

SJR

31

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSJR 31(STA)
 (S) Publish Date: 3/19/04

Revision Date/Time (Note if correction): _____ Dept. Affected: None
 Title Federal Funding for Education BRU _____
 Component _____
 Sponsor Senator Theriault
 Requester Senate State Affairs Committee Component No. _____

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)

Prepared by: Senate State Affairs Committee Phone 465-4522
 Division _____ Date/Time 3/19/04 8:44 AM
 Approved by: Senator Gary Stevens, Chair Date 3/19/2004
 Agency _____

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax (907) 488-4271



President of the Senate

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884
SENATE DISTRICT F

SPONSOR STATEMENT – SJR 31

SJR 31, “Relating to urging the United States Congress to compensate the State of Alaska for the effect of federal land ownership on the State’s ability to fund public education”.

This legislation stems from a resolution adopted in July of 2002 by the Executive Committee of the Council of State Governments-WEST urging its membership of thirteen states to support and pass joint resolutions expressing how federal land ownership hinders western states’ ability to fund education. Since then, all thirteen states have introduced similar resolutions and all but four (CA, WA, CO, AK) have passed them. The Western Governors’ Association has also endorsed this resolution, termed “APPLE” for Action Plan for Public Land and Education.

This resolution is the result of years of research and preparation by legislators from the State of Utah in an attempt to bring western states up to equity with the rest of the nation in the funding of public education.

Western states as group are falling behind in education funding when measured in growth of real per pupil expenditures during the period of 1979 – 98. Eleven of the twelve states with the lowest real growth in pupil expenditures are western states. The growth rate of real per pupil expenditures in the thirteen western states is less than half (28% versus 57%) of that in the thirty-seven other states. On average, enrollment in western states is projected to increase dramatically while the growth rate in other states is projected to actually decrease (2002-2011 western states 7.1% vs. – 2.6%).

Yet, Western states’ state and local taxes as a percent of personal income are as high or higher than other states (1998-99 western states 11.1% vs. 10.9%) and Western states’ commitment to education as a percent of state budget is equal to that of other states (in year 2000 western states 32.6% vs. 32.7%)

The problem lies with the federal government and the enormous amount of land it owns in western states. If an imaginary line was drawn from Montana to New Mexico, no state east of that line has more than 14% of its land owned by the federal government. No state west of that line has less than 27% of their land federally owned (with the exception of Hawaii). Four western states have more than 62% of their land federally owned. (Alaska, Idaho, Nevada & Utah).

Most enabling acts for western states, including Alaska, promised to give the state 5% of the proceeds from the sale of federal land for the benefit of public education. In 1977 the federal government abandoned its original policy to dispose of public lands, depriving the states of public education funding estimated to be over \$14 billion dollars. This resolution does not recommend that federally owned lands be sold, only that states be compensated as promised.

States are not allowed to assess property tax on federal lands, impacting western states in an amount over \$4 billion annually. The federal government does provide "payments in lieu of taxes" (PILT) since states cannot tax federal lands, but the amount of PILT payments to states in 2001 was only about 4% of the annual property tax revenue lost by western states.

This resolution proposes to: (1) create legislative awareness, (2) educate the public, (3) build a western states coalition, and, (4) petition Congress to compensate western states.

In summary, western states are financially harmed in a significant way by the amount of federal land ownership. The conclusion is that federal land ownership hinders western states' ability to fund public education.

THE
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DOCUMENT(S)
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HOUSE OF REPRESENTATIVES
OFFICE OF THE SPEAKER
SALT LAKE CITY, UTAH 84114

MARTIN R. STEPHENS
WEBER COUNTY

LEGISLATURE
18011 528-1930
RESIDENCE
18011 731-3346

President Gene Therriault
Alaska State Senate
State Capitol, Room 111
Juneau, AK 99801-1182

Speaker Pete Kott
Alaska House of Representatives
State Capitol, Room 208
Juneau, AK 99801-1182

Dear President Therriault and Speaker Kott:

We are writing to make you aware of a resolution that is being circulated to presiding officers in the legislatures of all thirteen western states and to request your support as legislative leaders of its introduction and passage in Alaska. A copy of the resolution, entitled "Joint Resolution Supporting Action Plan for Public Land and Education," (APPLE) is enclosed for your review.

The concept and language of the joint resolution is supported by western legislators and governors through the actions and resolutions of The Council of State Governments-WEST (CSG-WEST) and the Western Governors' Association (WGA). Speaker Kott will recall that the APPLE Initiative, as the resolution is called, was unanimously adopted by the Executive Committee of CSG-WEST at our annual meeting in Lake Tahoe, Nevada in July of 2002; subsequently, the Western Governors' Association unanimously endorsed the APPLE initiative at their winter meeting in Las Vegas this past December. A copy of the CSG-WEST resolution is also enclosed as well as a brief summary of the APPLE initiative.

