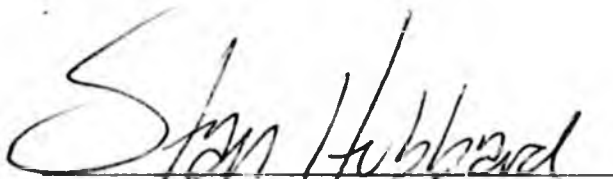




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2007 REVENUE SHARING PER COMMUNITY

Community Revenue Sharing Program Spreadsheet Parameters:

- 1) \$75,000 base funding for all cities
- 2) \$250,000 base funding for all boroughs
- 3) \$25,000 base funding for unincorporated communities in the unorganized borough
- 4) Per capita distribution to municipalities only with boroughs using their areawide populations
- 5) Funding level of \$48.1 million

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Adak	167	\$75,000	\$7,046	\$82,046
Akhiok	41	\$75,000	\$1,730	\$76,730
Akiak	378	\$75,000	\$15,948	\$90,948
Akutan	773	\$75,000	\$32,614	\$107,614
Alakanuk	678	\$75,000	\$28,606	\$103,606
Aleknagik	241	\$75,000	\$10,168	\$85,168
Aleutians East Borough	2,659	\$250,000	\$112,187	\$362,187
Allakaket	87	\$75,000	\$3,671	\$78,671
Ambler	283	\$75,000	\$11,940	\$86,940
Anaktivuk Pass	308	\$75,000	\$12,995	\$87,995
Anchorage	278,241	\$250,000	\$11,739,377	\$11,989,377
Anderson	280	\$75,000	\$11,814	\$86,814
Angoon	497	\$75,000	\$20,969	\$95,969
Aniak	528	\$75,000	\$22,277	\$97,277
Anvik	99	\$75,000	\$4,177	\$79,177
Atka	90	\$75,000	\$3,797	\$78,797
Atkasuk	227	\$75,000	\$9,577	\$84,577



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Barrow	4,199	\$75,000	\$177,162	\$252,162
Bethel	5,960	\$75,000	\$251,461	\$326,461
Bettles	31	\$75,000	\$1,308	\$76,308
Brevig Mission	327	\$75,000	\$13,797	\$88,797
Bristol Bay Borough	1,073	\$250,000	\$45,271	\$295,271
Buckland	434	\$75,000	\$18,311	\$93,311
Cheformak	457	\$75,000	\$19,281	\$94,281
Chevak	916	\$75,000	\$38,647	\$113,647
Chignik	95	\$75,000	\$4,008	\$79,008
Chuathbaluk	95	\$75,000	\$4,008	\$79,008
Clark's Point	65	\$75,000	\$2,742	\$77,742
Coffman Cove	156	\$75,000	\$6,582	\$81,582
Cold Bay	89	\$75,000	\$3,755	\$78,755
Cordova	2,288	\$75,000	\$96,534	\$171,534
Craig	1,102	\$75,000	\$46,495	\$121,495
Deering	139	\$75,000	\$5,865	\$80,865
Delta Junction	1,047	\$75,000	\$44,174	\$119,174
Denali Borough	1,823	\$250,000	\$76,915	\$326,915
Dillingham	2,370	\$75,000	\$99,994	\$174,994
Diomedede	132	\$75,000	\$5,569	\$80,569
Eagle	137	\$75,000	\$5,780	\$80,780
Eek	291	\$75,000	\$12,278	\$87,278



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Egegik	81	\$75,000	\$3,418	\$78,418
Ekwok	118	\$75,000	\$4,979	\$79,979
Elim	302	\$75,000	\$12,742	\$87,742
Emmonak	740	\$75,000	\$31,222	\$106,222
Fairbanks	31,182	\$75,000	\$1,315,612	\$1,390,612
Fairbanks North Star Borough	87,650	\$250,000	\$3,698,076	\$3,948,076
False Pass	63	\$75,000	\$2,658	\$77,658
Fort Yukon	570	\$75,000	\$24,049	\$99,049
Galena	654	\$75,000	\$27,593	\$102,593
Gambell	660	\$75,000	\$27,846	\$102,846
Golovin	150	\$75,000	\$6,329	\$81,329
Goodnews Bay	238	\$75,000	\$10,042	\$85,042
Grayling	171	\$75,000	\$7,215	\$82,215
Gustavus	459	\$75,000	\$19,366	\$94,366
Haines Borough	2,207	\$250,000	\$93,116	\$343,116
Holy Cross	205	\$75,000	\$8,649	\$83,649
Homer	5,435	\$75,000	\$229,310	\$304,310
Hoonah	861	\$75,000	\$36,327	\$111,327
Hooper Bay	1,133	\$75,000	\$47,803	\$122,803
Houston	1,447	\$75,000	\$61,051	\$136,051
Hughes	69	\$75,000	\$2,911	\$77,911
Huslia	265	\$75,000	\$11,181	\$86,181



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Hydaburg	369	\$75,000	\$15,569	\$90,569
Juneau	31,193	\$250,000	\$1,316,076	\$1,566,076
Kachemak	457	\$75,000	\$19,281	\$94,281
Kake	598	\$75,000	\$25,230	\$100,230
Kaktovik	276	\$75,000	\$11,645	\$86,645
Kaltag	227	\$75,000	\$9,577	\$84,577
Kasaan	61	\$75,000	\$2,574	\$77,574
Kenai	6,777	\$75,000	\$285,931	\$360,931
Kenai Peninsula Borough	51,268	\$250,000	\$2,163,069	\$2,413,069
Ketchikan	7,685	\$75,000	\$324,241	\$399,241
Ketchikan Gateway Borough	13,125	\$250,000	\$553,762	\$803,762
Kiana	380	\$75,000	\$16,033	\$91,033
King Cove	723	\$75,000	\$30,504	\$105,504
Kivalina	385	\$75,000	\$16,244	\$91,244
Klawock	780	\$75,000	\$32,909	\$107,909
Kobuk	130	\$75,000	\$5,485	\$80,485
Kodiak	5,088	\$75,000	\$256,861	\$331,861
Kodiak Island Borough	13,638	\$250,000	\$575,406	\$825,406
Kotlik	609	\$75,000	\$25,695	\$100,695
Kotzebue	3,120	\$75,000	\$131,637	\$206,637
Koyuk	350	\$75,000	\$14,767	\$89,767
Koyukuk	97	\$75,000	\$4,093	\$79,093



