

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 86/2

10040 SENATE COMMUNITY & REGIONAL AFFAIRS

FY 00 Safe Communities Program Warrant Request

Municipality	FY 00 SAFE Payments
Lake and Peninsula Borough	\$25,337
City of Larsen Bay	\$2,511
City of Lower Kalskag	\$5,387
City of Manokotak	\$7,477
City of Marshall	\$5,832
Mat-Su Borough	\$888,668
City of McGrath	\$10,108
City of Mekoryuk	\$3,673
Metlakatla Comm. Dev. Corp.	\$46,283
City of Mountain Village	\$15,969
City of Napakiak	\$7,785
City of Napaskiak	\$7,204
City of Nenana	\$15,465
City of New Stuyahok	\$8,580
City of Newhalen	\$3,640
City of Nightmute	\$4,097
City of Nikolai	\$1,904
City of Nome	\$99,774
City of Nondalton	\$4,431
City of Noorvik	\$11,840
City of North Pole	\$48,444
North Slope Borough	\$760,073
Northwest Arctic Borough	\$14,395
City of Nuiqsut	\$8,464
City of Nulato	\$6,881
City of Nunapitchuk	\$9,000
City of Old Harbor	\$5,676
City of Ouzinkie	\$4,831
City of Palmer	\$111,616
City of Pelican	\$4,470
City of Petersburg	\$88,504
City of Pilot Point	\$2,141
City of Pilot Station	\$10,432
City of Platinum	\$1,062
City of Point Hope	\$16,538
City of Port Alexander	\$3,280
City of Port Heiden	\$2,461
City of Port Lions	\$4,651
City of Quinhagak	\$11,674
City of Ruby	\$4,210
City of Russian Mission	\$5,456
City of St. George	\$3,266

FY 00 Safe Communities Program Warrant Request

Municipality	FY 00 SAFE Payments	
City of St. Mary's	\$9,457	
City of St. Michael	\$9,105	
City of St. Paul	\$14,303	
City of Sand Point	\$17,919	
City of Savoonga	\$13,024	
City of Saxman	\$7,645	
City of Scanmon Bay	\$8,609	
City of Selawik	\$14,353	
City of Seldovia	\$8,418	
City of Seward	\$83,096	
City of Shageluk	\$2,898	
City of Shaktoolik	\$4,222	
City of Sheldon Point	\$3,031	
City of Shishmaref	\$10,477	
City of Shungnak	\$5,465	
City and Borough of Sitka	\$239,885	
City of Skagway	\$27,820	
City of Soldotna	\$137,381	
City of Stebbins	\$10,273	
City of Tanana	\$7,172	
City of Teller	\$4,923	
City of Tenakee Springs	\$3,281	
City of Thorne Bay	\$11,656	
City of Togiak	\$16,583	
City of Toksook Bay	\$10,015	
City of Unalakleet	\$16,866	
City of Unalaska	\$83,312	
City of Upper Kalskag	\$5,693	
City of Valdez	\$295,580	
City of Wainwright	\$10,228	
City of Wales	\$3,258	
City of Wasilla	\$126,927	
City of White Mountain	\$3,478	
City of Whittier	\$6,603	
City of Wrangell	\$70,753	
City and Borough of Yakutat	\$23,228	
Total Payments	\$17,504,200	

FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. SB 242

Revision Date/Time (Note if correction)		Dept. Affected		Revenue	
Title	Pipeline Property Tax	BRU		Operations	
	Used for Revenue Sharing	Component		Oil and Gas Audit	
Sponsor	Sen. Dave Donley				
Requester	Senate Community and Regional Affairs	Component No.		115	

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This legislation would require the Department of Revenue to separately account for the money collected under AS 43.56 (Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes). The money then would be available for legislative appropriation through the Safe Communities Program.

The state portion of the taxes collected under AS 43.56 was \$48.8 million in FY 1999, and is projected at \$45.7 million in FY 2000 and \$43.8 million in FY 2001.

The legislation would take effect only if the ballot initiative for a statewide municipal property tax cap passes in the November 2000 general election. Though the tax cap would not impact the state's oil and gas property tax rate, it would increase the state's share of the tax by limiting the municipal tax rate on oil and gas property. The department estimates that the municipal share of oil and gas property taxes could drop \$10 million in FY 2000 if the initiative passes, with that \$10 million going instead to the state treasury.

Prepared by:	Larry Persily, Deputy Commissioner	Phone	465-5469
Division	Department of Revenue	Date/Time	2/8/00 12:52 PM
Approved by:	Commissioner Wilson Condon	Date	
Agency	Department of Revenue		

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SB

248

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
Bill Version: SB 248
(S) Publish Date: 2-8-00

Revision Date: 1/25/2000 Dept. Affected: DCED
Title: AIDEA bonding authority BRU: AIDEA
Component: _____
Sponsor: _____
Requester: _____ Component No.: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Corporate Funds)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has a positive fiscal effect on the General Fund. Passage of this bill allows AIDEA to continue fulfilling its mission, generating revenues, and in turn, providing an annual dividend to the General Fund. The bill extends AIDEA's bonding authority, clarifies procedures available to municipalities to grant tax exemptions for privately held interest in AIDEA-owned assets, and transfers the rural development initiative fund program to AIDEA. AIDEA funds its operations and projects through corporate receipts and through the sale of bonds and does not use General Fund money.

Prepared by: D. Randy Simmons, Executive Director Phone: _____
Division: AIDEA Date/Time: 1/27/00 11:53 AM
Approved by: Commissioner Deborah B. Hedrick Date: 1/27/00
Agency: _____

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AP 248

February 3, 2000

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

The Alaska Industrial Development and Export Authority (AIDEA) has been a key player in many of Alaska's economic successes through the years. AIDEA programs have financed smaller projects, such as the Unalaska Marine Center dock, and the multi-million dollar Red Dog mine and Federal Express aircraft maintenance facility. This bill I transmit today continues AIDEA's role in boosting economic development and creating jobs in the state by extending its bonding authority for development projects of up to \$10 million and for conduit bond financing that does not involve the assets or credit of AIDEA or the state.

Under the bill, AIDEA's general bonding authority for projects up to \$10 million would be extended for three years, until June 30, 2003. The bill also clarifies that the sunset provision does not apply to conduit revenue financing transactions. Projects larger than \$10 million would still require specific legislative authorization.

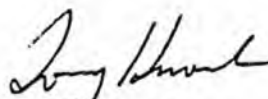
In addition, this bill clarifies the procedures available to municipalities to grant tax exemptions for privately held interests in AIDEA-owned assets and projects, and instead enter into agreements and receive payments in lieu of taxes.

The bill also provides for the transfer of the rural development initiative fund (RDIF) program from the Department of Community and Economic Development (DCED) to AIDEA. This makes formal the program transfers authorized in last year's departmental merger bill. Transferring the RDIF program would enable AIDEA to further its economic development mission in communities of 5,000 or less.

The Honorable Drue Pearce
February 3, 2000
Page 2

The state is fortunate to have a financially healthy agency like the AIDEA to forge public-private partnerships that can strengthen Alaska's economic base. This bill will enhance the tools available to the AIDEA to further this mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large initial "T".

Tony Knowles
Governor

SB 248--HB 342
AIDEA Bill
Sectional Analysis

Section 1 – Clarifying changes to Property Tax Exemption Provisions

Section 1 together with Sections 6, 7, and 8 make clarifying changes in tax exemption and payment in lieu of tax provisions relating to AIDEA owned projects.

Background. Under AIDEA's development finance program, AIDEA can own development projects that further the Authority's mission. Examples of these projects include the DeLong Mountain Transportation System serving the Red Dog Mine and the Federal Express Maintenance Facility at Anchorage International Airport.

By statute, AIDEA's interests in development finance projects are exempt from property taxes. Other statutory provisions allow for local jurisdictions to exempt the property interests of private users of AIDEA's facilities from property taxation and authorize local jurisdictions to enter into payment in lieu of tax agreements with these users.

The bill makes technical changes to clarify how the property tax and the payment in lieu of tax agreement mechanisms operate.

Section 1. Permissive Property Tax Exemption for AIDEA Owned Projects. Section 1 amends the provisions to AS 29.45.050 to allow municipalities to grant tax exemptions with respect to interests of private users in AIDEA property. Current law (AS 44.88.140 (b)) authorizes the use of payment in lieu of tax agreements for private interests held in AIDEA owned projects but does not clearly describe the methods that can be used to implement those agreements. Section 1 allows municipalities to grant, by ordinance, partial or total property tax exemptions in private property interests held by users of the Authority's assets. While other statutory provisions allow municipalities to grant various tax exemptions including an exemption for economic development property, none of the exemptions specifically relate to AIDEA owned projects. Adding a specific permissive exemption together with the clarifying changes to the payment in lieu of tax agreement provisions will provide municipalities with appropriate mechanisms and simplify the process by which municipalities can implement these property tax provisions.

Sections 2 through 4 – Transfer of Rural Development Initiative Fund Program (RDIF)

Section 2-4 together with Sections 9-11 and 13-14 transfer the Rural Development Initiative Fund Program (RDIF) to AIDEA.

Background -- The RDIF program encourages economic development in rural Alaska by providing loans to small businesses in communities with populations of less than 5,000. The program was originally administered by the Department of Community and Regional Affairs and with the passage of HB 40 last year, is now within the Department of Community and Economic Development (DCED).

Because the RDIF program advances the Authority's economic development mission, AIDEA has supported the program over the last several years. The Authority has coordinated its Business and Export Assistance Loan Guarantee program with the RDIF program to increase the effectiveness of both programs. In 1993 and again in 1996, the Legislature authorized AIDEA to purchase loan portfolios from the State as an investment for the Authority. These loan purchases helped to re-capitalize the RDIF fund so that the fund had sufficient cash assets to make additional loans.

With the consolidation accomplished under HB 40, it is appropriate to transfer the RDIF program to the Authority. Transferring the program to AIDEA furthers AIDEA's mission in rural Alaska. In addition, the transfer will allow the program to continue to operate from year to year without the need for periodic AIDEA loan purchases or other legislative appropriations to re-capitalize the program. AIDEA will contract with DCED to administer the program utilizing the Department's rural program staff. This will help maximize efficiencies and ensure the continued effectiveness of the program in rural Alaska.

There are two steps to accomplishing the RDIF transfer to AIDEA. First, the bill statutorily creates a new RDIF loan program within AIDEA. This new program mirrors the existing statutory program. Second, upon the purchase by AIDEA of the existing RDIF loan portfolio, the bill repeals DCED's existing program. An appropriation will be required to authorize AIDEA's purchase of the existing portfolio.

Sections 2-4. Sections 2, 3 and 4 rename the existing DCED Rural Development Initiative Fund to the Rural Economic Development Initiative Fund. Under the bill (Sections 10, 13 and 14), the existing DCED program is not repealed until AIDEA completes the purchase of the existing RDIF loan portfolio from the State. Pending this purchase, the existing DCED statutes are modified to rename DCED's fund. This action is necessary so there is no statutory conflict with the AIDEA Rural Development Initiative Fund created under the bill.

Section 5 – Extension of AIDEA's Bonding Authority

Section 5 extends AIDEA's general bonding authority, which would otherwise sunset on July 1, 2000. Bonds for development finance projects in excess of \$10,000,000 will continue to require legislative authorization.

Background. Effective July 1, 2000, AIDEA's ability to issue bonds, other than refunding bonds, will sunset. The sunset would prevent AIDEA from issuing any new bonds (other than refunding bonds) without legislative approval and severely curtail AIDEA's ability to fulfill its statutory mission.

The sunset would prevent AIDEA from issuing bonds to assist key development projects, bonds to fund loan participations and conduit revenue bonds that do not involve the credit of AIDEA or the State. In recent years, AIDEA has issued tax-exempt conduit revenue bonds to help finance the Fort Knox gold mine (\$71 million), the Goat Lake Hydroelectric project (\$23 million), the South Central Alaska chapter of the American Red Cross (\$2.2 million), the Fairbanks Sewer and Water project (\$6 million) and the Association of Village Council Presidents (\$916,000). These bonds helped lower the cost of financing for these projects without any financial risk to AIDEA or the State.

The bill extends the sunset until July 1, 2003. In addition, the bill clarifies that the sunset does not apply to conduit revenue bonds, which do not impact the State's or AIDEA's credit. Bonds in excess of \$10 million for development finance projects will continue to require specific legislative approval.

Sections 6 through 8 -- Clarifying changes to Property Tax Exemption Provisions

Section 6 – This section amends AS 44.88.140(a) to recognize the permissive property tax exemption (adopted under Section 1 of the bill) that local governments may grant for AIDEA own projects.

Section 7 – This section amends AS 44.88.140(b) to clarify the mechanism to be used by local governments and users of AIDEA projects for entering into payment in lieu of tax agreements. The bill makes clear that these agreements are to be made directly between the local governments and the project users.

Section 8 – This section amends AS 44.88.140 to add a clarifying definitional section for "local political subdivision." The provision provides that the political subdivision in which the AIDEA project is located is the "local political subdivision" for purposes of the statute.

Sections 9 through 11 -- Transfer of Rural Development Initiative Fund Program (RDIF)

Section 9 – Creation of AIDEA RDIF Program. Section 9 establishes the RDIF program within AIDEA by enacting AS 44.88.600-620. With minor changes to reflect the program's status within AIDEA, these provisions mirror the provisions of the existing DCED RDIF program (AS 44.33.765-775).

AS 44.88.600 – This section establishes the RDIF within AIDEA outside of the AIDEA revolving fund. The section allows AIDEA to transfer funds between the revolving fund and the RDIF.

AS 44.88.610 – This section establishes the basic parameters of the RDIF program and mirrors the provisions of the current DCED program (See AS 44.33.770). Under the program, loans of up to \$200,000 (\$100,000 for individuals) may be made to businesses located in communities of less than 5000. These loans require that collateral be pledged to secure repayment and that a reasonable amount of money from non-State sources also be pledged to the project. The Authority may, by regulation establish interest rates of not less than 6% and other conditions for RDIF loans.

AS 44.88.620 – This section grants AIDEA the power to dispose of property acquired through foreclosure of defaulted RDIF loans.

Section 10 – Repeal of DCED Program. This section repeals the existing RDIF program within DCED. However, as noted below (see Sections 13 and 14), this section only becomes effective upon AIDEA's purchase from the State of the existing RDIF portfolio.

Section 11 – Transitional Provisions. This section enacts several transitional provisions related to the transfer of the RDIF program to AIDEA.

Sections 11(a) and 11(b) – These sections provide that regulations adopted under DCED's RDIF program will continue to apply to AIDEA's RDIF program until such time as AIDEA adopts new regulations for the program.

Section 11(c) – This section clarifies that the existing legal contracts, liabilities and obligations created under the DCED RDIF program remain in effect notwithstanding the transfer of the program under the bill.

Section 11(d) – This section provides that any amounts retained within DCED's RDIF, following AIDEA's purchase of the assets and the repeal of the DCED program, lapse into the general fund.

Sections 12 through 15 – Effective Date Provisions

Section 12 – Effective Date -- Bonding Sunset Extension. This section provides that the effective date of the bonding sunset extension provision of the bill (Section 5) is June 30, 2000. This effective date is necessary to insure that the current July 1, 2000 sunset date does not become effective.

Section 13 and 14 – Effective Date – RDIF Transfer. These sections provide special effective dates related to the transfer of the RDIF program to AIDEA. Specifically, these sections provide that the repeal of the DCED program (Section 10) and the transition provisions (Section 11) become effective on the day after AIDEA purchases the existing assets in the R' F fund. A separate appropriation will be required to authorize AIDEA to purchase the existing RDIF assets from the State.

Section 15 – General Effective Date. This section provides that the remainder of the bill becomes effective July 1, 2000 to coincide with the beginning of the next fiscal year.

