

HB

431

**Representative Carl E. Moses, House District 37
(907) 465-4451 – Adam Berg, Staff**

SPONSOR STATEMENT / SECTIONAL ANALYSIS

HB431 – Municipal Dividend Program

The establishment of a Municipal Dividend program would aid municipalities with state appropriations allocated for unrestricted use by local governments in their greatest time of need. The sponsor intends to empower local officials by allowing them to decide how to best spend that money. Uncertain state funding has affected local governments ability to plan and budget properly, and more recently, to absorb the brunt of many state budget cuts.

This plan would provide approximately \$157 million annually to municipalities by accessing surplus earnings of the Permanent Fund. The distribution to municipalities would be made only after Permanent Fund Dividends and inflation proofing are provided for. Based on annual Permanent Fund earnings, if the amount appropriated were not sufficient to fully fund municipal dividends, the amount to each municipality would be reduced on a pro-rata basis.

Alaska's municipalities and local decision makers deliver the most direct and knowledgeable service, much of which is of a critical nature. Under HB 431, the amount going to each municipality would be determined by population and a per head allocation. Population criteria would be the number of local PFD recipients and the allocations would be \$250 per head, with a minimum to any municipality of \$40,000 annually.

BILL SECTION 1: Establishes the Municipal Dividend Fund. The amount of a Municipal Dividend is set at \$250 per eligible PFD recipient in each municipality. Borough populations are determined by subtracting the population of all cities within a borough from the borough's total population, thereby allowing boroughs to apply funding to their unincorporated communities. It sets a minimum dividend payment of \$40,000 to a municipality. There is a formula specified in the event the amount appropriated to the fund is insufficient to fully fund Municipal Dividends.

BILL SECTION 2: Assures that the transfer of money from the earnings reserve account to the Municipal Dividend Fund happens only after Permanent Fund Dividends have been accounted for and inflation proofing has taken place. It also assures that the lesser amount of either the dollars needed to fully fund the program or the balance of the earnings reserve account be transferred.

BILL SECTION 3: Sets the effective date at June 30, 2004.

Revenue Sharing makes up over a 25% of the operating budget for a Quarter of our Municipalities, it Averages 16% of all Municipal Operating Budgets.
(Data from DCED, Missions and Measures, 2003)

Revenue sharing is so large a percent of municipal budgets that large cuts will result in many small municipalities becoming dysfunctional and the state will have to directly provide services, if tribal governments cannot afford to take a more prominent role. Legislative constituents/taxpayers in larger municipalities suffer as well. Anchorage local taxpayers, for example, face an additional \$10.4 million shortfall on top of the loss of capital matching grants, a huge new PERS/TRS debt, new DOT highway

Municipality	FY 03 Budget	FY 03 Revenue	
		Sharing Total	% of Oper Budget
City of Manokotak	\$35,200	\$33,175	94.25%
City of Betties	\$41,533	\$30,239	72.81%
City of Atkasuk	\$64,267	\$40,565	63.12%
City of White Mountain	\$55,982	\$30,982	55.34%
City of Kupreanof	\$41,400	\$22,821	55.12%
City of Port Heiden	\$59,992	\$30,383	50.65%
City of Napakiak	\$78,751	\$32,804	41.66%
City of Napaskiak	\$80,585	\$32,941	40.88%
City of Chefnak	\$83,560	\$33,320	39.88%
City of Ekwok	\$75,061	\$28,229	37.61%
City of Kasaan	\$65,781	\$22,821	34.69%
City of Chuathbaluk	\$87,046	\$29,829	34.27%
City of Selawik	\$275,036	\$93,963	34.16%
City of Newhalen	\$85,800	\$28,741	33.50%
City of Kivalina	\$167,493	\$52,466	31.32%
City of Tenakee Springs	\$73,875	\$22,821	30.89%
City of Teller	\$103,731	\$31,813	30.67%
City of Anderson	\$126,633	\$38,394	30.32%
City of Aniak	\$147,680	\$43,541	29.48%
City of Koyukuk	\$99,201	\$29,115	29.35%
City of Grayling	\$108,770	\$31,537	28.99%
City of Buckland	\$132,102	\$37,864	28.66%
City of Hughes	\$101,945	\$29,174	28.62%
City of Point Hope	\$246,223	\$70,085	28.46%
City of Fort Yukon	\$151,500	\$42,954	28.35%
City of Eagle	\$89,900	\$25,461	28.32%
City of Akhiok	\$80,610	\$22,821	28.31%
City of Holy Cross	\$119,026	\$32,990	27.72%
City of Allakaket	\$109,319	\$30,211	27.64%
City of Upper Kalskag	\$132,756	\$36,332	27.37%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
City of Nikolai	\$198,000	\$29,129	14.71%
City of Kiana	\$254,221	\$37,340	14.69%
City of Alakanuk	\$288,850	\$42,151	14.59%
City of Pilot Point	\$198,692	\$28,350	14.27%
City of Shungnak	\$241,561	\$34,318	14.21%
City of Pilot Station	\$258,826	\$36,449	14.08%
City of Stebbins	\$270,782	\$37,803	13.96%
City of Chevak	\$295,728	\$40,330	13.64%
City of Diomede	\$216,587	\$29,316	13.54%
City of Old Harbor	\$194,801	\$25,448	13.06%
City of Saint Michael	\$290,646	\$36,789	12.66%
City of Clark's Point	\$210,079	\$26,537	12.63%
City of Kake	\$286,395	\$35,223	12.30%
City of Toksook Bay	\$293,572	\$35,569	12.12%
City of Atka	\$239,696	\$28,508	11.89%
City of Aleknagik	\$246,099	\$28,943	11.76%
City of Wainwright	\$313,515	\$36,491	11.64%
City of Cold Bay	\$284,364	\$32,418	11.40%
City of Elim	\$301,668	\$34,334	11.38%
City of Lower Kalskag	\$42,892	\$4,791	11.17%
City of Kotlik	\$334,400	\$37,075	11.09%
City of Angoon	\$291,671	\$32,014	10.98%
City of Delta Junction	\$518,950	\$56,504	10.89%
City of Saxman	\$259,287	\$27,723	10.69%
City of Hooper Bay	\$515,643	\$54,426	10.55%
City of Gambell	\$415,930	\$40,262	9.68%
City of Mountain Village	\$444,758	\$41,835	9.41%
City of Nuiqsut	\$365,168	\$34,304	9.39%
City of False Pass	\$294,409	\$26,947	9.15%
City of Thorne Bay	\$368,940	\$32,716	8.87%
City of Unalakleet	\$499,200	\$44,044	8.82%
City of Seldovia	\$353,168	\$30,207	8.55%
City of Fairbanks	\$16,794,096	\$1,391,861	8.29%
City of Barrow	\$1,573,133	\$120,578	7.66%
City of Saint Mary's	\$564,779	\$42,651	7.55%
City of Nenana	\$596,850	\$44,188	7.40%
City of Hoonah	\$755,600	\$54,026	7.15%
City of Galena	\$670,600	\$44,829	6.68%
City of Pelican	\$431,776	\$25,523	5.91%
City of Kaktovik	\$557,400	\$32,456	5.82%
City of Togiak	\$800,289	\$42,206	5.27%
City of Golovin	\$614,394	\$31,650	5.15%
City of Bethel	\$5,900,000	\$302,836	5.13%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
Aleutians East Borough	\$4,161,070	\$35,301	0.85%
City/Borough of Juneau	\$188,848,100	\$1,482,129	0.78%
North Slope Borough	\$289,420,015	\$902,462	0.31%
Average Percent			15.80%
Highest Percent			94.25%
Lowest Percent			0.31%
# > 20%			51

