

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 00 / 2

10041 SENATE COMMUNITY & REGIONAL AFFAIRS



Alaska State Legislature

COMMUNITY AND REGIONAL
AFFAIRS, FINANCE (...?)

Please enter into the record my testimony to the

committee name

committee on TAXATION OF ALCOHOLIC BEVERAGES dated

MARCH 3RD 1999

bill/subject

AS A VOTER, SMOKER AND CONCERNED
CITIZEN I SUPPORT THE TAXATION OF ALCOHOLIC
BEVERAGES.

SPECIFICALLY:

AS A VOTER I AM ALWAYS CONCERNED
ABOUT BILLS/ACTS PENDING IN OUR MUNICIPAL,
STATE OR FEDERAL GOVERNMENTS AND FEEL
IT IS MY DUTY TO "VOICE" SUPPORT FOR THOSE
I BELIEVE SHOULD BE ENACTED. THIS IS TRUE
FOR HOUSE BILL NO. 92.

AS A SMOKER I FULLY SUPPORT THE
INCREASE IN TAXATION ON TOBACCO PRODUCTS
BELIEVING IT IS A FAIR WAY TO RAISE
INCOME, WHILE AT THE SAME TIME ALLOWING

Signed: R. O. Johnson
Testifier

Representing (Optional)
P.O. BOX 2395, SITKA, 99835

Address
966-3075

Phone No.

→ THE INDIVIDUAL, ME, TO CHOOSE TO PARTICIPATE OR NOT VIA MY CHOICE TO PURCHASE TOBACCO PRODUCTS OR NOT THIS IS HOW I VIEW/COMPARE HOUSE BILL NO. 92. AS A CONCERNED CITIZEN I AM OF THE OPINION THAT ALL REASONABLE SOURCES OF INCREASED INCOME FOR THE STATE & MY MUNICIPALITY (SITKA) SHOULD BE EXAMINED AND IMPLEMENTED IF FAIR AND REASONABLE. I BELIEVE HOUSE BILL NO 92. IS BOTH.

THANK YOU FOR THIS FORUM.

RNOgum

Morissa Lor 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,

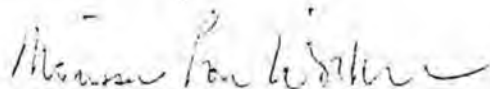
I called your office this morning to thank you for sponsoring HB 92, and I want to commit my support in writing as well. Your sponsorship of HB 92 shows two things: compassion for your constituents and the courage to act on their behalf. Thank you for showing the integrity to sponsor a bill of this nature.

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,



FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 92

Revision Date/Time (Note if correction) March 3, 1999

Dept. Affected Revenue

Title Municipal Taxation of Alcohol

BRU

Revenue Operations

Component

Income and Excise Audit

Sponsor Representative Davis

Requester CRA

Component Serial No.

113

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 (decrease)

**

**

**

**

**

**

FUND SOURCE

(Thousands of Dollars)

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 current year (FY99) cost:

0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** The proposed legislation may cause the state to lose a small amount of state alcohol tax revenues. This revenue loss would be due to the decrease in consumption because of an increase in price. The percentage change in quantity consumed as a result of a percentage change in price is called the price elasticity of demand. If we assume that some municipalities that currently have no sales tax on alcohol enact one, prices would most likely increase. There are many different estimates of the price elasticity demand for alcohol. They usually differ by the type of alcohol with the lowest elasticity being for beer. I have seen elasticity's that range from -.12 to -1.07 for beer, from -.13 to -1.8 for liquor and from -.27 to -2.37 for wine. One publication suggests the use of -.35 for all alcohol types. This would imply that for a 1% increase in price consumption would decrease by 1/3 of 1%. Given the uncertainties involved and not knowing which if any municipalities will increase their alcohol tax, DOR cannot estimate the loss of revenue.

Prepared by Brett Fried, Economist

Phone 465-3682

Division Income and Excise Audit

Date/Time March 3, 1999

Approved by Wilson L. Condon

Date March 3, 1999

Agency Department of Revenue

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FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. HB 92

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Municipal taxation of alcoholic beverages BRU ABC Board
 Component ABC Board
 Sponsor Rep. Davis
 Requester House C&RA Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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 current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

Prepared by Dorg Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner Department of Revenue
 Agency

Phone 465-2301
 Date/Time February 22, 1999 10:15 AM
 Date 2/22/99

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal taxation BRU: _____
of alcoholic beverages. Component: _____
 Sponsor: REPRESENTATIVE DAVIS
 Requestor: House CRA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY04	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

REVENUE FUND SOURCE:

--	--	--	--	--	--	--

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						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4709
 Division: Division of Administrative Services Date: 2/22/99
 Approved by Commissioner: *Mike Duran* Date: 2/22/99
 Agency: Community & Regional Affairs

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HB

93

Alaska State Legislature

SESSION

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Toll Free: 800-491-4527
E-mail: Representative_Carl_Morgan@legis.state.ak.us



MEMBER

Community & Regional Affairs Committee
Health, Education & Social Services Committee
House Resources Committee
Special Committee on Fisheries

INTERIM

P.O. Box 243
Aniak, Alaska 99557
Phone: 907-675-4413

Representative Carl M. Morgan, Jr. District 36

Sponsor Statement HB 93

“An Act relating to the Alaska Housing Finance Corporation’s rural assistance loan program and to the definition of ‘housing’ for purposes of the corporation’s housing assistance loan program; and providing for an effective date. ”

This legislation would modify AHFC’s Rural Mortgage to allow two simple changes:

1. The Rural Mortgage program would allow for refinancing of home loans in the same manner any conventional mortgage allows. While many people across Alaska and the United States have taken advantage of low interest rates to refinance their home mortgages, state law simply does not provide this as an option under the rural lending program.
2. The current definition in state law limits the term “housing” to either single-family and owner-occupied duplexes. This legislation would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. Simply, the Rural Mortgage program would be allowed to finance up to four-plexes. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac and AHFC’s conventional urban loan program.

It is important to note that this bill does not allow the Rural Mortgage loan program to make any kinds of loans that are not allowed under conventional lending practices or industry standards. Simply, the bill attempts to allow the Rural Mortgage loan program to make the same kind of loans allowed for any conventional urban loan program.

For example, in February of 1998, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs. By allowing homeowners to take advantage of current low interest rates, AHFC reports that over 1,100 loans were refinanced in 1998. This bill would amend state law to simply allow the same kind of opportunity for rural borrowers.

AHFC’s rural loan portfolio has over 1,100 loans with interest rates over 8% totaling approximately \$115 million. Of these loans, just over 500 have a rate higher than 9%. The current interest rate for the Rural Mortgage loan program is 6.125% for a 30 year loan. Lowering home loans by whole percentage points can lower monthly payments by hundreds of dollars – essentially putting this buying power back into the homeowners pocket and the state economy.

This is not in any sense a “give-away” program. The Rural Mortgage loan program is a revolving fund. AHFC reports that default rates in the Rural Mortgage loan program are generally the same or often less than the rate of defaults on conventional urban loans.

In short, this legislation attempts to make two simple changes that will allow a lending program to make the same kind of loans considered standard practice under convention lending. Not only is it an issue of fairness for rural borrowers, but it is also good business for AHFC. These are good loans, and will also provide financing opportunity to assist the rural housing market.

FISCAL NOTE

Bill version: HB 93
 (H) Publish Date: 2/24/99

STATE OF ALASKA
 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) 2/17/99 Dept. Affected Revenue
 Title AHFC Rural Mortgages BRU Revenue Operations
 Component AHFC Operations
 Sponsor Rep. Carl Morgan
 Requester (H) C&RA Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	na	na	na	na	na	na

FUND SOURCE (Thousands of Dollars)

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 current year (FY99) cost: 0.0

POSITIONS

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)

This legislation amends AHFC's Rural Mortgage program to both allow refinancing of existing loans and to amend the definition of "housing" to allow loans for owner-occupied dwellings of up to four units. Existing staff and budget resources will be adequate to handle changes in loan demands that will result from this legislation. AHFC currently has rural mortgage offices in Bethel, Nome, Dillingham, and in its Anchorage headquarters.

Any changes to the net income of AHFC are expected to be minimal. Refinancing of existing loans to lower interest rates will reduce revenues to the corporation by providing savings to the borrowers. However, this reduction in revenues is expected to be offset by revenues from increased loan activity for borrowers interested in financing 3 plexes and 4 plexes. (Additional comments and information is available in AHFC's Bill Analysis)

Prepared by John W. Bitney, Legislative Liaison
 Division Alaska Housing Finance Corporation
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time 2/17/99
 Date 2/19/99

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<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



HB 93 letter
February 18, 1999
Page 2

As of February 18, 1999, there are 2,571 Rural Mortgage loans at a value of \$523,825,093.

AHFC believes that allowing the opportunity to refinance existing loans will provide better affordability for many residents. As of February 18, 1999, there are 515 loans at a value of \$48,026,786 with an interest rate of 8% or higher. By allowing these borrowers to take advantage of current interest rates, monthly savings to these borrowers is estimated to range between \$130 and \$200 per month.

As an example, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs in February of 1998. To date, 1,499 loans worth over \$128 million have refinanced under the program. While some of these loans resulted in small payment increases for people who refinanced from a 30 to a 15 year loan, nearly 75% of the refinanced loans created average savings of \$193 per month. Put another way — close to \$2 million in buying power was put back into the annual Alaskan economy. HB 93 would allow the same kind of opportunity for borrowers under the Rural Mortgage program.

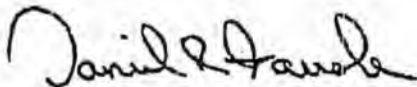
The current definition (AS 18.56.600) limits the term "housing" to either owner-occupied single-family or duplexes for the Rural Mortgage program. HB 93 would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac, and AHFC's conventional urban loan programs.

Conclusion

This legislation attempts to make two changes that will allow the Rural Mortgage program to make the same kind of loans considered standard practice under conventional lending. Because the results of this legislation fit within the mission of AHFC to provide affordable and safe housing opportunities for Alaskans, the corporation supports passage of the bill.

Thank you for sponsoring HB 93 and the cooperative efforts you have extended to us in putting this bill together. AHFC staff will be available through the legislative committee process to testify and assist in the discussions. Please do not hesitate to refer anyone with questions or the need for information to contact my office.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation



ALASKA ASSOCIATION OF REALTORS, INC.
 747 Sesame Street, Suite 100 • Anchorage, Alaska 99503
 Telephone 907-563-7133 • Fax 907-561-1779

February 26, 1999

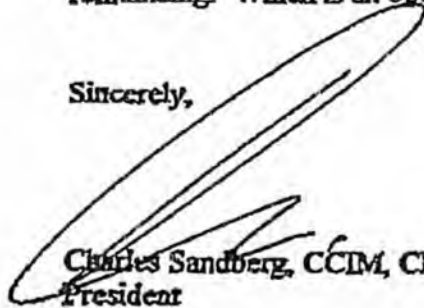
Representative Carl Morgan
 State Capital
 Juneau, Alaska 99801

Dear Representative Morgan,

The Alaska Association of REALTORS, with its over 1100 members statewide wish to express their support for HB 93/A relating to Alaska Housing Finance Corporation.

