

**HB**

**133**

# Alaska State Legislature

*DURING SESSION*  
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## REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## MEMORANDUM

**DATE:** February 25, 2000

**TO:** Senator Tim Kelly  
Chairman, Senate Community and Regional Affairs

**FROM:** Representative Con Bunde  
Vice-Chair, House Finance Committee

**RE:** SCSCSHB 133 (STA)

The purpose of this memo is to request a Senate Community and Regional Affairs Committee meeting for SCSCSHB 133 (STA), "An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

A packet of information is included with this memo. If you need any further information or have any questions, please call Patti at ext. 6824.

Thank you for your cooperation with the scheduling of this bill.

# LEGAL SERVICES

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Juneau, Alaska 99801-1182  
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## MEMORANDUM

April 6, 2000

**SUBJECT:** Sectional summary of SB 304

**TO:** Senator Tim Kelly, Chair  
Senate Community and Regional Affairs Committee  
Attn: Ben Grenn

**FROM:** Tamara Brandt Cook  
Director

TBC

Sec. 1. Legislative findings.

Sec. 2. Technical correction of a cross-referenced provision repealed in this bill.

Sec. 3. Adds provisions of the public safety foundation program established in this bill as home rule limitations.

Sec. 5. Deletes references to the municipal tax resource equalization, priority revenue sharing, and revenue sharing for safe communities programs, repealed in this bill, and adds references to the public safety foundation program.

Sec. 6. Deletes a reference to municipal tax resource equalization and revenue sharing and adds a reference to the public safety foundation program

Sec. 7. Establishes the public safety foundation program.

Sec. 29.60.660. Establishes the municipal dividend fund consisting of municipal dividends appropriated to the fund and provides that the legislature may appropriate money from the fund for the public safety foundation program and for capital project matching grants.

Sec. 29.60.700. Sets out eligibility requirements a municipality must meet to receive a public safety foundation entitlement for a fiscal year. Requires payments to be made no later than July 31 each year.

Sec. 29.60.710. Establishes municipal minimum entitlements for each municipality equal to \$25,000. A supplemental minimum entitlement is available if the total amount a municipality receives for a fiscal year under the program is less than \$45,000. Another supplemental minimum entitlement is available if the total amount a municipality receives for a fiscal year under the program is less than the municipality received for fiscal year 2000 under the municipal aid programs repealed in this bill.

Sec. 29.60.720. Establishes road maintenance entitlements equal to \$2,000 for each mile of road maintained by the municipality. A municipality may receive an entitlement of \$1,000 for each mile of frozen waterway. A driver usage entitlement is available to each municipality equal to \$10 for each resident. The governing body may authorize the municipality to use a portion of the road maintenance entitlement for education.

Sec. 29.60.730. Establishes fire and emergency medical services entitlements for municipalities and certain fire departments equal to \$20 for each person who receives fire services and \$20 for each person who receives emergency medical services. Permits the governing body to authorize the municipality to use a portion of the entitlement for education.

Sec. 29.60.740. Provides for police protection entitlements equal to \$20 for each person who receives municipal police protection.

Sec. 29.60.750. Provides state aid for health facilities and hospitals.

Sec. 29.60.760. Provides \$10,000 in state aid for each unincorporated community.

Sec. 29.60.770. Provides state aid for the village public safety officer program.

Sec. 20.60.780. Makes certain provisions of the program applicable to home rule and general law municipalities.

**Sec. 8 - 10.** Technical corrections to cross-references in other statutes.

**Sec. 11.** After transfers for permanent fund dividends and inflation proofing, directs the Alaska Permanent Fund Corporation to transfer, subject to appropriation, a municipal dividend from the earnings reserve account equal to the lesser of \$150 multiplied by the number of permanent fund dividends paid during the preceding calendar year or the balance in the earnings reserve account.

**Sec. 12.** Adds "former" to reference to a repealed statute.

**Sec. 13.** Repeals the municipal aid programs known as revenue sharing and safe community.

**Sec. 14.** Permits an unincorporated community that was entitled to state aid for fiscal year 2000 under the former aid to unincorporated communities section to qualify for a capital matching grant entitlement for fiscal year 2001.