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 431
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Municipal Dividend Program RDU AK Permanent Fund Corporation
 Component AK Permanent Fund Corporation
 Sponsor Representative Moses
 Requester Community and Regional Affairs Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation does not increase the cost of operations for the Alaska Permanent Fund Corporation. See the attached schedule for the annual amount estimated to be available for the municipal dividend.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047
 Division Alaska Permanent Fund Corporation Date/Time 2/26/04 1:34 AM
 Approved by: Steve Porter, Deputy Commissioner Date 2/6/2004
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 431
 (H) Publish Date: 2/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Municipal Dividend Program RDU State Revenue Sharing (217)
 Component Municipal Dividend Program
 Sponsor Representative Moses
 Requester House Community & Regional Affairs Component No. N/A

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1
Miscellaneous						
TOTAL OPERATING	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1

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 (Municipal Dividend Fund)	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1
TOTAL	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation establishes a new Municipal Dividend Fund within the Department funded from the earnings reserve account of the Permanent Fund. After transferring income from the earnings reserve account for Permanent Fund Dividends (AS 37.13.145(b)) and Inflation Proofing (AS 37.13.145(c)), the Permanent Fund Corporation shall transfer to the municipal dividend fund the amount needed to fully fund municipal dividends for the next fiscal year, or the balance of the earnings reserve account, whichever is less. The Department shall pay each municipality a dividend equal to \$250 for each person residing in the municipality, while providing for a minimum dividend of \$40,000. If the amount appropriated is not sufficient to fully fund the municipal dividends for a fiscal year, the dividends shall be reduced on a pro-rata basis. The Department estimates an annual municipal population growth of approximately 1.15%.

Prepared by: Gene Kane, Director Phone (907) 269-4578
 Division Community Advocacy Date/Time 2/25/04 12:00 PM
 Approved by: Edgar Blatchford, Commissioner Date 2/25/2004
 Agency Department of Community and Economic Development

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Arcawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Adak	149	\$37,250	\$2,750	\$40,000
Akhiok	48	\$12,000	\$28,000	\$40,000
Akiak	346	\$86,500	\$0	\$86,500
Akutan	748	\$187,000	\$0	\$187,000
Alakanuk	659	\$164,750	\$0	\$164,750
Aleknagik	213	\$53,250	\$0	\$53,250
Aleutians East Borough	73	\$18,250	\$21,750	\$40,000
Allakaket	97	\$24,250	\$15,750	\$40,000
Ambler	295	\$73,750	\$0	\$73,750
Anaktuvuk Pass	302	\$75,500	\$0	\$75,500
Anchorage	269,070	\$67,267,500	\$0	\$67,267,500
Anderson	592	\$148,000	\$0	\$148,000
Angoon	542	\$135,500	\$0	\$135,500
Aniak	539	\$134,750	\$0	\$134,750
Anvik	109	\$27,250	\$12,750	\$40,000
Atka	102	\$25,500	\$14,500	\$40,000
Atkasuk	231	\$57,750	\$0	\$57,750
Barrow	4,434	\$1,108,500	\$0	\$1,108,500
Bethel	5,736	\$1,434,000	\$0	\$1,434,000
Bettles	36	\$9,000	\$31,000	\$40,000
Brevig Mission	307	\$76,750	\$0	\$76,750
Bristol Bay Borough	1,159	\$289,750	\$0	\$289,750
Buckland	426	\$106,500	\$0	\$106,500
Chefornak	419	\$104,750	\$0	\$104,750
Chevak	854	\$213,500	\$0	\$213,500
Chignik	77	\$19,250	\$20,750	\$40,000
Chuathbaluk	98	\$24,500	\$15,500	\$40,000
Clark's Point	65	\$16,250	\$23,750	\$40,000
Coffman Cove	161	\$40,250	\$0	\$40,250
Cold Bay	116	\$29,000	\$11,000	\$40,000
Cordova	2,434	\$608,500	\$0	\$608,500
Craig	1,227	\$306,750	\$0	\$306,750
Deering	129	\$32,250	\$7,750	\$40,000
Delta Junction	856	\$214,000	\$0	\$214,000
Denali Borough	1,294	\$323,500	\$0	\$323,500
Dillingham	2,475	\$618,750	\$0	\$618,750
Diomedes	128	\$32,000	\$8,000	\$40,000
Eagle	150	\$37,500	\$2,500	\$40,000
Eek	291	\$72,750	\$0	\$72,750
Egegik	88	\$22,000	\$18,000	\$40,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Areawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Ekwok	114	\$28,500	\$11,500	\$40,000
Elim	339	\$84,750	\$0	\$84,750
Emmonak	745	\$186,250	\$0	\$186,250
Fairbanks	29,670	\$7,417,500	\$0	\$7,417,500
Fairbanks North Star Borough	53,438	\$13,359,500	\$0	\$13,359,500
False Pass	79	\$19,750	\$20,250	\$40,000
Fort Yukon	581	\$145,250	\$0	\$145,250
Galena	713	\$178,250	\$0	\$178,250
Gambell	639	\$159,750	\$0	\$159,750
Golovin	148	\$37,000	\$3,000	\$40,000
Goodnews Bay	234	\$58,500	\$0	\$58,500
Grayling	192	\$48,000	\$0	\$48,000
Haines Borough	2,360	\$590,000	\$0	\$590,000
Holy Cross	232	\$58,000	\$0	\$58,000
Homer	4,721	\$1,180,250	\$0	\$1,180,250
Hoonah	868	\$217,000	\$0	\$217,000
Hooper Bay	1,075	\$268,750	\$0	\$268,750
Houston	1,279	\$319,750	\$0	\$319,750
Hughes	69	\$17,250	\$22,750	\$40,000
Huslia	285	\$71,250	\$0	\$71,250
Hydaburg	364	\$91,000	\$0	\$91,000
Juneau	30,981	\$7,745,250	\$0	\$7,745,250
Kachemak	419	\$104,750	\$0	\$104,750
Kake	700	\$175,000	\$0	\$175,000
Kaktovik	306	\$76,500	\$0	\$76,500
Kaltag	223	\$55,750	\$0	\$55,750
Kasaan	55	\$13,750	\$26,250	\$40,000
Kenai	7,166	\$1,791,500	\$0	\$1,791,500
Kenai Peninsula Borough	31,835	\$7,958,750	\$0	\$7,958,750
Ketchikan	7,845	\$1,961,250	\$0	\$1,961,250
Ketchikan Gateway Borough	5,431	\$1,357,750	\$0	\$1,357,750
Kiana	399	\$99,750	\$0	\$99,750
King Cove	794	\$198,500	\$0	\$198,500
Kivalina	383	\$95,750	\$0	\$95,750
Klawock	848	\$212,000	\$0	\$212,000
Kobuk	106	\$26,500	\$13,500	\$40,000
Kodiak	6,544	\$1,636,000	\$0	\$1,636,000
Kodiak Island Borough	6,484	\$1,621,000	\$0	\$1,621,000
Kotlik	633	\$158,250	\$0	\$158,250
Kotzebue	3,107	\$776,750	\$0	\$776,750

