I was in Juneau attending the April 12th Board of Marine Pilots meeting in the State Office Building on behalf of the State. I was asked to spend the last few days in Juneau to lobby on behalf of AML’s issues as well as Unalaska’s and Council approved the additional three days. It was a mixed bag for sure.

The Legislative proposal to raise the municipalities’ annuals payments to the multi-billion dollar PERS unfunded liability was removed from the Senate floor by the sponsors, and the TERS payment increase does not look like it has support to move forward. This is critically important to every muni across the state as the increase would have cost over $180 million dollars per 1% raise over the next 25 years, and the bill was looking at a 2.5% increase. This would have a tremendous negative impact on a community’s ability to bond for a project or even pay for their operating costs, and it was fought tooth and nail by AML and many communities in the State.

HB 249 is still alive, but stuck in committee for the time being. This bill is the outcome of the “everyone will feel some pain” philosophy from the Governor’s office and the Legislature. It raises taxes on mining and fishing interests, and has been met with stiff opposition. The rate of the tax hike is significant. A one % increase for the Fisheries Business Tax (shore side) and a two % increase for the Landing Tax (at-sea). Both of these taxes would place yet another burden on the fishing industry which competes on a global scale for the sale of its products. The cost to competitors in China, Russia and Asia to produce and get a commodity to market is much less than the cost to produce under U.S. standards, rules and fisheries regulations. Consequently, US/Alaskan producers sometimes have to sell at a loss already. The additional State tax acerbates the market problem and puts them at risk of not being able to afford to catch, produce, ship and sell Alaska’s abundant Pollock, cod and flatfish without losing money. No business can do that and survive. Add the additional State marine fuel tax and motor fuel tax on top of that and real injury is being done to a strong jobs and revenue provider from S.E. to Nome. No testimony was allowed on this bill when it was presented to the House Finance committee although I was there to do so. The bottom line here as that resource taxes have a significant impact on companies. They become less competitive in a world market; they employ less people locally and in the State, and end up contributing less to the economy and generating less tax revenue in the long run.

HB 143 authorizes AIDEA to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project and we were hopeful that funding for the UMC could be included in this bill. That has not been successful and it is highly doubtful that will change. Just as doubtful was the attempt to get UMC project funding into a possible Anchorage Port Bond. It has been made clear by Senate Leadership that there will not be a bond package this go around as there are not the funds to backstop the loans by the State.
I testified on two bills in the House that would establish a new community assistance resource via the almost $1 Billion dollar PCE fund and to create the new Revenue Sharing, now to be called Community Assistance. In the first bill, the earnings on the fund would be shared back into the PCE fund to inflation proof and protect it, and to the new funding mechanism to provide an annual share to each municipality depending on the earnings value. The second bill created the new program and designed a formula that would take population and a base payment into consideration for each community’s amount. There was discussion on the formula itself as it reduces the larger communities (Anchorage, Fairbanks) by millions of dollars, and increases the payments to the smaller communities under about 1,000 people. Senator Lyman Hoffman is the main Sponsor of the bill. He could see that Revenue Sharing was impossible to continue as there is no revenue coming in to the State, and wanted to find a new funding vehicle that could help protect muni’s during this really tough time. The general consensus was that the smaller communities would need the sharing program more that the larger communities who have revenue generators in place. This bill is still waiting for passage.

I spent time talking to Legislators about the Alaska Marine Highway System and the value to our region, both in terms of the community/social aspect, and the business/construction/fishing aspect. Everything is on the table for cutting, and so far with the exception of lost May sailings (due to extended shipyard work for the Tusty) we are staying with the two sailings from Homer to Unalaska through September.

I met with the new Shell Alaska President, Mark Shuster along with Cam Toohey for a short presentation of the summer plan with vessels here in Unalaska as Shell goes north once again to pull their extensive anchoring systems from Prudhoe, the Burger site and Good Hope Bay. We will see AIVIQ, NANUQ, ROSS CHOUEST and DINO CHOUEST back in Dutch Harbor one more time at least.

Ray Gillespie and Kathie Wasserman are really good at what they do. They follow minute language changes to Bills on the floor, watch Gavel to Gavel nonstop while working in their offices, track bills from committee to committee, update Legislators with the concerns from communities, formulate strategies to be able to respond to whatever changes come about through the process and relay their questions and concerns in a respectful yet tough way on AML’s behalf. They are personally respected and liked, as well as professionally by the majority of the Legislature and the Governor’s office. That is quite an accomplishment.

My last stop before the airport Friday morning was to the third floor of the Capital to enjoy the Governor’s surprise Birthday Party. It was great to be there, and the entertainment was pretty good to. Commissioner Hladick wrote a very funny birthday song for the Governor that reflected on the current situation, and Bill Walker, Donna and the room laughed and really enjoyed it. It was a great way to end the week.

Mayor Shirley Marquardt