

HB

411

HFIN

FILE

Re: permanent fund

Subject: Re: permanent fund

Date: Fri, 04 Jun 1999 16:05:16 -0800

From: Jim <jweidner@mosquitonet.com>

To: Wilda Rodman <Wilda_Rodman@legis.state.ak.us>

I have this on tape and it can be played over the phone.

Transcribed from tape recording of "Problem Corner" KFAR Radio 660
Fairbanks, Alaska May 18, 1998
Talk show host Dave Arlin
Guest Ex. Governor Jay Hammond
Transcribed by Jim Weidner 488-6366

The words "SOLELY and PERIOD" were emphasized by the speakers.

Host

Question: "When the Permanent Fund was originally established -- was the intent to use that money to fund government or was the intent SOLELY to provide for a dividend program for the citizens?"

Guest:

"Well I think, ... I can't say what the intent of all those who played a role in establishment of the [Permanent] Fund might be, all I can tell you is what my intent was, and that was, in light of the circumstances prevailing at the moment, it [was] to confine the expenditures of the fund to dividends or re investment in the fund PERIOD."

Wilda Rodman wrote:

> Hi Jim. Gene would like a copy of the transcript of Gov. Hammond's radio
> address. You can send it as an attachment to this e-mail address.
> Thanks.

Hammond suggests a public vote

- Sept 14 said don't use \$ from dividends
- Gov. has promised a public vote

From The Desk Of

Rexene Olson

P.O. Box 1448

Kodiak, AK 99615

(907) 486-7714 (wk)

(907) 486-2436 (hm)

rex1@eagle.ptialaska.net

To be read as testimony in support of HB-411 to the House Finance Committee.

Over ten years ago I worked for the State in Juneau. At that time, budget cuts were being implemented and I know that budget cuts have continued to be made without solving the deficit problems. Plus I do not think that continued cuts alone are the answer.

I am in support of HB-411. I believe that it will still protect the Permanent Fund Dividend as it was originally intended by using the unrealized interest earnings not required for dividends or by touching the principle. This money will make a large dent in filling the growing fiscal gap.

I believe that a lot of thought has gone into this plan and that it is sound and in the best interest of the residents of Alaska.

I am also in favor of implementing a broad-range tax contribution from all Alaskans, including non-resident workers, tourists and corporate Alaska.

A handwritten signature in cursive script, appearing to read "Rexene Olson". The signature is written in black ink on a white background.



Legislative Priorities

Adopted at the 1999 AML/ACoM Local Government Conference

1. Continue development of a state long-range fiscal plan that considers the direct and indirect impacts of the plan on municipal services and local taxpayers. Also, support a biennial state budget.
2. Maintain, at a minimum for FY 2001, the same level of municipal revenue sharing funding as FY 1999 or develop a new state revenue sharing program that considers:
 - A minimum entitlement for all municipalities.
 - A per capita allocation for fire, health, emergency medical services and police.
 - Sharing of state motor vehicle gas tax revenue generated by driving on locally maintained roads, sharing of alcohol and tobacco revenues, and sharing of half of the state-wide amount of exempted local property taxes on state facilities.
3. As required by the Alaska Constitution, provide quality education to Alaska's children:
 - Fully fund the education formula adjusted annually for inflation.
 - Fully fund pupil transportation
 - Fund school construction (including the 70/30 state/local funding ratio for boroughs), and fully fund school debt reimbursement
 - Implement the "adequacy review" of Alaska's school funding formula as outlined by letter of legislative intent.
4. Fund state and local deferred maintenance projects. Consider selling state general obligation bonds.
5. Power Cost Equalization - Develop a long-term funding solution and support development of new power sources.
6. Support adequate operation and maintenance funding for existing and, especially, for new transportation infrastructure.

2000

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 2000-02

**A RESOLUTION URGING THE GOVERNOR AND LEGISLATURE TO
ADOPT A BALANCED STATE AND LOCAL FISCAL PLAN**

WHEREAS, any Alaska fiscal plan that ignores direct and indirect impacts on local government services and taxes is unfair to local taxpayers.

WHEREAS, to date, no fiscal plan proposed by the state has estimated the direct and indirect impacts of the plan on local taxpayers.

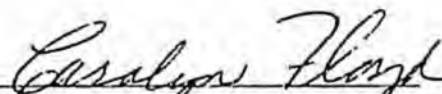
WHEREAS, state budget actions have impacted local taxes over the past ten years. For example, every additional new dollar of property tax paid by local taxpayers since 1986 approximately equals the amount of state cuts and under-funding major municipal programs.

NOW, THEREFORE, BE IT RESOLVED that the Governor and Legislature are urged to:


- estimate the direct and indirect impacts of state budget actions on local taxpayers; and
- consider a balanced approach to revenues to fund the State budget.

BE IT FURTHER RESOLVED that the Governor and Legislature are urged to consult with local elected officials concerning development of budget balancing proposals.

PASSED and APPROVED November 9, 1999.


Carolyn Floyd, President

Attest:


Kevin Ritchie, Executive Director



Why the Municipal Dividend is Important to Alaskans

- ◆ **First step towards a long-range fiscal plan.**
- ◆ **Frees up \$46 to \$53 million in the State General Fund** to allow the state reduce general fund spending while providing an option for needed funding for the University of Alaska, schools, PCE, and other priorities.
- ◆ **Tax Cap Zapper.** Stabilizes state revenue sharing and local property taxes.
- ◆ **Saves Alaskan lives** by improving public safety services, including statewide EMS, Police, and Fire
- ◆ **Puts more money in the pockets of Alaskans.** Provides an average of \$150 per capita per year to offset taxes and/or provide education and public safety services. The long-term impact on the PFD is negligible (see Permanent Fund Corporation calculation).
- ◆ **Keeps millions of dollars in Alaska and out of the hands of the federal IRS.** Expands the benefits of the Permanent Fund to citizens and circumvents the federal IRS by directly supporting local public safety services instead of using local taxes.
- ◆ **Credits state officials** with direct specific allocations to police, education, fire, EMS, roads, and health facilities.
- ◆ **Helps avoid making the Permanent Fund subject to federal income tax** by strengthening the Permanent Funds' "public purpose" by directly supporting education and public safety.

A Municipal Dividend is Worth Consideration

HB 137/SB 304

What is a municipal dividend? The plan provides a way to get more money into local communities by transferring funds from the excess earnings of the Permanent Fund equal to \$150 per person to a public safety foundation account. Those funds would then be distributed to cities and boroughs to pay for police, fire, emergency medical services, roads and capital projects. Inflation proofing and individual dividend checks would not be changed in any way.

There are two bills in the legislature to establish a municipal dividend program – HB 137 by Representative Carl Moses and SB 304 by the Senate Community & Regional Affairs Committee.

The legislation takes revenue sharing, VPSO funding, and capital matching grants out of the State General Fund expenditures by approximately \$55 million. This allows the state legislature to:

1. Meet its \$30 million reduction target;
2. Increase funding to the University, education, PCE, and/or other critical state-wide needs determined by the legislature;
3. Provide direct, specific, and accountable state support for roads, police, fire, EMS, and health.

Who should support a municipal dividend?

1. Those interested in taking a first step toward a long-range fiscal plan
2. Local taxpayers
3. Rural communities
4. Fire departments, EMS organizations and police organizations
5. Road service area boards and members
6. Schools, PTA's, School Boards
7. Labor
8. Senior Citizens

How does the municipal dividend program work?

The formula: SB 304 = \$150 x the number of permanent fund dividends paid (after inflation and individual dividend checks are paid) deposited into the Public Safety Foundation Fund.

HB 137 = \$125 per person with \$17 per person for public safety services.

Distribution from the Fund to Alaska's cities and boroughs equals (SB 304):

- \$20 per person served for police,
- \$20 per person served for fire,
- \$20 per person served for emergency medical services,
- \$2000 per road mile plus \$10 per capita for use volume,
- \$45,000 minimum entitlement for the smallest communities,
- \$10,000 for each unincorporated community
- \$7.5 million (approximately) for VPSO program

Bills would help municipalities

There are two bills, HB 137 and SB 304, quietly circulating in Juneau that would create a "municipal dividend" for all communities in the state. This concept would eliminate municipal revenue sharing as we know it. It would replace it with an annual dividend paid to all communities from the excess earnings of the Permanent Fund. Before you start screaming "Don't touch my Permanent Fund," please listen to the facts.

The current formula for paying dividends to individuals would remain unchanged. After dividends are paid and the fund is inflation-proofed, additional dividends would be paid to the municipalities from the excess earnings. Those dollars, paid to cities, would directly reduce property taxes. Anchorage, for example, would receive \$8.4 million more per year than it currently receives from revenue sharing. According to the Permanent Fund Corp., there would be no effect on the amount of dividends paid to individuals for the first three years. Even after 10 years, dividends would be only about \$40 less than they would have been without the plan.

This is truly a win-win proposition. It would enable the Legislature to cut the budget by eliminating revenue sharing, it would provide much needed revenue to the municipalities, and, most important to many of us in Anchorage, it would reduce the property taxes we all pay. If you like the idea, let your legislators know. The session is winding down fast, but it's not too late if we act now.

— *Bob Bailey*
Anchorage



Analysis of SB 304

Alaska Permanent Fund Corporation

Based on February 2000 APFC Financial Projections
(\$ in millions)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTALS |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Payout per SB 304 | 1,251 | 1,282 | 1,293 | 1,256 | 1,235 | 1,265 | 1,318 | 1,374 | 1,434 | 1,496 | 1,561 | 14,765 |
| Municipal Dividend | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 1,002 |
| Dividend Fund | 1,165 | 1,195 | 1,205 | 1,167 | 1,145 | 1,174 | 1,226 | 1,281 | 1,340 | 1,401 | 1,466 | 13,763 |
| Payout Status Quo (all Dividend) | 1,165 | 1,195 | 1,207 | 1,170 | 1,150 | 1,183 | 1,239 | 1,298 | 1,361 | 1,428 | 1,497 | 13,893 |
| Difference in annual payout | 86 | 87 | 87 | 86 | 85 | 82 | 79 | 76 | 72 | 68 | 64 | 872 |
| Retain for Inflation - SB 304 | 423 | 650 | 679 | 709 | 741 | 773 | 806 | 841 | 876 | 913 | 950 | 7,938 |
| Retain for Inflation - Status Quo | 423 | 650 | 679 | 709 | 741 | 773 | 806 | 841 | 876 | 913 | 950 | 7,938 |
| Fund value in 2010 - SB 304 | | | | | | | | | | | 41,433 | |
| Principal | | | | | | | | | | | 30,185 | |
| Earnings Reserve | | | | | | | | | | | 11,248 | |
| Fund value in 2010 - Status Quo | | | | | | | | | | | 42,800 | |
| Principal | | | | | | | | | | | 30,182 | |
| Earnings Reserve | | | | | | | | | | | 12,618 | |
| Per Person Dividend Status Quo | \$1,960.00 | \$1,980.00 | \$1,980.00 | \$1,900.00 | \$1,840.00 | \$1,880.00 | \$1,950.00 | \$2,000.00 | \$2,100.00 | \$2,180.00 | \$2,260.00 | \$22,050.00 |
| Per Person Dividend SB 304 | \$1,900.00 | \$1,980.00 | \$1,980.00 | \$1,890.00 | \$1,840.00 | \$1,860.00 | \$1,930.00 | \$1,990.00 | \$2,060.00 | \$2,130.00 | \$2,210.00 | \$21,830.00 |

These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
Distributions shown for the Dividend Fund and the Municipal Dividend are calculated and booked as payables at fiscal year end and actually paid out the following fiscal year.
Slight differences due to rounding.

