

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10422 HOUSE STATE AFFAIRS

202

HB 17 BUILDS ALASKA'S INFRASTRUCTURE

- ADDS \$900,000,000 TO CAPITAL PROJECT APPROPRIATIONS, GROWING ALASKA'S ECONOMY BY \$1,552,500,000 AFTER PROVIDING FOR AN ECONOMIC MULTIPLE FACTOR OF 1.725

HB 17 GROWS ALASKA'S ECONOMY

- ADDS \$360.00 TO THE PERMANENT FUND DIVIDEND, GROWING ALASKA'S ECONOMY BY \$528,750,000, AFTER PROVIDING FOR AN ECONOMIC MULTIPLE FACTOR OF 2.5.

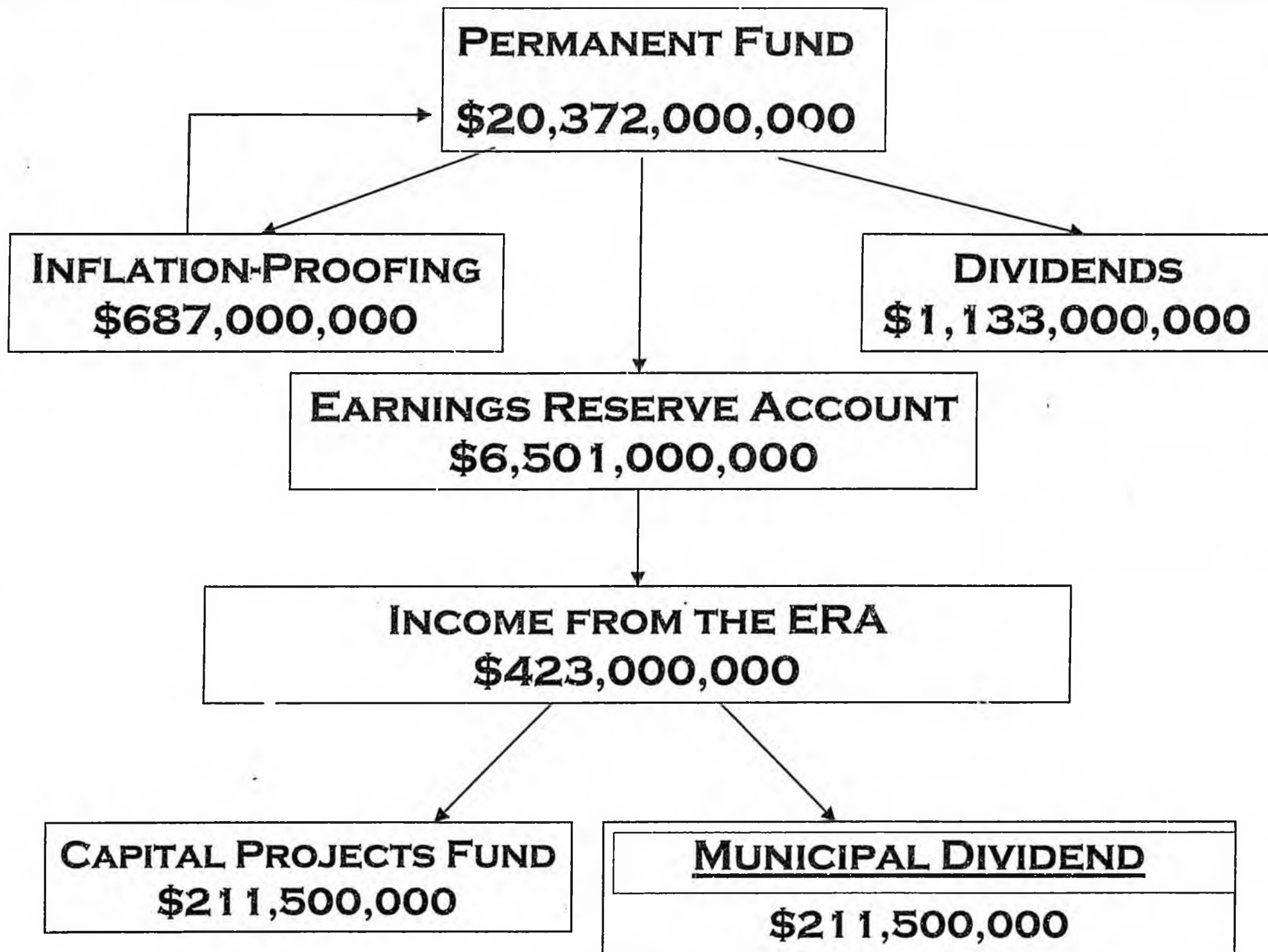
AND...

**HB 17 LEAVES THE PERMANENT
FUND CORPUS UNTOUCHED**

WAIT.....

REWIND THAT A LITTLE.

OPTION 2:
THE MUNICIPAL DIVIDEND



MUNICIPAL DIVIDEND

ANCHORAGE

\$84,493,351.57

FAIRBANKS

\$26,583,576.03

JUNEAU

\$10,103,161.48

KENAI PENINSULA

\$16,038,631.50

MAT-SU BOROUGH

\$19,421,002.69

HB 17 OPTION 2 STILL
BUILDS ALASKA'S
INFRASTRUCTURE

- **ADDS \$900,000,000 TO CAPITAL PROJECT APPROPRIATIONS, GROWING ALASKA'S ECONOMY BY \$1,552,500,000 AFTER PROVIDING FOR AN ECONOMIC MULTIPLE FACTOR OF 1.725**

HB 17 OPTION 2 STILL
GROWS ALASKA'S
ECONOMY

- **ADDS \$211,500,000 TO MUNICIPAL FUNDING, GROWING ALASKA'S ECONOMY BY \$364,837,500, AFTER PROVIDING FOR AN ECONOMIC MULTIPLE FACTOR OF 1.725.**

AND...

ONCE AGAIN

**HB 17 LEAVES THE PERMANENT
FUND CORPUS UNTOUCHED**

ONE MORE TIME...

HB 17 PROVIDES FOR:

- **\$900,000,000 IN CAPITAL APPROPRIATIONS.**
- **OVER \$2 BILLION IN ECONOMIC GROWTH, FY2002 WITH BOTH CAPITAL PROJECTS AND DIRECT ECONOMIC INFUSION FACTORED.**

AND.....

**DOESN'T MESS WITH THE
PERMANENT FUND!**

HB

20

Alaska State Legislature

Representative Carl E. Moses



Member
House Finance Committee

MEMORANDUM

DATE: March 23, 2001

TO: Rp. John Coghill, Chairman
House State Affairs Committee

FROM: Rp. Carl E. Moses *CEM*
House District 40

SUBJ: HB 20 Language Proposal

I received the attached letter from the Department of Law, expressing the need to make a slight change in language regarding the frozen waterway portion of the road maintenance provision of this bill. Please see page 7, line 23. I concur with their interpretation, and would be supportive, should you and your committee decide to develop a committee substitute.

If there are questions, please contact Tim Benintendi of my office at 6591.
Thank you.

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State Capitol Building
Juneau, Alaska 99801-1182
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800-898-4451
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STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

GOVERNMENTAL AFFAIRS SECTION
P.O. BOX 110300
DIMOND COURT HOUSE, 6TH FLOOR
JUNEAU, ALASKA 99811-0300
PHONE: (907)465-3600
FAX: (907)465-2520

March 20, 2001

The Honorable Carl Moses
Alaska House of Representatives
Alaska State Capitol
Juneau, Alaska 99801

Re: House Bill 20 -- proposed amendments

Dear Representative Moses:

In reviewing House Bill 20, relating to state aid to municipalities and certain other recipients, we have identified language that could expose the state to tort claims. Attached you will find suggested language to address our concerns.

Our primary concern is that the language in proposed AS 29.60.670(b) on page 7 of the bill, allows a municipality to receive an entitlement for maintaining each mile of a frozen waterway that "may be *safely* used for public transportation by automotive equipment." (Emphasis added). The section further gives the Department of Community and Economic Development, in consultation with the Department of Transportation and Public Facilities, the authority to and the responsibility of determining which frozen waterways qualify and, thus, are deemed to be "*safe*." Since ice forms differently every year, it seems a risky venture for a state employee to designate "x" waterway as safe when the person laying out the roadway on the ice is not a state employee. It seems particularly risky since it appears the expectation is that the state would designate "x" waterway in a general sense and not revisit it every year.

Hon. Carl Moses
Re: HB 20

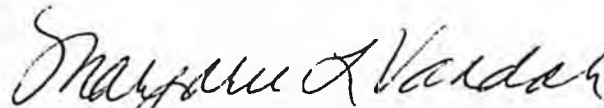
March 20, 2001
Page 2

We would suggest two amendments. The first would eliminate the identification of a waterway as "safe" for transportation and simply say it will qualify for the entitlement if it has been used for public transportation in the past, continues to be used, and is maintained by the municipality. The second would make it clear that a civil action for damages or costs may not be brought or maintained against the state or its officers or employees for any action or omission to act under the chapter.

The department's proposed amendments are attached. Please call if you have any questions or if I can be of further assistance.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL



By: Marjorie L. Vandor
Assistant Attorney General

MLV:jn
Enclosure

cc: Mike Abbott, Legislative Director, Office of the Governor,
Deborah Behr, Legislation Attorney, Department of Law
Chrystal Smith, Legislative Liaison, Department of Law

(b) In addition to an entitlement under (a) of this section, a municipality may receive an entitlement equal to \$1,000 for each mile of a frozen waterway and a connection from an inhabited area to a frozen waterway that **historically has been** [MAY BE SAFELY] used for public transportation by automotive equipment and is so used during a portion of the year if the waterway and connection are maintained during the period of use by the municipality. The Department of Community and Economic Development, after consultation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality and are maintained by a combination of municipalities, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution.

* Sec. . AS 29.60 is amended by adding a new section to read:

Sec. 29.60.____. Limitations. A civil action for damages or costs may not be brought or maintained against the state or its employees for any action or omission to act under this chapter.

Alaska State Legislature

Representative Carl E. Moses



Member
House Finance Committee



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SPONSOR STATEMENT / SECTIONAL ANALYSIS

CSHB 20 (CRA) - Municipal Dividend Program

The establishment of a Municipal Dividend program would provide Alaskan municipalities with a predictable and reliable source of income with which to address basic community needs. Currently, full funding for essential services is going unmet, in part, due to declining state municipal assistance and revenue sharing General Fund allocations. Increases in local property taxes are not always the answer, especially in many communities where there is insufficient tax base to draw upon.

