

SB

304

LEGAL SERVICES

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

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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 Technical correction of a cross-referenced provision repealed in this bill.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the municipal tax resource equalization, priority revenue sharing, and revenue sharing for safe communities programs, repealed in this bill, and adds references to the public safety foundation program.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year under the program is less than the municipality received for fiscal year 2000 under the municipal aid programs repealed in this bill.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.

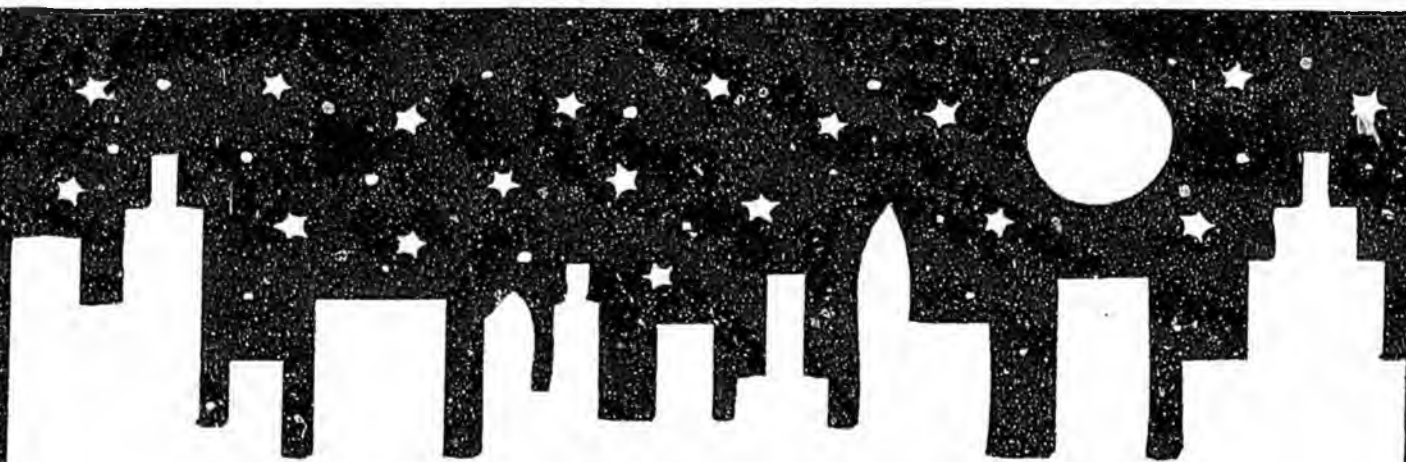
Sec. 12. Adds "former" to reference to a repealed statute.

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
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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	1,498	1,581	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	1,485	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	88	87	87	86	85	82	79	76	72	68	64	872
Retain for inflation - SB 304	423	650	679	709	741	773	808	841	878	913	950	7,938
Retain for inflation - Status Quo	423	650	679	709	741	773	808	841	878	913	956	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	\$22,060.00
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	\$21,830.00

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	\$ 50,383	\$ 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	\$ 305,101	\$ 250,649

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
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	\$ 45,796	\$ 21,785
Napakiaak	\$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	\$509.00	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-



Alaska Conference of Mayors

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,

A handwritten signature in black ink, appearing to read 'Kevin C. Ritchie', written over a horizontal line.

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.

U.S. Rep. Carl Moses, D-Unalaska, serves on the House Finance Committee.

City of Aleknagik
P.O. Box 33, Aleknagik, AK 99555
Phone (907) 842-5953 Fax (907) 842-2107
Email <cityalek@nushtel.com>

RESOLUTION 00-9

A Resolution of the City of Aleknagik in Support of the State Municipal Dividend Plan,
as Introduced by Representative Carl Moses.

WHEREAS, the City of Aleknagik has experienced a decline in revenues from the State
of Alaska by approximately 70 % in the last 4 years, and

WHEREAS, cost for providing essential services have increased, due to active VPSO
services, more roads, and robust lodge development and activity, and

WHEREAS, the City of Aleknagik has had a very high turnover in VPSO's in the past
due to the low salaries, and high cost of living, and voted to provide the VPSO with
\$1000 stipend per month to support his salary, and to prevent him from being recruited
away to the troopers, and

WHEREAS, the Municipal Dividend Program would help in providing stable Power
Cost Equalization funding to assist in decreasing energy costs in the bush, and also help
with Emergency Services funding,

NOW THEREFORE LET IT BE RESOLVED THAT THE CITY COUNCIL OF
ALEKNAGIK WOULD LIKE THE LEGISLATURE TO APPROVE THE MUNICIPAL
DIVIDEND PROGRAM AS INTRODUCED (SB 304, HB 137) BY CARL MOSES.