This legislation would enhance the availability of home ownership in rural areas of the state. It will also allow existing homeowners in rural areas to use AFHC programs for refinancing. Which is an option that is not currently open to rural areas.

Sincerely,



Charles Sandberg, CCIM, CRS, GRI
 President



Rural mortgage measure clears step

By the Journal Staff



House Bill 93, allowing refinancing of rural Alaska Housing Finance Corp. mortgages, passed out of the House Community and Regional Affairs Committee and is now in the Finance Committee.

The intent is to make AHFC's rural mortgage programs conform with the state housing corporation's urban programs, which allow refinancing.

"Right now, the rate for a new rural 30-year loan is about 6.125 percent. Just over 1,100 of AHFC's outstanding rural loans have interest rates over 8 percent; that's about \$115 million," Rep. Carl Morgan, R-Aniak, said.

Rural default rates are about the same as urban rates, he said. "This is a win-win bill."

HB 93 also expands the types of dwellings that can qualify for rural AHFC loans, again to conform with urban programs.

Morgan is sponsor of the measure.

BILLS TO WATCH

Finance cuts Y2K request

The Senate Finance Committee slashed two supplemental budget requests from the Knowles administration.

One was for \$19.5 million for state year 2000 computer system repairs and testing, which was cut to \$12.6 million. A second was a cut of a University of Alaska request from \$5 million to \$2.7 million.

The full Y2K appropriation has passed the House, but the Senate committee questioned whether the needs are real.

"We understand the importance of making sure vital state functions continue operating safely and efficiency" after the end of 1999, said Sen. Sean Parnell, R-Anchorage, "but it seemed as though every time we raised specific questions about the numbers in the governor's request, we found the hard costs weren't there."

For example, the committee

found that of \$110,000 requested in the special appropriation to assess Y2K compatibility in the new state ferry Kennicott, all but \$32,000 was included in a separate \$600,000 Y2K request for the entire ferry system.

The committee also felt the ferry's builder should be pressed to pay for Y2K repairs, Parnell said.

"Scrutiny of the governor's request revealed many similar opportunities for reductions," said Sen. Gary Wilken, R-Fairbanks, who chaired a Finance subcommittee on the request.

Bill rewrites securities laws

A complex, 70-page rewrite of state laws governing securities transactions was voted out of the House Labor and Commerce Committee and is now in the Judiciary Committee.

House Bill 83 is intended to bring Alaska into compliance with the federal National Markets Securities Act.

The state Department of Commerce and Economic Development has been working on the bill for some time and has circulated drafts, along with proposed regulations, in the Alaska financial community.

A revised law and regulations must be in effect by October to comply with the new federal act, state commerce officials told the Labor and Commerce committee.

HB

133

Alaska State Legislature

DURING SESSION
STATE CAPITOL, ROOM 501
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<http://www.akrepublicans.org/bunde.htm>



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(907) 269-0181
FAX: (907)269-0184

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

MEMORANDUM

DATE: February 25, 2000

TO: Senator Tim Kelly
Chairman, Senate Community and Regional Affairs

FROM: Representative Con Bunde
Vice-Chair, House Finance Committee

RE: SCSCSHB 133 (STA)

The purpose of this memo is to request a Senate Community and Regional Affairs Committee meeting for SCSCSHB 133 (STA), "An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

A packet of information is included with this memo. If you need any further information or have any questions, please call Patti at ext. 6824.

Thank you for your cooperation with the scheduling of this bill.

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

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.

TBC:glc:jr
00-164.glc



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	1,251	1,282	1,293	1,256	1,235	1,265	1,318	1,374	1,434	1,496	1,561	14,766
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	1,226	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	86	87	87	88	85	82	79	76	72	68	64	872
Retain for Inflation - SB 304	423	650	679	709	741	773	808	841	876	913	950	7,938
Retain for Inflation - Status Quo	423	650	679	709	741	773	808	841	876	913	950	7,938
Fund value in 2010 - SB 304 Principal											41,433	
Earnings Reserve											30,185	
											11,248	
Fund value in 2010 - Status Quo Principal											42,800	
Earnings Reserve											30,182	
											12,618	
Per Person Dividend Status Quo	\$1,960.00	\$1,980.00	\$1,980.00	\$1,900.00	\$1,840.00	\$1,890.00	\$1,950.00	\$2,020.00	\$2,100.00	\$2,180.00	\$2,260.00	\$22,050.00
Per Person Dividend SB 304	\$1,960.00	\$1,980.00	\$1,980.00	\$1,850.00	\$1,840.00	\$1,850.00	\$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.

SB 304 - Proposed Public Safety Foundation Program

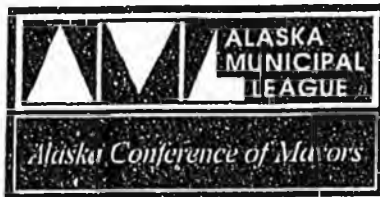
	Road	Road	Ice Road	Fire Dept.	EMS	Police	Health RS	Total New	FY00	Increase
	Per Capita	\$2,000	\$500.00	pop served	pop served	pop served	FY 00	PS Foundation	Current	FY01
Egegik	\$1,320	\$37,000	\$10,000	\$2,640	\$0	\$2,640	\$1,726	\$ 80,326	\$ 32,396	\$ 47,930
Ekwok	\$1,200	\$0	\$0	\$2,400	\$0	\$0	\$0	\$ 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	\$ 50,883	\$ 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	\$ 305,191	\$ 250,559

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
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	\$ 43,796	\$ 21,785
Napakiak	\$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	\$500.00	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-



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	1,261	1,282	1,293	1,256	1,235	1,265	1,318	1,374	1,434	1,496	1,561	14,766
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	1,226	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	1,420	1,497	13,893
Difference in annual payout	86	87	87	86	85	82	79	76	72	86	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	\$1,960.00	\$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	\$21,630.00

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.

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	\$32,600	\$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	\$ 50,883	\$ 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	\$ 305,191	\$ 250,559

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
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	\$ 43,796	\$ 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 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
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
Shaktoolik	\$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.

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

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS CSHB 133(STA

Revision Date/Time (Note if correction) _____ Dept. Affected DCED
 Title voter approval of municipal service areas BRU _____
 Component _____
 Sponsor Representatives Bunde, Halcro
 Requester (S) CRA 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						
-----------------------------	--	--	--	--	--	--

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 (Statutory Designated P/R)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for voter approval of the formation, alteration, or abolishment of certain municipal service areas. This legislation would have no fiscal impact on the department.

Prepared by: Jeffrey W. Bush Phone 465-2500
 Division Commissioner's Office
 Approved by Commissioner Deborah B. Sedwick Date 03/07/00
 Agency Department of Community and Economic Development

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Alaska State Legislature

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<http://www.akrepublicans.org/Bunde.htm>



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ANCHORAGE, AK 99501-2133
(907) 269-0181
FAX: (907) 269-0184

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

SPONSOR STATEMENT

SCSCSHB 133 (STA)

" An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

Alaska's Constitution provides for maximum local self-government (Art. X sec. 1) and for the creation, alteration, or abolishment of service areas subject to the provisions of law (Art. X sec. 5).

AS. 29.35.450 codifies these Constitutional provisions and establishes the mechanism by which service areas are created, altered, and abolished.

Alaska has approximately 200 service areas; in these areas, the local residents assess themselves to pay for a particular service, like snow plowing and road maintenance from private contractors.

HB 133 amends AS. 29.35.450 to support local control by clearly identifying whom should vote on the abolishment and alteration of a service area under three scenarios:

1. **Abolishment of a service area.**

Subject to approval by the majority of the voters residing in the service area.

2. **Abolishment and re-creation of a service area.**

Must be approved separately by a majority of voters inside an existing service area and by a majority of the voters residing in the proposed service area, but outside the existing service area.

- 3. Alteration of a service area or combining it with another service area.**
Must be approved, separately, by a majority of the voters who vote on the question and who reside in each of the service areas or in a proposed service area affected by the proposal.

This proposed legislation would settle a long time debate about who is entitled to vote during the creation, alteration or abolishment of a service area. This legislation has support throughout service areas in Alaska and I urge the favorable consideration of this committee.

Alaska State Legislature



DURING SESSION
STATE CAPITOL, ROOM 501
JUNEAU, AK 99801-1182
(907) 465-4843 (800) 892-4843
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E-MAIL
Representative_Con_Bunde@legis.state.ak.us

REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

Sectional Analysis SCSCSHB 133(STA)

“An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas.”

Sec.1. This adds AS 29.35.450 to the list of statutes that apply as limitations on the power to home rule municipalities. The result of this is to require home rule municipalities to adhere to AS 29.10.450, which now applies only to general law municipalities.

Sec. 2. This addresses service areas in unified municipalities and contains a cross-reference to subsection (c), added in this draft. There are three unified municipalities in the state: Anchorage, Juneau, and Sitka.

Sec. 3. This adds subsection (c) to AS 29.10 450 which requires, before a service area is expanded, a separate vote to be held in the area of the existing service area and in the area proposed to be added. A separate vote is also required when a service area is altered or combined with another service area. Before the service area change may occur it must be approved in each of the areas that votes separately on the question.

Sec. 4. Adds a new subsection to AS 29.35.470, which is not a home rule limitation. This allows borough assemblies to set up differential tax zones in service areas, so that different rates of taxes may be levied in different portions of a service area. Under existing law, only cities set up differential tax zones.

Bill may ease consolidation of borough service areas

By DOUGLAS FISCHER
Staff Writer

JUNEAU—For Fairbanks North Star Borough Mayor Hank Hove, small government has grown too big over the years.

Of the state's 200 or so service areas—miniature governments within municipalities that handle everything from water delivery to road repair—the borough has 120. Keeping track of them gives Hove a headache.

The Legislature might change that. The House Finance Committee approved a bill Monday that removes two major obstacles to consolidation. It gives all sides a vote in any annexation, and it allows for disparate taxes within a service area if, say, road condi-

tions within it vary.

"We couldn't consolidate them before because no one would vote for it," Hove said. A lot of small service areas are inefficient, he added.

In a service area, local residents vote to tax themselves extra to pay for a particular service, like snow plowing and road maintenance from private contractors. Under current law, only residents in an area up for annexation may vote. Residents in the core service area may not.

That doesn't sit well with most residents, so what often happens are appeals to the assembly. Residents driving on smooth roads have little incentive to dip into their service

area's savings account so another neighborhood can upgrade rutted roads.

House Bill 133, sponsored by Rep. Con Bunde, R-Anchorage, removes that disincentive. Those two areas could merge, with the residents bumping over gravel roads paying a bit more to bring their infrastructure up to par with the others.

"Let's face it—areas outside of a service area want to join a service area because their roads are in lousy shape and they want to improve them," said Merle Jantz, a road service area commissioner for Peede Country Estates. "The difficulty we're having in annexation is that

See SERVICE, Page B-2

SERVICE

Continued from Page B-1

existing areas oppose them because the taxes flow from one area to help the other."

Hove figures the bill will, at the very least, stem the growth of service areas. And he hopes the disparate tax scheme will prompt some consolidations. Of the borough's 120 service areas, 108 deal exclusively with roads.

"We've demonstrated to them that there are some really measurable economies of scale there," he said.

Hove and many borough assembly members opposed a similar bill last year. That bill, which ultimately died, mandated only that all sides vote on an annexation.