HB 20 would repeal the current municipal assistance and revenue sharing programs, thus allowing for a General Fund cut of approximately \$50 million. It would fund defined basic services from the surplus earnings of the Permanent Fund at a rate of \$150 per dividend recipient, only after inflation-proofing and only after payment of individual dividends. This plan would provide approximately \$88 million to municipalities in the next fiscal year (FY02), a very modest draw from the surplus earnings. It clearly defines the uses to which funding may be applied, and provides minimum amounts for small municipalities (\$45,000) and unincorporated communities (\$10,000).

It does not require a constitutional amendment, nor does it require a vote of the public. Approval of this Municipal Dividend plan is fully within the authority of the legislature. Within HB 20, annual legislative powers of appropriation remain intact. The bill's impact on an individual dividend check is slight over time, with estimates by the Permanent Fund Corporation at approximately \$50 in ten years (see PFC chart). Measure this against the value of adequate local police, fire, EMT, health care, and road maintenance services of benefit to individual residents over the same time period.

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 the above two political realities. The Municipal Dividend program responds to the continued reduction in state funding to municipalities, and would be an effective counter to the popularity of a local tax cap solution. It is effective, reliable, and controllable. HB 20 is a plausible component of a long-range fiscal plan.

BILL SECTION 1: Sets out findings which provide guidelines for the bill, including identifying the basic services of police, fire, EMT, health and road maintenance, recognizing the Public Safety Foundation Program, recognizing municipal accountability, and protecting the integrity of the Permanent Fund's inflation-proofing and individual dividend payment program.

BILL SECTION 2: Defines those fire-fighting and EMT organizations eligible to receive payments under new section AS 29.60.730 (in Bill Section 7).

BILL SECTION 3: Adds the Public Safety Foundation Program to those programs that apply to Home Rule communities.

BILL SECTION 4: Adds the Public Safety Foundation Program to the compliance language necessary for municipalities to receive program funds.

BILL SECTION 5: Adds the Public Safety Foundation Program to the list of programs through which funds are allocated to a municipality, that a municipality must report to its taxpayers.

BILL SECTION 6: Declares that compliance with AS 29.45.660(b) is necessary for receipt of funds under the Public Safety Foundation Program.

BILL SECTION 7: The heart of the bill. 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 municipal entitlements (\$45,000); creates the road maintenance entitlement (\$2,000/mile) and per capita supplement (\$10/head); provides for automotive public transportation (\$1,000/mile) for frozen waterways; sets out the formula for the fire and emergency medical services entitlement (\$20/head for fire and \$20/head for EMT); allows useage for public education purposes of up to 55% of the fire/EMT and road entitlements; establishes the entitlement for police protection services (\$20/head); creates the hospital and health services entitlement for municipalities which provide these services; establishes the minimum entitlement for unincorporated communities (\$10,000); and provides payments for VPSO services (\$15/head).

BILL SECTION 8: Adds minimum entitlement provisions of AS 29.60.690 (in Bill Section 7), to the Unincorporated Community Capital Project Matching Grant Fund program.

BILL SECTION 9: Amends the Municipal Capital Project Matching Grant Program by adding the Public Safety Foundation Program as a source for local share match funding for municipalities.

BILL SECTION 10: Amends the Unincorporated Community Capital Project Matching Grant Program by adding the Public Safety Foundation Program as a source for local share match funding for unincorporated communities in the unorganized borough.

BILL SECTION 11: Adds new subsection to AS 37.13.145 to provide for the transfer of funds from the Earnings Reserve account to a new Municipal Dividend Fund account, limited to \$150 per each individual PFD distributed the previous year, or less if the E.R. account balance is less than would accomodate the \$150 level. This happens after AS 37.13.145 (b), the set-aside for individual dividend payments, and (c), the set-aside for inflation-proofing.

BILL SECTION 12: Technical provision which prorates payments under the road maintenance entitlement, for circumstances where a municipality may receive other funds for road maintenance upon roads it may not own, but for which it may have maintenance responsibility.

BILL SECTION 13: Repeals currently-established Revenue Sharing and Safe Communities programs.

BILL SECTION 14: Continues eligibility of unincorporated communities to receive state aid for FY 02 once the program conversion takes place.

BILL SECTION 15: Revisor's technical note.

BILL SECTION 16: Establishes an effective date of June 30, 2001.

HB 20 / Rp. Carl E. Moses (staff: tim benintendi / 6591) 3-20-01

HB 20 - Municipal Dividend

◆ **Major step toward a long-range fiscal plan**

Would mesh well with a variety of plan components or alternative plans

◆ **Frees up approximately \$50 million in General Funds**

By shifting the funding source away from GF (cutting municipal assistance and revenue sharing), additional corresponding programs might also be reduced to avoid duplicating services.

◆ **Repeals Municipal Assistance / Revenue Sharing programs**

Eliminates one of the most contentious annual funding debates

◆ **Retains legislative powers of appropriation**

Annual review opportunity of specific allocations to police, education, and fire services, plus EMS, roads, and health facilities remains intact.

◆ **Enhances community security**

Improves public safety services, including community EMS, Police, and Fire.

◆ **Puts more money in the pockets of Alaskans**

Provides \$150 per capita per year which could offset local property taxes by providing essential local services. The long-term impact on the PFD is negligible.

◆ **Helps avoid subjecting the Permanent Fund to IRS taxation**

Strengthens the Permanent Funds' "public purpose" objective by directly supporting local education and public safety.

Municipal Dividend - House Bill 20

What is a municipal dividend? A responsible approach to get more money into local communities by transferring a measured amount of funding from the excess earnings of the Permanent Fund equal to \$150 per PFD recipient to a Public Safety Foundation account. Those funds would then be distributed to cities and boroughs to pay for police, fire, emergency medical services, road maintenance and capital improvements. Inflation-proofing of the Permanent Fund and payment of individual PFD checks would be accomplished before the calculation and distribution of the Municipal Dividend.

The legislation repeals revenue sharing and municipal assistance, thus potentially saving the General Fund approximately \$50 million. This would allow the state legislature to:

1. Make additional, responsible GF reductions in corresponding state-provided services;
2. Divert saved GF funds to other priorities if desired;
3. Help municipalities provide specific, essential, local government services while returning local prioritizing and decision-making to communities;

Who should support a municipal dividend?

1. Those interested in a long-range fiscal plan
2. Local taxpayers
3. Rural communities as well as cities
4. Public Safety and Public Health organizations
5. Road Service Area boards and members
6. Schools, PTA's, School Boards

How does the municipal dividend program work?

The formula: $HB\ 20 = \$150 \times \text{the number of PFD recipients (after inflation-proofing and individual PFD checks are paid)}$ deposited into the Public Safety Foundation Fund.

Distribution from the Public Safety Foundation Fund to Alaska's cities and boroughs according to the following schedule:

- \$20 per person served for police protection
- \$20 per person served for fire protection
- \$20 per person served for emergency medical services
- \$167 per bed in hospital facilities or \$360 per bed in health facilities
- \$2000 per road mile plus \$10 per capita for use volume
- \$45,000 minimum entitlement for the smallest municipalities
- \$10,000 minimum for unincorporated communities
- \$15 per person served by the statewide VPSO program

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DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



Analysis of HB 20 Alaska Permanent Fund Corporation

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTALS
Payout per HB 20	1,252	1,257	1,212	1,184	1,200	1,286	1,342	1,402	1,454	1,529	1,595	14,723
Municipal Dividend (\$160 per person)	88	89	90	91	92	93	94	95	96	97	98	1,028
Distribution for PFD Fund	1,164	1,168	1,122	1,093	1,108	1,192	1,248	1,307	1,368	1,431	1,496	13,697
Payout Status Quo (all PFD Fund)	1,164	1,168	1,124	1,097	1,116	1,205	1,265	1,329	1,396	1,464	1,535	13,862
Difference in annual payout. (HB 20 - Status Quo)	88	89	88	87	84	81	77	73	69	64	60	860
Retain for Inflation - HB 20	687	695	727	759	792	825	858	893	928	964	1001	9,128
Retain for Inflation - Status Quo	687	695	727	759	792	825	858	893	928	964	1,001	8,128
AK Permanent Fund value in 2011 - HB 20											41,114	
Principal											31,793	
Earnings Reserve											9,322	
AK Permanent Fund value in 2011 - Status Quo											42,472	
Principal											31,792	
Earnings Reserve											10,680	
Per Person Dividend HB 20	\$1,930.00	\$1,910.00	\$1,810.00	\$1,740.00	\$1,750.00	\$1,870.00	\$1,930.00	\$2,000.00	\$2,080.00	\$2,150.00	\$2,230.00	\$21,400.00
Per Person Dividend Status Quo	\$1,930.00	\$1,910.00	\$1,820.00	\$1,750.00	\$1,760.00	\$1,890.00	\$1,960.00	\$2,040.00	\$2,120.00	\$2,200.00	\$2,280.00	\$21,680.00

EST.
P.F.D.
IMPACT
↓

{ \$ 0 }

{ \$ 20 }

{ \$ 50 }

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.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 20
 () Publish Date: _____

Revision Date/Time (Note if correction): 03/16/2001 10:55a.m. Dept. Affected: DCED
 Title: Aid to Municipalities and others BRU: Comm. Asst & Econ. Dev.
 Component: Community & Business Development
 Sponsor: Representative Moses Component Number: 2486
 Requester: House Community & Regional Affairs

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill has no fiscal impact on this department.

Prepared by: Pat Poland, Director
 Division: Community and Business Development
 Approved by: Commissioner Deborah B. Sedwick
 Agency: Department of Community & Economic Development

Phone (907) 269-4580
 Date/Time 03/16/2001 10:50a.m.
 Date 3/16/2001

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 20
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Aid to Municipalities and Others BRU: Permanent Fund Corp.
 Component: Permanent Fund Corp.
 Sponsor: Representative Moses
 Requester: House Community and Regional Affairs Component Number: 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
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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 (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

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)

The proposed legislation does not increase the cost of operations for the Alaska Permanent Fund Corporation. See the attached schedule for the annual amount estimated to be available for the municipal dividend.

Prepared by: Robert D. Storer, Executive Director Phone (907)465-2047
 Division: Alaska Permanent Fund Corporation Date/Time 3/19/01 9:00 AM
 Approved by: Larry Persily, Deputy Commissioner Date 03/19/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

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Principal Earnings Reserve											31,796	
											9,322	
Permanent Fund value In 2011 - Status Quo											42,476	
Principal Earnings Reserve											31,796	
											10,680	
Per Person Dividend HB 20	\$1,930.00	\$1,910.00	\$1,810.00	\$1,740.00	\$1,750.00	\$1,870.00	\$1,930.00	\$2,000.00	\$2,080.00	\$2,150.00	\$2,230.00	\$21,400.00
Per Person Dividend Status Quo	\$1,930.00	\$1,910.00	\$1,820.00	\$1,750.00	\$1,760.00	\$1,890.00	\$1,960.00	\$2,040.00	\$2,120.00	\$2,200.00	\$2,280.00	\$21,660.00

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.