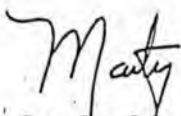
We believe that adoption of the resolution is an important step toward creating a broad-based coalition in support of just compensation for public schools in western states where the federal government owns nearly 52% of the land within our borders. Based on our research, the western states would receive one-time revenues from the federal government of 14.1 billion dollars and 6.4 billion annual revenue from property tax and royalties. For Alaska, this would mean 5.59 billion in one-time revenue and 2.05 billion in annual recurring revenue. This money is vital in a region where enrollment and higher pupil per teacher ratios are projected to increase dramatically in the foreseeable future.

We hope that you will be willing to support this joint resolution in your legislature and to serve or appoint members from your legislature to work with us on a steering committee to build a western coalition in support of the APPLE Initiative. As you might imagine, we have received a tremendous expression of interest and support from the education community.

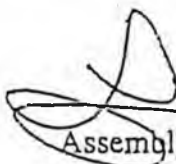
We look forward to answering any questions you may have about the APPLE initiative. Please contact either of us, Speaker Marty Stephens in Salt Lake City, Utah at (801) 538-1930 or Assemblyman Lynn Hettrick in Carson City, Nevada at (775) 684-8843. Kent Briggs of the CSG-WEST staff is also assisting with this project and can be contacted at (916) 553-4423 in Sacramento, California. The detailed power point presentation of the APPLE Initiative can be easily accessed on the CSG-WEST web site at www.csghost.org.

Our best wishes on a successful legislative session; we look forward to working with you as part of a unique western coalition to secure in the language of the resolution, "just compensation that will allow western states to be on equal footing with the rest of the nation in their efforts to provide education."

Sincerely,



Speaker Marty Stephens
Utah House of Representatives
Chair, APPLE Initiative Steering Committee



Assemblyman Lynn Hettrick
Minority Leader, Nevada State Assembly
Immediate Past Chair, CSG-WEST

Enclosures



"Serving Western Legislatures"

Resolution No. 2002-01

**Resolution Urging the United States Congress to Compensate Western States
for the Impact of Federal Land Ownership on State Education Funding**

Introduced by the Executive Committee

Whereas, for many years western states have grappled with the challenge of providing the best education for their citizens;

Whereas, western states face unique challenges in achieving this goal;

Whereas, from 1979 to 1998 the percent change in expenditures per pupil in 13 western states was 28%, compared to 57% in the remaining states;

Whereas, in 2000-2001, the pupil per teacher ratio in 13 western states averaged 17.9 to one compared with 14.8 to one in the remaining states;

Whereas, the conditions in western states are exacerbated by projections that enrollment will increase by an average of 7.1% compared to an average decrease of 2.6% in the rest of the nation;

Whereas, despite the wide disparities in expenditures per pupil and pupil per teacher ratio, western states tax at a comparable rate and allocate as much of their Budgets to public education as the rest of the nation;

Whereas, the ability of western states to fund education is directly related to federal ownership of state lands;

Whereas, the federal government owns an average of 51.9% of the land in 13 western states, compared to 4.1% in the remaining states;

Whereas, the enabling acts of most western states promise that 5% of the proceeds from the sale of federal lands will go to the states for public education;

Whereas, a federal policy change in 1977 ended these sales resulting in an estimated 14 billion in lost public education funding for western states;

Whereas, the ability of western states to fund public education is further impacted by the fact that state and local property taxes which public education relies heavily upon to fund education and cannot be assessed on federal lands;

CSG-WEST

1107 9th Street, Su. 650 - Sacramento, CA 95814

Phone: (916)553-4423 - Fax: (916)446-5760

Whereas, the estimated annual impact of this property tax prohibition on western lands is over 4 billion;

Whereas, the federal government shares only half of its royalty revenue with the states;

Whereas, royalties are further reduced because federal lands are less likely to be developed and federal laws often place stipulations on the use of state royalty payments;

Whereas, the estimated annual impact of royalty payment policies on western states is over 1.86 billion;

Whereas, much of the land that the federal government transferred to states upon statehood as a trust for public education is difficult to administer and to make productive because it is surrounded by federal land;

Whereas, federal land ownership greatly hinders the ability of western states to fund public education;

Whereas, the federal government should compensate western states for the significant impact federal land ownership has on the ability of western states to educate its citizens;

Whereas, just compensation will allow western states to be on equal footing with the rest of the nation in their efforts to provide education for their citizens;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee of the Council of State Governments-WEST endorses and supports the Action Plan for Public Lands and Education;