While that sounds fair, Hove and other borough officials at the time argued against it. They feared such a policy would result in a mushrooming of the little governments, since residents of original service areas often oppose annexations.

This latest version of the bill, however, renders those arguments moot since it allows the differing tax structure.

Separate from the legislation in Juneau is a fund that Hove hopes to establish. Service areas would be able to borrow from the account to immediately bring their roads up to standard, rather than wait and let the money accumulate before making improvements.

Hove thinks the borough could start off with \$500,000 as an initial investment. "We'll keep making appropriations until we feel it's imprudent to make any more. Then we'll wait for the payments to come in," he said.

But Jantz, who is leading an ad-hoc group of service area commissioners interested in consolidation efforts, questions whether huge savings can be found. He doubts the cost of blading a mile of gravel road will decline because of consolidation. And he has yet to find substantive decreases in administrative costs.

"We're not far enough along to say whether there's a disadvantage or advantage (to consolidation)," he said. "There seem to be some thoughts that few service areas are better. I think

FEB 06 1998

February 2, 1998
Cordes Drive Service Area
Service Area Commissioners
Fairbanks, Alaska

Senator Sean Parnell
State Capitol Room 504
Juneau, Alaska 99801

Dear Senator Parnell,

Thank-you for introducing Senate Bill #208. We support it and are contacting our representatives to let them know. We agree that the residents of existing service areas should have control of any proposed changes to their service areas.

Sincerely,

Francis O'Connor
Francis O'Connor

Jean Leder
Jean Leder

Bill Griffith
Bill Griffith

Refused to support
HB 133 with permission
of Cordes Drive SAC

Author: ffjha@aurora.alaska.edu (James H Anderson) at CC2MHS1
Date: 2/12/98 1:29 PM
Priority: Normal
TO: Senator Sean Parnell at LAA_TRANS
CC: bdelana@polarnet.com at CC2MHS1, alaskarc@polarnet.com at CC2MHS1
Subject: SB 208
Dear Senator Parnell,

Thank you for your letter of January 20 explaining your bill, SB 208.

I have discussed the matter addressed in your bill with the other members of the Spinach Creek Road Service Area Commission. We agree enthusiastically with the intent of the bill, and we extend to you our support of it.

I will send messages in support of SB 208 to John Davies and Gary Wilken.

Thank you for helping us to provide the best service to the residents of our service area.

Jim Anderson
Chairman
Spinach Creek Road Service Area Commission
Fairbanks North Star Borough

907 455-6077

PO Box 84607
Fairbanks AK 99708

Reused to support
HB 133 with
Permission of
SCRSAC

Board of Supervisors
R.S.A. #25 Bogard
P.O. Box 2274
Palmer, AK. 99645

January 24, 1998

TO: Senator Sean Parnell
State Capitol Room 504
Juneau, AK. 99801

Dear Senator Parnell,

The board of supervisors for R.S.A. # 25 Bogard has discussed Senate Bill 208 and we enthusiastically support it. We believe it is still important to allow taxpayers to have a voice in the spending of their tax monies. Local control is important to the residents of this road service area. Thank you for your assistance in maintaining it.

Sincerely Yours,

Valen C. Bair
Primary R.S.A. # 25

Valen C. Bair

William Larkin
Board R.S.A. # 25

William Larkin

Wrex Diem
Board R.S.A. # 25

Wrex R Diem

Refused to support
HB 133 with
Permission of those
Signed above

1998 Officers

Pres. Bill Kuhlmann 694-2426
V. Pres. Jim Yeargan 694-2571
Sec. Barbara Ferrell 696-2570
Treas. Floyd Gori 694-6088



1998 Directors

Michelle Adams 696-1274
Dr. Gregory Culbert 696-4878
Jim Young 689-5200

**EAGLE RIVER COMMUNITY COUNCIL
PO BOX 773952
EAGLE RIVER, ALASKA 99577**

12 February, 1998

FEB 20 1998

Senator Sean Parnell
State Capital
Juneau, Alaska 99801-1182

Subject: Senate Bill 208

Dear Senator Parnell;

Eagle River Community Council supports the passage of Senate Bill 208. We agree that the abolishment or alteration of service areas within a borough or municipality should be prohibited without first requiring a vote of the people residing in or owning a business within that service area.

We appreciate your sponsorship of this bill and look forward to its passage.

Sincerely,

Bill Kuhlman, President
Eagle River Community Council

cc: Senator Rick Halford
Senator Randy Phillips
Representative Fred Dyson
Representative Vic Kohring
Representative Pete Kott

*Reused to support
HB 133 with permission
of Bill Kuhlman*

cc:Mail for: Senator Sean Parnell

Subject: SB208

From: vhoefler@mcsquionet.com (Vaughan Hoefler) at CC2MHS1 1/28/98 11:18 AM

To: Senator Sean Parnell at LAA_TRANS

Dear Senator Parnell,

On behalf of the road service area commissioners for the Ester Lump Service Area located near Fairbanks, we support your effort to implement SB 208.

Voter approval for the formation, alteration, or abolishment of certain service areas would allow residents to more fairly decide on such changes. Our service area recently faced an annexation issue in which the Borough sought to add non-contiguous roads several miles distant to our road system. The condition of the roads proposed for annexation were significantly different than our own, built at different times, and subject to

slightly different weather conditions. Nevertheless, the North Star Borough

Rural Services Division presented this annexation issue as the only option to the residents of both areas. Many of our area's residents vented their frustration for not having any "say" in the ability to direct the future of our roads.

After two Assembly meetings, and following the testimony of many residents, the assembly moved for the creation of a separate service area.

Had AS 29.35.450 (voter approval of alteration or abolishment of service areas)

been in effect, our concerns would have been brought forth long before the Borough expended considerable time and funds developing this plan.

Thank you for taking the effort to make these changes, as they will provide service area residents the opportunity to more effectively govern the growth or change of their areas.

Carol Hoefler

This letter is
being reused to
support HB 133
with permission of
sender



Hillside East Community Council

March 13, 1998

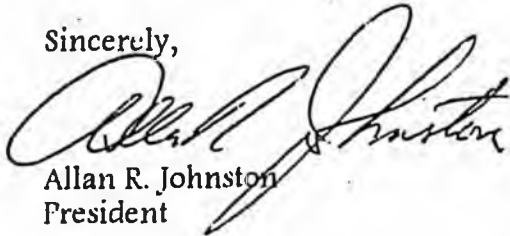
Senator Sean Parnell
State Capital Room 504
Juneau, AK 99801

Re: Senate Bill 208

Dear Senator Parnell:

Congratulations on your introduction and good work on Senate Bill 208. Please put Hillside East Community Council unanimously behind your bill.

Sincerely,



Allan R. Johnston
President

This letter is being
reused for HB 133
with permission of

Allan R Johnston
former President
and

Ann Ballaw
President - Hillside East CC

Community Councils Center

301 E. Fireweed Lane, Suite #101 Anchorage, AK 99503-2110

Allan R. Johnston, President H 346-1087
John O'Brien, 1st Vice-President H 562-6949
Richard Day, 2nd Vice-President H 346-3689

Inge Lentfer, Treasurer H 346-1567
Ann Ballow, Secretary H 346-1989
James Cazort, Director H 346-8308

Jennifer Williams, Director H 346-0188
Linda Orell, Director H 346-2745
Joan Dewey, Director H 346-1756



Municipality of Anchorage

Rick Mystrom, Mayor



Girdwood Board of Supervisors

P.O. Box 890 • Girdwood, Alaska 99587

February 25, 1998

Senator Sean Parnell
State Capitol
Room 504
Juneau, AK 99801-1182

Re: Senate Bill 208

Dear Sen. Parnell,

The Girdwood Board of Supervisors unanimously supported a motion to endorse the passage of Senate Bill 208 at our last regular meeting, February 16, 1998. The board also supports Rep. Bunde's companion bill, HB 365.

The board strongly feels both bills strengthen the intent of the Municipal Charter as we understand it.

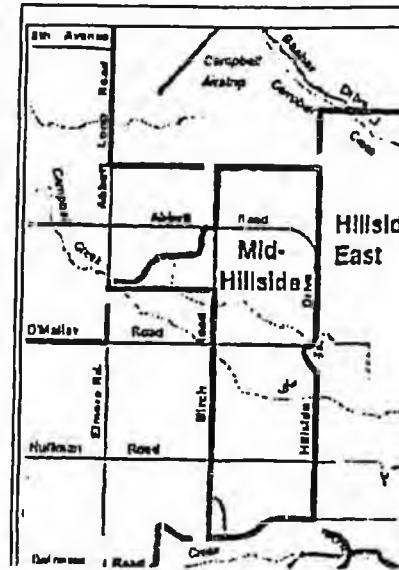
Sincerely,

Keith Tryck
Keith Tryck
Chairman

*Refused to Support
HB 133 with
Permission of
Keith Tryck*

Mid-Hillside Community Council

10005 Main Tree Drive Anchorage, Alaska 99516-6430
Chris Birch, Board President
907 346-3265 (home)
907 346-3197 (fax)



February 13, 1998

Senator Sean Parnell
State Capitol
Juneau, Alaska 99801-1182

Subject: SB 208, An Act Relating to Municipal Service Areas

Dear Senator Parnell;

VIA FAX ONLY

Thank you for providing a copy of the subject legislation for community review and comment.

The Mid-Hillside Community Council is forcefully on record supporting the community right of decision regarding self-determination in service area related annexations. I very much appreciate your efforts to affirm in statute what most would assume was well outlined in our municipal charter, the right of a community to vote their approval of additional proposed services and taxes.

You have our full support in your efforts to advance this vital legislation. You may even wish to consider a means of enabling existing Anchorage service areas an opportunity to competitively bid current neighborhood services. I have heard repeated complaints from the members of the Anchorage Road and Drainage Service Area (ARDSA), the service area providing municipal road maintenance, about the 3 day delay in snow removal and excessive costs for this service. Our Valli Vue Road Service Area contractor provides a much better quality of service for half the ARDSA mill rate. It would be wonderful if the residents of Anchorage could enjoy these same competitive advantages, kind a reverse annexation opportunity!

I hope to see you in Juneau next week or tomorrow at the Anchorage Caucus and District 18 Town Meetings.

Sincerely,

Chris Birch
Board President

This letter is being
reused to support
HB 133 with the
Permission of
Chris Birch

XC: Mid Hillside Board of Directors
Allan Johnston, President, Hillside East Board of Directors

FEB 18 1998



Karen L. Hendrickson

DESIGN OPTIONS CONSULTANT

February 12, 1998

Senator Sean Parnell
State Capitol Room 504
Juneau, AK 99801

Dear Senator Parnell:

I am writing to you on behalf of the Board of Supervisors of the Talus West Limited Road Service Area. The board wishes to express its support for Senate Bill 208. The legislation you have sponsored speaks directly to our ability as residents of a particular area to decide upon, and contract for, the services that best suit our particular needs. The recent forced annexation of the hillside to the Anchorage Police Departments jurisdiction, against the wishes and votes of the residents, has made it obvious the service areas lack protection from a local government takeover of those services they choose to administer for themselves. We urge you to vigorously pursue passage of protection for our service area.