4 proposals could fill fiscal gap

Four proposals before the Legislature deal with the fiscal gap. Each has merit; yet all will likely fall flat if they attempt to stand on their own. They are:

1) The governor's proposal that should the Constitutional Budget Reserve be reduced to \$1.5 billion a state income tax is triggered;

2) Rep. Bill Hudson's proposal that when that reserve falls to \$1.5 billion some Permanent Fund earnings could be used for state spending;

3) Sen. Gary Wilken's bill to compel greater equity in taxing property for education, and

4) Rep. Carl Moses' proposal for "community dividends" as suggested by former Gov. Walter Hickel.

To curry support I believe the governor's income tax must be flexible. It should only generate enough revenue to replenish the amount the Budget Reserve has been drawn down beneath \$1.5 billion. Also, for those who say they don't mind losing dividends but resent being taxed to assure dividends for "the great unwashed," perhaps it should cost no Alaskan more than that year's dividend check.

Hudson's proposal realistically and (in light of vehement voter opposition to use of dividend dollars for state spending) courageously recognizes that if the Constitutional Budget Reserve is exhausted, prospective dividend dollars will be the *only* dollars available to balance the books.

Unfortunately, most Alaskans seem unaware of this and oppose imposition of sufficient taxes to span that fiscal gap before dividends plunge into it. While most legislators know this to be true, few wish to jeopardize re-election by directly confronting the issue.

Current circumstances provide an ideal opportunity to do so *indirectly*. Oil prices are up; the budget gap at the moment is not yawning, and prospects of a gas pipeline and increased oil production spark a rosy glow on our economic horizon. What better time to put in place a plan that may never have to be implemented, but will ensure that if required it will be as painless as possible?

Wilken's bill will run into opposition from those in the unorganized borough who fear it will force them into organized

JAY
HAMMOND

COMMENT



boroughs. The bill's premise is that if Alaskans in organized boroughs must fund some educational costs through local property taxes, those in unorganized boroughs who now receive free educational services also should pick up part of the bill.

While the equity argument is apparent, achieving it by forcing property taxes on those now exempt would as well incur other administrative and legal costs. Moreover, property values in much of the unorganized borough are so low assessment and collection costs might exceed tax money gleaned. Of course, since the Legislature by law sits as the Unorganized Borough Assembly it *could* already impose an unorganized borough property tax. For some 30 years it has declined doing so, fearing the political flak attending such action.

The governor's income tax proposal coupled with Hudson's bill to protect dividends and Sen. Wilken's to more fairly fund education could provide three solid legs for a chair upon which Alaskans could sit back and quit fretting about fiscal gaps, unfair or excessive taxation and devastation of dividends. However, that chair will not likely stand without one more leg.

Moses' Community Dividend could provide it: A per capita dividend would be dispersed to all communities to be used as they saw fit. An appropriate source of funding could be the amount of Permanent Fund earnings that Hudson's bill would break loose. If no more than 10 percent of the fund's earnings reserve were dispersed in community dividends this could amount to hundreds of millions annually without reducing the existing *personal* dividend by one dollar.

Those four "legs" would undergird such a chair and place it on firm fiscal

ground. In the process, runaway spending would be constrained; excessive taxation prevented; dividends *increased* and greater, more equitable funding for education obtained with no additional expense whatsoever to those who wish to remain in a property tax-free unorganized borough.

Here's how: Pass legislation providing that should the Constitutional Budget Reserve be reduced to less than \$1.5 billion an income or other statewide tax would be imposed at the level required to bring the reserve back up to \$1.5 billion. At the same time a portion of the Permanent Fund's Earnings Reserve not required for inflation-proofing or to fund individual dividends would be dispersed in a "community dividend" on a per-capita basis.

For greater equity in education funding, communities not currently property taxed for educational purposes could have their community dividends reduced by an amount equal to the average statewide per capita property tax gathered in organized boroughs for education. An even simpler means might be to have the state retain the community dividends of each school-age child residing within the unorganized borough as "tuition."

If I've learned anything after more than 20 years of bobbing and weaving within the political arena, it is that a light jab is far more easily absorbed than an uppercut. All Alaskans are now crowded into a ring where, unless we engage in some aggressive fancy footwork and accept that light jab, dividends will be decked, our tax brackets bloodied and essential state programs pummeled.

Of course, no plan of attack is any good unless the alternative's worse. Be assured nothing will prompt politicians to do anything more than shuffle their feet and backpedal, awaiting that inevitable uppercut until voters understand that unless they prompt legislators to confront and fend off an assailant which each round will get bigger and stronger, those who wish to retain dividends might as well throw in the towel.

■ Jay Hammond was governor of Alaska from 1975 to 1983.

ADN, WED. 3-7-01

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-Alaska, serves on the House Finance Committee.

Alaska State Legislature

Representative Carl E. Moses



SESSION

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Member
House Finance Committee

MEMORANDUM

DATE: March 20, 2001

TO: Rp. John Coghill, Chairman
House State Affairs Committee

FROM: Rp. Carl E. Moses *CEM*
House District 40

SUBJ: Request for Hearing - HB 20 (Municipal Dividend Program)

I respectfully request a committee hearing on HB 20, the measure to establish a Municipal Dividend Program. As you know, funding for municipal assistance and revenue sharing has been reduced over the past several years, leaving the state's municipalities without a predictable, reliable source of assistance.

At its core, HB 20 would reestablish the Public Safety Foundation Program, providing assistance for specified, basic municipal services. It would repeal municipal assistance and revenue sharing. It would be funded from surplus earnings of the Permanent Fund, and, after inflation-proofing and payment of individual dividends, would draw at the rate of \$150 per dividend recipient. It would draw approximately \$88 million from the earnings reserve account for FY02. HB 20 would also free up approximately \$50 million in GF money. There is broad support for the bill.

A committee hearing at your earliest convenience will make a positive contribution to the public discussion regarding a long-range fiscal plan.

If there are questions, please contact Tim Benintendi of my office at 6591.
Thank you.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 20(CRA)
(H) Publish Date: 3/22/01

Revision Date/Time (Note if correction): 03/16/2001 10:55a.m. Dept. Affected: DCED
Title: Aid to Municipalities and others BRU: Comm. Asst & Econ. Dev.
Sponsor: Representative Moses Component: Community & Business Development
Requester: House Community & Regional Affairs Component Number: 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007

CHANGE IN REVENUES ()	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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 (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This bill has no fiscal impact on this department.

Prepared by: Pat Poland, Director Phone (907) 269-4580
Division: Community and Business Development Date/Time 03/16/2001 10:50a.m.
Approved by: Commissioner Deborah B. Sedwick Date 3/16/2001
Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 20(CRA)
(H) Publish Date: 3/22/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Aid to Municipalities and Others BRU: Permanent Fund Corp.
Component: Permanent Fund Corp.
Sponsor: Representative Moses
Requester: House Community and Regional Affairs Component Number: 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

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)

The proposed legislation does not increase the cost of operations for the Alaska Permanent Fund Corporation. See the attached schedule for the annual amount estimated to be available for the municipal dividend.

Prepared by: Robert D. Storer, Executive Director Phone (907)465-2047
Division: Alaska Permanent Fund Corporation Date/Time 3/19/01 9:00 AM
Approved by: Larry Persily, Deputy Commissioner Date 03/19/2001
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Analysis of HB 20

Alaska Permanent Fund Corporation

*Based on December 2000 APFC Financial Projections
(\$ In millions)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TO ALS
Payout per HB 20	1,252	1,257	1,212	1,184	1,200	1,286	1,342	1,402	1,464	1,529	1,595	14,723
Municipal Dividend (\$150 per person)	88	89	90	91	92	93	94	95	96	97	98	1,026
Distribution for PFD Fund	1,164	1,168	1,122	1,093	1,108	1,192	1,248	1,307	1,368	1,431	1,496	13,697
Payout Status Quo (all PFD Fund)	1,164	1,168	1,124	1,097	1,116	1,205	1,265	1,329	1,396	1,464	1,535	13,862
 Difference in annual payout. (HB 20 - Status Quo)	 88	 89	 88	 87	 84	 81	 77	 73	 69	 64	 60	 860
Retain for Inflation - HB 20	687	695	727	759	792	825	858	893	928	964	1001	9,128
Retain for Inflation - Status Quo	687	695	727	759	792	825	858	893	928	964	1,001	9,128
 AK Permanent Fund value in 2011 - HB 20											41,118	
Principal											31,796	
Earnings Reserve											9,322	
 Permanent Fund value in 2011 - Status Quo											42,476	
Principal											31,796	
Earnings Reserve											10,680	
 Per Person Dividend HB 20	\$1,930.00	\$1,910.00	\$1,810.00	\$1,740.00	\$1,750.00	\$1,870.00	\$1,930.00	\$2,000.00	\$2,080.00	\$2,150.00	\$2,230.00	\$21,400.00
Per Person Dividend Status Quo	\$1,930.00	\$1,910.00	\$1,820.00	\$1,750.00	\$1,760.00	\$1,890.00	\$1,960.00	\$2,040.00	\$2,120.00	\$2,200.00	\$2,280.00	\$21,660.00

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.

4 proposals could fill fiscal gap

Four proposals before the Legislature deal with the fiscal gap. Each has merit; yet all will likely fall flat if they attempt to stand on their own. They are:

1) The governor's proposal that should the Constitutional Budget Reserve be reduced to \$1.5 billion a state income tax is triggered;

2) Rep. Bill Hudson's proposal that when that reserve falls to \$1.5 billion some Permanent Fund earnings could be used for state spending;

3) Sen. Gary Wilken's bill to compel greater equity in taxing property for education, and

4) Rep. Carl Moses' proposal for "community dividends" as suggested by former Gov. Walter Hickel.

To curry support I believe the governor's income tax must be flexible. It should only generate enough revenue to replenish the amount the Budget Reserve has been drawn down beneath \$1.5 billion. Also, for those who say they don't mind losing dividends but resent being taxed to assure dividends for "the great unwashed," perhaps it should cost no Alaskan more than that year's dividend check.

Hudson's proposal realistically and (in light of vehement voter opposition to use of dividend dollars for state spending) courageously recognizes that if the Constitutional Budget Reserve is exhausted, prospective dividend dollars will be the *only* dollars available to balance the books.

Unfortunately, most Alaskans seem unaware of this and oppose imposition of sufficient taxes to span that fiscal gap before dividends plunge into it. While most legislators know this to be true, few wish to jeopardize re-election by directly confronting the issue.