HB 431 Municipal Dividend Estimates
Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000
Borough Populations: Borough Arcawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Koyuk	329	\$82,250	\$0	\$82,250
Koyukuk	101	\$25,250	\$14,750	\$40,000
Kupreanof	23	\$5,750	\$34,250	\$40,000
Kwethluk	730	\$182,500	\$0	\$182,500
Lake & Peninsula Borough	929	\$232,250	\$0	\$232,250
Larsen Bay	107	\$26,750	\$13,250	\$40,000
Lower Kalskag	260	\$65,000	\$0	\$65,000
Manokotak	404	\$101,000	\$0	\$101,000
Marshall	364	\$91,000	\$0	\$91,000
Matanuska-Susitna Borough	52,460	\$13,115,000	\$0	\$13,115,000
McGrath	407	\$101,750	\$0	\$101,750
Mekoryuk	204	\$51,000	\$0	\$51,000
Mountain Village	757	\$189,250	\$0	\$189,250
Napakiak	351	\$87,750	\$0	\$87,750
Napaskiak	408	\$102,000	\$0	\$102,000
Nenana	519	\$129,750	\$0	\$129,750
New Stuyahok	479	\$119,750	\$0	\$119,750
Newhalen	156	\$39,000	\$1,000	\$40,000
Nightmute	224	\$56,000	\$0	\$56,000
Nikolai	120	\$30,000	\$10,000	\$40,000
Nome	3,493	\$873,250	\$0	\$873,250
Nondalton	207	\$51,750	\$0	\$51,750
Noorvik	677	\$169,250	\$0	\$169,250
North Pole	1,683	\$420,750	\$0	\$420,750
North Slope Borough	2,434	\$608,500	\$0	\$608,500
Northwest Arctic Borough	717	\$179,250	\$0	\$179,250
Nuiqsut	443	\$110,750	\$0	\$110,750
Nulato	345	\$86,250	\$0	\$86,250
Nunam Iqua	204	\$51,000	\$0	\$51,000
Nunapitchuk	512	\$128,000	\$0	\$128,000
Old Harbor	229	\$57,250	\$0	\$57,250
Ouzinkie	189	\$47,250	\$0	\$47,250
Palmer	5,159	\$1,289,750	\$0	\$1,289,750
Pelican	115	\$28,750	\$11,250	\$40,000
Petersburg	3,146	\$786,500	\$0	\$786,500
Pilot Point	76	\$19,000	\$21,000	\$40,000
Pilot Station	546	\$136,500	\$0	\$136,500
Platinum	37	\$9,250	\$30,750	\$40,000
Point Hope	709	\$177,250	\$0	\$177,250
Port Alexander	72	\$18,000	\$22,000	\$40,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Areawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Port Heiden	108	\$27,000	\$13,000	\$40,000
Port Lions	251	\$62,750	\$0	\$62,750
Quinhagak	572	\$143,000	\$0	\$143,000
Ruby	195	\$48,750	\$0	\$48,750
Russian Mission	328	\$82,000	\$0	\$82,000
Saint George	147	\$36,750	\$3,250	\$40,000
Saint Mary's	549	\$137,250	\$0	\$137,250
Saint Michael	390	\$97,500	\$0	\$97,500
Saint Paul	533	\$133,250	\$0	\$133,250
Sand Point	919	\$229,750	\$0	\$229,750
Savoonga	686	\$171,500	\$0	\$171,500
Saxman	394	\$98,500	\$0	\$98,500
Scammon Bay	491	\$122,750	\$0	\$122,750
Selawik	778	\$194,500	\$0	\$194,500
Seldovia	308	\$77,000	\$0	\$77,000
Seward	2,794	\$698,500	\$0	\$698,500
Shageluk	145	\$36,250	\$3,750	\$40,000
Shaktoolik	218	\$54,500	\$0	\$54,500
Shishmaref	589	\$147,250	\$0	\$147,250
Shungnak	249	\$62,250	\$0	\$62,250
Sitka	8,894	\$2,223,500	\$0	\$2,223,500
Skagway	841	\$210,250	\$0	\$210,250
Soldotna	3,944	\$986,000	\$0	\$986,000
Stebbins	586	\$146,500	\$0	\$146,500
Tanana	278	\$69,500	\$0	\$69,500
Teller	247	\$61,750	\$0	\$61,750
Tenakee Springs	98	\$24,500	\$15,500	\$40,000
Thorne Bay	503	\$125,750	\$0	\$125,750
Togiak	804	\$201,000	\$0	\$201,000
Toksook Bay	549	\$137,250	\$0	\$137,250
Unalakleet	725	\$181,250	\$0	\$181,250
Unalaska	4,051	\$1,012,750	\$0	\$1,012,750
Upper Kalskag	248	\$62,000	\$0	\$62,000
Valdez	4,171	\$1,042,750	\$0	\$1,042,750
Wainwright	543	\$135,750	\$0	\$135,750
Wales	159	\$39,750	\$250	\$40,000
Wasilla	6,343	\$1,585,750	\$0	\$1,585,750
White Mountain	210	\$52,500	\$0	\$52,500
Whittier	170	\$42,500	\$0	\$42,500
Wrangell	2,144	\$536,000	\$0	\$536,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Areawide Population Less City Populations in Borough

<u>Municipalities</u>	<u>2002 Population</u>	<u>Population X \$250</u>	<u>Minimum Entitlement Add-On</u>	<u>Municipal Dividend Payment</u>
Yakutat	724	\$181,000	\$0	\$181,000
Totals	626,680	\$156,670,000	\$525,000	\$157,195,000



Analysis of current statutory payout versus HB 431
Alaska Permanent Fund Corporation

