

HB

350

Alaska State Legislature

Rep. Cathy Muñoz, Vice-Chair
Rep. Wes Keller
Rep. Bob Buch



Rep. Peggy Wilson
Rep. Bryce Edgmon
Rep. Berta Gardner

Rep. Paul Seaton, Chairman **HOUSE EDUCATION COMMITTEE**

HB 350 **Sponsor Statement** **Required Local Effort – Uniform Mill Rate**

HB 350 brings uniformity back into Alaska's public school funding formula's calculation of required local effort. It will continue a benefit of counting only half the assessed valuation growth over the previous year. This recognizes for one year the increased infrastructure burden experienced by areas undergoing economic growth.

Legislation enacted in 2001 changed the funding formula to require that only half of the increased current year's property value over the base year's value be counted. However it added this to a fixed year (FY 99) to determine the property value for the purposes of calculating required local effort for education. Use of a fixed base year instead of the previous year to calculate full and true value and local effort contribution has led to a growing disparity between districts.

HB 350 will address this problem by requiring the local contribution of a city or borough school district to be derived from a uniform rate of a 2.7 mill tax levy on the full and true value of the taxable property in the district as of January 1 of the second preceding fiscal year plus 50% of the increase in value to the following year.

Under the current formula, areas with growing populations are given an ever greater tax break than stable areas. Districts containing older communities are therefore required to pay higher taxes than expanding districts. HB 350 will apply an even method of taxation, one that is proportionally fair and economically sustainable. It has set a uniform mill rate at the lowest current rate so no municipality will have to pay more than its current local tax mill rate.

My name is George Troxel and I am Superintendent of the Matanuska Susitna Borough School District.

House Bill 350 reduces the revenue available to the Mat Su School District without increasing local taxes, and furthermore, that impact is exponential over coming years. I don't support HB 350 for that reason. The Mat-Su school District is experiencing financial hardships due to the general nature of expenses rising faster than revenues in these times. Given this scenario, the Mat-Su and two other Districts in the state are singled out by HB 350 to get a double whammy in the arena of revenue shortfalls.

The Mat-Su School District has a growing enrollment, over 800 students in the last three years. The District did realize revenue enhancements generated by the growth. Revenue increases received because of increased enrollment take care of day-to-day expenses but not the expenses of more general support and infrastructure, such as buildings, grounds, furnishings, and equipment.

In the past 10 years as many new schools have been opened in the Valley. The opening of new schools has tremendous impact on annual budgets. In The Mat-Su we plan approximately a million dollars above the usual annual operating costs for that first year a school is open. Growth in the Valley is a good thing for the State of Alaska, growth has its costs, and while the Valley appreciates the State's support in handling this growth that help is also an expectation for which the state as a whole realizes dividends.

New schools are needed in the Valley. These new schools will further stress the property owners capacity to keep up with increasing demand for more tax dollars to build these schools. The District currently uses 61 portable buildings for classrooms. These house close to 2000 student full time equivalents. Bonds will need to be passed in the near future that will rely on subsequent tax increases to construct these needed schools.

House Bill 350 ultimately puts the askance for more dollars from property owners in the Mat-Su. The valley is not a home to major or great amounts of industry. Many of our taxpayers are those who can least afford more and more property tax increases. Median incomes for most who work in the Valley are on the low end of the scale. Multiply that by the fact that a sizable percentage of gross property value in the Valley is not a result of newly developed property resulting from growth, but rising property tax assessments on existing property. When higher tax assessments come about because of increased value of a property, the long term property owners become victims. Just because a property's value increases it does not follow that a property owner's ability to pay more in taxes increases.

All of us are in dire budgetary circumstances with more and more challenges. This is not the time to change formulas for funding where anyone loses while others are experiencing substantial gains.



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Assistant Superintendent

Dave Jones

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Email djones2@kpbsd.k12.ak.us

3/3/2010

The Honorable Paul Seaton

House of Representatives

Alaska State Capitol

Juneau, Alaska 99801-1182

Dear Representative Seaton:

I am writing to you in regards to HB 350. The Kenai Peninsula Borough School Board discussed HB 350 in detail at their meeting on Monday night, March 1, 2010.

The Board recognized that the 2001 change in property valuation used in the state foundation formula has created a disparity in the amount of local effort in mill levy equivalents for school districts across the state. The Board is concerned that this disparity has created a serious equity issue for education in Alaska. HB 350 would resolve the equity issue and put all districts and taxpayers across the state back on even ground.

The Kenai Peninsula Borough has historically funded schools to the local maximum amount allowed by law. With the state funding increases that have occurred over the last few years, the local maximum amount allowed has increased significantly and the local taxpayers have continued to support their schools by increasing funding to meet the maximum amount allowed. However, the recent economic downturn has made it more difficult for local taxpayers to maintain the maximum effort. HB 350 would lower the local maximum amount allowed. This would provide local taxpayer relief while at the same time not causing an overall revenue loss to the district.

The Kenai Peninsula Borough School District fully supports the passage of HB 350.

Please let me know if you have any questions or need further information in regard to this matter.