SB 304 - Proposed Public Safety Foundation Program

| | Road | Road | Ice Road | Fire Dept. | EMS | Police | Health RS | Total New | FY00 | Increase |
|------------------|-------------|-------------|----------|-------------|-------------|-------------|-----------|---------------|---------------|--------------|
| | Per Capita | \$2,000 | \$500.00 | pop served | pop served | pop served | FY 00 | PS Foundation | Current | FY01 |
| Municipality | \$10.00 | per mile | per mile | \$20 | \$20 | \$20 | existing | Formula | Rev Shar. | New |
| Akhiok | \$1,090 | \$6,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 23,385 | \$ 21,615 |
| Akiak | \$3,160 | \$0 | \$0 | \$0 | \$0 | \$6,320 | \$1,792 | \$ 45,000 | \$ 32,840 | \$ 12,160 |
| Akutan | \$4,080 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,727 | \$ 45,000 | \$ 33,619 | \$ 11,381 |
| Alakanuk | \$6,710 | \$8,000 | \$11,250 | \$13,420 | \$0 | \$13,420 | \$1,791 | \$ 79,591 | \$ 44,495 | \$ 35,096 |
| Aleknagik | \$2,590 | \$0 | \$0 | \$5,180 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 30,645 | \$ 14,355 |
| Aleutians E Boro | \$970 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 32,772 | \$ 12,228 |
| Allakaket | \$1,920 | \$16,480 | \$0 | \$0 | \$0 | \$0 | \$3,716 | \$ 47,116 | \$ 32,966 | \$ 14,150 |
| Ambler | \$3,150 | \$16,720 | \$15,000 | \$6,300 | \$0 | \$6,300 | \$1,857 | \$ 74,327 | \$ 37,349 | \$ 36,978 |
| Anaktuvuk Ps. | \$3,080 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 33,293 | \$ 11,707 |
| Anchorage | \$2,587,820 | \$1,770,240 | \$0 | \$4,933,640 | \$4,933,640 | \$5,152,240 | \$396,450 | \$ 19,799,030 | \$ 11,435,391 | \$ 8,363,639 |
| Anderson | \$5,240 | \$19,600 | \$0 | \$10,480 | \$10,480 | \$0 | \$3,716 | \$ 74,516 | \$ 39,992 | \$ 34,524 |
| Angoon | \$5,870 | \$9,580 | \$0 | \$0 | \$0 | \$11,740 | \$0 | \$ 52,190 | \$ 33,530 | \$ 18,660 |
| Aniak | \$5,760 | \$35,520 | \$22,500 | \$11,520 | \$11,520 | \$0 | \$2,452 | \$ 114,272 | \$ 45,082 | \$ 69,190 |
| Anvik | \$1,000 | \$15,500 | \$0 | \$0 | \$0 | \$0 | \$1,875 | \$ 45,000 | \$ 30,803 | \$ 14,197 |
| Atka | \$1,150 | \$37,000 | \$0 | \$2,300 | \$0 | \$0 | \$0 | \$ 65,450 | \$ 29,884 | \$ 35,566 |
| Atkasuk | \$2,590 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 42,623 | \$ 2,377 |
| Barrow | \$43,970 | \$0 | \$0 | \$0 | \$87,940 | \$0 | \$0 | \$ 156,910 | \$ 123,432 | \$ 33,478 |
| Bethel | \$54,630 | \$33,500 | \$41,150 | \$109,260 | \$109,260 | \$109,260 | \$64,487 | \$ 546,547 | \$ 318,776 | \$ 227,771 |
| Bettles | \$250 | \$6,100 | \$15,000 | \$0 | \$0 | \$0 | \$0 | \$ 46,350 | \$ 30,903 | \$ 15,447 |
| Brevig Mis. | \$2,740 | \$4,000 | \$0 | \$5,480 | \$0 | \$5,480 | \$1,858 | \$ 45,000 | \$ 33,343 | \$ 11,657 |
| Bristol Bay Boro | \$12,970 | \$52,020 | \$0 | \$0 | \$25,940 | \$25,940 | \$1,726 | \$ 143,596 | \$ 61,113 | \$ 82,483 |
| Buckland | \$4,080 | \$5,000 | \$22,250 | \$0 | \$0 | \$8,160 | \$1,875 | \$ 66,365 | \$ 39,272 | \$ 27,093 |
| Cheforzak | \$4,230 | \$0 | \$0 | \$0 | \$0 | \$8,460 | \$0 | \$ 45,000 | \$ 34,682 | \$ 10,318 |
| Chevak | \$7,410 | \$11,400 | \$0 | \$14,820 | \$0 | \$14,820 | \$1,791 | \$ 75,241 | \$ 41,394 | \$ 33,847 |
| Chignik | \$1,210 | \$4,820 | \$0 | \$2,420 | \$0 | \$0 | \$1,727 | \$ 45,000 | \$ 28,665 | \$ 16,335 |
| Chuathbaluk | \$1,120 | \$8,000 | \$0 | \$0 | \$0 | \$0 | \$1,857 | \$ 45,000 | \$ 30,699 | \$ 14,301 |
| Clark's Point | \$630 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 26,783 | \$ 18,217 |
| Coffman Cove | \$2,550 | \$145,480 | \$0 | \$5,100 | \$5,100 | \$0 | \$0 | \$ 183,230 | \$ 35,756 | \$ 147,474 |
| Cold Bay | \$1,030 | \$58,400 | \$0 | \$0 | \$2,060 | \$0 | \$2,589 | \$ 89,079 | \$ 33,806 | \$ 55,273 |
| Cordova | \$25,710 | \$25,800 | \$0 | \$51,420 | \$51,420 | \$51,420 | \$54,498 | \$ 285,268 | \$ 203,319 | \$ 81,949 |
| Craig | \$21,450 | \$36,320 | \$0 | \$48,060 | \$48,060 | \$42,900 | \$2,669 | \$ 224,459 | \$ 78,224 | \$ 146,235 |
| Deering | \$1,560 | \$9,300 | \$28,000 | \$0 | \$0 | \$0 | \$1,856 | \$ 65,716 | \$ 31,187 | \$ 34,529 |
| Delta Junct | \$8,840 | \$58,820 | \$0 | \$17,680 | \$17,680 | \$0 | \$0 | \$ 128,020 | \$ 59,617 | \$ 68,403 |
| Denali Boro | \$13,400 | \$0 | \$0 | \$26,800 | \$26,800 | \$0 | \$0 | \$ 92,000 | \$ 60,542 | \$ 31,458 |
| Dillingham | \$23,320 | \$43,500 | \$0 | \$46,640 | \$46,640 | \$46,640 | \$9,063 | \$ 240,803 | \$ 113,556 | \$ 127,247 |
| Diomedede | \$1,760 | \$0 | \$0 | \$0 | \$0 | \$3,520 | \$0 | \$ 45,000 | \$ 30,855 | \$ 14,145 |
| Eagle | \$1,680 | \$10,200 | \$0 | \$5,240 | \$5,240 | \$0 | \$0 | \$ 47,360 | \$ 27,037 | \$ 20,323 |
| Eek | \$3,090 | \$3,660 | \$0 | \$0 | \$0 | \$6,180 | \$1,792 | \$ 45,000 | \$ 33,014 | \$ 11,986 |

SB 304 - Proposed Public Safety Foundation Program

| | Road | Road | Ice Road | Fire Dept. | EMS | Police | Health RS | Total New | FY00 | Increase |
|------------------|------------|-------------|----------|------------|-------------|------------|-----------|---------------|--------------|--------------|
| | Per Capita | \$2,000 | \$500.00 | pop served | pop served | pop served | FY 00 | PS Foundation | Current | FY01 |
| Egegik | \$1,320 | \$37,000 | \$10,000 | \$2,640 | \$0 | \$2,640 | \$1,726 | \$ 80,326 | \$ 32,396 | \$ 47,930 |
| Ekwok | \$1,200 | \$0 | \$0 | \$2,400 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 27,859 | \$ 17,141 |
| Elim | \$3,060 | \$23,600 | \$0 | \$6,120 | \$0 | \$6,120 | \$1,857 | \$ 65,757 | \$ 35,242 | \$ 30,515 |
| Emmonak | \$8,380 | \$11,840 | \$3,500 | \$16,760 | \$16,760 | \$16,760 | \$6,270 | \$ 105,270 | \$ 84,456 | \$ 20,814 |
| Fairbanks | \$316,010 | \$213,440 | \$0 | \$632,020 | \$632,020 | \$632,020 | \$97,787 | \$ 2,548,297 | \$ 1,505,570 | \$ 1,042,727 |
| Fairbks NS Boro | \$507,080 | \$860,680 | \$0 | \$863,900 | \$1,014,160 | \$0 | \$49,859 | \$ 3,320,679 | \$ 2,111,834 | \$ 1,208,845 |
| False Pass | \$580 | \$6,000 | \$0 | \$1,160 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 27,130 | \$ 17,870 |
| Fort Yukon | \$5,530 | \$34,000 | \$0 | \$0 | \$11,060 | \$11,060 | \$0 | \$ 86,650 | \$ 43,812 | \$ 42,838 |
| Galena | \$5,440 | \$14,200 | \$0 | \$0 | \$10,880 | \$10,880 | \$7,434 | \$ 73,834 | \$ 44,140 | \$ 29,694 |
| Gambell | \$6,700 | \$17,000 | \$0 | \$13,400 | \$0 | \$13,400 | \$1,857 | \$ 77,357 | \$ 42,174 | \$ 35,183 |
| Golovin | \$1,420 | \$10,440 | \$7,500 | \$2,840 | \$0 | \$0 | \$1,857 | \$ 49,057 | \$ 31,683 | \$ 17,374 |
| Goodnews Bay | \$2,560 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,792 | \$ 45,000 | \$ 31,693 | \$ 13,307 |
| Grayling | \$1,950 | \$14,000 | \$0 | \$0 | \$0 | \$0 | \$1,858 | \$ 45,000 | \$ 32,639 | \$ 12,361 |
| Haines | \$14,630 | \$27,100 | \$0 | \$29,260 | \$29,260 | \$29,260 | \$1,435 | \$ 155,945 | \$ 65,194 | \$ 90,751 |
| Haines Bor | \$10,130 | \$26,180 | \$0 | \$0 | \$0 | \$0 | \$1,435 | \$ 62,745 | \$ 45,810 | \$ 16,935 |
| Holy Cross | \$2,770 | \$30,600 | \$0 | \$0 | \$0 | \$0 | \$1,857 | \$ 60,227 | \$ 35,446 | \$ 24,781 |
| Homer | \$41,550 | \$47,660 | \$0 | \$83,100 | \$83,100 | \$83,100 | \$11,491 | \$ 375,001 | \$ 175,828 | \$ 199,173 |
| Hoonah | \$8,960 | \$150,000 | \$0 | \$0 | \$17,920 | \$17,920 | \$1,435 | \$ 221,235 | \$ 75,791 | \$ 145,444 |
| Hooper Bay | \$10,390 | \$3,480 | \$0 | \$0 | \$0 | \$20,780 | \$0 | \$ 59,650 | \$ 47,356 | \$ 12,294 |
| Houston | \$9,390 | \$82,660 | \$0 | \$18,780 | \$18,780 | \$0 | \$0 | \$ 154,610 | \$ 42,557 | \$ 112,053 |
| Hughes | \$720 | \$11,500 | \$0 | \$0 | \$0 | \$0 | \$1,858 | \$ 45,000 | \$ 30,028 | \$ 14,972 |
| Huslia | \$2,480 | \$36,360 | \$0 | \$4,960 | \$0 | \$0 | \$1,857 | \$ 70,657 | \$ 35,127 | \$ 35,530 |
| Hydaburg | \$4,050 | \$12,400 | \$0 | \$0 | \$8,100 | \$0 | \$1,333 | \$ 50,883 | \$ 28,290 | \$ 22,593 |
| Juneau City/Boro | \$302,360 | \$185,060 | \$0 | \$609,880 | \$609,880 | \$612,260 | \$144,770 | \$ 2,489,210 | \$ 1,591,731 | \$ 897,479 |
| Kachemak | \$4,190 | \$0 | \$0 | \$0 | \$0 | \$8,380 | \$0 | \$ 45,000 | \$ 29,303 | \$ 15,697 |
| Take | \$7,830 | \$27,780 | \$0 | \$0 | \$15,660 | \$15,660 | \$1,384 | \$ 93,314 | \$ 21,651 | \$ 71,663 |
| Kaktovik | \$2,550 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 32,900 | \$ 12,100 |
| Kaltag | \$2,500 | \$16,340 | \$0 | \$0 | \$0 | \$0 | \$3,716 | \$ 47,556 | \$ 33,943 | \$ 13,613 |
| Kasaan | \$410 | \$16,900 | \$0 | \$0 | \$0 | \$0 | \$1,334 | \$ 45,000 | \$ 23,812 | \$ 21,188 |
| Kenai | \$70,580 | \$123,620 | \$0 | \$141,160 | \$141,160 | \$141,160 | \$26,928 | \$ 669,608 | \$ 327,883 | \$ 341,725 |
| Kenai Pen Boro | \$297,280 | \$1,251,420 | \$0 | \$554,560 | \$590,560 | \$0 | \$89,764 | \$ 2,808,584 | \$ 1,698,894 | \$ 1,109,690 |
| Ketchikan | \$84,600 | \$45,020 | \$0 | \$169,200 | \$169,200 | \$169,200 | \$69,717 | \$ 731,937 | \$ 477,115 | \$ 254,822 |
| Kerch Gtwy Boro | \$53,920 | \$6,580 | \$0 | \$107,840 | \$107,840 | \$0 | \$0 | \$ 301,180 | \$ 221,878 | \$ 79,302 |
| Kiana | \$4,020 | \$15,640 | \$12,500 | \$8,040 | \$0 | \$0 | \$2,323 | \$ 67,523 | \$ 39,046 | \$ 28,477 |
| King Cove | \$7,030 | \$15,640 | \$0 | \$14,060 | \$14,060 | \$14,060 | \$1,726 | \$ 91,576 | \$ 40,891 | \$ 50,685 |
| Kivalina | \$3,490 | \$2,180 | \$6,000 | \$0 | \$0 | \$6,980 | \$1,858 | \$ 45,508 | \$ 38,455 | \$ 7,053 |
| Klawock | \$6,590 | \$19,400 | \$0 | \$0 | \$15,800 | \$13,180 | \$0 | \$ 79,970 | \$ 35,401 | \$ 44,569 |
| Kobuk | \$1,020 | \$16,220 | \$4,700 | \$0 | \$0 | \$0 | \$1,857 | \$ 48,797 | \$ 31,532 | \$ 17,265 |
| Kodiak | \$68,590 | \$50,620 | \$0 | \$137,180 | \$137,180 | \$137,180 | \$0 | \$ 555,750 | \$ 305,191 | \$ 250,559 |