SB

304

LEGAL SERVICES

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

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MEMORANDUM

April 6, 2000

SUBJECT: Sectional summary of SB 304

TO: Senator Tim Kelly, Chair
Senate Community and Regional Affairs Committee
Attn: Ben Grenn

FROM: Tamara Brandt Cook
Director

TBC

Sec. 1. Legislative findings.

Sec. 2. Technical correction of a cross-referenced provision repealed in this bill.

Sec. 3. Adds provisions of the public safety foundation program established in this bill as home rule limitations.

Sec. 5. Deletes references to the municipal tax resource equalization, priority revenue sharing, and revenue sharing for safe communities programs, repealed in this bill, and adds references to the public safety foundation program.

Sec. 6. Deletes a reference to municipal tax resource equalization and revenue sharing and adds a reference to the public safety foundation program

Sec. 7. Establishes the public safety foundation program.

Sec. 29.60.660. Establishes the municipal dividend fund consisting of municipal dividends appropriated to the fund and provides that the legislature may appropriate money from the fund for the public safety foundation program and for capital project matching grants.

Sec. 29.60.700. Sets out eligibility requirements a municipality must meet to receive a public safety foundation entitlement for a fiscal year. Requires payments to be made no later than July 31 each year.

Sec. 29.60.710. Establishes municipal minimum entitlements for each municipality equal to \$25,000. A supplemental minimum entitlement is available if the total amount a municipality receives for a fiscal year under the program is less than \$45,000. Another supplemental minimum entitlement is available if the total amount a municipality receives for a fiscal year under the program is less than the municipality received for fiscal year 2000 under the municipal aid programs repealed in this bill.

Sec. 29.60.720. Establishes road maintenance entitlements equal to \$2,000 for each mile of road maintained by the municipality. A municipality may receive an entitlement of \$1,000 for each mile of frozen waterway. A driver usage entitlement is available to each municipality equal to \$10 for each resident. The governing body may authorize the municipality to use a portion of the road maintenance entitlement for education.

Sec. 29.60.730. Establishes fire and emergency medical services entitlements for municipalities and certain fire departments equal to \$20 for each person who receives fire services and \$20 for each person who receives emergency medical services. Permits the governing body to authorize the municipality to use a portion of the entitlement for education.

Sec. 29.60.740. Provides for police protection entitlements equal to \$20 for each person who receives municipal police protection.

Sec. 29.60.750. Provides state aid for health facilities and hospitals.

Sec. 29.60.760. Provides \$10,000 in state aid for each unincorporated community.

Sec. 29.60.770. Provides state aid for the village public safety officer program.

Sec. 20.60.780. Makes certain provisions of the program applicable to home rule and general law municipalities.

Sec. 8 - 10. Technical corrections to cross-references in other statutes.

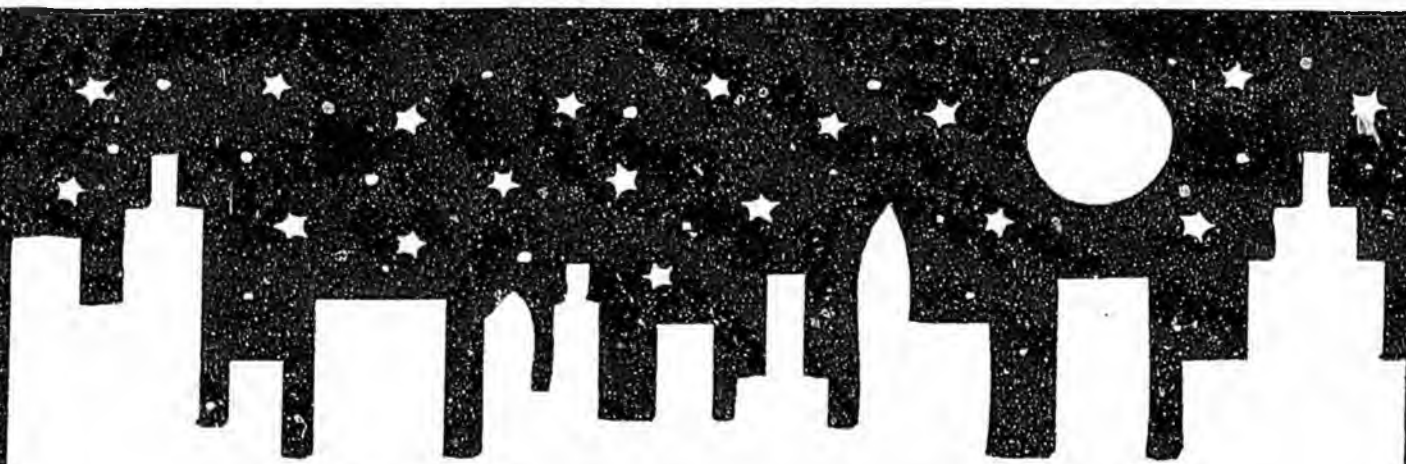
Sec. 11. After transfers for permanent fund dividends and inflation proofing, directs the Alaska Permanent Fund Corporation to transfer, subject to appropriation, a municipal dividend from the earnings reserve account equal to the lesser of \$150 multiplied by the number of permanent fund dividends paid during the preceding calendar year or the balance in the earnings reserve account.

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

Sec. 13. Repeals the municipal aid programs known as revenue sharing and safe community.

Sec. 14. Permits an unincorporated community that was entitled to state aid for fiscal year 2000 under the former aid to unincorporated communities section to qualify for a capital matching grant entitlement for fiscal year 2001.

Sec. 15. Directs the revisor to fix cross-references to AS 29.60.020 that appear in certain statutes.



Why the Municipal Dividend is Important to Alaskans

- ◆ **Frees up \$46 to \$53 million in the State General Fund** to allow the state reduce General Fund spending while providing needed funding for the University of Alaska, schools, PCE, and other priorities.
- ◆ **Saves Alaskan lives** by improving public safety services, including statewide EMS, Police, and Fire
- ◆ **Puts more money in the pockets of Alaskans.** Provides an average of \$150 per capita per year to offset taxes and/or provide education and public safety services. The long-term impact on the PFD is negligible (slows growth of the individual PFD by less than \$2 per year the first 5 years, according to the PF Corporation).
- ◆ **Keeps millions of dollars in Alaska and out of the hands of the federal IRS.** Expands the benefits of the Permanent Fund to citizens and circumvents the federal IRS by directly supporting local public safety services instead of using local taxes.
- ◆ **Credits state officials** with direct specific allocations to police, education, fire, EMS, roads, and health facilities.
- ◆ **Permanent stabilization of revenue sharing and local property taxes.**
- ◆ **Helps avoid making the Permanent Fund subject to federal income tax** by strengthening the Permanent Funds' "public purpose" by directly supporting education and public safety.

A Municipal Dividend is Worth Consideration HB 137/SB 304

What is a municipal dividend? The plan provides a way to get more money into local communities by transferring funds from the excess earnings of the Permanent Fund equal to \$150 per person to a public safety foundation account. Those funds would then be distributed to cities and boroughs to pay for police, fire, emergency medical services, roads and capital projects. Inflation proofing and individual dividend checks would not be changed in any way.

There are two bills in the legislature to establish a municipal dividend program – HB 137 by Representative Carl Moses and SB 304 by the Senate Community & Regional Affairs Committee.

The legislation takes revenue sharing, VPSO funding, and capital matching grants “off budget,” thereby reducing the State General Fund expenditures by approximately \$55 million. This allows the state legislature to:

1. Meet its \$30 million reduction target;
2. Increase funding to the University, education, PCE, and/or other critical state-wide needs determined by the legislature;
3. Provide direct, specific, and accountable state support for roads, police, fire, EMS, and health.

Who should support a municipal dividend?

1. Those interested in taking a first step toward a long-range fiscal plan
2. Local taxpayers
3. Rural communities
4. Fire departments, EMS organizations and police organizations
5. Road service area boards and members
6. Schools, PTA's, School Boards
7. Labor
8. Senior Citizens

How does the municipal dividend program work?

The formula: SB 304 = \$150 x the number of permanent fund dividends paid (after inflation and individual dividend checks are paid) deposited into the Public Safety Foundation Fund.

HB 137 = \$125 per person with \$17 per person for public safety services.

Distribution from the Fund to Alaska's cities and boroughs equals (SB 304):

- \$20 per person served for police,
- \$20 per person served for fire,
- \$20 per person served for emergency medical services,
- \$2000 per road mile plus \$10 per capita for use volume,
- \$45,000 minimum entitlement for the smallest communities,
- \$10,000 for each unincorporated community
- \$7.5 million (approximately) for VPSO program



Analysis of SB 304
Alaska Permanent Fund Corporation
 Based on February 2000 APFC Financial Projections
 (\$ in millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTALS
Payout per SB 304 Municipal Dividend	1,261	1,282	1,293	1,256	1,235	1,265	1,318	1,374	1,434	1,498	1,561	14,766
Dividend Fund	86	87	88	89	90	91	92	93	94	95	96	1,002
	1,165	1,195	1,205	1,167	1,145	1,174	1,226	1,281	1,340	1,401	1,465	13,763
Payout Status Quo (all Dividend)	1,165	1,195	1,207	1,170	1,150	1,183	1,239	1,298	1,361	1,428	1,497	13,893
Difference in annual payout	96	87	87	86	85	82	79	76	72	68	64	872
Retain for Inflation - SB 304	423	650	679	709	741	773	806	841	878	913	950	7,938
Retain for Inflation - Status Quo	423	650	679	709	741	773	806	841	878	913	956	7,938
Fund value in 2010 - SB 304											41,433	
Principal											30,183	
Earnings Reserve											11,248	
Fund value in 2010 - Status Quo											42,800	
Principal											30,182	
Earnings Reserve											12,618	
Per Person Dividend Status Quo	\$1,960.00	\$1,980.00	\$1,980.00	\$1,900.00	\$1,840.00	\$1,880.00	\$1,950.00	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,060.00
Per Person Dividend SB 304	\$1,960.00	\$1,990.00	\$1,988.00	\$1,890.00	\$1,840.00	\$1,886.00	\$1,930.00	\$1,990.00	\$2,060.00	\$2,130.00	\$2,210.00	\$21,830.00

These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility. Distributions shown for the Dividend Fund and the Municipal Dividend are calculated and booked as payable at fiscal year end and actually paid out the following fiscal year. Slight differences due to rounding.

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Total New	FY00	Increase
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	PS Foundation	Current	FY01
Egegik	\$1,320	\$37,000	\$10,000	\$2,640	\$0	\$2,640	\$1,726	\$ 80,326	\$ 32,396	\$ 47,930
Ekwok	\$1,200	\$0	\$0	\$2,400	\$0	\$0	\$0	\$ 45,000	\$ 27,859	\$ 17,141
Elim	\$3,060	\$23,600	\$0	\$6,120	\$0	\$6,120	\$1,857	\$ 65,757	\$ 35,242	\$ 30,515
Emmonak	\$8,380	\$11,840	\$3,500	\$16,760	\$16,760	\$16,760	\$6,270	\$ 105,270	\$ 84,456	\$ 20,814
Fairbanks	\$316,010	\$213,440	\$0	\$632,020	\$632,020	\$632,020	\$97,787	\$ 2,548,297	\$ 1,505,570	\$ 1,042,727
Fairbks NS Boro	\$507,080	\$860,680	\$0	\$863,900	\$1,014,160	\$0	\$49,859	\$ 3,320,679	\$ 2,111,834	\$ 1,208,845
False Pass	\$580	\$6,000	\$0	\$1,160	\$0	\$0	\$0	\$ 45,000	\$ 27,130	\$ 17,870
Fort Yukon	\$5,530	\$34,000	\$0	\$0	\$11,060	\$11,060	\$0	\$ 86,650	\$ 43,812	\$ 42,838
Galena	\$5,440	\$14,200	\$0	\$0	\$10,880	\$10,880	\$7,434	\$ 73,834	\$ 44,140	\$ 29,694
Gambell	\$6,700	\$17,000	\$0	\$13,400	\$0	\$13,400	\$1,857	\$ 77,357	\$ 42,174	\$ 35,183
Golovin	\$1,420	\$10,440	\$7,500	\$2,840	\$0	\$0	\$1,857	\$ 49,057	\$ 31,683	\$ 17,374
Goodnews Bay	\$2,560	\$0	\$0	\$0	\$0	\$0	\$1,792	\$ 45,000	\$ 31,693	\$ 13,307
Grayling	\$1,950	\$14,000	\$0	\$0	\$0	\$0	\$1,858	\$ 45,000	\$ 32,639	\$ 12,361
Haines	\$14,630	\$27,100	\$0	\$29,260	\$29,260	\$29,260	\$1,435	\$ 155,945	\$ 65,194	\$ 90,751
Haines Bor	\$10,130	\$26,180	\$0	\$0	\$0	\$0	\$1,435	\$ 62,745	\$ 45,810	\$ 16,935
Holy Cross	\$2,770	\$30,600	\$0	\$0	\$0	\$0	\$1,857	\$ 60,227	\$ 35,446	\$ 24,781
Homer	\$41,550	\$47,660	\$0	\$83,100	\$83,100	\$83,100	\$11,491	\$ 375,001	\$ 175,828	\$ 199,173
Hoonah	\$8,960	\$150,000	\$0	\$0	\$17,920	\$17,920	\$1,435	\$ 221,235	\$ 75,791	\$ 145,444
Hooper Bay	\$10,390	\$3,480	\$0	\$0	\$0	\$20,780	\$0	\$ 59,650	\$ 47,356	\$ 12,294
Houston	\$9,390	\$82,660	\$0	\$18,780	\$18,780	\$0	\$0	\$ 154,610	\$ 42,557	\$ 112,053
Hughes	\$720	\$11,500	\$0	\$0	\$0	\$0	\$1,858	\$ 45,000	\$ 30,028	\$ 14,972
Huslia	\$2,480	\$36,360	\$0	\$4,960	\$0	\$0	\$1,857	\$ 70,657	\$ 35,127	\$ 35,530
Hydaburg	\$4,050	\$12,400	\$0	\$0	\$8,100	\$0	\$1,333	\$ 50,383	\$ 28,290	\$ 22,593
Juneau City/Boro	\$302,360	\$185,060	\$0	\$609,880	\$609,880	\$612,260	\$144,770	\$ 2,489,210	\$ 1,591,731	\$ 897,479
Kachemak	\$4,190	\$0	\$0	\$0	\$0	\$8,380	\$0	\$ 45,000	\$ 29,303	\$ 15,697
Kake	\$7,830	\$27,780	\$0	\$0	\$15,660	\$15,660	\$1,384	\$ 93,314	\$ 21,651	\$ 71,663
Kaktovik	\$2,550	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 32,900	\$ 12,100
Kaltag	\$2,500	\$16,340	\$0	\$0	\$0	\$0	\$3,716	\$ 47,556	\$ 33,943	\$ 13,613
Kasaan	\$410	\$16,900	\$0	\$0	\$0	\$0	\$1,334	\$ 45,000	\$ 23,812	\$ 21,188
Kenai	\$70,580	\$123,620	\$0	\$141,160	\$141,160	\$141,160	\$26,928	\$ 669,608	\$ 327,883	\$ 341,725
Kenai Pen Boro	\$297,280	\$1,251,420	\$0	\$554,560	\$590,560	\$0	\$89,764	\$ 2,808,584	\$ 1,698,894	\$ 1,109,690
Ketchikan	\$84,600	\$45,020	\$0	\$169,200	\$169,200	\$169,200	\$69,717	\$ 731,937	\$ 477,115	\$ 254,822
Ketch Gtwy Boro	\$53,920	\$6,580	\$0	\$107,840	\$107,840	\$0	\$0	\$ 301,180	\$ 221,878	\$ 79,302
Kiana	\$4,020	\$15,640	\$12,500	\$8,040	\$0	\$0	\$2,323	\$ 67,523	\$ 39,046	\$ 28,477
King Cove	\$7,030	\$15,640	\$0	\$14,060	\$14,060	\$14,060	\$1,726	\$ 91,576	\$ 40,891	\$ 50,685
Kivalina	\$3,490	\$2,180	\$6,000	\$0	\$0	\$6,980	\$1,858	\$ 45,508	\$ 38,455	\$ 7,053
Klawock	\$6,590	\$19,400	\$0	\$0	\$15,800	\$13,180	\$0	\$ 79,970	\$ 35,401	\$ 44,569
Kobuk	\$1,020	\$16,220	\$4,700	\$0	\$0	\$0	\$1,857	\$ 48,797	\$ 31,532	\$ 17,265
Kodiak	\$68,590	\$50,620	\$0	\$137,180	\$137,180	\$137,180	\$0	\$ 555,750	\$ 305,101	\$ 250,649