Sincerely,

Dave Jones

Assistant Superintendent

KPBSD



Ketchikan Gateway Borough

1800 1st Avenue, Ketchikan, Alaska 99901 • (907) 228-6625 Telephone • (907) 228-6684 Fax

March 5, 2010

The Honorable Paul Seaton
Chairman, House Education Committee
State Capitol, Room 102
Juneau, AK 99801-1182

RE: House Bill No. 350 - Public School Funding: Local Contribution

Dear Representative Seaton:

Enclosed is a copy of Resolution Number 2224 of the Assembly of the Ketchikan Gateway Borough expressing *qualified* support for House Bill Number 350.

The Assembly favors provisions of the bill that would bring temporary and partial relief to the taxpayers of the Ketchikan Gateway Borough from the penalties and unfunded mandates imposed upon it by the State of Alaska with respect to education. However, there are elements of the bill that are of significant concern to the Assembly. In particular, these include the following:

- While the bill purports to promote uniformity in terms of required local contributions for schools, it only does so for little more than half of the districts in Alaska (31 of Alaska's 53 school districts, or 58 percent of districts); the bill completely ignores far greater disparities in terms of required local contributions among the remaining districts.
- After a projected period of seventeen years, House Bill Number 350 will increase penalties and unfunded mandates that the Ketchikan Gateway Borough would be obligated to pay thereafter.
- Several municipal governments would gain little or no fiscal relief from the bill. These include the Matanuska-Susitna Borough, City of Saint Mary's, City of Hoonah, Municipality of Anchorage, Kenai Peninsula Borough, Fairbanks North Star Borough, Denali Borough, and City and Borough of Sitka.

Resolution Number 2224 calls on elected State officials to make further efforts to repeal or mitigate AS 14.17.410(b)(2), the onerous and discriminatory State tax on municipalities that operate school districts. The resolution also urges elected State officials to address other disincentives relating to borough government.

Sincerely,


Dave Kiffer
Mayor

Enclosure: Resolution Number 2224

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 2224

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH EXPRESSING QUALIFIED SUPPORT FOR HOUSE BILL NUMBER 350 IN THE TWENTY-SIXTH ALASKA STATE LEGISLATURE, AND URGING ELECTED STATE OFFICIALS TO CONTINUE TO WORK TOWARD ELIMINATION OF BOTH INEQUITIES REGARDING RESPONSIBILITIES FOR LOCAL GOVERNMENT SERVICES AND BOROUGH INCORPORATION DISINCENTIVES

RECITALS

WHEREAS, AS 14.17.410(b)(2), in effect, imposes upon 31 of Alaska's 53 school districts a proportional annual tax or penalty in terms of State Aid for Education equivalent to 4 mills of the full and true value of taxable property within their respective boundaries as of January 1, 1999; and

WHEREAS, AS 14.17.510(c), in effect, imposes upon the same 31 school districts an additional proportional annual tax or penalty in terms of State Aid for Education equivalent to 2 mills of the increase in the full and true value of taxable property within their respective boundaries after January 1, 1999; and

WHEREAS, the blended mill-rate equivalent tax or penalty imposed on the 31 districts varies, as reflected below for Fiscal Year 2011, because of differing rates of growth of the full and true value after January 1, 1999 in each district; and

Matanuska-Susitna Borough: 2.66743 mills
City of Saint Mary's: 2.69597 mills
City of Hoonah: 2.71532 mills
Municipality of Anchorage: 2.89163 mills
Kenai Peninsula Borough: 2.99608 mills
Fairbanks North Star Borough: 3.01721 mills
Denali Borough: 3.06580 mills
City and Borough of Sitka: 3.07903 mills
Northwest Arctic Borough: 3.11826 mills
City and Borough of Juneau: 3.15047 mills
City of Hydaburg: 3.17170 mills
City of Galena: 3.18321 mills
City of Klawock: 3.20407 mills
Haines Borough: 3.20956 mills
City of Nome: 3.21953 mills
Aleutians East Borough: 3.24135 mills

City of Tanana: 3.30409 mills
City of Kake: 3.30939 mills
City and Borough of Yakutat: 3.32367 mills
City of Petersburg: 3.34583 mills
Ketchikan Gateway Borough: 3.35181 mills
City of Nenana: 3.38617 mills
Kodiak Island Borough: 3.45415 mills
City of Cordova: 3.47197 mills
City of Unalaska: 3.50810 mills
Wrangell Borough: 3.59132 mills
City of Dillingham: 3.65271 mills
Bristol Bay Borough: 3.72863 mills
City of Pelican: 3.79851 mills
Lake & Peninsula Borough: 3.88863 mills
City of Craig: 3.95580 mills

WHEREAS, the State House Education Committee of the Twenty-Sixth Alaska State Legislature introduced House Bill Number 350 amending AS 14.17.410(b)(2) to reduce the tax or penalty from 4 mills to 2.7 mills; but also amending AS 14.17.510(c) to raise the effective tax or penalty on increases in property values after January 1, 1999 from 2 mills to 2.7 mills (except for increases in the single most recent year, which would be taxed or penalized at 2 mills); and

WHEREAS, House Bill Number 350 would provide a measure of *temporary* relief in terms of the taxes and penalties imposed by AS 14.17.410(b)(2) and AS 14.17.510(c) on the Ketchikan Gateway Borough and many other city and borough school districts; however, that relief would diminish and be gradually replaced with even greater tax or penalty burdens over time as the value of taxable property increases (at the rate of growth in the value of taxable property in the Ketchikan Gateway Borough from 1999 to 2009, the benefit to the Ketchikan Gateway Borough from House Bill Number 350 would end around Fiscal Year 2027); and