SB 304 - Proposed Public Safety Foundation Program

| | Road | Road | Ice Road | Fire Dept. | EMS | Police | Health RS | Total New | FY00 | Increase |
|------------------|------------|-------------|----------|------------|------------|------------|-----------|---------------|--------------|--------------|
| | Per Capita | \$2,000 | \$500.00 | pop served | pop served | pop served | FY 00 | PS Foundation | Current | FY01 |
| Kodiak Isl Bo. | \$59,620 | \$50,120 | \$0 | \$82,000 | \$119,240 | \$0 | \$87,739 | \$ 423,719 | \$ 309,897 | \$ 113,822 |
| Kotlik | \$5,520 | \$0 | \$0 | \$11,040 | \$11,040 | \$11,040 | \$1,792 | \$ 65,432 | \$ 37,753 | \$ 27,679 |
| Kotzebue | \$29,640 | \$56,600 | \$36,500 | \$59,280 | \$59,280 | \$59,280 | \$13,473 | \$ 339,053 | \$ 203,371 | \$ 135,682 |
| Koyuk | \$2,960 | \$8,520 | \$0 | \$0 | \$0 | \$0 | \$1,857 | \$ 45,000 | \$ 34,072 | \$ 10,928 |
| Koyukuk | \$1,300 | \$8,380 | \$0 | \$0 | \$0 | \$0 | \$1,857 | \$ 45,000 | \$ 31,122 | \$ 13,878 |
| Kupreanof | \$240 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 23,812 | \$ 21,188 |
| Kwethluk | \$6,670 | \$3,860 | \$0 | \$13,340 | \$0 | \$0 | \$1,792 | \$ 50,662 | \$ 40,289 | \$ 10,373 |
| Lake & Pen Boro | \$9,680 | \$107,240 | \$40,250 | \$0 | \$0 | \$0 | \$15,537 | \$ 197,707 | \$ 116,269 | \$ 81,438 |
| Larsen Bay | \$1,270 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 23,812 | \$ 21,188 |
| Lower Kalskag | \$2,860 | \$7,340 | \$20,000 | \$0 | \$0 | \$0 | \$1,857 | \$ 57,057 | \$ 36,723 | \$ 20,334 |
| Manokotak | \$3,960 | \$15,860 | \$0 | \$0 | \$0 | \$7,920 | \$0 | \$ 52,740 | \$ 33,982 | \$ 18,758 |
| Marshall | \$3,000 | \$0 | \$0 | \$6,000 | \$0 | \$6,000 | \$1,792 | \$ 45,000 | \$ 32,775 | \$ 12,225 |
| Mat-Su Boro | \$453,560 | \$2,071,940 | \$0 | \$275,700 | \$275,700 | \$0 | \$33,570 | \$ 3,135,470 | \$ 1,765,468 | \$ 1,370,002 |
| McGrath | \$4,410 | \$43,700 | \$0 | \$8,820 | \$0 | \$0 | \$3,716 | \$ 85,646 | \$ 41,124 | \$ 44,522 |
| Mekoryuk | \$1,920 | \$6,600 | \$0 | \$0 | \$0 | \$3,840 | \$1,791 | \$ 45,000 | \$ 31,005 | \$ 13,995 |
| MT. Village | \$7,930 | \$15,000 | \$0 | \$0 | \$0 | \$15,860 | \$1,791 | \$ 65,581 | \$ 43,796 | \$ 21,785 |
| Napakiaik | \$3,730 | \$9,660 | \$0 | \$0 | \$0 | \$7,460 | \$1,791 | \$ 47,641 | \$ 35,298 | \$ 12,343 |
| Napaskiak | \$3,910 | \$0 | \$0 | \$0 | \$0 | \$7,820 | \$1,792 | \$ 45,000 | \$ 34,147 | \$ 10,853 |
| Nenana | \$4,350 | \$52,780 | \$0 | \$13,540 | \$13,540 | \$8,700 | \$3,582 | \$ 121,492 | \$ 45,895 | \$ 75,597 |
| New Stuyahok | \$4,540 | \$5,000 | \$0 | \$8,700 | \$0 | \$9,080 | \$0 | \$ 52,320 | \$ 34,469 | \$ 17,851 |
| Newhalen | \$1,910 | \$0 | \$10,000 | \$3,820 | \$0 | \$0 | \$1,726 | \$ 45,000 | \$ 30,972 | \$ 14,028 |
| Nightmute | \$2,220 | \$0 | \$0 | \$0 | \$0 | \$4,440 | \$0 | \$ 45,000 | \$ 30,663 | \$ 14,337 |
| Nikolai | \$1,030 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 30,078 | \$ 14,922 |
| Nome | \$37,060 | \$35,040 | \$0 | \$74,120 | \$74,120 | \$74,120 | \$83,629 | \$ 403,089 | \$ 260,263 | \$ 142,826 |
| Nondalton | \$2,270 | \$50,000 | \$750 | \$0 | \$0 | \$4,540 | \$1,726 | \$ 84,286 | \$ 33,341 | \$ 50,945 |
| Noorvik | \$5,980 | \$14,400 | \$20,000 | \$11,960 | \$11,960 | \$11,960 | \$1,857 | \$ 103,117 | \$ 67,976 | \$ 35,141 |
| North Pole | \$16,190 | \$30,460 | \$0 | \$32,380 | \$32,380 | \$32,380 | \$0 | \$ 168,790 | \$ 72,922 | \$ 95,868 |
| North Slope Boro | \$23,810 | \$203,940 | \$21,500 | \$187,780 | \$187,780 | \$187,780 | \$40,419 | \$ 937,438 | \$ 937,438 | 0* |
| NW Arctic Boro | \$5,470 | \$128,180 | \$71,190 | \$0 | \$0 | \$0 | \$29,732 | \$ 259,572 | \$ 156,449 | \$ 103,123 |
| Nuiqsut | \$4,590 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 36,026 | \$ 8,974 |
| Nulato | \$3,530 | \$24,420 | \$0 | \$0 | \$0 | \$0 | \$1,857 | \$ 54,807 | \$ 36,327 | \$ 18,480 |
| Nunapitchuk | \$4,790 | \$0 | \$33,875 | \$0 | \$0 | \$9,580 | \$1,791 | \$ 75,036 | \$ 40,735 | \$ 34,301 |
| Old Harbor | \$2,970 | \$10,040 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 27,451 | \$ 17,549 |
| Ouzinkie | \$2,520 | \$7,200 | \$0 | \$5,040 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 26,474 | \$ 18,526 |
| Palmer | \$43,180 | \$65,480 | \$0 | \$86,360 | \$86,360 | \$86,360 | \$55,718 | \$ 448,458 | \$ 245,740 | \$ 202,718 |
| Pelican | \$1,490 | \$1,800 | \$0 | \$2,980 | \$2,980 | \$0 | \$1,436 | \$ 45,000 | \$ 26,158 | \$ 18,842 |
| Petersburg | \$33,980 | \$43,120 | \$0 | \$67,960 | \$67,960 | \$67,960 | \$47,414 | \$ 353,394 | \$ 214,918 | \$ 138,476 |
| Pilot Point | \$1,020 | \$28,000 | \$0 | \$2,040 | \$0 | \$0 | \$0 | \$ 56,060 | \$ 27,944 | \$ 28,116 |
| Pilot Station | \$5,580 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,792 | \$ 45,000 | \$ 37,375 | \$ 7,625 |

SB 304 - Proposed Public Safety Foundation Program

| | Road | Road | Ice Road | Fire Dept. | EMS | Police | Health RS | Total New | FY00 | Increase |
|-----------------|------------|----------|----------|------------|------------|------------|-----------|---------------|------------|------------|
| | Per Capita | \$2,000 | \$500.00 | pop served | pop served | pop served | FY 00 | PS Foundation | Current | FY01 |
| Platinum | \$410 | \$18,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 28,689 | \$ 16,311 |
| Point Hope | \$7,870 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 44,100 | \$ 900 |
| Port Alexander | \$900 | \$0 | \$0 | \$1,800 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 23,811 | \$ 21,189 |
| Port Heiden | \$1,260 | \$54,800 | \$0 | \$0 | \$0 | \$0 | \$1,726 | \$ 82,786 | \$ 31,542 | \$ 51,244 |
| Port Lions | \$2,420 | \$8,580 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 26,357 | \$ 18,643 |
| Quinhagak | \$6,120 | \$14,660 | \$0 | \$12,240 | \$0 | \$12,240 | \$0 | \$ 70,260 | \$ 39,104 | \$ 31,156 |
| Ruby | \$2,040 | \$12,000 | \$500 | \$4,080 | \$0 | \$0 | \$1,858 | \$ 45,478 | \$ 32,970 | \$ 12,508 |
| Russian Mis | \$2,950 | \$3,940 | \$0 | \$0 | \$0 | \$0 | \$1,792 | \$ 45,000 | \$ 32,632 | \$ 12,368 |
| Saint George | \$1,730 | \$32,560 | \$0 | \$3,460 | \$3,460 | \$0 | \$1,726 | \$ 67,936 | \$ 31,084 | \$ 36,852 |
| Saint Mary's | \$4,940 | \$17,360 | \$0 | \$0 | \$0 | \$9,880 | \$1,791 | \$ 58,971 | \$ 43,266 | \$ 15,705 |
| Saint Michael | \$3,620 | \$9,640 | \$0 | \$0 | \$0 | \$7,240 | \$0 | \$ 45,500 | \$ 36,302 | \$ 9,198 |
| Saint Paul | \$7,610 | \$85,640 | \$0 | \$0 | \$0 | \$15,220 | \$0 | \$ 133,470 | \$ 57,092 | \$ 76,378 |
| Sand Point | \$8,300 | \$23,000 | \$0 | \$16,600 | \$0 | \$16,600 | \$1,726 | \$ 91,226 | \$ 45,194 | \$ 46,032 |
| Savoonga | \$6,320 | \$14,140 | \$0 | \$12,640 | \$0 | \$12,640 | \$0 | \$ 70,740 | \$ 41,451 | \$ 29,289 |
| Saxman | \$3,790 | \$8,540 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 27,809 | \$ 17,191 |
| Scammon Bay | \$4,500 | \$4,300 | \$0 | \$0 | \$0 | \$0 | \$1,792 | \$ 45,000 | \$ 35,805 | \$ 9,195 |
| Selawik | \$7,460 | \$7,060 | \$27,000 | \$0 | \$0 | \$0 | \$1,581 | \$ 68,101 | \$ 46,552 | \$ 21,549 |
| Seldovia | \$2,810 | \$12,600 | \$0 | \$5,620 | \$5,620 | \$5,620 | \$4,309 | \$ 61,579 | \$ 31,221 | \$ 30,358 |
| Seward | \$30,400 | \$54,540 | \$0 | \$60,800 | \$60,800 | \$60,800 | \$42,368 | \$ 334,708 | \$ 185,535 | \$ 149,173 |
| Shageluk | \$1,520 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 30,460 | \$ 14,540 |
| Shaktoolik | \$2,260 | \$7,000 | \$0 | \$0 | \$0 | \$4,520 | \$1,857 | \$ 45,000 | \$ 32,603 | \$ 12,397 |
| Sheldon Pt. | \$1,610 | \$0 | \$0 | \$0 | \$0 | \$3,220 | \$0 | \$ 45,000 | \$ 29,597 | \$ 15,403 |
| Shishmaref | \$5,380 | \$7,960 | \$775 | \$0 | \$0 | \$10,760 | \$0 | \$ 49,875 | \$ 38,640 | \$ 11,235 |
| Shungnak | \$2,570 | \$10,000 | \$15,000 | \$0 | \$0 | \$0 | \$1,857 | \$ 54,427 | \$ 36,230 | \$ 18,197 |
| Sitka City/Boro | \$87,790 | \$50,220 | \$0 | \$175,580 | \$175,580 | \$175,580 | \$61,063 | \$ 750,813 | \$ 446,877 | \$ 303,936 |
| Skagway | \$8,140 | \$24,100 | \$0 | \$16,280 | \$16,280 | \$16,280 | \$1,435 | \$ 107,515 | \$ 50,561 | \$ 56,954 |
| Soldotna | \$41,340 | \$74,580 | \$0 | \$0 | \$82,680 | \$82,680 | \$17,593 | \$ 323,873 | \$ 210,854 | \$ 113,019 |
| Stebbins | \$5,480 | \$16,340 | \$0 | \$82,680 | \$0 | \$10,960 | \$1,857 | \$ 142,317 | \$ 39,224 | \$ 103,093 |
| Tanana | \$3,170 | \$59,000 | \$0 | \$0 | \$0 | \$6,340 | \$1,857 | \$ 95,367 | \$ 38,732 | \$ 56,635 |
| Teller | \$2,620 | \$5,380 | \$0 | \$0 | \$0 | \$5,240 | \$0 | \$ 45,000 | \$ 32,814 | \$ 12,186 |
| Tenakee Spr | \$1,010 | \$0 | \$0 | \$2,020 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 23,812 | \$ 21,188 |
| Thorne Bay | \$5,970 | \$66,900 | \$0 | \$11,940 | \$11,940 | \$0 | \$1,334 | \$ 123,084 | \$ 34,662 | \$ 88,422 |
| Togiak | \$8,010 | \$20,420 | \$0 | \$0 | \$0 | \$16,020 | \$1,726 | \$ 71,176 | \$ 43,711 | \$ 27,465 |
| Toksook Bay | \$5,150 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,792 | \$ 45,000 | \$ 36,958 | \$ 8,042 |
| Unalakleet | \$7,840 | \$19,240 | \$0 | \$15,680 | \$0 | \$15,680 | \$1,857 | \$ 85,297 | \$ 45,996 | \$ 39,301 |
| Unalaska | \$42,850 | \$71,820 | \$0 | \$85,700 | \$85,700 | \$85,700 | \$5,179 | \$ 401,949 | \$ 212,714 | \$ 189,235 |
| Upper Kalskag | \$2,680 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,858 | \$ 45,000 | \$ 33,646 | \$ 11,354 |
| Valdez | \$41,550 | \$48,600 | \$0 | \$83,100 | \$83,100 | \$83,100 | \$55,737 | \$ 420,187 | \$ 410,255 | \$ 9,932 |
| Wainwright | \$5,430 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 45,000 | \$ 37,790 | \$ 7,210 |



PRESS RELEASE

Date: April 4, 2000
Contact: Kevin Ritchie
Alaska Municipal League
907-586-1325

Additional Dividend Payment Proposed

On Tuesday, April 4, 2000, at the request of the Alaska Municipal League, the Senate Community & Regional Affairs Committee introduced SB 304, providing a new dividend payment that would go to communities to help pay for police, fire, emergency medical services, roads, local contribution to schools, and municipal capital matching grants.

The new dividend payment would be placed in a Public Safety Foundation account and distributed to local communities to help lower property taxes and assist both urban and rural areas in paying for critical education and public safety services. The original municipal dividend concept was proposed by former Governor Walter Hickel. A similar measure was introduced last session in the House by Representative Carl Moses (HB 137), and recently sent to the House Finance Committee after revisions were made by the State Affairs Committee, chaired by Representative Jeanette James.

Chair Senator Tim Kelly stated, "The Committee recognizes that police, fire protection, emergency medical services, education, and roads are top priorities for all Alaskans. The Municipal Dividend puts money in the hands of communities, and answers the call of local taxpayers for a long-term plan to stabilize, or reduce, local taxes. The Municipal Dividend represents real money in the pocket of Alaskans in the form of local tax offsets. The Municipal

Dividend would also be exempt from federal income taxes allowing Alaskans to keep more of their money in Alaska."

