



THE ALASKA BUSINESS
REPORT CARD

September 12, 2016

The Honorable Bill Walker
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Walker:

The Alaska Business Report Card (ABRC) group is writing to provide our grade for your performance during the 29th Legislature based on expectations we previously outlined in letters delivered to your office and all members of the legislature. Based on your actions and lack of reversing the unsustainable State budget, we regretfully deliver a grade of “D.”

Giving bad news to good people is difficult. When the ABRC assigns a grade to an elected official, it's not about personalities – it's about performance. And it's because of performance that this Administration has earned the grade of “D” from the Alaska business community.

At the start of each legislative session the ABRC delivers its list of policy priorities to the Administration and every legislator. This provides an advanced notice of what is important to the business community and what issues will be the focus of the grades.

For the 29th legislative session, the policy calls were simple - Responsible Budgeting and Private Sector Growth.

Specifically, these are the assignments we used to determine your grade:

Assignment: Budget policy that focused first and foremost on reversing the unsustainable State budget growth of the past.

Performance: The budget your administration introduced was \$4.8 billion dollars - well above a sustainable budget level - and your administration only reduced the operating budget by \$140 million over the previous year.

Assignment: Create an endowment model or similar framework to use Permanent Fund earnings to support essential services in a timely manner to avoid liquidating excessive amounts of state reserves.

Performance: Your initial legislation to create an endowment model was later modified and passed by the Senate but was essentially rejected by the House.

Assignment: Consider other revenue sources *only after* reducing spending and employing Permanent Fund earnings.

Performance: Your administration called for modest cuts, implementation of the Alaska Permanent Fund Protection Act (APFPA) and adoption of broad-based taxes and fees. Continued cuts fell out of the discussion early on as your administration championed APFPA, taxes and increased fees.



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Assignment: Pro-growth policies designed to stimulate and expand Alaska's private sector.

Performance: Your administration's policy calls and introduction of new industry taxes has worked specifically against private employers, focusing instead on expanding governmental control of Alaska's private sector, such as coopting the Fairbanks natural gas project from private sector service providers.

Assignment: Continue to progress the AKLNG pipeline by achieving the milestones set forth in SB 138.

Performance: Progress on AKLNG has slowed down significantly. Your insistence on repeating a study to determine pipe size and announcement that AGDC would focus on a "backup plan" introduced the uncertainty of a competing project.

Assignment: Maintain a stable business climate for Alaska's oil and gas industry, respecting the decision of Alaska voters and giving SB 21 time to work.

Performance: Legislation you introduced changed the oil tax structure and vetoed fulfillment of tax credit obligations, delaying a financial cost that the state must later honor, and damaging the State's credibility.

Assignment: Adopt policies that ensure a streamlined, efficient, and adequately funded regulatory system.

Performance: The rejection of the annual development plan at Prudhoe Bay added further regulatory uncertainty at a difficult time.

Assignment: Prioritize investment in long-term infrastructure projects.

Performance: Projects like the Ambler Mining District Industrial Access Road were initially put on hold, resulting in unnecessary delay and increased uncertainty.

Unfortunately, as you've demonstrated success on just one of eight reasonably attainable policy priorities, the ABRC group issues a grade of "D."

The business community has been tireless in communicating the economic needs of the state. The private sector cannot grow if government gets in the way. The ABRC group will continue to communicate the expectations of the business community and provide support to your administration when pro economic growth policies are presented.

Respectfully,

Alaska Chamber
Alaska Support Industry Alliance
Resource Development Council for Alaska, Inc.
ProsperityAlaska.org