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Kupreanof	37	\$75,000	\$1,561	\$76,561
Kwethluk	721	\$75,000	\$30,420	\$105,420
Lake & Peninsula Borough	1,620	\$250,000	\$68,350	\$318,350
Larsen Bay	97	\$75,000	\$4,093	\$79,093
Lower Kalskag	252	\$75,000	\$10,632	\$85,632
Manokotak	437	\$75,000	\$18,438	\$93,438
Marshall	370	\$75,000	\$15,611	\$90,611
Matanuska-Susitna Borough	74,041	\$250,000	\$3,123,893	\$3,373,893
McGrath	347	\$75,000	\$14,640	\$89,640
Mekoryuk	192	\$75,000	\$8,101	\$83,101
Metlakatla	1,397	\$75,000	\$58,941	\$133,941
Mountain Village	786	\$75,000	\$33,162	\$108,162
Napakiaik	373	\$75,000	\$15,737	\$90,737
Napaskiak	428	\$75,000	\$18,058	\$93,058
Nenana	549	\$75,000	\$23,163	\$98,163
New Stuyahok	461	\$75,000	\$19,450	\$94,450
Newhalen	180	\$75,000	\$7,594	\$82,594
Nightmute	234	\$75,000	\$9,873	\$84,873
Nikolai	109	\$75,000	\$4,599	\$79,599
Nome	3,508	\$75,000	\$148,007	\$223,007
Nondalton	203	\$75,000	\$8,555	\$83,565
Noorvik	628	\$75,000	\$26,496	\$101,496



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
North Føle	1,595	\$75,000	\$67,295	\$142,295
North Slope Borough	6,894	\$250,000	\$290,867	\$540,867
Northwest Arctic Borough	7,323	\$250,000	\$308,968	\$558,968
Nuiqsut	411	\$75,000	\$17,341	\$92,341
Nulato	310	\$75,000	\$13,079	\$88,079
Nunam Iqua	204	\$75,000	\$8,607	\$83,607
Nunapitchuk	516	\$75,000	\$21,771	\$96,771
Old Harbor	200	\$75,000	\$8,438	\$83,438
Ouzinkie	191	\$75,000	\$8,059	\$83,059
Palmer	5,382	\$75,000	\$227,074	\$302,074
Pelican	115	\$75,000	\$4,852	\$79,852
Petersburg	3,155	\$75,000	\$133,114	\$208,114
Pilot Point	73	\$75,000	\$3,080	\$78,080
Pilot Station	565	\$75,000	\$23,838	\$98,838
Platinum	38	\$75,000	\$1,603	\$76,603
Point Hope	702	\$75,000	\$29,618	\$104,618
Port Alexander	75	\$75,000	\$3,164	\$78,164
Port Heiden	89	\$75,000	\$3,755	\$78,755
Port Lions	220	\$75,000	\$9,282	\$84,282
Quinhagak	642	\$75,000	\$27,087	\$102,087
Ruby	185	\$75,000	\$7,805	\$82,805
Russian Mission	329	\$75,000	\$13,881	\$88,881



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Saint George	128	\$75,000	\$5,400	\$80,400
Saint Mary's	570	\$75,000	\$24,049	\$99,049
Saint Michael	427	\$75,000	\$18,016	\$93,016
Saint Paul	488	\$75,000	\$20,589	\$95,589
Sand Point	939	\$75,000	\$39,618	\$114,618
Savoonga	695	\$75,000	\$29,323	\$104,323
Saxman	405	\$75,000	\$17,088	\$92,088
Scammon Bay	509	\$75,000	\$21,475	\$96,475
Selawik	830	\$75,000	\$35,019	\$110,019
Seldovia	287	\$75,000	\$12,109	\$87,109
Seward	2,606	\$75,000	\$109,951	\$184,951
Shageluk	129	\$75,000	\$5,443	\$80,443
Shaktoolik	224	\$75,000	\$9,451	\$84,451
Shishmaref	581	\$75,000	\$24,513	\$99,513
Shungnak	259	\$75,000	\$10,928	\$85,928
Sitka	8,947	\$250,000	\$377,486	\$627,486
Skagway	834	\$75,000	\$35,188	\$110,188
Soldotna	3,869	\$75,000	\$163,239	\$238,239
Stebbins	596	\$75,000	\$25,146	\$100,146
Tanana	281	\$75,000	\$11,856	\$86,856
Teller	263	\$75,000	\$11,096	\$86,096
Tenakee Springs	98	\$75,000	\$4,135	\$79,135



2007 REVENUE SHARING PER COMMUNITY

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Thorne Bay	486	\$75,000	\$20,505	\$95,505
Togiak	779	\$75,000	\$32,867	\$107,867
Toksook Bay	596	\$75,000	\$25,146	\$100,146
Unalakleet	710	\$75,000	\$29,956	\$104,956
Unalaska	4,297	\$75,000	\$181,296	\$256,296
Upper Kalskag	276	\$75,000	\$11,645	\$86,645
Valdez	4,454	\$75,000	\$187,920	\$262,920
Wainwright	520	\$75,000	\$21,940	\$96,940
Wales	151	\$75,000	\$6,371	\$81,371
Wasilla	6,413	\$75,000	\$270,573	\$345,573
White Mountain	224	\$75,000	\$9,451	\$84,451
Whittier	188	\$75,000	\$7,932	\$82,932
Wrangell	1,974	\$75,000	\$83,286	\$158,286
Yakutat	619	\$250,000	\$26,116	\$276,116
Municipal Totals	743,635	\$15,025,000	\$31,375,000	\$46,400,000
Unincorporated Totals				\$1,700,000
Grand Total				\$48,100,000

Municipal Revenue Myths & Realities

Presented to the House Community & Regional
Affairs Committee – January 30, 2007

Office of the State Assessor – Steve Van Sant, State Assessor

Division of Community Advocacy – Mike Black, Director

Department of Commerce, Community & Economy Development –

Emil Notti, Commissioner

Types of Taxes

- Property Tax
- Head Tax
- MVRT
- Employment Tax
- Bed or Room Tax
- Fuel Transfer Tax
- Business License Tax
- Sales and Use Taxes
- Value Added Tax
- Severance Tax
- Property Transfer Tax
- Gross Receipts Tax