The municipal dividend would be paid out of the excess earnings of the Permanent Fund after full inflation proofing and the payment of full individual dividends. According to the calculations of the Alaska Permanent Fund Corporation, in first five years, the Municipal Dividend would slow the growth of the individual dividend an average of \$2 per year. The Municipal Dividend would be distributed as follows:

- \$20 per person served for police,
- \$20 per person served for fire,
- \$20 per person served for emergency medical services,
- \$2000 per road mile maintained plus \$10 per capita for use volume,

Additionally, small municipalities would receive a \$45,000 minimum entitlement (\$10,000 for each unincorporated community). Funds would also be made available to support the Village Public Safety Officers Program and fire/EMS organizations outside of municipalities.

The dividend replaces the existing state revenue sharing programs. Reductions to those programs over the last 10 years have been the major factor in rising local property taxes, and helped fuel the property tax cap initiative. It allows a small part of the earnings to be used for a public purpose as envisioned by the framers of the Permanent Fund.

SB 304 will be heard in the Senate Community and Regional Affairs Committee on Monday, April 10, at 1:30 p.m. For more information on the proposed new dividend program, call Kevin Ritchie or Julie Krafft at 586-1325. If requested, this press release can also be emailed.

-end-



Advocates for Alaska's Youth

POSITION PAPER IN SUPPORT OF SB 304

The Association of Alaska School Boards supports Senate Bill 304, sponsored by the Senate Community & Regional Affairs Committee.

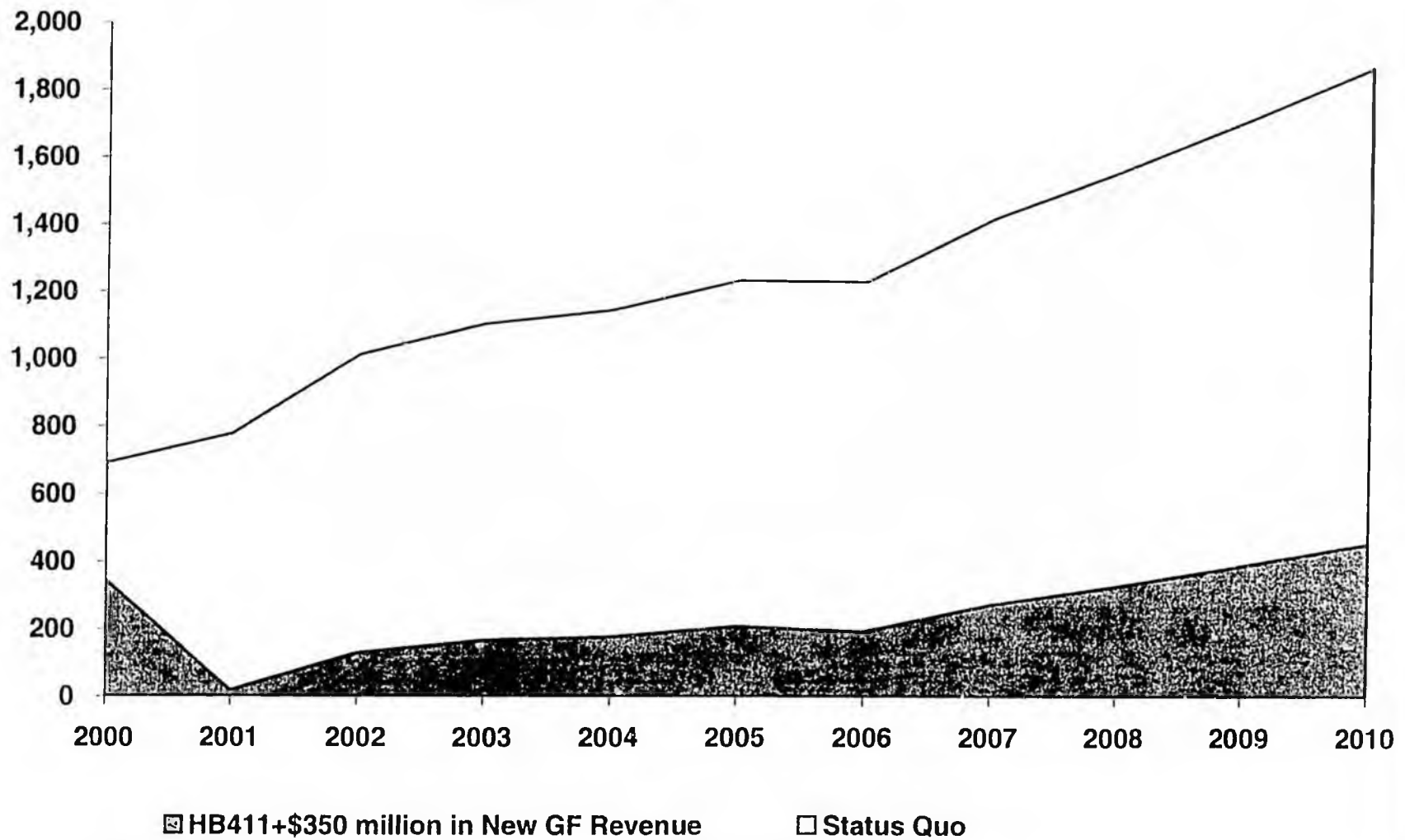
The proposal provides a new dividend payment that would go to communities to help pay for local contribution to schools and municipal capital matching grants, as well as police, fire, emergency medical services, and roads. The municipal dividend would be paid out of the excess earnings of the Permanent Fund after inflation proofing and payment of individual dividends. Under this plan, impact on individual dividends would be marginal, while taking \$55 million for revenue sharing, VPSO funding and capital matching grants "off budget" and reducing general fund expenditures.

As state aid to municipal assistance has decreased, local communities have been asked to make up the difference. In many cases municipalities have found themselves unable to do so dollar for dollar. In many communities local contributions to schools and other services have decreased to a point where essential services and basic educational programs are now in jeopardy.

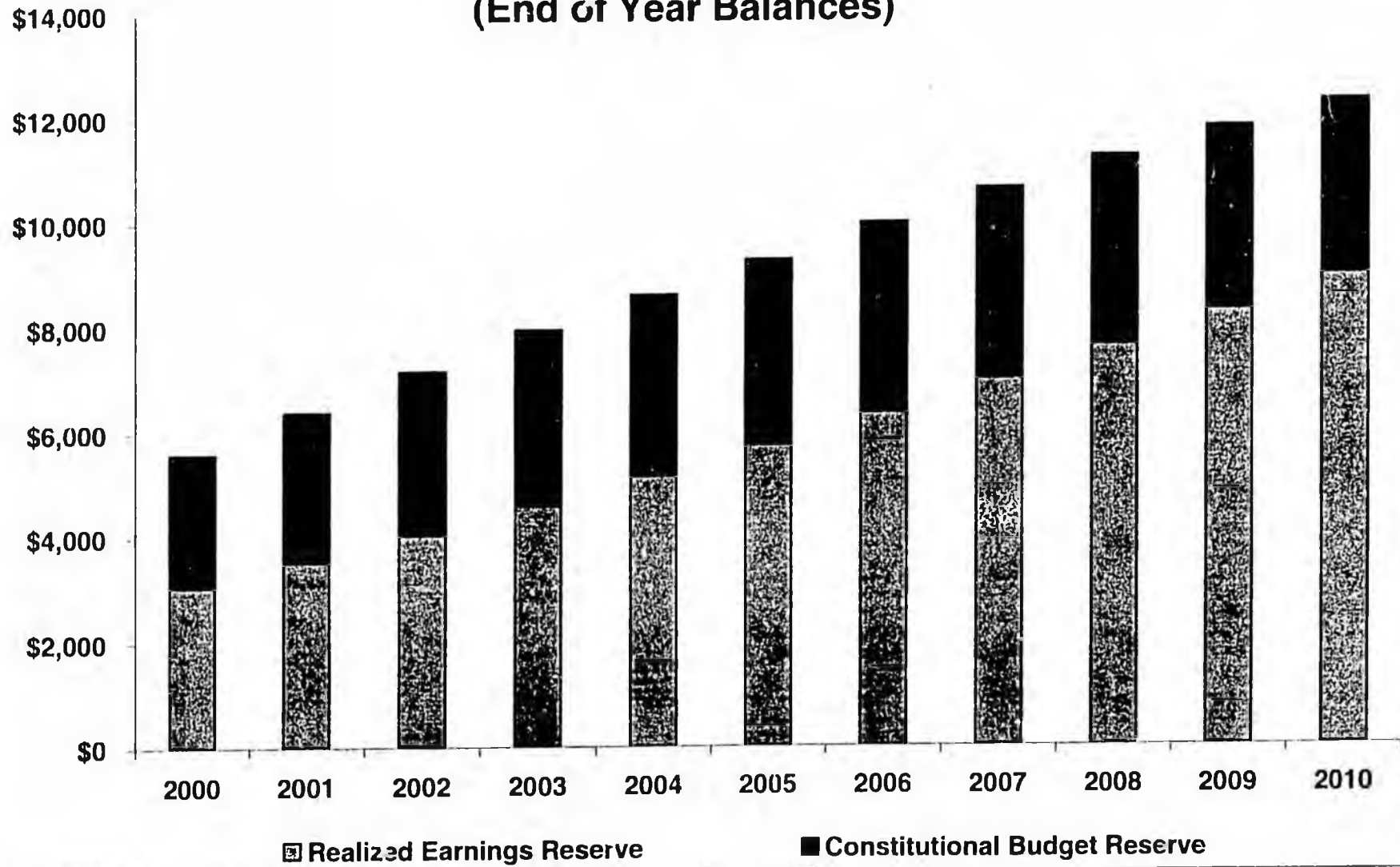
Our schools have been asked over the last decade to "do more with less," while the Legislature has kept school funding stagnant in trying to balance the state's budget. And while inflation has continued to eat away at school district budgets, school boards have had to make tough decisions on what to cut. Yet they've stayed focused on increasing student learning and have done their best to maintain the things that are essential to sound basic education. We have reached a critical point where schools and communities are now forced to "do less with less."

AASB believes this proposal is a necessary step toward stable funding for education at the local and state level.

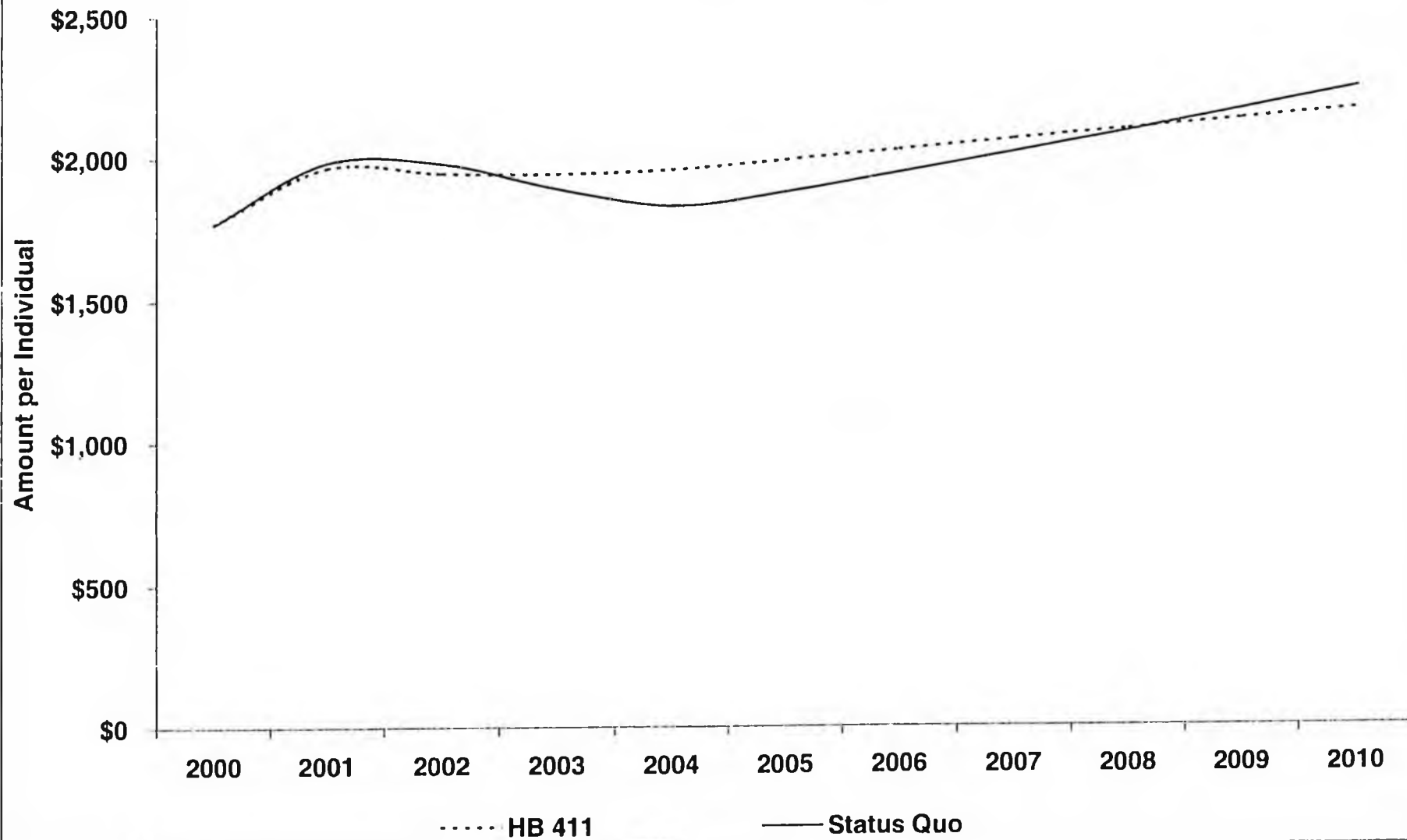
The Fiscal Gap HB411 vs. Status Quo



House Bill 411 Alaska's Savings Accounts (End of Year Balances)