Date of Meeting: 4/11/00

Signed: Thomas Tinker
Mayor Thomas Tinker

Attest: Shellie Aloysius
City Clerk: Shellie Aloysius



PRESS RELEASE

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

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-end-

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	PS Foundation	Current	FY00/
Municipality	\$10.00	per mile	per mile	\$20	\$20	\$20	existing	Hold Har	Formula	Rev Shar.	New
Akiak	\$1,090	\$6,200	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,385	21,615
Akiak	\$3,160	\$0	\$0	\$0	\$0	\$6,320	\$1,792	\$0	\$45,000	\$2,840	12,160
Akutan	\$4,080	\$0	\$0	\$0	\$0	\$0	\$1,727	\$0	\$45,000	\$33,619	11,381
Alakanuk	\$6,710	\$8,000	\$11,250	\$13,420	\$0	\$13,420	\$1,791	\$0	\$79,591	\$44,495	35,096
Aleknagik	\$2,590	\$0	\$0	\$5,180	\$0	\$0	\$0	\$0	\$45,000	\$30,645	14,355
Aleutians E Boro	\$970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$32,772	12,228
Allakaket	\$1,920	\$16,480	\$0	\$0	\$0	\$0	\$3,716	\$0	\$47,116	\$32,966	14,150
Ambler	\$3,150	\$16,720	\$15,000	\$6,300	\$0	\$6,300	\$1,857	\$0	\$74,327	\$37,349	36,978
Anaktuvuk Ps.	\$3,080	\$0	\$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	\$0	\$19,799,030	\$11,435,391	8,363,639
Anderson	\$5,240	\$19,600	\$0	\$10,480	\$10,480	\$0	\$3,716	\$0	\$74,516	\$39,992	34,524
Angoon	\$5,870	\$9,580	\$0	\$0	\$0	\$11,740	\$0	\$0	\$52,190	\$33,530	18,660
Aniak	\$5,760	\$35,520	\$22,500	\$11,520	\$11,520	\$0	\$2,452	\$0	\$114,272	\$45,082	69,190
Anvik	\$1,000	\$15,500	\$0	\$0	\$0	\$0	\$1,875	\$0	\$45,000	\$30,803	14,197
Atka	\$1,150	\$37,000	\$0	\$2,300	\$0	\$0	\$0	\$0	\$65,450	\$29,884	35,566
Atkasuk	\$2,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$42,623	2,377
Barrow	\$43,970	\$0	\$0	\$0	\$87,940	\$0	\$0	\$0	\$156,910	\$123,432	33,478
Bethel	\$54,630	\$33,500	\$41,150	\$109,260	\$109,260	\$109,260	\$64,487	\$0	\$546,547	\$318,776	227,771
Bettles	\$250	\$6,100	\$15,000	\$0	\$0	\$0	\$0	\$0	\$46,350	\$30,903	15,447
Brevig Mis.	\$2,740	\$4,000	\$0	\$5,480	\$0	\$5,480	\$1,258	\$0	\$45,000	\$33,343	11,657
Bristol Bay Boro	\$12,970	\$52,020	\$0	\$0	\$25,940	\$25,940	\$1,726	\$0	\$143,596	\$61,113	82,483
Buckland	\$4,080	\$5,000	\$22,250	\$0	\$0	\$8,160	\$1,875	\$0	\$66,365	\$39,272	27,093
Cheformak	\$4,230	\$0	\$0	\$0	\$0	\$8,460	\$0	\$0	\$45,000	\$34,682	10,318
Chevak	\$7,410	\$11,400	\$0	\$14,820	\$0	\$14,820	\$1,791	\$0	\$75,241	\$41,394	33,847
Chignik	\$1,210	\$4,820	\$0	\$2,420	\$0	\$0	\$1,727	\$0	\$45,000	\$28,665	16,335
Quathbaluk	\$1,120	\$8,000	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$30,699	14,301
Clerk's Point	\$630	\$0	\$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	\$0	\$183,230	\$35,756	147,474
Cold Bay	\$1,030	\$58,400	\$0	\$0	\$2,060	\$0	\$2,589	\$0	\$89,079	\$33,806	55,273
Cordova	\$25,710	\$25,800	\$0	\$51,420	\$51,420	\$51,420	\$54,498	\$0	\$285,268	\$203,319	81,949
Craig	\$21,450	\$36,320	\$0	\$48,060	\$48,060	\$42,900	\$2,669	\$0	\$224,459	\$78,224	146,235
Dering	\$1,560	\$9,300	\$28,000	\$0	\$0	\$0	\$1,856	\$0	\$65,716	\$31,187	34,529
Delta Junct	\$8,840	\$58,820	\$0	\$17,680	\$17,680	\$0	\$0	\$0	\$128,020	\$59,617	68,403
Denali Boro	\$13,400	\$0	\$0	\$26,800	\$26,800	\$0	\$0	\$0	\$92,000	\$60,542	31,458
Dillingham	\$23,320	\$43,500	\$0	\$46,640	\$46,640	\$46,640	\$9,063	\$0	\$240,803	\$113,556	127,247
Dimede	\$1,760	\$0	\$0	\$0	\$0	\$3,520	\$0	\$0	\$45,000	\$30,855	14,145
Eagle	\$1,680	\$10,200	\$0	\$5,240	\$5,240	\$0	\$0	\$0	\$47,360	\$27,037	20,323
Etka	\$3,090	\$3,660	\$0	\$0	\$0	\$6,180	\$1,792	\$0	\$45,000	\$33,014	11,986