Sincerely,

Karen L. Hendrickson

Karen L. Hendrickson
Member - Talus West LRSA Board of Supervisors
4731 Talus Drive
Anchorage, AK 99516

This letter is
being reused to
support HB 133
with permission of
Karen L. Hendrickson

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STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 26, 1999

SUBJECT: Municipal Service Areas (CSHB 133(FIN))

TO: Representative Con Bunde

FROM: Tamara Brandt Cook
Director

TBC

HB 133 provides for voter approval of formation of or certain changes to municipal service areas. Under Sec. 3 of the bill some changes will require approval, separately, in each of a number of areas. You have asked whether this bill will affect the formation of the police service area in Anchorage which received approval of the voters in the entire, newly created service area but which did not receive a separate approval of the voters in the Hillside area which was, after the old service area was dissolved, added to the new, larger service area.

Sec. 3 of the bill states in part: "A service area in which voters reside may not be abolished and replaced by a larger service area unless that proposal is approved, separately, by a majority of the voters who vote on the question residing in the area proposed to be included within the new service area but outside of the existing service area." This provision, had it been in effect at the time the Anchorage police service area was formed, would have precluded formation of that larger service area. However, the bill has no retroactive application to service areas in existence prior to the bill's effective date. Therefore, the Anchorage police service area, the formation of which was upheld under the law and charter provisions in effect at the time (Area G Home and Landowners Organization, Inc. v. Anchorage, 927 P.2d 728(Alaska 1996)), will continue in existence. However, changes to that service area in the future will be subject to the provisions of HB 133 if it is enacted.

TBC:pl
99-060.plm

SENATE COMMITTEE REPORT

DATE: 4/28/99

FURTHER: CRA
Finance

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered

CS FOR HOUSE BILL NO. 133(FIN)(efd fld)

"An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>	CHAIR: <i>[Signature]</i>			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

SENATE CS FOR CS FOR HOUSE BILL NO. 133(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES BUNDE, Halcro

This bill was calendared today. that means they will vote on it tomorrow.

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal service areas and providing for voter approval of
2 the formation, alteration, or abolishment of certain service areas."

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

4 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

5 (60) AS 29.35.450 (voter approval of alteration or abolishment of
6 service areas).

7 * Sec. 2. AS 29.35.450(a) is amended to read:

8 (a) A service area to provide special services in a borough or unified
9 municipality may be established, operated, altered, or abolished by ordinance, subject
10 to (c) of this section. Special services include services not provided by the unified
11 municipality or a higher or different level of services. Special services include
12 services not provided by a borough on an areawide or nonareawide basis in the
13 borough [,] or a higher or different level of services [SERVICE] than that provided
14 on an areawide or nonareawide basis. A [THE] borough may include a city in a

1 service area if

2 (1) the city agrees by ordinance; or

3 (2) approval is granted by a majority of voters residing in the city, and
4 by a majority of voters residing inside the boundaries of the proposed service area but
5 outside of the city.

6 * Sec. 3. AS 29.35.450 is amended by adding new subsections to read:

7 (c) If voters reside within a service area, abolishment of the service area is
8 subject to approval by the majority of the voters residing in the service area who vote
9 on the question. A service area in which voters reside may not be abolished and
10 replaced by a larger service area unless that proposal is approved, separately, by a
11 majority of the voters who vote on the question residing in the existing service area
12 and by a majority of the voters who vote on the question residing in the area proposed
13 to be included within the new service area but outside of the existing service area. A
14 service area in which voters reside may not be altered or combined with another
15 service area unless that proposal is approved, separately, by a majority of the voters
16 who vote on the question and who reside in each of the service areas or in the area
17 outside of service areas that is affected by the proposal.

18 (d) This section applies to home rule and general law municipalities.

19 * Sec. 4. AS 29.35.470 is amended by adding a new subsection to read:

20 (b) The assembly may by ordinance establish, alter, and abolish differential tax
21 zones within a service area to provide and levy property taxes for a different level of
22 services than that provided generally in the service area.

465-931
4-1-2000

4/10/2000 715

Sen. L. C. ...

Please sign in for meeting or teleconference - and indicate if you wish to testify						
	Printed Name	Address	Phone	Affiliation, Fax or E-mail	Subject or Bill #	Testify
1	JIM NORRBOSS	BOX 242 WILLOW AK	907-495-6650	907-495-6651 TRS. AK PACHE	HB 133	✓
2	Deie Adams	HC 30 Box 200	99654 373-6690	ocie@gei.net	HB 133	✓
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4						
5						
6						
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8						
9						
10						
11						
12						

Senators Adams

HB

137

Why HB 137 Municipal Dividend is Worth Consideration?

- ◆ **Why would Alaskans support HB 137?** Most Alaskans want a long-range fiscal plan. HB 137 is a first step that doesn't decrease the existing calculated amounts of the PFD*, while it yields a long range annual benefit to a family of three an average of approximately \$450 per year**, and ensures that all Alaskans get basic public safety services***.
- ◆ **HB 137 takes revenue sharing and capital matching grants (\$46 million) "off budget",** thereby reducing the State General Fund expenditures by \$46 million and allows the State legislature to:
 1. meet its \$30 million cut target; and
 2. increase funding to the UA, education, PCE, and/or other critical statewide needs; and
 3. get credit for direct, specific, and accountable state support of roads, police, fire, EMS, and health.
- ◆ **Who would support HB 137:**
 1. those interested in taking a first step toward a comprehensive 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. seniors

* While the Municipal Dividend uses a small portion of the excess earnings of the Permanent Fund, **it does not reduce the calculated PFD amounts.** In the long run, the Municipal Dividend would only slow the growth of the PFD slightly if all of the PF excess earnings were added to the corpus of the PF.

Passage of HB 137 may not result in a local tax cut in the near term due to the fact that many municipalities were forced to use one time funds to balance their budget last year, and there are serious unmet local needs such as deferred maintenance. However, **the long run impact of HB 137 is to make direct state payments to support necessary local public safety services that would otherwise be paid for by local taxes. Considering that HB 137 by-passes the federal income tax to directly fund public safety services, the average family of three would save personal earnings of $3 \times \$125 \times 1.2$ (average federal income tax factor) = \$450 that would otherwise be required to pay local taxes.

***Unlike the September 14th "No" vote, **HB 137 is not, in any way, a "blank check".** It is a very limited amount of money that goes to very specific critical public safety services demanded by nearly every citizen in Alaska.

November 2, 1999

AML/ACoM Proposed Public Safety Foundation Formula Program

1

Municipality	Road Per Capita \$10.00	Road \$2,000 per mile	Ice Road \$500.00 per mile	Fire Dept. \$17 pop served	EMS served \$17	Police pop served \$17	Health RS FY 00 existing	Gross Bus. Receipt Hold Harm.	Total New PS Found. Formula	FY00 Current Rev Shar.	Compare FY00/ New	% change
Akhiok	\$1,090	\$6,200	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,385	21,615	192%
Akiak	\$3,160	\$0	\$0	\$0	\$0	\$5,372	\$1,792	\$0	\$45,000	\$32,840	12,160	137%
Akutan	\$4,080	\$0	\$0	\$0	\$0	\$0	\$1,727	\$0	\$45,000	\$33,619	11,381	134%
Alakanuk	\$6,710	\$8,000	\$11,250	\$11,407	\$0	\$11,407	\$1,791	\$0	\$75,565	\$44,495	31,070	170%
Aleknagik	\$2,590	\$0	\$0	\$4,403	\$0	\$0	\$0	\$0	\$45,000	\$30,645	14,355	147%
Aleutians E Bor	\$970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$32,772	12,228	137%
Allakaket	\$1,920	\$16,480	\$0	\$0	\$0	\$0	\$3,716	\$0	\$47,116	\$32,966	14,150	143%
Ambler	\$3,150	\$16,720	\$15,000	\$5,355	\$0	\$5,355	\$1,857	\$0	\$72,437	\$37,349	35,088	194%
Anaktuvuk Ps.	\$3,080	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$33,293	11,707	135%
Anchorage Bor	\$2,587,820	\$1,770,240	\$0	\$4,193,594	\$4,193,594	\$4,379,404	\$396,450	\$0	\$17,546,102	\$11,435,391	6,110,711	153%
Anderson	\$5,240	\$19,600	\$0	\$8,908	\$8,908	\$0	\$3,716	\$0	\$71,372	\$39,992	31,380	178%
Angoon	\$5,870	\$9,580	\$0	\$0	\$0	\$9,979	\$0	\$0	\$50,429	\$33,530	16,899	150%
Aniak	\$5,760	\$35,520	\$22,500	\$9,792	\$9,792	\$0	\$2,452	\$0	\$110,816	\$45,082	65,734	246%
Anvik	\$1,000	\$15,500	\$0	\$0	\$0	\$0	\$1,875	\$0	\$45,000	\$30,803	14,197	146%
Atka	\$1,150	\$37,000	\$0	\$1,955	\$0	\$0	\$0	\$0	\$65,105	\$29,884	35,221	218%
Atqasuk	\$2,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$42,623	2,377	106%
Barrow	\$43,970	\$0	\$0	\$0	\$74,749	\$0	\$0	\$0	\$143,719	\$123,432	20,287	116%
Bethel	\$54,630	\$33,500	\$41,150	\$92,871	\$92,871	\$92,871	\$64,487	\$0	\$497,380	\$318,776	178,604	156%
Bettles	\$250	\$6,100	\$15,000	\$0	\$0	\$0	\$0	\$0	\$46,350	\$30,903	15,447	150%
Brevig Mis.	\$2,740	\$4,000	\$0	\$4,658	\$0	\$4,658	\$1,858	\$0	\$45,000	\$33,343	11,657	135%
Bristol Bay Bor	\$12,970	\$52,020	\$0	\$0	\$22,049	\$22,049	\$1,726	\$0	\$135,814	\$61,113	74,701	222%
Buckland	\$4,080	\$5,000	\$22,250	\$0	\$0	\$6,936	\$1,875	\$0	\$65,141	\$39,272	25,869	166%
Chefornak	\$4,230	\$0	\$0	\$0	\$0	\$7,191	\$0	\$0	\$45,000	\$34,682	10,318	130%
Chevak	\$7,410	\$11,400	\$0	\$12,597	\$0	\$12,597	\$1,791	\$0	\$70,795	\$41,394	29,401	171%
Chignik	\$1,210	\$4,820	\$0	\$2,057	\$0	\$0	\$1,727	\$0	\$45,000	\$28,665	16,335	157%
Chuathbaluk	\$1,120	\$8,000	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$30,699	14,301	147%
Clark's Point	\$630	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$26,783	18,217	168%
Coffman Cove	\$2,550	\$145,480	\$0	\$4,335	\$4,335	\$0	\$0	\$0	\$181,700	\$35,756	145,944	508%
Cold Bay	\$1,030	\$58,400	\$0	\$0	\$1,751	\$0	\$2,589	\$0	\$88,770	\$33,806	54,964	263%
Cordova	\$25,710	\$25,800	\$0	\$43,707	\$43,707	\$43,707	\$54,498	\$0	\$262,129	\$203,319	58,810	129%
Craig	\$21,450	\$36,320	\$0	\$40,851	\$40,851	\$36,465	\$2,669	\$0	\$203,606	\$78,224	125,382	260%
Deering	\$1,560	\$9,300	\$28,000	\$0	\$0	\$0	\$1,856	\$0	\$65,716	\$31,187	34,529	211%
Delta Junct	\$8,840	\$58,820	\$0	\$15,028	\$15,028	\$0	\$0	\$0	\$122,716	\$59,617	63,099	206%
Denali Bor	\$13,400	\$0	\$0	\$22,780	\$22,780	\$0	\$0	\$0	\$83,960	\$60,542	23,418	139%
Dillingham	\$23,320	\$43,500	\$0	\$39,644	\$39,644	\$39,644	\$9,063	\$0	\$219,815	\$113,556	106,259	194%