SB 304 - Proposed Public Safety Foundation Program

	Road Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. pop served	EMS pop served	Police pop served	Health RS FY 00	Total New PS Foundation	FY00 Current	Increase FY01
Kodiak Isl Boro	\$59,620	\$50,120	\$0	\$82,000	\$119,240	\$0	\$87,739	\$ 423,719	\$ 309,897	\$ 113,822
Kotlik	\$5,520	\$0	\$0	\$11,040	\$11,040	\$11,040	\$1,792	\$ 65,432	\$ 37,753	\$ 27,679
Kotzebue	\$29,640	\$56,600	\$36,500	\$59,280	\$59,280	\$59,280	\$13,473	\$ 339,053	\$ 203,371	\$ 135,682
Koyuk	\$2,960	\$8,520	\$0	\$0	\$0	\$0	\$1,857	\$ 45,000	\$ 34,072	\$ 10,928
Koyukuk	\$1,300	\$8,380	\$0	\$0	\$0	\$0	\$1,857	\$ 45,000	\$ 31,122	\$ 13,878
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 23,812	\$ 21,188
Kwethluk	\$6,670	\$3,860	\$0	\$13,340	\$0	\$0	\$1,792	\$ 50,662	\$ 40,289	\$ 10,373
Lake & Pen Boro	\$9,680	\$107,240	\$40,250	\$0	\$0	\$0	\$15,537	\$ 197,707	\$ 116,269	\$ 81,438
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 23,812	\$ 21,188
Lower Kalskag	\$2,860	\$7,340	\$20,000	\$0	\$0	\$0	\$1,857	\$ 57,057	\$ 36,723	\$ 20,334
Manokotak	\$3,960	\$15,860	\$0	\$0	\$0	\$7,920	\$0	\$ 52,740	\$ 33,982	\$ 18,758
Marshall	\$3,000	\$0	\$0	\$6,000	\$0	\$6,000	\$1,792	\$ 45,000	\$ 32,775	\$ 12,225
Mat-Su Boro	\$453,560	\$2,071,940	\$0	\$275,700	\$275,700	\$0	\$33,570	\$ 3,135,470	\$ 1,765,468	\$ 1,370,002
McGrath	\$4,410	\$43,700	\$0	\$8,820	\$0	\$0	\$3,716	\$ 85,646	\$ 41,124	\$ 44,522
Mekoryuk	\$1,920	\$6,600	\$0	\$0	\$0	\$3,840	\$1,791	\$ 45,000	\$ 31,005	\$ 13,995
MT. Village	\$7,930	\$15,000	\$0	\$0	\$0	\$15,860	\$1,791	\$ 65,581	\$ 45,796	\$ 21,785
Napakiaik	\$3,730	\$9,660	\$0	\$0	\$0	\$7,460	\$1,791	\$ 47,641	\$ 35,298	\$ 12,343
Napaskiak	\$3,910	\$0	\$0	\$0	\$0	\$7,820	\$1,792	\$ 45,000	\$ 34,147	\$ 10,853
Nenana	\$4,350	\$52,780	\$0	\$13,540	\$13,540	\$8,700	\$3,582	\$ 121,492	\$ 45,895	\$ 75,597
New Stuyahok	\$4,540	\$5,000	\$0	\$8,700	\$0	\$9,080	\$0	\$ 52,320	\$ 34,469	\$ 17,851
Newhalen	\$1,910	\$0	\$10,000	\$3,820	\$0	\$0	\$1,726	\$ 45,000	\$ 30,972	\$ 14,028
Nightmute	\$2,220	\$0	\$0	\$0	\$0	\$4,440	\$0	\$ 45,000	\$ 30,663	\$ 14,337
Nikolai	\$1,030	\$10,000	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 30,078	\$ 14,922
Nome	\$37,060	\$35,040	\$0	\$74,120	\$74,120	\$74,120	\$83,629	\$ 403,089	\$ 260,263	\$ 142,826
Nondalton	\$2,270	\$50,000	\$750	\$0	\$0	\$4,540	\$1,726	\$ 84,286	\$ 33,341	\$ 50,945
Noorvik	\$5,980	\$14,400	\$20,000	\$11,960	\$11,960	\$11,960	\$1,857	\$ 103,117	\$ 67,976	\$ 35,141
North Pole	\$16,190	\$30,460	\$0	\$32,380	\$32,380	\$32,380	\$0	\$ 168,790	\$ 72,922	\$ 95,868
North Slope Boro	\$23,810	\$203,940	\$21,500	\$187,780	\$187,780	\$187,780	\$40,419	\$ 937,438	\$ 937,438	\$ 0*
NW Arctic Boro	\$5,470	\$128,180	\$71,190	\$0	\$0	\$0	\$29,732	\$ 259,572	\$ 156,449	\$ 103,123
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 36,026	\$ 8,974
Nulato	\$3,530	\$24,420	\$0	\$0	\$0	\$0	\$1,857	\$ 54,807	\$ 36,327	\$ 18,480
Nunapitchuk	\$4,790	\$0	\$33,875	\$0	\$0	\$9,580	\$1,791	\$ 75,036	\$ 40,735	\$ 34,301
Old Harbor	\$2,970	\$10,040	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 27,451	\$ 17,549
Ouzinkie	\$2,520	\$7,200	\$0	\$5,040	\$0	\$0	\$0	\$ 45,000	\$ 26,474	\$ 18,526
Palmer	\$43,180	\$65,480	\$0	\$86,360	\$86,360	\$86,360	\$55,718	\$ 448,458	\$ 245,740	\$ 202,718
Pelican	\$1,490	\$1,800	\$0	\$2,980	\$2,980	\$0	\$1,436	\$ 45,000	\$ 26,158	\$ 18,842
Petersburg	\$33,980	\$43,120	\$0	\$67,960	\$67,960	\$67,960	\$47,414	\$ 353,394	\$ 214,918	\$ 138,476
Pilot Point	\$1,020	\$28,000	\$0	\$2,040	\$0	\$0	\$0	\$ 56,060	\$ 27,944	\$ 28,116
Pilot Station	\$5,580	\$0	\$0	\$0	\$0	\$0	\$1,792	\$ 45,000	\$ 37,375	\$ 7,625

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Total New	FY00	Increase
	Per Capita	\$2,000	\$509.00	pop served	pop served	pop served	FY 00	PS Foundation	Current	FY01
Platinum	\$410	\$18,000	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 28,689	\$ 16,311
Point Hope	\$7,870	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 44,100	\$ 900
Port Alexander	\$900	\$0	\$0	\$1,800	\$0	\$0	\$0	\$ 45,000	\$ 23,811	\$ 21,189
Port Heiden	\$1,260	\$54,800	\$0	\$0	\$0	\$0	\$1,726	\$ 82,786	\$ 31,542	\$ 51,244
Port Lions	\$2,420	\$8,580	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 26,357	\$ 18,643
Quinhagak	\$6,120	\$14,660	\$0	\$12,240	\$0	\$12,240	\$0	\$ 70,260	\$ 39,104	\$ 31,156
Ruby	\$2,040	\$12,000	\$500	\$4,080	\$0	\$0	\$1,858	\$ 45,478	\$ 32,970	\$ 12,508
Russian Mis	\$2,950	\$3,940	\$0	\$0	\$0	\$0	\$1,792	\$ 45,000	\$ 32,632	\$ 12,368
Saint George	\$1,730	\$32,560	\$0	\$3,460	\$3,460	\$0	\$1,726	\$ 67,936	\$ 31,084	\$ 36,852
Saint Mary's	\$4,940	\$17,360	\$0	\$0	\$0	\$9,880	\$1,791	\$ 58,971	\$ 43,266	\$ 15,705
Saint Michael	\$3,620	\$9,640	\$0	\$0	\$0	\$7,240	\$0	\$ 45,500	\$ 36,302	\$ 9,198
Saint Paul	\$7,610	\$85,640	\$0	\$0	\$0	\$15,220	\$0	\$ 133,470	\$ 57,092	\$ 76,378
Sand Point	\$8,300	\$23,000	\$0	\$16,600	\$0	\$16,600	\$1,726	\$ 91,226	\$ 45,194	\$ 46,032
Savoonga	\$6,320	\$14,140	\$0	\$12,640	\$0	\$12,640	\$0	\$ 70,740	\$ 41,451	\$ 29,289
Saxman	\$3,790	\$8,540	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 27,809	\$ 17,191
Scammon Bay	\$4,500	\$4,300	\$0	\$0	\$0	\$0	\$1,792	\$ 45,000	\$ 35,805	\$ 9,195
Selawik	\$7,460	\$7,060	\$27,000	\$0	\$0	\$0	\$1,581	\$ 68,101	\$ 46,552	\$ 21,549
Seldovia	\$2,810	\$12,600	\$0	\$5,620	\$5,620	\$5,620	\$4,309	\$ 61,579	\$ 31,221	\$ 30,358
Seward	\$30,400	\$54,540	\$0	\$60,800	\$60,800	\$60,800	\$42,368	\$ 334,708	\$ 185,535	\$ 149,173
Shageluk	\$1,520	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 30,460	\$ 14,540
Shaktolik	\$2,260	\$7,000	\$0	\$0	\$0	\$4,520	\$1,857	\$ 45,000	\$ 32,603	\$ 12,397
Sheldon Pt.	\$1,610	\$0	\$0	\$0	\$0	\$3,220	\$0	\$ 45,000	\$ 29,597	\$ 15,403
Shishmaref	\$5,380	\$7,960	\$775	\$0	\$0	\$10,760	\$0	\$ 49,875	\$ 38,640	\$ 11,235
Shungnak	\$2,570	\$10,000	\$15,000	\$0	\$0	\$0	\$1,857	\$ 54,427	\$ 36,230	\$ 18,197
Sitka City/Boro	\$87,790	\$50,220	\$0	\$175,580	\$175,580	\$175,580	\$61,063	\$ 750,813	\$ 446,877	\$ 303,936
Skagway	\$8,140	\$24,100	\$0	\$16,280	\$16,280	\$16,280	\$1,435	\$ 107,515	\$ 50,561	\$ 56,954
Soldotna	\$41,340	\$74,580	\$0	\$0	\$82,680	\$82,680	\$17,593	\$ 323,873	\$ 210,854	\$ 113,019
Stebbins	\$5,480	\$16,340	\$0	\$82,680	\$0	\$10,960	\$1,857	\$ 142,317	\$ 39,224	\$ 103,093
Tanana	\$3,170	\$59,000	\$0	\$0	\$0	\$6,340	\$1,857	\$ 95,367	\$ 38,732	\$ 56,635
Teller	\$2,620	\$5,380	\$0	\$0	\$0	\$5,240	\$0	\$ 45,000	\$ 32,814	\$ 12,186
Tenakee Spr	\$1,010	\$0	\$0	\$2,020	\$0	\$0	\$0	\$ 45,000	\$ 23,812	\$ 21,188
Thorne Bay	\$5,970	\$66,900	\$0	\$11,940	\$11,940	\$0	\$1,334	\$ 123,084	\$ 34,662	\$ 88,422
Togiak	\$8,010	\$20,420	\$0	\$0	\$0	\$16,020	\$1,726	\$ 71,176	\$ 43,711	\$ 27,465
Toksook Bay	\$5,150	\$0	\$0	\$0	\$0	\$0	\$1,792	\$ 45,000	\$ 36,958	\$ 8,042
Unalakleet	\$7,840	\$19,240	\$0	\$15,680	\$0	\$15,680	\$1,857	\$ 85,297	\$ 45,996	\$ 39,301
Unalaska	\$42,850	\$71,820	\$0	\$85,700	\$85,700	\$85,700	\$5,179	\$ 401,949	\$ 212,714	\$ 189,235
Upper Kalskag	\$2,680	\$0	\$0	\$0	\$0	\$0	\$1,858	\$ 45,000	\$ 33,646	\$ 11,354
Valdez	\$41,550	\$48,600	\$0	\$83,100	\$83,100	\$83,100	\$55,737	\$ 420,187	\$ 410,255	\$ 9,932
Wainwright	\$5,430	\$0	\$0	\$0	\$0	\$0	\$0	\$ 45,000	\$ 37,790	\$ 7,210



PRESS RELEASE

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

Additional Dividend Payment Proposed

On Tuesday, April 4, 2000, at the request of the Alaska Municipal League, the Senate Community & Regional Affairs Committee introduced SB 304, providing a new dividend payment that would go to communities to help pay for police, fire, emergency medical services, roads, local contribution to schools, and municipal capital matching grants.

The new dividend payment would be placed in a Public Safety Foundation account and distributed to local communities to help lower property taxes and assist both urban and rural areas in paying for critical education and public safety services. The original municipal dividend concept was proposed by former Governor Walter Hickel. A similar measure was introduced last session in the House by Representative Carl Moses (HB 137), and recently sent to the House Finance Committee after revisions were made by the State Affairs Committee, chaired by Representative Jeanette James.

Chair Senator Tim Kelly stated, "The Committee recognizes that police, fire protection, emergency medical services, education, and roads are top priorities for all Alaskans. The Municipal Dividend puts money in the hands of communities, and answers the call of local taxpayers for a long-term plan to stabilize, or reduce, local taxes. The Municipal Dividend represents real money in the pocket of Alaskans in the form of local tax offsets. The Municipal

Dividend would also be exempt from federal income taxes allowing Alaskans to keep more of their money in Alaska."

The municipal dividend would be paid out of the excess earnings of the Permanent Fund after full inflation proofing and the payment of full individual dividends. According to the calculations of the Alaska Permanent Fund Corporation, in first five years, the Municipal Dividend would slow the growth of the individual dividend an average of \$2 per year. The Municipal Dividend would be distributed as follows:

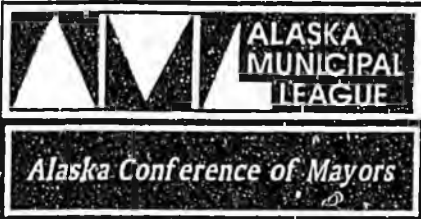
- \$20 per person served for police,
- \$20 per person served for fire,
- \$20 per person served for emergency medical services,
- \$2000 per road mile maintained plus \$10 per capita for use volume,

Additionally, small municipalities would receive a \$45,000 minimum entitlement (\$10,000 for each unincorporated community). Funds would also be made available to support the Village Public Safety Officers Program and fire/EMS organizations outside of municipalities.

The dividend replaces the existing state revenue sharing programs. Reductions to those programs over the last 10 years have been the major factor in rising local property taxes, and helped fuel the property tax cap initiative. It allows a small part of the earnings to be used for a public purpose as envisioned by the framers of the Permanent Fund.

SB 304 will be heard in the Senate Community and Regional Affairs Committee on Monday, April 10, at 1:30 p.m. For more information on the proposed new dividend program, call Kevin Ritchie or Julie Krafft at 586-1325. If requested, this press release can also be emailed.

