ink that reads 'Curtis W. Thayer' with a long, sweeping horizontal line extending from the end of the name.