Not all taxes may be levied by all municipalities

Municipal Revenues

- Municipalities Collected Over \$1.1 billion in Local Taxes in 2006
- Approximately \$223 million of that was Sales and Other Special Taxes
- Approximately \$905 Million of that was Property Taxes-includes oil and gas

Reasons For Taxes

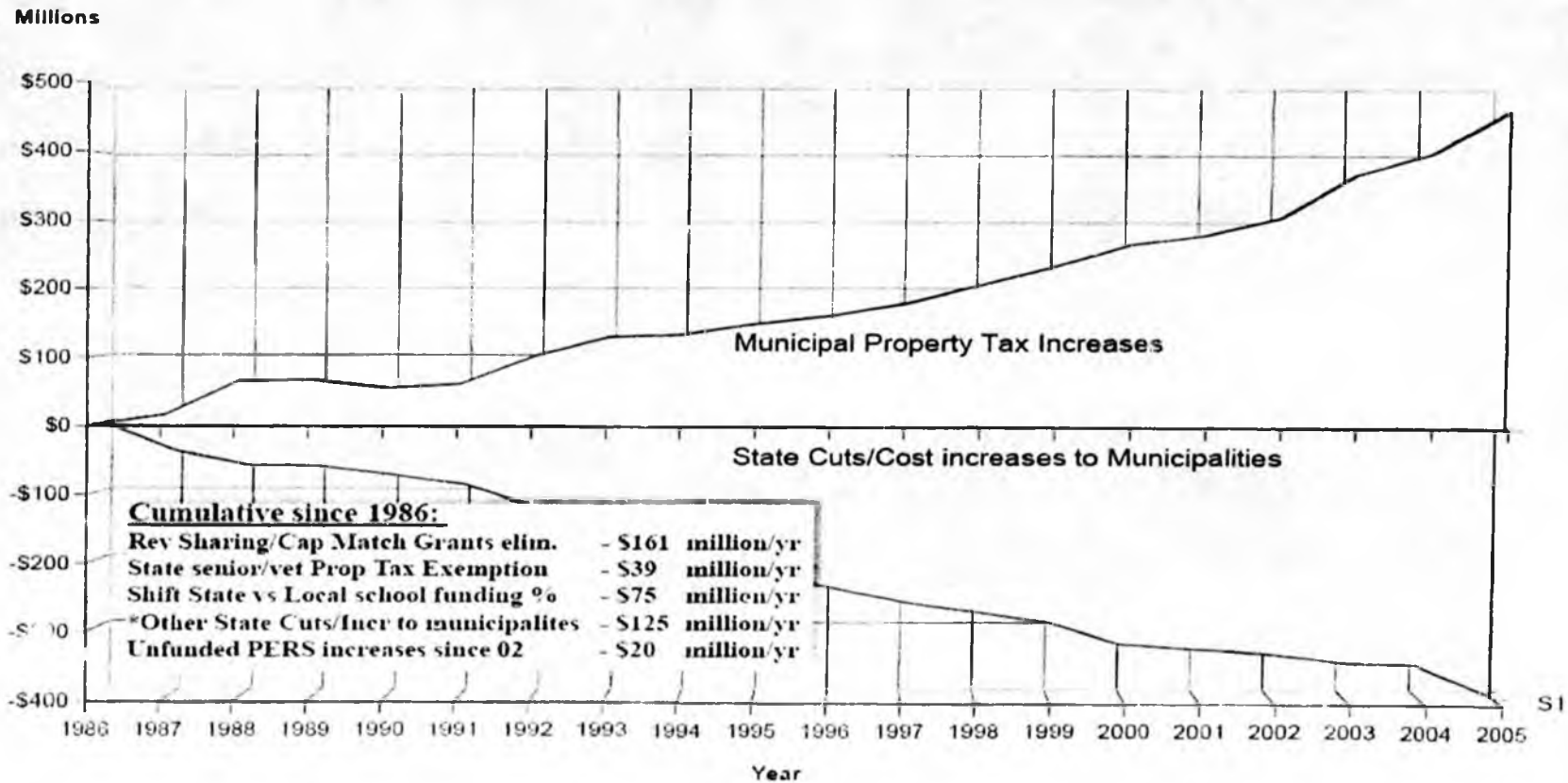
- Taxation methodologies are intended to distribute the tax burden for services rendered by the government.
- The methods seek to **FAIRLY** distribute the burden among the taxpayers who receive the services provided by the government.

Have Municipal Tax Revenues Increased ?

- From 1995 to 2005
 - Sales tax revenues increased **63.5%**
 - From \$96.1M to \$157.2M
 - Bed taxes and other tax revenues increased **68.4%**
 - From \$31.4M to \$52.8M
 - Local property tax revenues increased **75.4%**
 - From 367.1M to \$643.7M
 - Municipal FVD increase = 52.3%
 - Oil & Gas property tax revenue **decreased 15.3%**
 - From \$253.4M to \$214.7M

A Major Reason Why Taxes Have Increased

Why Property Taxes Have Gone Up for Businesses and Homeowners
 State Cuts/Cost Increases to Municipalities vs Local Property Tax Increases 1986-2005



Source: property tax increase "Alaska Taxable," State DCED 1986 - 2003

* "Other State cuts etc." include assistance for libraries, fire services, road maintenance, school bond debt 90% to 60%, public safety officers, community jails, alcohol mental health treatment, community schools, new state fees, etc.

"Revenue sharing" includes state revenue sharing, safe communities, & municipal capital matching grants

THE PROPERTY TAX

- There have been accusations that the property tax system is broken
- Legislation has been introduced to try and “fix” the property tax system
- Is it really broken?
- What are the perceptions?
- What are the realities?

The Property Tax

- Major source of revenue for the majority of municipal governments throughout the U.S.
- In Alaska, accounted for about 80% of locally generated tax revenue
- Should be an effective way of distributing tax burden

Property Tax is an “Ad Valorem” Tax

- Ad Valorem means “According to Value”
- Based upon the Market Value of property
- Consequently, Assessed Values will vary as does the Market

Property Tax....Best or Worst??

