



ONE SEALASKA PLAZA, SUITE 200 • JUNEAU, ALASKA 99801  
TEL (907) 586-1325 • FAX (907) 463-5480 • WWW.AKML.ORG

Member of the National League of Cities and the National Association of Counties

## **AML STATEMENT: Legislature failure to pass CBR vote and reverse sweep**

**June 16, 2021**

AML appreciates the hard work of the House and Senate, of leadership and Finance members, and the Conference Committee – we're thankful that the FY22 Operating and Capital Budget was adopted.

However, it is difficult to process the implications of the action by 15 House members, who voted yesterday against the CBR drawdown and the reverse sweep. The Senate's vote today mirrored that outcome. AML recognizes the multiple steps that got Alaska to that point and, based on the blame attributed in debate over the last few days, understand this broadly as a failure of the system to protect our most vulnerable communities.

It boils down to one vote, one choice, one outcome, irrespective of motive or justification, even as many choices got us to this point. Ultimately, that one vote will severely destabilize and hamstring Alaska's local governments, residents, and the State, and will be a barrier to recovery.

We know that for PCE payments that won't come, those communities with the highest energy costs will experience energy insecurity. Community facilities will become unaffordable to operate, local governments or utilities may try to keep the lights on as long as possible, as payments fall behind, but even that step can't last forever. That this further reduces funds to recapitalize Community Assistance will impact communities into the future.

The State paying 37% of its debt for school bond debt reimbursement is a good thing; the reality experienced by local governments is that they have to find the 63% remainder out of budgets already approved for this coming fiscal year. For at least four, this expense may require cuts to more than 10% of their budget, and for one more than 50% of its budget. This cost-shifting places communities who were on the verge of recovery, back to crisis.

That this vote willfully eliminated or reduced funding for more than 180 State programs and many more capital projects, oil and gas tax credits, and extending even to the PFD places our economy and our communities in peril. We have provided a short list of contacts of mayors whose communities are impacted. We encourage Legislative leadership and those who voted no to reach out to better understand what this will mean to them.

AML has communicated for years what would happen if this vote failed to materialize. Alaskans will now bear the consequences. Alaskans will hurt. We know that beyond this one vote, the systemic issues at play are a State unable to pay for itself. Policy makers have been unable to come to agreement on statutory changes to programs and have fundamentally failed to structure revenues such that Alaskans can plan for a future that promises stability, affordability, and progress.

On behalf of the AML board of directors, the Executive Committee expresses its disappointment, frustration, and very real concern. For those communities whose future suddenly becomes very uncertain, there will be no easy answers. We implore the Legislature and Governor to come together and fix this.



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Local governments significantly impacted by failure to pass the reverse sweep; communications can be directed to the manager or administrator, or the mayor:

#### School Bond Debt Reimbursement

- Mayor Bill Roberts, Kodiak Island Borough – 907-486-9301
- Mayor Alvin Osterback, Aleutians East Borough – 907-383-2699
- Mayor Glen Alsworth, Lake and Peninsula Borough – 907-246-3421
- Mayor Lucy Nelson, Northwest Arctic Borough – 907-442-2500
- Mayor Douglas Olerud, Haines Borough – 907-766-6400
- Mayor Vern Halter, Mat Su Borough – 907-861-7801

#### PCE

- Mayor Sally Martin, City of Goodnews Bay – 907-967-8614
- Mayor Harry Wassily, City of Clark's Point – 907-236-1221
- Mayor Jerilyn Kelly, City of Quinhagak – 907-556-2181
- Tanya Hunt, City of Kotlik – 907-899-4313
- Larson Hunter, City of Scammon Bay – 907-558-5529
- Mayor Joshua Bowen, City of Angoon – 907-788-3653
- Robert Moto, City of Deering – 907-363-2136
- Lenora Foxglove, City of Selawik – 907-484-2123
- Mayor Vern Cleveland, City of Noorvik – 907-636-2100
- Mayor Lloyd Davis, City of Kake – 907-785-3804
- Mayor Elizabeth Captain, City of Ruby – 907-468-4401
- Russell Fox, City of Old Harbor – 907-286-2204
- Mayor Tom Lowe, City of Togiak – 907-493-5820
- Layton Lockett, City of Adak – 907-592-4500