BE IT FURTHER RESOLVED that the Executive Committee of the Council of State Governments-WEST endorses an initiative seeking just compensation from the federal government for the impact its ownership of lands within western states has on the ability on the states' ability to fund public education;

BE IT FURTHER RESOLVED that the Executive Committee of the Council of State Governments -WEST endorses an initiative urging the federal government to provide an expedited land exchange process for land not contended for wilderness designation;

BE IT FURTHER RESOLVED that the chair of The Council of State Governments-WEST appoint from the members of the CSG-WEST Executive Committee a steering committee to prepare the initiative for congressional consideration. These appointments shall be from both political parties and from all parts of the West. The CSG-WEST chair will also appoint the chair of the initiative steering committee;

CSG-WEST
Resolution 02-01
Page 2 of 3

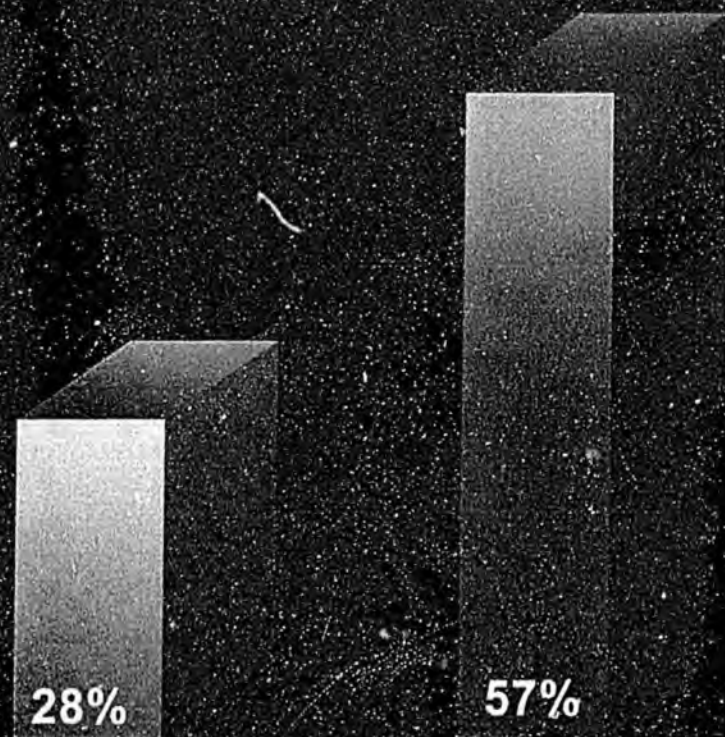
BE IT FURTHER RESOLVED that the executive director of the Council of State Governments-WEST is authorized to assign staff to the initiative's steering committee to accomplish the successful implementation of the initiative; and

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Majority Leader of the United States Senate, the Speaker of the United States House of Representatives, the President of the United States and other officers as deemed advisable.

*Adopted by the CSG-WEST Executive Committee on July 19, 2002
Assembled in Annual Meeting in Lake Tahoe, Nevada.*