Current circumstances provide an ideal opportunity to do so *indirectly*. Oil prices are up; the budget gap at the moment is not yawning, and prospects of a gas pipeline and increased oil production spark a rosy glow on our economic horizon. What better time to put in place a plan that may never have to be implemented, but will ensure that if required it will be as painless as possible?

Wilken's bill will run into opposition from those in the unorganized borough who fear it will force them into organized

JAY
HAMMOND

COMMENT



boroughs. The bill's premise is that if Alaskans in organized boroughs must fund some educational costs through local property taxes, those in unorganized boroughs who now receive free educational services also should pick up part of the bill.

While the equity argument is apparent, achieving it by forcing property taxes on those now exempt would as well incur other administrative and legal costs. Moreover, property values in much of the unorganized borough are so low assessment and collection costs might exceed tax money gleaned. Of course, since the Legislature by law sits as the Unorganized Borough Assembly it *could* already impose an unorganized borough property tax. For some 30 years it has declined doing so, fearing the political flak attending such action.

The governor's income tax proposal coupled with Hudson's bill to protect dividends and Sen. Wilken's to more fairly fund education could provide three solid legs for a chair upon which Alaskans could sit back and quit fretting about fiscal gaps, unfair or excessive taxation and devastation of dividends. However, that chair will not likely stand without one more leg.

Moses' Community Dividend could provide it: A per capita dividend would be dispersed to all communities to be used as they saw fit. An appropriate source of funding could be the amount of Permanent Fund earnings that Hudson's bill would break loose. If no more than 10 percent of the fund's earnings reserve were dispersed in community dividends this could amount to hundreds of millions annually without reducing the existing *personal* dividend by one dollar.

Those four "legs" would undergird such a chair and place it on firm fiscal

ground. In the process, runaway spending would be constrained; excessive taxation prevented; dividends *increased* and greater, more equitable funding for education obtained with no additional expense whatsoever to those who wish to remain in a property tax-free unorganized borough.

Here's how: Pass legislation providing that should the Constitutional Budget Reserve be reduced to less than \$1.5 billion an income or other statewide tax would be imposed at the level required to bring the reserve back up to \$1.5 billion. At the same time a portion of the Permanent Fund's Earning's Reserve not required for inflation-proofing or to fund individual dividends would be dispersed in a "community dividend" on a per-capita basis.

For greater equity in education funding, communities not currently property taxed for educational purposes could have their community dividends reduced by an amount equal to the average statewide per capita property tax gathered in organized boroughs for education. An even simpler means might be to have the state retain the community dividends of each school-age child residing within the unorganized borough as "tuition."

If I've learned anything after more than 20 years of bobbing and weaving within the political arena, it is that a light jab is far more easily absorbed than an uppercut. All Alaskans are now crowded into a ring where, unless we engage in some aggressive fancy footwork and accept that light jab, dividends will be decked, our tax brackets bloodied and essential state programs pummeled.

Of course, no plan of attack is any good unless the alternative's worse. Be assured nothing will prompt politicians to do anything more than shuffle their feet and backpedal, awaiting that inevitable uppercut until voters understand that unless they prompt legislators to confront and fend off an assailant which each round will get bigger and stronger, those who wish to retain dividends might as well throw in the towel.

■ Jay Hammond was governor of Alaska from 1975 to 1983.

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

Municipality	Public Safety Foundation Formula Program					*Total New PS Found. Formula	Compare FY01 Rev Shar.	Plus Cap grants, VPSO
	Roads & Ice Roads	Fire Dept. \$20 pop served	EMS pop served \$20	Police pop served \$20	Health RS FY 00 existing			
Akiak	\$7,290	\$0	\$0	\$0	\$0	\$45,000	\$22,224	
Akiak	\$3,160	\$0	\$0	\$6,320	\$1,792	\$45,000	\$31,536	
Akutan	\$4,080	\$0	\$0	\$0	\$1,727	\$45,000	\$31,799	
Alakanuk	\$25,960	\$13,420	\$0	\$13,420	\$1,791	\$79,591	\$41,236	
Aleknagik	\$2,590	\$5,180	\$0	\$0	\$0	\$45,000	\$28,862	
Aleutians E Bor	\$970	\$0	\$0	\$0	\$0	\$45,000	\$32,007	
Allakaket	\$18,400	\$0	\$0	\$0	\$3,716	\$47,116	\$31,728	
Ambler	\$34,870	\$6,300	\$0	\$6,300	\$1,857	\$74,327	\$35,182	
Anaktuvuk Ps.	\$3,080	\$0	\$0	\$0	\$0	\$45,000	\$31,701	
Anchorage Bor	\$4,358,060	\$4,933,640	\$4,933,640	\$5,152,240	\$396,450	\$19,799,030	\$10,043,102	
Anderson	\$24,840	\$10,480	\$10,480	\$0	\$3,716	\$74,516	\$37,723	
Angoon	\$15,450	\$0	\$0	\$11,740	\$0	\$52,190	\$31,195	
Aniak	\$63,780	\$11,520	\$11,520	\$0	\$2,452	\$114,272	\$44,453	
Anvik	\$16,500	\$0	\$0	\$0	\$1,875	\$45,000	\$29,433	
Atka	\$38,150	\$2,300	\$0	\$0	\$0	\$65,450	\$28,520	
Atkasuk	\$2,590	\$0	\$0	\$0	\$0	\$45,000	\$40,191	
Barrow	\$43,970	\$0	\$87,940	\$0	\$0	\$156,910	\$112,016	
Bethel	\$129,280	\$109,260	\$109,260	\$109,260	\$64,487	\$546,547	\$280,685	
Bettles	\$21,350	\$0	\$0	\$0	\$0	\$46,350	\$29,952	
Brevig Mis.	\$6,740	\$5,480	\$0	\$5,480	\$1,858	\$45,000	\$31,809	
Bristol Bay Bor	\$64,990	\$0	\$25,940	\$25,940	\$1,726	\$143,596	\$56,029	
Buckland	\$31,330	\$0	\$0	\$8,160	\$1,875	\$66,365	\$37,737	
Chefomak	\$4,230	\$0	\$0	\$8,460	\$0	\$45,000	\$32,472	
Chevak	\$18,810	\$14,820	\$0	\$14,820	\$1,791	\$75,241	\$39,237	
Chignik	\$6,030	\$2,420	\$0	\$0	\$1,727	\$45,000	\$27,127	
Chuathbaluk	\$9,120	\$0	\$0	\$0	\$1,857	\$45,000	\$29,286	
Clark's Point	\$630	\$0	\$0	\$0	\$0	\$45,000	\$25,749	
Coffman Cove	\$148,030	\$5,100	\$5,100	\$0	\$0	\$183,230	\$31,292	
Cold Bay	\$59,430	\$0	\$2,060	\$0	\$2,589	\$89,079	\$32,299	
Cordova	\$51,510	\$51,420	\$51,420	\$51,420	\$54,498	\$285,268	\$173,659	
Craig	\$57,770	\$48,060	\$48,060	\$42,900	\$2,669	\$224,459	\$69,093	
Deering	\$38,860	\$0	\$0	\$0	\$1,856	\$65,716	\$34,301	
Delta Junct	\$67,660	\$17,680	\$17,680	\$0	\$0	\$128,020	\$55,217	
Denali Bor	\$13,400	\$26,800	\$26,800	\$0	\$0	\$92,000	\$56,128	
Dillingham	\$66,820	\$46,640	\$46,640	\$46,640	\$9,063	\$240,803	\$98,907	
Diomedea	\$1,760	\$0	\$0	\$3,520	\$0	\$45,000	\$28,777	

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Eagle	\$11,880	\$5,240	\$5,240	\$0	\$0	\$47,360	\$25,513	
Eek	\$6,750	\$0	\$0	\$6,180	\$1,792	\$45,000	\$30,899	
Egegik	\$48,320	\$2,640	\$0	\$2,640	\$1,726	\$80,326	\$30,887	
Ekwok	\$1,200	\$2,400	\$0	\$0	\$0	\$45,000	\$26,708	
Elim	\$26,660	\$6,120	\$0	\$6,120	\$1,857	\$65,757	\$33,561	
Emmonak	\$23,720	\$16,760	\$16,760	\$16,760	\$6,270	\$105,270	\$65,713	
Fairbanks	\$529,450	\$632,020	\$632,020	\$632,020	\$97,787	\$2,548,297	\$1,342,151	
Fairbks NS Bor	\$1,367,760	\$863,900	\$1,014,160	\$0	\$49,859	\$3,320,679	\$1,872,135	
False Pass	\$6,580	\$1,160	\$0	\$0	\$0	\$45,000	\$26,197	
Fort Yukon	\$39,530	\$0	\$11,060	\$11,060	\$0	\$86,650	\$41,514	
Galena	\$19,640	\$0	\$10,880	\$10,880	\$7,434	\$73,834	\$41,883	
Gambell	\$23,700	\$13,400	\$0	\$13,400	\$1,857	\$77,357	\$39,656	
Golovin	\$19,360	\$2,840	\$0	\$0	\$1,857	\$49,057	\$31,308	
Goodnews Bay	\$2,560	\$0	\$0	\$0	\$1,792	\$45,000	\$29,774	
Grayling	\$15,950	\$0	\$0	\$0	\$1,858	\$45,000	\$30,992	
Haines	\$41,730	\$29,260	\$29,260	\$29,260	\$1,435	\$155,945	\$62,025	
Haines Bor	\$36,310	\$0	\$0	\$0	\$1,435	\$62,745	\$39,406	
Holy Cross	\$33,370	\$0	\$0	\$0	\$1,857	\$60,227	\$33,307	
Homer	\$89,210	\$83,100	\$83,100	\$83,100	\$11,491	\$375,001	\$158,112	
Hoonah	\$158,960	\$0	\$17,920	\$17,920	\$1,435	\$221,235	\$63,555	
Hooper Bay	\$13,870	\$0	\$0	\$20,780	\$0	\$59,650	\$43,599	
Houston	\$92,050	\$18,780	\$18,780	\$0	\$0	\$154,610	\$38,129	
Hughes	\$12,220	\$0	\$0	\$0	\$1,858	\$45,000	\$28,961	
Huslia	\$38,840	\$4,960	\$0	\$0	\$1,857	\$70,657	\$33,950	
Hydaburg	\$16,450	\$0	\$8,100	\$0	\$1,333	\$50,883	\$26,106	
Juneau City/Bor	\$487,420	\$609,880	\$609,880	\$612,260	\$144,770	\$2,489,210	\$1,417,372	
Kachemak	\$4,190	\$0	\$0	\$8,380	\$0	\$45,000	\$27,607	
Kake	\$35,610	\$0	\$15,660	\$15,660	\$1,384	\$93,314	\$34,393	
Kaktovik	\$2,550	\$0	\$0	\$0	\$0	\$45,000	\$31,322	
Kaltag	\$18,840	\$0	\$0	\$0	\$3,716	\$47,556	\$32,465	
Kasaan	\$17,310	\$0	\$0	\$0	\$1,334	\$45,000	\$21,275	
Kenai	\$194,200	\$141,160	\$141,160	\$141,160	\$26,928	\$669,608	\$289,349	
Kenai Pen Bor	\$1,548,700	\$554,560	\$590,560	\$0	\$89,764	\$2,808,584	\$1,480,329	
Ketchikan	\$129,620	\$169,200	\$169,200	\$169,200	\$69,717	\$731,937	\$423,919	
Ketch Gtwy Bor	\$60,500	\$107,840	\$107,840	\$0	\$0	\$301,180	\$191,683	
Kiana	\$32,160	\$8,040	\$0	\$0	\$2,323	\$67,523	\$37,060	
King Cove	\$22,670	\$14,060	\$14,060	\$14,060	\$1,726	\$91,576	\$38,190	
Kivalina	\$11,670	\$0	\$0	\$6,980	\$1,858	\$45,508	\$38,100	