AML/ACoM Proposed Public Safety Foundation Formula Program

Municipality	Road Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. \$17	EMS served	Police pop served	Health RS FY 00	Gross Bus. Receipt	Total New PS Found.	FY00 Current	Compare FY00/	% change
Diomedea	\$1,760	\$0	\$0	\$0	\$0	\$2,992	\$0	\$0	\$45,000	\$30,855	14,145	146%
Eagle	\$1,680	\$10,200	\$0	\$4,454	\$4,454	\$0	\$0	\$0	\$45,788	\$27,037	18,751	169%
Eek	\$3,090	\$3,660	\$0	\$0	\$0	\$5,253	\$1,792	\$0	\$45,000	\$33,014	11,986	136%
Egegik	\$1,320	\$37,000	\$10,000	\$2,244	\$0	\$2,244	\$1,726	\$0	\$79,534	\$32,396	47,138	246%
Ekwok	\$1,200	\$0	\$0	\$2,040	\$0	\$0	\$0	\$0	\$45,000	\$27,859	17,141	162%
Elim	\$3,060	\$23,600	\$0	\$5,202	\$0	\$5,202	\$1,857	\$0	\$63,921	\$35,242	28,679	181%
Emmonak	\$8,380	\$11,840	\$3,500	\$14,246	\$14,246	\$14,246	\$6,270	\$0	\$97,728	\$84,456	13,272	116%
Fairbanks	\$316,010	\$213,440	\$0	\$537,217	\$537,217	\$537,217	\$97,787	\$0	\$2,263,888	\$1,505,570	758,318	150%
Fairbks NS Bor	\$507,080	\$860,680	\$0	\$734,315	\$862,036	\$0	\$49,859	\$0	\$3,038,970	\$2,111,834	927,136	144%
False Pass	\$580	\$6,000	\$0	\$986	\$0	\$0	\$0	\$0	\$45,000	\$27,130	17,870	166%
Fort Yukon	\$5,530	\$34,000	\$0	\$0	\$9,401	\$9,401	\$0	\$0	\$83,332	\$43,812	39,520	190%
Galena	\$5,440	\$14,200	\$0	\$0	\$9,248	\$9,248	\$7,434	\$0	\$70,570	\$44,140	26,430	160%
Gambell	\$6,700	\$17,000	\$0	\$11,390	\$0	\$11,390	\$1,857	\$0	\$73,337	\$42,174	31,163	174%
Golovin	\$1,420	\$10,440	\$7,500	\$2,414	\$0	\$0	\$1,857	\$0	\$48,631	\$31,683	16,948	153%
Goodnews Bay	\$2,560	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$31,693	13,307	142%
Grayling	\$1,950	\$14,000	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$32,639	12,361	138%
Haines	\$14,630	\$27,100	\$0	\$24,871	\$24,871	\$24,871	\$1,435	\$0	\$142,778	\$65,194	77,584	219%
Haines Bor	\$10,130	\$26,180	\$0	\$0	\$0	\$0	\$1,435	\$0	\$62,745	\$45,810	16,935	137%
Holy Cross	\$2,770	\$30,600	\$0	\$0	\$0	\$0	\$1,857	\$0	\$60,227	\$35,446	24,781	170%
Homer	\$41,550	\$47,660	\$0	\$70,635	\$70,635	\$70,635	\$11,491	\$0	\$337,606	\$175,828	161,778	192%
Hoonah	\$8,960	\$150,000	\$0	\$0	\$15,232	\$15,232	\$1,435	\$0	\$215,859	\$75,791	140,068	285%
Hooper Bay	\$10,390	\$3,480	\$0	\$0	\$0	\$17,663	\$0	\$0	\$56,533	\$47,356	9,177	119%
Houston	\$9,390	\$82,660	\$0	\$15,963	\$15,963	\$0	\$0	\$0	\$148,976	\$42,557	106,419	350%
Hughes	\$720	\$11,500	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$30,028	14,972	150%
Huslia	\$2,480	\$36,360	\$0	\$4,216	\$0	\$0	\$1,857	\$0	\$69,913	\$35,127	34,786	199%
Hydaburg	\$4,050	\$12,400	\$0	\$0	\$6,885	\$0	\$1,333	\$0	\$49,668	\$28,290	21,378	176%
Juneau City/Bor	\$302,360	\$185,060	\$0	\$518,398	\$518,398	\$520,421	\$144,770	\$0	\$2,214,407	\$1,591,731	622,676	139%
Kachemak	\$4,190	\$0	\$0	\$0	\$0	\$7,123	\$0	\$0	\$45,000	\$29,303	15,697	154%
Kake	\$7,830	\$27,780	\$0	\$0	\$13,311	\$13,311	\$1,384	\$0	\$88,616	\$21,651	66,965	409%
Kaktovik	\$2,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$32,900	12,100	137%
Kaltag	\$2,500	\$16,340	\$0	\$0	\$0	\$0	\$3,716	\$0	\$47,556	\$33,943	13,613	140%
Kasaan	\$410	\$16,900	\$0	\$0	\$0	\$0	\$1,334	\$0	\$45,000	\$23,812	21,188	189%
Kenai	\$70,580	\$123,620	\$0	\$119,986	\$119,986	\$119,986	\$26,928	\$0	\$606,086	\$327,883	278,203	185%
Kenai Pen Bor	\$297,280	\$1,251,420	\$0	\$471,376	\$501,976	\$0	\$89,764	\$0	\$2,636,816	\$1,698,894	937,922	155%
Ketchikan	\$84,600	\$45,020	\$0	\$143,820	\$143,820	\$143,820	\$69,717	\$0	\$655,797	\$477,115	178,682	137%
Ketch Gtwy Bor	\$53,920	\$6,580	\$0	\$91,664	\$91,664	\$0	\$0	\$0	\$268,828	\$221,878	46,950	121%

Municipality	Road Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. \$17	EMS served	Police pop served	Health RS FY 00	Gross Bus. Receipt	Total New PS Found.	FY00 Current	Compare FY00/	% change
Kiana	\$4,020	\$15,640	\$12,500	\$6,834	\$0	\$0	\$2,323	\$0	\$66,317	\$39,046	27,271	170%
King Cove	\$7,030	\$15,640	\$0	\$11,951	\$11,951	\$11,951	\$1,726	\$0	\$85,249	\$40,891	44,358	208%
Kivalina	\$3,490	\$2,180	\$6,000	\$0	\$0	\$5,933	\$1,858	\$0	\$45,000	\$38,455	6,545	117%
Klawock	\$6,590	\$19,400	\$0	\$0	\$13,430	\$11,203	\$0	\$0	\$75,623	\$35,401	40,222	214%
Kobuk	\$1,020	\$16,220	\$4,700	\$0	\$0	\$0	\$1,857	\$0	\$48,797	\$31,532	17,265	155%
Kodiak	\$68,590	\$50,620	\$0	\$116,603	\$116,603	\$116,603	\$0	\$0	\$494,019	\$305,191	188,828	162%
Kodiak Isl Bor	\$59,620	\$50,120	\$0	\$69,700	\$101,354	\$0	\$87,739	\$0	\$393,533	\$309,897	83,636	127%
Kotlik	\$5,520	\$0	\$0	\$9,384	\$9,384	\$9,384	\$1,792	\$0	\$60,464	\$37,753	22,711	160%
Kotzebue	\$29,640	\$56,600	\$36,500	\$50,388	\$50,388	\$50,388	\$13,473	\$0	\$312,377	\$203,371	109,006	154%
Koyuk	\$2,960	\$8,520	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$34,072	10,928	132%
Koyukuk	\$1,300	\$8,380	\$0	\$0	\$0	\$0	\$1,857	\$0	\$45,000	\$31,122	13,878	145%
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188	189%
Kwethluk	\$6,670	\$3,860	\$0	\$11,339	\$0	\$0	\$1,792	\$0	\$48,661	\$40,289	8,372	121%
Lake & Pen Bor	\$9,680	\$107,240	\$40,250	\$0	\$0	\$0	\$15,537	\$0	\$197,707	\$116,269	81,438	170%
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188	189%
Lower Kalskag	\$2,860	\$7,340	\$20,000	\$0	\$0	\$0	\$1,857	\$0	\$57,057	\$36,723	20,334	155%
Manokotak	\$3,950	\$15,860	\$0	\$0	\$0	\$6,732	\$0	\$0	\$51,552	\$33,982	17,570	152%
Marshall	\$3,000	\$0	\$0	\$5,100	\$0	\$5,100	\$1,792	\$0	\$45,000	\$32,775	12,225	137%
Mat-Su Bor	\$453,560	\$2,071,940	\$0	\$234,345	\$234,345	\$0	\$33,570	\$0	\$3,052,760	\$1,765,468	1,287,292	173%
McGrath	\$4,410	\$43,700	\$0	\$7,497	\$0	\$0	\$3,716	\$0	\$84,323	\$41,124	43,199	205%
Mekoryuk	\$1,920	\$6,600	\$0	\$0	\$0	\$3,264	\$1,791	\$0	\$45,000	\$31,005	13,995	145%
MT. Village	\$7,930	\$15,000	\$0	\$0	\$0	\$13,481	\$1,791	\$0	\$63,202	\$43,796	19,406	144%
Napakiak	\$3,730	\$9,660	\$0	\$0	\$0	\$6,341	\$1,791	\$0	\$46,522	\$35,298	11,224	132%
Napaskiak	\$3,910	\$0	\$0	\$0	\$0	\$6,647	\$1,792	\$0	\$45,000	\$34,147	10,853	132%
Nenana	\$4,350	\$52,780	\$0	\$11,509	\$11,509	\$7,395	\$3,582	\$0	\$116,125	\$45,895	70,230	253%
New Stuyahok	\$4,540	\$5,000	\$0	\$7,395	\$0	\$7,718	\$0	\$0	\$49,653	\$34,469	15,184	144%
Newhalen	\$1,910	\$0	\$10,000	\$3,247	\$0	\$0	\$1,726	\$0	\$45,000	\$30,972	14,028	145%
Nightmute	\$2,220	\$0	\$0	\$0	\$0	\$3,774	\$0	\$0	\$45,000	\$30,663	14,337	147%
Nikolai	\$1,030	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$30,078	14,922	150%
Nome	\$37,060	\$35,040	\$0	\$63,002	\$63,002	\$63,002	\$83,629	\$0	\$369,735	\$260,263	109,472	142%
Nondalton	\$2,270	\$50,000	\$750	\$0	\$0	\$3,859	\$1,726	\$0	\$83,605	\$33,341	50,264	251%
Noorvik	\$5,980	\$14,400	\$20,000	\$10,166	\$10,166	\$10,166	\$1,857	\$0	\$97,735	\$67,976	29,759	144%
North Pole	\$16,190	\$30,460	\$0	\$27,523	\$27,523	\$27,523	\$0	\$0	\$154,219	\$72,922	81,297	211%
North Slope Bor	\$23,810	\$203,940	\$21,500	\$159,613	\$159,613	\$159,613	\$40,419	\$231,622	\$1,025,130	\$937,438	0	109%
NW Arctic Bor	\$5,470	\$128,180	\$71,190	\$0	\$0	\$0	\$29,732	\$0	\$259,572	\$156,449	103,123	166%
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$36,026	8,974	125%