Based on December 2003 financial projections (\$ in millions, except per person dividend)

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	Totals FY04 - FY15
Payout per HB 431	709	647	707	885	1,068	1,166	1,249	1,355	1,420	1,484	1,586	1,643	13,920
Municipal Dividend (\$250 per PFD application)	148	149	150	150	151	152	153	154	154	155	156	157	1,829
Distribution for PFD Fund	561	498	558	735	917	1,014	1,096	1,202	1,266	1,329	1,430	1,487	12,091
Payout - Current Dividend formula only	561	499	560	739	925	1,027	1,113	1,226	1,297	1,367	1,477	1,542	12,331
Difference in annual lump sum payout (HB 431 - Current statutes)	148	148	148	146	144	140	135	129	124	117	109	102	1,589
Retain for Inflation - HB 431	0	613	635	657	680	703	727	751	776	801	828	855	8,026
Retain for Inflation - Status Quo	0	613	635	657	680	703	727	751	776	801	828	855	8,025
AK Permanent Fund end of year value in 2015 - HB 431												45,644	45,644
Reserved assets (Principal + Unrealized appreciation)												39,988	39,988
Realized earnings reserve												5,656	5,656
AK Permanent Fund end of year value in 2015 - Current statutory formulas												48,165	48,165
Reserved assets (Principal + Unrealized appreciation)												40,223	40,223
Realized earnings reserve												7,942	7,942
Per Person Dividend HB 431	\$ 890	\$ 780	\$ 870	\$ 1,160	\$ 1,460	\$ 1,610	\$ 1,730	\$ 1,900	\$ 1,990	\$ 2,080	\$ 2,230	\$ 2,310	\$ 19,010
Per Person Dividend - current formulas	\$890	\$780	\$880	\$1,170	\$1,470	\$1,630	\$1,760	\$1,930	\$2,040	\$2,140	\$2,310	\$2,400	\$ 19,400

Assumptions:

1. Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Fall 2003 revenue forecast (including impact of HB11), financial statements
2. These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
3. Distributions shown for the annual permanent fund dividend and the Municipal dividend program are calculated and booked as payables at
4. Slight differences due to rounding.

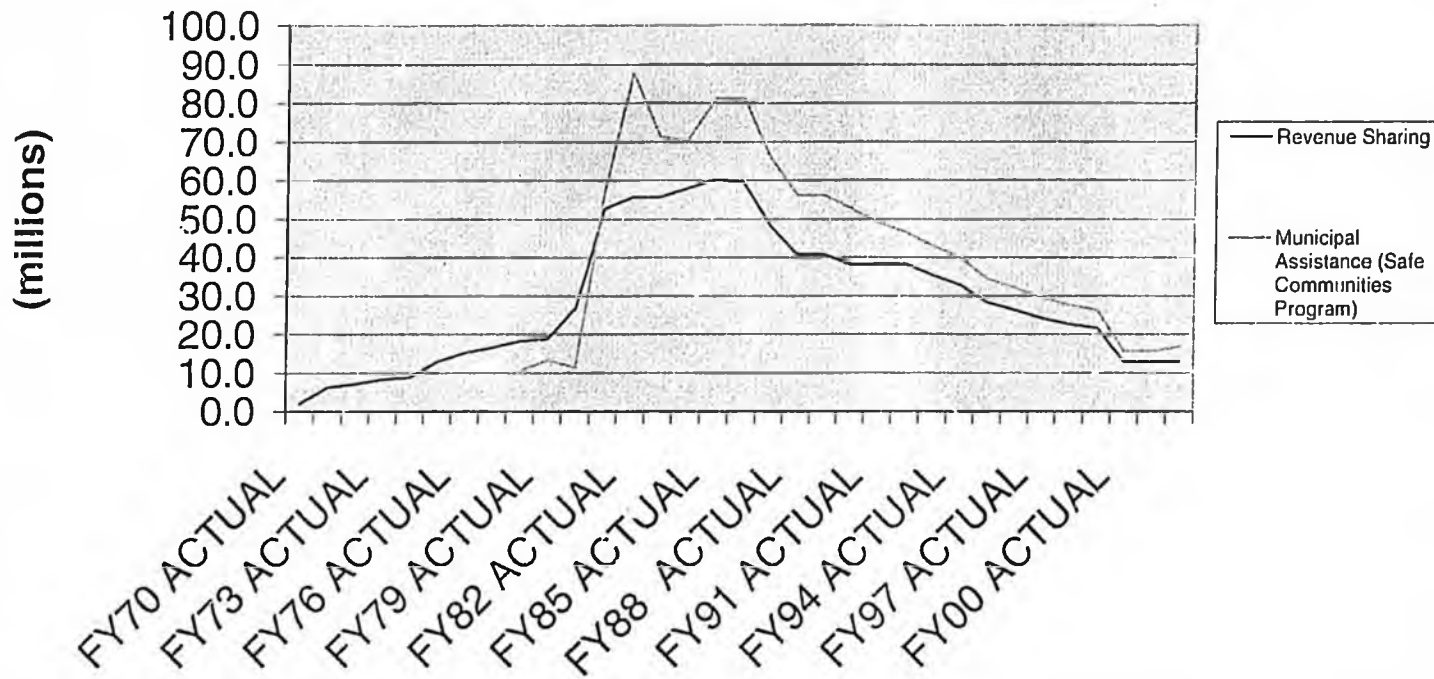
Municipality	FY 03 Operating Budget	FY 03 SRS/SC Total	% of Operating Budget
City of Adak	\$991,000	\$35,853	3.62%
City of Akhiok	\$80,610	\$22,821	28.31%
City of Akiak	\$172,171	\$31,593	18.35%
City of Akutan	\$821,979	\$38,226	4.65%
City of Alakanuk	\$288,850	\$42,151	14.59%
City of Aleknagik	\$246,099	\$28,943	11.76%
Aleutians East Borough	\$4,161,070	\$35,301	0.85%
City of Allakaket	\$109,319	\$30,211	27.64%
City of Ambler	\$161,531	\$35,964	22.26%
City of Anaktuvuk Pass	\$124,342	\$31,704	25.50%
Municipality of Anchorage	\$248,390,990	\$10,403,815	4.19%
City of Anderson	\$126,633	\$38,394	30.32%
City of Angoon	\$291,671	\$32,014	10.98%
City of Aniak	\$147,680	\$43,541	29.48%
City of Anvik	\$144,065	\$29,879	20.74%
City of Atka	\$239,696	\$28,508	11.89%
City of Atkasuk	\$64,267	\$40,565	63.12%
City of Barrow	\$1,573,133	\$120,578	7.66%
City of Bethel	\$5,900,000	\$302,836	5.13%
City of Bettles	\$41,533	\$30,239	72.81%
City of Brevig Mission	\$205,303	\$32,251	15.71%
Bristol Bay Borough	\$4,504,954	\$58,003	1.29%
City of Buckland	\$132,102	\$37,864	28.66%
City of Chefnak	\$83,560	\$33,320	39.88%
City of Chevak	\$295,728	\$40,330	13.64%
City of Chignik	\$176,656	\$26,998	15.28%
City of Chuathbaluk	\$87,046	\$29,829	34.27%
City of Clark's Point	\$210,079	\$26,537	12.63%
City of Coffman Cove	\$850,991	\$30,283	3.56%
City of Cold Bay	\$284,364	\$32,418	11.40%
City of Cordova	\$5,450,311	\$175,465	3.22%
City of Craig	\$2,470,908	\$53,286	2.16%
City of Deering	\$176,812	\$34,243	19.37%
City of Delta Junction	\$518,950	\$56,504	10.89%
Denali Borough	\$2,053,700	\$61,389	2.99%
City of Dillingham	\$5,158,448	\$106,959	2.07%
City of Diomede	\$216,587	\$29,316	13.54%
City of Eagle	\$89,900	\$25,461	28.32%
City of Eek	\$155,049	\$31,378	20.24%
City of Egegik	\$147,300	\$31,321	21.26%
City of Ekwok	\$75,061	\$28,229	37.61%
City of Elim	\$301,668	\$34,334	11.38%
City of Emmonak	\$390,459	\$62,861	16.10%

