



NEWSLETTER

Alaska Senator

Bert Stedman

Honored to Serve Southeast Alaska



SEPTEMBER 1, 2020

LEGISLATIVE UPDATES FOR DISTRICT R

Addressing urgent community needs



I am proud to be a member of an Alaska State Senate that has put future generations first while still helping current generations navigate difficulties created by the COVID-19 virus.

I also enjoy serving as Co-Chair for the Senate Finance Committee, which closed out the second session by ratifying critical community assistance to our communities. This includes:

- \$568.6 million for community assistance.
- This means communities such as Ketchikan (\$12.3 million), Sitka (\$14 million), Petersburg (\$3.9 million) and Wrangell (\$3.8 million) will soon be receiving critical help.
- \$50 million for fisheries which is an essential part of our region's economy.
- \$290 in grants for small businesses, the kind that underpin our economy and are essential to our region.

The Legislation ratifying the assistance ensures a speedy, and much-needed infusion of funding to communities - small businesses and individual Alaskans - at a time of unprecedented economic pain.



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2020 Senate Finance committee

Neighbors,

It has been an honor to serve the residents of Southeast for over 17 years as your Senator. These have arguably been among the most challenging two years the state has faced since I took office in 2003.

Since the 31st Alaska State Legislature began in January of 2019, we've seen shrinking state revenue, a disabled Alaska Marine Highway fleet, the onset of the COVID-19 virus that sent unemployment rates soaring, fishing value cut in half, oil prices dropping into an abyss and brought the tourism industry to a grinding halt.

Even with the Legislature currently adjourned, our interim work to help

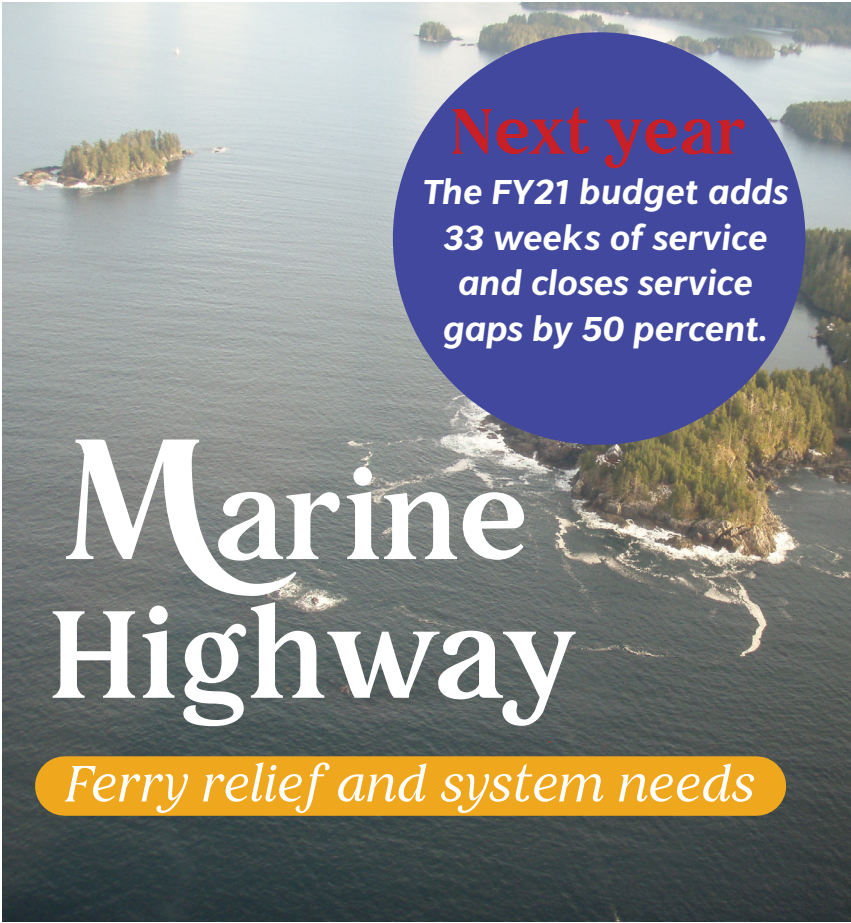
Pictured above from left to right: Sen. Bert Stedman, Sen. Cathy Giessel, Sen. Natasha Von Imhof.