**Sec. 15.** Directs the revisor to fix cross-references to AS 29.60.020 that appear in certain statutes.

TBC:glc:jr  
00-164.glc



## Why the Municipal Dividend is Important to Alaskans

- ◆ **Frees up \$46 to \$53 million in the State General Fund** to allow the state reduce General Fund spending while providing needed funding for the University of Alaska, schools, PCE, and other priorities.
- ◆ **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 (slows growth of the individual PFD by less than \$2 per year the first 5 years, according to the PF Corporation).
- ◆ **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.
- ◆ **Permanent stabilization of revenue sharing and local property taxes.**
- ◆ **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 "off budget," thereby reducing 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



## 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	14,766
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	1,465	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	88	85	82	79	76	72	68	64	872
Retain for Inflation - SB 304	423	650	679	709	741	773	808	841	876	913	950	7,938
Retain for Inflation - Status Quo	423	650	679	709	741	773	808	841	876	913	950	7,938
Fund value in 2010 - SB 304 Principal											41,433	
Earnings Reserve											30,185	
											11,248	
Fund value in 2010 - Status Quo Principal											42,800	
Earnings Reserve											30,182	
											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	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,050.00
Per Person Dividend SB 304	\$1,960.00	\$1,980.00	\$1,980.00	\$1,850.00	\$1,840.00	\$1,850.00	\$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
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
Kake	\$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
Ketch 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 Boro	\$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
Napakiak	\$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
Shaktolik	\$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-



## Why the Municipal Dividend is Important to Alaskans

- ◆ **Frees up \$46 to \$53 million in the State General Fund** to allow the state reduce General Fund spending while providing needed funding for the University of Alaska, schools, PCE, and other priorities.
- ◆ **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 (slows growth of the individual PFD by less than \$2 per year the first 5 years, according to the PF Corporation).
- ◆ **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.
- ◆ **Permanent stabilization of revenue sharing and local property taxes.**
- ◆ **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 "off budget," thereby reducing 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 statewide 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



## 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	1,261	1,282	1,293	1,256	1,235	1,265	1,318	1,374	1,434	1,496	1,561	14,766
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	1,465	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	1,420	1,497	13,893
Difference in annual payout	86	87	87	86	85	82	79	76	72	86	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	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,050.00
Per Person Dividend SB 304	\$1,960.00	\$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	\$21,630.00

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
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	\$32,600	\$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
Kake	\$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
Ketch 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 Boro	\$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
Napakiak	\$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 Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. pop served	EMS pop served	Police pop served	Health RS FY 00	Total New PS Foundation	FY00 Current	Increase 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-



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-5480

January 31, 2000

Representative Carl Moses  
Alaska State Legislature Room 500  
Juneau, AK 99811

Dear Representative Moses:

On behalf of the members of the AML and Alaska Conference of Mayors, we support **HB 137 - Municipal Dividend Program**. It is no surprise we agree with your position that many Alaskans have been hurt by state revenue sharing cuts, and communities desperately need a stable source of income. Critical public safety services have been slashed in the small communities, damage due to deferred maintenance is growing, and many communities have been forced to increase taxes just to maintain services. We believe that rising property taxes due to state cuts have strengthened support for the proposed property tax cap initiative. If the initiative passes it would add \$200 million to Alaska's budget deficit the first year.

While there is not yet broad public support use of some of the earnings of the Permanent Fund, this is an option that must be considered in any long-range fiscal planning effort. The *FY 2000 AML Policy Statement* says, "**Evaluate the Community Dividend concept as part of an overall fiscal plan to help develop Alaska's communities for citizens.**"

The number one legislative priority of the AML and Conference of Mayors is to assist the state in developing a long-range financial plan that considers both state and local impacts, because they are interdependent. HB 137 provides a means to support government closest to the people without further increasing local taxes or adding to the state budget deficit.

Thank you for introducing HB 137 and for your continued interest in the municipalities of Alaska. If we can provide you with any assistance, please let me know.

Sincerely,

Kevin C. Ritchie  
Executive Director

cc: AML Revenue & Finance Subcommittee

c:/jk/leg00/hgb137.doc

# Dividend plan could solve state money woes

By REP. CARL MOSES

The current state budget situation presents us with yet another chance to collectively review in detail the structure of our governmental financing customs and hopefully make some needed and beneficial changes.