CSG-WEST
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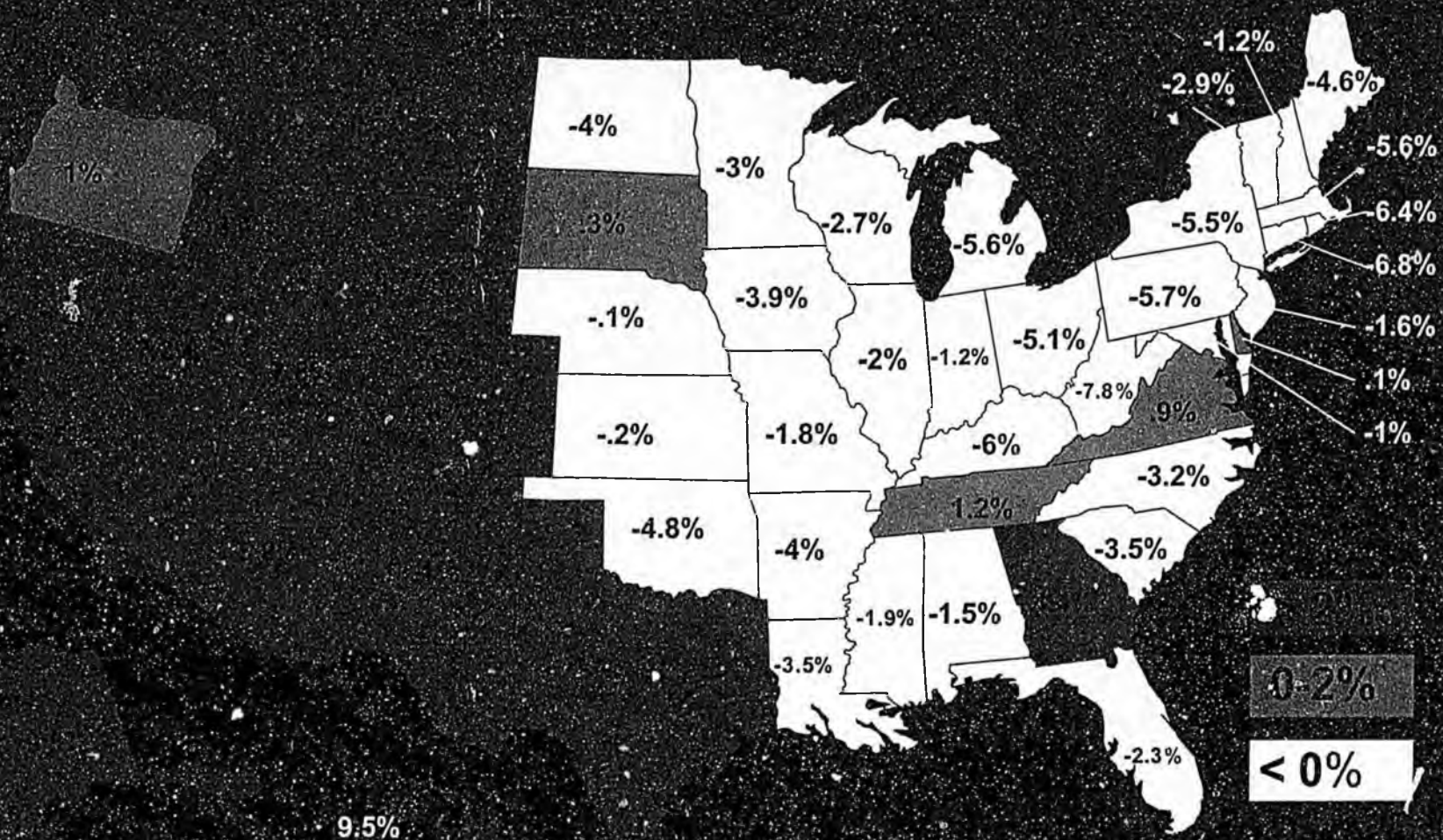
Percent Change in Expenditures Per Pupil 1979-98



■ 13 Western States Average
■ 37 Other States Average

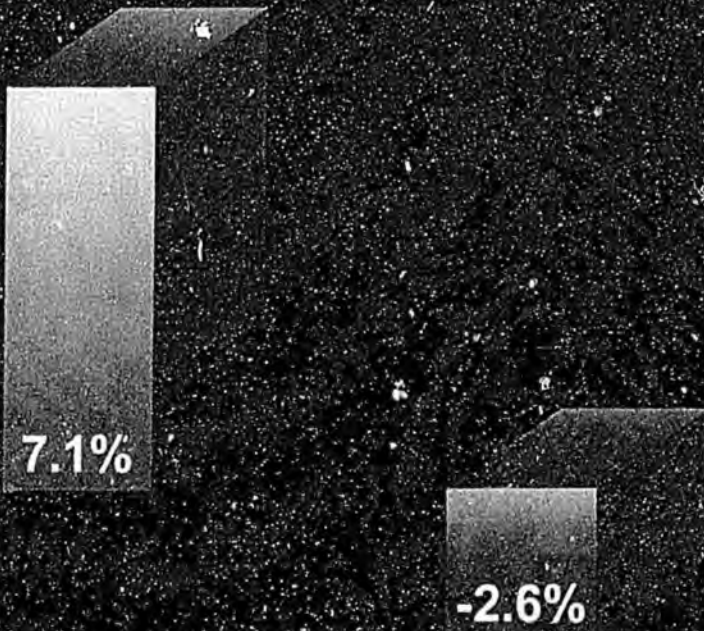
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Percent Change In Projected Enrollment 2002-2011