Senator's message

guide Alaskans through these setbacks continues. We are here to help each other guide the state through these next challenging months.

While the situation may be "unprecedented" we have been in tough situations before, and I believe we will get through it. Alaskans are tough, and survival is in our nature. As we stay in touch with our communities for health and economic updates, legislators are also prepared to return to Juneau for a special session to, if necessary, continue addressing the recovery of COVID-19.

Sincerely,
Sen. Bert Stedman



Next year
The FY21 budget adds
33 weeks of service
and closes service
gaps by 50 percent.

Marine Highway

Ferry relief and system needs

AMHS

This session, I took charge of protecting the AMHS, and served as the Senate Finance Committee’s transportation subcommittee chair. The budget for fiscal year 2021 adds \$12 million starting July 1, 2020.

Our budget adds an additional \$2.8 million to fix the M/V Aurora, which remains in layup, getting its hull repaired. We do not want to face another winter that most of our communities endured this year with no service at all. One of our goals was to ensure at least one ferry is available for relief should we encounter another system wide layup and need a quick answer for unforeseen circumstances, such as what we have seen happen this summer with coronavirus outbreaks.

The system was struggling, and then the virus hit. It has had significant impact on scheduling and finances for AMHS. I’ve spoken with AMHS officials, and it costs them more to keep ships tied up out of service than it does to operate at 25% capacity like they are doing now during the COVID-19 outbreak.

The new operating budget adds an additional 33 weeks of service and closes the service gaps by 50 percent. Again, our work is not done.

Unemployment assistance

A record number of Alaskans are out of work. The longer we would have waited to ratify the funding, the fewer would have jobs awaiting them, leaving them with more economic challenges.

As the virus’ threat grew during the spring, we knew without a swift response, COVID-19 could cause greater short- and long-term damage beyond the health impacts.

In three weeks, we passed five bills that in a small or large way assisted Alaskans and communities struggling with COVID-19.

With the spiking jobless rates, the Legislature expanded unemployment benefits for Alaskans impacted by the virus; this makes Alaska eligible for insurance grants under the Families First Coronavirus Response Act.

The bill, signed into law on March 25, also waives a standard one-week waiting period with many Alaskans forced to remain indoors. Several weeks later the state put this prudent planning into action as unemployment claims climbed.

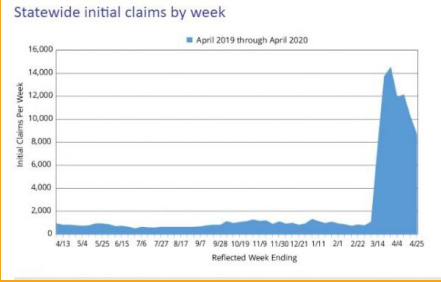


Image provided by Department of Labor and Workforce Development

Additionally, through a supplemental budget bill, \$8.5 million will be distributed to coastal communities to offset losses from cruise ship head tax, which is vital to our region’s economy. Ketchikan (\$2.2 million), Hoonah (\$709,000), Sitka (\$368,000) and Wrangell (\$35,000) will receive a share.

In the final hours before going into recess on March 29th, the Legislature extended Governor Dunleavy’s public health disaster emergency declaration to November. Under SB 241, we have placed strong protections for Alaskans

experiencing economic hardship from COVID-19.

Even with these funds on their way to our communities, the urgency remains, especially for those businesses slowly coming back online and others struggling with unemployment.

That’s why our work is hardly over. Moving forward, we will continue working with the administration and communicating with our congressional delegation to make sure Alaskans get necessary assistance and understand the resources available to them both in the CARES Act and in any potential additional national stimulus packages.

Will an early PFD cause people who are on unemployment insurance to lose those benefits?

It will not impact benefits.