-end-



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-5480

January 31, 2000

Representative Carl Moses
Alaska State Legislature Room 500
Juneau, AK 99811

Dear Representative Moses:

On behalf of the members of the AML and Alaska Conference of Mayors, **we support HB 137 - Municipal Dividend Program**. It is no surprise we agree with your position that many Alaskans have been hurt by state revenue sharing cuts, and communities desperately need a stable source of income. Critical public safety services have been slashed in the small communities, damage due to deferred maintenance is growing, and many communities have been forced to increase taxes just to maintain services. We believe that rising property taxes due to state cuts have strengthened support for the proposed property tax cap initiative. If the initiative passes it would add \$200 million to Alaska's budget deficit the first year.

While there is not yet broad public support use of some of the earnings of the Permanent Fund, this is an option that must be considered in any long-range fiscal planning effort. The *FY 2000 AML Policy Statement* says, "**Evaluate the Community Dividend concept as part of an overall fiscal plan to help develop Alaska's communities for citizens.**"

The number one legislative priority of the AML and Conference of Mayors is to assist the state in developing a long-range financial plan that considers both state and local impacts, because they are interdependent. HB 137 provides a means to support government closest to the people without further increasing local taxes or adding to the state budget deficit.

Thank you for introducing HB 137 and for your continued interest in the municipalities of Alaska. If we can provide you with any assistance, please let me know.

Sincerely,

Kevin C. Ritchie
Executive Director

cc: AML Revenue & Finance Subcommittee

c:/jk/leg00/hgb137.doc

Dividend plan could solve state money woes

By REP. CARL MOSES

The current state budget situation presents us with yet another chance to collectively review in detail the structure of our governmental financing customs and hopefully make some needed and beneficial changes.

Because we do not forward-fund our state budget, that is, basing next year's expenditures on this year's revenues, I see no alternative but to make substantial changes in the way we currently plan expenditures, given current low oil prices and the likelihood of continued declining production.



Moses

If we accept the fact that there is a genuine budget shortfall this year of approximately \$1.2 billion (with likely more of the same in the foreseeable future), and if we acknowledge the fact that there exist several possible recommendations to solve the problem, then we can focus on solutions.

No potential solution or combination of remedies identified to date will suit everyone. However, it is incumbent upon interested parties to participate in the public discussion and ultimate legislative action to keep Alaska on a sound, fair and practical fiscal path into the new millennium.

Recognizing a budget shortfall and yet little public enthusiasm for taxes or changes in the Permanent Fund structure, but also rec-



ognizing the difficulty in making large and substantial cuts to the state operating budget, what are we to do?

There is at least one idea with merit that has not received its due attention in the debate over the past few years, and that idea is the concept of a Municipal Dividend program. It is a proposal that can address as many or as few of the budget problems as may be desired. The key characteristics of this program are equity and fiscal responsibility, because it confines itself to passing from the state to local government units, responsibility and funding for services we in the Legislature continually hear are not being adequately met by the state.

If you are familiar with the Individual Permanent Fund Dividend program, then you have an idea of how the Municipal Dividend program would work. Based upon strict criteria and local population figures, undistributed earnings from the Alaska Permanent Fund would be available for appropriation to Alaska municipalities, large and small, after providing for inflation-proofing the fund and for calculating individual Permanent Fund dividends.

There ultimately would be some impact on the size of the individual dividend. But any plan advanced to address our budget shortfall will cost individuals in one way or another.

That's why I emphasize that the time is upon us to make responsible, major changes in the way we devise our annual budget.

The focus of the idea is to provide municipalities funds with which to perform basic governmental services, some of which have been unfortunately reduced or eliminated in recent years by state government. Anyone who ever grumbled about the poor condition of local streets, lack of maintenance for schools or inadequate recreational facilities, for example, should embrace this plan as a way to address such problems with the focus of local prioritizing. Even the cynics who would frown upon the idea of giving more money to local politicians would not have to look twice to see the potential benefits of this plan for their cities and towns.

Another value of the Municipal Dividend program, and one addressing the immediate state fiscal shortfall, would be the reduction or elimination of some programs within the state operating budget funded with general fund dollars. Shifting responsibility away from state to local government, and shifting funding away from the general fund to the Permanent Fund's undistributed earnings, would reduce the fiscal gap and enhance local government objectives.

In the continual debate over what purpose to finally put earnings of the Alaska Permanent Fund to work, this proposal could give the fund a concrete objective, that of helping provide basic services to citizens of the state, through their local government.

I doubt there is a municipality in this state that would refuse a more stable and pre-

dictable stream of income such as the proposed Municipal Dividend program would provide.

The common perception of the fund was for it to eventually offset the decline of revenue from our oil resources. That time has certainly arrived. In addition, it is well known that the Internal Revenue Service will eventually look to tax the Permanent Fund directly if no clear public purpose is officially determined for the fund. With the individual PFD already being federally taxed via personal income taxes, this Municipal Dividend proposal could likely thwart any such proposal for taxation of the earnings of the fund.

Concerning the current fiscal challenge before us, a Municipal Dividend program could be part of a solution that may include some operating budget cuts, some new or increased taxation or a combination of both. It does offer the chance to reduce general fund spending, and provide a more reliable way of funding many essential local government operations in a time when assistance to local governments has been haphazardly diminished.

It will not adversely impact the economy and can be managed in such a way as to avoid dramatic infusions of funding into local governments. I believe the time has come to simultaneously address several statewide fiscal issues in great need of being brought to finality, with a plan which could be a positive component of a long-range fiscal policy.

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

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

RESOLUTION 00-9

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

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

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

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

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

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

Date of Meeting: 4/11/00

Signed: Thomas Tinker
Mayor Thomas Tinker

Attest: Shellie Aloysius
City Clerk: Shellie Aloysius



PRESS RELEASE

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

Additional Dividend Payment Proposed

On Tuesday, April 4, 2000, at the request of the Alaska Municipal League, the Senate Community & Regional Affairs Committee introduced SB 304, providing a new dividend payment that would go to communities to help pay for police, fire, emergency medical services, roads, local contribution to schools, and municipal capital matching grants.

The new dividend payment would be placed in a Public Safety Foundation account and distributed to local communities to help lower property taxes and assist both urban and rural areas in paying for critical education and public safety services. The original municipal dividend concept was proposed by former Governor Walter Hickel. A similar measure was introduced last session in the House by Representative Carl Moses (HB 137), and recently sent to the House Finance Committee after revisions were made by the State Affairs Committee, chaired by Representative Jeanette James.

Chair Senator Tim Kelly stated, "The Committee recognizes that police, fire protection, emergency medical services, education, and roads are top priorities for all Alaskans. The Municipal Dividend puts money in the hands of communities, and answers the call of local taxpayers for a long-term plan to stabilize, or reduce, local taxes. The Municipal Dividend represents real money in the pocket of Alaskans in the form of local tax offsets. The Municipal

Dividend would also be exempt from federal income taxes allowing Alaskans to keep more of their money in Alaska."

The municipal dividend would be paid out of the excess earnings of the Permanent Fund after full inflation proofing and the payment of full individual dividends. According to the calculations of the Alaska Permanent Fund Corporation, in first five years, the Municipal Dividend would slow the growth of the individual dividend an average of \$2 per year. The Municipal Dividend would be distributed as follows:

- \$20 per person served for police,
- \$20 per person served for fire,
- \$20 per person served for emergency medical services,
- \$2000 per road mile maintained plus \$10 per capita for use volume,

Additionally, small municipalities would receive a \$45,000 minimum entitlement (\$10,000 for each unincorporated community). Funds would also be made available to support the Village Public Safety Officers Program and fire/EMS organizations outside of municipalities.

The dividend replaces the existing state revenue sharing programs. Reductions to those programs over the last 10 years have been the major factor in rising local property taxes, and helped fuel the property tax cap initiative. It allows a small part of the earnings to be used for a public purpose as envisioned by the framers of the Permanent Fund.

SB 304 will be heard in the Senate Community and Regional Affairs Committee on Monday, April 10, at 1:30 p.m. For more information on the proposed new dividend program, call Kevin Ritchie or Julie Krafft at 586-1325. If requested, this press release can also be emailed.

-end-

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	PS Foundation	Current	FY00/
Municipality	\$10.00	per mile	per mile	\$20	\$20	\$20	existing	Hold Har	Formula	Rev Shar.	New
Akiak	\$1,090	\$6,200	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,385	21,615
Akiak	\$3,160	\$0	\$0	\$0	\$0	\$6,320	\$1,792	\$0	\$45,000	\$2,840	12,160
Akutan	\$4,080	\$0	\$0	\$0	\$0	\$0	\$1,727	\$0	\$45,000	\$33,619	11,381
Alakanuk	\$6,710	\$8,000	\$11,250	\$13,420	\$0	\$13,420	\$1,791	\$0	\$79,591	\$44,495	35,096
Aleknagik	\$2,590	\$0	\$0	\$5,180	\$0	\$0	\$0	\$0	\$45,000	\$30,645	14,355
Alcutians E Boro	\$970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$32,772	12,228
Allakaket	\$1,920	\$16,480	\$0	\$0	\$0	\$0	\$3,716	\$0	\$47,116	\$32,966	14,150
Ambler	\$3,150	\$16,720	\$15,000	\$6,300	\$0	\$6,300	\$1,857	\$0	\$74,327	\$37,349	36,978
Anaktuvuk Ps.	\$3,080	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$33,293	11,707
Anchorage	\$2,587,820	\$1,770,240	\$0	\$4,933,640	\$4,933,640	\$5,152,240	\$396,450	\$0	\$19,799,030	\$11,435,391	8,363,639
Anderson	\$5,240	\$19,600	\$0	\$10,480	\$10,480	\$0	\$3,716	\$0	\$74,516	\$39,992	34,524
Angoon	\$5,870	\$9,580	\$0	\$0	\$0	\$11,740	\$0	\$0	\$52,190	\$33,530	18,660
Aniak	\$5,760	\$35,520	\$22,500	\$11,520	\$11,520	\$0	\$2,452	\$0	\$114,272	\$45,082	69,190
Anvik	\$1,000	\$15,500	\$0	\$0	\$0	\$0	\$1,875	\$0	\$45,000	\$30,803	14,197
Atka	\$1,150	\$37,000	\$0	\$2,300	\$0	\$0	\$0	\$0	\$65,450	\$29,884	35,566
Atkasuk	\$2,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$42,623	2,377
Barrow	\$43,970	\$0	\$0	\$0	\$87,940	\$0	\$0	\$0	\$156,910	\$123,432	33,478
Bethel	\$54,630	\$33,500	\$41,150	\$109,260	\$109,260	\$109,260	\$64,487	\$0	\$546,547	\$318,776	227,771
Bettles	\$250	\$6,100	\$15,000	\$0	\$0	\$0	\$0	\$0	\$46,350	\$30,903	15,447
Brevig Mis.	\$2,740	\$4,000	\$0	\$5,480	\$0	\$5,480	\$1,258	\$0	\$45,000	\$33,343	11,657
Bristol Bay Boro	\$12,970	\$52,020	\$0	\$0	\$25,940	\$25,940	\$1,726	\$0	\$143,596	\$61,113	82,483
Buckland	\$4,080	\$5,000	\$22,250	\$0	\$0	\$8,160	\$1,875	\$0	\$66,365	\$39,272	27,093
Cheformak	\$4,230	\$0	\$0	\$0	\$0	\$8,460	\$0	\$0	\$45,000	\$34,682	10,318
Chevak	\$7,410	\$11,400	\$0	\$14,820	\$0	\$14,820	\$1,791	\$0	\$75,241	\$41,394	33,847
Chignik	\$1,210	\$4,820	\$0	\$2,420	\$0	\$0	\$1,727	\$0	\$45,000	\$28,665	16,335
Quathbaluk	\$1,120	\$8,000	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$30,699	14,301
Clark's Point	\$630	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$26,783	18,217
Coffman Cove	\$2,550	\$145,480	\$0	\$5,100	\$5,100	\$0	\$0	\$0	\$183,230	\$35,756	147,474
Cold Bay	\$1,030	\$58,400	\$0	\$0	\$2,060	\$0	\$2,589	\$0	\$89,079	\$33,806	55,273
Cordova	\$25,710	\$25,800	\$0	\$51,420	\$51,420	\$51,420	\$54,498	\$0	\$285,268	\$203,319	81,949
Craig	\$21,450	\$36,320	\$0	\$48,060	\$48,060	\$42,900	\$2,669	\$0	\$224,459	\$78,224	146,235
Dering	\$1,560	\$9,300	\$28,000	\$0	\$0	\$0	\$1,856	\$0	\$65,716	\$31,187	34,529
Delta Junct	\$8,840	\$58,820	\$0	\$17,680	\$17,680	\$0	\$0	\$0	\$128,020	\$59,617	68,403
Denali Boro	\$13,400	\$0	\$0	\$26,800	\$26,800	\$0	\$0	\$0	\$92,000	\$60,542	31,458
Dillingham	\$23,320	\$43,500	\$0	\$46,640	\$46,640	\$46,640	\$9,063	\$0	\$240,803	\$113,556	127,247
Dimede	\$1,760	\$0	\$0	\$0	\$0	\$3,520	\$0	\$0	\$45,000	\$30,855	14,145
Eagle	\$1,680	\$10,200	\$0	\$5,240	\$5,240	\$0	\$0	\$0	\$47,360	\$27,037	20,323
Etka	\$3,090	\$3,660	\$0	\$0	\$0	\$6,180	\$1,792	\$0	\$45,000	\$33,014	11,986