- Despised by Many
- Beats out nearest competitor tax (federal income tax) by margin of 2 : 1
- However, is very widely used:
 - Used in 48 states and D.C
 - Used by school districts in 42 states
 - Used by other taxing districts in 15 states
 - 15 states have adopted statewide property taxes

How Are Assessed Values Used ?

- Mill Rates are multiplied by assessed value to determine tax amount
- Mill Rates are determined by dividing the Budget by the TOTAL Taxable Assessed Value
- In theory, if the budget stays the same and the Assessed Values increase, the mill rate should decrease

Calculating a Mill Rate

Budget Revenue from Property Taxes

Divided by

Total Assessed Value

Here's What it Looks Like

(Budget Amount) \$ 150,000

Divided by

(Total Assessed Value) \$ 15,000,000

= .01 or 10 mills

Taxes on \$150,000 house =
\$1,500

Increase ONLY the Assessed Value, and....

(Budget Amount) \$ 150,000

Divided by

The Tax Rate
Decreases! (Total Assessed Value) \$ 25,000,000

= .006 or 6 mills

Taxes on \$150,000 house =
\$900

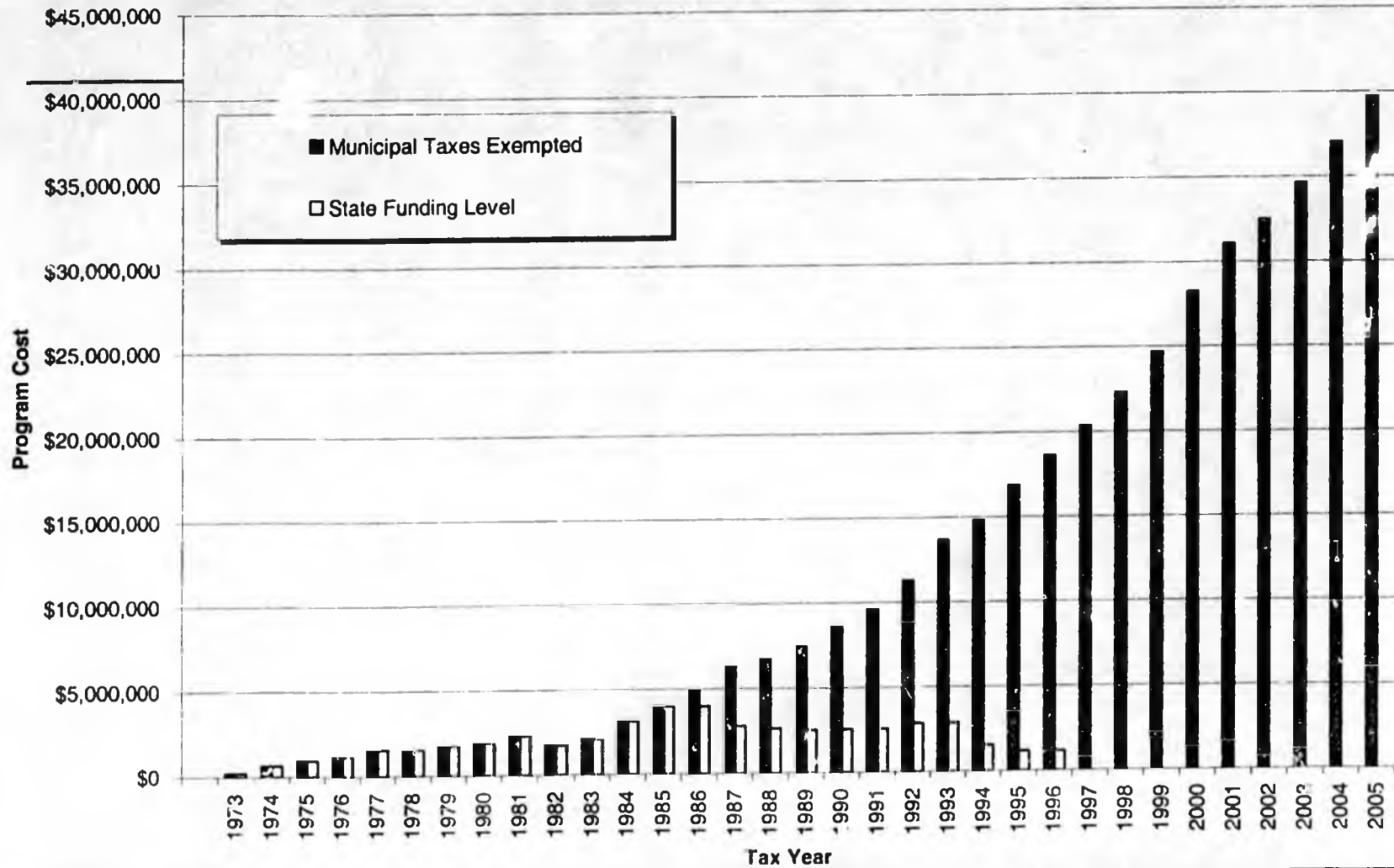
What Causes Changes in Assessed Values?

- Market Shifts
- Increase in property demands
- Decrease in supply of properties
- Income levels changing

What Causes Changes in Local Tax Bills?

- Local property tax exemptions
- Local services increases/decreases
- Budgets changes – increases or decreases
- State shared revenue increases/decreases

Senior Citizens Tax Exemption



Pro's of the Property Tax

- Stable and reliable source of revenue
- Property tax systems are generally more open and visible than administrative systems for other taxes.
- Offers an appeal system unlike other tax systems
- Taxes secured by property, therefore, taxes are difficult to evade
- Collection costs are less expensive than other types of taxes
- Property data collected used for more than taxes

Con's of the Property Tax

- Taxes increase proportionately more than income
- Property tax falls on unrealized capital gains and may be poorly related to cash flow
- Large lump-sum payments often associated with property tax make the magnitude of the tax more apparent and unpopular
- More organizations are requesting, and receiving, exemptions from the tax which causes a shift of the tax burden
- A very expensive system to set up and maintain, compared to other taxing methods

Is the Property Tax System in Alaska Broken?