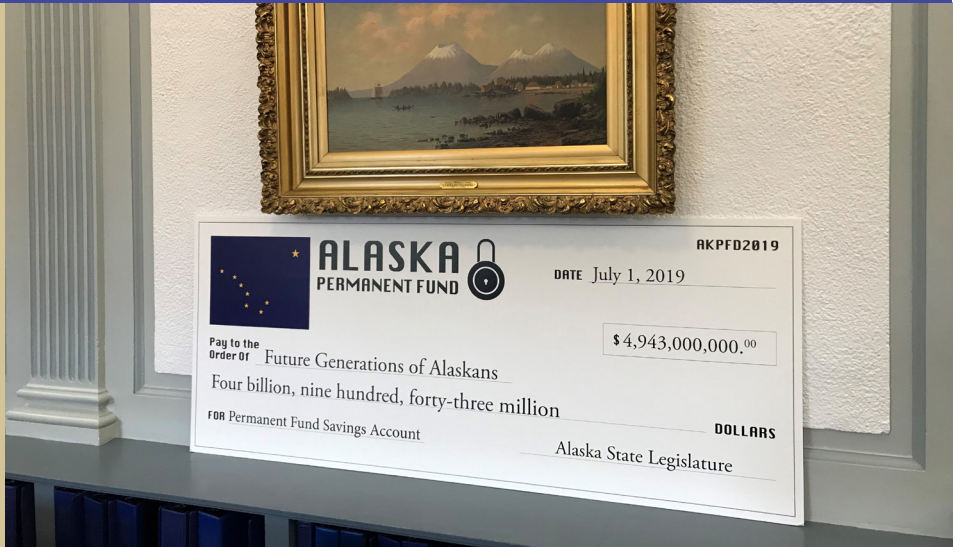
Investing in Alaska's future

The best financial action taken by the Legislature in the last 10 years

On June 30, \$4.9 billion was transferred from the Permanent Fund's Earning Reserve Account to its principal account. Once deposited in the principal account, the funds cannot be spent without a vote of the people. However they will produce earnings, a percentage of which will provide for dividends and essential state services.

Alaskans are fortunate to have vast resources, whether fur, fish, gold, timber or oil. This generation has been fortunate to have revenue from oil and gas. However, oil markets are exposed to unstable political environments causing prices and production to fluctuate. Unfortunately, revenue from oil has declined from previous years (even before the pandemic) and may continue to stay flat for several years, whether from naturally aging fields, economic climates, a pandemic or preferences for alternative energy. For reference, in fiscal year 2011, oil & gas provided more than 90% of the state's revenue. In 2021, it will provide only 17%.

We must balance our budget. Over the past several years, policy makers have drained savings accounts while reducing budgets. Some have suggested a solution would be to implement a statewide income tax and/or sales tax on Alaskans.



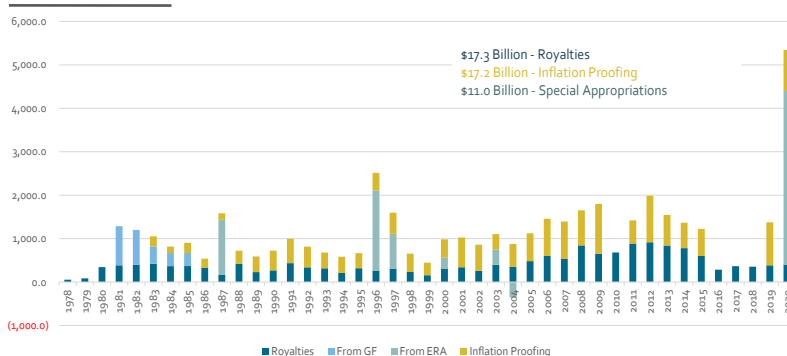
I believe there is a better option. We need to review and sensibly reduce programs while we grow the Permanent Fund to a level that offsets revenue declines and supports dividends. We need to focus on increasing the Permanent Fund and our investment earnings to benefit our state for decades to come. The Permanent Fund has proven since inception to be a high-performing investment fund, with a historic rate of return of 8.79%.