Courtesy of Sen. Jim Kelly

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	S Foundatio	Current	FY00/
Egegik	\$1,320	\$37,000	\$10,000	\$2,640	\$0	\$2,640	\$1,726	\$0	\$80,326	\$32,396	47,930
Ekwok	\$1,200	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$45,000	\$27,859	17,141
Elim	\$3,060	\$23,600	\$0	\$6,120	\$0	\$6,120	\$1,857	\$0	\$65,757	\$35,242	30,515
Emmonak	\$8,380	\$11,840	\$3,500	\$16,760	\$16,760	\$16,760	\$6,270	\$0	\$105,270	\$84,456	20,814
Fairbanks	\$316,010	\$213,440	\$0	\$632,020	\$632,020	\$632,020	\$97,787	\$0	\$2,548,297	\$1,505,570	1,042,727
Fairbks NS Boro	\$507,080	\$860,680	\$0	\$863,900	\$1,014,160	\$0	\$49,859	\$0	\$3,320,679	\$2,111,834	1,208,845
False Pass	\$580	\$6,000	\$0	\$1,160	\$0	\$0	\$0	\$0	\$45,000	\$27,130	17,870
Fort Yukon	\$5,530	\$34,000	\$0	\$0	\$11,060	\$11,060	\$0	\$0	\$86,650	\$43,812	42,838
Galena	\$5,440	\$14,200	\$0	\$0	\$10,880	\$10,880	\$7,434	\$0	\$73,834	\$44,140	29,694
Gambell	\$6,700	\$17,000	\$0	\$13,400	\$0	\$13,400	\$1,857	\$0	\$77,357	\$42,174	35,183
Golovin	\$1,420	\$10,440	\$7,500	\$2,840	\$0	\$0	\$1,857	\$0	\$49,057	\$31,683	17,374
Goodnews Bay	\$2,560	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$31,693	13,307
Grayling	\$1,950	\$14,000	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$32,639	12,361
Haines	\$14,630	\$27,100	\$0	\$29,260	\$29,260	\$29,260	\$1,435	\$0	\$155,945	\$65,194	90,751
Haines Bor	\$10,130	\$26,180	\$0	\$0	\$0	\$0	\$1,435	\$0	\$62,745	\$45,810	16,935
Holy Cross	\$2,770	\$30,600	\$0	\$0	\$0	\$0	\$1,857	\$0	\$60,227	\$35,446	24,781
Homer	\$41,550	\$47,660	\$0	\$83,100	\$83,100	\$83,100	\$11,491	\$0	\$375,001	\$175,828	199,173
Hoonah	\$8,960	\$150,000	\$0	\$0	\$17,920	\$17,920	\$1,435	\$0	\$221,235	\$75,791	145,444
Hooper Bay	\$10,390	\$3,480	\$0	\$0	\$0	\$20,780	\$0	\$0	\$59,650	\$47,356	12,294
Houston	\$9,390	\$82,660	\$0	\$18,780	\$18,780	\$0	\$0	\$0	\$154,610	\$42,557	112,053
Hughes	\$720	\$11,500	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$30,028	14,972
Huslia	\$2,480	\$36,360	\$0	\$4,960	\$0	\$0	\$1,857	\$0	\$70,657	\$35,127	35,530
Hydaburg	\$4,050	\$12,400	\$0	\$0	\$8,100	\$0	\$1,333	\$0	\$50,883	\$28,290	22,593
Juneau City/Boro	\$302,360	\$185,060	\$0	\$609,880	\$609,880	\$612,260	\$144,770	\$0	\$2,489,210	\$1,591,731	897,479
Kachemak	\$4,190	\$0	\$0	\$0	\$0	\$8,380	\$0	\$0	\$45,000	\$29,303	15,697
Kake	\$7,830	\$27,780	\$0	\$0	\$15,660	\$15,660	\$1,384	\$0	\$93,314	\$21,651	71,663
Kaktovik	\$2,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$32,900	12,100
Kaltag	\$2,500	\$16,340	\$0	\$0	\$0	\$0	\$3,716	\$0	\$47,556	\$33,943	13,613
Kasaan	\$410	\$16,900	\$0	\$0	\$0	\$0	\$1,334	\$0	\$45,000	\$23,812	21,188
Kenai	\$70,580	\$123,620	\$0	\$141,160	\$141,160	\$141,160	\$26,928	\$0	\$669,608	\$327,883	341,725
Kenai Pen Boro	\$297,280	\$1,251,420	\$0	\$554,560	\$590,560	\$0	\$89,764	\$0	\$2,808,584	\$1,698,894	1,109,690
Ketchikan	\$84,600	\$45,020	\$0	\$169,200	\$169,200	\$169,200	\$69,717	\$0	\$731,937	\$477,115	254,822
Ketch Gtwy Boro	\$53,920	\$6,580	\$0	\$107,840	\$107,840	\$0	\$0	\$0	\$301,180	\$221,878	79,302
Kiana	\$4,020	\$15,640	\$12,500	\$8,040	\$0	\$0	\$2,323	\$0	\$67,523	\$39,046	28,477
King Cove	\$7,030	\$15,640	\$0	\$14,060	\$14,060	\$14,060	\$1,726	\$0	\$91,576	\$40,891	50,685
Kivalina	\$3,490	\$2,180	\$6,000	\$0	\$0	\$6,980	\$1,858	\$0	\$45,508	\$38,455	7,053
Klawock	\$6,590	\$19,400	\$0	\$0	\$15,800	\$13,180	\$0	\$0	\$79,970	\$35,401	44,569
Kobuk	\$1,020	\$16,220	\$4,700	\$0	\$0	\$0	\$1,857	\$0	\$48,797	\$31,532	17,265
Kodiak	\$68,590	\$50,620	\$0	\$137,180	\$137,180	\$137,180	\$0	\$0	\$555,750	\$305,191	250,559

SB 304 - Proposed Public Safety Foundation Program

	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Gross Bus	Total New	FY00	Compare
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	Receipt	S Foundatio	Current	FY00/
Kodiak Isl Boro	\$59,620	\$50,120	\$0	\$82,000	\$119,240	\$0	\$87,739	\$0	\$423,719	\$309,897	113,822
Kotlik	\$5,520	\$0	\$0	\$11,040	\$11,040	\$11,040	\$1,792	\$0	\$65,432	\$37,753	27,679
Kotzebue	\$29,640	\$56,600	\$36,500	\$59,280	\$59,280	\$59,280	\$13,473	\$0	\$339,053	\$203,371	135,682
Koyuk	\$2,960	\$8,520	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$34,072	10,928
Koyukuk	\$1,300	\$8,380	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$31,122	13,878
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188
Kwethluk	\$6,670	\$3,860	\$0	\$13,340	\$0	\$0	\$1,792	\$0	\$50,662	\$40,289	10,373
Lake & Pen Boro	\$9,680	\$107,240	\$40,250	\$0	\$0	\$0	\$15,537	\$0	\$197,707	\$116,269	81,438
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188
Lower Kaiskag	\$2,860	\$7,340	\$20,000	\$0	\$0	\$0	\$1,857	\$0	\$57,057	\$36,723	20,334
Manokotak	\$3,960	\$15,860	\$0	\$0	\$0	\$7,920	\$0	\$0	\$52,740	\$33,982	18,758
Marshall	\$3,000	\$0	\$0	\$6,000	\$0	\$6,000	\$1,792	\$0	\$45,000	\$32,775	12,225
Mat-Su Boro	\$453,560	\$2,071,940	\$0	\$275,700	\$275,700	\$0	\$33,570	\$0	\$3,135,470	\$1,765,468	1,370,002
McGrath	\$4,410	\$43,700	\$0	\$8,820	\$0	\$0	\$3,716	\$0	\$85,646	\$41,124	44,522
Mekoryuk	\$1,920	\$6,600	\$0	\$0	\$0	\$3,840	\$1,791	\$0	\$45,000	\$31,005	13,995
MT. Village	\$7,930	\$15,000	\$0	\$0	\$0	\$15,860	\$1,791	\$0	\$65,581	\$43,796	21,785
Napakiaik	\$3,730	\$9,660	\$0	\$0	\$0	\$7,460	\$1,791	\$0	\$47,641	\$35,298	12,343
Napaskiak	\$3,910	\$0	\$0	\$0	\$0	\$7,820	\$1,792	\$0	\$45,000	\$34,147	10,853
Nenana	\$4,350	\$52,780	\$0	\$13,540	\$13,540	\$8,700	\$3,582	\$0	\$121,492	\$45,895	75,597
New Stuyahok	\$4,540	\$5,000	\$0	\$8,700	\$0	\$9,080	\$0	\$0	\$52,320	\$34,469	17,851
Newhalen	\$1,910	\$0	\$10,000	\$3,820	\$0	\$0	\$1,726	\$0	\$45,000	\$30,972	14,028
Nightmute	\$2,220	\$0	\$0	\$0	\$0	\$4,440	\$0	\$0	\$45,000	\$30,663	14,337
Nikolai	\$1,030	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$30,078	14,922
Nome	\$37,060	\$35,040	\$0	\$74,120	\$74,120	\$74,120	\$83,629	\$0	\$403,089	\$260,263	142,826
Nondalton	\$2,270	\$50,000	\$750	\$0	\$0	\$4,540	\$1,726	\$0	\$84,286	\$33,341	50,945
Noorvik	\$5,980	\$14,400	\$20,000	\$11,960	\$11,960	\$11,960	\$1,857	\$0	\$103,117	\$67,976	35,141
North Pole	\$16,190	\$30,460	\$0	\$32,380	\$32,380	\$32,380	\$0	\$0	\$168,790	\$72,922	95,868
North Slope Boro	\$23,810	\$203,940	\$21,500	\$187,780	\$187,780	\$187,780	\$40,419	\$231,622	\$1,109,631	\$937,438	0
NW Arctic Boro	\$5,470	\$128,180	\$71,190	\$0	\$0	\$0	\$29,732	\$0	\$259,572	\$156,449	103,123
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$36,026	8,974
Nulato	\$3,530	\$24,420	\$0	\$0	\$0	\$0	\$1,857	\$0	\$54,807	\$36,327	18,480
Nunapitchuk	\$4,790	\$0	\$33,875	\$0	\$0	\$9,580	\$1,791	\$0	\$75,036	\$40,735	34,301
Old Harbor	\$2,970	\$10,040	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$27,451	17,549
Ouzinkie	\$2,520	\$7,200	\$0	\$5,040	\$0	\$0	\$0	\$0	\$45,000	\$26,474	18,526
Palmer	\$43,180	\$65,480	\$0	\$86,360	\$86,360	\$86,360	\$55,718	\$0	\$448,458	\$245,740	202,718
Pelican	\$1,490	\$1,800	\$0	\$2,980	\$2,980	\$0	\$1,436	\$0	\$45,000	\$26,158	18,842
Petersburg	\$33,980	\$43,120	\$0	\$67,960	\$67,960	\$67,960	\$47,414	\$0	\$353,394	\$214,918	138,476
Pilot Point	\$1,020	\$28,000	\$0	\$2,040	\$0	\$0	\$0	\$0	\$56,060	\$27,944	28,116
Pilot Station	\$5,580	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$37,375	7,625

SB 304 - Proposed Public Safety Foundation Program

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

SB 304 - Proposed Public Safety Foundation Program

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

Bills would help municipalities

There are two bills, HB 137 and SB 304, quietly circulating in Juneau that would create a "municipal dividend" for all communities in the state. This concept would eliminate municipal revenue sharing as we know it. It would replace it with an annual dividend paid to all communities from the excess earnings of the Permanent Fund. Before you start screaming "Don't touch my Permanent Fund," please listen to the facts.

The current formula for paying dividends to individuals would remain unchanged. After dividends are paid and the fund is inflation-proofed, additional dividends would be paid to the municipalities from the excess earnings. Those dollars, paid to cities, would directly reduce property taxes. Anchorage, for example, would receive \$8.4 million more per year than it currently receives from revenue sharing. According to the Permanent Fund Corp., there would be no effect on the amount of dividends paid to individuals for the first three years. Even after 10 years, dividends would be only about \$40 less than they would have been without the plan.

This is truly a win-win proposition. It would enable the Legislature to cut the budget by eliminating revenue sharing, it would provide much needed revenue to the municipalities, and, most important to many of us in Anchorage, it would reduce the property taxes we all pay. If you like the idea, let your legislators know. The session is winding down fast, but it's not too late if we act now.

— *Bob Bailey*
Anchorage

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email (Administrator) cityalek@nushtel.com email (Clerk) alekclrk@nushtel.com

4/10/00

Senator Tim Kelly,
State of Alaska, Senate Offices

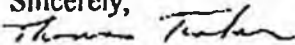
Dear Senator Kelly,

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

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

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

Sincerely,



Thomas Tinker,
Mayor

cc: Drew Pierce
Wilken
Phillips Word
Hoffman



POSITION PAPER IN SUPPORT OF SB 304

The Association of Alaska School Boards supports Senate Bill 304, sponsored by the Senate Community & Regional Affairs Committee.

The proposal provides a new dividend payment that would go to communities to help pay for local contribution to schools and municipal capital matching grants, as well as police, fire, emergency medical services, and roads. The municipal dividend would be paid out of the excess earnings of the Permanent Fund after inflation proofing and payment of individual dividends. Under this plan, impact on individual dividends would be marginal, while taking \$55 million for revenue sharing, VPSO funding and capital matching grants "off budget" and reducing general fund expenditures.

As state aid to municipal assistance has decreased, local communities have been asked to make up the difference. In many cases municipalities have found themselves unable to do so dollar for dollar. In many communities local contributions to schools and other services have decreased to a point where essential services and basic educational programs are now in jeopardy.

Our schools have been asked over the last decade to "do more with less," while the Legislature has kept school funding stagnant in trying to balance the state's budget. And while inflation has continued to eat away at school district budgets, school boards have had to make tough decisions on what to cut. Yet they've stayed focused on increasing student learning and have done their best to maintain the things that are essential to sound basic education. We have reached a critical point where schools and communities are now forced to "do less with less."

AASB believes this proposal is a necessary step toward stable funding for education at the local and state level.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 304

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

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6
TOTAL OPERATING	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	57,506.6	58,506.6	59,506.6	60,506.6	61,506.6	62,506.6
------------------------	----------	----------	----------	----------	----------	----------

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

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

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SB 304 Municipal Dividend

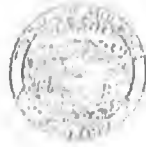
Allows up to 55% of revenue sharing funding to be allocated to local contribution to education:

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

MEMBER

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

ALASKA STATE SENATE



SENATOR TIM KELLY

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
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**SPONSOR STATEMENT
SB 304**

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

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

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

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

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

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

The second dividend replaces the existing state revenue sharing programs. Reductions to those programs over the past 10 years have been the major factor in rising local property taxes, and helped fuel the property tax cap initiative. It allows a small part of the earnings to be used for a public purpose as envisioned by the framers of the Permanent Fund.

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

CITY OF NOME, ALASKA

RESOLUTION NO. R-00-04-1

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

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

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

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

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

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

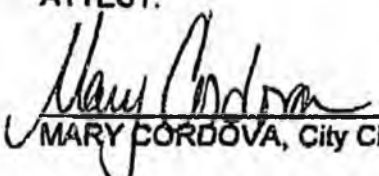
WHEREAS, the Municipal Dividend will allow the Governor and Legislature to decrease State General Fund spending (previous State General Fund support for revenue sharing and capital matching grants) by approximately \$45 million, allow the Legislative Majority to meet its \$30 million General Fund reduction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

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

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


LEO B. RASMUSSEN, Mayor

ATTEST:


MARY CORDOVA, City Clerk

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 304

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

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

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

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

POSITIONS

POSITIONS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See Attached

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

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Analysis of SB 304 Alaska Permanent Fund Corporation

*Based on February 2000 APFC Financial Projections
(\$ in millions)*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTALS
Payout per SB 304	1,251	1,282	1,293	1,256	1,235	1,265	1,310	1,374	1,434	1,496	1,561	14,765
Municipal Dividend	86	87	88	89	90	91	92	93	94	95	96	1,002
Dividend Fund	1,165	1,195	1,205	1,167	1,145	1,174	1,228	1,281	1,340	1,401	1,465	13,763
Payout Status Quo (all Dividend)	1,165	1,195	1,207	1,170	1,150	1,183	1,239	1,298	1,361	1,428	1,497	13,893
Difference in annual payout	86	87	87	86	85	82	79	76	72	68	64	872
Retain for Inflation - SB 304	423	650	679	709	741	773	806	841	876	913	950	7,938
Retain for Inflation - Status Quo	423	650	679	709	741	773	806	841	876	913	950	7,938
Fund value in 2010 - SB 304											41,433	
Principal											30,185	
Earnings Reserve											11,248	
Fund value in 2010 - Status Quo											42,800	
Principal											30,182	
Earnings Reserve											12,618	
Per Person Dividend Status Quo	\$1,960.00	\$1,980.00	\$1,980.00	\$1,900.00	\$1,840.00	\$1,880.00	\$1,950.00	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,050.00
Per Person Dividend SB 304	\$1,930.00	\$1,980.00	\$1,980.00	\$1,890.00	\$1,840.00	\$1,860.00	\$1,930.00	\$1,990.00	\$2,060.00	\$2,130.00	\$2,210.00	\$21,830.00

These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility. Distributions shown for the Dividend Fund and the Municipal Dividend are calculated and booked as payables at fiscal year end and actually paid out the following fiscal year. Slight differences due to rounding.

SJR

37



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

SJR 37 Sponsor Statement

"A Resolution requesting the Municipality of Anchorage to name a trail as the Trent Waldron Memorial Trail"

On July 1, 1995, Anchorage residents Marcie Trent and her son-in-law, Larry Waldron were killed while hiking on the McHugh Creek to Rabbit Lake Trail in Chugach State Park as the result of a bear attack. The pair were accompanied by Marcie Trent's grandson, Art Abel, who was found unharmed after he climbed a tree to safety.

