



December 27, 2016

To the Honorable 30th Alaska Legislature

Petersburg's Borough Mayor and Assembly urge the Legislature to take action during the 30th Legislature to pass a long-term, fair, balanced, and sustainable State budget.

At the municipal government level, it is becoming difficult to reliably predict revenues that in the past have been provided by the State. The Borough's ability to raise revenues is limited and cannot be easily changed in the short term.

During State budget deliberations, we urge the Legislature to take into primary consideration the ability of the local governments to raise revenues. Many of the smaller municipalities, including the Petersburg Borough, have a sales tax in place that generates a significant portion of their annual revenues. Adding a State sales tax places a greater tax burden on residents of those communities that currently have a sales tax. We urge the Legislature to look at a State income tax, along with other revenue sources, before looking at implementing a State sales tax. We urge the Legislature to implement a taxing structure that is fair and equitable to all Alaskans, no matter where they reside.

A balanced fiscal plan for Alaska is a necessity for many reasons. Alaskans need and deserve a sustainable budget plan so they can make their personal financial decisions with some certainty. Our State's large fiscal deficit has lowered Alaska's credit rating, is quickly depleting our cash reserves, and is threatening the Permanent Fund Dividend program. We realize balancing the budget will affect each Alaskan financially through possible taxes and/or program cuts. It is time to make a decision, however unpopular it may be.

Respectfully,

Mark Jensen, Mayor

cc: Honorable Governor Walker
Honorable Lt. Governor Mallott
Honorable Senator Stedman
Honorable Representative Kreiss-Tomkins

Borough Administration

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