Estimated Permanent Fund Dividend per Capita HB411 vs Status Quo



Model Output for HB 411

SUMMARY

Expenditures and Revenues

| | FY2000 | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|--|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| Anticipated GF Expenditures | 2,294.8 | 2,325.1 | 2,355.0 | 2,375.3 | 2,389.0 | 2,404.6 | 2,409.3 | 2,443.2 | 2,460.0 | 2,477.0 | 2,494.2 |
| Anticipated Unrestricted GF Revenue | 1,948.7 | 1,566.2 | 1,473.7 | 1,440.1 | 1,422.8 | 1,381.9 | 1,376.5 | 1,304.6 | 1,239.8 | 1,168.5 | 1,093.0 |
| Estimated Fiscal Shortfall | (346.1) | (758.9) | (881.3) | (935.2) | (966.2) | (1,022.7) | (1,032.8) | (1,138.6) | (1,220.2) | (1,308.5) | (1,401.2) |
| HB411 Revenue to GF | 0.0 | 389.9 | 390.0 | 393.5 | 400.8 | 411.8 | 423.2 | 434.8 | 446.6 | 458.8 | 471.1 |
| Estimated Fiscal Shortfall | (346.1) | (369.1) | (491.3) | (541.7) | (565.4) | (610.9) | (609.6) | (703.8) | (773.5) | (849.7) | (930.1) |
| New GF Revenue | 0.0 | 350.0 | 362.3 | 375.0 | 388.2 | 401.9 | 416.0 | 430.6 | 445.7 | 461.4 | 477.6 |
| Estimated Fiscal Shortfall | (346.1) | (19.1) | (129.0) | (166.6) | (177.2) | (209.0) | (193.6) | (273.2) | (327.8) | (388.3) | (452.5) |
| Constitutional Budget Reserve Draw to GF | 346.1 | 19.1 | 129.0 | 166.6 | 177.2 | 209.0 | 193.6 | 273.2 | 327.8 | 388.3 | 452.5 |
| Estimated Fiscal Shortfall | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

PER CAPITA DIVIDENDS

| | FY2000 | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | Ten Year Total Dividends |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| HB411 Dividend | 1,769.3 | 1,964.2 | 1,942.5 | 1,938.7 | 1,953.3 | 1,985.9 | 2,019.0 | 2,052.4 | 2,086.1 | 2,120.0 | 2,154.0 | 21,985.5 |
| Per Capita Status Quo Dividend | 1,769.3 | 1,982.5 | 1,976.0 | 1,887.1 | 1,827.0 | 1,874.2 | 1,938.9 | 2,007.1 | 2,078.6 | 2,153.0 | 2,229.7 | 21,723.4 |
| Difference between HB411 Dividend and Status Quo Dividend | 0.0 | (18.3) | (33.5) | 51.6 | 126.3 | 111.7 | 80.2 | 45.3 | 7.4 | (33.0) | (75.7) | 262.1 |

END OF YEAR BALANCES

| | FY2000 | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Permanent Fund Principal and Unrealized Earnings | 23,567.1 | 23,843.8 | 24,083.7 | 24,314.9 | 24,547.4 | 24,773.7 | 24,994.9 | 25,235.1 | 25,467.5 | 25,691.9 | 25,909.0 |
| Earnings Reserve Balance | 3,069.4 | 3,520.5 | 4,038.5 | 4,586.6 | 5,156.7 | 5,746.7 | 6,354.5 | 6,978.6 | 7,617.9 | 8,270.8 | 8,936.1 |
| Constitutional Budget Reserve Balance | 2,523.7 | 2,862.5 | 3,118.5 | 3,357.3 | 3,448.8 | 3,515.6 | 3,603.2 | 3,618.3 | 3,579.9 | 3,478.1 | 3,303.9 |

Anchorage Daily News
Sunday, March 12, 2000

LEGISLATORS WANT TO PROTECT YOUR DIVIDEND

By JAY HAMMOND

FORT ALSWORTH - Recently, at their request, I met with several legislators intent upon wrestling with the fiscal gap. I came away heartened. These folk are not the blithering idiots some people would have you believe. Many are surprisingly bright, courageous and dedicated.

Rather than inclined to throw in the towel and revert to "business as usual," which would exhaust our budget reserves and assure dividends went into free fall as many cynical "yes" voters predicted, most would leave dividends completely alone and use other than budget reserves to span that gap.

Many feared after the overwhelming no vote on the proposal to use an unlimited amount of Permanent Fund earnings (and thus millions of your dividend dollars) that legislators would not touch those earnings with the proverbial 10-foot pole.

Instead, in Juneau I found several such poles waving about seeking to at least pin down something.

It appeared I was that "something," as advocates of enshrining dividends in our constitution attempted to pin down my endorsement. While they accommodated the first step required toward a plan for spanning the gap in taking dividends off the table by assuring they would be funded under the same formula used in the past, they failed to couple that with other means necessary for bridging that pestiferous gap.

Though I once favored such a constitutional amendment, I now fear it has problems and is not really necessary to protect dividends. For example, what if the amendment vote failed or its passage posed other unforeseen difficulties, such as what to do in a dire emergency should it be necessary to use additional earnings?

Though I commend legislators for attempting to ensure dividends will be constitutionally protected, there's a far simpler and safer way of doing so that already has precedence. Seek an advisory vote on this question: "After dividends have been funded under the same formula used since their inception, the remainder of Permanent Fund earnings may be used for inflation-proofing and other public purposes such as education. Yes or no."

While not legally binding, legislators failing to limit spending earnings in accord with the voter's mandate would do so at horrendous risk. Some believe such public vote a shirking of legislative responsibility. However, in light of promises made by the governor and many legislators to let Alaskans vote on any use of those earnings (which of course prompted the Sept. 14 vote) it's unlikely they would renege on those promises now and pass such a statute without voter approval.

Of course legislators could pass a statute without an advisory vote, just as they could have spent all fund earnings, including those normally allocated for dividends.

However, many would not choose to do so in light of the Sept. 14 vote, which unfortunately failed to distinguish between

earnings required for funding dividends and those that were not. Expect no action without a voter directive assuring legislators that, as I firmly believe, most Alaskans who voted no opposed spending dividend dollars and not necessarily earnings that could be used for inflation-proofing and other needs without reducing dividends.

While pleased, most legislators agree dividends must be protected. So far, there's no consensus on other elements required for solving our budget gap. A coalition of House Republicans and Democrats seems to be the best course. Aware that budget cuts cannot do it alone and that the catastrophic implications for dividends of exhausting all budget reserves, they courageously propose "revenue enhancements" required to sustain dividends and yet bridge the gap.

Since I did a lot of dodging and weaving to avoid being pinned down by one of those probing 10-foot-poles, I now feel obliged to give legislators a less agile target on issues other than simply protecting dividends.

Of their possible "revenue enhancements," I believe these three would be those most acceptable to voters in exchange for assurance that dividends were truly protected: 1) a \$100 "school" (employment) tax to capture at least some "price of admission" from transient commercial fishermen, pipeline and construction workers 2) a seasonal sales tax and 3) a return to separate accounting for determining oil taxes. The latter would return us to a more balanced partnership between the state, feds and oil companies that existed during my administration before I, in what later proved to be an unwise and (in light of a subsequent surprising court decision) legally unnecessary action, allowed an alternative method of taxation that served to benefit oil companies at state expense.

To anyone believing budget cuts alone are the answer, consider this: If it is proper to avoid cutting benefits that flow exclusively to Alaskans (dividends) in recognition such constitutes nothing more than a head tax on all and only Alaskans; you must also recognize that revenue enhancements, such as a sales tax that captures revenue from tourists and other transients, also still have far less adverse impact than cuts on those "hidden dividends" enjoyed almost exclusively by Alaskans, such as educational programs and revenue sharing.

While combining such enhancements with Permanent Fund earnings not required for dividends could far less painfully span the budget gap than would have the Sept. 14 budget plan deep-sixed by voters, it would hardly open floodgates to profligate spending.

Pressure to hold budgets in line would remain paramount while Alaskans slept better knowing dividends were better protected.

* Jay Hammond was governor of Alaska from 1974 to 1982

Alaska's Public Finances
Constitutional Budget Reserve Fund
Opiate of the '90s
(\$ millions)

| | Settlement Contributions | Investment Income | Net Loans to General Fund | Balance Available to Loan GF at Year-End |
|----------------|-----------------------------|----------------------|---------------------------------|--|
| FY91 | \$291 | \$6 | ----- | \$297 |
| FY92 | 247 | 19 | ----- | 563 |
| FY93 | 914 | 57 | <849> | 685 |
| FY94 | 437 | 61 | <569> | 614 |
| FY95 | 1,543 | 122 | <285> | 1,994 |
| FY96 | 586 | 111 | <173> | 2,518 |
| FY97 | 570 | 167 | <83> | 3,172 |
| FY98 | 343 | 369 | <325> | 3,559 |
| FY99 (Proj) | 106 | 220 | <1,104> | 2,780 |
| FY00 (Proj) | 106 | 130 | <1,080> | 1,940 |
| FY01 (Proj) | 106 | 88 | <865> | 1,269 |
| FY02 (Proj) | 106 | 50 | <888> | 536 |
| FY03 (Proj) | 106 | 8 | <899> | <248> |
| Total: | \$5,461 | \$1,408 | <\$7,120 > | ----- |



**Written Comments
Submitted
by
Cheryl Frasca
House Finance Committee
April 11, 2000**

My name is Cheryl Frasca and I am here on behalf of the Fiscal Policy Council of Alaska. The Council, created in late 1998, is a nonpartisan, nonprofit organization dedicated to promoting long-term fiscal certainty for the state through research and objective information about Alaska's finances.

The Council believes that an important criterion for any long-term fiscal proposal is whether it sustains the real value of the state's financial assets because these assets will be the primary source of revenues to the state for the foreseeable future. To that end, we applaud the work of Representative Hudson and the co-sponsors of HB 411 for their willingness to step forward and advance changes that will enhance the Permanent Fund's long-term role in securing Alaska fiscal future.

With regard to HB 411, the central question for the Council is whether Alaskans can expect that the real value of the Permanent Fund to be the same or greater in the future. In analyzing HB 411, we find that the answer to this question is yes. The results of this analysis are included in a copy of FISCAL SENSE, which I hope is in your bill file. Our analysis is based on a model developed for the Council by Dr. Scott Goldsmith of the University of Alaska's Institute of Social and Economic Research.

The Fiscal Policy Council has several other comments that are included in a letter to Representative Hudson, which is in your bill file. Briefly, these are:

1. Changing the payout method so the Permanent Fund is treated as a trust in which there is an annual draw will enhance stability in the level of earnings annually available for public purposes;
2. An annual payout rate that exceeds 5 percent increases the chance of diminishing the Fund's value over time. A higher payout relies on an aggressive rate of return for the Fund's investments and leaves little room for downside error. In some years the Fund may not earn enough to keep up with inflation. As a result, in other future years, higher returns will be necessary to get back on track to protect the Permanent Fund's value. A higher payout rate raises that bar while a more conservative payout rate reduces this risk.
3. Using a five-year average of the market value to calculate the payout rate reduces the impact of annual fluctuations on the Fund's market value.

There are several other comments in the letter that pertain to elements of an overall fiscal plan that are not addressed in HB 411, so I won't go into these at this time.

Again, we commend the leadership shown to-date for bringing this measure forward.

Thank you for the opportunity to offer these comments and I will be pleased to answer any questions.



Anchorage Daily News

Thursday, February 17, 2000

Bill steers fund money to budget

By PAUL QUEARY
The Associated Press

JUNEAU - Three Republican lawmakers introduced a bill Wednesday that would use hundreds of millions of dollars from the Alaska Permanent Fund to help balance the budget while preserving the fund's current dividend.

The bill by Reps. Bill Hudson, R-Juneau, Alan Austerman, R-Kodiak, and Gail Phillips, R-Homer, would also revamp the way the \$27 billion fund's profits are calculated to make some money available every year for state spending.

The measure is part of a larger budget-balancing plan that the lawmakers refused to divulge. They said the measure was turned in now to beat a bill-filing deadline. The entire package will be disclosed later.

"We are not going to introduce the plan piecemeal and have people pick it apart piecemeal," Phillips said. She said other legislators support the bill but she wouldn't name them.

"It's a strong bipartisan group," Phillips said.

Austerman said the group plans to push for other sources of revenue.

"Taxes are being discussed," Austerman said.

Austerman said the Permanent Fund plan would transfer about \$280 million a year from the fund to the state treasury at first. He and Phillips refused to release further numbers. The gap between state spending and revenue is projected to grow to at least \$700 million for the budget year that begins July 1, and higher beyond that.

Right now, the dividends paid to Alaskans each year total 21 percent of the Permanent Fund's average investment profits for the previous five years.

Under the bill offered Wednesday, 4 percent of the fund's average value over the past five years - not its profits - would pay for the dividends. Another 1 percent of the fund's average value over the

previous five years would help fund the state budget.

The Alaska Permanent Fund Corp.'s board supports the new idea because it would make the fund's payout less subject to the ups and downs of the stock and bond markets, said Jim Kelly, a spokesman for the fund. Under current law, the dividend is projected to dip in about three years, he said.

The new plan would slow the fund's growth rate, Kelly said, but not the dividend's.

"Over a long period of time it's going to pay about the same amount as the status quo for dividends," Kelly said.

Last year the House passed a budget-balancing plan that would have split the profits evenly between state spending and dividends, which would have been cut to \$1,000. The full Legislature then modified this plan by cutting the dividend less, then submitted it to a Sept. 14 advisory election. Voters trounced that idea.

The new proposal unveiled Wednesday does not include submitting the plan to a statewide vote.

"We feel we're down here to do the business of the state of Alaska that the voters sent us to do," Austerman said.

The level of support for the proposal is uncertain. Phillips said the measure's supporters currently number less than the 21 members required to pass the House, and Austerman said House leaders haven't expressed a position.

Some minority Democrats in the House were supportive.