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Klawock	\$25,990	\$0	\$15,800	\$13,180	\$0	\$79,970	\$31,736	
Kobuk	\$21,940	\$0	\$0	\$0	\$1,857	\$48,797	\$30,156	
Kodiak	\$119,210	\$137,180	\$137,180	\$137,180	\$0	\$555,750	\$269,926	
Kodiak Isl Bor	\$109,740	\$82,000	\$119,240	\$0	\$87,739	\$423,719	\$282,866	
Kotlik	\$5,520	\$11,040	\$11,040	\$11,040	\$1,792	\$65,432	\$35,996	
Kotzebue	\$122,740	\$59,280	\$59,280	\$59,280	\$13,473	\$339,053	\$192,977	
Koyuk	\$11,480	\$0	\$0	\$0	\$1,857	\$45,000	\$32,147	
Koyukuk	\$9,680	\$0	\$0	\$0	\$1,857	\$45,000	\$29,306	
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$45,000	\$21,275	
Kwethluk	\$10,530	\$13,340	\$0	\$0	\$1,792	\$50,662	\$38,267	
Lake & Pen Bor	\$157,170	\$0	\$0	\$0	\$15,537	\$197,707	\$109,023	
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$45,000	\$22,725	
Lower Kalskag	\$30,200	\$0	\$0	\$0	\$1,857	\$57,057	\$35,510	
Manokotak	\$19,820	\$0	\$0	\$7,920	\$0	\$52,740	\$32,239	
Marshall	\$3,000	\$6,000	\$0	\$6,000	\$1,792	\$45,000	\$31,413	
Mat-Su Bor	\$2,525,500	\$275,700	\$275,700	\$0	\$33,570	\$3,135,470	\$1,597,458	
McGrath	\$48,110	\$8,820	\$0	\$0	\$3,716	\$85,646	\$38,709	
Mekoryuk	\$8,520	\$0	\$0	\$3,840	\$1,791	\$45,000	\$29,606	
MT. Village	\$22,930	\$0	\$0	\$15,860	\$1,791	\$65,581	\$40,652	
Napakiak	\$13,390	\$0	\$0	\$7,460	\$1,791	\$47,641	\$33,271	
Napaskiak	\$3,910	\$0	\$0	\$7,820	\$1,792	\$45,000	\$32,204	
Nenana	\$57,130	\$13,540	\$13,540	\$8,700	\$3,582	\$121,492	\$43,248	
New Stuyahok	\$9,540	\$8,700	\$0	\$9,080	\$0	\$52,320	\$32,891	
Newhalen	\$11,910	\$3,820	\$0	\$0	\$1,726	\$45,000	\$28,706	
Nightmute	\$2,220	\$0	\$0	\$4,440	\$0	\$45,000	\$29,324	
Nikolai	\$11,030	\$0	\$0	\$0	\$0	\$45,000	\$28,847	
Nome	\$72,100	\$74,120	\$74,120	\$74,120	\$83,629	\$403,089	\$218,770	
Nondalton	\$53,020	\$0	\$0	\$4,540	\$1,726	\$84,286	\$31,861	
Noorvik	\$40,380	\$11,960	\$11,960	\$11,960	\$1,857	\$103,117	\$58,994	
North Pole	\$46,650	\$32,380	\$32,380	\$32,380	\$0	\$168,790	\$66,764	
North Slope Bor	\$249,250	\$187,780	\$187,780	\$187,780	\$40,419	\$878,009	\$842,883	
NW Arctic Bor	\$204,840	\$0	\$0	\$0	\$29,732	\$259,572	\$135,959	
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$45,000	\$34,480	
Nulato	\$27,950	\$0	\$0	\$0	\$1,857	\$54,807	\$34,995	
Nunam Iqua	\$1,610	\$0	\$0	\$3,220	\$0	\$45,000	\$28,571	
Nunapitchuk	\$38,665	\$0	\$0	\$9,580	\$1,791	\$75,036	\$38,655	
Old Harbor	\$13,010	\$0	\$0	\$0	\$0	\$45,000	\$25,673	
Ouzinkie	\$9,720	\$5,040	\$0	\$0	\$0	\$45,000	\$25,196	

March 21, 2001

HB 20 Municipal Dividend = Roads, Public Safety, and Capital Grants

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Palmer	\$108,660	\$86,360	\$86,360	\$86,360	\$55,718	\$448,458	\$212,833	
Pelican	\$3,290	\$2,980	\$2,980	\$0	\$1,436	\$45,000	\$24,662	
Petersburg	\$77,100	\$67,960	\$67,960	\$67,960	\$47,414	\$353,394	\$190,967	
Pilot Point	\$29,020	\$2,040	\$0	\$0	\$0	\$56,060	\$27,971	
Pilot Station	\$5,580	\$0	\$0	\$0	\$1,792	\$45,000	\$35,514	
Platinum	\$18,410	\$0	\$0	\$0	\$0	\$45,000	\$27,595	
Point Hope	\$7,870	\$0	\$0	\$0	\$0	\$45,000	\$41,351	
Port Alexander	\$900	\$1,800	\$0	\$0	\$0	\$45,000	\$21,306	
Port Heiden	\$56,060	\$0	\$0	\$0	\$1,726	\$82,786	\$30,311	
Port Lions	\$11,000	\$0	\$0	\$0	\$0	\$45,000	\$25,050	
Quinhagak	\$20,780	\$12,240	\$0	\$12,240	\$0	\$70,260	\$36,537	
Ruby	\$14,540	\$4,080	\$0	\$0	\$1,858	\$45,478	\$31,062	
Russian Mis	\$6,890	\$0	\$0	\$0	\$1,792	\$45,000	\$30,897	
Saint George	\$34,290	\$3,460	\$3,460	\$0	\$1,726	\$67,936	\$29,765	
Saint Mary's	\$22,300	\$0	\$0	\$9,880	\$1,791	\$58,971	\$55,967	
Saint Michael	\$13,260	\$0	\$0	\$7,240	\$0	\$45,500	\$36,291	
Saint Paul	\$93,250	\$0	\$0	\$15,220	\$0	\$133,470	\$55,153	
Sand Point	\$31,300	\$16,600	\$0	\$16,600	\$1,726	\$91,226	\$42,470	
Savoonga	\$20,460	\$12,640	\$0	\$12,640	\$0	\$70,740	\$38,447	
Saxman	\$12,330	\$0	\$0	\$0	\$0	\$45,000	\$26,085	
Scammon Bay	\$8,800	\$0	\$0	\$0	\$1,792	\$45,000	\$34,406	
Selawik	\$41,520	\$0	\$0	\$0	\$1,581	\$68,101	\$49,366	
Seldovia	\$15,410	\$5,620	\$5,620	\$5,620	\$4,309	\$61,579	\$29,556	
Seward	\$84,940	\$60,800	\$60,800	\$60,800	\$42,368	\$334,708	\$164,168	
Shageluk	\$1,520	\$0	\$0	\$0	\$0	\$45,000	\$28,885	
Shaktolik	\$9,260	\$0	\$0	\$4,520	\$1,857	\$45,000	\$30,959	
Shishmaref	\$14,115	\$0	\$0	\$10,760	\$0	\$49,875	\$36,735	
Shungnak	\$27,570	\$0	\$0	\$0	\$1,857	\$54,427	\$34,577	
Sitka City/Bor	\$138,010	\$175,580	\$175,580	\$175,580	\$61,063	\$750,813	\$411,877	
Skagway	\$32,240	\$16,280	\$16,280	\$16,280	\$1,435	\$107,515	\$46,936	
Soldotna	\$115,920	\$0	\$82,680	\$82,680	\$17,593	\$323,873	\$188,405	
Stebbins	\$21,820	\$82,680	\$0	\$10,960	\$1,857	\$142,317	\$36,662	
Tanana	\$62,170	\$0	\$0	\$6,340	\$1,857	\$95,367	\$36,673	
Teller	\$8,000	\$0	\$0	\$5,240	\$0	\$45,000	\$31,284	
Tenakee Spr	\$1,010	\$2,020	\$0	\$0	\$0	\$45,000	\$22,005	
Thorne Bay	\$72,870	\$11,940	\$11,940	\$0	\$1,334	\$123,084	\$32,419	
Togiak	\$28,430	\$0	\$0	\$16,020	\$1,726	\$71,176	\$41,589	
Toksook Bay	\$5,150	\$0	\$0	\$0	\$1,792	\$45,000	\$34,430	