WHEREAS, House Bill Number 350 will provide no temporary relief for municipal school districts whose blended mill-rate equivalent tax or penalty is currently at or near 2.7 mills (i.e., Matanuska-Susitna Borough; City of Saint Mary's and City of Hoonah), and will provide little temporary relief for a number of other districts whose blended mill-rate equivalent tax or penalty is currently slightly above 2.7 mills (e.g., Municipality of Anchorage, Kenai Peninsula Borough, Fairbanks North Star Borough, Denali Borough, and City and Borough of Sitka); those 8 districts will immediately or soon suffer greater taxes and penalties; and

WHEREAS, House Bill Number 350 would provide for greater uniformity in terms of the tax or penalty imposed by AS 14.17.410(b)(2) and AS 14.17.510(c) among the 31 districts listed above; however, the legislation does nothing to address far more glaring disparities among 22 other school districts in Alaska; and

WHEREAS, AS 14.17.410(b)(2) and AS 14.17.510(c) have a regressive element in that the annual tax or penalty is capped at 45 percent of basic need, which, in effect, results in lower mill-rate equivalent taxes or penalties for three municipal districts with higher per capita property tax bases, as reflected below, for Fiscal Year 2011:

North Slope Borough: 0.76020 mills
 City of Valdez: 1.40990 mills
 Municipality of Skagway: 1.99240 mills.

WHEREAS, AS 14.17.410(b)(2) and AS 14.17.510(c) impose no tax or penalty on the 19 districts (regional educational attendance areas or REAAs) as reflected below:

Alaska Gateway REAA	Kuspuk REAA
Aleutian Region REAA	Lower Kuskokwim REAA
Annette Island REAA	Lower Yukon REAA
Bering Strait REAA	Pribilof REAA
Chatham REAA	Southeast Island REAA
Chugach REAA	Southwest Region REAA
Copper River REAA	Yukon Flats REAA
Delta/Greely REAA	Yukon/Koyukuk REAA
Iditarod Area REAA	Yupiit REAA
Kashunamiut REAA	

WHEREAS, since REAAs are not subject to the tax and penalty provisions of AS 14.17.410(b)(2) and AS 14.17.510(c), it is often incorrectly presumed that all REAAs are poor areas of Alaska that cannot afford to operate municipal school districts, while the 18 organized boroughs and 16 city governments that

operate municipal school districts are all relatively prosperous; in fact some REAs are prosperous and many municipal school districts encompass economically "distressed" communities (as defined by the Alaska Department of Labor and Workforce Development); moreover, the proportional character of the taxes or penalties imposed by AS 14.17.410(b)(2) and AS 14.17.510(c) ensures that the burden imposed is directly in proportion to property values within the district; and

WHEREAS, the 1963 Alaska State Legislature passed, and Governor Egan signed into law, the "Mandatory Borough Act" (Chapter 52, SLA 1963), dictating that certain regions of Alaska – those encompassing Ketchikan, Juneau, Sitka, Kodiak Island, Kenai Peninsula, Anchorage, the Matanuska-Susitna valleys, and Fairbanks – form organized boroughs by January 1, 1964; and

WHEREAS, Section 1 of the Mandatory Borough Act promised that, "No area incorporated as an organized borough shall be deprived of state services, revenues, or assistance or be otherwise penalized because of incorporation;" and

WHEREAS, key State agencies have acknowledged that "contrary to the express intent of the 1963 Mandatory Borough Act, organized boroughs are being severely deprived of State services, revenues, or assistance and are being penalized because of incorporation" (See: *School Consolidation – Public Policy Considerations and a Review of Opportunities for Consolidation*, p. 54, February 2004, Department of Education and Early Development, Local Boundary Commission, with assistance by the Department of Commerce, Community and Economic Development); and

WHEREAS, the most fiscally onerous of the penalties imposed by the State of Alaska on boroughs is the "required local contribution" for schools dictated by AS 14.17.410(b)(2) and AS 14.17.510(c), which agencies have characterized as a State tax and which, under current law, will reduce FY 2011 State education funding to the Ketchikan Gateway Borough by \$5,385,848; and

WHEREAS, Article I, Section 1 of the Constitution of the State of Alaska prescribes that "all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and to the State;" and

WHEREAS, Article X, Section 1 of Alaska's Constitution encourages the creation of borough governments (See *Mobil Oil Corporation v. Local Boundary Commission*, 518 P.2d 92, 101 (Alaska 1974)); yet, after more than 50 years of statehood, approximately 60 percent of the geographic area of Alaska lies outside organized boroughs; and

WHEREAS, multiple studies in the post-mandatory-borough era have indicated that the biggest deterrent to voluntary formation of boroughs is the financial penalties that result; the late Jay Hammond expressed the matter well when he wrote in *Tales of Alaska's Bush Rat Governor*, (page 149), that "Attractive enough on paper, in practice, the organized borough concept had little appeal to most communities. After all, why should they tax themselves to pay for services received from the state, gratis?;" and

WHEREAS, former State Senator Gary Wilken, on August 28, 2007, observed as follows with respect to the State's policies about borough formation and equal treatment of Alaskans:

In a recent filing, the State Attorney General's Office pointed out that "the fiscal resources, particularly the value of taxable property, of the proposed Deltana Borough [Delta Greely

REAA] would be the envy of most organized boroughs in Alaska. . . .