On March 5, the Permanent Fund Board of Trustees passed a resolution that called on the Legislature to combine the principal and the earnings reserve accounts into one (a true endowment). A fixed 5% annual draw would be available for spending by the Legislature on dividends and core state services. The Trustees also recommended maintaining a balance of at least four times the annual draw. Since the annual draw the

past several years has been around \$3 billion, the Trustees would like about \$12 billion in the earnings reserve account.

I find this alarming. It's dangerous if legislators in one year can access and spend \$12 billion through simple majority votes. History shows that, when given a chance, the Legislature and governor will kick the can down the road and spend down savings to the point of having nothing left. Roughly \$16 billion from our savings accounts has already been spent. As co-chair of the Senate Finance Committee, I led efforts over several years to wisely save those funds. It is disheartening to see those funds liquidated while we continue to have a structural budget deficit year after year. The balances of our major savings accounts are now effectively zero. I do not want to expose the Permanent Fund to the same outcome.

Contributions to Principal in millions



Note: In FY03 the legislature made a special appropriation to principal of \$354.2 million. In FY04 this was reclassified as pre FY04 inflation proofing in accordance with the FY04 supplemental budget bill.

ALASKA PERMANENT FUND CORPORATION 28

Based on annual average rates of return and a 5% percent of market value draw over the next 30 years this deposit will produce an \$15.4 billion in extra revenue for education, essential state services and paying dividends.

Public safety

House Bill 49

Last year we placed a heavy emphasis on public safety, giving law enforcement, prosecutors and judges additional tools that hold criminals accountable.

I was proud to vote yes on the Senate's version of HB 49, which strengthens Alaska's drug and sex crime penalties, and repeals SB 91, which I never supported in the first place. SB 91 was half-baked. None of the judges or police chiefs supported it then, and I personally voted no on it.

The issue remains as important today as the day last year when the bill unanimously passed the Senate, 20-0. The bill also provides police and prosecutors more tools to fight crime, hold those accountable for their actions and give the victims a voice, some of whom can no longer speak for themselves.

Two-thirds amendment

My office worked on several amendments to this bill. I would like to highlight two of them. First, we required those convicted of 1st or 2nd degree murder to serve at least two-thirds (vs. only one-third) of their sentence before they are eligible for parole.

Currently, convicted murderers can be paroled after only serving one-third of their sentence. My amendment provides those victims and families who have been impacted by these crimes with longer time for healing with stricter penalties for those convicted.

VPSO amendment

Second, we made sure the Village Public Safety Officer (VPSO) program

could be administered by the Central Council Tlingit & Haida Indian Tribes of Alaska (Tlingit & Haida). While this is only a technical fix because Tlingit & Haida has been running this program for the past 20 years, we felt this was necessary to make sure public safety in our rural Southeast communities would not be hindered by a technicality.

VPSOs are the only public safety officers and first responders in many of our rural communities and it can take hours or days for the Alaska State Troopers to show up to address the current issue.

The increase to drugs and crime we face in Southeast is also felt in other regions of Alaska. It is a privilege to be able to work with my colleagues from both parties to address this challenge. Public safety will always be a top priority for my office and District R.



Reshaping the ferry system

During the interim, I will still be working on changes to the ferry system. I am the senate designee on Governor Dunleavy's Alaska Marine Highway Reshaping Work Group.

Under his administrative order, we are tasked with reshaping the ferry system and drafting a plan by Sept. 30.

What we need is a basic fundamental transportation system, a core service of the government, even if it happens to look different than normal highways.

CARES aid eligibility expanded

I am proud to have been able to work with Governor Dunleavy to expand eligibility for the state grant program for CARES act financial assistance for businesses.

Effective on Monday, August 31, 2020, businesses that received any amount of Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) funds will become eligible to apply for AK CARES grants, as will businesses that are secondary sources of income. These businesses can apply through the online application portal (www.akcaresonline.org) starting Monday.

In the beginning of the CARES act aid distribution process, small businesses



who received \$5,000 or more in aid from the federal government were then ineligible from also receiving aid through the state. While this measure

was initially put in place to prevent large corporations from swallowing up all of the available aid, it created problems for businesses in Alaska and prevented them from receiving grants from the state to help their businesses weather health mandated closures and economic downturn.