HB 20 Municipal Dividend = Roads, Public Safety, and Capital Grants

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Unalakleet	\$27,080	\$15,680	\$0	\$15,680	\$1,857	\$85,297	\$43,458	
Unalaska	\$114,670	\$85,700	\$85,700	\$85,700	\$5,179	\$401,949	\$175,510	
Upper Kalskag	\$2,680	\$0	\$0	\$0	\$1,858	\$45,000	\$31,854	
Valdez	\$90,150	\$83,100	\$83,100	\$83,100	\$55,737	\$420,187	\$366,518	
Wainwright	\$5,430	\$0	\$0	\$0	\$0	\$45,000	\$35,642	
Wales	\$1,770	\$0	\$0	\$0	\$1,858	\$45,000	\$29,683	
Wasilla	\$170,180	\$0	\$102,680	\$102,680	\$2,768	\$403,308	\$180,397	
White Mt.	\$7,380	\$3,760	\$0	\$0	\$1,858	\$45,000	\$29,977	
Whittier	\$20,600	\$6,120	\$6,120	\$6,120	\$1,546	\$65,506	\$28,717	
Wrangell	\$47,870	\$51,780	\$51,780	\$51,780	\$46,029	\$274,239	\$170,117	
Yakutat City/Bor	\$41,180	\$0	\$16,200	\$16,200	\$1,435	\$100,015	\$41,751	
TOTALS	\$16,632,540	\$10,339,760	\$10,669,440	\$8,924,020	\$1,821,530	\$52,999,970	\$28,199,838	
	For Roads	For Fire	For EMS	For Police	For Health	TOTAL New	Total Old	
<p>*Note #1: The TOTAL NEW includes a \$25K base funding for each community, and an amount, if needed, to bring each community to a \$45K minimum funding level.</p> <p>Note #2: All numbers above are estimates. Actual numbers subject to DCED working in cooperation with municipalities to determine actual persons served, etc.</p>								

“INVEST IN COMMUNITIES”

Support a Community Dividend HB 20



- ❖ Permanently stabilizes local property taxes by protecting each community from state reductions to revenue sharing programs.
- ❖ Improves public safety services to save Alaskan lives in every community by including EMS, fire, road maintenance and police.
- ❖ Alaskans and the economy get a 25 fold return on a \$10 investment. Provides an average of \$150 per person in each community for services/tax relief NOW with only a \$10 investment from in PFD's beginning in 2003 and still allowing PFD growth to \$2,230 by the year 2011. *(see attached estimate by the Alaska Permanent Fund Corp.)*
- ❖ The State and communities are accountable because citizens know how every dollar of the Community Dividend will be spent for EMS, fire, road maintenance, police, health facilities, schools, and capital projects.
- ❖ Narrows the State Fiscal Gap. Frees up \$50 million per year in the State "General Fund" for the capital projects, school foundation, University, etc.
- ❖ Keeps millions of dollars in Alaska and out of the hands of the Federal IRS. Most Alaskans pay \$400 - \$600 of their PFD to the IRS, in addition to local taxes. The Community Dividend circumvents the IRS by directly supporting local public services instead of using only local taxes.
- ❖ Helps avoid making the entire Permanent Fund earnings subject to federal income tax by strengthening the Permanent Fund's "public purpose" by directly supporting education and public safety.

Alaskans Deserve Long-Term Tax Relief



How does the Community Dividend Work??

The Public Gets:

Accountability
Long-term Tax Relief
Improved Road Maintenance
Police, Fire, and EMS Services
Health/Hospital Services
Help with Local Contribution to Schools
Public Infrastructure Construction and Rehabilitation

Here is how it works:

1. Community Dividend = \$150 X number of people receiving PFD's each year.
2. Each city or borough receives its share of the Community Dividend:
 - ❖ Fire - \$20 for each person served**
 - ❖ EMS (Emergency Medical Services) - \$20 for each person served**
 - ❖ Police - \$20 for each person served
 - ❖ Road maintenance - \$2,000 per road mile maintained + \$10 per capita for volume of use
 - ❖ Hospital/health facility revenue sharing
 - ❖ Schools - Up to 55% of Community Dividend may be used for schools
 - ❖ Public infrastructure construction and rehabilitation – \$35 million per year for the Municipal Capital Matching Grants Program.
 - ❖ Minimum Funding:
 - A city or borough gets a minimum of \$45,000
 - An unincorporated community gets \$10,000 per year + increased public safety support from the Village Public Safety Officer program and capital project funds.

**State recognized fire and EMS organizations in an unincorporated area get the same support as those in municipalities.

A Community Dividend Provides Tax Relief and A Healthy Permanent Fund Dividend

Impact on Individual PFD with a \$150 and a \$250 Community Dividend (CD)
(PFD estimates prepared by the Alaska Permanent Fund Corporation)

<u>Year</u>	<u>PFD Status Quo</u>	<u>PFD + \$150 CD</u>	<u>PFD + \$250 CD</u>
2001	\$1930 +0	\$1930 + \$150	\$1930 + \$250
2002	\$1910 +0	\$1910 + \$150	\$1910 + \$250
2003	\$1820 +0	\$1810 + \$150	\$1810 + \$250
2004	\$1750 +0	\$1740 + \$150	\$1740 + \$250
2005	\$1760 +0	\$1750 + \$150	\$1740 + \$250
2006	\$1890 +0	\$1870 + \$150	\$1860 + \$250
2007	\$1960 +0	\$1930 + \$150	\$1920 + \$250
2008	\$2040 +0	\$2000 + \$150	\$1980 + \$250
2009	\$2120 +0	\$2080 + \$150	\$2050 + \$250
2010	\$2200 +0	\$2150 + \$150	\$2120 + \$250
2011	\$2280 +0	\$2230 + \$150	\$2190 + \$250
Total	\$21,660 + 0	\$21,400 + \$1,650	\$21,250 + \$2,750

11 year PFD \$ difference	(\$260)	(\$410)
11 year CD \$ gain	+\$1,650	+\$2,750

Total 11 Year Impact on the Economy for Services/Tax Relief: (607,000 dividends)

PFD with No Community Dividend	\$21,660 x 607,000 = \$13.147 Billion
PFD with \$150 Community Dividend	\$23,050 x 607,000 = \$13.991 Billion
PFD with a \$250 Community Dividend	\$24,000 x 607,000 = \$14.568 Billion

Estimated Annual State and Local Revenue:

\$150 Community Dividend x 607,000 = \$ 91.1 Million per year
\$250 Community Dividend X 607,000 = \$151.7 Million per year

Annual Revenue from \$150 Community Dividend for Services/Tax Relief:

<u>Local Services/Tax Relief</u>		<u>State General Fund Benefit</u>	
Fire/EMS/Police/Roads/health	+\$53,059,000	+\$28,493,400	(repeal rev sharing)
Village Public Safety Officers	+\$10,000,000	+\$7,500,000	(replace funding)
Municipal Cap Match Grants	+\$35,000,000	+\$15,000,000	(replace funding)
(Less existing state funding)	(\$50,993,400)		-0-
Total NEW Revenue	+\$32,065,600 for	+\$50,993,400 for	State General Fund Benefit
	Local tax relief		

Why does the Community Dividend & a PFD give Alaskans more money than a PFD alone?

According to Permanent Fund Corporation estimates, there is a very small decrease in dividends beginning in 2003. But this is offset with \$150 of tax relief every year.



Analysis of HB 20 Alaska Permanent Fund Corporation

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTALS
Payout per HB 20	1,252	1,257	1,212	1,184	1,200	1,286	1,342	1,402	1,484	1,529	1,595	14,723
Municipal Dividend (\$160 per person)	88	89	90	91	92	93	94	95	96	97	98	1,028
Distribution for PFD Fund	1,164	1,168	1,122	1,093	1,108	1,192	1,248	1,307	1,368	1,431	1,496	13,697
Payout Status Quo (all PFD Fund)	1,164	1,168	1,124	1,097	1,116	1,205	1,265	1,329	1,396	1,464	1,535	13,862
Difference in annual payout. (HB 20 - Status Quo)	88	89	88	87	84	81	77	73	69	64	60	860
Retain for Inflation - HB 20	687	695	727	759	792	825	858	893	928	964	1,001	9,128
Retain for Inflation - Status Quo	687	695	727	759	792	825	858	893	928	964	1,001	9,128
AK Permanent Fund value in 2011 - HB 20											41,118	
Principal											31,786	
Earnings Reserve											9,322	
AK Permanent Fund value in 2011 - Status Quo											42,476	
Principal											31,786	
Earnings Reserve											10,680	
Per Person Dividend HB 20	\$1,930.00	\$1,910.00	\$1,810.00	\$1,740.00	\$1,750.00	\$1,870.00	\$1,930.00	\$2,000.00	\$2,080.00	\$2,150.00	\$2,230.00	\$21,400.00
Per Person Dividend Status Quo	\$1,930.00	\$1,910.00	\$1,820.00	\$1,750.00	\$1,760.00	\$1,890.00	\$1,960.00	\$2,040.00	\$2,120.00	\$2,200.00	\$2,280.00	\$21,660.00

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.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTALS
Payout per HB 20	1,281	1,286	1,242	1,213	1,229	1,313	1,369	1,428	1,489	1,551	1,616	15,017
Municipal Dividend (\$200 per person)	118	119	120	122	123	124	128	127	128	130	131	1,368
Distribution for PFD Fund	1,164	1,167	1,121	1,092	1,106	1,189	1,243	1,301	1,380	1,421	1,485	13,649
Per Person Dividend HB 20	1,930	1,910	1,810	1,740	1,750	1,860	1,930	1,990	2,060	2,140	2,210	21,330
Payout per HB 20	1,311	1,316	1,271	1,242	1,257	1,341	1,396	1,453	1,513	1,574	1,637	15,311
Municipal Dividend (\$250 per person)	147	149	160	152	164	165	167	159	161	162	164	1,710
Distribution for PFD Fund	1,164	1,167	1,121	1,090	1,104	1,186	1,239	1,294	1,352	1,412	1,473	13,602
Per Person Dividend HB 20	\$1,930	\$1,910	\$1,810	\$1,740	\$1,740	\$1,860	\$1,920	\$1,980	\$2,050	\$2,120	\$2,190	21,250