Municipality	FY 03 Operating Budget	FY 03 SRS/SC Total	% of Operating Budget
City of Fairbanks	\$16,794,096	\$1,391,861	8.29%
Fairbanks North Star Borough	\$78,318,560	\$1,970,270	2.52%
City of False Pass	\$294,409	\$26,947	9.15%
City of Fort Yukon	\$151,500	\$42,954	28.35%
City of Galena	\$670,600	\$44,829	6.68%
City of Gambell	\$415,930	\$40,262	9.68%
City of Golovin	\$614,394	\$31,650	5.15%
City of Goodnews Bay	\$136,643	\$29,806	21.81%
City of Grayling	\$108,770	\$31,537	28.99%
City of Haines	\$1,508,391	\$65,526	4.34%
Haines Borough	\$3,191,250	\$39,679	1.24%
City of Holy Cross	\$119,026	\$32,990	27.72%
City of Homer	\$5,287,239	\$168,493	3.19%
City of Hoonah	\$755,600	\$54,026	7.15%
City of Hooper Bay	\$515,643	\$54,426	10.55%
City of Houston	\$220,204	\$45,501	20.66%
City of Hughes	\$101,945	\$29,174	28.62%
City of Huslia	\$137,665	\$34,730	25.23%
City of Hydaburg	\$184,063	\$27,743	15.07%
City and Borough of Juneau	\$188,848,100	\$1,482,129	0.78%
City of Kachemak	\$155,600	\$28,465	18.29%
City of Kake	\$286,395	\$35,223	12.30%
City of Kaktovik	\$557,400	\$32,456	5.82%
City of Kaltag	\$205,840	\$32,452	15.77%
City of Kasaan	\$65,781	\$22,821	34.69%
City of Kenai	\$7,980,423	\$302,982	3.80%
Kenai Peninsula Borough	\$50,258,850	\$1,598,729	3.18%
City of Ketchikan	\$27,957,840	\$425,618	1.52%
Ketchikan Gateway Borough	\$14,867,222	\$202,908	1.36%
City of Kiana	\$254,221	\$37,340	14.69%
City of King Cove	\$1,055,000	\$40,930	3.88%
City of Kivalina	\$167,493	\$52,466	31.32%
City of Klawock	\$814,390	\$35,871	4.40%
City of Kobuk	\$173,422	\$30,635	17.67%
City of Kodiak	\$11,926,675	\$267,018	2.24%
Kodiak Island Borough	\$10,818,950	\$291,868	2.70%
City of Kotlik	\$334,400	\$37,075	11.09%
City of Kotzebue	\$4,187,861	\$199,688	4.77%
City of Koyuk	\$213,927	\$32,932	15.39%
City of Koyukuk	\$99,201	\$29,115	29.35%
City of Kupreanof	\$41,400	\$22,821	55.12%
City of Kwethluk	\$268,773	\$39,612	14.74%
Lake and Peninsula Borough	\$2,271,084	\$106,854	4.70%

Municipality	FY 03 Operating Budget	FY 03 SRS/SC Total	% of Operating Budget
City of Larsen Bay	\$113,130	\$22,821	20.17%
City of Lower Kalskag	\$42,892	\$4,791	11.17%
City of Manokotak	\$35,200	\$33,175	94.25%
City of Marshall	\$201,672	\$32,512	16.12%
Matanuska-Susitna Borough	\$57,181,644	\$1,690,792	2.96%
City of McGrath	\$183,413	\$38,968	21.25%
City of Mekoryuk	\$129,985	\$30,292	23.30%
City of Mountain Village	\$444,758	\$41,835	9.41%
City of Napakiak	\$78,751	\$32,804	41.66%
City of Napaskiak	\$80,585	\$32,941	40.88%
City of Nenana	\$596,850	\$44,188	7.40%
City of New Stuyahok	\$168,340	\$33,545	19.93%
City of Newhalen	\$85,800	\$28,741	33.50%
City of Nightmute	\$141,685	\$29,396	20.75%
City of Nikolai	\$198,000	\$29,129	14.71%
City of Nome	\$7,065,869	\$218,051	3.09%
City of Nondalton	\$150,944	\$32,113	21.27%
City of Noorvik	\$260,622	\$66,852	25.65%
City of North Pole	\$2,799,058	\$69,062	2.47%
North Slope Borough	\$289,420,015	\$902,462	0.31%
Northwest Arctic Borough	\$8,031,921	\$158,084	1.97%
City of Nuiqsut	\$365,168	\$34,304	9.39%
City of Nulato	\$160,648	\$34,776	21.65%
City of Nunam Iqua	\$132,992	\$29,358	22.08%
City of Nunapitchuk	\$176,981	\$39,061	22.07%
City of Old Harbor	\$194,801	\$25,448	13.06%
City of Ouzinkie	\$142,373	\$25,096	17.63%
City of Palmer	\$5,291,041	\$226,676	4.28%
City of Pelican	\$431,776	\$25,523	5.91%
City of Petersburg	\$7,194,963	\$187,235	2.60%
City of Pilot Point	\$198,692	\$28,350	14.27%
City of Pilot Station	\$258,826	\$36,449	14.08%
City of Platinum	\$29,675	\$1,012	3.41%
City of Point Hope	\$246,223	\$70,085	28.46%
City of Port Alexander	\$138,257	\$22,820	16.51%
City of Port Heiden	\$59,992	\$30,383	50.65%
City of Port Lions	\$142,686	\$25,701	18.01%
City of Quinhagak	\$136,511	\$37,349	27.36%
City of Ruby	\$142,044	\$31,522	22.19%
City of Russian Mission	\$130,893	\$31,539	24.10%
City of Saint George	\$744,519	\$29,685	3.99%
City of Saint Mary's	\$564,779	\$42,651	7.55%
City of Saint Michael	\$290,646	\$36,789	12.66%