Given the remarkable fiscal capacity of the region, the action by Deltana voters [by which 90.6% of the voters rejected a proposal to incorporate] shines a glaring spotlight on the State's long-standing irrational public policy regarding the extension of borough government in Alaska. The framework of government for our nation and our state rests on the fundamental principles that all people are treated equally and fairly and that all persons have corresponding obligations to the people and to the State. (Alaska Constitution, Article I, Section 1.) Regrettably, those principles have not carried forward

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA as follows:

Section 1. The Ketchikan Gateway Borough Assembly hereby expresses its qualified endorsement of House Bill Number 350. The Assembly favors the measure largely because it can be reasonably expected to provide long overdue fiscal relief for the taxpayers of the Ketchikan Gateway Borough for the next seventeen years or so. However, the Assembly is concerned that some other municipal districts are afforded little or no immediate relief and, in the long-term, House Bill Number 350 will increase taxes or penalties on the Ketchikan Gateway Borough and most other municipal school districts.

Section 2. The Ketchikan Gateway Borough Assembly urges elected officials of the State of Alaska to recognize that House Bill Number 350 does not resolve the inequities regarding funding for education in Alaska. The Governor and legislators are urged to promote legislation to repeal or mitigate AS 14.17.410(b)(2), the onerous and discriminatory State tax on municipalities that operate school districts.

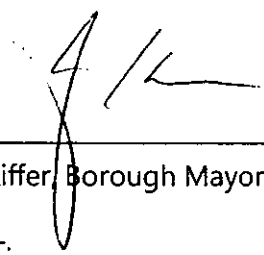
Section 3. The Ketchikan Gateway Borough Assembly urges elected officials of the State of Alaska to address other disincentives to borough incorporation.

Section 4. A copy of this resolution shall be provided to:

- The Honorable Sean Parnell, Governor;
- The Honorable Bert Stedman, Co-Chair of the Senate Finance Committee and State Senator, District A;
- The Honorable Kyle Johansen, House Majority Leader and State Representative, District 1;
- The Honorable Paul Seaton, Chairman, House Education Committee
- The Honorable Cathy Muñoz, Vice-Chair, House Education Committee
- The Honorable Peggy Wilson, Member, House Education Committee
- The Honorable Wes Keller, Member, House Education Committee
- The Honorable Bryce Edgmon, , Member, House Education Committee
- The Honorable Bob Buch, Member, House Education Committee
- The Honorable Berta Gardner, Member, House Education Committee
- The Honorable Emil Notti, Commissioner, Department of Commerce, Community, and Economic Development; and
- The Honorable Larry LeDoux, Commissioner, Dept. of Education and Early Development.

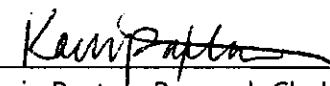
Section 5. This resolution is effective upon adoption.

ADOPTED this 1st day of March, 2010.




Dave Kiffer, Borough Mayor

ATTEST:



Kacie Paxton, Borough Clerk

Approved as to form:



Scott A. Brandt-Erichsen, Borough Attorney

EFFECTIVE DATE:		MARCH 1, 2010		
ROLL CALL	YES	NO	ABSENT	
Moran	✓			
Harrington	✓			
Painter	✓			
Phillips	✓			
Salazar	✓			
Shoemaker	✓			
Thompson	✓			
Mayor (tie votes only)				
4 AFFIRMATIVE VOTES REQUIRED FOR PASSAGE				