Marcie Trent was a pioneer in Anchorage. During the 1970's she and the Trent family formed the Pulsators Club, a group that logged the running mileage of club members and awarded members for achieving certain levels. The Anchorage Running Club formed as a result of these initial beginnings. An accomplished runner, she held national age-group running records. Before her death at age 77, Marcie Trent still completed long endurance runs.

Larry Waldron was known for his musical talents and enthusiastic running. A musician by trade, he played clubs and concert halls throughout Anchorage and took time to teach children how to play the saxophone. Often times, he would enter the same runs as his mother-in-law. When he died at age 45, Larry Waldron was training for an upcoming marathon.

Members of the surviving family have been contacted and feel a memorial trail is an appropriate remembrance for Marcie and Larry.

SJR 37 asks the Municipality of Anchorage to name any trail to be built between Kincaid Park and Potter Marsh as the Trent-Waldron Memorial Trail.

DD/sew

Vice-Chair, Senate Finance Committee • Chair, Capital Budget Subcommittee • Co-Chair, Anchorage Caucus
Member: Senate Judiciary Committee • Senate Labor & Commerce Committee • Legislative Council

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HB

22



SPONSOR STATEMENT HB -22

Permission to enter private property

I have introduced HB-22 because of an incident in my district involving a tax assessor entering a private dwelling before gaining clear permission from the owner.

In this particular case there is a difference of opinion on the exact circumstances, but it is clear our statutes could be strengthened to protect due process and our constitutional rights to privacy. HB-22 is intended to accomplish this by requiring an assessor to gain permission before entering private property.

Even under this change, if permission, for some reason, can not be obtained, a court order will still allow entry.

This bill does not prevent public officials from doing their duties. What it does do is to require that a tax assessor respect the private property rights set out in Article I, of our State Constitution.



Alaska State Legislature

Please enter into the record my testimony to the COMMUNITY AND REGIONAL AFFAIRS committee name

committee on HOUSE BILL 22, dated FEB, 2 1999

I BELIEVE ^{bill/subject} H.B. 22 IS VERY IMPORTANT AND SHOULD BE PASSED. REPRESENTATIVE SCOTT OGAN HAS WORDED THE ATTENDMENT POLITELY AND THESE CHANGES WILL NOT HINDER THE ASSESSORS ABILITY TO ACCURATELY DETERMINE REAL PROPERTY VALUES. THE BILL WILL CREATE A SAFER WORK ENVIRONMENT FOR ASSESSORS. IT AMAZES ME THAT ASSESSORS ARE BRAVE ENOUGH TO OPEN DOORS, NOT KNOWING WHO OR WHAT COULD BE INSIDE, AND ENTER PRIVATE RESIDENCES WITHOUT INVITATION. I, MYSELF WOULD NEVER BE SO BRAVE.

ON SEPT 29 1998 A MAT-SU ASSESSOR ENTERED MY HOME UNINVITED AND UNEXPECTED. HE WAS WELL INSIDE BEFORE I REALIZED SOMEONE WAS IN MY HOUSE. WHEN I MADE EYE CONTACT WITH HIM, HE HAD ALREADY CLOSED THE DOOR BEHIND HIMSELF AND WAS APPROXIMATELY 10-15 FEET INSIDE. IT WAS SHOCKING TO SEE AN UNIDENTIFIED STRANGER INSIDE. MY ADRENALINE STARTED TO RUSH AND FOR A SPLIT SECOND I HAD ~~COULX~~ THOUGHTS OF HOW TO DEFEND MYSELF PHYSICALLY. HE THEN SPOKE AND SAID "I AM AN APPRAISER FOR THE MAT-SU BOROUGH". I MUST ADMIT, I WAS RELIEVED TO KNOW I WOULDN'T HAVE TO DEFEND MYSELF AND THE ADRENALINE RUSH WENT AWAY. HE BEGAN TALKING OF MY HOMES VALUE AND MEASURED ROOMS ETC. HE HAD NO I.D. AND WHEN I ASKED HIM FOR A CARD HE SAID "I HAVE ONE OUT IN MY TRUCK". HE DID GIVE ME A PARTLY MUTILATED BUSINESS CARD AFTER I WALKED TO HIS TRUCK WITH HIM.

IT WAS THE NEXT DAY WHEN I REALLY BEGAN FEELING UNSURE. (PLEASE SEE PAGE 2) TO CONTINUE

Signed: DAVID SKALISKY *D.S.*
Testifier

Representing (Optional)
P.O. BOX 3134 PALMER AK 99645
Address
(907) 746-6100
Phone No.

Page 2 of 3

Jan. 29 1999 01:50PM P3

FAX NO. : 9077466100

FROM : DAVE AND ANGIE SKALISKY

TESTIMONY CONTINUED FROM PAGE 1

I THOUGHT, WHAT IF THIS WASN'T AN APPEARANCE AT ALL?
 MY WIFE AND I DROVE TO THE 1747-SU BORDER BLDG TO BE SURE.
 I WAS ACTUALLY RELIEVED TO SEE HIM BEHIND THE COUNTER IN THE
 ASSESSORS OFFICE. I THEN ASKED HIM IF IT IS ACCEPTABLE TO
 EXCHANGE HANDS UNINVITED AND ASKED HOW HE WOULD HAVE FELT IF
 MY WIFE WHO JUST GOT OUT OF THE BATH, UNDERESSED, WALKED ARE
 ENTERED OUR HOME. HE BLUSHED AND DEFENSIVELY SAID -
 "I'VE BEEN DOING THIS FOR 25 YEARS, I KNOW WHAT I'M
 DOING". HE SHOWED ME THE FILE ON MY PROPERTY AND
 WE DISCUSSED TAX VALUES, ETC. HE TOLD PRUDENCE
 PROPERTY SIGNS MEAN NOTHING TO ASSESSORS.
 IT WAS THE FEELING OF BEING VIOLATED THAT PROMPTED
 ME TO WRITE THE EDITOR OF "THE FRONTIERMAN".

WE LOCK OUR DOORS NOW, EVEN WHEN WE'RE HOME, AND
 ESPECIALLY WHEN WE'RE GONE.

I THINK H.B. 22 WILL HELP MY FRIENDS AND
 NEIGHBORS SLEEP BETTER KNOWING THIS WON'T HAPPEN TO
 THEM. I WOULD ALSO LIKE TO SEE UNIFORMS OR I.D.
 WORN BY ASSESSORS.

REPRESENTATIVE OWENS H.B. 22 IS BY ALL MEANS
 FAIR TO HOMEOWNERS AND ASSESSORS ALIKE, AND SHOULD
 BECOME LAW.

SINCERELY,
 DAVE SKALISKY
 DAVE SKALISKY

MIDWEEK

Volume 51: Number 20 November 3, 1998

J. section, 18 pages



LETTERS TO THE EDITOR

Borough appraiser gives owner a start

Editor

Recently, while I was home alone, a voice from inside my house said, "Hello." I looked downstairs and was startled to see a stranger had opened the door and let himself in. His T-shirt had a triathlon logo on it. I wondered what I should do.

He came toward me and said, "I'm an appraiser for the Mat-Su Borough."

He yielded a small parcel map. I asked his name. "Gary Hessmer," he replied. He looked throughout and politely talked of putting a tax value on my new home.

The next day, feeling violated, I went to Mat-Su Borough and spoke with him again. I asked if walking into someone's house is acceptable conduct for tax appraisers.

He claimed he is in new homes often and said no trespassing signs mean nothing to Mat-Su Borough assessors.

As a taxpayer, I think identification badges or uniforms should be worn by these intruders for their own safety. Privacy is no longer respected by the Mat-Su Borough.

Are we to assume that all intruders are government officials?

David Skalisku
Palmer

THIS ARTICLE
APPEARED IN THE FRONTIERSMAN
ON 11/3/98

THE APPRAISER ENTERED MY
HOME ON SEPT 29TH 1998

WE WENT TO MSB BUILDING
ON SEPT 30TH 1998

I WROTE THIS "LETTER TO EDITOR"
AND DELIVERED IT TO THE
FRONTIERSMAN ON OCT 2ND 1998

The Constitution of the State of Alaska

Preamble

We the people of Alaska, grateful to God and to those who founded our nation and pioneered this great land, in order to secure and transmit to succeeding generations our heritage of political, civil, and religious liberty within the Union of States, do ordain and establish this constitution for the State of Alaska.

Ed Martin Cooper Land?

ARTICLE I. DECLARATION OF RIGHTS

SECTION 1. INHERENT RIGHTS. This constitution is dedicated to the principles that all persons have a natural right to life, liberty, the pursuit of happiness, and the enjoyment of the rewards of their own industry; 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.

SECTION 2. SOURCE OF GOVERNMENT. All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole.

SECTION 3. CIVIL RIGHTS. No person is to be denied the enjoyment of any civil or political right because of race, color, creed, sex, or national origin. The legislature shall implement this section.

SECTION 4. FREEDOM OF RELIGION. No law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof.

SECTION 5. FREEDOM OF SPEECH. Every person may freely speak, write, and publish on all subjects, being responsible for the abuse of that right.

SECTION 6. ASSEMBLY; PETITION. The right of the people peaceably to assemble, and to petition the government shall never be abridged.

SECTION 7. DUE PROCESS. No person shall be deprived of life, liberty, or property, without due process of law. The right of all persons to fair and just treatment in the course of legislative and executive investigations shall not be infringed.

SECTION 8. GRAND JURY. No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the armed forces in time of war or public danger. Indictment may be waived by the accused. In that case the prosecution shall be by information. The grand jury shall consist of at least twelve citizens, a majority of whom concurring may return an indictment. The power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended.

SECTION 9. JEOPARDY AND SELF-INCRIMINATION. No person shall be put in jeopardy twice for the same offense. No person shall be compelled in any criminal proceeding to be a witness against himself.

SECTION 10. TREASON. Treason against the State consists only in levying war against it, or in adhering to its enemies, giving them aid and comfort. No person shall be convicted of

treason, unless on the testimony of two witnesses to the same overt act, or on confession in open court.

SECTION 11. RIGHTS OF ACCUSED. In all criminal prosecutions, the accused shall have the right to a speedy and public trial, by an impartial jury of twelve, except that the legislature may provide for a jury of not more than twelve nor less than six in courts not of record. The accused is entitled to be informed of the nature and cause of the accusation; to be released on bail, except for capital offenses when the proof is evident or the presumption great; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

SECTION 12. CRIMINAL ADMINISTRATION. Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Criminal administration shall be based upon the following: the need for protecting the public, community condemnation of the offender, the rights of victims of crimes, restitution from the offender, and the principle of reformation.

SECTION 13. HABEAS CORPUS. The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or actual or imminent invasion, the public safety requires it.

SECTION 14. SEARCHES AND SEIZURES. The right of the people to be secure in their persons, houses and other property, papers, and effects, against unreasonable searches and seizures, shall not be violated. No warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

SECTION 15. PROHIBITED STATE ACTION. No bill of attainder or ex post facto law

shall be passed. No law impairing the obligation of contracts, and no law making any irrevocable grant of special privileges or immunities shall be passed. No conviction shall work corruption of blood or forfeiture of estate.

SECTION 16. CIVIL SUITS: TRIAL BY JURY. In civil cases where the amount in controversy exceeds two hundred fifty dollars, the right of trial by a jury of twelve is preserved to the same extent as it existed at common law. The legislature may make provision for a verdict by not less than three-fourths of the jury and, in courts not of record, may provide for a jury of not less than six or more than twelve.

SECTION 17. IMPRISONMENT FOR DEBT. There shall be no imprisonment for debt. This section does not prohibit civil arrest of absconding debtors.

SECTION 18. EMINENT DOMAIN. Private property shall not be taken or damaged for public use without just compensation.

SECTION 19. RIGHT TO KEEP AND BEAR ARMS. A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed. The individual right to keep and bear arms shall not be denied or infringed by the State or a political subdivision of the State.

SECTION 20. QUARTERING SOLDIERS. No member of the armed forces shall in time of peace be quartered in any house without the consent of the owner or occupant, or in time of war except as prescribed by law. The military shall be in strict subordination to the civil power.

SECTION 21. CONSTRUCTION. The enumeration of rights in this constitution shall not impair or deny others retained by the people.

SECTION 22. RIGHT OF PRIVACY. The right of the people to privacy is recognized and shall not be infringed. The legislature shall implement this section.

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to investigations of BRU: none
property by a municipal assessor ... Component: none
 Sponsor: Rep. OGAN
 Requestor: House C&RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
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	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation would have no fiscal impact on the department.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 1/26/99
 Approved by Commissioner: *Mike Drwin* Date: 1/26/99
 Agency: Community & Regional Affairs

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HB

71

Alaska House of Representatives

Richard Foster
P.O. Box 1630
Nome, Alaska 99762-1630
907-443-5036
Fax 907-443-2162



During Session
State Capitol
Juneau, Alaska 99801-1182
907-465-3789
1-800-478-3789
Fax 907-465-3242

Majority Whip

House Bill 71

"An Act establishing Kawerak, Inc., as the housing authority for the area that includes the Seward Peninsula, unalakleet, and St. Lawrence Island."

Sponsors Statement

House Bill 71 makes a technical change in AS 18.55.996, changing the name of the association given authority to appoint the Board of Commissioners for the Bering Straits Regional Housing Authority.

Kawerak Inc. is the legal successor to the Bering Straits Native Association which is granted this authority under AS 18.55.996(a)(2)

The request for this legislation came from Kawerak Inc. and a letter of non-objection was received from the Bering Straits Regional Housing Authority. Both letters are available for review.

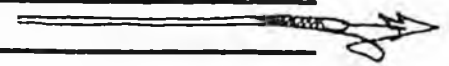
Line 7 contains the only language change in the Bill.



KAWERAK, INC.



P.O. BOX 948 • NOME, ALASKA 99762



TELEPHONE: (907) 443-5231 • FAX: (907) 443-3708

SERVING THE
VILLAGES OF

BREVIK MISSILE
COUNCIL
DIGMECE
ELIM
GAMBELL
GOLOVIN
KING ISLAND
KOYUK
MARY S. GLCO
NOME
SAVOONGA
SHAKTOOLIK
SHISHMAREF
SOLOMON
STEBBINS
ST MICHAEL
TELLER
UNALAKLEET
WALES
WHITE MOUNTAIN

December 23, 1998

Representative Richard Foster
Alaska House of Representatives
State Capitol, Room 410
Juneau, AK 99801-1182

Re: Amendment to AS 18.55.996 regarding Regional Native Housing
Authorities

Dear Representative Foster:

Kawerak seeks your help in obtaining a housekeeping amendment to the state law governing Native Housing Authorities. As you may know, Kawerak in its guise as the "Bering Straits Native Association" appoints the Board of Commissioners of the Bering Straits Regional Housing Authority. This is because AS 18.55.996 names the "Bering Straits Association" as the appointing authority.

We request an amendment to 18.55.996(a)(2) substituting "Kawerak, Inc." for "Bering Straits Association."

Although you probably know the history better than I, by way of background AS 18.55.996 was enacted in 1971. It established the regional housing authorities "in association with" the various regional Native non-profit associations which existed at the time. The Bering Straits Association was the pre-ANCSA Native rights organization for this region. It changed its name to the "Bering Straits Native Association" (BSNA) sometime in 1971.

When Kawerak was incorporated in 1973 it took over the finances and all assets of BSNA, but no action was taken to formally dissolve BSNA. Since then, Kawerak and BSNA have always had the same board of directors. For many years BSNA's only function has been to appoint the BSRHA commissioners. When this duty is required, the Kawerak board adjourns its

Letter to Richard Foster, page two
December 23, 1998

meeting and reconvenes as BSNA. Because BSNA is not incorporated it is not clear it even exists in any meaningful sense other than as an alternative name for Kawerak's board. It's an anachronism kept alive solely because of AS 18.15.996. Kawerak has been the de facto successor in interest to BSNA for many years.