- Does an increase in assessed value equal an increase in the tax burden?
- Unfortunately, it usually does
- But that doesn't mean that property tax burdens are uniformly excessive
- The system is not broken, but it is misunderstood

Does Anecdote Equal Crisis ?

Someone Will Always Be Upset

- They will continue to demand the property tax be eliminated or “fixed”
- Effective tax burdens vary dramatically from household to household
- Burden shifting guarantees a new group of aggrieved taxpayers

If You Assume the System is Broken, Then What?

- Some assessment limitation legislation has already been introduced
- Do we limit Tax Rates, or Assessments, Both, or try something different?
- What are the ramifications?
- Are there other alternatives?

Assessment Limitations

- Capping increases of assessments does not reduce total tax burden, it merely redistributes them
- Generally, capping assessments benefits those with rapidly increasing values BUT:
- Lower valued properties will tend to pay more in taxes due to the tax shifting
- Only creates appearance of limiting tax while in fact falls short of helping the needy whose values may not increase in value as rapidly as other properties

Assessment Limitations (cont.)

- Limitations that result in disproportionate changes in values will create winners and losers
- Like any property tax exemption, non-limited parcels will pay for the tax relief of assessment-limited parcels
- The biggest policy surprise is that value limits will increase taxes on value limited parcels if their limitation is proportionately smaller than that of the average limitation
- Some 19 states currently have limits on assessment growth, BUT some are now questioning its effectiveness

Tax Rate Limitations

- Constrains amount of tax that can be collected
- Offers marginal protection from rising taxes for property owners, especially if market value, therefore assessments, are increasing

Ramifications

- The need for municipal revenue does not disappear because a tax is unpopular
- Regardless of approach taken, any change simply shifts the tax burden
- The incidence of valuation limits is not clear yet, but they may be Regressive. Rapid valuation growth likely occurs in more desirable, high income areas forcing low-income taxpayers to subsidize high-income taxpayers

Alternatives

-
- Reinstatement of State Revenue Sharing Program. There is a direct correlation between municipal property tax increases and the cuts in state revenue sharing
 - Fund the senior/DAV exemption program. This program cost municipalities \$40.3 million in 2006. This revenue has to be paid by other property owners
 - Allow an increase in the local "Homestead Exemption" from present \$20K
 - Institute "Circuit Breaker" programs
 - Allow property tax deferrals
 - Any new programs should have realistic eligibility criteria so most can participate
 - Any new program should have inflation indexing

Conclusion

- Municipalities are struggling to maintain expected service levels to residents.
- Municipalities need to be encouraged to spread the revenue burdens, i.e. sales, excise, property taxes etc.
- Municipalities need assistance from the state with shared revenue.

Conclusion

Any type of deferral, limitation, circuit breaker, abatement, or exemption expansion will do little except shift the tax burden, thus creating a different category of aggrieved taxpayers, however, local municipalities should have the tools they need to make their own decisions. Any new state mandated exemptions should be accompanied by state funding.



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

ALASKA STATE CONSTITUTION

ARTICLE 9, SECTION 15

ALASKA PERMANENT FUND

At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law. [Amended 1976]

...SEC. 37.13.010. ALASKA PERMANENT FUND

(a) [See conditional amendment note]. Under art. IX, sec. 15, of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of

- (1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), 25 percent of federal mineral revenue sharing payments received by the state from mineral leases, and 25 percent of all bonuses received by the state from mineral leases; and...

COMMUNITY REVENUE SHARING PROGRAM SPREADSHEET PARAMETERS:

- 1) \$75,000 base funding for all cities
- 2) \$250,000 base funding for all boroughs
- 3) \$25,000 base funding for unincorporated communities in the unorganized borough
- 4) Per capita distribution to municipalities only with boroughs using their areawide populations
- 5) Funding level of \$144,264,000 (6% Natural Resource Revenue - FY2006)

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Adak	167	\$75,000	\$28,642	\$103,642
Akhiok	41	\$75,000	\$7,032	\$82,032
Akiak	378	\$75,000	\$64,830	\$139,830
Akutan	773	\$75,000	\$132,575	\$207,575
Alakanuk	678	\$75,000	\$116,282	\$191,282
Aleknagik	241	\$75,000	\$41,333	\$116,333
Aleutians East Borough	2,659	\$250,000	\$456,039	\$706,039
Allakaket	87	\$75,000	\$14,921	\$89,921



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Ambler	283	\$75,000	\$48,537	\$123,537
Anaktuvuk Pass	308	\$75,000	\$52,824	\$127,824
Anchorage	278,241	\$250,000	\$47,720,426	\$47,970,426
Anderson	280	\$75,000	\$48,022	\$123,022
Angoon	497	\$75,000	\$85,239	\$160,239
Aniak	528	\$75,000	\$90,556	\$165,556
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Barrow	4,199	\$75,000	\$720,160	\$795,160
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Bettles	31	\$75,000	\$5,317	\$80,317
Brevig Mission	327	\$75,000	\$56,083	\$131,083
Bristol Bay Borough	1,073	\$250,000	\$184,028	\$434,028
Buckland	434	\$75,000	\$74,434	\$149,434
Chefornak	457	\$75,000	\$78,379	\$153,379
Chevak	916	\$75,000	\$157,101	\$232,101
Chignik	95	\$75,000	\$16,293	\$91,293
Chuathbaluk	95	\$75,000	\$16,293	\$91,293
Clark's Point	65	\$75,000	\$11,148	\$86,148
Coffman Cove	156	\$75,000	\$26,755	\$101,755
Cold Bay	89	\$75,000	\$15,264	\$90,264
Cordova	2,288	\$75,000	\$392,409	\$467,409



