

**CITY OF CRAIG
RESOLUTION 16-13**

**EXPRESSING A DEEP SENSE OF URGENCY TO THE ALASKA
STATE LEGISLATURE TO TAKE IMMEDIATE ACTION TO
PROVIDE FOR A FAIR, BALANCED, AND SUSTAINABLE STATE
BUDGET**

WHEREAS, Alaska has relied predominantly on the development of its vast oil reserves to fund the majority of state government expenditures over the past 35 years, yet production of Alaskan North Slope crude oil has steadily decreased over the past 25 years; and

WHEREAS, global oil prices have dropped significantly over the past two years and are projected to remain relatively low for the foreseeable future; and

WHEREAS, the combination of reduced North Slope oil production, reduced oil prices, and an overreliance on oil revenue as state government's primary source of funding has resulted in a massive state fiscal deficit; and

WHEREAS, the State of Alaska's credit rating has dropped due to the current fiscal imbalance, and may continue to be downgraded, if the Legislature fails to take appropriate action in 2016; and

WHEREAS, major business leaders in the state have warned they would be unlikely to continue making significant commercial investments in Alaska if the Legislature fails to address the fiscal deficit in 2016; and

WHEREAS, Governor Walker has introduced a fiscal plan to provide for a sustainable and predictable balanced budget, using the strength of our existing financial assets, a balanced blend of spending reductions, and additional new revenues; and

WHEREAS, following adjournment of the 2016 regular session and fourth special session of the 29th Legislature, the Legislature failed to enact any component of any fiscal plan, and instead continued past practice of funding the FY2017 budget from dwindling cash reserves; and

WHEREAS, the legislature approved an operating budget that relies on billions of dollars of cash reserves to cover budget deficits, a move that if repeated in subsequent years will eventually threatening the state's annual Permanent Fund dividend program; and

WHEREAS, every dollar of cash reserves spent on one-time budget shortfalls, is then unavailable to continue working for the state as an ongoing income-producing asset in the future; and

WHEREAS, since spending down cash reserves reduces the amount of sustainable revenue we can generate from our financial assets in the future, increases in other sources of revenue (taxes) will become necessary to compensate; and

WHEREAS, without immediate enactment of a balanced fiscal plan, the Permanent Fund Dividend program will end in approximately four years, and the inevitable dramatic state cost shifts to municipalities will require significant local tax increases, endangering the viability of many Alaskan communities.

WHEREAS, politically difficult but financially sound decisions are required immediately.

NOW, THEREFORE, BE IT RESOLVED BY THE CRAIG CITY COUNCIL, that:

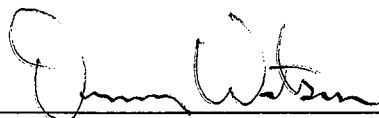
Section 1. The city calls upon the Alaska State Legislature to take affirmative and immediate action during the fifth special session of the 29th Legislature to enact a comprehensive package of initiatives that will provide for a sustainable, balanced state budget for the foreseeable future.

Section 2. The city appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and while Craig does not support implementation of a statewide sales tax, Craig does recognize the Administration's proposal as a foundation for legislative deliberation.

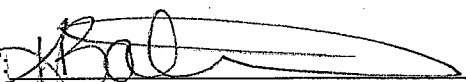
Section 3. The city calls for the Alaska State Legislature to engage in meaningful discussions of all fiscal options without regard to perceived negative political fallout.

Section 4. The City Clerk is instructed to transmit a copy of this resolution to every member of the Alaska State Legislature, the Governor, and all local media outlets.

Approved this twenty first day of July, 2016.


MAYOR DENNIS WATSON




KASSI BATEMAN, CITY CLERK