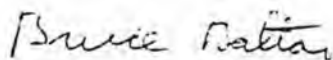
At its December meeting, the Kawerak Board of Directors decided to clean shop by abolishing certain organizational remnants which no longer serve a purpose. They wish to dissolve BSNA, and would prefer that AS 18.55.996 be amended to name Kawerak.

We view this as purely an in-region housekeeping matter which would not change anything substantive about the housing authority or its relationship to Kawerak. If there is some bigger picture concern with AS 18.55.996, please let us know. You or your staff may call Loretta Bullard or myself if you have any questions.

Thank you for your assistance, and good luck with the coming legislative session.

Sincerely,

KAWERAK, INC.



Bruce Baltar
Attorney

cc Richard Foster at Nome address
Bering Straits Regional Housing Authority



P.O. Box 995
Nome, Alaska 99762
443-5256 or 5257
FAX No. (907) 443-2160

BERING STRAITS REGIONAL HOUSING AUTHORITY

January 5, 1999

Representative Richard Foster
Alaska House of Representatives
State Capitol, Room 410
Juneau, AK 99801-1182

Re: Amendment to AS 18.55.996. Regarding Regional Housing Authorities

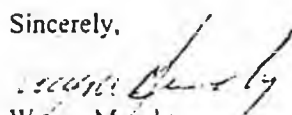
Dear Representative Foster:

You should have in your possession a letter dated December 23, 1998 from Kawerak, Inc. on the reference topic. The proposed amendment to AS 18.55.996 is to change the verbiage from the "Bering Straits Native Association" to "Kawerak, Inc." as they are the legal successor to the Bering Straits Native Association".

Bering Straits Regional Housing Authority supports this technical change. Such a change will not adversely impact the Authority or the Region as a whole.

If you have any questions regarding our support of this request, please call me. Thank you in advance for your support.

Sincerely,


Wayne Mundy
Executive Director

c: Bruce Baltar, Attorney, Kawerak, Inc.
Loretta Bullard, CEO, Kawerak, Inc.
Association of Alaska Housing Authorities.

HB

92



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

HOUSE BILL 92

SPONSOR STATEMENT

"An Act relating to municipal taxation of alcoholic beverages"

House Bill 92 provides the opportunity for local voters to authorize municipalities to impose a sales tax on alcoholic beverages. As with all municipal taxes, the sales tax on alcoholic beverages and its rate cannot be imposed without approval of the voters in the municipality.

Local governments are looking for different avenues to pay for local services, especially in times of declining revenues and increasing costs. House Bill 92 provides a new option to do this, but only if approved by a majority vote of the local citizenship.

House Bill 92 amends the statutes to allow--NOT require--municipalities to impose a sales tax on alcoholic beverages regardless of whether there is a tax on other kinds of sales. Currently, municipalities may impose a sales tax on alcoholic beverages only if there is a general sales tax or a sales tax imposed on another commodity, such as hotel beds, tobacco, etc. Additionally, it appears that the tax on alcohol sales cannot be higher than the other sales taxes. House Bill 92 allows municipalities to impose a sales tax that is equal to, lower than, or higher than the rate set for the other sales tax. As stated previously, this tax could be imposed only after approved by a vote of the citizens.

Laws are continually passed that have a direct financial impact on municipalities. For example, state and federal laws require municipalities to care for and protect public inebriates; however, sufficient funding is not always provided for these activities. Such costly services can include public safety, care for inebriates, and alcohol-related social and health problems. This legislation enables municipalities to address these budgeting problems along with others. It provides them with a new option.

HB92/SS/4/21/99



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

SECTIONAL ANALYSIS

House Bill 92

"An Act relating to municipal taxation of alcoholic beverages"

Section 1: Amends AS 04.21.010(c)(2), regarding municipal regulation, to allow municipalities to impose a sales tax on alcoholic beverages regardless of whether they have a sales tax on other sales. Current statute allows a sales tax on alcoholic beverages only if a sales tax exists on other sales. It also allows the municipality to set the sales tax on alcoholic beverages at a rate equal to, higher or lower than, the sales tax on other sales.

Deletes AS 04.21.010(c)(3), which allows municipalities having sales taxes on alcoholic beverages prior to July 1, 1985, to continue to tax alcoholic beverage sales. This section is no longer needed as all municipalities may impose a sales tax on alcoholic beverages.

Section 2: Amends AS 29.45.650(a), regarding borough sales and use tax, by removing the reference to AS 04.21.010(c) in the exceptions. Because municipalities would no longer be restricted in placing a sales tax on alcoholic beverages, this exception is no longer needed.

HB92/SA2/10/99

ferred to the municipality in which the property was seized" in the third sentence in subsection (h).

NOTES TO DECISIONS

Former law construed. — See Territory of Alaska v. 186 Cases of Mixed Intoxicating Liquors, 10 Alaska 414 (1944).

Collateral references. — 45 Am. Jur. 2d, Intoxicating Liquors, §§ 486-532

48A C.J.S., Intoxicating Liquors, §§ 365-397.

Forfeiture of property used in connection with intoxicating liquor, before trial of individual offender, 3 ALR2d 738.

Lawfulness of seizure of property used in violation of law as prerequisite to forfeiture action or proceeding. 5 ALR3d 473.

Chapter 20. General Provisions.

[Repealed, § 12 ch 131 SLA 1980. For current law, see AS 04.21.]

Chapter 21. General Provisions.

Section

- 10. Municipal regulation
- 15. Private manufacture of alcoholic beverages
- 20. Civil liability of persons providing alcoholic beverages
- 25. Alcohol server education course
- 30. Responsibility of licensees, agents, and employees

Section

- 40. Sales on federal reservations
- 50. Proof of age
- 55. Refusal of service
- 60. Warehousing of alcoholic beverages
- 65. Posting of warning signs
- 70. Enforcement
- 80. Definitions

Sec. 04.21.010. Municipal regulation. (a) A municipality may adopt ordinances governing the importation, barter, sale, and consumption of alcoholic beverages within the municipality and may ban possession of alcoholic beverages under AS 04.11.491(a)(5). An ordinance adopted under this section may not be inconsistent with this title or regulations adopted under this title. In a municipality that has adopted a local option under AS 04.11.491(a)(1), (2), or (3), an ordinance is not inconsistent with this title if it limits

(1) the monthly amounts of alcoholic beverages a person may import into the municipality;

(2) the percent of alcohol by volume that an alcoholic beverage may contain; a limit imposed under this paragraph may not be less than 40 nor more than 76 percent alcohol by volume; or

(3) the type of alcoholic beverage container that may be possessed in the municipality.

(b) After the adoption of a local option under AS 04.11.491(a), a municipality may adopt an ordinance making the sale, importation, or possession of alcoholic beverages a misdemeanor to the extent prohibited under the local option. The ordinance may not be inconsistent with this title or the regulations adopted under this title.

(c) A municipality may not impose taxes on alcoholic beverages except a

(1) property tax on alcoholic beverage inventories;

(2) sales tax on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality;

(3) sales tax on alcoholic beverage sales that was in effect before July 1, 1985; and

(4) sales and use tax on alcoholic beverages if the sale of alcoholic beverages within the municipality has been prohibited under AS 04.11.491(a)(1), (4), or (5).

(d) At least 10 days before the date set for municipal action on an application for the issuance, renewal, relocation, or transfer of ownership of a proposed license, the

municipality shall provide written notice of the proposed action and the time and place for a hearing to a community council that

(1) is established by municipal charter or ordinance to advise the municipal governing body; and

(2) has jurisdiction over the area affected by the proposed action. (§ 4 ch 131 SLA 1980; am § 20 ch 74 SLA 1985; am § 19 ch 93 SLA 1985; am § 9 ch 80 SLA 1986; am §§ 11, 12 ch 156 SLA 1988; am §§ 50 — 52 ch 101 SLA 1995)

Effect of amendments. — The 1995 amendment, effective July 1, 1995, made section reference substitutions in subsections (a) and (c); in subsection (a), added the last sentence in the introductory language and added paragraphs (1)-(3); and rewrote subsection (b).

Legislative history reports. — For sectional analysis of CS SSSB 239, the predecessor of FCCSSB 239 (ch. 131, SLA 1980), see 1980 Senate Journal Supplement No. 23, April 1, 1980.

For Senate letter of intent relating to the amendments to (a) and (c) of this section by secs. 11 and 12,

ch. 156, SLA 1988 (HCS CSSB 371 (Jud) am H., see 1988 Senate Journal 2939.

Opinions of attorney general. — Anchorage Municipal Code 10.50.030 and 10.50.035, which established guidelines for when the Assembly will exercise its protest authority under AS 04.11.480, are not inconsistent with this title, are not in excess of the municipality's authority, and are not unreasonable. February 25, 1986. Op. Att'y Gen.

Ordinance regulating where licenses may be located did not exceed the borough's authority. October 23, 1991, Op. Att'y Gen.

NOTES TO DECISIONS

Sales tax. — Paragraphs (c)(2) and (c)(3) of this section, when read together, bar a municipality from taxing only the sale of alcoholic beverages and further require that if sales taxes are imposed on other commodities, then the rate of taxation on the sale of alcoholic beverages may not exceed the rate of taxation imposed upon such other commodities sales.

Lagos v. City & Borough of Sitka, 823 P.2d 641 (Alaska 1991).

A Sitka ordinance which taxed the sales of alcoholic beverages at a four percent higher rate than sales made on other commodities within the city and borough of Sitka violated this section. *Lagos v. City & Borough of Sitka*, 823 P.2d 641 (Alaska 1991).

Collateral references. — 45 Am. Jur. 2d, Intoxicating Liquors, § 27.

48 C.J.S., Intoxicating Liquors, § 213.

Provision as to sale of liquor to women as affecting validity of regulatory statute. 9 ALR2d 541.

Validity and construction of measure prohibiting retail alcoholic beverage seller from furnishing free food or drink. 66 ALR2d 758.

Validity and construction of statute or ordinance requiring or prohibiting posting or other publication of price by liquor dealer. 89 ALR2d 901; 80 ALR3d 740.

Validity and construction of statute or ordinance

respecting employment of women in places where intoxicating liquors are sold. 46 ALR3d 369.

Validity of municipal regulation more restrictive than state regulation as to time for selling or serving intoxicating liquor. 51 ALR3d 1061.

Validity, construction, and effect of statutes, ordinances, or regulations prohibiting or regulating advertising of intoxicating liquors. 20 ALR4th 600.

Validity and construction of statute or ordinance making it offense to have possession of open or unsealed alcoholic beverage in public place. 39 ALR4th 668.

Sec. 04.21.015. Private manufacture of alcoholic beverages. (a) Except as provided in (b) of this section, the provisions of this title do not apply to the private manufacture of alcoholic beverages.

(b) This section does not apply to AS 04.16.050, 04.16.051, 04.16.080; AS 04.21.010, 04.21.020; alcoholic beverages manufactured in a quantity that exceeds the limit imposed on private manufacture under federal law; or an area that has adopted a local option law under AS 04.11.491. (§ 1 ch 86 SLA 1989; am § 53 ch 101 SLA 1995)

Effect of amendments. — The 1995 amendment, effective July 1, 1995, made a section reference substitution in subsection (b).

Sec. 04.21.020. Civil liability of persons providing alcoholic beverages. (a) A person who provides alcoholic beverages to another person may not be held civilly liable for injuries resulting from the intoxication of that person unless the person who provides the alcoholic beverages holds a license authorized under AS 04.11.080 — 04.11.220, or is an agent or employee of such a licensee and

"other property taxable by the municipality." City of Valdez v. State, Dep't of Community & Regional Affairs, 793 P2d 532 (Alaska 1990).

Sec. 29.45.590. Limited property taxing power for second class cities. A second class city may by referendum levy property taxes as provided for first class cities. However, levy of an ad valorem tax by a second class city may not exceed two percent of the assessed value of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments. (§ 12 ch 74 SLA 1985; am § 1 ch 123 SLA 1994; am § 8 ch 40 SLA 1995)

Effect of amendments. — The 1994 amendment, effective September 26, 1994, substituted "two percent" for "one-half of one percent" near the beginning of the second sentence.

The 1995 amendment, effective August 23, 1995, inserted "of an ad valorem tax" near the beginning of the second sentence.

Sec. 29.45.600. Combining property tax with incorporation of a second class city. A petition for second class city incorporation may request that a property tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails. (§ 12 ch 74 SLA 1985)

Article 4. Borough Sales and Use Tax.

Section
650. Sales and use tax
660. Notice of sales and use tax
670. Referendum, adoption, and modification

Section
680. Combining sales and use tax with incorporation of a borough

Sec. 29.45.650. Sales and use tax. (a) Except as provided in AS 04.21.010(c) and in (f) and (h) of this section, a borough may levy and collect a sales tax on sales, rents, and on services provided in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

(b) A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers.

(c) A person who furnishes proof, in the form required by the borough tax collector, that the person has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 percent a year on the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

(e) A borough may provide for the creation, recording, and notice of a lien on real or personal property to secure the payment of a sales and use tax, and the interest, penalties, and administration costs in the event of delinquency. When recorded, the sales tax lien has priority over all other liens except (1) liens for property taxes and special assessments; (2) liens that were perfected before the recording of the sales tax lien for amounts actually advanced before the recording of the sales tax lien; (3) mechanics' and materialmen's liens for which claims of lien under AS 34.35.070 or notices of right to lien under AS 34.35.064 have been recorded before the recording of the sales tax lien. This subsection applies to home rule and general law municipalities.

(f) A borough may not levy and collect a sales tax on a purchase made with (1) food coupons, food stamps, or other type of certificate issued under 7 U.S.C. 2011 — 2025 (Food Stamp Act); or (2) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). This subsection applies to home rule and general law municipalities.

(g) *[Repealed, § 2 ch 159 SLA 1990.]*

(h) A borough may not levy or collect a sales tax on sales, rents, and services, or a use tax on the storage, use, or consumption of personal property on the following activities:

(1) the sale, lease, rental, storage, consumption, or distribution in this state of or the provision of service relating to an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind possessing space flight capacity, including the components of them;

(2) the sale, lease, rental, storage, consumption, or use of tangible personal property placed on or used aboard an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind, regardless of whether the tangible personal property is returned to this state for subsequent use, storage, or consumption; an exemption under this paragraph is not affected by the failure of a launch to occur, or the destruction of a launch vehicle or a component of a launch vehicle. (§ 12 ch 74 SLA 1985; am §§ 3, 4 ch 38 SLA 1986; am § 1 ch 20 SLA 1987; am § 2 ch 30 SLA 1988; am §§ 1, 2 ch 96 SLA 1989; am §§ 1, 2 ch 159 SLA 1990; am §§ 4, 5 ch 88 SLA 1991)

NOTES TO DECISIONS

Annotator's notes. — The cases cited in the note below were decided under former, similar provisions.

Evolutionary development of present language of subsection (a). — See *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

Subsection (a) of this section permits a selective sales tax. *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

This section states no limits on what may be exempted. *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

And there is nothing in the statute which expressly requires a general tax. *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

The term "sales tax" carries no connotation of generality. *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

The city of Homer bed tax, based upon the actual

rental of a room, and imposed, computed and collected according to traditional sales tax methods, is a sales tax within the meaning of this section. *City of Homer v. Gangl*, 650 P.2d 396 (Alaska 1982).

A real property lien is beyond the scope of what may be "necessarily or fairly implied in or incident to" the authority to collect a sales tax. *Fairbanks N. Star Borough v. Howard*, 608 P.2d 32 (Alaska 1980).