Courtesy of Sen. Jim Kelly

SB 304 - Proposed Public Safety Foundation Program

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

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	S Foundatio	Current	FY00/
Kodiak Isl Boro	\$59,620	\$50,120	\$0	\$82,000	\$119,240	\$0	\$87,739	\$0	\$423,719	\$309,897	113,822
Kotlik	\$5,520	\$0	\$0	\$11,040	\$11,040	\$11,040	\$1,792	\$0	\$65,432	\$37,753	27,679
Kotzebue	\$29,640	\$56,600	\$36,500	\$59,280	\$59,280	\$59,280	\$13,473	\$0	\$339,053	\$203,371	135,682
Koyuk	\$2,960	\$8,520	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$34,072	10,928
Koyukuk	\$1,300	\$8,380	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$31,122	13,878
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188
Kwethluk	\$6,670	\$3,860	\$0	\$13,340	\$0	\$0	\$1,792	\$0	\$50,662	\$40,289	10,373
Lake & Pen Boro	\$9,680	\$107,240	\$40,250	\$0	\$0	\$0	\$15,537	\$0	\$197,707	\$116,269	81,438
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188
Lower Kaiskag	\$2,860	\$7,340	\$20,000	\$0	\$0	\$0	\$1,857	\$0	\$57,057	\$36,723	20,334
Manokotak	\$3,960	\$15,860	\$0	\$0	\$0	\$7,920	\$0	\$0	\$52,740	\$33,982	18,758
Marshall	\$3,000	\$0	\$0	\$6,000	\$0	\$6,000	\$1,792	\$0	\$45,000	\$32,775	12,225
Mat-Su Boro	\$453,560	\$2,071,940	\$0	\$275,700	\$275,700	\$0	\$33,570	\$0	\$3,135,470	\$1,765,468	1,370,002
McGrath	\$4,410	\$43,700	\$0	\$8,820	\$0	\$0	\$3,716	\$0	\$85,646	\$41,124	44,522
Mekoryuk	\$1,920	\$6,600	\$0	\$0	\$0	\$3,840	\$1,791	\$0	\$45,000	\$31,005	13,995
MT. Village	\$7,930	\$15,000	\$0	\$0	\$0	\$15,860	\$1,791	\$0	\$65,581	\$43,796	21,785
Napakiaik	\$3,730	\$9,660	\$0	\$0	\$0	\$7,460	\$1,791	\$0	\$47,641	\$35,298	12,343
Napaskiak	\$3,910	\$0	\$0	\$0	\$0	\$7,820	\$1,792	\$0	\$45,000	\$34,147	10,853
Nenana	\$4,350	\$52,780	\$0	\$13,540	\$13,540	\$8,700	\$3,582	\$0	\$121,492	\$45,895	75,597
New Stuyahok	\$4,540	\$5,000	\$0	\$8,700	\$0	\$9,080	\$0	\$0	\$52,320	\$34,469	17,851
Newhalen	\$1,910	\$0	\$10,000	\$3,820	\$0	\$0	\$1,726	\$0	\$45,000	\$30,972	14,028
Nightmute	\$2,220	\$0	\$0	\$0	\$0	\$4,440	\$0	\$0	\$45,000	\$30,663	14,337
Nikolai	\$1,030	\$10,000	\$0	\$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	\$0	\$403,089	\$260,263	142,826
Nondalton	\$2,270	\$50,000	\$750	\$0	\$0	\$4,540	\$1,726	\$0	\$84,286	\$33,341	50,945
Noorvik	\$5,980	\$14,400	\$20,000	\$11,960	\$11,960	\$11,960	\$1,857	\$0	\$103,117	\$67,976	35,141
North Pole	\$16,190	\$30,460	\$0	\$32,380	\$32,380	\$32,380	\$0	\$0	\$168,790	\$72,922	95,868
North Slope Boro	\$23,810	\$203,940	\$21,500	\$187,780	\$187,780	\$187,780	\$40,419	\$231,622	\$1,109,631	\$937,438	0
NW Arctic Boro	\$5,470	\$128,180	\$71,190	\$0	\$0	\$0	\$29,732	\$0	\$259,572	\$156,449	103,123
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$36,026	8,974
Nulato	\$3,530	\$24,420	\$0	\$0	\$0	\$0	\$1,857	\$0	\$54,807	\$36,327	18,480
Nunapitchuk	\$4,790	\$0	\$33,875	\$0	\$0	\$9,580	\$1,791	\$0	\$75,036	\$40,735	34,301
Old Harbor	\$2,970	\$10,040	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$27,451	17,549
Ouzinkie	\$2,520	\$7,200	\$0	\$5,040	\$0	\$0	\$0	\$0	\$45,000	\$26,474	18,526
Palmer	\$43,180	\$65,480	\$0	\$86,360	\$86,360	\$86,360	\$55,718	\$0	\$448,458	\$245,740	202,718
Pelican	\$1,490	\$1,800	\$0	\$2,980	\$2,980	\$0	\$1,436	\$0	\$45,000	\$26,158	18,842
Petersburg	\$33,980	\$43,120	\$0	\$67,960	\$67,960	\$67,960	\$47,414	\$0	\$353,394	\$214,918	138,476
Pilot Point	\$1,020	\$28,000	\$0	\$2,040	\$0	\$0	\$0	\$0	\$56,060	\$27,944	28,116
Pilot Station	\$5,580	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$37,375	7,625