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Craig	1,102	\$75,000	\$189,001	\$264,001
Deering	139	\$75,000	\$23,840	\$98,840
Delta Junction	1,047	\$75,000	\$179,568	\$254,568
Denali Borough	1,823	\$250,000	\$312,658	\$562,658
Dillingham	2,370	\$75,000	\$406,473	\$481,473
Diomedes	132	\$75,000	\$22,639	\$97,639
Eagle	137	\$75,000	\$23,497	\$98,497
Eek	291	\$75,000	\$49,909	\$124,909
Egegik	81	\$75,000	\$13,892	\$88,892
Ekwok	118	\$75,000	\$20,238	\$95,238
Elim	302	\$75,000	\$51,795	\$126,795
Emmonak	740	\$75,000	\$126,916	\$201,916
Fairbanks	31,182	\$75,000	\$5,347,948	\$5,422,948
Fairbanks North Star Borough	87,650	\$250,000	\$15,032,635	\$15,282,635
False Pass	63	\$75,000	\$10,805	\$85,805
Fort Yukon	570	\$75,000	\$97,759	\$172,759
Galena	654	\$75,000	\$112,166	\$187,166
Gambell	660	\$75,000	\$113,195	\$188,195
Golovin	150	\$75,000	\$25,726	\$100,726
Goodnews Bay	238	\$75,000	\$40,819	\$115,819
Grayling	171	\$75,000	\$29,328	\$104,328
Gustavus	459	\$75,000	\$78,722	\$153,722
Haines Borough	2,207	\$250,000	\$378,517	\$628,517



REVENUE SHARING COMPARISON

6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Holy Cross	205	\$75,000	\$35,159	\$110,159
Homer	5,435	\$75,000	\$932,143	\$1,007,143
Hoonah	861	\$75,000	\$147,668	\$222,668
Hooper Bay	1,133	\$75,000	\$194,318	\$269,318
Houston	1,447	\$75,000	\$248,171	\$323,171
Hughes	69	\$75,000	\$11,834	\$86,834
Huslia	265	\$75,000	\$45,449	\$120,449
Hydaburg	369	\$75,000	\$63,286	\$138,286
Juneau	31,193	\$250,000	\$5,349,834	\$5,599,834
Kachemak	457	\$75,000	\$78,379	\$153,379
Kake	598	\$75,000	\$102,562	\$177,562
Kaktovik	276	\$75,000	\$47,336	\$122,336
Kaltag	227	\$75,000	\$38,932	\$113,932
Kasaan	61	\$75,000	\$10,462	\$85,462
Kenai	6,777	\$75,000	\$1,162,307	\$1,237,307
Kenai Peninsula Borough	51,268	\$250,000	\$8,792,848	\$9,042,848
Ketchikan	7,685	\$75,000	\$1,318,035	\$1,393,035
Ketchikan Gateway Borough	13,125	\$250,000	\$2,251,036	\$2,501,036
Kiana	380	\$75,000	\$65,173	\$140,173
King Cove	723	\$75,000	\$124,000	\$199,000
Kivalina	385	\$75,000	\$66,030	\$141,030
Klawock	780	\$75,000	\$133,776	\$208,776
Kobuk	130	\$75,000	\$22,296	\$97,296



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Kodiak	6,088	\$75,000	\$1,044,138	\$1,119,138
Kodiak Island Borough	13,638	\$250,000	\$2,339,020	\$2,589,020
Kotlik	609	\$75,000	\$104,448	\$179,448
Kotzebue	3,120	\$75,000	\$535,103	\$610,103
Koyuk	350	\$75,000	\$60,028	\$135,028
Koyukuk	97	\$75,000	\$16,636	\$91,636
Kupreanof	37	\$75,000	\$6,346	\$81,346
Kwethluk	721	\$75,000	\$123,657	\$198,657
Lake & Peninsula Borough	1,620	\$250,000	\$277,842	\$527,842
Larsen Bay	97	\$75,000	\$16,636	\$91,636
Lower Kalskag	252	\$75,000	\$43,220	\$118,220
Manokotak	437	\$75,000	\$74,949	\$149,949
Marshall	370	\$75,000	\$63,458	\$138,458
Matanuska-Susitna Borough	74,041	\$250,000	\$12,698,589	\$12,948,589
McGrath	347	\$75,000	\$59,513	\$134,513
Mekoryuk	192	\$75,000	\$32,929	\$107,929
Metlakatla	1,397	\$75,000	\$239,596	\$314,596
Mountain Village	786	\$75,000	\$134,805	\$209,805
Napakiak	373	\$75,000	\$63,972	\$138,972
Napaskiak	428	\$75,000	\$73,405	\$148,405
Nenana	549	\$75,000	\$94,158	\$169,158
New Stuyahok	461	\$75,000	\$79,065	\$154,065
Newhalen	180	\$75,000	\$30,871	\$105,871



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Nightmute	234	\$75,000	\$40,133	\$115,133
Nikolai	109	\$75,000	\$18,694	\$93,694
Nome	3,508	\$75,000	\$601,648	\$676,648
Nondalton	203	\$75,000	\$34,816	\$109,816
Noorvik	628	\$75,000	\$107,707	\$182,707
North Pole	1,595	\$75,000	\$273,555	\$348,555
North Slope Borough	6,894	\$250,000	\$1,182,373	\$1,432,373
Northwest Arctic Borough	7,323	\$250,000	\$1,255,950	\$1,505,950
Nuiqsut	411	\$75,000	\$70,490	\$145,490
Nulato	310	\$75,000	\$53,167	\$128,167
Nunam Iqua	204	\$75,000	\$34,988	\$109,988
Nunapitchuk	516	\$75,000	\$88,498	\$163,498
Old Harbor	200	\$75,000	\$34,302	\$109,302
Ouzinkie	191	\$75,000	\$32,758	\$107,758
Palmer	5,382	\$75,000	\$923,054	\$998,054
Pelican	115	\$75,000	\$19,723	\$94,723
Petersburg	3,155	\$75,000	\$541,106	\$616,106
Pilot Point	73	\$75,000	\$12,520	\$87,520
Pilot Station	565	\$75,000	\$96,902	\$171,902
Platinum	38	\$75,000	\$6,517	\$81,517
Point Hope	702	\$75,000	\$120,398	\$195,398
Port Alexander	75	\$75,000	\$12,863	\$87,863
Port Heiden	89	\$75,000	\$15,264	\$90,264