Because we do not forward-fund our state budget, that is, basing next year's expenditures on this year's revenues, I see no alternative but to make substantial changes in the way we currently plan expenditures, given current low oil prices and the likelihood of continued declining production.



Moses

If we accept the fact that there is a genuine budget shortfall this year of approximately \$1.2 billion (with likely more of the

same in the foreseeable future), and if we acknowledge the fact that there exist several possible recommendations to solve the problem, then we can focus on solutions.

No potential solution or combination of remedies identified to date will suit everyone. However, it is incumbent upon interested parties to participate in the public discussion and ultimate legislative action to keep Alaska on a sound, fair and practical fiscal path into the new millennium.

Recognizing a budget shortfall and yet little public enthusiasm for taxes or changes in the Permanent Fund structure, but also rec-



ognizing the difficulty in making large and substantial cuts to the state operating budget, what are we to do?

There is at least one idea with merit that has not received its due attention in the debate over the past few years, and that idea is the concept of a Municipal Dividend program. It is a proposal that can address as many or as few of the budget problems as may be desired. The key characteristics of this program are equity and fiscal responsibility, because it confines itself to passing from the state to local government units, responsibility and funding for services we in the Legislature continually hear are not being adequately met by the state.

If you are familiar with the Individual Permanent Fund Dividend program, then you have an idea of how the Municipal Dividend program would work. Based upon strict criteria and local population figures, undistributed earnings from the Alaska Permanent Fund would be available for appropriation to Alaska municipalities, large and small, after providing for inflation-proofing the fund and for calculating individual Permanent Fund dividends.

There ultimately would be some impact on the size of the individual dividend. But any plan advanced to address our budget shortfall will cost individuals in one way or another.

That's why I emphasize that the time is upon us to make responsible, major changes in the way we devise our annual budget.

The focus of the idea is to provide municipalities funds with which to perform basic governmental services, some of which have been unfortunately reduced or eliminated in recent years by state government. Anyone who ever grumbled about the poor condition of local streets, lack of maintenance for schools or inadequate recreational facilities, for example, should embrace this plan as a way to address such problems with the focus of local prioritizing. Even the cynics who would frown upon the idea of giving more money to local politicians would not have to look twice to see the potential benefits of this plan for their cities and towns.

Another value of the Municipal Dividend program, and one addressing the immediate state fiscal shortfall, would be the reduction or elimination of some programs within the state operating budget funded with general fund dollars. Shifting responsibility away from state to local government, and shifting funding away from the general fund to the Permanent Fund's undistributed earnings, would reduce the fiscal gap and enhance local government objectives.

In the continual debate over what purpose to finally put earnings of the Alaska Permanent Fund to work, this proposal could give the fund a concrete objective, that of helping provide basic services to citizens of the state, through their local government.

I doubt there is a municipality in this state that would refuse a more stable and pre-

dictable stream of income such as the proposed Municipal Dividend program would provide.

The common perception of the fund was for it to eventually offset the decline of revenue from our oil resources. That time has certainly arrived. In addition, it is well known that the Internal Revenue Service will eventually look to tax the Permanent Fund directly if no clear public purpose is officially determined for the fund. With the individual PFD already being federally taxed via personal income taxes, this Municipal Dividend proposal could likely thwart any such proposal for taxation of the earnings of the fund.

Concerning the current fiscal challenge before us, a Municipal Dividend program could be part of a solution that may include some operating budget cuts, some new or increased taxation or a combination of both. It does offer the chance to reduce general fund spending, and provide a more reliable way of funding many essential local government operations in a time when assistance to local governments has been haphazardly diminished.

It will not adversely impact the economy and can be managed in such a way as to avoid dramatic infusions of funding into local governments. I believe the time has come to simultaneously address several statewide fiscal issues in great need of being brought to finality, with a plan which could be a positive component of a long-range fiscal policy.

Rep. Carl Moses, D-Anchorage, serves on the House Finance Committee.

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. SCS CSHB 133(STA**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected DCED  
 Title voter approval of municipal service areas BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Representatives Bunde, Halcro  
 Requester (S) CRA Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Statutory Designated P/R)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation provides for voter approval of the formation, alteration, or abolishment of certain municipal service areas. This legislation would have no fiscal impact on the department.