"We've been lucky that we've had a fairly constantly growing stock market," said Rep. John Davies, D-Fairbanks. "If we'd had a little more volatility we would have had a lot of volatility in our dividends."

Davies said he been involved in discussions with the plan's sponsors.

"There's a number of people that are committed to doing something this year, doing the right thing," Davies said.

House Minority Leader Ethan Berkowitz said he was encouraged, but not wholeheartedly in support yet.

"We're willing to walk alongside the horse," said Berkowitz, D-Anchorage. "We're not sure we're willing to get on yet. The devil's in the details."



April 11, 2000

The Honorable Gail Phillips
Alaska House of Representatives
State Capitol
Juneau, AK 99801

Sent via fax

Dear Representative Phillips:

We write on behalf of House Bill 411 which changes the basis for distribution of Permanent Fund earnings. We support the efforts of the bill's sponsors to advance the Legislature's discussion of ways to achieve long-term fiscal certainty. We also offer the following comments on the legislation:

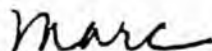
- Recasting the Permanent Fund as an "endowment" or "trust" (we suggest that "trust" may be a better term based on the negative reaction "endowment" received when broached by the Long Range Financial Planning Commission) is a significant step in the right direction. Moving to an annual draw based on the Fund's market value will enhance stability in the amount of earnings available to meet public needs. It also will allow more flexibility in the Fund's management, which will maximize investment returns over the long term.
- Moving to an annual payout rate greater than five-percent runs the risk of diminishing the Fund's value over time. As written, HB 411 would maintain the Fund's market value in real dollars if all assumptions were realized in every year. In the real world, however, the rate of return and rate of inflation are not constant and the natural volatility in these parameters raises the possibility of the value of the Fund falling. A more conservative payout rate would reduce this possibility.
- We urge using a five-year average of the market value to calculate the payout rate because it will reduce the impact of annual fluctuations on the Fund's market value. A lesser time frame would diminish the advantage of shifting to an annual payout.
- All variables used in assessing the impact of proposals should be as realistic as possible. To assess the impact of HB 411 in closing the state's fiscal gap, we are concerned that a prediction of primarily flat spending is not realistic in what it will take to foster a growing and robust economic future for Alaskans. While we recognize that future legislatures will make the actual spending decisions, we urge you to build into your analysis the recognition that adequate spending levels will be necessary in order to meet the demands of a growing state.



- Evaluation of proposals for any new or increased tax must be realistic and consider potential impact on economic activity. For example, it would be misleading to assume the same amount of oil will be produced, regardless of the state's taxation structure. It would therefore be necessary to reassess future production levels based on the specifics of any oil and gas-related tax change(s).

Please advise if the Fiscal Policy Council can provide you with any other comments, suggestions, or advice during the Legislature's efforts to bring certainty to Alaska's fiscal future.

Sincerely,



Marc Langland
President

cc: Representative Bill Hudson
Representative Alan Austerman

R D B

Wednesday, March 22, 2000

State Representative Bill Hudson
State Capitol
Juneau, AK 99801 1182

Dear Representative Hudson:

I support wholeheartedly the passage of House Bill 411. I thank you and the others who support it for taking a balanced approach to our fiscal dilemma. We cannot afford to continue to destroy the infrastructure of this state any more than we can afford uncontrolled spending. We can afford some new taxes, including an income tax that taxes everyone who earns wages in Alaska. We are tired of the members of our state legislature putting their collective heads in the sand because it is politically inexpedient to advocate sound state planning. Thank you for your courage and resourcefulness.

Sincerely yours,


Robert D. Bowers

Bob Bowers, 104 Muldoon Road, Box 206, Anchorage, AK 99504
Phone & Fax. . 907-337-2869. . e-mail: rdbowers@gci.net



Alaska State Legislature

Please enter into the record my testimony to the House Finance
 committee name
 committee on HB411 dated 4/12/2000
 bill/subject

*TO HFIN Sec.
 465-6813 FAX
 From Homer L10
 235-7878
 2 pages including cover*

Attached one page

Signed: Mary Criswold
 Testifier
Self
 Representing (Optional)
PO Box 1417 Homer AK 99603
 Address
907-235-3725
 Phone No.

Re: HB411

I strongly support changing the distribution of Permanent Fund earnings to a percentage of market value payout. This method protects the Permanent Fund principal and promotes a long-term investment strategy allowing our equity investments to reach their full potential. Although there are no performance guarantees with the market value approach, it does remove the dependence on volatile realized earnings and offers a more stable dividend distribution based on the real return of the Permanent Fund investments. HB411 and a combination of reasonable taxes will provide funding for essential government services and set the framework for a successful long-term financial plan.

I think a long range fiscal plan including better control of government spending and a combination of reasonable taxes should be developed before the Permanent Fund's earnings are tapped to meet government expenses. Assuming these conditions are met, I prefer starting with an 80/20 split of the payout because this preserves the present dividend value. However, adjusting the dividend should remain a legislative option for balancing personal benefit and the common good for all Alaskans as other General Fund revenue sources are depleted. Shortchanging funding for essential public services or raising exorbitant taxes in order to sustain a large personal dividend does not serve our best interests or the purposes for which the Permanent Fund was established.

I strongly urge you to keep the payout at 5%. This is commonly accepted as reasonable by most of the country's large endowments and is supported by the APFC's own predictions for a real return. It is better to err on the side of protecting the Permanent Fund's principal than on the side of increasing the amount of money available to spend.

I would like to see language included in the bill to provide for the periodic transfer of money from the Earnings Reserve Account to the Permanent Fund principal to make sure the inflation-proofing earnings are fully protected, such as was provided in HB1001. Several underperforming years could erode the value of the principal without such protection because the payout would exceed the real return as long as there were sufficient accumulated earnings in the reserve account to permit it. It is imperative to compensate for this by fully protecting the principal when the fund is performing well.

I also urge the Legislature to start research on tax options at the earliest moment, to come up with a reasonable combination of sales and income taxes that most fairly shares the burden for funding public services among all those who benefit, including out of state workers and tourists.

Thank you.

MARY BRISWOLD
BOX 1417
HOMER, AK 99603



Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

committee on House Bill 411, dated April 12, 2000.
bill/subject

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE
I BELIEVE HOUSE BILL SHOWS LEADERSHIP IN SOLVING
THE FISCAL DILEMMA FACING THE GREAT STATE OF ALASKA.
THIS BILL RESPONDS TO THE CONCERNS RAISED BY HOUSE
VOTING NO ON LAST YEAR'S REFERENDUM. IT PROTECTS
THE STATE DIVIDEND PROGRAMS. HOUSE BILL 411 IS
A MAJOR STEP IN THE RIGHT DIRECTION. I
ENCOURAGE YOU TO PASS HOUSE BILL 411

Signed: Wayne A. Stevens

Testified WAYNE A. STEVENS

KODIAK CHAMBER OF COMMERCE

Representing (Optional)

BOX 1485 KODIAK AK 99615

Address

907-486-5557

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
 committee name
 committee on HB411 , dated 4/12/00
 bill/subject

I have reviewed HB411 and support it as part of a long range budget plan. As has been stated the bill should be well received as it guarantees permanent fund dividend at its current rates for the next decade. It also explains how the funds balance and provides a limited contribution from the earnings reserve up to address the fiscal gap. I encourage the committee to also address the other parts of the plan recommended by this group of legislators and. Karl Stuller, Bill Neenan
 Alon Cauterman

Signed: Cecily Florey
 Testifier
City of Kodiak
 Representing (Optional)
Box 84
 Address
486-5142
 Phone No.

#1

AMENDMENT

DAVIES

OFFERED IN THE HOUSE

TO: CSHB 411(STA)

tax Δ

1 Page 1, lines 1 and 2:

2 Delete all material and insert:

3 **""An Act relating to revenue, to rates of taxation under the Alaska Net Income Tax Act,**
4 **and to the market value of the permanent fund and to distribution of income of the**
5 **permancnt fund; and providing for an effective date.""**

6 Page 3, following line 2:

7 Insert a new bill section to read:

8 **** Sec. 8. AS 43.20.011(e) is repealed and reenacted to read:**

9 (e) There is imposed for each taxable year upon the entire taxable income
10 derived from sources within the state of a corporation

11 (1) that is subject to AS 43.20.072 a tax computed as follows:

| 12 If the taxable income is: | Then the tax is: |
|------------------------------------|--------------------------------------|
| 13 at least \$10,000 but less than | 4.7 percent of the taxable income |
| 14 \$100,000 | |
| 15 \$100,000 but less than | \$4,700 plus 9.4 percent of the |
| 16 \$50,000,000 | taxable income over \$100,000 |
| 17 \$50,000,000 or more | \$4,700,000 plus 14.1 percent of the |
| 18 | taxable income over \$50,000,000; |

19 (2) except a corporation taxable under (1) of this subsection a tax
20 computed as follows:

| 21 If the taxable income is: | Then the tax is: |
|------------------------------------|-----------------------------------|
| 22 at least \$10,000 but less than | 4.7 percent of the taxable income |
| 23 \$100,000 | |
| 24 \$100,000 or more | \$4,700 plus 9.4 percent of the |

1

taxable income over \$100,000."

2 Renumber the following bill sections accordingly.

3 Page 3, line 13:

4 ~~Delete all material and insert:~~

5 *** Sec. 11.** Section 8 of this Act takes effect January 1, 2001.

6 *** Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect June 30, 2000."

2

1-LS1443N.3
Chenoweth
4/11/00

AMENDMENT

DAVIES

OFFERED IN THE HOUSE

TO: CSHB 411(STA)

tax Δ + ELP

1 Page 1, lines 1 and 2:

2 Delete all material and insert:

3 **""An Act relating to revenue, to rates of taxation under the Alaska Net Income Tax Act,**
4 **to the economic limit factor applicable to oil produced from certain fields on the state's**
5 **North Slope, and to the market value of the permanent fund and to distribution of**
6 **income of the permanent fund; and providing for an effective date.""**

7 Page 3, following line 2:

8 Insert new bill sections to read:

9 **** Sec. 8. AS 43.20.011(e) is repealed and reenacted to read:**

10 (e) There is imposed for each taxable year upon the entire taxable income
11 derived from sources within the state of a corporation

12 (1) that is subject to AS 43.20.072 a tax computed as follows:

| | | |
|----|---------------------------------|--------------------------------------|
| 13 | If the taxable income is: | Then the tax is: |
| 14 | at least \$10,000 but less than | 4.7 percent of the taxable income |
| 15 | \$100,000 | |
| 16 | \$100,000 but less than | \$4,700 plus 9.4 percent of the |
| 17 | \$50,000,000 | taxable income over \$100,000 |
| 18 | \$50,000,000 or more | \$4,700,000 plus 14.1 percent of the |
| 19 | | taxable income over \$50,000,000; |

20 (2) except a corporation taxable under (1) of this subsection a tax
21 computed as follows:

| | | |
|----|---------------------------------|-----------------------------------|
| 22 | If the taxable income is: | Then the tax is: |
| 23 | at least \$10,000 but less than | 4.7 percent of the taxable income |
| 24 | \$100,000 | |

Sta - HES -

2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 124

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE JAMES

Introduced: 1/18/00

Referred: State Affairs, Health, Education and Social Services, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the taxation of income and providing a credit for certain
 2 property taxes, and permitting the legislature to use certain income tax proceeds
 3 to make appropriations for public schools."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 29.45.020 is amended by adding a new subsection to read:

6 (c) A municipality that levies and collects property taxes shall also notify
 7 taxpayers what percentage of each tax dollar is used to fund public schools and the
 8 retirement of school construction debt.

9 * Sec. 2. AS 43.20.011 is amended by adding new subsections to read:

10 (g) For each taxable year or fractional part of a taxable year after
 11 December 31, 2000, there is imposed a tax of three percent on the selected net income
 12 in excess of \$12,500 of every individual and fiduciary derived from sources in the
 13 state, as determined under AS 43.20.040.

14 (h) For each taxable year or fractional part of a taxable year after

1 December 31, 2000, there is imposed a tax of one-half of one percent on the selected
 2 net income of every individual and fiduciary derived from sources in the state, as
 3 determined under AS 43.20.040.

4 (i) For purposes of (g) and (h) of this section,

5 (1) "selected net income" means income for the taxable year from the
 6 following sources as reported by the taxpayer to the United States Internal Revenue
 7 Service:

8 (A) wages, salaries, tips, and other earned income as reported
 9 on Form W-2;

10 (B) business income as reported on Schedule C or Schedule C-
 11 EZ;

12 (C) income from rental estate, royalties, partnerships, S
 13 corporations, trusts, and other sources as reported on Schedule E; and

14 (D) farm income as reported on Schedule F;

15 (2) the selected net income of an individual filing a joint deral
 16 income tax return is that portion of income from the sources set out in (1) of this
 17 subsection that is attributable to that individual's labor or assets; taxpayers shall
 18 allocate income from jointly held businesses or assets according to percentage of
 19 ownership.

20 * Sec. 3. AS 43.20.030(a) is amended to read:

21 (a) A [IF A] corporation, [OR] a partnership that has a corporation as a
 22 partner, an individual, or a fiduciary that is required to make a return under the
 23 provisions of the Internal Revenue Code [, IT] shall file with the department [,
 24 WITHIN 30 DAYS AFTER THE FEDERAL RETURN IS REQUIRED TO BE
 25 FILED,] a return setting out

26 (1) the amount of tax due under this chapter, less allowable credits and
 27 payments claimed against the tax; and

28 (2) other information for the purpose of carrying out the provisions of
 29 this chapter that the department requires.

30 * Sec. 4. AS 43.20.030(c) is amended to read:

31 (c) The [NOTWITHSTANDING (a) OF THIS SECTION, THE] total amount

1 of tax imposed by this chapter is due and payable to the department at the same time
 2 and in the same manner as the tax payable to the United States Internal Revenue
 3 Service.