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	S Foundatio	Current	FY00/
Platinum	\$410	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$28,689	16,311
Point Hope	\$7,870	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$44,100	900
Port Alexander	\$900	\$0	\$0	\$1,800	\$0	\$0	\$0	\$0	\$45,000	\$23,811	21,189
Port Heiden	\$1,260	\$54,800	\$0	\$0	\$0	\$0	\$1,726	\$0	\$82,786	\$31,542	51,244
Port Lions	\$2,420	\$8,580	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$26,357	18,643
Quinhagak	\$6,120	\$14,660	\$0	\$12,240	\$0	\$12,240	\$0	\$0	\$70,260	\$39,104	31,156
Ruby	\$2,040	\$12,000	\$500	\$4,080	\$0	\$0	\$1,858	\$0	\$45,478	\$32,970	12,508
Russian Mis	\$2,950	\$3,940	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$32,632	12,368
Saint George	\$1,730	\$32,560	\$0	\$3,460	\$3,460	\$0	\$1,726	\$0	\$67,936	\$31,084	36,852
Saint Mary's	\$4,940	\$17,360	\$0	\$0	\$0	\$9,880	\$1,791	\$0	\$58,971	\$43,266	15,705
Saint Michael	\$3,620	\$9,640	\$0	\$0	\$0	\$7,240	\$0	\$0	\$45,500	\$36,302	9,198
Saint Paul	\$7,610	\$85,640	\$0	\$0	\$0	\$15,220	\$0	\$0	\$133,470	\$57,092	76,378
Sand Point	\$8,300	\$23,000	\$0	\$16,600	\$0	\$16,600	\$1,726	\$0	\$91,226	\$45,194	46,032
Savoonga	\$6,320	\$14,140	\$0	\$12,640	\$0	\$12,640	\$0	\$0	\$70,740	\$41,451	29,289
Saxman	\$3,790	\$8,540	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$27,809	17,191
Scammon Bay	\$4,500	\$4,300	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$35,805	9,195
Selawik	\$7,460	\$7,060	\$27,000	\$0	\$0	\$0	\$1,581	\$0	\$68,101	\$46,552	21,549
Seldovia	\$2,810	\$12,600	\$0	\$5,620	\$5,620	\$5,620	\$4,309	\$0	\$61,579	\$31,221	30,358
Seward	\$30,400	\$51,540	\$0	\$60,800	\$60,800	\$60,800	\$42,368	\$0	\$334,708	\$185,535	149,173
Shageluk	\$1,520	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$30,460	14,540
Shaktolik	\$2,260	\$7,000	\$0	\$0	\$0	\$4,520	\$1,857	\$0	\$45,000	\$32,603	12,397
Sheldon Pt.	\$1,610	\$0	\$0	\$0	\$0	\$3,220	\$0	\$0	\$45,000	\$29,597	15,403
Shishmaref	\$5,380	\$7,960	\$775	\$0	\$0	\$10,760	\$1	\$0	\$49,875	\$38,640	11,235
Shungnak	\$2,570	\$10,000	\$15,000	\$0	\$0	\$0	\$1,857	\$0	\$54,427	\$36,230	18,197
Sitka City/Boro	\$87,790	\$50,220	\$0	\$175,580	\$175,580	\$175,580	\$61,063	\$0	\$750,813	\$446,877	303,936
Skagway	\$8,140	\$24,100	\$0	\$16,280	\$16,280	\$16,280	\$1,435	\$0	\$107,515	\$50,561	56,954
Soldotna	\$41,340	\$74,580	\$0	\$0	\$82,680	\$82,680	\$17,593	\$0	\$323,873	\$210,854	113,019
Stebbins	\$5,480	\$16,340	\$0	\$82,680	\$0	\$10,960	\$1,857	\$0	\$142,317	\$39,224	103,093
Tanana	\$3,170	\$59,000	\$0	\$0	\$0	\$6,340	\$1,857	\$0	\$95,367	\$38,732	56,635
Teller	\$2,620	\$5,380	\$0	\$0	\$0	\$5,240	\$0	\$0	\$45,000	\$32,814	12,186
Tenakee Spr	\$1,010	\$0	\$0	\$2,020	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188
Thorne Bay	\$5,970	\$66,900	\$0	\$11,940	\$11,940	\$0	\$1,334	\$0	\$123,084	\$34,662	88,422
Togiak	\$8,010	\$20,420	\$0	\$0	\$0	\$16,020	\$1,726	\$0	\$71,176	\$43,711	27,465
Toksook Bay	\$5,150	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$36,958	8,042
Unalakleet	\$7,840	\$19,240	\$0	\$15,680	\$0	\$15,680	\$1,857	\$0	\$85,297	\$45,996	39,301
Unalaska	\$42,850	\$71,820	\$0	\$85,700	\$85,700	\$85,700	\$5,179	\$0	\$401,949	\$212,714	189,235
Upper Kalskag	\$2,680	\$0	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$33,646	11,354
Valdez	\$41,550	\$48,600	\$0	\$83,100	\$83,100	\$83,100	\$55,737	\$61,871	\$482,058	\$410,255	71,803
Wainwright	\$5,430	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$37,790	7,210