November 2, 1999

AML/ACoM Proposed Public Safety Foundation Formula Program

4

Municipality	Road Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. \$17	EMS served	Police pop served	Health RS FY 00	Gross Bus. Receiv'	Total New PS Found.	FY00 Current	Compare FY00/	% change
Nulato	\$3,530	\$24,420	\$0	\$0	\$0	\$0	\$1,857	\$0	\$54,807	\$36,327	18,480	151%
Nunapitchuk	\$4,790	\$0	\$33,875	\$0	\$0	\$8,143	\$1,791	\$0	\$73,599	\$40,735	32,864	181%
Old Harbor	\$2,970	\$10,040	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$27,451	17,549	164%
Ouzinkie	\$2,520	\$7,200	\$0	\$4,284	\$0	\$0	\$0	\$0	\$45,000	\$26,474	18,526	170%
Palmer	\$43,180	\$65,480	\$0	\$73,406	\$73,406	\$73,406	\$55,718	\$0	\$409,596	\$245,740	163,856	167%
Pelican	\$1,490	\$1,800	\$0	\$2,533	\$2,533	\$0	\$1,436	\$0	\$45,000	\$26,158	18,842	172%
Petersburg	\$33,980	\$43,120	\$0	\$57,766	\$57,766	\$57,766	\$47,414	\$0	\$322,812	\$214,918	107,894	150%
Pilot Point	\$1,020	\$28,000	\$0	\$1,734	\$0	\$0	\$0	\$0	\$55,754	\$27,944	27,810	200%
Pilot Station	\$5,580	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$37,375	7,625	120%
Platinum	\$410	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$28,689	16,311	157%
Point Hope	\$7,870	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$44,100	900	102%
Port Alexander	\$900	\$0	\$0	\$1,530	\$0	\$0	\$0	\$0	\$45,000	\$23,811	21,189	189%
Port Heiden	\$1,260	\$54,800	\$0	\$0	\$0	\$0	\$1,726	\$0	\$82,786	\$31,542	51,244	262%
Port Lions	\$2,420	\$8,580	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$26,357	18,643	171%
Quinhagak	\$6,120	\$14,660	\$0	\$10,404	\$0	\$10,404	\$0	\$0	\$66,588	\$39,104	27,484	170%
Ruby	\$2,040	\$12,000	\$500	\$3,468	\$0	\$0	\$1,858	\$0	\$45,000	\$32,970	12,030	136%
Russian Mis	\$2,950	\$3,940	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$32,632	12,368	138%
Saint George	\$1,730	\$32,560	\$0	\$2,941	\$2,941	\$0	\$1,726	\$0	\$66,898	\$31,084	35,814	215%
Saint Mary's	\$4,940	\$17,360	\$0	\$0	\$0	\$8,398	\$1,791	\$0	\$57,489	\$43,266	14,223	133%
Saint Michael	\$3,620	\$9,640	\$0	\$0	\$0	\$6,154	\$0	\$0	\$45,000	\$36,302	8,698	124%
Saint Paul	\$7,610	\$85,640	\$0	\$0	\$0	\$12,937	\$0	\$0	\$131,187	\$57,092	74,095	230%
Sand Point	\$8,300	\$23,000	\$0	\$14,110	\$0	\$14,110	\$1,726	\$0	\$86,246	\$45,194	41,052	191%
Savoonga	\$6,320	\$14,140	\$0	\$10,744	\$0	\$10,744	\$0	\$0	\$66,948	\$41,451	25,497	162%
Saxman	\$3,790	\$8,540	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$27,809	17,191	162%
Scammon Bay	\$4,500	\$4,300	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$35,805	9,195	126%
Selawik	\$7,460	\$7,060	\$27,000	\$0	\$0	\$0	\$1,581	\$0	\$68,101	\$46,552	21,549	146%
Seldovia	\$2,810	\$12,600	\$0	\$4,777	\$4,777	\$4,777	\$4,309	\$0	\$59,050	\$31,221	27,829	189%
Seward	\$30,400	\$54,540	\$0	\$51,680	\$51,680	\$51,680	\$42,368	\$0	\$307,348	\$185,535	121,813	166%
Shageluk	\$1,520	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$30,460	14,540	148%
Shaktoolik	\$2,260	\$7,000	\$0	\$0	\$0	\$3,842	\$1,857	\$0	\$45,000	\$32,603	12,397	138%
Sheldon Pt.	\$1,610	\$0	\$0	\$0	\$0	\$2,737	\$0	\$0	\$45,000	\$29,597	15,403	152%
Shishmaref	\$5,380	\$7,960	\$775	\$0	\$0	\$9,146	\$0	\$0	\$48,261	\$38,640	9,621	125%
Shungnak	\$2,570	\$10,000	\$15,000	\$0	\$0	\$0	\$1,857	\$0	\$54,427	\$36,230	18,197	150%
Sitka City/Bor	\$87,790	\$50,220	\$0	\$149,243	\$149,243	\$149,243	\$61,063	\$0	\$671,802	\$446,877	224,925	150%
Skagway	\$8,140	\$24,100	\$0	\$13,838	\$13,838	\$13,838	\$1,435	\$0	\$100,189	\$50,561	49,628	198%
Soldotna	\$41,340	\$74,580	\$0	\$0	\$70,278	\$70,278	\$17,593	\$0	\$299,069	\$210,854	88,215	142%

Municipality	Road Per Capita	Road \$2,000	Ice Road \$500.00	Fire Dept. \$17	EMS served	Police pop served	Health RS FY 00	Gross Bus. Receipt	Total New PS Found.	FY00 Current	Compare FY00/	% change
Stebbins	\$5,480	\$16,340	\$0	\$70,278	\$0	\$9,316	\$1,857	\$0	\$128,271	\$39,224	89,047	327%
Tanana	\$3,170	\$59,000	\$0	\$0	\$0	\$5,389	\$1,857	\$0	\$94,416	\$38,732	55,684	244%
Teller	\$2,620	\$5,380	\$0	\$0	\$0	\$4,454	\$0	\$0	\$45,000	\$32,814	12,186	137%
Tenakee Spr	\$1,010	\$0	\$0	\$1,717	\$0	\$0	\$0	\$0	\$45,000	\$23,812	21,188	189%
Thorne Bay	\$5,970	\$66,900	\$0	\$10,149	\$10,149	\$0	\$1,334	\$0	\$119,502	\$34,662	84,840	345%
Togiak	\$8,010	\$20,420	\$0	\$0	\$0	\$13,617	\$1,726	\$0	\$68,773	\$43,711	25,062	157%
Toksook Bay	\$5,150	\$0	\$0	\$0	\$0	\$0	\$1,792	\$0	\$45,000	\$36,958	8,042	122%
Unalakleet	\$7,840	\$19,240	\$0	\$13,328	\$0	\$13,328	\$1,857	\$0	\$80,593	\$45,996	34,597	175%
Unalaska	\$42,850	\$71,820	\$0	\$72,845	\$72,845	\$72,845	\$5,179	\$0	\$363,384	\$212,714	150,670	171%
Upper Kalskag	\$2,680	\$0	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$33,646	11,354	134%
Valdez	\$41,550	\$48,500	\$0	\$70,635	\$70,635	\$70,635	\$55,737	\$61,871	\$444,663	\$410,255	34,408	108%
Wainwright	\$5,430	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$37,790	7,210	119%
Wales	\$1,770	\$0	\$0	\$0	\$0	\$0	\$1,858	\$0	\$45,000	\$31,211	13,789	144%
Wasilla	\$51,340	\$118,840	\$0	\$0	\$87,278	\$87,278	\$2,768	\$0	\$372,504	\$201,665	170,839	185%
White Mt.	\$1,880	\$5,500	\$0	\$3,196	\$0	\$0	\$1,858	\$0	\$45,000	\$31,223	13,777	144%
Whittier	\$3,060	\$17,540	\$0	\$5,202	\$5,202	\$5,202	\$1,546	\$0	\$62,752	\$30,732	32,020	204%
Wrangell	\$25,890	\$21,980	\$0	\$44,013	\$44,013	\$44,013	\$46,029	\$0	\$250,938	\$187,989	62,949	133%
Yakutat City/Bo	\$8,100	\$33,080	\$0	\$0	\$13,770	\$13,770	\$1,435	\$0	\$95,155	\$46,394	48,761	205%
TOTALS	\$6,047,590	\$10,088,260	\$496,690	\$8,788,796	\$9,069,024	\$7,585,417	\$1,821,530		\$48,822,508	\$31,546,520	17,275,988	155%

Grand Total

Unincorporated Communities

@ \$5,000 X 62 = \$310,000

Unorganized Borough

fire @ \$17 X 30,000 (est.) = \$510,000

EMS @ \$17 X 30,000 (est.) = \$510,000

sub total \$1,330,000

Municipalities \$48,800,000

Total Public Safety Found. \$50,130,000

Budget Request Unit: Village Public Safety Officer Program

Manager: Col. Glenn Godfrey, Director

Tel: (907) 269-5641 Fax: (907) 337-2059 E-mail: glenn_godfrey@dps.state.ak.us

BRU Mission

To increase public safety in rural Alaska through unique partnerships with regional nonprofit corporations and village governments by providing Village Public Safety Officers (VPSOs).

BRU Services Provided

Throughout rural Alaska, the Village Public Safety Officer is often the only person responsible for a broad range of public safety needs. These include law enforcement support duties, emergency medical services, search and rescue missions, fire prevention activities, etc. Currently eighty-four VPSOs present an ongoing positive public safety presence in eighty-two rural communities. VPSOs also often assist Troopers in alcohol and drug enforcement efforts.

VPSO oversight troopers and detachment troopers travel regularly to all villages under their direction. During these visits troopers provide training through special VPSO training modules on specific subjects such as report writing, search and rescue coordination, etc. The close working relationship developed between VPSOs and Troopers helps VPSOs in carrying out their duties, as well as ensuring the VPSOs that the state troopers will be there during crisis situations.

VPSOs are employees of native regional non-profit corporations that share in direction of VPSOs' daily activities with village leaders and troopers. VPSOs prevent child abuse, prevent domestic violence, reduce aggravated assaults, prevent injuries, save lives and protect property in rural Alaska.

BRU Goals and Strategies for FY2001

The main goal of the Division is to protect and serve the public. As related to the VPSO Program, this will be accomplished by:

- Handling more than 8,400 non-criminal incidents.
- Investigating over 300 cases concerning illegal alcohol.
- Investigating over 590 cases involving misdemeanor assaults.
- Handling over 1,100 other investigations.

Key BRU Issues for FY2000 – 2001

UNFUNDED VPSOs

Several villages are authorized VPSOs which cannot be afforded at current levels of funding. The number of funded VPSOs has been declining in recent years.