4 * Sec. 5. AS 43.20.030(d) is amended to read:

5 (d) A taxpayer [, UPON REQUEST BY THE DEPARTMENT,] shall file with
 6 the return [FURNISH TO THE DEPARTMENT] a [TRUE AND] correct copy of the
 7 taxpayer's tax return [WHICH THE TAXPAYER HAS] filed with the United States
 8 Internal Revenue Service for the taxable year. Every taxpayer shall file an amended
 9 return with the department and remit any additional tax and interest due
 10 [NOTIFY THE DEPARTMENT IN WRITING OF ANY ALTERATION IN, OR
 11 MODIFICATION OF, THE TAXPAYER'S FEDERAL INCOME TAX RETURN
 12 AND OF A RECOMPUTATION OF TAX OR DETERMINATION OF DEFICIENCY
 13 (WHETHER WITH OR WITHOUT ASSESSMENT). A FULL STATEMENT OF
 14 THE FACTS SHALL ACCOMPANY THIS NOTICE. THE NOTICE SHALL BE
 15 FILED] within 60 days after the final determination of the taxpayer's federal tax
 16 liability [MODIFICATION, RECOMPUTATION OR DEFICIENCY, AND THE
 17 TAXPAYER SHALL PAY THE ADDITIONAL TAX OR PENALTY UNDER THIS
 18 CHAPTER]. For purposes of this section, a final determination means [SHALL
 19 MEAN] the time that an amended federal return is filed or the date a federal [A
 20 NOTICE OF DEFICIENCY OR AN] assessment is made [MAILED TO THE
 21 TAXPAYER BY THE INTERNAL REVENUE SERVICE], except that in no event
 22 will there be a final determination for purposes of this section until the taxpayer has
 23 exhausted rights of appeal under federal law.

24 * Sec. 6. AS 43.20.030(e) is amended to read:

25 (e) The department may credit or refund overpayments of taxes, taxes
 26 erroneously or illegally assessed or collected, penalties collected without authority, and
 27 taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully
 28 collected. The department shall set limitations, specify the manner in which claims
 29 for credits or refunds are made, and give notice of allowance or disallowance. When
 30 a refund of taxes or penalties collected under AS 43.20.011(h) is allowed to a
 31 taxpayer, it shall be paid out of the special account within the general fund for the

1 proceeds of the tax on the selected net income of individuals and fiduciaries
 2 imposed under AS 43.20.011(h), on a warrant issued under a voucher approved by
 3 the department. Refunds allowed to other taxpayers shall be paid out of the
 4 general fund on a warrant issued under a voucher approved by the department.

5 * Sec. 7. AS 43.20.030 is amended by adding a new subsection to read:

6 (h) An individual whose only selected net income is from wages or salaries
 7 for which tax has already been deducted and remitted by the individual's employer is
 8 not required to file a return but may do so.

9 * Sec. 8. AS 43.20 is amended by adding a new section to read:

10 **Sec. 43.20.032. Tax calculation for nonresidents and part-year residents**
 11 **and fiduciaries.** In computing the taxes under AS 43.20.011(g) and (h) of a
 12 nonresident or a part-year resident individual or fiduciary, the part of the taxpayer's
 13 selected net income attributable to sources in the state is determined under
 14 AS 43.20.040.

15 * Sec. 9. AS 43.20.040(b) is amended to read:

16 (b) In this section, income is from a source having a taxable or business situs
 17 in the state if it is derived from

18 (1) owning or operating business facilities or property in the state;

19 (2) conducting business, farming, or fishing operations in the state;

20 (3) [REPEALED

21 (4)] a partnership that [WHICH] transacts business in the state;

22 (4) [(5)] a corporation that [WHICH] transacts business in the state

23 and that [WHICH] has elected to file federal returns under 26 U.S.C. 1361 - 1379

24 (Subtitle A, Ch. 1S, Internal Revenue Code) [SUBCHAPTER S OF THE

25 INTERNAL REVENUE CODE];

26 (5) [(6) REPEALED

27 (7)] engaging in any other activity from which income is received,

28 realized, or derived in the state;

29 (6) working for salary or wages in the state;

30 (7) an estate or trust deriving income from sources in the state.

31 * Sec. 10. AS 43.20.040 is amended by adding a new subsection to read:

1 (d) With regard to the taxes under AS 43.20.011(g) and (h), if a business,
2 trade, or profession is carried on partly inside and partly outside the state, the income
3 from sources in the state is determined under AS 43.19 (Multistate Tax Compact).

4 * Sec. 11. AS 43.20 is amended by adding a new section to read:

5 **Sec. 43.20.062. Credits against tax.** (a) The amounts deducted and withheld
6 as taxes under this chapter during a calendar year are allowed as credits to the taxpayer
7 against the tax imposed by this chapter.

8 (b) An individual or fiduciary is allowed as a credit against the tax imposed
9 by AS 43.20.011(h) the amount of real property taxes on property owned by the
10 individual or fiduciary paid to a municipality in this state under AS 29.45 and used by
11 the municipality to fund public schools and the retirement of school construction debt.
12 The credit for taxes paid on jointly owned property shall be proportional to that
13 individual's or fiduciary's ownership interest in the property. This credit may not
14 exceed the amount of tax due under AS 43.20.011(h).

15 * Sec. 12. AS 43.20.065 is amended to read:

16 **Sec. 43.20.065. Allocation and apportionment.** A corporate taxpayer who
17 has income from business activity that [WHICH] is taxable both inside and outside
18 the state or income from other sources both inside and outside the state shall allocate
19 and apportion net income under AS 43.19 (Multistate Tax Compact), or as provided
20 by this chapter.

21 * Sec. 13. AS 43.20.160(d) is amended to read:

22 (d) All money collected by the department under this chapter shall be
23 deposited in the general fund of the state. The proceeds from the tax on the selected
24 net income of individuals and fiduciaries imposed under AS 43.20.011(h) shall be
25 deposited in a special account within the general fund. The legislature may make
26 appropriations from this account for the system of public schools established
27 under art. VII, sec. 1, Constitution of the State of Alaska.

28 * Sec. 14. AS 43.20 is amended by adding a new section to read:

29 **Sec. 43.20.171. Collection of income at source.** (a) Every employer making
30 payment of wages or salaries after December 31, 2000, shall deduct and withhold an
31 amount of tax computed in a manner to approximate the amount of tax due on those

1 wages or salaries under this chapter for that year. The employer shall remit withheld
 2 taxes to the department, together with a return or report prescribed by the department,
 3 at the time or times required by the department by regulation. The department shall
 4 publish the rate of withholding required by this section. Every employer making a
 5 deduction and a withholding shall furnish to the employee no later than January 31 of
 6 the succeeding year, or within 30 days after termination of employment, whichever is
 7 earlier, a written statement on a form prescribed by the department showing

8 (1) the name and taxpayer identification number of the employer;

9 (2) the name and social security number of the employee;

10 (3) the total amount of wages and other compensation; and

11 (4) the total amount deducted and withheld as tax under
 12 AS 43.20.011(g);

13 (5) the total amount deducted and withheld as tax under
 14 AS 43.20.011(h).

15 (b) Every employer making payments of wages or salaries earned in the state,
 16 regardless of the place where the payment is made,

17 (1) is liable for the payment of the tax required to be deducted and
 18 withheld under this section and is not liable to an individual for the amount of the
 19 payment; and

20 (2) shall make return of and pay to the department the amount of tax
 21 levied that the employer is required to deduct and withhold under this chapter.

22 (c) An employer who fails to comply with this section is subject to the
 23 penalties set out in AS 43.05.220(d).

24 (d) If the employer is the United States or the state or a political subdivision
 25 of the state, or an agency or instrumentality of one or more of those entities, the return
 26 of the amount deducted and withheld on wages or salaries may be made by an officer
 27 of the employer having control of the payment of the wages or salaries or who is
 28 appropriately designated for that purpose.

29 (e) In this section, "employee," "employer," and "wages" have the meanings
 30 given to them under 26 U.S.C. (Internal Revenue Code).

31 * Sec. 15. AS 43.20.340 is amended to read:

1 **Sec. 43.20.340. Definitions.** In this chapter,

2 (1) "bank" means a financial institution, including a national banking
3 association;

4 (2) "corporation" includes an association, joint-stock company, and an
5 insurance company;

6 (3) "fiduciary" means an estate, a trust, a guardian, trustee,
7 executor, administrator, receiver, conservator, or a person acting in a fiduciary
8 capacity for another or for the estate of a deceased person; [REPEALED,]

9 (4) "fiscal year" means an accounting period of 12 months ending on
10 the last day of a month other than December;

11 (5) "individual" means a natural person, married or unmarried,
12 adult or minor, who is subject to the obligation to pay an income tax under 26
13 U.S.C. (Internal Revenue Code) ["INCLUDES" AND "INCLUDING" WHEN USED
14 IN A DEFINITION DO NOT EXCLUDE OTHER THINGS OTHERWISE WITHIN
15 THE MEANING OF THE WORD DEFINED];

16 (6) "Internal Revenue Code" means the Internal Revenue Code of the
17 United States (26 U.S.C.) as the code exists now or as hereafter amended, as the code
18 and amendments apply to the normal taxes and surtax on net incomes, which
19 amendments are operative for the purposes of this chapter as of the time they became
20 operative or will become operative under federal law;

21 (7) "nonresident" means an individual who is not a resident or
22 part-year resident;

23 (8) "part-year resident" means an individual who becomes a resident
24 or loses the status of a resident [ENTERS OR LEAVES THE STATE] during the
25 taxable year [AND WHO HAS RESIDED OR WAS DOMICILED IN THE STATE
26 FOR A PERIOD OF LESS THAN 12 MONTHS DURING THE TAXABLE YEAR];

27 (9) [(8)] "person" means an individual, a trust, an [OR] estate, a [OR]
28 partnership, or a corporation;

29 (10) "resident" has the meaning given to the term "state resident"
30 in AS 43.23.095;

31 (11) [(9)] "taxable year" means the calendar year or the fiscal year

1 ending during the calendar year upon the basis of which the net income is computed
2 under this chapter; "taxable year" includes, in the case of a return made for a fractional
3 part of a year under this chapter, the period for which the return is made;

4 (12) [(10)] "taxpayer" means a person subject to a tax imposed by this
5 chapter;

6 (13) [(11)] "trade or business" includes the engaging in or carrying on
7 of a trade, business, profession, vocation, employment, and rendition of services or
8 commercial activity and includes the performance of the function of a public office.

9 * Sec. 16. AS 43.05.085; AS 43.20.012, and 43.20.013 are repealed.

1-LS1607A
Kurtz
4/10/00

Rebateable
Sales Tax
(@ 2%)

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the levying and collecting of sales and use taxes; and
2 providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43 is amended by adding a new chapter to read:

5 **Chapter 44. Sales and Use Taxes.**

6 **Sec. 43.44.010. Levy of sales and use taxes; tax rate.** (a) A sales tax is
7 levied on the sale or other transfer for consideration, on or after January 1, 2001, of
8 goods, on rents, and on services performed for consideration in the state.

9 (b) A use tax is levied on the storage, use, or consumption of tangible personal
10 property acquired on or after January 1, 2001. The use tax is not levied if the tax
11 under (a) of this section or a sales tax levied by another state has been paid on the
12 property.

13 (c) The rate of the sales tax is two percent of the price of goods sold or
14 otherwise transferred, rents, and the value of services performed. The rate of the use

1 tax is two percent of the value of tangible personal property stored, used, or consumed.

2 **Sec. 43.44.020. Exemptions.** The tax levied under AS 43.44.010 does not
3 apply to

4 (1) the goods sold, rents, or services performed that are, or to the
5 personal property stored, used, or consumed that is

6 (A) exempt from taxation under federal law; or

7 (B) explicitly exempted from taxation under another provision
8 of state law;

9 (2) sales of goods for resale;

10 (3) water, sewer, gas, electric, waste collection, and telephone services;
11 and

12 (4) personal services.

13 **Sec. 43.44.030. Collection of sales tax.** (a) A seller shall add the amount of
14 the sales tax levied by this chapter to the total price of goods, rentals, or services
15 subject to the tax, and the tax shall be stated separately on any sales receipt, invoice,
16 or other record of the sale or rental.

17 (b) A seller shall collect the sales tax from the purchaser and remit the tax
18 collected to the department not later than 30 days following the last day of the month
19 in which the tax was collected.

20 (c) A seller remitting the sales tax collected under this chapter to the
21 department within 30 days of the last day of the month in which the tax was collected
22 may retain one percent of the amount collected to cover expenses associated with
23 collecting and remitting the tax.

24 **Sec. 43.44.040. Payment of use tax.** A buyer subject to the use tax shall
25 remit the tax to the department not later than 30 days following the last day of the
26 month in which the taxable storage, use, or consumption occurs.

27 **Sec. 43.44.050. Rebate of tax.** A person may claim a rebate of sales and use
28 taxes paid under this chapter if the total price or value or both of the goods, rents, and
29 services taxed exceeds \$200 in a calendar year. A claim must be filed on a form
30 provided by the department, accompanied by original receipts for each transaction for
31 which a rebate is requested. Each individual receipt must show a taxable amount of

1 at least \$50. A rebate claim must be submitted within one year of the date of a
2 purchase subject to the sales tax or of the date the use tax was paid.

3 **Sec. 43.44.060. Accounting.** The department shall deposit all money collected
4 under this chapter in the general fund of the state.

5 * **Sec. 2.** This Act takes effect on January 1, 2001.

ALASKA DEPARTMENT OF REVENUE DRAFT

page 2 of 3.

Alaska SALES TAX Interactive

Sales Tax Rate: 2.0%
 Total Exemptions Selected (page 3): 50
 TOTAL Sales Tax Revenue Generated: \$266,924

Insert your SALES TAX rate.
 Then, go to page 3 and choose
 your sales tax exemptions.