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	S Foundatio	Current	FY00/
Wales	\$1,770	\$0	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$31,211	13,789
Wasilla	\$51,340	\$118,840	\$0	\$0	\$102,680	\$102,680	\$2,768	\$0	\$403,308	\$201,665	201,643
White Mt.	\$1,880	\$5,500	\$0	\$3,760	\$0	\$0	\$1,858	\$0	\$45,000	\$31,223	13,777
Whittier	\$3,060	\$17,540	\$0	\$6,120	\$6,120	\$6,120	\$1,546	\$0	\$65,506	\$30,732	34,774
Wrangell	\$25,890	\$21,980	\$0	\$51,780	\$51,780	\$51,780	\$46,029	\$0	\$274,239	\$187,989	86,250
Yakutat City/Boro	\$8,100	\$33,080	\$0	\$0	\$16,200	\$16,200	\$1,435	\$0	\$100,015	\$46,394	53,621
TOTALS	\$6,047,590	\$10,088,260	\$496,690	\$10,339,760	\$10,669,440	\$8,924,020	\$1,821,530		\$53,293,463	\$31,546,520	21,746,943

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

City of Aleknagik
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email (Administrator) cityalek@nushtel.com email (Clerk) alekclrk@nushtel.com

4/10/00

Senator Tim Kelly,
State of Alaska, Senate Offices

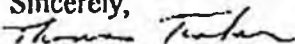
Dear Senator Kelly,

The City of Aleknagik will have a council meeting 4/11/00, and discuss the Municipal Dividend Plan, as introduced into the Senate as SB304, JIB 137. After reviewing the bill, I would like to add support today in regards to this bill. Even with taxes at 5% for Sales and Bed, the City of Aleknagik had to dip into reserves for \$30,000 last year to maintain the level of services needed in the community.