March 21, 2001

HB 20 Municipal Dividend = Roads, Public Safety, and Capital Grants

Municipality	Public Safety Foundation Formula Program					*Total New PS Found. Formula	Compare FY01 Rev Shar.	Plus Cap grants, VPSO
	Roads & Ice Roads	Fire Dept. \$20 pop served	EMS pop served \$20	Police pop served \$20	Health RS FY 00 existing			
Akiok	\$7,290	\$0	\$0	\$0	\$0	\$45,000	\$22,224	
Akiak	\$3,160	\$0	\$0	\$6,320	\$1,792	\$45,000	\$31,536	
Akutan	\$4,080	\$0	\$0	\$0	\$1,727	\$45,000	\$31,799	
Alakanuk	\$25,960	\$13,420	\$0	\$13,420	\$1,791	\$79,591	\$41,236	
Aleknagik	\$2,590	\$5,180	\$0	\$0	\$0	\$45,000	\$28,862	
Aleutians E Bor	\$970	\$0	\$0	\$0	\$0	\$45,000	\$32,007	
Allakaket	\$18,400	\$0	\$0	\$0	\$3,716	\$47,116	\$31,728	
Ambler	\$34,870	\$6,300	\$0	\$6,300	\$1,857	\$74,327	\$35,182	
Anaktuvuk Ps.	\$3,080	\$0	\$0	\$0	\$0	\$45,000	\$31,701	
Anchorage Bor	\$4,358,060	\$4,933,640	\$4,933,640	\$5,152,240	\$396,450	\$19,799,030	\$10,043,102	
Anderson	\$24,840	\$10,480	\$10,480	\$0	\$3,716	\$74,516	\$37,723	
Angoon	\$15,450	\$0	\$0	\$11,740	\$0	\$52,190	\$31,195	
Aniak	\$63,780	\$11,520	\$11,520	\$0	\$2,452	\$114,272	\$44,453	
Anvik	\$16,500	\$0	\$0	\$0	\$1,875	\$45,000	\$29,433	
Atka	\$38,150	\$2,300	\$0	\$0	\$0	\$65,450	\$28,520	
Atkasuk	\$2,590	\$0	\$0	\$0	\$0	\$45,000	\$40,191	
Barrow	\$43,970	\$0	\$87,940	\$0	\$0	\$156,910	\$112,016	
Bethel	\$129,280	\$109,260	\$109,260	\$109,260	\$64,487	\$546,547	\$280,685	
Bettles	\$21,350	\$0	\$0	\$0	\$0	\$46,350	\$29,952	
Brevig Mis.	\$6,740	\$5,480	\$0	\$5,480	\$1,858	\$45,000	\$31,809	
Bristol Bay Bor	\$64,990	\$0	\$25,940	\$25,940	\$1,726	\$143,596	\$56,029	
Buckland	\$31,330	\$0	\$0	\$8,160	\$1,875	\$66,365	\$37,737	
Chefornak	\$4,230	\$0	\$0	\$8,460	\$0	\$45,000	\$32,472	
Chevak	\$18,810	\$14,820	\$0	\$14,820	\$1,791	\$75,241	\$39,237	
Chignik	\$6,030	\$2,420	\$0	\$0	\$1,727	\$45,000	\$27,127	
Chuathbaluk	\$9,120	\$0	\$0	\$0	\$1,857	\$45,000	\$29,286	
Clark's Point	\$630	\$0	\$0	\$0	\$0	\$45,000	\$25,749	
Coffman Cove	\$148,030	\$5,100	\$5,100	\$0	\$0	\$183,230	\$31,292	
Cold Bay	\$59,430	\$0	\$2,060	\$0	\$2,589	\$89,079	\$32,299	
Cordova	\$51,510	\$51,420	\$51,420	\$51,420	\$54,498	\$285,268	\$173,659	
Craig	\$57,770	\$48,060	\$48,060	\$42,900	\$2,669	\$224,459	\$69,093	
Deering	\$38,860	\$0	\$0	\$0	\$1,856	\$65,716	\$34,301	
Delta Junct	\$67,660	\$17,680	\$17,680	\$0	\$0	\$128,020	\$55,217	
Denali Bor	\$13,400	\$26,800	\$26,800	\$0	\$0	\$92,000	\$56,128	
Dillingham	\$66,820	\$46,640	\$46,640	\$46,640	\$9,063	\$240,803	\$98,907	
Diomede	\$1,760	\$0	\$0	\$3,520	\$0	\$45,000	\$28,777	

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Eagle	\$11,880	\$5,240	\$5,240	\$0	\$0	\$47,360	\$25,513	
Eek	\$6,750	\$0	\$0	\$6,180	\$1,792	\$45,000	\$30,899	
Egegik	\$48,320	\$2,640	\$0	\$2,640	\$1,726	\$80,326	\$30,887	
Ekwok	\$1,200	\$2,400	\$0	\$0	\$0	\$45,000	\$26,708	
Elim	\$26,660	\$6,120	\$0	\$6,120	\$1,857	\$65,757	\$33,561	
Emmonak	\$23,720	\$16,760	\$16,760	\$16,760	\$6,270	\$105,270	\$65,713	
Fairbanks	\$529,450	\$632,020	\$632,020	\$632,020	\$97,787	\$2,548,297	\$1,342,151	
Fairbks NS Bor	\$1,367,760	\$863,900	\$1,014,160	\$0	\$49,859	\$3,320,679	\$1,872,135	
False Pass	\$6,580	\$1,160	\$0	\$0	\$0	\$45,000	\$26,197	
Fort Yukon	\$39,530	\$0	\$11,060	\$11,060	\$0	\$86,650	\$41,514	
Galena	\$19,640	\$0	\$10,880	\$10,880	\$7,434	\$73,834	\$41,883	
Gambell	\$23,700	\$13,400	\$0	\$13,400	\$1,857	\$77,357	\$39,656	
Golovin	\$19,360	\$2,840	\$0	\$0	\$1,857	\$49,057	\$31,308	
Goodnews Bay	\$2,560	\$0	\$0	\$0	\$1,792	\$45,000	\$29,774	
Grayling	\$15,950	\$0	\$0	\$0	\$1,858	\$45,000	\$30,992	
Haines	\$41,730	\$29,260	\$29,260	\$29,260	\$1,435	\$155,945	\$62,025	
Haines Bor	\$36,310	\$0	\$0	\$0	\$1,435	\$62,745	\$39,406	
Holy Cross	\$33,370	\$0	\$0	\$0	\$1,857	\$60,227	\$33,307	
Homer	\$89,210	\$83,100	\$83,100	\$83,100	\$11,491	\$375,001	\$158,112	
Hoonah	\$158,960	\$0	\$17,920	\$17,920	\$1,435	\$221,235	\$63,555	
Hooper Bay	\$13,870	\$0	\$0	\$20,780	\$0	\$59,650	\$43,599	
Houston	\$92,050	\$18,780	\$18,780	\$0	\$0	\$154,610	\$38,129	
Hughes	\$12,220	\$0	\$0	\$0	\$1,858	\$45,000	\$28,961	
Huslia	\$38,840	\$4,960	\$0	\$0	\$1,857	\$70,657	\$33,950	
Hydaburg	\$16,450	\$0	\$8,100	\$0	\$1,333	\$50,883	\$26,106	
Juneau City/Bor	\$487,420	\$609,880	\$609,880	\$612,260	\$144,770	\$2,489,210	\$1,417,372	
Kachemak	\$4,190	\$0	\$0	\$8,380	\$0	\$45,000	\$27,607	
Kake	\$35,610	\$0	\$15,660	\$15,660	\$1,384	\$93,314	\$34,393	
Kaktovik	\$2,550	\$0	\$0	\$0	\$0	\$45,000	\$31,322	
Kaltag	\$18,840	\$0	\$0	\$0	\$3,716	\$47,556	\$32,465	
Kasaan	\$17,310	\$0	\$0	\$0	\$1,334	\$45,000	\$21,275	
Kenai	\$194,200	\$141,160	\$141,160	\$141,160	\$26,928	\$669,608	\$289,349	
Kenai Pen Bor	\$1,548,700	\$554,560	\$590,560	\$0	\$89,764	\$2,808,584	\$1,480,329	
Ketchikan	\$129,620	\$169,200	\$169,200	\$169,200	\$69,717	\$731,937	\$423,919	
Ketch Gtwy Bor	\$60,500	\$107,840	\$107,840	\$0	\$0	\$301,180	\$191,683	
Kiana	\$32,160	\$8,040	\$0	\$0	\$2,323	\$67,523	\$37,060	
King Cove	\$22,670	\$14,060	\$14,060	\$14,060	\$1,726	\$91,576	\$38,190	
Kivalina	\$11,670	\$0	\$0	\$6,980	\$1,858	\$45,508	\$38,100	

HB 20 Municipal Dividend = Roads, Public Safety, and Capital Grants

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Klawock	\$25,990	\$0	\$15,800	\$13,180	\$0	\$79,970	\$31,736	
Kobuk	\$21,940	\$0	\$0	\$0	\$1,857	\$48,797	\$30,156	
Kodiak	\$119,210	\$137,180	\$137,180	\$137,180	\$0	\$555,750	\$269,926	
Kodiak Isl Bor	\$109,740	\$82,000	\$119,240	\$0	\$87,739	\$423,719	\$282,866	
Kotlik	\$5,520	\$11,040	\$11,040	\$11,040	\$1,792	\$65,432	\$35,996	
Kotzebue	\$122,740	\$59,280	\$59,280	\$59,280	\$13,473	\$339,053	\$192,977	
Koyuk	\$11,480	\$0	\$0	\$0	\$1,857	\$45,000	\$32,147	
Koyukuk	\$9,680	\$0	\$0	\$0	\$1,857	\$45,000	\$29,306	
Kupreanof	\$240	\$0	\$0	\$0	\$0	\$45,000	\$21,275	
Kwethluk	\$10,530	\$13,340	\$0	\$0	\$1,792	\$50,662	\$38,267	
Lake & Pen Bor	\$157,170	\$0	\$0	\$0	\$15,537	\$197,707	\$109,023	
Larsen Bay	\$1,270	\$0	\$0	\$0	\$0	\$45,000	\$22,725	
Lower Kalskag	\$30,200	\$0	\$0	\$0	\$1,857	\$57,057	\$35,510	
Manokotak	\$19,820	\$0	\$0	\$7,920	\$0	\$52,740	\$32,239	
Marshall	\$3,000	\$6,000	\$0	\$6,000	\$1,792	\$45,000	\$31,413	
Mat-Su Bor	\$2,525,500	\$275,700	\$275,700	\$0	\$33,570	\$3,135,470	\$1,597,458	
McGrath	\$48,110	\$8,820	\$0	\$0	\$3,716	\$85,646	\$38,709	
Mekoryuk	\$8,520	\$0	\$0	\$3,840	\$1,791	\$45,000	\$29,606	
MT. Village	\$22,930	\$0	\$0	\$15,860	\$1,791	\$65,581	\$40,652	
Napakiak	\$13,390	\$0	\$0	\$7,460	\$1,791	\$47,641	\$33,271	
Napaskiak	\$3,910	\$0	\$0	\$7,820	\$1,792	\$45,000	\$32,204	
Nenana	\$57,130	\$13,540	\$13,540	\$8,700	\$3,582	\$121,492	\$43,248	
New Stuyahok	\$9,540	\$8,700	\$0	\$9,080	\$0	\$52,320	\$32,891	
Newhalen	\$11,910	\$3,820	\$0	\$0	\$1,726	\$45,000	\$28,706	
Nightmute	\$2,220	\$0	\$0	\$4,440	\$0	\$45,000	\$29,324	
Nikolai	\$11,030	\$0	\$0	\$0	\$0	\$45,000	\$28,847	
Nome	\$72,100	\$74,120	\$74,120	\$74,120	\$83,629	\$403,089	\$218,770	
Nondalton	\$53,020	\$0	\$0	\$4,540	\$1,726	\$84,286	\$31,861	
Noorvik	\$40,380	\$11,960	\$11,960	\$11,960	\$1,857	\$103,117	\$58,994	
North Pole	\$46,650	\$32,380	\$32,380	\$32,380	\$0	\$168,790	\$66,764	
North Slope Bor	\$249,250	\$187,780	\$187,780	\$187,780	\$40,419	\$878,009	\$842,883	
NW Arctic Bor	\$204,840	\$0	\$0	\$0	\$29,732	\$259,572	\$135,959	
Nuiqsut	\$4,590	\$0	\$0	\$0	\$0	\$45,000	\$34,480	
Nulato	\$27,950	\$0	\$0	\$0	\$1,857	\$54,807	\$34,995	
Nunam Iqua	\$1,610	\$0	\$0	\$3,220	\$0	\$45,000	\$28,571	
Nunapitchuk	\$38,665	\$0	\$0	\$9,580	\$1,791	\$75,036	\$38,655	
Old Harbor	\$13,010	\$0	\$0	\$0	\$0	\$45,000	\$25,673	
Ouzinkie	\$9,720	\$5,040	\$0	\$0	\$0	\$45,000	\$25,196	