REVENUE SHARING COMPARISON 6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Port Lions	220	\$75,000	\$51,732	\$112,732
Quinhagak	642	\$75,000	\$110,108	\$185,108
Ruby	185	\$75,000	\$31,729	\$106,729
Russian Mission	329	\$75,000	\$56,426	\$131,426
Saint George	128	\$75,000	\$21,953	\$96,953
Saint Mary's	570	\$75,000	\$97,759	\$172,759
Saint Michael	427	\$75,000	\$73,234	\$148,234
Saint Paul	488	\$75,000	\$83,696	\$158,696
Sand Point	939	\$75,000	\$161,046	\$236,046
Savoonga	695	\$75,000	\$119,198	\$194,198
Saxman	405	\$75,000	\$69,461	\$144,461
Scammon Bay	509	\$75,000	\$87,297	\$162,297
Selawik	830	\$75,000	\$142,351	\$217,351
Seldovia	287	\$75,000	\$49,223	\$124,223
Seward	2,606	\$75,000	\$446,949	\$521,949
Shageluk	129	\$75,000	\$22,124	\$97,124
Shaktoolik	224	\$75,000	\$38,418	\$113,418
Shishmaref	581	\$75,000	\$99,646	\$174,646
Shungnak	259	\$75,000	\$44,420	\$119,420
Sitka	8,947	\$250,000	\$1,534,478	\$1,784,478
Skagway	834	\$75,000	\$143,037	\$218,037
Soldotna	3,869	\$75,000	\$663,563	\$738,563
Stebbins	596	\$75,000	\$102,218	\$177,218

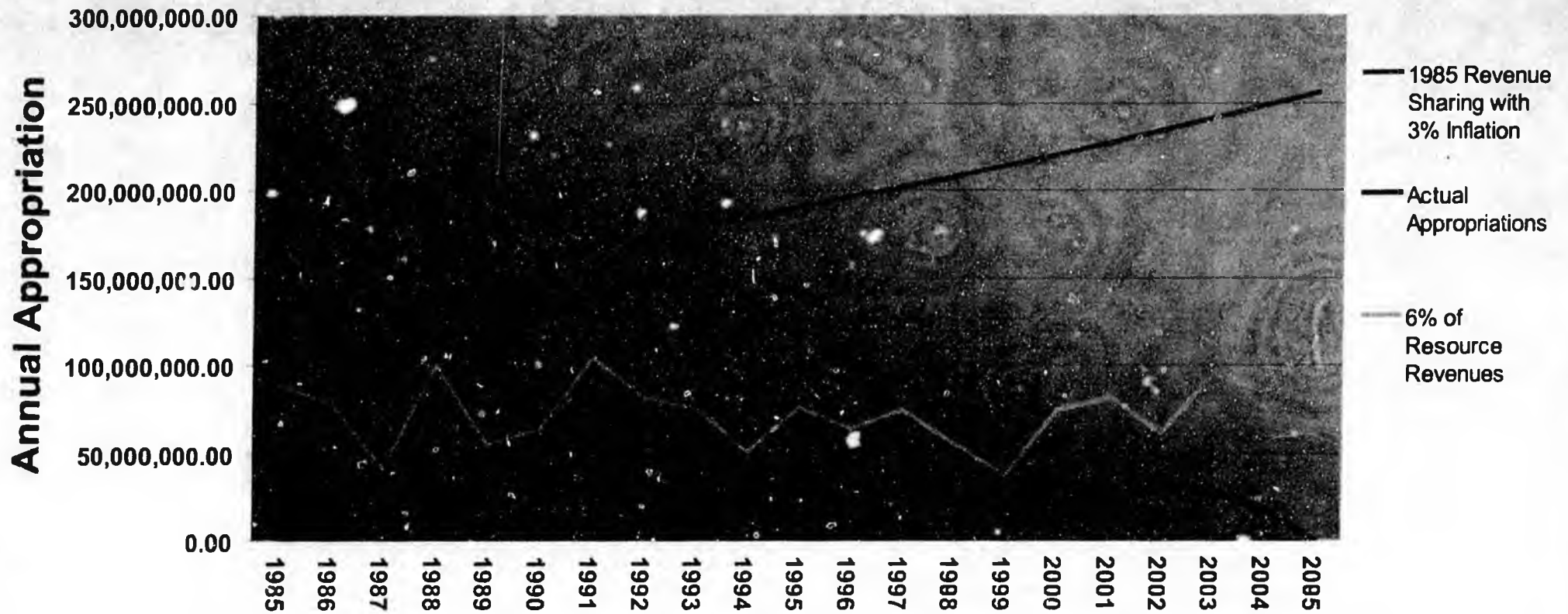


REVENUE SHARING COMPARISON

6% NATURAL RESOURCES

Municipalities	2005 Population	Municipal Base Amounts	Per Capita Distribution	Total Community Revenue Sharing Payment
Tanana	281	\$75,000	\$48,194	\$123,194
Teller	263	\$75,000	\$45,106	\$120,106
Tenakee Springs	98	\$75,000	\$16,808	\$91,808
Thorne Bay	486	\$75,000	\$83,353	\$158,353
Togiak	779	\$75,000	\$133,604	\$208,604
Toksook Bay	596	\$75,000	\$102,218	\$177,218
Unalakleet	710	\$75,000	\$121,770	\$196,770
Unalaska	4,297	\$75,000	\$736,968	\$811,968
Upper Kalskag	276	\$75,000	\$47,336	\$122,336
Valdez	4,454	\$75,000	\$763,895	\$838,895
Wainwright	520	\$75,000	\$89,184	\$164,184
Wales	151	\$75,000	\$25,898	\$100,898
Wasilla	6,413	\$75,000	\$1,099,878	\$1,174,878
White Mountain	224	\$75,000	\$38,418	\$113,418
Whittier	188	\$75,000	\$32,243	\$107,243
Wrangell	1,974	\$75,000	\$338,556	\$413,556
Yakutat	619	\$250,000	\$106,163	\$356,163
Municipal Totals	743,635	\$15,025,000	\$127,539,000	\$142,564,000
Unincorporated Totals				\$1,700,000
Grand Total				\$144,264,000