Municipality	FY 03 Operating Budget	FY 03 SRS/SC Total	% of Operating Budget
City of Saint Paul	\$2,200,873	\$39,100	1.78%
City of Sand Point	\$1,271,670	\$47,658	3.75%
City of Savoonga	\$204,700	\$39,297	19.20%
City of Saxman	\$259,287	\$27,723	10.69%
City of Scammon Bay	\$195,319	\$34,911	17.87%
City of Selawik	\$275,036	\$93,963	34.16%
City of Seldovia	\$353,168	\$30,207	8.55%
City of Seward	\$6,848,620	\$159,193	2.32%
City of Shageluk	\$132,948	\$29,063	21.86%
City of Shaktoolik	\$189,030	\$31,586	16.71%
City of Shishmaref	\$212,461	\$37,676	17.73%
City of Shungnak	\$241,561	\$34,318	14.21%
City and Borough of Sitka	\$18,470,340	\$424,845	2.30%
City of Skagway	\$2,818,195	\$49,423	1.75%
City of Soldotna	\$5,874,850	\$190,413	3.24%
City of Stebbins	\$270,782	\$37,803	13.96%
City of Tanana	\$234,975	\$37,237	15.85%
City of Teller	\$103,731	\$31,813	30.67%
City of Tenakee Springs	\$73,875	\$22,821	30.89%
City of Thorne Bay	\$368,940	\$32,716	8.87%
City of Togiak	\$800,289	\$42,206	5.27%
City of Toksook Bay	\$293,572	\$35,569	12.12%
City of Unalakleet	\$499,200	\$44,044	8.82%
City of Unalaska	\$20,193,196	\$185,314	0.92%
City of Upper Kalskag	\$132,756	\$36,332	27.37%
City of Valdez	\$22,425,096	\$381,529	1.70%
City of Wainwright	\$313,515	\$36,491	11.64%
City of Wales	\$172,768	\$29,748	17.22%
City of Wasilla	\$9,689,941	\$192,226	1.98%
City of White Mountain	\$55,982	\$30,982	55.34%
City of Whittier	\$910,010	\$27,493	3.02%
City of Wrangell	\$5,716,151	\$166,553	2.91%
City and Borough of Yakutat	\$1,784,375	\$44,556	2.50%
Average Percent			15.89%
Highest Percent			94.25%
Lowest Percent			0.31%
# > 20%			51

Funding History for State Revenue Sharing and Safe Communities Program



**REVENUE SHARING/MUNICIPAL ASSISTANCE
FUNDING HISTORY (Millions)**

	Revenue Sharing	Municipal Assistance (Safe Communities Program)	Total
FY70 ACTUAL	2.0		2.0
FY71 ACTUAL	6.3		6.3
FY72 ACTUAL	7.1		7.1
FY73 ACTUAL	8.3		8.3
FY74 ACTUAL	8.8		8.8
FY75 ACTUAL	12.9		12.9
FY76 ACTUAL	15.2		15.2
FY77 ACTUAL	16.6		16.6
FY78 ACTUAL	18.2	10.6	28.8
FY79 ACTUAL	18.8	13.3	32.1
FY80 ACTUAL	26.9	11.4	38.3
FY81 ACTUAL	52.6	56.5	109.1
FY82 ACTUAL	55.6	87.9	143.5
FY83 ACTUAL	55.7	71.3	127.0
FY84 ACTUAL	57.9	70.5	128.4
FY85 ACTUAL	60.3	81.3	141.6
FY86 ACTUAL	59.6	81.3	140.9
FY87 ACTUAL	48.3	65.8	114.1
FY88 ACTUAL	40.8	56.1	96.9
FY89 ACTUAL	40.8	56.1	96.9
FY90 ACTUAL	38.2	52.7	90.9
FY91 ACTUAL	38.3	49.1	87.4
FY92 ACTUAL	38.3	46.6	84.9
FY93 ACTUAL	35.3	42.9	78.2
FY94 ACTUAL	32.8	39.9	72.7
FY95 ACTUAL	28.2	34.4	62.6
FY96 ACTUAL	26.3	32.0	58.3
FY97 ACTUAL	24.2	29.4	53.6
FY98 ACTUAL	22.7	27.6	50.3
FY99 ACTUAL	21.6	26.3	47.9
FY00 ACTUAL	12.9	15.6	28.5
FY01 ACTUAL	12.9	15.6	28.5
FY02 ACTUAL	12.9	16.8	29.7
FY03 AUTHORIZED	12.9	16.8	29.7
FY04 ENACTED	0.0	0.0	0.0
TOTAL THRU FY04	970.2	1,107.8	2,078.0

Notes: Municipal Assistance was funded in the Dept. of Revenue prior to FY86. It was transferred into the Department of Community and Regional Affairs in FY86. The program was established to replace the Gross Business Receipts Program, which was repealed on January 1, 1979. State Revenue Sharing was established on July 1, 1969 with the passage of Chapter 95, SLA69. Ch. 58 SLA 99 moved these programs to the Department of Community and Economic Development.

Revenue Sharing and Safe Communities (Municipal Assistance)
Funding from FY 1992 thru FY 2001
(in thousands)

Fiscal Year Enacted	Statewide Totals		
	Revenue Sharing	Safe Communities	Total
1992	38,347.0	46,648.0	84,995.0
1993	35,279.2	42,916.2	78,195.4
1994	32,809.7	39,912.1	72,721.8
1995	28,249.2	34,364.4	62,613.6
1996	26,271.7	31,959.0	58,230.7
1997	24,170.0	29,402.3	53,572.3
1998	22,719.8	27,638.2	50,358.0
1999	21,583.8	26,256.3	47,840.1
2000	14,389.2	17,504.2	31,893.4
2001	12,855.2	15,638.2	28,493.4
2002	12,855.2	16,775.5	29,630.7
Totals	256,674.8	312,238.9	568,913.7

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

February 19, 2004

Rep. Carl E. Moses
House District 37
State Capitol Building
Juneau, Alaska 99811-1182

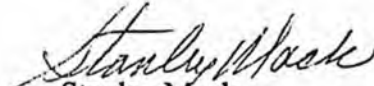
Re: Support of HB 431

Dear Rep. Moses,

The Aleutians East Borough supports HB 431. The Municipal Dividend Program would go a long way to restoring funding for municipalities to the levels of the early 1990s. I noted that under HB 431, the City of Sand Point would receive \$229,750. If my memory is correct, this is very close to the level of funding the City received under revenue sharing and municipal assistance when I was its Mayor in 1991! It is unfortunate that HB 431 does not take into consideration the inflation since then.