District	FY02 Increased State Aid	FY03 Increased State Aid	FY04 Increased State Aid	FY05 Increased State Aid	FY06 Increased State Aid	FY07 Increased State Aid	FY08 Increased State Aid	FY09 Increased State Aid	Preliminary FY10 Increased State Aid	Projected FY11 Increased State Aid	CUMULATIVE STATE AID
Alaska Gateway	-	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	489	-	-	-	-	-	8,839	38,623	62,434	118,469	228,854
Anchorage	1,827,538	5,201,483	7,085,229	11,107,435	13,980,346	18,833,077	26,345,651	34,838,625	38,501,977	38,935,812	196,657,173
Annette Island	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	-	-	-	-	-	-	-	-	-	65,948	65,948
Chatham	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-
Cordova	16,964	34,234	23,774	36,420	48,108	23,725	754	63,592	94,609	118,606	460,786
Craig	-	405	-	-	-	-	-	3,655	-	4,667	8,727
Delta/Greeley	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	-	60,663	60,156	73,214	73,214	73,214	149,562	212,649	211,954	215,179	1,129,805
Dillingham	3,763	26,086	780	-	15,811	-	85,618	48,030	46,718	61,472	288,277
Fairbanks North Star Br	252,784	612,396	944,033	1,409,216	2,386,892	3,489,580	5,105,813	7,005,004	8,274,493	9,109,331	38,589,542
Galena	121	20	427	1,210	1,210	1,210	4,982	8,374	23,684	24,828	66,067
Haines Borough	11,922	37,397	37,144	42,500	45,171	94,243	149,855	207,498	289,472	258,865	1,174,067
Hoonah	-	24,328	23,014	21,546	21,546	21,546	22,965	36,378	37,754	90,953	300,029
Hydaburg	-	493	88	-	-	-	942	1,136	1,503	11,626	15,788
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	276,478	703,573	780,055	881,946	1,211,584	2,056,725	3,510,783	3,723,469	3,841,730	3,682,973	20,669,296
Kake	-	-	280	2,476	2,476	2,476	3,230	3,840	5,349	19,055	39,183
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borou	396,460	955,598	1,639,406	2,584,199	2,921,957	3,431,335	4,244,039	5,596,202	6,988,799	8,165,514	36,923,509
Ketchikan Gateway Bor	61,700	170,635	144,661	47,551	62,446	184,837	338,196	659,278	915,009	1,041,551	3,625,865
Klawock	-	-	-	-	-	-	4,515	4,906	8,707	42,668	60,796
Kodiak Island Borough	82,466	82,088	133,940	116,664	190,535	317,507	394,848	510,004	606,712	703,258	3,138,022
Kuspuk	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Boroi	-	2,012	-	-	-	-	-	-	2,845	8,166	13,023
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	554,203	978,270	1,485,659	2,270,976	3,731,858	6,139,250	9,056,429	11,202,265	11,436,170	11,898,626	58,753,706
Nenana	-	-	-	877	356	7,668	9,285	19,738	23,601	16,009	77,534
Nome	38,395	32,004	30,436	40,749	28,726	58,717	121,599	120,446	187,995	245,658	904,724
North Slope Borough	-	-	-	-	-	-	-	-	-	-	-
Northwest Arctic Borou	-	-	2,024	1,906	1,906	1,906	8,903	570,611	580,813	601,128	1,769,198
Pelican	663	-	-	2,961	3,660	2,695	-	29	-	2,754	12,762
Petersburg	20,751	29,850	-	11,096	60,678	116,348	73,391	113,165	172,270	237,056	834,605
Pribilof	-	-	-	-	-	-	-	-	-	-	-
Saint Marys	71	443	-	786	786	786	1,157	1,014	16,562	16,865	38,470
Sitka Borough	45,060	85,149	134,767	194,084	269,304	338,359	619,866	860,734	1,061,249	1,085,266	4,693,838
Skagway	-	-	-	-	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-
Tanana	-	-	-	-	-	-	266	281	4,582	6,227	11,356
Unalaska	-	-	-	-	5,742	57,658	146,325	175,794	171,587	245,178	802,284
Valdez	-	-	-	-	-	-	-	-	-	-	-
Wrangell	4,884	37,019	1,871	-	550	744	-	-	32,874	76,034	153,976
Yakutat	530	5,586	24,739	17,118	19,774	15,539	17,648	51,355	54,806	45,267	252,362
Yukon Flats	-	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-	-
Yupit	-	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe HS	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$3,595,242	\$9,079,732	\$12,552,486	\$18,864,929	\$25,084,616	\$35,269,145	\$50,425,461	\$66,076,695	\$73,656,258	\$77,155,009	\$371,759,573

MILL EQUIVALENT
 CHANGE

District	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	Prelim. FY10	Proj. FY11
Alaska Gateway	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.7	3.5	3.2
Anchorage	3.9	3.7	3.6	3.5	3.4	3.2	3.1	2.9	2.9	2.9
Annette Island	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.7
Chatham	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-
Cordova	3.9	3.8	3.9	3.8	3.7	3.9	4.0	3.7	3.6	3.5
Craig	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Delta/Greely	-	-	-	-	-	-	-	-	-	-
Denali Borough	4.0	3.6	3.6	3.5	3.5	3.5	3.2	3.1	3.1	3.1
Dillingham	4.0	3.8	4.0	4.0	3.9	4.0	3.5	3.7	3.7	3.7
Fairbanks North Star Borough	3.9	3.9	3.8	3.7	3.6	3.5	3.3	3.1	3.1	3.0
Galena	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.6	3.2	3.2
Haines Borough	3.9	3.8	3.8	3.8	3.8	3.6	3.5	3.3	3.2	3.2
Hoonah	4.0	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.1	2.7
Hydaburg	4.0	3.9	4.0	4.0	4.0	4.0	3.9	3.9	3.8	3.2
Iditarod Area	-	-	-	-	-	-	-	-	-	-
Juneau Borough	3.9	3.8	3.7	3.7	3.6	3.4	3.2	3.1	3.1	3.2
Kake	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.7	3.3
Kashunamiut	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	3.9	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.1	3.0
Ketchikan Gateway Borough	3.9	3.9	3.9	4.0	3.9	3.8	3.7	3.5	3.4	3.4
Klawock	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.8	3.2
Kodiak Island Borough	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.5	3.5
Kuspuk	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	3.8	3.7	3.6	3.4	3.2	3.0	2.8	2.7	2.7	2.7
Nenana	4.0	4.0	4.0	4.0	4.0	3.7	3.6	3.3	3.2	3.4
Nome	3.8	3.8	3.9	3.8	3.9	3.7	3.5	3.5	3.3	3.2
North Slope Borough	-	-	-	-	-	-	-	-	-	-
Northwest Arctic Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.1	3.1	3.1
Pelican	3.9	4.0	4.0	3.8	3.7	3.8	4.0	4.0	4.0	3.8
Petersburg	3.9	3.9	4.0	4.0	3.8	3.6	3.7	3.6	3.5	3.3
Pribilof	-	-	-	-	-	-	-	-	-	-
Saint Marys	4.0	3.9	4.0	3.8	3.8	3.8	3.8	3.8	2.7	2.7
Sitka Borough	3.9	3.9	3.8	3.7	3.7	3.6	3.3	3.2	3.1	3.1
Skagway	-	-	-	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-
Tanana	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.4	3.3
Unalaska	-	-	4.0	4.0	4.0	3.9	3.7	3.6	3.6	3.5
Valdez	-	-	-	-	-	-	-	-	-	-
Wrangell	4.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0	3.8	3.6
Yakutat	4.0	3.9	3.6	3.7	3.6	3.7	3.7	3.3	3.2	3.3
Yukon Flats	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-
Yupitit	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe HS	-	-	-	-	-	-	-	-	-	-