Municipal Revenue Sharing Comparison



Year	Actual Appropriations	1985 Revenue Sharing with 3% Inflation	6% of Resource Revenues
1985	141,656,800.00	141,656,800.00	88,320,000.00
1986	140,939,000.00	145,906,504.00	77,616,000.00
1987	113,737,600.00	150,283,699.12	40,944,000.00
1988	96,857,800.00	154,792,210.09	100,296,000.00
1989	96,857,800.00	159,435,976.40	54,816,000.00
1990	91,094,000.00	164,219,055.69	64,104,000.00
1991	87,450,200.00	169,145,627.36	104,400,000.00
1992	84,995,000.00	174,219,996.18	81,072,000.00
1993	78,195,400.00	179,446,596.07	75,672,000.00
1994	72,721,800.00	184,829,993.95	50,304,000.00
1995	62,613,500.00	190,374,893.77	76,344,000.00
1996	58,230,700.00	196,086,140.58	63,288,000.00
1997	53,572,300.00	201,968,724.80	74,016,000.00

Year	Actual Appropriations	1985 Revenue Sharing with 3% Inflation	6% of Resource Revenues
1998	50,358,000.00	208,027,786.54	55,320,000.00
1999	47,840,100.00	214,268,620.14	37,320,000.00
2000	31,893,400.00	220,696,678.74	74,520,000.00
2001	28,493,400.00	227,317,579.10	81,432,000.00
2002	29,630,700.00	234,137,106.48	61,848,000.00
2003	29,630,700.00	241,161,219.67	95,424,000.00
2004	17,900,000.00	248,396,056.26	84,744,000.00
2005	0.00	255,847,937.95	115,320,000.00
TOTAL	1,414,668,200.00	4,062,219,202.86	1,557,120,000.00



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MUNICIPAL REVENUE SHARING 2007 LEGISLATIVE PRIORITY

1) A Sustainable Revenue Sharing Program

- a) Annually appropriating 6% of all natural resources revenue
- b) Minimum distribution of funds
 - \$25,000 to unorganized communities
 - \$75,000 to all municipalities
 - \$250,000 to boroughs
 - Remaining Revenue allocated on a per capita basis

2) Alaska's Resources Belong to Alaska's People

- a) Cities and boroughs were formed as political subdivisions by the state to provide local services to those people
- b) Without Revenue Sharing, the entire cost of local services is transferred to the taxpayers
- c) Sharing of state revenues is consistent with "owner" state concept

3) Alaska's Communities Share the Burden

- a) During years of high resource revenues, benefits would be directly passed to local residents
- b) During lean years, communities would rein in many expenses, such as the State would do under the same circumstances

Delivery of Services at the local level to citizen/owners is part of the annual state responsibility to those citizen/owners for the betterment of the State of Alaska.

WORK DRAFT

WORK DRAFT

WORK DRAFT

FAX = 465-4316

25-LS0338E
Cook
1/23/07

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the community revenue sharing program; and providing for an
2 effective date."

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

4 * Section 1. AS 29.60 is amended by adding new sections to read:

5 **Article 11. Community Revenue Sharing Program.**

6 **Sec. 29.60.850. Community revenue sharing fund.** (a) The community
7 revenue sharing fund is established in the general fund. By August 1 of each fiscal
8 year, the Department of Revenue shall transfer to the fund an amount equal to six
9 percent of the money received by the state during the immediately preceding fiscal
10 year from the following sources:

11 (1) disposals of state land or interests in state land, together with the
12 fixtures on the land;

13 (2) disposals of minerals, including sand, gravel, stone, and water,
14 mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue

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25-LS0338E

1 sharing payments and bonuses;

2 (3) state taxation of the production and transportation of minerals in
3 which the state has an interest;

4 (4) state taxation of property used in the exploration for and production
5 and transportation of minerals in which the state has an interest;

6 (5) state taxation of income derived from the production and
7 transportation of minerals; and

8 (6) timber produced or processed.

9 (b) Each fiscal year, the legislature may appropriate money in the community
10 revenue sharing fund to the department for community revenue sharing payments or
11 appropriate it for other public purposes.

12 (c) Nothing in this section creates a dedicated fund.

13 **Sec. 29.60.860. Amount of community revenue sharing payments.** (a) ~~The~~
14 basic community revenue sharing payment for a fiscal year equals

15 (1) \$250,000 for a borough or unified municipality;

16 (2) \$75,000 for a city or reserve eligible under (c) of this section; and

17 (3) \$25,000 for an unincorporated community eligible under (c) of this
18 section.

19 (b) If the amount appropriated for a fiscal year

20 (1) is not sufficient to fully fund all the basic payments, the amount
21 paid to each recipient shall be reduced on a pro rata basis so that the entire amount
22 appropriated is distributed;

23 (2) exceeds the amount needed to fully fund all the basic payments, the
24 balance shall be distributed on a per capita basis to each recipient of a basic payment
25 under (a)(1) or (2) of this section.

26 (c) The department, with advice from the Department of Law, shall determine
27 whether there is, in each reserve or unincorporated community, an incorporated
28 nonprofit entity or a Native village council that will agree to receive and spend the
29 community revenue sharing payment for the benefit of the reserve or unincorporated
30 community. If there is more than one qualified entity in a reserve or unincorporated
31 community, the department shall pay the dividend to the entity that the department

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1 finds most qualified to receive and spend the money. The department may not make
2 the payment unless the incorporated nonprofit entity or Native village council waives
3 immunity from suit for claims arising out of activities of the corporation or council
4 related to the payment. A waiver of immunity from suit under this subsection must be
5 on a form provided by the Department of Law. If there is not a qualified incorporated
6 nonprofit entity or Native village council in a reserve or unincorporated community
7 that is willing to receive and spend the community revenue sharing payment for the
8 benefit of the reserve or unincorporated community, that reserve or unincorporated
9 community is not eligible for the payment, and the payment may not be made.

10 Sec. 29.60.870. Determination of population. For purposes of determining
11 the amount of a revenue sharing payment under AS 29.60.860(b)(2), the population of
12 the municipality or reserve shall be determined by using the numbers of permanent
13 fund dividend recipients or other population data that the department determines is
14 reliable. For purposes of determining the population of a borough, the population of
15 each city and reserve in the borough shall be deducted from the total population of the
16 borough. For purposes of determining the population of a unified municipality, the
17 population of each reserve in the unified municipality shall be deducted from the total
18 population of the unified municipality.

19 Sec. 29.60.879. Definitions. In AS 29.60.850 - 29.60.879,

20 (1) "reserve" means a place that is organized under federal law as an
21 Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued in
22 existence under that subsection;

23 (2) "unincorporated community" has the meaning given in
24 AS 29.60.140.

25 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).