Prepared by: Jeffrey W. Bush Phone 465-2500  
 Division Commissioner's Office  
 Approved by Commissioner Deborah B. Sedwick Date 03/07/00  
 Agency Department of Community and Economic Development

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Representative\_Con\_Bunde@legis.state.ak.us

## REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## SPONSOR STATEMENT

### SCSCSHB 133 (STA)

" An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

Alaska's Constitution provides for maximum local self-government (Art. X sec. 1) and for the creation, alteration, or abolishment of service areas subject to the provisions of law (Art. X sec. 5).

AS. 29.35.450 codifies these Constitutional provisions and establishes the mechanism by which service areas are created, altered, and abolished.

Alaska has approximately 200 service areas; in these areas, the local residents assess themselves to pay for a particular service, like snow plowing and road maintenance from private contractors.

HB 133 amends AS. 29.35.450 to support local control by clearly identifying whom should vote on the abolishment and alteration of a service area under three scenarios:

1. **Abolishment of a service area.**  
Subject to approval by the majority of the voters residing in the service area.
2. **Abolishment and re-creation of a service area.**  
Must be approved separately by a majority of voters inside an existing service area and by a majority of the voters residing in the proposed service area, but outside the existing service area.

- 3. Alteration of a service area or combining it with another service area.**  
Must be approved, separately, by a majority of the voters who vote on the question and who reside in each of the service areas or in a proposed service area affected by the proposal.

This proposed legislation would settle a long time debate about who is entitled to vote during the creation, alteration or abolishment of a service area. This legislation has support throughout service areas in Alaska and I urge the favorable consideration of this committee.

# Alaska State Legislature



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Representative\_Con\_Bunde@legis.state.ak.us

**REPRESENTATIVE CON BUNDE**

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## Sectional Analysis SCSCSHB 133(STA)

**“An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas.”**

**Sec.1.** This adds AS 29.35.450 to the list of statutes that apply as limitations on the power to home rule municipalities. The result of this is to require home rule municipalities to adhere to AS 29.10.450, which now applies only to general law municipalities.

**Sec. 2.** This addresses service areas in unified municipalities and contains a cross-reference to subsection (c), added in this draft. There are three unified municipalities in the state: Anchorage, Juneau, and Sitka.

**Sec. 3.** This adds subsection (c) to AS 29.10 450 which requires, before a service area is expanded, a separate vote to be held in the area of the existing service area and in the area proposed to be added. A separate vote is also required when a service area is altered or combined with another service area. Before the service area change may occur it must be approved in each of the areas that votes separately on the question.

**Sec. 4.** Adds a new subsection to AS 29.35.470, which is not a home rule limitation. This allows borough assemblies to set up differential tax zones in service areas, so that different rates of taxes may be levied in different portions of a service area. Under existing law, only cities set up differential tax zones.

# Bill may ease consolidation of borough service areas

By DOUGLAS FISCHER  
Staff Writer

JUNEAU—For Fairbanks North Star Borough Mayor Hank Hove, small government has grown too big over the years.

Of the state's 200 or so service areas—miniature governments within municipalities that handle everything from water delivery to road repair—the borough has 120. Keeping track of them gives Hove a headache.

The Legislature might change that. The House Finance Committee approved a bill Monday that removes two major obstacles to consolidation. It gives all sides a vote in any annexation, and it allows for disparate taxes within a service area if, say, road condi-

tions within it vary.

"We couldn't consolidate them before because no one would vote for it," Hove said. A lot of small service areas are inefficient, he added.

In a service area, local residents vote to tax themselves extra to pay for a particular service, like snow plowing and road maintenance from private contractors. Under current law, only residents in an area up for annexation may vote. Residents in the core service area may not.

That doesn't sit well with most residents, so what often happens are appeals to the assembly. Residents driving on smooth roads have little incentive to dip into their service

area's savings account so another neighborhood can upgrade rutted roads.

House Bill 133, sponsored by Rep. Con Bunde, R-Anchorage, removes that disincentive. Those two areas could merge, with the residents bumping over gravel roads paying a bit more to bring their infrastructure up to par with the others.