Major BRU Accomplishments for FY1999

- **VPSO CONTRACTORS INDIRECT RATES DOWN** - Through aggressive contract negotiations the average indirect rate has been lowered from 27.37% in FY98 to 25.57% in FY99.
- **REDUCED NUMBER OF VPSO POSITIONS ASSIGNED TO LOCATIONS WHERE OTHER LAW ENFORCEMENT EXISTS** - During FY99, three VPSO positions were moved from locations where alternative law enforcement services exist and four additional positions have been designated to be moved in the future as position turnover occurs.

- NINE CONTRACTS NEGOTIATED.

Key Performance Measures

Measure: Reduction in the number of Village Public Safety Officer positions in communities with a local police department.
(Developed jointly with Legislature in FY2000.)

Benchmark:

Number of positions in locations where other law enforcement services are available.

Background and Strategies:

As positions turnover in locations where other law enforcement services exist, shift the authorized position location to another village that does not have any law enforcement resources.

Measure: Increase in the percentage of VPSO-investigated alcohol bootlegging and importation offenses that are closed by arrest.

(Developed jointly with Legislature in FY2000.)

Benchmark:

Percentage of offenses.

Background and Strategies:

Decrease the amount of alcohol reaching 'dry' and 'damp' villages through bootlegging activities.

Status of FY2000 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Reduction in the number of Village Public Safety Officer positions in communities with a local police department.		X			
• Increase in the percentage of VPSO-investigated alcohol bootlegging and importation offenses that are closed by arrest.			X		

Component Summary - FY01 Operating Budget

Numbers & Language

Agency: Department of Public Safety

Page	Budget Component	FY99 Act	00MgtPln	House	SenSC	House to SenSC	
Fish and Wildlife Protection							
1	Enforcement/Investigative Svcs	11,074.8	11,143.1	11,140.5	11,140.5	0.0	0.0%
2	Director's Office	253.3	247.8	253.4	253.4	0.0	0.0%
3	Aircraft Section	2,028.3	1,629.8	1,813.4	1,665.1	-148.3	-8.2%
4	Marine Enforcement	2,859.4	2,928.0	3,058.2	3,050.0	-8.2	-0.3%
5	AK Fish & Wildlife Safeguard		15.0	0.0	15.0	15.0	%
	* BRU Total	16,215.8	15,963.7	16,265.5	16,124.0	-141.5	-0.9%
Dalton Highway Protection							
6	Dalton Highway Protection	90.0	90.2	90.2	90.2	0.0	0.0%
	* BRU Total	90.0	90.2	90.2	90.2	0.0	0.0%
Fire Prevention							
7	Fire Prevention Operations	1,450.5	1,442.7	1,567.7	1,567.7	0.0	0.0%
8	Fire Service Training	568.1	643.3	823.3	823.3	0.0	0.0%
	* BRU Total	2,018.6	2,086.0	2,391.0	2,391.0	0.0	0.0%
Alaska Fire Standards Council							
9	AK Fire Standards Council			100.0	220.0	120.0	120.0%
	* BRU Total	0.0	0.0	100.0	220.0	120.0	120.0%
Highway Safety Planning Agency							
10	Hwy Safety Planning Operations	139.5	142.3	0.0	0.0	0.0	0.0%
11	Federal Grants	1,251.9	1,457.7	0.0	0.0	0.0	0.0%
	* BRU Total	1,391.4	1,600.0	0.0	0.0	0.0	0.0%
Alaska State Troopers							
12	Special Projects	1,308.3	1,385.3	2,039.5	2,039.5	0.0	0.0%
13	Criminal Investigations Bureau	3,047.8	3,136.3	3,061.1	3,061.1	0.0	0.0%
14	Director's Office	684.5	651.8	651.8	651.8	0.0	0.0%
15	Judicial Services-Anchorage	1,904.5	1,913.4	1,913.4	1,913.4	0.0	0.0%
16	Prisoner Transportation	1,423.0	1,476.7	1,476.7	1,476.7	0.0	0.0%
17	Search and Rescue	239.3	283.1	283.1	283.1	0.0	0.0%
18	Rural Trooper Housing	611.7	625.2	663.3	687.3	24.0	3.6%
19	Narcotics Task Force	2,950.3	3,224.9	3,224.9	3,224.9	0.0	0.0%

Component Summary - FY01 Operating Budget

Numbers & Language

Agency: Department of Public Safety

Page	Budget Component	FY99 Act	00MgtPln	House	SenSC	House to SenSC	
	Alaska State Troopers						
20	Commercial Vehicle Enforcement	105.3	89.9	89.9	89.9	0.0	0.0%
	* BRU Total	12,274.7	12,786.6	13,403.7	13,427.7	24.0	0.2%
	Alaska State Trooper Detachments						
21	AST Detachments	32,400.3	34,289.7	33,248.2	0.0	-33,248.2	-100.0%
	* BRU Total	32,400.3	34,289.7	33,248.2	0.0	-33,248.2	-100.0%
	Alaska State Trooper Detachments Payroll & Benefits						
	AST Detach Payroll & Benefits				25,194.1	25,194.1	%
	* BRU Total	0.0	0.0	0.0	25,194.1	25,194.1	%
	Alaska State Trooper Detachments Operations						
	AST Detach Operations				8,142.6	8,142.6	%
	* BRU Total	0.0	0.0	0.0	8,142.6	8,142.6	%
	Alaska State Troopers Detachments - Petersburg						
	AST Detach Petersburg				136.5	136.5	%
	* BRU Total	0.0	0.0	0.0	136.5	136.5	%
	Village Public Safety Officer Program						
22	Contracts	5,273.0	5,523.5	5,523.5	5,523.5	0.0	0.0%
23	Support	1,645.2	1,721.0	1,771.0	1,771.0	0.0	0.0%
24	Administration	229.7	253.5	253.5	253.5	0.0	0.0%
	* BRU Total	7,147.9	7,498.0	7,548.0	7,548.0	0.0	0.0%
	Alaska Police Standards Council						
25	Ak Police Standards Council	840.3	718.0	718.0	718.0	0.0	0.0%
	* BRU Total	840.3	718.0	718.0	718.0	0.0	0.0%
	Violent Crimes Compensation Board						
26	Violent Crimes Comp Board	1,341.0	1,356.9	1,454.8	1,754.8	300.0	20.6%
	* BRU Total	1,341.0	1,356.9	1,454.8	1,754.8	300.0	20.6%
	Council on Domestic Violence and Sexual Assault						
27	CDVSA	8,625.1	8,957.8	8,957.8	8,957.8	0.0	0.0%

Component Summary - FY01 Operating Budget

Numbers & Language

Agency: Department of Public Safety

<u>Page</u>	<u>Budget Component</u>	<u>FY99 Act</u>	<u>00MgtPln</u>	<u>House</u>	<u>SenSC</u>	<u>House to SenSC</u>	
	Council on Domestic Violence and Sexual Assault						
	* BRU Total	8,625.1	8,957.8	8,957.8	8,957.8	0.0	0.0%
	Batterer's Intervention Program						
28	Batterers Intervention Program	316.0	320.0	320.0	320.0	0.0	0.0%
	* BRU Total	316.0	320.0	320.0	320.0	0.0	0.0%
	Statewide Support						
29	Commissioner's Office	640.7	632.6	632.6	632.6	0.0	0.0%
30	Training Academy	1,471.8	1,374.4	1,449.4	1,449.4	0.0	0.0%
31	Administrative Services	1,790.9	1,815.1	1,815.1	1,815.1	0.0	0.0%
32	Alaska Wing Civil Air Patrol	503.1	503.1	503.1	503.1	0.0	0.0%
34	APSIN	1,678.4	1,920.7	1,920.7	1,920.7	-0.0	-0.0%
35	Alaska Criminal Records and ID	2,721.5	2,760.9	2,821.6	2,821.6	0.0	0.0%
36	Unallocated Reduction		0.0	0.0	0.0	0.0	0.0%
	* BRU Total	8,806.4	9,006.8	9,142.5	9,142.5	-0.0	-0.0%
	Laboratory Services						
33	Laboratory Services	2,168.6	2,103.0	2,249.5	2,347.1	97.6	4.3%
	* BRU Total	2,168.6	2,103.0	2,249.5	2,347.1	97.6	4.3%
	Facility Maintenance						
37	Facility Maintenance		608.8	608.8	608.8	0.0	0.0%
	* BRU Total	0.0	608.8	608.8	608.8	0.0	0.0%
	Victims for Justice						
38	Victims for Justice	100.0	150.0	150.0	200.0	50.0	33.3%
	* BRU Total	100.0	150.0	150.0	200.0	50.0	33.3%
	*** Total Agency Expenditure	93,736.1	97,535.5	96,648.0	97,323.1	675.1	0.7%
	Federal Restricted Funds	8,737.2	10,237.3	9,016.2	8,875.3	-140.9	-1.6%
	General Purpose Funds	77,216.0	77,918.9	77,092.1	77,622.6	530.5	0.7%
	Other Funds	7,782.9	9,379.3	10,539.7	10,825.2	285.5	2.7%

Alaska State Legislature

Representative Carl E. Moses



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Member
House Finance Committee

SPONSOR STATEMENT / SECTIONAL ANALYSIS

CSHB 137 (STA) - Municipal Dividend Program

I support establishing a Municipal Dividend Program to provide Alaskan municipalities with a predictable and reliable source of income with which to address basic community needs currently going unmet, in part, by the state. HB 137 would allow an option to delete \$46.9 million from the current General Fund budget. It would provide \$71.2 million to municipalities in the next 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 (\$5,000). It does not require a constitutional amendment, nor does it greatly impact the individual PFD over time.

The House State Affairs Committee fleshed out provisions of the program by identifying basic, local government-provided services upon which everyone relies, then it defined the monetary opportunities for municipalities in terms of police and fire protection, emergency medical and health services, and road maintenance. Strict program guidelines ensure that funds will be used as intended, and incentives are contained for municipalities to improve or upgrade their services.

BILL SECTION 1: Sets out findings which provide guidelines for the bill, including identifying services, recognizing the public safety foundation, recognizing municipal accountability, and protecting the integrity of the Permanent Fund's inflation-proofing and individual dividend payment program.

BILL SECTION 2: Adjusts the reference to the authority of fire control officers to AS 29.60.730.

BILL SECTION 3: A compatibility amendment to support the reinstatement of the public safety foundation.

BILL SECTION 4: Adds the public safety foundation to the compliance language necessary for municipalities to receive program funds.

BILL SECTION 5: Adds the public safety foundation to the list of entities through which funds are spent, that a municipality must report to taxpayers.

BILL SECTION 6: Declares that compliance with AS 29.45.660(b) is necessary for receipt of funds under the public safety foundation.