HB 431 is probably more important to the Cities of Cold Bay and False Pass. The minimum entitlement of \$40,000 would make life much more livable for these two cities in the Aleutians East Borough. These small cities were heavily impacted by the end of revenue sharing and safe community funding last year.

Sincerely,


Stanley Mack
Mayor

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P.O. BOX 349
SAND POINT, AK 99661
(907) 383-2699
(907) 383-3496 FAX
e-mail: AEBCLERK@aol.com

BOROUGH ADMINISTRATOR
3380 C STREET, SUITE 205
ANCHORAGE, AK 99503-3952
(907) 274-7555
(907) 276-7569 FAX
e-mail: aebanc@gci.net

FINANCE DIRECTOR
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KING COVE, AK 99612
(907) 497-2588
(907) 497-2386 FAX
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CITY OF NORTH POLE

"Where the Spirit of Christmas Lives Year Round"

125 Snowman Lane • North Pole, Alaska 99705-7708

E-mail: mayor@northpolealaska.com • Website: www.northpolealaska.com

City Hall
907-488-2281
Fax: 907-488-3002

Police
Department
907-488-6902

Fire
Department
907-488-2232

Utilities
907-488-6111

City Clerk
907-488-2281

City Engineer
907-488-2281

February-23, 2004

Honorable Representative Moses,

The City of North Pole supports HB 431 Establishing a Municipal Dividend Program. With the elimination of Municipal Assistance and Revenue Sharing a significant burden was shifted to local communities to fund services and programs at higher costs to local taxpayers or in some cases reduction or elimination of essential services.

A municipal dividend program would provide a stable revenue stream that municipalities could utilize to offset increasing operating expenses and decreasing revenues.

I thank you for your attention to this matter. Feel free to contact me if you have any questions.

Sincerely,

JEFFREY JAMES JACOBSON, Mayor



City of Point Hope
P.O. Box 169
Point Hope, Alaska 99766
(907)368-2537/2836
Fax: (907)368-2835
e-mail: akphogov@hotmail.com

TO: Carl Moses, Representative
Municipal Dividend Program

FROM: Martin Oktolik, Sr., Mayor *M.O.S.*
City of Point Hope
P. O. Box 169
Point Hope, Alaska 99766

DATE: February 24, 2004

SUBJ: Letter of Support

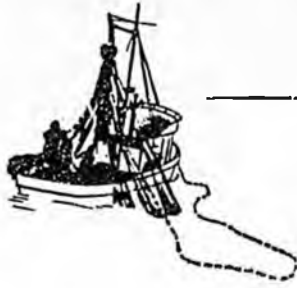
We are in support of the Municipal Dividend Program from the earnings reserve account of the Permanent Fund. Due to the Municipal hardships and low economy.

If you have any questions please do not hesitate to e-mail us at the above address or call directly at 1 (907) 368-2537.

Thank you for your time and consideration.

Cc: File
City Council

MSO/ms



City of False Pass

P.O. Box 50 • False Pass, Alaska 99583-0050
Telephone (907) 548-2319 • Fax (907) 548-2214

February 19, 2004

Representative Carl Moses
State Capitol Building
Juneau, Alaska 99801-1182

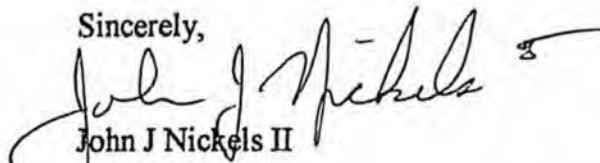
Dear Representative Moses:

I read with interest of your HB 431, which would establish a Municipal Dividend program. I understand that payouts from this program to municipalities and boroughs would be allocated for unrestricted use by local governments, and would have only a modest effect on personal dividends. This program would be helpful in light of the loss of the Revenue Sharing program last year, and I would like you to know that I support this bill. I will present a resolution to the City Council at our next meeting showing their support.

As you know the City of False Pass, like others in our region, is struggling to continue providing essential services to our residents with ever decreasing funds. In our case, we are now getting by with only about a third of the tax revenues we received a few years ago. The closure last year of a small processor in our community meant approximately 20% of the City's operating budget was gone due to the loss of sales tax, fish tax, and utilities sales. The other fish company in our community wants to sell or close down their retail sales of fuel, groceries, and hardware, which if closed will not only put our community in a difficult situation, but will also mean loss of even more sales tax. The loss of the Revenue Sharing program last year was also unfortunate.

Again, I support and appreciate your efforts on our behalf to secure this funding source for communities such as ours.

Sincerely,


John J Nickels II
Mayor

City of Sand Point



February 23, 2004

Representative Carl Moses
State Capitol, Room 500
Juneau, Alaska 99801-1182

Re: HB 431

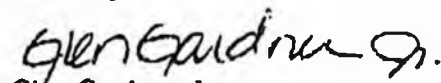
Dear Representative Moses:

The City of Sand Point fully supports your efforts to create a Municipal Dividend Program through HB 431. As you are well aware, Municipal Assistance and Revenue Sharing have been deleted from the state budget and this legislative action has been a tremendous financial blow to our community. We now struggle to maintain the minimal services that Sand Point residents deserve.

As we understand HB 431, a program would be created whereby a flat rate of \$250 per resident would be given to the City, paid from the earnings reserve account of the Permanent Fund after inflation-proofing and PFD's. This would potentially mean a \$200K infusion of state funds into our local economy to pay for local services, help match grants and loans and ease the financial burden that we now face.

We applaud your efforts and if there is anything we can do to help, please do not hesitate to ask. The future of Alaska's small, local governments depends on a fiscal plan that includes some type of financial assistance to each community in our great State.

Sincerely,


Glen Gardner, Jr.
Mayor

Sand Point City Council

City Office:
P.O. Box 249
Sand Point, Alaska 99661
(907) 383-2696
(907) 383-2698 FAX

Administrator:
3380 C Street, Suite 205
Anchorage, Alaska 99503
(907) 274-7561
(907) 274-3540 FAX
daypa72@gci.net

City of Mekoryuk
P.O. F x 29
Mekoryuk, AK 99630
Phone: (907) 827-8314 Fax: (907) 827-8626

February 23, 2004

Representative Carl Moses
State Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Moses;

The City of Mekoryuk supports HB 431, which would establish a Municipal Dividend program. I also understood that payouts from this program to municipalities would be allocated for unrestricted use by local governments. This program would be helpful in light of the loss of the Revenue Sharing program last year. I will present a resolution to the City Council at our next meeting showing their support.