G:\DistSup\Foundation\Other\Foundation History\Local Effort History\FY02-11LocalEffortAssessed&educationWithMills-2Pager_10-22-09.xlsx}SummaryMill Equivalent Change

MILL EQUIVALENT CHANGE

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB350
 () Publish Date: _____

Identifier (file name): HB350-EED-ESS-2-18-2010 Dept. Affected: Education & Early Development
 Title: "An Act relating to the local contribution to public school funding; and providing for an effective date." RDU: K-12 Support
 Component: Foundation Program
 Sponsor: House Education Committee
 Requester: House Education Committee Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		21,271.4	0.0	2,518.6	2,518.6	2,518.6	2,518.6	2,518.6
Miscellaneous								
TOTAL OPERATING		21,271.4	0.0	2,518.6	2,518.6	2,518.6	2,518.6	2,518.6

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

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF	21,271.4	0.0	2,518.6	2,518.6	2,518.6	2,518.6	2,518.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	21,271.4	0.0	2,518.6	2,518.6	2,518.6	2,518.6	2,518.6

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation would change AS 14.17.410(b)(2) Public school funding, by reducing the four mill tax levy rate to 2.7 mills when calculating the required local effort.

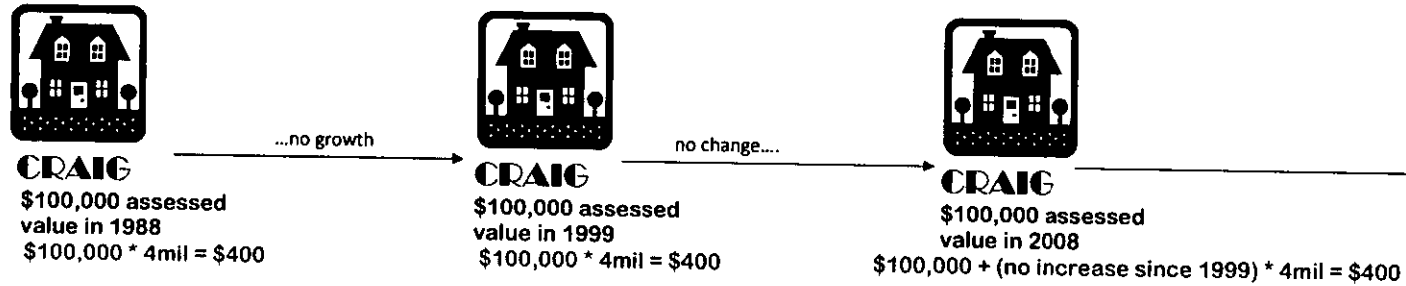
In addition, AS14.17.410(c) which currently provides for 50% of the annual increase in assessed value in a city or borough over the 1999 base year, would change so the current assessed value would be compared to the prior year assessed value.

Prepared by: Eddy Jeans, Director
 Division: School Finance
 Approved by: Larry LeDoux, Commissioner

