



Chair Vance, vice chair Allard, members of the committee, thank you for the opportunity to testify today. My name is Kati Capozzi and I serve as the president and CEO of the Alaska Chamber.

The Alaska Chamber was founded in 1953 and is Alaska's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state.

Let me first say thank you to the committee for bringing the issue of a spending cap, or appropriation limit, or as some might think of it a meaningful savings plan to the forefront this legislative session. The Chamber has been advocating for a meaningful spending cap for more than seven years, and it is directly tied to our number one state priority of "supporting a comprehensive approach to create a sustainable state budget that includes a meaningful state spending cap."

We say meaningful because we realize the state's current spending limits are outdated and do not restrict spending in a serious way.

Our reasons for supporting a spending cap are simple:

When, and not if, revenues again fail to meet budgeted expenses, my members know who will be targeted first for increased taxes, fines, and fees to fill the gap: the business community. We fear this because we've lived it over and over as the state has faced revenue booms and busts through several decades. Businesses require some sense of stability and predictability to invest in our state, hire employees, and grow their business. The constant looming threat of being compelled to bail out a state government that periodically overspends is a disincentive to invest in Alaska, to say the least.

A real, meaningful cap on state government spending would also go a long way in showing Alaskans government can be trusted not only to spend wisely, but that there will be a safety net to provide for core government services when we are faced with revenue shortfalls. The concept of a spending limit is not new or complicated. Individuals and families usually match their spending to their income, and they understand that blowing budgets is bound to catch up with them eventually. Alaskans want government to acknowledge this basic tenet of budgeting. While the concept of spending from emergency savings under extraordinary circumstances may make some sense, watching years of deficit spending created by past years of overspending leads to reduced trust in government.

If state leaders plan to ask Alaskans to contribute more to state revenues either by raising existing or creating new taxes, they must guarantee that dramatic overspending will not recur once more money is available. We know aspects of this approach will be difficult. But, if they occur in concert with a robust spending cap, Alaskans will be more likely to trust that their sacrifices of today will not be wasted tomorrow.

Lastly, every year, the Alaska Chamber conducts a scientific public opinion survey of around 700 Alaskans that match the demographic makeup of the state. Year after year, Alaskans tell us they support a state spending cap by large margins. Our most recent poll, for example, showed more than 60% of Alaskans support a constitutional spending cap. That opinion held true across almost all demographic categories, including political affiliation. In purely political terms, the spending cap issue is a winner, and something Alaskans want to see.

In closing, thank you again for shining a light on the need for a meaningful state spending cap in Alaska. While the Alaska Chamber has not taken an official position on any single piece of legislation related to an appropriation limit, we strongly support the policy in general and are eager to meaningfully weigh in at future hearings.