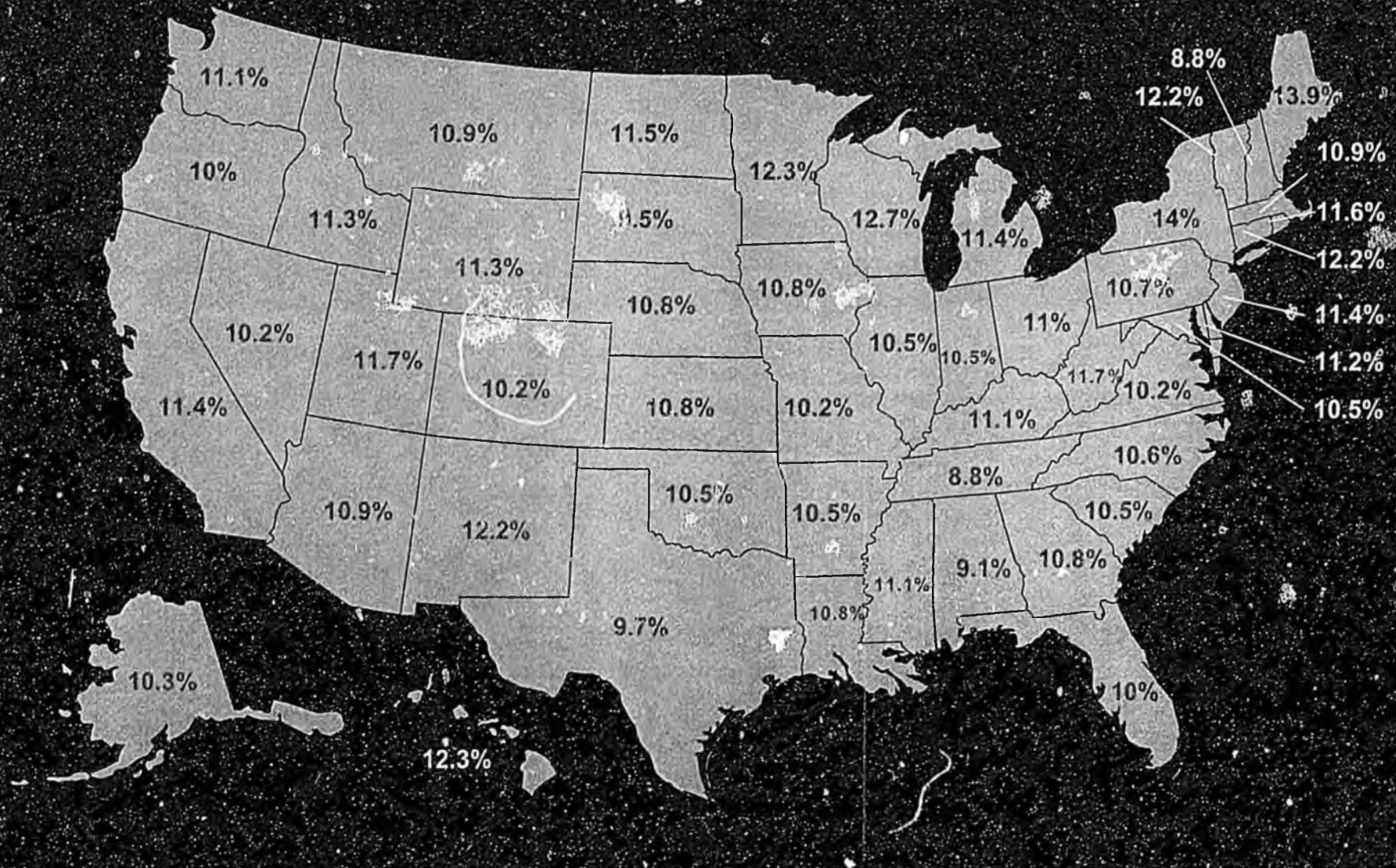
Source: U.S. Department of Education, National Center for Education Statistics

Percent Change In Projected Enrollment 2002-2011



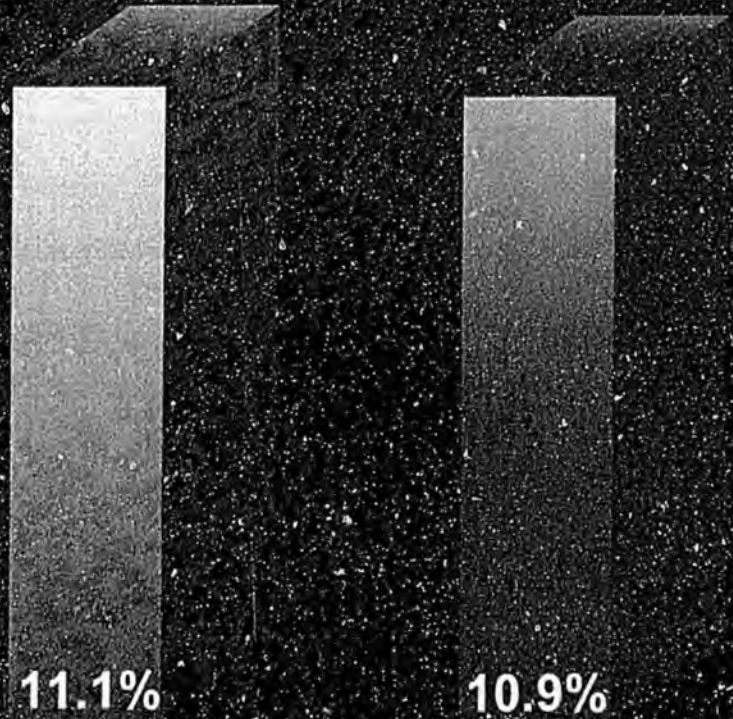
■ 13 Western States Average
■ 37 Other States Average