Phone 465-8679
 Date/Time 2/18/10 12:00 AM
 Date 2/18/2010

District	FY 11 Current Required Local	Proposed 2.7 Mills Required Local	Increased State Aid based 2.7mills	Increased State Aid based 50% of Assessed Value over PY	TOTAL
Alaska Gateway	-	-	-	-	-
Aleutian Region	-	-	-	-	-
Aleutians East Borough	506,163	421,627	84,536	37,824	122,360
Anchorage	101,579,642	94,847,932	6,731,710	292,839	7,024,549
Annette Island	-	-	-	-	-
Bering Strait	-	-	-	-	-
Bristol Bay Borough	906,132	656,154	249,978	55,909	305,887
Chatham	-	-	-	-	-
Chugach	-	-	-	-	-
Copper River	-	-	-	-	-
Cordova	779,867	606,469	173,398	16,198	189,596
Craig	417,683	285,086	132,597	8,301	140,898
Delta/Greely	-	-	-	-	-
Denali Borough	706,159	621,903	84,256	2,177	86,433
Dillingham	646,546	477,912	168,634	9,959	178,593
Fairbanks North Star Borough	27,966,016	25,025,859	2,940,157	563,515	3,503,672
Galena	96,761	82,073	14,688	773	15,461
Haines Borough	1,051,112	884,234	166,878	-	166,878
Hoonah	192,240	191,155	1,085	35,909	36,994
Hydaburg	44,519	37,898	6,621	6,833	13,454
Iditarod Area	-	-	-	-	-
Juneau Borough	13,658,159	11,705,264	1,952,895	-	1,952,895
Kake	91,313	74,499	16,814	9,252	26,066
Kashunamiut	-	-	-	-	-
Kenai Peninsula Borough	24,369,165	21,960,908	2,408,257	794,282	3,202,539
Ketchikan Gateway Borough	5,385,848	4,338,494	1,047,354	85,416	1,132,770
Klawock	171,762	144,740	27,022	22,924	49,946
Kodiak Island Borough	4,450,199	3,478,584	971,615	65,169	1,036,784
Kuspuk	-	-	-	-	-
Lake & Peninsula Borough	285,129	197,974	87,155	3,592	90,747
Lower Kuskokwim	-	-	-	-	-
Lower Yukon	-	-	-	-	-
Mat-Su Borough	23,817,761	24,108,561	(290,800)	312,157	21,357
Nenana	88,314	70,418	17,896	-	17,896
Nome	1,013,362	849,839	163,523	38,922	202,445
North Slope Borough	-	-	-	-	-
Northwest Arctic Borough	2,125,871	1,840,724	285,147	13,712	298,859
Pelican	51,915	36,901	15,014	2,834	17,848
Petersburg	1,212,452	978,418	234,034	43,731	277,765
Pribilof	-	-	-	-	-
Saint Marys	34,867	34,919	(52)	204	152
Sitka Borough	3,628,338	3,181,683	446,655	16,212	462,867
Skagway	-	-	-	-	-
Southeast Island	-	-	-	-	-
Southwest Region	-	-	-	-	-
Tanana	29,563	24,158	5,405	1,110	6,515
Unalaska	1,748,550	1,345,766	402,784	49,674	452,458
Valdez	-	-	-	-	-
Wrangell	668,150	502,324	165,826	29,133	194,959
Yakutat	222,452	180,710	41,742	-	41,742
Yukon Flats	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-
Yupitit	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-
TOTAL	217,946,010	199,193,186	18,752,824	2,518,561	21,271,385

History of How Required Local Effort Works...

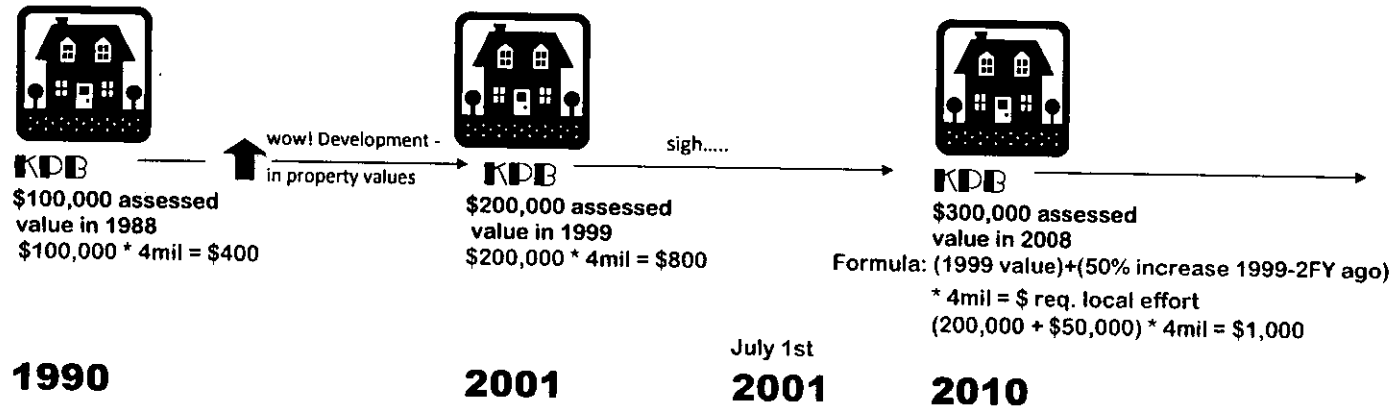


Craig taxpayer are still paying **4 mil rate** for required local effort **OUCH!**



SB174 sets 1999 as the base year.
 Only 50% of growth after 1999
 Counts for calculating local effort

Is it Fair?

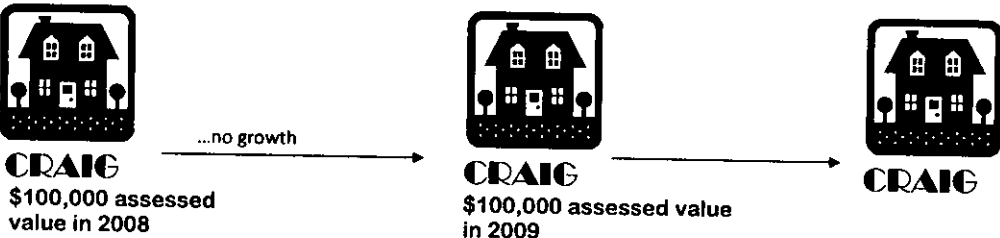


Because municipalities only count half the growth after 1999, this effectively decreases the rate for KPB taxpayers in our model to the equivalent of a **3.3 mil rate by 2010.** It will keep decreasing as the area grows and property values increase

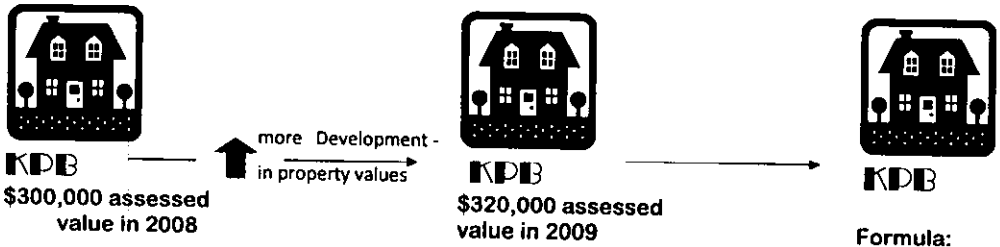
*examples of Craig and KPB are for illustrative purposes only and do not reflect actual shifts in property value or mil rates

Figure 1.