Construction, Manufacturing & Mining
 DATA Not Available 2/29/00

| Sales Tax Revenue | Exemptions | Percent of Alaska Sales Tax Revenue |
|---|------------|-------------------------------------|
| Accommodations & Food Services \$ 21,309 | 0 | 7.98% |
| Retail Trade \$ 125,027 | 0 | 46.84% |
| Health Care & Social Assistance ² \$ - | 15 | 0.00% |
| Education ² \$ - | 3 | 0.00% |
| Professional, Scientific & Technical Services \$ - | 9 | 0.00% |
| Administrative Support & Waste Management & Remediation \$ - | 10 | 0.00% |
| Arts, Entertainment & Recreation ² \$ 3,323 | 2 | 1.24% |
| Wholesale \$ 43,055 | 2 | 16.13% |
| Real Estate & Rental & Leasing \$ 3,295 | 3 | 1.23% |
| Information \$ 2,719 | 2 | 1.02% |
| Mining ³ \$ - | - | 0.00% |
| Utilities ³ \$ 11,968 | 0 | 4.48% |
| Construction ³ \$ - | - | 0.00% |
| Manufacturing ³ \$ - | - | 0.00% |
| Transportation & Warehousing ³ \$ 29,951 | 2 | 11.22% |
| Finance & Insurance ³ \$ 19,521 | 0 | 7.31% |
| Other Services (except Public Administration) ³ \$ 6,619 | 0 | 2.48% |
| Management of Companies/Enterprises \$ 137 | 1 | 0.05% |

| Sector | Estimated Sales 1997 (\$1000) ¹ | SALES TAX Revenue (\$1000) | Percent of Alaska Sales Tax Revenue |
|---|--|----------------------------|-------------------------------------|
| Accommodations & Food Services | \$ 1,065,459 | \$ 21,309 | 7.98% |
| Retail Trade | \$ 6,251,372 | \$ 125,027 | 46.84% |
| Health Care & Social Assistance ² | \$ - | \$ - | 0.00% |
| Education ² | \$ - | \$ - | 0.00% |
| Professional, Scientific & Technical Services | \$ - | \$ - | 0.00% |
| Administrative Support & Waste Management & Remediation | \$ - | \$ - | 0.00% |
| Arts, Entertainment & Recreation ² | \$ 166,148 | \$ 3,323 | 1.24% |
| Wholesale | \$ 2,152,753 | \$ 43,055 | 16.13% |
| Real Estate & Rental & Leasing | \$ 164,772 | \$ 3,295 | 1.23% |
| Information | \$ 135,941 | \$ 2,719 | 1.02% |
| Mining ³ | \$ - | \$ - | 0.00% |
| Utilities | \$ 598,417 | \$ 11,968 | 4.48% |
| Construction ³ | \$ - | \$ - | 0.00% |
| Manufacturing ³ | \$ - | \$ - | 0.00% |
| Transportation & Warehousing ³ | \$ 1,497,561 | \$ 29,951 | 11.22% |
| Finance & Insurance ³ | \$ 976,040 | \$ 19,521 | 7.31% |
| Other Services (except Public Administration) | \$ 330,954 | \$ 6,619 | 2.48% |
| Management of Companies/Enterprises | \$ 6,844 | \$ 137 | 0.05% |
| | 13,346,261 | \$ 266,924 | 99.98% |

ASSUMPTIONS:

- (1) No increase in mail order, direct TV or internet sales as a percent of total value of sales from 1997.
- (2) Non-compliance with the sales and use tax is zero.
- (3) Changes in the sales tax rate do not result in changes in consumer choices (e.g., increase in out-of-state purchases).

Source: U.S. Department of Commerce, Bureau of Census: '1997 Economic Census'

¹ Only includes sales from employers with paid employees. Nonemployers account for roughly 3% of business activity.

² Only includes firms subject to the federal income tax.

³ These reports are not yet available from the Bureau of Census. The latest estimate is that all of the reports will be available by the end of the first quarter of 2000.

VARIABLE EXEMPTIONS

50

Select your TAX exemptions in each category below: for TAX EXEMPTION, insert "Y"; leave "N" to impose ALASKA SALES TAX

CAUTION: Classifications are by industry (the North American Industry Classification System), whereas exemptions are usually by good or service (e.g., prescription drugs).

| ACCOMMODATIONS & FOOD SERVICES | |
|--|---|
| Accommodations | |
| Hotels (except casino hotels) & motels | N |
| Bed & Breakfast | N |
| All Other | N |
| RV parks & recreational camps | N |
| Rooming & boarding houses | N |
| Food Services | |
| Full service restaurants | N |
| Limited-service restaurants | N |
| Cafeterias | N |
| Snack & nonalcoholic beverage bars | N |
| Foodservice contractors | N |
| Caterers | N |
| Mobile foodservices | N |
| Drinking Places (alcoholic beverages) | N |

| UTILITIES | |
|---|---|
| Utilities (Electric, Nat Gas, Water & Sewage) | N |

| OTHER SERVICES (Except Public Admin) | |
|--|---|
| Repair & Maintenance | |
| Automotive repair & maintenance | N |
| Electronic & precision equipment repair | N |
| Commercial machinery repair & maintenance | N |
| Personal & household goods repair & maintenance | N |
| Other Services | |
| Personal care services (beauty/barber, nails, skin, etc) | N |
| Drycleaning & laundry services | N |
| Other (including funeral/cemetery services) | N |

| MNGMT OF COMPANIES & ENTERPRISES | |
|---|---|
| Corporate, subsidiary & regional managing offices | Y |

| TRANSPORTATION & WAREHOUSING | |
|---|---|
| Air Transportation | N |
| Water Transportation | N |
| Truck Transportation | N |
| Transit & Ground Passenger Transportation | N |
| Pipeline Transportation | Y |
| Scenic & Sightseeing Transportation | N |
| Support Activities for Transportation | Y |
| Couriers & Messengers | N |
| Warehousing & Storage | N |

| FINANCE & INSURANCE | |
|---|---|
| Credit intermediation | N |
| Insurance Carriers | Y |
| Agencies, brokerages & other related activities | N |

| RETAIL TRADE | |
|--|---|
| Motor Vehicle & Parts Dealers | |
| New car dealers | N |
| Used car dealers | N |
| Recreational vehicle dealers | N |
| Motorcycle dealers | N |
| Boat dealers | N |
| All other motor vehicle dealers | N |
| Automobile parts & accessories | N |
| Tire dealers | N |
| Furniture & Home Furnishings | |
| Furniture stores | N |
| Floor coverings stores | N |
| Other home furnishings stores | N |
| Electronics & Appliances | |
| Household appliance stores | N |
| Radio, television & other electronics stores | N |
| Computer & software stores | N |
| Camera & photographic supplies stores | N |
| Building Material & Garden Equipment & Supplies Dealers | |
| Home centers | N |
| Paint & wallpaper stores | N |
| Hardware stores | N |
| Other building material dealers | N |
| Outdoor power equipment stores | N |
| Nursery & garden centers | N |
| Food & Beverage | |
| Supermarkets & other grocery (except convenience) st | N |
| Convenience stores | N |
| Specialty food stores | N |
| Beer, wine & liquor stores | N |
| Health & Personal Care | |
| Pharmacies & drug stores | N |
| Proprietary stores | N |
| Cosmetics, beauty supplies & perfume stores | N |
| Optical goods stores | N |
| Food (health) supplement stores | N |
| All other health & personal care stores | N |
| Gasoline Stations | |
| Gasoline stations with convenience stores | N |
| Other gasoline stations | N |
| Clothing and Accessories | |
| Clothing stores | N |
| Shoe stores | N |
| Jewelry, luggage & leather goods stores | N |
| Sporting Goods, Hobby, Book, Musical Instruments | |
| General-line sporting good stores | N |
| Specialty sporting good stores | N |
| Hobby, toy & game stores | N |
| Sewing, needlework & piece goods stores | N |
| Musical instrument & supplies stores | N |
| Book stores & news dealers | N |
| Pre-recorded tape, compact disc & record stores | N |
| General Merchandise | |
| Department stores (except leased depts) | N |
| Warehouse clubs & superstores | N |
| Vanity stores | N |
| Miscellaneous general merchandise stores | N |
| Miscellaneous Store Retailers | |
| Florists | N |
| Stationery stores | N |
| Office supply stores | N |
| Dr. novelty & souvenir stores | N |
| Used merchandise stores | N |

| HEALTH CARE & SOCIAL SERVICES | |
|--|---|
| Ambulatory Health Care | |
| Offices of physicians | Y |
| Offices of dentists | Y |
| Offices of other health practitioners | Y |
| Outpatient care centers | Y |
| Medical & diagnostic laboratories | Y |
| Home health care services | Y |
| Other ambulatory health care services* | Y |
| Hospitals | |
| Nursing & Residential Care | |
| Social Assistance | |
| Child & youth services | Y |
| Services for the elderly & persons w/ disabilities | Y |
| Other individual & family services | Y |
| Community food services | Y |
| Vocational rehabilitation services | Y |
| Child day care services | Y |

| EDUCATION | |
|---|---|
| Technical & trade schools | Y |
| Business schools & computer & management training, support services | Y |
| Other schools & instruction | Y |

| PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES | |
|---|---|
| Legal Services | Y |
| Accounting, tax return prep, bookkeeping & payroll | Y |
| Architectural, engineering & related services | Y |
| Specialized design services | Y |
| Computer systems design & related services | Y |
| Management, scientific & technical consulting | Y |
| Scientific research & development services | Y |
| Advertising & related services | Y |
| Other professional, scientific & technical services | Y |

| ADMINISTRATIVE SUPPORT & WASTE MANAGEMENT & REMEDIATION SERVICES | |
|--|---|
| Administrative Support | |
| Office administrative services | Y |
| Facilities support services | Y |
| Employment services (placement, temporary help, employment leasing) | Y |
| Business support services (document preparation, business public relations, business credit, business support) | Y |
| Travel, arrangement & reservation services (travel agencies, tour operators, convention & visitors bureaus) | Y |
| Investigation & security services | Y |
| Services to buildings & dwellings (pest control, extermination, cleaning, upholstery, carpet) | Y |
| Other support services | Y |
| Waste Management & Remediation | |
| Waste collection | Y |
| Waste treatment & disposal | Y |
| Remediation & other waste management services | Y |

| ARTS, ENTERTAINMENT & RECREATION | |
|---|---|
| Performing arts companies | Y |
| Spectator sports | N |
| Promoters of performing arts, sports & similar events | N |
| Independent artists, writers & performers | Y |
| Museums, historical sites & similar institutions | N |
| Amusement, gambling & recreation industries | N |

| WHOLESALE TRADE | |
|---|---|
| Durable Goods | |
| Motor vehicles & motor vehicle parts | N |
| Furniture & home furnishings | N |
| Lumber & other construction materials | N |
| Professional & commercial equipment | N |
| Metal & mineral (except petroleum) | N |
| Electrical goods | N |
| Hardware & plumbing & heating equipment | N |
| Machinery, equipment & supplies | N |
| Miscellaneous durable goods | N |
| Non-Durable Goods | |
| Paper & paper products | N |
| Apparel, piece goods & notions | N |
| Grocery & related products | N |
| Chemical & allied products | Y |
| Petroleum & petroleum products | Y |
| Beer, wine, distilled alcoholic beverages | N |
| Miscellaneous durable goods | N |

| REAL ESTATE, RENTING, LEASING | |
|---|---|
| Real Estate | |
| Lessors of real estate | Y |
| Offices of real estate agents & brokers | Y |
| Activities related to real estate | Y |
| Renting & Leasing Services | |
| Automotive equipment renting & leasing | N |
| Consumer goods rental | N |
| General rental centers | N |
| Commercial & industrial machinery & equipment renting & leasing | N |

| INFORMATION | |
|--|---|
| Newspaper, periodical, book, & database publishers | N |
| Software publishers | N |
| Motion Picture & Sound Recording | N |
| Broadcasting & Telecommunications | Y |
| Information Services & Data Processing | Y |

| | |
|---|---|
| Pet & pet supply stores | N |
| Art dealers | N |
| Manufactured (mobile) home dealers | N |
| All other miscellaneous store retailers | N |
| Nonstore Retailers | |
| Electronic shopping & mail-order businesses | N |
| Vending machine operators | N |
| Direct selling establishments | N |



Draft
DOR
Interactive
Model
29-Feb-00

Census97 Information not yet available
for Mining, Construction & Manufacturing

- 21 Mining
- 22 Utilities
- 23 Construction
- 31-33 Manufacturing
- 42 Wholesale Trade
- 44-45 Retail Trade
- 48-49 Transportation & Warehousing
- 51 Information
- 52 Finance & Insurance
- 53 Real Estate & Rental & Leasing
- 54 Professional, Scientific & Technical
- 55 Management of Companies & Enterprises
- 56 Administrative & Support & Waste Management & Remediation Services
- 61 Educational Services
- 62 Health Care & Social Assistance
- 71 Arts, Entertainment & Recreation
- 72 Accommodation & Foodservices
- 81 Other Services (except Public Admin)

Data from the 1997 Economic Census are published primarily on the North American Industry Classification System (NAICS), unlike earlier censuses, which were published according to the Standard Industrial Classification (SIC) system. NAICS is in the process of being adopted in the United States, Canada and Mexico. Agriculture, Forestry, Fishing and Hunting (NAICS 11) are covered by the census of agriculture conducted by the U.S. Department of Agriculture and the Public Administration sector (NAICS 92) covered by the census of governments conducted by the Census Bureau (page 1).

While many of the individual NAICS industries correspond directly to industries as defined under the SIC system, most of the higher level groupings do not. Particular care should be taken in comparing data for retail trade, wholesale trade and manufacturing. Where changes are significant, it will not be possible to construct time series that include data for points both before and after 1997 (page 1).

HISTORICAL INFO: *The economic census has been taken as an integrated program at 5-year intervals since 1967. The 1954 Census was the first census to be fully integrated: providing comparable census data across economic sectors, using consistent time periods, concepts, definitions, classification and reporting units. The range of industries expanded between 1967 and 1992 when the census was broadened to include all of transportation, communications and utilities. Also new in 1992 was the coverage of financial, insurance and real estate industries* (page 2).

Source: U.S. Department of Commerce, Bureau of Census: *1997 Economic Census*