

Another Tight Budget Year Predicted for Alaska

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Brianna Gibbs/KMXT

Last night the Kodiak Island Borough Assembly got its first taste of what the budget climate might be during the legislative session this year. During the work session the assembly spent a good chunk of time reviewing potential options for its state legislative capital improvement projects priority list, and heard from Borough Lobbyist Mark Hickey about what the atmosphere in Juneau is starting to look like.

"Based on using leg finance information and taking into account Senate Bill 21, the oil tax change, and the impact it will have on revenue at least to start with, I think the projection used in the department of revenue's most recent forecast for oil, the projection is that we could have a deficit of a \$1 billion for the current fiscal year, before the legislature starts talking about, for the next budget, get rid of \$1 billion. So you're looking at significant pressure, continued pressure, on budget reductions and the honest reality is there's only so much that can be done on the operating side. I mean that's where they'll look first, but it ultimately becomes a capital, where you see that problem. And they're going to have to take from savings just to handle, for example, the current year's problem, and in all likelihood that's probably the option."

Kodiak's Representative Alan Austerman, who co-chairs the House Finance Committee, was also present during last night's work session and gave his two cents on the state's budget.

"The dollar value that the state of Alaska has to spend now is less than it's been in the past. So we're going to continue to see a ratcheting down of our budgets. I expect somewhere in the neighborhood of \$1 billion being cut from the budget this year compared to last year. That's the governor's five year plan, to cut the budget back. And the legislature has bought into that. We've got to get control of what we're doing."

One item that was included on the borough's CIP list was the M/V Tustumena replacement's design and construction. It's no secret that Kodiak has felt the effects of the Tustumena's lack of service for the past year, and the borough wanted to emphasize the need for its replacement to both Governor Sean Parnell and the legislature. However, Austerman said he wasn't sure including it on the borough's CIP list would send the best message.

"When the legislature looks at someone's capital improvement list they look at it and say the number one priority is to build a Tustumena. So we all agree that we're going to give \$50 million this first year to building the Tustumena and Kodiak is taken care of, yep. If you've got water and sewer projects, they're way down the list down here some place. And so that's the first impression, it's not always the right impression, and it's not always the way that it will go. We will make every argument that we can, this is a statewide issue, this is not Kodiak's CIP list, but it is number

one on your list. It makes me a little nervous that you've got it as number one on your list."

Instead, Austerman suggested the borough and city craft a resolution for the governor and legislature, stressing the need for a new Tustumena class ferry. He suggested the borough work with other towns and cities along the Tustumena's regular sailing route and ask them to pass a similar resolution. Assembly members agreed that would be a better approach than including the Tustumena on the CIP list, and said they could get a resolution like that approved during next Thursday's regular meeting.

During the packet review portion of the work session, the assembly narrowed the rest of the legislative CIP list down to eight tentative projects. The hope is to also approve that prioritized list during next week's regular meeting.

Tune in to KMXT next week as we take a closer look at those eight projects and some of the discussion between assembly members, Hickey and Representative Austerman during last night's work session.