How Required Local Effort Works Under HB350...



$\$100,000 + (\text{no increase since 2008}) * 2.7\text{mil} = \270



Formula:
 $(2\text{FY ago value}) + (50\% \text{ increase between 2 fyr ago \& 1 fyr ago}) * 2.7\text{mil} = \$ \text{amt}$
 $(300,000 + 10,000) * 2.7 \text{ mil} = \837

2010

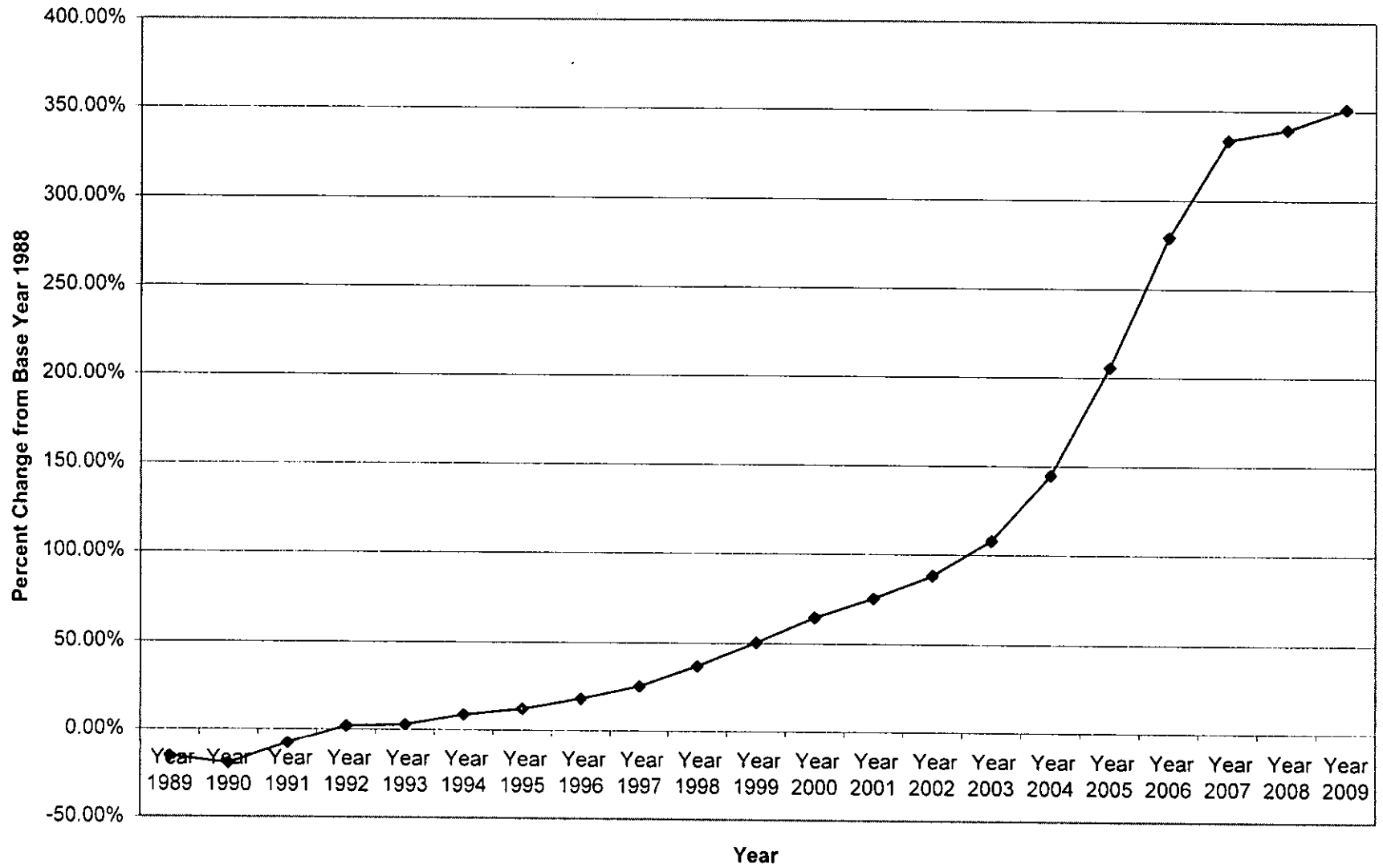
➔ Equal contribution for all municipalities with a built in temporary break for areas experiencing growth.

* examples of Craig and KPB are for illustrative purposes only and do not reflect actual shifts in property value or mil rates

Figure 2.

MATANUSKA-SUSITNA BOROUGH SCHOOLS DISTRICT
 COMPARISON OF STATE-ASSESSED VALUATION OF BOROUGH PROPERTY

Percent Change in Assessed Valuation of Taxable Property in the Mat Su Borough



History of Student Enrollment