"Let's face it—areas outside of a service area want to join a service area because their roads are in lousy shape and they want to improve them," said Merle Jantz, a road service area commissioner for Peede Country Estates. "The difficulty we're having in annexation is that

See SERVICE, Page B-2

## SERVICE

Continued from Page B-1

existing areas oppose them because the taxes flow from one area to help the other."

Hove figures the bill will, at the very least, stem the growth of service areas. And he hopes the disparate tax scheme will prompt some consolidations. Of the borough's 120 service areas, 108 deal exclusively with roads.

"We've demonstrated to them that there are some really measurable economies of scale there," he said.

Hove and many borough assembly members opposed a similar bill last year. That bill, which ultimately died, mandated only that all sides vote on an annexation.

While that sounds fair, Hove and other borough officials at the time argued against it. They feared such a policy would result in a mushrooming of the little governments, since residents of original service areas often oppose annexations.

This latest version of the bill, however, renders those arguments moot since it allows the differing tax structure.

Separate from the legislation in Juneau is a fund that Hove hopes to establish. Service areas would be able to borrow from the account to immediately bring their roads up to standard, rather than wait and let the money accumulate before making improvements.

Hove thinks the borough could start off with \$500,000 as an initial investment. "We'll keep making appropriations until we feel it's imprudent to make any more. Then we'll wait for the payments to come in," he said.

But Jantz, who is leading an ad-hoc group of service area commissioners interested in consolidation efforts, questions whether huge savings can be found. He doubts the cost of blading a mile of gravel road will decline because of consolidation. And he has yet to find substantive decreases in administrative costs.

"We're not far enough along to say whether there's a disadvantage or advantage (to consolidation)," he said. "There seem to be some thoughts that few service areas are better. I think

FEB 06 1998

February 2, 1998  
Cordes Drive Service Area  
Service Area Commissioners  
Fairbanks, Alaska

Senator Sean Parnell  
State Capitol Room 504  
Juneau, Alaska 99801

Dear Senator Parnell,

Thank-you for introducing Senate Bill #208. We support it and are contacting our representatives to let them know. We agree that the residents of existing service areas should have control of any proposed changes to their service areas.

Sincerely,

*Francis O'Connor*  
Francis O'Connor

*Jean Leder*  
Jean Leder

*Bill Griffith*  
Bill Griffith

Refused to support  
HB 133 with permission  
of Cordes Drive SAC

Author: ffjha@aurora.alaska.edu (James H Anderson) at CC2MHS1  
Date: 2/12/98 1:29 PM  
Priority: Normal  
TO: Senator Sean Parnell at LAA\_TRANS  
CC: bdelana@polarnet.com at CC2MHS1, alaskarc@polarnet.com at CC2MHS1  
Subject: SB 208  
Dear Senator Parnell,

Thank you for your letter of January 20 explaining your bill, SB 208.

I have discussed the matter addressed in your bill with the other members of the Spinach Creek Road Service Area Commission. We agree enthusiastically with the intent of the bill, and we extend to you our support of it.

I will send messages in support of SB 208 to John Davies and Gary Wilken.

Thank you for helping us to provide the best service to the residents of our service area.

Jim Anderson  
Chairman  
Spinach Creek Road Service Area Commission  
Fairbanks North Star Borough

907 455-6077

PO Box 84607  
Fairbanks AK 99708

Reused to support  
HB 133 with  
Permission of  
SCRSAC

Board of Supervisors  
R.S.A. #25 Bogard  
P.O. Box 2274  
Palmer, AK. 99645

January 24, 1998

TO: Senator Sean Parnell  
State Capitol Room 504  
Juneau, AK. 99801

Dear Senator Parnell,

The board of supervisors for R.S.A. # 25 Bogard has discussed Senate Bill 208 and we enthusiastically support it. We believe it is still important to allow taxpayers to have a voice in the spending of their tax monies. Local control is important to the residents of this road service area. Thank you for your assistance in maintaining it.