We need stable funding for police, fire and EMS services and stable energy. Our energy costs are high, and PCE needs stable funding.

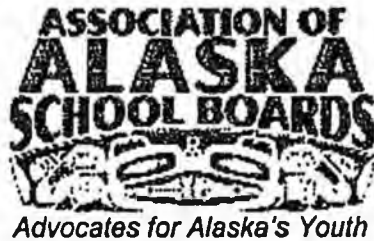
Please do what you can to ensure passage of this bill for communities. As Mayor of Aleknagik, I support this plan. A resolution of support will be included in our council meeting tomorrow, and will be distributed, if passed.

Sincerely,



Thomas Tinker,
Mayor

cc: Drew Pierce
Wilken
Phillips Word
Hoffman



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.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 304

Revision Date <u>4/10/2000</u>	Dept. Affected <u>DCED</u>
Title <u>Municipal Dividend Program</u>	BRU <u>Municipal Revenue Sharing</u>
	Component <u>State Revenue Sharing</u>
Sponsor <u>Senate CRA Committee</u>	<u>Municipal Assistance</u>
Requester <u>Senate CRA Committee</u>	Component No. <u>689, 690</u>

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	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6
TOTAL OPERATING	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(28,493.4)	(28,493.4)	(28,493.4)	(28,493.4)	(28,493.4)	(28,493.4)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1151 Municipal Dividend Fund)	86,000.0	87,000.0	88,000.0	89,000.0	90,000.0	91,000.0
TOTAL	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This Legislation would have no fiscal impact with respect to administrative costs related to the consequent changes in administration of revenue sharing programs. The legislation does represent a replacement of general funds in the FY 2001 budget in the amount of \$28,493,400 (State Revenue Sharing: \$12,855,200; Safe Communities: \$15,638,200) with \$86,000,000 from the Permanent Fund Earnings Reserve Account (code 1041).

Prepared by: <u>Jeff Bush, Deputy Commissioner</u>	Phone <u>465-2500</u>
Division _____	Date/Time <u>04/10/00</u>
Approved by Commissioner <u>Sedwick</u> <i>[Signature]</i>	Date <u>4/10/00</u>
Agency <u>Community and Economic Development</u>	

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SB 304 Municipal Dividend

Allows up to 55% of revenue sharing funding to be allocated to local contribution to education:

- ◆ In the 2nd and 3rd class boroughs, education is the only major areawide power, while other major services are provided in limited service areas. (Alaska statutes only require that education, assessment, and planning be areaswide powers). Since service areas for roads, fire and EMS are not contiguous, **the only way to give areawide tax relief is through a reduction in the mill rate for education.**
- ◆ **55% of the new program funding approximates the amount of revenue sharing municipalities currently allocate for education from revenue sharing.**
- ◆ If a municipality chose to allocate the entire 55% of its revenue sharing to education, it would not come close to even reaching the statutorily required 4 mill local contribution for schools. Therefore, **this provision does not require a municipality to boost local funding for education, but may provide general tax relief.** Actual mill rates for education are: Anchorage 7.8 mills + school bonds; Fairbanks NS Borough 8.3 mills + school bonds; Kodiak Island Borough 8.25 mills; Mat-Su Borough 11.5 mills.
- ◆ Education is a key local service strongly supported by citizens throughout the state.
- ◆ Currently, the use of revenue sharing is largely up to local discretion. Pre-1980, when revenue sharing was allocated for specific services, only 20% of the funds allocated were required to be spent on the specific service it was allocated for. **SB 304 requires essentially 100% of funding to be spent on public safety, health, roads, and education.**

MEMBER

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE
NINETEENTH ALASKA LEGISLATURE
TWENTIETH ALASKA LEGISLATURE
TWENTY-FIRST ALASKA LEGISLATURE

ALASKA STATE SENATE



SENATOR TIM KELLY

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**SPONSOR STATEMENT
SB 304**

"An Act relating to state aid to municipalities and certain other recipients, and for the village public safety officer program; relating to municipal dividends; and relating to the public safety foundation program."