In our case, our city is small and sales taxes are out. Again I support and appreciate your efforts on our and many other small communities behalves to secure this funding source.

Thank you.

Sincerely,

for *David S. Olson - City Clerk*
Larson King
Mayor



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



February 23, 2004

House Community and Regional Affairs Committee
State Capitol (MS 3100)
Juneau, AK 99801-1182

RE: HB 431, Municipal Dividend Program

To Whom It May Concern:

The Lake and Peninsula Borough is pleased to provide continued support for Representative Carl Moses' Municipal Dividend Program, HB 431. We appreciate his foresight and his diligent efforts to advance this critically important bill.


Our 17 villages are suffering economically. Residents of the southern half of the borough have been out-migrating necessitated by the dire need to find work to feed their families. During an "average" fishing season villagers have typically been able to financially sustain their lifestyles. However, "average" fishing seasons have been few and far between for about a decade now.

Loss of this local revenue source means precious little money remains available in most bush communities for governmental operations. The State of Alaska's eradication of Revenue Sharing essentially eliminated funds that remained for at least some basic services. A Municipal Dividend Program which we hope can be designed to be applicable for organized and unorganized villages alike would provide sufficient financial support for numerous villages within the State to remain financially solvent.

Without the Municipal Dividend Program it is almost a certainty many incorporated bush communities will be forced to dissolve their local municipal governments, probably in the near term. In addition, the continued absence of a funding vehicle like the Municipal Dividend Program will put off villages from ever seeking incorporation. Why would they take on the additional expense when there are fewer and fewer "returns"? The potential outcome of not passing HB 431 bodes a question that must be considered. Just how much will it cost the State of Alaska if several rural municipalities dissolve their incorporated status?

The Municipal Dividend Program is a sound proposal more pertinent now perhaps, than it was 9 years ago when first introduced by Rep. Moses. The Borough urges your support of HB 431.

Sincerely,


Glen Alsworth Sr.
Mayor

DENALI BOROUGH

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dlbgovt@mlaonline.net
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David M. Talerico, Mayor

To: Representative Moses
Fax: 907 465-3415
Date: February 25, 2004

Re: Municipal Dividend Program, HB 431

Representative Moses:

Please allow this letter serve as my support for the Municipal Dividend Program, HB 431. Municipal Dividend Funds will greatly enhance our revenue sharing opportunities. Our communities benefit significantly from these funds which are distributed throughout the borough.

We appreciate the work you do for us in the Legislature. Please feel free to contact me for any information that I might be able to provide you.

Sincerely:


Mayor David Talerico

CITY AND BOROUGH OF SITKA**RESOLUTION NO. 2004-11****A RESOLUTION OF THE CITY AND BOROUGH OF SITKA SUPPORTING HOUSE BILL 431 WHICH WOULD CREATE A MUNICIPAL DIVIDEND THAT WOULD BE PAID MUNICIPALITIES FROM THE EARNINGS OF THE PERMANENT FUND AFTER INFLATION PROOFING**

WHEREAS, the City and Borough of Sitka similar to other municipalities has been significantly impacted by the loss of funding provided for under Revenue Sharing and Safe Communities; and

WHEREAS, the City and Borough of Sitka is being forced to decrease services, programs, charitable contributions, and eliminate positions due this shortfall; and

WHEREAS, Representative Carl E. Moses has sponsored legislation that would create a Municipal Dividend Program; and

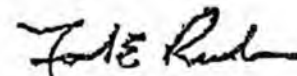
WHEREAS, the Municipal Dividend Program will assist municipalities in filling the gaps left in their budgets as a result of the elimination of funding for Revenue Sharing and Safe Communities; and

WHEREAS, the proposed Municipal Dividend Program would pay out \$250 for each person residing in Sitka. The population shall be determined annually by using the numbers of permanent fund dividend recipients or other reliable population data; and

WHEREAS, the Act would take effect June 20, 2004.


THEREFORE, BE IT RESOLVED, that the Assembly of the City and Borough of Sitka, Alaska by this resolution supports House Bill 431 providing for a municipal dividend program to assist municipalities with their budget shortfalls generated by the elimination of Revenue Sharing and Safe Communities funding.

PASSED, APPROVED AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 24th day of February 2004.



Fred Reeder, Mayor

ATTEST:



Colleen Pellett, CMC
Municipal Clerk



CITY OF SELDOVIA

P.O. DRAWER B * SELDOVIA, ALASKA 99663

Phone: (907) 234-7643 Fax: (907) 234-7430 Email:

February 25, 2004

Representative Carl Moses
State Capitol
Juneau, AK 99801-1182

RE: HB 431

Dear Representative Moses:

I wish to take this opportunity to inform you that the City of Seldovia strongly supports the passage of HB 431 to assist Cities to maintain the most basic of services. One of the prime reasons for revenue sharing was to assist Cities when elderly homeowners were given an exemption from property taxes on their homes.

In Seldovia, a City with approximately 300 year-round residents, the exemption has removed some nineteen homes from the tax rolls. These homes still need services and Seldovia, plagued by a lack of economic growth, has no internal capacity to make up the shortfall. Last years state injection of funds allowed us to at least maintain essential services. Without that \$40,000.00 proposed in HB 431, we will have to make budget cuts that could have the effect of causing us to cease to deliver even essential services in the areas of public safety and utility/road maintenance.

Right now, Seldovia supplies the only on-site police protection in this portion of the Kenai Borough. If we have to cut back, Seldovia and the surrounding area would have to depend on State Troopers being able to come across Kachemak Bay. During certain times of the year, this could leave us with no protection for days at a time.

Therefore, we consider it essential that some form of support such as HB 431 be in place.

Thank you and if you have any questions, please do not hesitate to ask.

Sincerely,

John Frohrip
City Manager

Alaska State Legislature
Representative Carl E. Moses
House District 37



MEMORANDUM

DATE: February 26, 2004

TO: Rep. Bruce Weyhrauch, Chairman
House State Affairs Committee

FROM: Rep. Carl E. Moses *CEM*
House District 37

SUBJ: Request for Hearing – HB 431 (Municipal Dividend Program)

I respectfully request a committee hearing on HB 431, the measure to establish a Municipal Dividend Program. Uncertain state funding to municipalities has affected local ability to plan and budget properly, and more recently, has forced municipalities to absorb the brunt of many state budget cuts.

HB 431 would aid our beleaguered municipalities with a measure of unrestricted funds and would empower local governments by allowing them to decide how to best spend that money. Our municipalities provide the most direct critical services to the people and deserve control of a share of Alaska's funding resources.

The amount going to each municipality would be determined by population, at \$250 per PFD recipient, with a minimum of \$40,000 to each municipality. Distributions to municipalities would come only after Permanent Fund Dividends and inflation proofing are provided for.

I am attaching a copy of the bill and support material. Thank you for your consideration in hearing this bill.

SESSION

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