



September 21, 2017

Representative Dan Ortiz
1900 First Ave Suite 300
Ketchikan, AK 99901

Dear Representative Ortiz,

Thank you for taking the time to read my recent article suggesting that our elected officials consider changing the narrative to the state's path forward from something more than "more and new taxes" to supporting wealth creation. This past session and now the October 23 special session seems intently focused on more revenue measures with little attention, if any, given to the concept of wealth creation.

With regards to your criticism that I didn't lay out what role the state should play in terms of wealth creation, you are correct; however, my article was intended as conceptual as opposed to a step-by-step instructional guide. Given your interest, I look forward to discussing this further with you.

With regards to your specific questions, I hope that my responses sufficiently address your questions and concerns:

Government Needs to Live Within its Means

This is a time-honored concept that most successful businesses and households try to achieve. Granted, the state budget has been reduced; however, more needs to be cut and can be cut without substantially harming the delivery of services. For example, the State Health Authority Study recently released by the Alaska Department of Administration shows that annual savings of \$125 million can be achieved simply by putting all our health care insurance under the same umbrella. This is real, substantial savings without any reduction of services. Now, let me ask you a question: Will you and your caucus in the House adopt the necessary changes to achieve this savings?

I recognize that reducing expenditures are necessary. To your comments asking about cuts to senior programs, pioneer homes and our schools — these have never been positions advocated by the Alaska Chamber.

There are many other opportunities through operational efficiencies and savings to reduce the budget. In January of this year, Commonwealth North released a report (The State's Operating Budget: Critical Crossroads, Choices, and Opportunities) providing several concepts and cost savings that merit conversation and consideration. Given your response, I've attached the report and I encourage you and your staff to take the time to review this exceptional work.

Permitting the Pebble Mine

The Chamber believes that all projects need to stand on their merits and deserve a fair, balanced and transparent permitting project. We have individual members on both side of this issue.

The Future of the Capital Budget

We support maximizing the benefit of matching federal dollars for the benefit of state projects and our economy.

The capital budget is a blank page and different from an operating budget. Decisions need to be made on a case-by-case, project-by-project basis. Obviously, deferred maintenance as well as other capital projects are of concern and important to all of us. Likewise, I appreciate your recognition of the loss of private sector jobs because of reduced capital projects. Frankly speaking, I wish this recognition was more in the forefront of thought from some of your colleagues.

In closing, I, and probably many of our members, would like to know your position on the savings mentioned in the state's Health Care Authority study referenced above as well as the cost saving suggestions in the Commonwealth North report.

I anxiously await your response, and look forward to visiting with you soon.

Sincerely,



Curtis W. Thayer
President and CEO

<http://www.commonwealthnorth.org/download/Reports/201701-The-States-Operating-Budget-Critical-Crossroads-Choices-and-Opportunities-Update.pdf>

From: Rep. Daniel Ortiz [mailto:Rep.Daniel.Ortiz@akleg.gov]
Sent: Wednesday, September 20, 2017 8:55 AM
To: 'Curtis Thayer' <cthayer@alaskachamber.com>
Subject: RE: ALASKA CHAMBER | Wealth creation, not taxes, is the solution to fiscal woes

Mr. Curtis Thayer,

Thanks for sending me a copy of the opinion piece that the Alaska Chamber had sent to the major media outlets in Alaska. I had previously seen and read the piece when it was published in the Ketchikan Daily News.

I certainly agree that anything the state can do in a fiscally responsible way to assist in creating “new wealth” in the State of Alaska we should be doing. You mention our abundant natural resources: oil, mining, fishing, and forestry and that we should be growing these sectors for the benefit of all Alaskans. Ok, I agree that if we could grow those industries it would be beneficial to the entire state. What your letter doesn’t say, other than “honoring our commitments on tax credits, create some tax stability, and truly being a committed and reliable partner” in relationship to the oil industry is how or what role the state should play in promoting this growth. I have the following specific questions as to where the Alaska Chamber stands on the following that you mentioned in the letter.

1. “It (Ak State Government)needs to learn how to live within its means.” After reducing our overall budget expenditures by 44% over the last 3 years, from what state agencies and/or areas of the capital budget does the AK chamber think more cuts should come from. Education? What specific areas of HHS? It’s not difficult to use phrases like “live within your means.” It’s not so easy to actually cut programs like the Pioneer Home or senior assistance programs. School districts throughout the state are experiencing a significant teacher shortage this year. I can’t see that it would help districts with that problem by reducing the BSA funding formula by 5%. Is it the position of the Alaska Chamber that the legislature make that kind of further reductions to our budget in order to live within our means?
2. Where does the Alaska Chamber sit on the issue of whether or not to support/permit the development of the Pebble Mine?
3. Does the Chamber support further reductions to the “Capital Budget?” If so what do you say about the problem of statewide deferred maintenance on our roads, ferries, and other state owned properties. Or what does the Chamber say about the increased potential of private industry/contractors having to lay off more workers because the money is not in the capital budget to issue contracts to private industry to maintain/repair our roads, ferries etc.?

I would appreciate your response to these questions as to where the State Chamber stands.

Sincerely,
Rep. Dan Ortiz