Sincerely Yours,

Valen C. Bair  
Primary R.S.A. # 25

Valen C. Bair

William Larkin  
Board R.S.A. # 25

William Larkin

Wrex Diem  
Board R.S.A. # 25

Wrex R Diem

Refused to support  
HB 133 with  
Permission of those  
Signed above

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Jim Young 689-5200

**EAGLE RIVER COMMUNITY COUNCIL  
PO BOX 773952  
EAGLE RIVER, ALASKA 99577**

12 February, 1998

FEB 20 1998

Senator Sean Parnell  
State Capital  
Juneau, Alaska 99801-1182

Subject: Senate Bill 208

Dear Senator Parnell;

Eagle River Community Council supports the passage of Senate Bill 208. We agree that the abolishment or alteration of service areas within a borough or municipality should be prohibited without first requiring a vote of the people residing in or owning a business within that service area.

We appreciate your sponsorship of this bill and look forward to its passage.

Sincerely,

Bill Kuhlman, President  
Eagle River Community Council

cc: Senator Rick Halford  
Senator Randy Phillips  
Representative Fred Dyson  
Representative Vic Kohring  
Representative Pete Kott

*Refused to support  
HB 133 with permission  
of Bill Kuhlman*

---

cc:Mail for: Senator Sean Parnell

---

Subject: SB208

From: vhoefler@mcsquionet.com (Vaughan Hoefler) at CC2MHS1 1/28/98 11:18 AM

To: Senator Sean Parnell at LAA\_TRANS

---

Dear Senator Parnell,

On behalf of the road service area commissioners for the Ester Lump Service Area located near Fairbanks, we support your effort to implement SB 208.

Voter approval for the formation, alteration, or abolishment of certain service areas would allow residents to more fairly decide on such changes. Our service area recently faced an annexation issue in which the Borough sought to add non-contiguous roads several miles distant to our road system. The condition of the roads proposed for annexation were significantly different than our own, built at different times, and subject to

slightly different weather conditions. Nevertheless, the North Star Borough

Rural Services Division presented this annexation issue as the only option to the residents of both areas. Many of our area's residents vented their frustration for not having any "say" in the ability to direct the future of our roads.

After two Assembly meetings, and following the testimony of many residents, the assembly moved for the creation of a separate service area.

Had AS 29.35.450 (voter approval of alteration or abolishment of service areas)

been in effect, our concerns would have been brought forth long before the Borough expended considerable time and funds developing this plan.

Thank you for taking the effort to make these changes, as they will provide service area residents the opportunity to more effectively govern the growth or change of their areas.

Carol Hoefler

This letter is  
being reused to  
support HB 133  
with permission of  
sender



# Hillside East Community Council

March 13, 1998

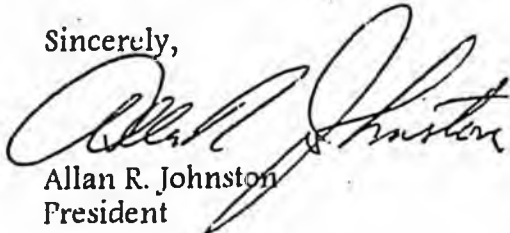
Senator Sean Parnell  
State Capital Room 504  
Juneau, AK 99801

Re: Senate Bill 208

Dear Senator Parnell:

Congratulations on your introduction and good work on Senate Bill 208. Please put Hillside East Community Council unanimously behind your bill.

Sincerely,



Allan R. Johnston  
President

This letter is being  
reused for HB 133  
with permission of

Allan R Johnston  
former President  
and

Ann Ballaw  
President - Hillside East CC

## Community Councils Center

301 E. Fireweed Lane, Suite #101 Anchorage, AK 99503-2110

Allan R. Johnston, President H 346-1087  
John O'Brien, 1st Vice-President H 562-6949  
Richard Day, 2nd Vice-President H 346-3689

Inge Lentfer, Treasurer H 346-1567  
Ann Ballow, Secretary H 346-1989  
James Cazort, Director H 346-8308

Jennifer Williams, Director H 346-0188  
Linda Orell, Director H 346-2745  
Joan Dewey, Director H 346-1756



# Municipality of Anchorage

*Rick Mystrom, Mayor*



## Girdwood Board of Supervisors

P.O. Box 890 • Girdwood, Alaska 99587

February 25, 1998

Senator Sean Parnell  
State Capitol  
Room 504  
Juneau, AK 99801-1182

Re: Senate Bill 208

Dear Sen. Parnell,

The Girdwood Board of Supervisors unanimously supported a motion to endorse the passage of Senate Bill 208 at our last regular meeting, February 16, 1998. The board also supports Rep. Bunde's companion bill, HB 365.