State and Local Taxes As A Percent of Personal Income 1998-99



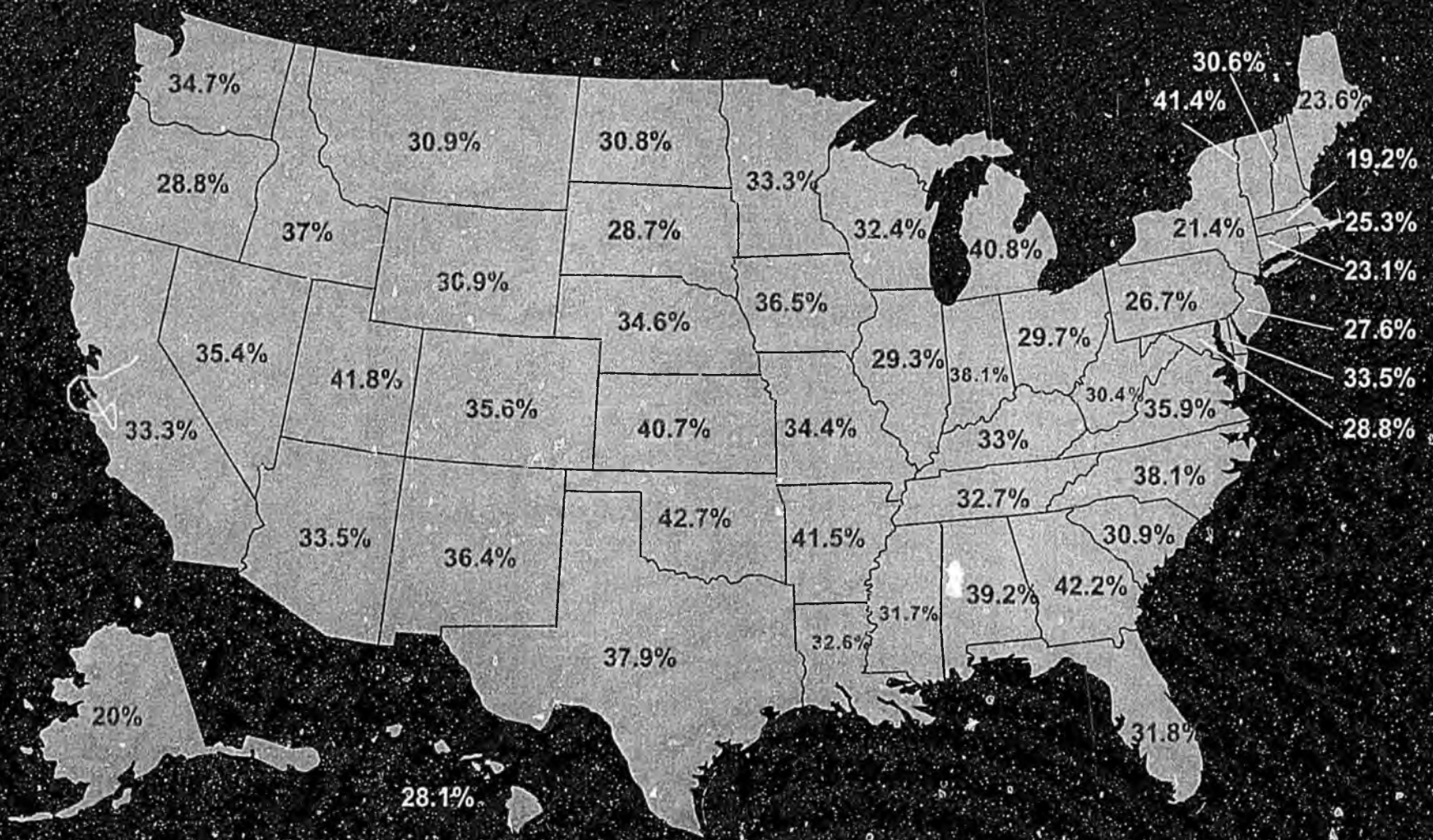
Source: U.S. Bureau of the Census

State and Local Taxes As A Percent of Personal Income 1998-99