Successor liability. — Subsection (e) of this section does not provide for successor liability, unless done through a lien on the real and personal property of a "seller," i.e. the business; municipalities' attempt by ordinance to hold successor owners personally liable for delinquent sales taxes would effectively eliminate paragraph (e)(2) of this section lien priority and was, therefore, invalid. *Kenai Peninsula Borough v. Associated Grocers*, 889 P.2d 604 (Alaska 1995).

Collateral references. — 68 Am. Jur. 2d, Sales and Use Taxes, § 1 et seq.

Sec. 29.45.660. Notice of sales and use tax. (a) If the borough levies and collects only a sales tax and use tax, the assembly shall provide a notice substantially in the form set out in AS 29.45.020. In providing notice under this subsection, the assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020. Notice shall be provided

(1) by publishing in a newspaper of general circulation in the borough a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the borough's budget; or

(2) if there is no newspaper of general circulation in the borough, by posting a copy of the notice for at least 20 days in at least two public places in the borough, with posting to occur not later than 45 days after the final adoption of the borough's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization under AS 29.60.010 — 29.60.080 and priority revenue sharing for municipal services under AS 29.60.100 — 29.60.180. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (§ 12 ch 74 SLA 1985; am § 4 ch 75 SLA 1997)

Effect of amendments. — The 1997 amendment, effective July 1, 1997, rewrote the first sentence of subsection (b).

Sec. 29.45.670. Referendum, adoption, and modification. A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election. (§ 12 ch 74 SLA 1985)

Sec. 29.45.680. Combining sales and use tax with incorporation of a borough. A petition for incorporation of a borough may request that a sales and use tax proposition be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the tax proposition; if so, the incorporation proposition fails if the tax proposition fails. (§ 1 ch 3 SLA 1989)

Editor's notes. — Section 2, ch. 3, SLA 1989 provides that this section is retroactive to January 1, 1987.

Legislative history reports. — For governor's transmittal letter, see 1989 Senate Journal 46.

Article 5. City Sales and Use Tax.

Section

700. Power of levy

710. Combining sales and use tax with incorporation of a second class city

Sec. 29.45.700. Power of levy. (a) A city in a borough that levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs. Except as provided in (d) of this section, the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

(d) A city that levies and collects sales and use taxes under (a) of this section may not levy and collect a sales tax on a purchase made with (1) food coupons, food stamps, or other types of certificates issued under 7 U.S.C. 2011 — 2025 (Food Stamp Act); or (2) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). This subsection applies to home rule and general law municipalities. (§ 12 ch 74 SLA 1985; am § 5 ch 38 SLA 1986; am §§ 51, 52 ch 14 SLA 1987; am § 2 ch 20 SLA 1987)

Legislative history reports. — For an analysis of the amendments to this section made by §§ 51 and 52, ch. 14, SLA 1987, see 1987 House Journal Supplement No. 11, May 17, 1987, p. 7.

Sec. 29.45.710. Combining sales and use tax with incorporation of a second class city. A petition for incorporation of a second class city may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax

Alaska Department of Revenue, Income and Excise Tax Division
 Report of Alcoholic Beverages Distributed or Sold
 1998 Taxable Gallons

	Liquor				
	District 1	District 2	District 3	District 4	Total
January	15,517	1,222	91,412	20,560	128,711
February	5,786	568	35,620	7,065	49,039
March	10,593	1,247	42,737	9,100	63,677
April	13,022	1,133	58,744	11,894	84,793
May	11,562	2,072	60,243	12,497	86,374
June	14,666	1,290	51,342	11,418	78,716
July	16,590	1,007	80,769	18,472	116,838
August	16,011	750	56,444	14,751	87,956
September	14,056	4,257	59,031	14,325	91,669
October	13,389	937	56,464	12,732	83,522
November	11,467	1,208	57,775	14,260	84,710
December	13,769	920	67,953	14,239	96,881
Total	156,428	16,611	718,534	161,313	1,052,886

	Wine				
	District 1	District 2	District 3	District 4	Total
January	17,826	553	101,517	19,160	139,056
February	9,710	168	46,150	9,243	65,271
March	13,972	1,057	63,956	12,615	91,600
April	14,766	674	75,675	12,850	103,967
May	17,704	1,442	79,382	13,896	112,424
June	18,651	764	72,525	14,792	106,732
July	23,511	883	60,593	18,971	132,958
August	23,344	545	93,988	17,845	135,722
September	21,156	2,547	80,159	17,109	120,971
October	15,976	761	78,420	15,037	110,194
November	14,477	542	73,643	14,357	103,019
December	18,951	642	92,516	16,416	128,525
Total	210,044	10,578	947,524	182,293	1,350,439

	Beer				
	District 1	District 2	District 3	District 4	Total
January	151,125	1,576	808,011	177,799	1,138,511
February	120,913	895	603,567	147,601	872,976
March	125,953	2,035	552,167	133,583	813,738
April	167,526	2,904	716,563	152,105	1,039,098
May	175,425	26,002	774,168	178,355	1,153,950
June	232,925	23,535	847,940	217,029	1,321,429
July	260,913	535	1,051,676	249,857	1,562,981
August	264,396	1,275	960,478	254,130	1,480,279
September	206,566	54,367	842,844	237,695	1,341,472
October	170,208	6,221	776,194	171,201	1,123,824
November	154,733	898	735,918	181,973	1,073,522
December	131,242	1,867	682,092	155,246	970,447
Total	2,030,683	120,243	8,669,526	2,101,328	12,921,780

	Total Alcohol				
	District 1	District 2	District 3	District 4	Total
January	184,468	3,351	1,000,940	217,519	1,406,278
February	136,409	1,631	685,337	163,909	987,286
March	150,518	4,339	658,860	155,298	969,015
April	195,314	4,711	850,982	176,851	1,227,858
May	204,691	29,516	913,793	204,748	1,352,748
June	266,242	25,589	971,807	243,239	1,506,877
July	301,014	2,425	1,222,038	287,300	1,812,777
August	303,751	2,570	1,110,910	286,726	1,703,957
September	241,778	61,171	982,034	269,129	1,554,112
October	199,573	7,919	911,078	198,970	1,317,540
November	180,677	2,648	867,336	210,590	1,261,251
December	163,962	3,429	842,561	185,901	1,195,853
Total	2,364,435	145,870	10,175,115	2,414,279	15,099,699

Source: State of Alaska, Department of Revenue, Division of Income and Excise Tax Division (www.revenue.state.ak.us/iea/alcohol/)

CITY OF KING COVE

P.O. Box 37
King Cove, Alaska 99612

March 4, 1999

Representative Gary Davis
State Capitol - Room 513
Juneau, AK 99801-1182

(faxed to 465-3835)

Dear Representative Davis:

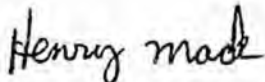
I am very pleased to learn of your sponsorship of House Bill 92. I am very supportive of this measure and am willing to help advocate it to other local governments.

About a year ago, I requested the King Cove City Council to impose an increase (i.e. higher than our 3% general sales tax) in local sales tax on alcoholic beverages only to learn that it wasn't allowed under State statute.

It is very clear to me that alcohol related activities have a direct relationship to the magnitude of services provided by our City police and clinic departments. A higher alcohol tax rate would help us offset the adverse impacts to the City budget in dealing with the alcohol related costs.

We would welcome the opportunity to have local voters decide on whether to impose such a tax. Thank you for taking action on this very important issue.

Sincerely,



Henry Mack
Mayor

Alex & Mattie Samuelson Office Building
907-497-2340 (phone)
907-497-2594 (fax)
Email - kingcove@pobox.alaska.net





MAYOR AND CITY COUNCIL
POST OFFICE BOX 1397, KODIAK, ALASKA 99615

TELEPHONE (907) 486-8635

FAX (907) 486-8600

February 28, 1999

Representative Gary Davis
State Capitol
Juneau, Alaska 99811

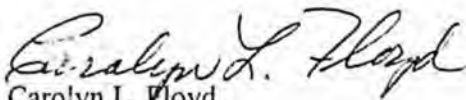
Dear Representative Davis:

Thank you for the foresight to sponsor legislation to address alcohol related social and law enforcement costs incurred by local government. The City of Kodiak supports HB 92. Although some may view this as a revenue source the City of Kodiak views it as one alternative to address costs of alcohol abuse and misuse now absorbed by the general taxpayer. The provision requiring a vote of the people is prudent and a reasonable protection to the liquor industry.

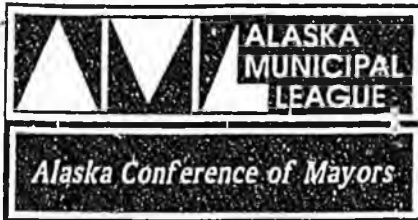
The statistics on alcohol related crime and social problems more than justify a method to tax the cause.

Sincerely,

CITY OF KODIAK


Carolyn L. Floyd
Mayor

cc: City Council
Senator Jerry Mackie
Representative Alan Austerman



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325. Fax (907)-463-5480

February 19, 1999

Representative Gary Davis
State Capitol
Juneau, AK 99811

Dear Representative Gary Davis:

Thank you for your introduction of HB 92, "An Act relating to municipal taxation of alcoholic beverages." This issue has been a top priority for the Alaska Municipal League and the Alaska Conference of Mayors for several years, and given the current state budget situation, it is even more important than ever. As pressure increases more and more on local sales and property taxes, municipalities need additional tools to pay for public services.

Under state statute adopted years ago, a special exemption on alcohol sales was granted which prohibited local voters from establishing a higher level on sales tax on alcohol in their community. We would like to stress that **this is not a new tax**, but only removes that restriction, and could only be done with the **approval of local voters**. Alcohol abuse is the number one health and public safety problem in Alaska and alcohol sales should not receive a special exemption.

As you are aware, costs to local taxpayers related to the use of alcohol are stunning. Some of the alcohol-related costs include:

- Police costs for alcohol-related felonies and misdemeanors
- Police costs to transport public inebriates
- Emergency medical services
- Hospital emergency care costs
- Prosecutions
- Direct treatment and rehabilitation of alcohol abuse
- Increase costs of youth and family services related to alcohol use
- Repair to property damage to public facilities
- Health insurance costs paid by local governments and school districts to treat alcohol-related health problems

According to a fact sheet provided by Anchorage's Community Health Promotion Program last year, alcohol is involved in:

- 60 percent of motor vehicle crash fatalities
- 65 percent of suicide attempts
- 56 percent of total assaults
- 56 percent of domestic violence
- 53 percent of sexual assaults
- 34 to 50 percent of homicides
- 83 percent of child abuse.

We recognize the state may continue reducing support for services because of revenue shortfalls. As that burden increases on local taxpayers, it is critical they be given the proper tools to take on those burdens. Passage of HB 92 will provide an option to the voters of a community who are best able decide how they want to allocate their taxes to provide critical local services.

Again, our sincere thanks for recognizing the importance of this issue and if you need any additional information, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Ritchie", with a long horizontal line extending to the right.

Kevin C. Ritchie
Executive Director

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

February 25, 1999

Representative Carl Morgan
Capitol Building, Room 409
Juneau, AK 99801-1182

Dear Representative Morgan:

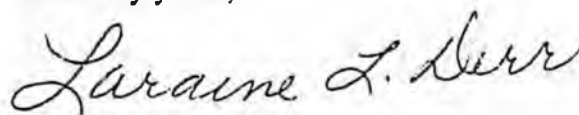
On March 4, 1999, the Community and Regional Affairs Committee will be hearing HB92 that lifts the restriction on municipal taxation of alcoholic beverages.

On behalf of the Alaska Association of Hospitals and Nursing Homes, I am writing in support of HB92. The cost of public inebriation in most of our cities and villages comes in several forms for hospitals. There is the issue of unreimbursed costs of direct care, the supplies and services that are provided in treating the individual. Second, there is the indirect cost of damaged equipment, linen, furniture, etc. as individuals get into or out of hospitals. Third is the cost for security staffing. There are many anecdotal stories that could highlight any one of these areas - which I am sure will be defined in testimony. I will not detail them here but would ask for your support of this bill.

HB 92 would give municipalities the opportunity to put the issue before the voters and let them decide whether the added revenue from a tax on alcoholic products would be beneficial in dealing with the costs of the results of alcohol consumption.

Thank you for your consideration of our letter of support.

Sincerely yours,



Laraine L. Derr
President/CEO



Alaska State Legislature

Please enter into the record my testimony to the Community & Regional Affairs, Finance
committee name

committee on House Bill #92, dated 3.4.99
bill/subject

A SALES TAX ON Alcoholic Beverages would be a positive proposition for a number of reasons.

- ① Increase of tax could lower Alcoholic Beverage consumption as the recent tax on cigarettes lowered the demand for them in Alaska.
- ② Alcoholic Beverages have cost the state of Alaska millions of dollars, and this tax could allow programs of prevention and treatment to be funded at a higher level.
- ③ Alaska truly needs to find more income streams and this one would work well.

Signed: Brian D Massey BRIAN D MASSEY
Testifier

Myself & Family
Representing (Optional)

Box 2324 SITKA AK
Address

(907) 747-3139
Phone No.

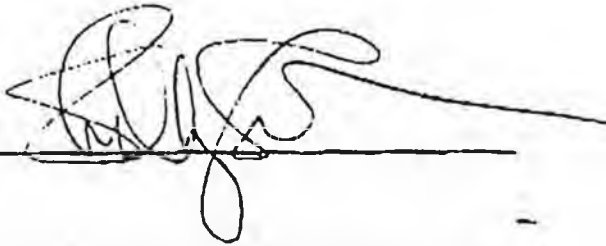


Alaska State Legislature

Please enter into the record my testimony to the Community & Regional Affairs, Finance committee name
 committee on House Bill No. 92, dated 3/4/99
 bill/subject

As a voter, I would like to voice my support of House Bill 92 (municipal taxation of alcoholic beverages).

In a time of declining revenues, it strikes me that this bill would enable our community to raise additional funds that could be utilized to supplement existing prevention and intervention services.

Signed: Shelly Carlson 
 Testifier

Representing (Optional)
107 Finn Alley Sitka, AK 99835
 Address
747-1042
 Phone No.

Morissa Lou Williams
P.O. Box 240791
Douglas, Alaska 99824-0791
(907) 586-1504

8 March 1999

Rep. Gary Davis
Alaska State Legislature
Juneau, Alaska

Re: HB 92

Dear Rep. Davis,

I called your office this morning to thank you for sponsoring HB 92, and I want to commit my support in writing as well. Your sponsorship of HB 92 shows two things: compassion for your constituents and the courage to act on their behalf. Thank you for showing the integrity to sponsor a bill of this nature.

I spent several years researching the flow of alcohol through Alaskan lives and published several pieces about what I learned in the *Alaskan Southeaster* Magazine. I found that few people are willing - or perhaps more to the point, able - to comprehend the fundamental truth that governs our relationship with alcohol in Alaska: it has a unique hegemony in not only our personal but our political lives. The absence of substantive taxation of this product, as well as its absurdly low cost to consumers, has been a disaster for our state. The product has been a financial hemorrhage for Alaskans, costing uncountable millions in public safety, public assistance and the breakdown of our classrooms, while the industry is permitted to continue blithely on making enormous profits from its sales. If we are honest we will call this what it is: the subsidized addiction of a state. Prohibition may not be the answer, but it is certainly true that Alaskan areas which have barred alcohol have much lower crime rates and social problems than the rest of the state.

I do not know what the ultimate answer is, or even if there is one to be found, but I am certain that one important aspect of challenging alcohol's grip on our finances and our lives is requiring appropriate taxation. Thank you for making a step in this direction. There are many people who feel as I do and wish you well in this endeavor.

By the way, I would also like to thank the gracious staff member with whom I spoke this morning. I did not ask her name, but she was very kind and welcoming, and I appreciated that very much.

With best regards,