The board strongly feels both bills strengthen the intent of the Municipal Charter as we understand it.

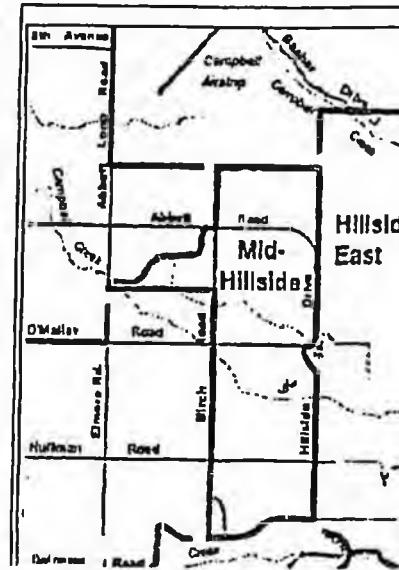
Sincerely,

*Keith Tryck*  
Keith Tryck  
Chairman

*Refused to Support  
HB 133 with  
Permission of  
Keith Tryck*

# Mid-Hillside Community Council

10005 Main Tree Drive Anchorage, Alaska 99516-6430  
Chris Birch, Board President  
907 346-3265 (home)  
907 346-3197 (fax)



February 13, 1998

Senator Sean Parnell  
State Capitol  
Juneau, Alaska 99801-1182

Subject: SB 208, An Act Relating to Municipal Service Areas

Dear Senator Parnell;

VIA FAX ONLY

Thank you for providing a copy of the subject legislation for community review and comment.

The Mid-Hillside Community Council is forcefully on record supporting the community right of decision regarding self-determination in service area related annexations. I very much appreciate your efforts to affirm in statute what most would assume was well outlined in our municipal charter, the right of a community to vote their approval of additional proposed services and taxes.

**You have our full support in your efforts to advance this vital legislation.** You may even wish to consider a means of enabling existing Anchorage service areas an opportunity to competitively bid current neighborhood services. I have heard repeated complaints from the members of the Anchorage Road and Drainage Service Area (ARDSA), the service area providing municipal road maintenance, about the 3 day delay in snow removal and excessive costs for this service. Our Valli Vue Road Service Area contractor provides a much better quality of service for half the ARDSA mill rate. It would be wonderful if the residents of Anchorage could enjoy these same competitive advantages, kind a reverse annexation opportunity!

I hope to see you in Juneau next week or tomorrow at the Anchorage Caucus and District 18 Town Meetings.

Sincerely,

Chris Birch  
Board President

This letter is being  
reused to support  
HB 133 with the  
Permission of  
Chris Birch

XC: Mid Hillside Board of Directors  
Allan Johnston, President, Hillside East Board of Directors

FEB 18 1998



*Karen L. Hendrickson*

DESIGN OPTIONS CONSULTANT

February 12, 1998

Senator Sean Parnell  
State Capitol Room 504  
Juneau, AK 99801

Dear Senator Parnell:

I am writing to you on behalf of the Board of Supervisors of the Talus West Limited Road Service Area. The board wishes to express its support for Senate Bill 208. The legislation you have sponsored speaks directly to our ability as residents of a particular area to decide upon, and contract for, the services that best suit our particular needs. The recent forced annexation of the hillside to the Anchorage Police Departments jurisdiction, against the wishes and votes of the residents, has made it obvious the service areas lack protection from a local government takeover of those services they choose to administer for themselves. We urge you to vigorously pursue passage of protection for our service area.

Sincerely,

*Karen L. Hendrickson*

Karen L. Hendrickson  
Member - Talus West LRSA Board of Supervisors  
4731 Talus Drive  
Anchorage, AK 99516

This letter is  
being reused to  
support HB 133  
with permission of  
Karen L. Hendrickson

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

April 26, 1999

**SUBJECT:** Municipal Service Areas (CSHB 133(FIN))

**TO:** Representative Con Bunde

**FROM:** Tamara Brandt Cook  
Director

TBC

HB 133 provides for voter approval of formation of or certain changes to municipal service areas. Under Sec. 3 of the bill some changes will require approval, separately, in each of a number of areas. You have asked whether this bill will affect the formation of the police service area in Anchorage which received approval of the voters in the entire, newly created service area but which did not receive a separate approval of the voters in the Hillside area which was, after the old service area was dissolved, added to the new, larger service area.