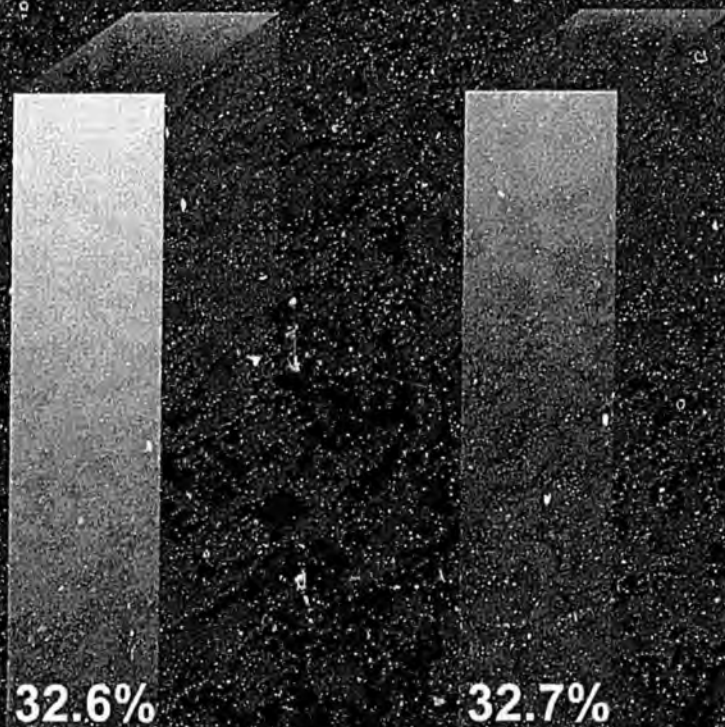
13 Western States Average
37 Other States Average

Percent of State Budget Allocated To Public Education



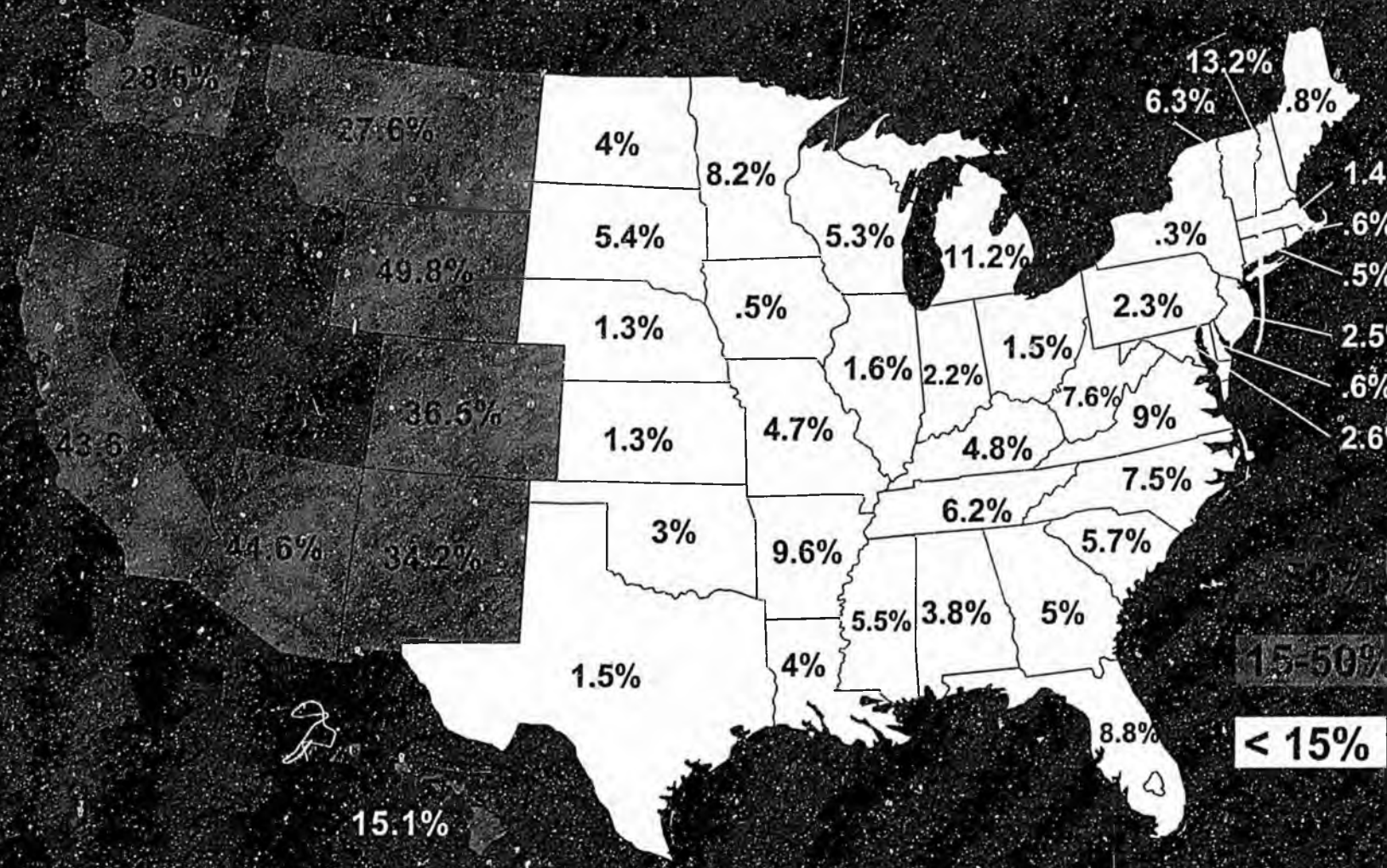
Source: Census Bureau - State Government Finance 2000