The Legislative Budget & Audit Committee which I serve on approved these measures on August 27, 2020.

Applications for grants can be from a minimum of \$5,000 to a maximum of \$100,000. Businesses can apply through the AK CARES Grant portal at <https://www.akcaresonline.org>.

Gravina Access Improvements to Begin

Work will soon begin on a host of projects meant to enhance the movement of people and goods between Ketchikan and Gravina Island.

The project will not only provide improved access to the airport, but will improve access to developable land on Gravina, promoting long-term economic development of the island.

I am happy to see all of the bids awarded and progress made towards making access to Gravina easier and more convenient. I would like to thank the governor and Commissioner John MacKinnon for moving this project forward. Ketchikan's economy can really use this \$100 million dollar project infusion over the next few years.

I have worked doggedly with the Department of Transportation and the Legislature over the years to keep this project on the radar and ensure that the original residual bridge money is used there is enough money available to make better access to Gravina Island a reality.

The total project is estimated to



cost \$106 million and features:

- Reconstruction of existing airport ferry berths to meet current design standards
- Upgrades and improvements to pedestrian facilities at both terminals
- A new heavy freight mooring facility and new ferry layup dock on Gravina Island
- New ferry berths on both Gravina and Revilla
- Terminal upland improvements on Revilla
- Shuttle vans to carry pedestrians and their luggage to/from the airport
- New toll facilities
- The replacement of the

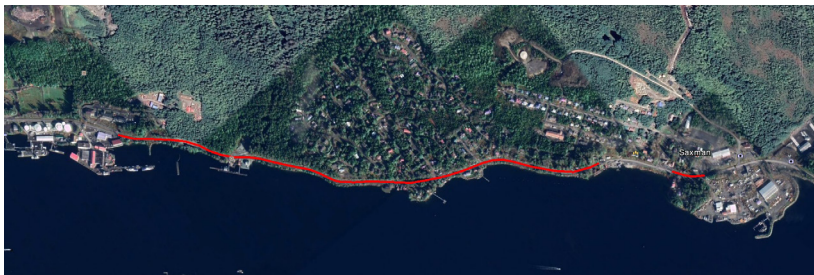
bridge over the Airport Creek and reconstruction of Seley Road from Lewis Reef Road to approximately the end of the Airport Reserve

Better access to Gravina Island has been a local goal since before the airport was constructed in the early 1970s. Pacific Pile and Marine was just awarded the remaining outstanding project bid for \$17.8 million for work on the layup berth and freight facility, and will be employing several local subcontractors. Work on the project will start fall 2020. DOT officials estimate the project will be completed by 2023.



Helping hands

Petersburg residents collected and shipped more than \$10,000 in goods during an AMHS service lapse.



South Tongass Highway undergoes sorely needed repairs

Weather cycles have not been kind to some of our roads, especially a 1.5-mile pothole-ridden stretch on the South Tongass Highway between the U.S. Coast Guard Base in Ketchikan and the City of Saxman. During a wintertime visit, I joined DOT&PF Commissioner MacKinnon for a review of this stretch, considered locally as a hazard to life and property. Existing potholes got bigger and deeper. New potholes emerged. My office then worked to expedite this project within DOT. Not long after my visit, DOT announced plans to repair that section. The work included pothole patching to the existing road surface, and filling the ruts with a thin leveling course of asphalt. Afterward workers placed a 1.5-inch hot asphalt overlay. DOT continued to remove built-in material from beneath guardrails that also impeded drainage of the roadway surface.

Thank you

My Chief of Staff Randy Ruaro is leaving my office to work for the governor. Thank you Randy for your 6 years of dedicated service on behalf of the district, and I wish you well with your next endeavour!



My office from left to right: Pete Ecklund, David Scott, Melissa Kookesh, Bert Stedman. Not pictured: Mollie Barnes.

For more updates visit www.bertstedman.com

Angoon • Coffman Cove • Craig • Edna Bay • Elfin Cove • Hollis • Hoonah
Hydaburg • Hyder • Kake • Kasaan • Ketchikan • Klawock • Kupreanof • Metlakatla
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