At the request of the Alaska Municipal League, I have introduced Senate Bill 304, a Municipal Dividend Program to provide Alaskan municipalities with a predictable and reliable source of income with which to address basic community needs currently being inadequately funded, in part, by the state.

Senate Bill 304 would replace approximately \$51 million from the current General Fund budget. It would provide approximately \$85.8 million to municipalities and unincorporated areas in the new fiscal year (FY01). It clearly defines the uses for which funding may be applied, and provides minimum amounts for small municipalities (\$45,000) and unincorporated communities (\$10,000). It does not require a constitutional amendment, nor does it greatly impact the individual PFD.

The municipal dividend would be paid out of the excess earnings of the Permanent Fund after full inflation proofing and the payment of individual dividends. According to calculations of the Alaska Permanent Fund Corporation, the new municipal dividend program would have little effect on the existing individual dividend checks.

The municipal dividend payment, \$150 for each dividend check sent out during the preceding calendar year, would be placed in a Public Safety Foundation and distributed to communities to help pay for police, fire, emergency medical services, roads, local contribution to schools, and capital matching grants. Funds would also be made available to support the Village Public Safety Officers Program and fire/EMS organizations outside of municipalities.

Former Governor Walter Hickel proposed the original municipal dividend concept and is supportive, as well as bi-partisan support from legislators.

The second dividend replaces the existing state revenue sharing programs. Reductions to those programs over the past 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.

Presented by:
Mayor Rasmussen
Action Taken:
Yes 5 No 0
Abstain 0

CITY OF NOME, ALASKA

RESOLUTION NO. R-00-04-1

**A RESOLUTION URGING THE
GOVERNOR AND LEGISLATURE
TO ESTABLISH A MUNICIPAL DIVIDEND**

WHEREAS, municipal governments have partnered with state officials to find a solution to steadily increasing local property taxes due to continuing state cuts to municipal revenue sharing; and

WHEREAS, the Municipal Dividend is a first step toward a long-range financial plan for Alaska; and,

WHEREAS, the Municipal Dividend goes directly to communities and its use is directly controlled by local governments and citizens; and

WHEREAS, a Municipal Dividend does not impact the currently calculated amount of the Permanent Fund Dividend over the next 20 years, while it provides local support in the amount of \$125 per capita that would otherwise be required from local taxes; and

WHEREAS, a Municipal Dividend is a long term solution to stabilize funding for municipal revenue sharing and Municipal Capital Matching Grants, and will have a major impact on stabilizing local taxes; and,

WHEREAS, the Municipal Dividend will allow the Governor and Legislature to decrease State General Fund spending (previous State General Fund support for revenue sharing and capital matching grants) by approximately \$45 million, allow the Legislative Majority to meet its \$30 million General Fund reduction goal, while increasing funding for schools, the University, PCE, etc.

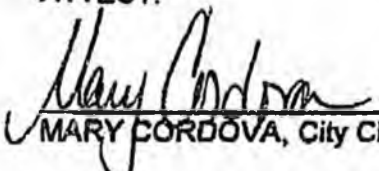
NOW, THEREFORE, BE IT RESOLVED that the Nome Common Council urges the Governor and the Legislature to establish a Municipal Dividend.

APPROVED and SIGNED this 6th day of April, 2000.



LEO B. RASMUSSEN, Mayor

ATTEST:



MARY CORDOVA, City Clerk

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 304

Revision Date/Time (Note if correction) _____ Dept. Affected _____ Revenue _____
 Title An Act relating to the Municipal Dividend BRU Permanent Fund Corporation
Program Component Permanent Fund Corporation
 Sponsor (S) C&RA
 Requester (S) C&RA Component No. 109

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						
TOTAL OPERATING	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Estimate of any current year (FY2000) cost: \$0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Robert Bartholomew, Director of Administration Phone 465-3663
 Division Alaska Permanent Fund Corporation Date/Time 4/6/00 4:56 PM
 Approved by Wilson L. Condon, Commissioner Date 4/7/00
 Agency Revenue

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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	1,310	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	1,228	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	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	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,050.00
Per Person Dividend SB 304	\$1,930.00	\$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.