Percent of State Budget Allocated To Public Education



■ 13 Western States Average
■ 37 Other States Average

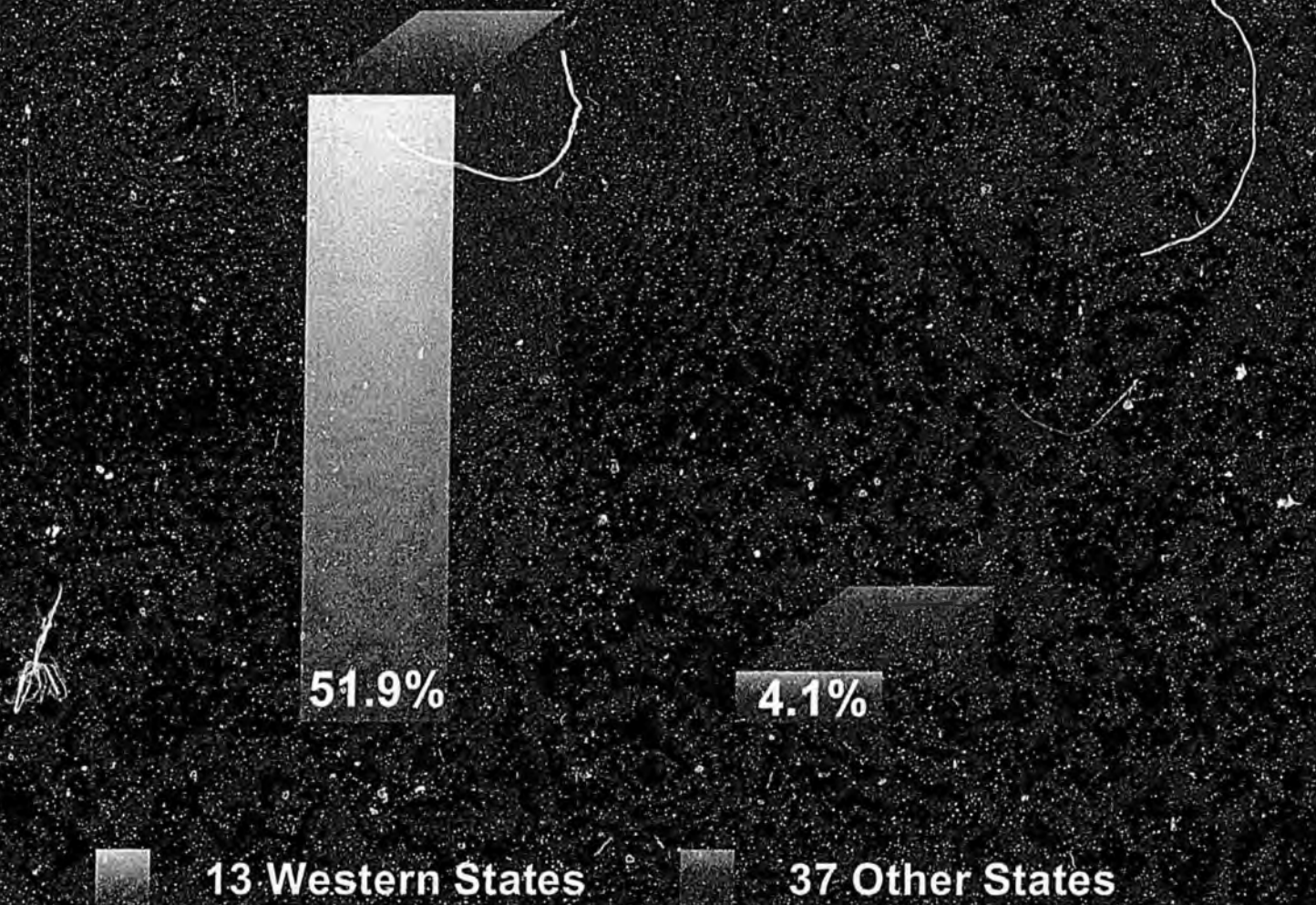
The Problem: High Percent of Federal Land Ownership In The West



Federal Land Ownership



Percent Of Federal Land Ownership



Percent Of Federal Land Ownership - Reversed