Sec. 3 of the bill states in part: "A service area in which voters reside may not be abolished and replaced by a larger service area unless that proposal is approved, separately, by a majority of the voters who vote on the question residing in the area proposed to be included within the new service area but outside of the existing service area." This provision, had it been in effect at the time the Anchorage police service area was formed, would have precluded formation of that larger service area. However, the bill has no retroactive application to service areas in existence prior to the bill's effective date. Therefore, the Anchorage police service area, the formation of which was upheld under the law and charter provisions in effect at the time (Area G Home and Landowners Organization, Inc. v. Anchorage, 927 P.2d 728(Alaska 1996)), will continue in existence. However, changes to that service area in the future will be subject to the provisions of HB 133 if it is enacted.

TBC:pl  
99-060.plm

# SENATE COMMITTEE REPORT

DATE: 4/28/99

FURTHER: CRA  
Finance

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

State Affairs Committee considered

CS FOR HOUSE BILL NO. 133(FIN)(efd fld)

"An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>		✓	
		<i>[Signature]</i>	✓	✓	
CHAIR: <i>[Signature]</i>	✓	CHAIR: <i>[Signature]</i>			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

SENATE CS FOR CS FOR HOUSE BILL NO. 133(STA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES BUNDE, Halcro

*This bill was calendared today. that means they will vote on it tomorrow.*

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal service areas and providing for voter approval of  
2 the formation, alteration, or abolishment of certain service areas."

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

4 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

5 (60) AS 29.35.450 (voter approval of alteration or abolishment of  
6 service areas).

7 \* Sec. 2. AS 29.35.450(a) is amended to read:

8 (a) A service area to provide special services in a borough or unified  
9 municipality may be established, operated, altered, or abolished by ordinance, subject  
10 to (c) of this section. Special services include services not provided by the unified  
11 municipality or a higher or different level of services. Special services include  
12 services not provided by a borough on an areawide or nonareawide basis in the  
13 borough [,] or a higher or different level of services [SERVICE] than that provided  
14 on an areawide or nonareawide basis. A [THE] borough may include a city in a

1 service area if

2 (1) the city agrees by ordinance; or

3 (2) approval is granted by a majority of voters residing in the city, and  
4 by a majority of voters residing inside the boundaries of the proposed service area but  
5 outside of the city.

6 \* Sec. 3. AS 29.35.450 is amended by adding new subsections to read:

7 (c) If voters reside within a service area, abolishment of the service area is  
8 subject to approval by the majority of the voters residing in the service area who vote  
9 on the question. A service area in which voters reside may not be abolished and  
10 replaced by a larger service area unless that proposal is approved, separately, by a  
11 majority of the voters who vote on the question residing in the existing service area  
12 and by a majority of the voters who vote on the question residing in the area proposed  
13 to be included within the new service area but outside of the existing service area. A  
14 service area in which voters reside may not be altered or combined with another  
15 service area unless that proposal is approved, separately, by a majority of the voters  
16 who vote on the question and who reside in each of the service areas or in the area  
17 outside of service areas that is affected by the proposal.

18 (d) This section applies to home rule and general law municipalities.

19 \* Sec. 4. AS 29.35.470 is amended by adding a new subsection to read:

20 (b) The assembly may by ordinance establish, alter, and abolish differential tax  
21 zones within a service area to provide and levy property taxes for a different level of  
22 services than that provided generally in the service area.

465-931  
4-1-2000

4/10/2000 715

Sen. L. C. ...

Please sign in for meeting or teleconference - and indicate if you wish to testify						
	Printed Name	Address	Phone	Affiliation, Fax or E-mail	Subject or Bill #	Testify
1	JIM NORROSS	BOX 242 WILLOW AK	907-495-6650	907-495-6651 TRS. AK PACHE	HB 133	✓
2	Deie Adams	HC 30 Box 200	99654 373-6690	ocie@gei.net	HB 133	✓
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Senators Adams