

1 **CITY OF HOMER**  
2 **HOMER, ALASKA**

Mayor

3  
4 **RESOLUTION 16-017**

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6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
7 EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA  
8 STATE LEGISLATURE TO TAKE IMMEDIATE AND DECISIVE ACTION  
9 DURING THE 2016 LEGISLATIVE SESSION TO ENACT A COMPLETE  
10 PACKAGE OF INITIATIVES TO PROVIDE FOR A BALANCED,  
11 SUSTAINABLE, AND PREDICTABLE STATE BUDGET FOR THE  
12 FORESEEABLE FUTURE.

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14 WHEREAS, Alaska is an 'owner state' who has developed its natural resources as the  
15 primary means to fund essential/desired public services offered by the state; and

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17 WHEREAS, Alaska has relied predominately on the development of its vast oil reserves  
18 to fund the majority of state government expenditures over the past 35 years; and

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20 WHEREAS, Production of Alaskan North Slope crude oil has steadily decreased over  
21 the past 25 years; and

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23 WHEREAS, Global oil prices have remained highly volatile over recent decades, but  
24 until recently, have trended higher over time, masking the effect of decreasing oil production;  
25 and

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27 WHEREAS, Global oil prices have dropped significantly over the past two years and are  
28 projected to remain relatively low for the foreseeable future; and

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30 WHEREAS, The combination of reduced oil production, reduced oil prices, and an  
31 overreliance on oil as the primary source of funding for state government has resulted in a  
32 massive state fiscal deficit; and

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34 WHEREAS, Cash reserves currently being used to cover the existing deficit will be  
35 depleted in just a few years, threatening the state's annual dividend program and potentially  
36 the state's Permanent Fund itself; and

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38 WHEREAS, The State of Alaska has been duly warned by Standard & Poors that due to  
39 the current fiscal imbalance, its credit rating will continue to be downgraded if the Legislature  
40 fails to take appropriate action in 2016; and

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42 WHEREAS, Major business leaders in the state have warned that they would be  
43 unlikely to continue making significant commercial investments in Alaska if the Legislature  
44 fails to address the fiscal deficit during the 2016 legislative session; and  
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46 WHEREAS, Governor Walker has introduced a complete fiscal plan to provide a  
47 sustainable and predicable balanced budget, using the strength of our existing financial  
48 assets, and a balanced blend of spending reductions and additional new revenues; and  
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50 WHEREAS, While spending reductions must be a part of any balanced fiscal solution,  
51 extreme care must be exercised to not inadvertently cut our way into an economic recession  
52 as was done in the 1980's; and  
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54 WHEREAS, Every dollar of cash reserves spent now to fund one-time budget shortfalls,  
55 is then unavailable to continue working for the state as an ongoing income producing asset  
56 into the future; and  
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58 WHEREAS, Continuing to spend down cash reserves in the short-term, will reduce the  
59 amount of sustainable revenue we can plan to generate from our current financial assets in  
60 the future, resulting in the necessity to increase other sources of revenue (taxes) in the future  
61 to compensate; and  
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63 WHEREAS, Now more than ever is the time for statesmanship, not provincial politics or  
64 electioneering rhetoric. Politically difficult decisions are required this year.  
65

66 NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska that:  
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68 Section 1. The City Council of Homer, Alaska, calls upon the Alaska State Legislature  
69 to take affirmative and immediate action this year to enact a comprehensive package of  
70 initiatives that will provide for a sustainable and predictable balanced state budget for the  
71 foreseeable future.  
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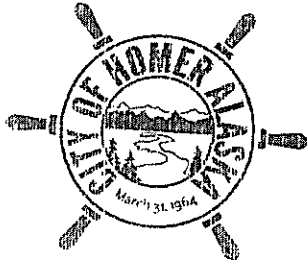
73 Section 2. The City Council of Homer, Alaska, appreciates the difficult work of the  
74 Administration to put forth one possible comprehensive fiscal solution; and while the  
75 (Community Name) may not support every aspect of this plan, does recognize it as an  
76 appropriate starting point for legislative deliberation.  
77

78 Section 3. The City Council of Homer, Alaska, insists that the Alaska State Legislature  
79 engage in meaningful discussions of all fiscal options without regard to perceived negative  
80 political fallout.  
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82            Section 4. The Homer City Clerk is instructed to transmit a copy of this resolution to  
83 every member of the Alaska State Legislature, the Governor, and all local and statewide  
84 media outlets.

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86            PASSED AND ADOPTED by the City Council of Homer, Alaska, this 25<sup>th</sup> day of January,  
87 2016.

CITY OF HOMER



*Mary E. Wythe*  
MARY E. WYTHE, MAYOR

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94 ATTEST:

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96 *Jo Johnson*  
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98 JO JOHNSON, MMC, CITY CLERK  
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100 Fiscal Note: N/A