



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS
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April 27, 2026

The Honorable Cathy Giessel
Chair, Senate Resources Committee
Alaska State Capitol, Room 121
Juneau, Alaska 99801

Dear Senator Giessel,

During the hearing on SB 280: Oil & Gas Property Tax; Muni Tax in the Senate Resources Committee on April 22, 2026, two questions from committee members were raised regarding the Community Assistance Program (CAP) payments administered by the Department of Commerce, Community, and Economic Development (DCCED). Though DCCED's Division of Community and Regional Affairs (DCRA) staff were on the line for previous hearings, we were not on the line for this hearing and offer our responses for the committee's consideration.

Senator Dunbar asked, for the AVT portion associated with the LNG pipeline, if there was a way to ensure the revenue shared with the Kenai Peninsula Borough would be shared with the cities of Kenai and Soldotna. Ms. Kawasaki, Senate Majority Legal Counsel, responded that cities contained within boroughs are expected to receive funding through CAP and DCCED would have a better understanding of how funds are shared to cities contained within boroughs.

All municipalities, including cities contained within a borough are eligible to apply directly to DCCED for CAP. Municipalities may receive both the base CAP payment in AS 29.60.855 and the per-capita payment in AS 29.60.860. Unincorporated communities within a borough apply directly to the borough for CAP. A borough must submit with their CAP application to DCCED a resolution listing each unincorporated community on behalf of which it will apply. DCCED calculates an allotment that gets added to a borough's payment for each unincorporated community within the borough. Once a borough receives its CAP payment it is required to disburse the CAP payment allotted to each unincorporated community listed on the resolution. AS 29.60.860(a) limits the per-capita payments to municipalities, reserves and to communities in the unorganized borough, meaning unincorporated communities within a borough only receive the base payment in AS 29.60.855(b)(5). In this case the per capita payment is made to and retained by the borough for areawide services.

Senator Meyers asked, if with Alaska's unique borough and city structure, if communities could be double counted for the CAP payments, and listed examples in the Fairbanks

North Star Borough and Mat-Su Borough. Ms. Kawasaki, Senate Majority Legal Counsel, responded that she would defer to DCCED to answer this question.

Once municipalities, reserves, and communities within the unorganized borough have applied annually for CAP, DCCED has an established process to ensure eligible CAP applicants are not double counted, nor missed, in the annual CAP payment calculations and disbursements.

Please let us know if the committee has any additional questions.

Sincerely,

DocuSigned by:

Sandra Moller

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Sandra Moller

Division Director

cc: Lizzie Kubitz, Legislative Liaison, DCCED
Jordan Shilling, Legislative Director, Office of the Governor