ADAK • AKUTAN • AMCHITKA • ATKA • ATTU • BELKOF'SKI • CHERNOFSKI • CHIGNIK • CHIGNIK LAGOON • CHIGNIK LAKE • COLD BAY
DUTCH HARBOR • EGEKIK • FALSE PASS • IGIUGIG • ILIAMNA • IVANOF BAY • KING COVE • KING SALMON • KOKHANOK • KOKHANOK BAY • LEVELOCK
NAKNEK • NELSON LAGOON • NEWHALEN • NIKOLSKI • NONDALTON • PEDRO BAY • PERRYVILLE • PILOT POINT • PORT ALSWORTH • PORT HEIDEN
PORT MOLLER • SAND POINT • SHEMYA • SQUAW HARBOR • SOUTH NAKNEK • ST. GEORGE ISLAND • ST. PAUL ISLAND • UGASHIK • UNALASKA • UNGA

BILL SECTION 7: Reestablishes the Public Safety Foundation Program; establishes the Municipal Dividend Fund in the Department of Community and Economic Development; **retains legislative powers of annual appropriation**; sets out the qualifications of municipalities for eligibility and minimum entitlements; creates the road maintenance entitlement and per capita supplement; sets out the formula for the fire and emergency medical services entitlement; establishes the entitlement for police protection services; creates the hospital and health services entitlement; and establishes the minimum entitlement for unincorporated communities.

BILL SECTION 8: Sets out the authority for determining municipal population figures.

BILL SECTION 9: Amends AS 37.06.020(b) to complete provisions for the minimum entitlement for unincorporated communities.

BILL SECTION 10: Provides for local match funding for eligible projects under the capital project matching grant program.

BILL SECTION 11: Adds new subsection to AS 37.13.145 to provide for the transfer of surplus earnings of the Permanent Fund, to the new Municipal Dividend Fund, calculated and limited to \$125 per each individual PFD distributed the previous year.

BILL SECTION 12: Technical language adjustment.

BILL SECTION 13: Technical reference adjustment only. Power Cost Equalization funding is **NOT** an option under HB 137.

BILL SECTION 14: Repeals currently-established Revenue Sharing and Safe Communities programs.

BILL SECTION 15: Technical transition language for unincorporated communities.

BILL SECTION 16: Establishes an effective date of June 30, 2000.

Given our inability to substantially cut the state operating budget, and given our unwillingness to raise new revenues, we need to look at using surplus earnings of the Permanent Fund in some effective way because of these two political realities. I would propose to use this modest part of the annual realized earnings of the undistributed amount in the earnings reserve account.

This plan would integrate well into a scheme of operating budget cuts, new or increased taxation, or both. The annual individual dividend would only slightly be impacted, and only after the first few years of this program.

Municipal Dividend Program HB 137

Municipal Revenue Sharing/Municipal Capital Matching Grants

- ◊ If this plan is adopted, the State reduces GF expenditures by \$46.9 million.
- ◊ The funding source is the excess earnings of the PF, after full dividends and inflation-proofing. The Municipal Dividend will not change the existing calculations of the amount of the PFD.
- ◊ Creates an incentive for municipalities to adopt police, fire, EMS, and road powers, and makes all municipalities accountable for providing public safety services with State shared revenues.
- ◊ Provides a long-term funding base to maintain and develop local public infrastructure.

Funding Source

The Municipal Dividend uses the excess earnings of the PF, after full dividends and inflation proofing. The amount of the Municipal Dividend is calculated by multiplying \$125 X the number of PFD's paid in the previous fiscal year (570,000) = **\$71.25 million** for FY 2001

****Note:** The Municipal Dividend will not change the existing calculated amounts of the PFD.

Program Accountability

Revenue Sharing required to be used for:	\$50.25 million
◊ Police @ \$17 per person served	
◊ Fire @ \$17 per person served	
◊ EMS @ \$17 per person served + support for health clinics and hospitals	
◊ Roads @ \$2000/mile maintained & \$10 per capita for use volume	
◊ \$45,000 minimum entitlement for basic government functions	
Municipal Capital Matching Grant Program	<u>\$21.00 million</u>
Total	\$71.25 million

Recent Funding of Revenue Sharing/Capital Matching Grants

	In millions of dollars			
	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>Proposed</u>
Municipal Revenue Sharing	\$50.4	\$47.8	\$31.9	\$50.25
Capital Matching Grants	<u>\$20.0</u>	<u>\$15.0</u>	<u>\$15.0</u>	<u>\$21.0</u>
Total	\$70.4	\$67.8	\$46.9	\$71.25*

*In the future, increases or decreases in revenue will be self adjusting based on the number of persons receiving PFD's.

State General Fund Reduction if plan adopted

Municipal Revenue Sharing GF saved	+\$31.9
Capital Matching Grants GF saved	<u>+\$15.0</u>
Total State General Fund Reduction Impact	+\$46.9 million



Analysis of CS HB 137 (STA) 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 CS HB 137	1,237	1,267	1,279	1,242	1,221	1,251	1,305	1,362	1,422	1,485	1,557	14,620
Municipal Dividend	72	73	73	74	75	76	77	78	78	79	80	835
Dividend Fund	1,165	1,195	1,206	1,167	1,146	1,175	1,228	1,284	1,343	1,405	1,477	13,785
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	72	72	72	72	70	69	66	63	60	57	53	727
Retain for Inflation - CS HB 137	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 - CS HB 137											41,661	
Principal											30,185	
Earnings Reserve											11,477	
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 CS HB 137	\$1,960.00	\$1,980.00	\$1,980.00	\$1,890.00	\$1,840.00	\$1,860.00	\$1,930.00	\$2,000.00	\$2,070.00	\$2,140.00	\$2,220.00	\$21,870.00

These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
Contributions 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.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 137

Revision Date/Time (Note if correction) _____ Dept. Affected DCED
 Title _____ BRU _____
 An Act relating to the municipal dividend program; and ... _____ Component _____
 Sponsor Representative Moses
 Requester HOUSE CRA Committee 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						
-----------------------------	--	--	--	--	--	--

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 (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 have no fiscal impact on this department.

Prepared by: Jeff Bush, Deputy Commissioner Phone 465-2500
 Division _____ Date/Time 02/01/00
 Approved by Commissioner Date 2/2/00
 Agency _____

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 137

Revision Date/Time (Note if correction)	<u>02/02/00</u>	Dept. Affected	<u>Revenue</u>
Title	<u>Municipal Dividend Program</u>	BRU	<u>Revenue Operations</u>
Sponsor	<u>Representative Moses</u>	Component	<u>Alaska Permanent Fund Cor</u>
Requester	<u>House Community and Regional Affairs</u>	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
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims					
Miscellaneous					
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0

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

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 (Specify Type)					
TOTAL	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)*

See attached

Prepared by: <u>Chris Phillips</u>	Phone: _____
Division: <u>Alaska Permanent Fund Corp.</u>	Date/Time: <u>2/2/00 4:32 PM</u>
Approved by Commissioner: <u>Wilson Condon</u>	Date: <u>2/2/00</u>
Agency: <u>Department of Revenue</u>	

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MEMORANDUM

April 1, 2000

SUBJECT: Comparison of work draft with CSHB 137(STA) (Work Order No. 21-LS1597A)

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

FROM: Tamara Brandt Cook
Director

Here is a comparison of the work draft you requested and CSHB 137(STA) upon which the draft is based. The section numbers that follow are those of the draft bill.

Sec. 1 - 3: These sections are identical in both bills.

Sec. 4 - 6: The statutory references to the new public safety foundation program established in these bills is changed in the draft from AS 29.60.700 - 29.60.770 to AS 29.60.700-29.60.780 to accommodate the addition of a new program section.

Sec. 7: The Public Safety Foundation Program is added in both bills consisting of several sections.

Sec. 29.60.660 and 29.60.700: The spanned reference to the program is changed in the draft to accommodate the addition of a new program section.

Sec. 29.60.710: Identical in each bill.

Sec. 29.60.720: A reference is added in subsection (a) to a new subsection (d) that appears in the draft. Subsection (d) permits the governing body by ordinance to use a portion of the road maintenance entitlement, not to exceed 55 percent, for education.

Sec. 29.60.730: The \$17 amounts in subsections (a) and (b) have been increased in the draft to \$18. A reference is added in subsection (a) to a new subsection (c) that appears in the draft. Subsection (c) permits the governing body by ordinance to use a portion of the fire and emergency medical services entitlement, not to exceed 55 percent, for education.

Sec. 29.60.740: The \$17 amount is increased in the draft to \$18.

Sec. 29.60.750: Identical in both draft and House Bill.

Sec. 29.60.760: Aid to unincorporated communities is increased in the draft from \$5,000 to \$25,000.

Sec. 29.60.770: This is new in the draft and does not appear in the House Bill. It establishes an entitlement for the village public safety officer program.

Sec. 29.60.780: This appears as program sec. 29.60.770 in the House Bill.

Senator Tim Kelly, Chair
Senate Community and Regional Affairs
April 1, 2000
Page 2

Sec. 8. This is identical to sec. 9 of the House Bill. Sec. 8 of the House Bill does not appear in this draft because the revisor is directed to make this technical change.

Sec. 9. In the draft, subsection (a) of AS 37.06.030 is corrected. The House Bill contains this change in sec. 10 except that the spanned reference does not include AS 29.60.780.

Sec. 10: In the draft, subsection (b) of AS 37.06.030 is corrected in a separate bill section. The House Bill also includes a correction to subsection (c), but the draft directs the revisor of statutes to make that change.

Sec. 11: The amount used to calculate the municipal dividend is increase in the draft from \$125 to \$150.

Sec. 12: Identical. The technical correction in sec. 13 of the House Bill is deleted from the draft because the revisor of statutes is directed to make the change.

Sec. 13: Identical, except that the House Bill repealer is found in sec. 14.

Sec. 14: The section reference is different in the draft because of additional material added to the program. In the House Bill this transition appears as sec. 15.

Sec. 15: A revisor's instruction has been added in the draft directing her to correct cross-references in three other statutes.

Sec. 16: Identical.

TBC:glc
00-153.glc

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MEMORANDUM

April 3, 2000

SUBJECT: Comparison of work draft with CSHB 137(STA) (Work Order No. 21-LS1597AD)

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

FROM: Tamara Brandt Cook
Director *TBC*

Here is a comparison of the work draft you requested and CSHB 137(STA) upon which the draft is based. The section numbers that follow are those of the draft bill.

Sec. 1. Adds a new finding in paragraph (5) relating to the village public safety program in paragraph (1). Moves "roads" from line 8 to line 9.

Secs. 2 and 3. These sections are identical in both bills.

Sec. 4 - 6. The statutory references to the new public safety foundation program established in these bills is changed in the draft from AS 29.60.700 - 29.60.770 to AS 29.60.700-29.60.780 to accommodate the addition of a new program section.

Sec. 7. The Public Safety Foundation Program is added in both bills consisting of several sections.

Sec. 29.60.660 and 29.60.700: The spanned reference to the program is changed in the draft to accommodate the addition of a new program section.

Sec. 29.60.710: Identical in each bill.

Sec. 29.60.720: A reference is added in subsection (a) to a new subsection (d) that appears in the draft. Subsection (d) permits the governing body by ordinance to use a portion of the road maintenance entitlement, not to exceed 55 percent, for education.

Sec. 29.60.730: The \$17 amounts in subsections (a) and (b) have been increased in the draft to \$20. A reference is added in subsection (a) to a new subsection (c) that appears in the draft. Subsection (c) permits the governing body by ordinance to use a portion of the fire and emergency medical services entitlement, not to exceed 55 percent, for education.

Sec. 29.60.740: The \$17 amount is increased in the draft to \$20.

Sec. 29.60.750: Identical in both draft and House Bill.

Sec. 29.60.760: Aid to unincorporated communities is increased in the draft from \$5,000 to \$10,000.