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Palmer	\$108,660	\$86,360	\$86,360	\$86,360	\$55,718	\$448,458	\$212,833	
Pelican	\$3,290	\$2,980	\$2,980	\$0	\$1,436	\$45,000	\$24,662	
Petersburg	\$77,100	\$67,960	\$67,960	\$67,960	\$47,414	\$353,394	\$190,967	
Pilot Point	\$29,020	\$2,040	\$0	\$0	\$0	\$56,060	\$27,971	
Pilot Station	\$5,580	\$0	\$0	\$0	\$1,792	\$45,000	\$35,514	
Platinum	\$18,410	\$0	\$0	\$0	\$0	\$45,000	\$27,595	
Point Hope	\$7,870	\$0	\$0	\$0	\$0	\$45,000	\$41,351	
Port Alexander	\$900	\$1,800	\$0	\$0	\$0	\$45,000	\$21,306	
Port Heiden	\$56,060	\$0	\$0	\$0	\$1,726	\$82,786	\$30,311	
Port Lions	\$11,000	\$0	\$0	\$0	\$0	\$45,000	\$25,050	
Quinhagak	\$20,780	\$12,240	\$0	\$12,240	\$0	\$70,260	\$36,537	
Ruby	\$14,540	\$4,080	\$0	\$0	\$1,858	\$45,478	\$31,062	
Russian Mis	\$6,890	\$0	\$0	\$0	\$1,792	\$45,000	\$30,897	
Saint George	\$34,290	\$3,460	\$3,460	\$0	\$1,726	\$67,936	\$29,765	
Saint Mary's	\$22,300	\$0	\$0	\$9,880	\$1,791	\$58,971	\$55,967	
Saint Michael	\$13,260	\$0	\$0	\$7,240	\$0	\$45,500	\$36,291	
Saint Paul	\$93,250	\$0	\$0	\$15,220	\$0	\$133,470	\$55,153	
Sand Point	\$31,300	\$16,600	\$0	\$16,600	\$1,726	\$91,226	\$42,470	
Savoonga	\$20,460	\$12,640	\$0	\$12,640	\$0	\$70,740	\$38,447	
Saxman	\$12,330	\$0	\$0	\$0	\$0	\$45,000	\$26,085	
Scammon Bay	\$8,800	\$0	\$0	\$0	\$1,792	\$45,000	\$34,406	
Selawik	\$41,520	\$0	\$0	\$0	\$1,581	\$68,101	\$49,366	
Seldovia	\$15,410	\$5,620	\$5,620	\$5,620	\$4,309	\$61,579	\$29,556	
Seward	\$84,940	\$60,800	\$60,800	\$60,800	\$42,368	\$334,708	\$164,168	
Shageluk	\$1,520	\$0	\$0	\$0	\$0	\$45,000	\$28,885	
Shaktolik	\$9,260	\$0	\$0	\$4,520	\$1,857	\$45,000	\$30,959	
Shishmaref	\$14,115	\$0	\$0	\$10,760	\$0	\$49,875	\$36,735	
Shungnak	\$27,570	\$0	\$0	\$0	\$1,857	\$54,427	\$34,577	
Sitka City/Bor	\$138,010	\$175,580	\$175,580	\$175,580	\$61,063	\$750,813	\$411,877	
Skagway	\$32,240	\$16,280	\$16,280	\$16,280	\$1,435	\$107,515	\$46,936	
Soldotna	\$115,920	\$0	\$82,680	\$82,680	\$17,593	\$323,873	\$188,405	
Stebbins	\$21,820	\$82,680	\$0	\$10,960	\$1,857	\$142,317	\$36,662	
Tanana	\$62,170	\$0	\$0	\$6,340	\$1,857	\$95,367	\$36,673	
Teller	\$8,000	\$0	\$0	\$5,240	\$0	\$45,000	\$31,284	
Tenakee Spr	\$1,010	\$2,020	\$0	\$0	\$0	\$45,000	\$22,005	
Thorne Bay	\$72,870	\$11,940	\$11,940	\$0	\$1,334	\$123,084	\$32,419	
Togiak	\$28,430	\$0	\$0	\$16,020	\$1,726	\$71,176	\$41,589	
Toksook Bay	\$5,150	\$0	\$0	\$0	\$1,857	\$45,000	\$34,430	

Municipality	Roads & Ice Roads	Fire Dept. \$20	EMS pop served	Police pop served	Health RS FY 00	*Total New PS Found.	Compare FY01	Cap grants, VPSO
Unalakleet	\$27,080	\$15,680	\$0	\$15,680	\$1,857	\$85,297	\$43,458	
Unalaska	\$114,670	\$85,700	\$85,700	\$85,700	\$5,179	\$401,949	\$175,510	
Upper Kalskag	\$2,680	\$0	\$0	\$0	\$1,858	\$45,000	\$31,854	
Valdez	\$90,150	\$83,100	\$83,100	\$83,100	\$55,737	\$420,187	\$366,518	
Wainwright	\$5,430	\$0	\$0	\$0	\$0	\$45,000	\$35,642	
Wales	\$1,770	\$0	\$0	\$0	\$1,858	\$45,000	\$29,683	
Wasilla	\$170,180	\$0	\$102,680	\$102,680	\$2,768	\$403,308	\$180,397	
White Mt.	\$7,380	\$3,760	\$0	\$0	\$1,858	\$45,000	\$29,977	
Whittier	\$20,600	\$6,120	\$6,120	\$6,120	\$1,546	\$65,506	\$28,717	
Wrangell	\$47,870	\$51,780	\$51,780	\$51,780	\$46,029	\$274,239	\$170,117	
Yakutat City/Bor	\$41,180	\$0	\$16,200	\$16,200	\$1,435	\$100,015	\$41,751	
TOTALS	\$16,632,540	\$10,339,760	\$10,669,440	\$8,924,020	\$1,821,530	\$52,999,970	\$28,199,838	
	For Roads	For Fire	For EMS	For Police	For Health	TOTAL New	Total Old	
<p>*Note #1: The TOTAL NEW includes a \$25K base funding for each community, and an amount, if needed, to bring each community to a \$45K minimum funding level.</p> <p>Note #2: All numbers above are estimates. Actual numbers subjct to DCED working in cooperation with municipalities to determin actual persons served, etc.</p>								

4 proposals could fill fiscal gap

Four proposals before the Legislature deal with the fiscal gap. Each has merit; yet all will likely fall flat if they attempt to stand on their own. They are:

1) The governor's proposal that should the Constitutional Budget Reserve be reduced to \$1.5 billion a state income tax is triggered;

2) Rep. Bill Hudson's proposal that when that reserve falls to \$1.5 billion some Permanent Fund earnings could be used for state spending;

3) Sen. Gary Wilken's bill to compel greater equity in taxing property for education, and

4) Rep. Carl Moses' proposal for "community dividends" as suggested by former Gov. Walter Hickel.

To curry support I believe the governor's income tax must be flexible. It should only generate enough revenue to replenish the amount the Budget Reserve has been drawn down beneath \$1.5 billion. Also, for those who say they don't mind losing dividends but resent being taxed to assure dividends for "the great unwashed," perhaps it should cost no Alaskan more than that year's dividend check.

Hudson's proposal realistically and (in light of vehement voter opposition to use of dividend dollars for state spending) courageously recognizes that if the Constitutional Budget Reserve is exhausted, prospective dividend dollars will be the *only* dollars available to balance the books.

Unfortunately, most Alaskans seem unaware of this and oppose imposition of sufficient taxes to span that fiscal gap before dividends plunge into it. While most legislators know this to be true, few wish to jeopardize re-election by directly confronting the issue.

Current circumstances provide an ideal opportunity to do so *indirectly*. Oil prices are up; the budget gap at the moment is not yawning, and prospects of a gas pipeline and increased oil production spark a rosy glow on our economic horizon. What better time to put in place a plan that may never have to be implemented, but will ensure that if required it will be as painless as possible?

Wilken's bill will run into opposition from those in the unorganized borough who fear it will force them into organized

JAY
HAMMOND

COMMENT



boroughs. The bill's premise is that if Alaskans in organized boroughs must fund some educational costs through local property taxes, those in unorganized boroughs who now receive free educational services also should pick up part of the bill.

While the equity argument is apparent, achieving it by forcing property taxes on those now exempt would as well incur other administrative and legal costs. Moreover, property values in much of the unorganized borough are so low assessment and collection costs might exceed tax money gleaned. Of course, since the Legislature by law sits as the Unorganized Borough Assembly it *could* already impose an unorganized borough property tax. For some 30 years it has declined doing so, fearing the political flak attending such action.

The governor's income tax proposal coupled with Hudson's bill to protect dividends and Sen. Wilken's to more fairly fund education could provide three solid legs for a chair upon which Alaskans could sit back and quit fretting about fiscal gaps, unfair or excessive taxation and devastation of dividends. However, that chair will not likely stand without one more leg.

Moses' Community Dividend could provide it: A per capita dividend would be dispersed to all communities to be used as they saw fit. An appropriate source of funding could be the amount of Permanent Fund earnings that Hudson's bill would break loose. If no more than 10 percent of the fund's earnings reserve were dispersed in community dividends this could amount to hundreds of millions annually without reducing the existing personal dividend by one dollar.

Those four "legs" would undergird such a chair and place it on firm fiscal

ground. In the process, runaway spending would be constrained; excessive taxation prevented; dividends *increased* and greater, more equitable funding for education obtained with no additional expense whatsoever to those who wish to remain in a property tax-free unorganized borough.

Here's how: Pass legislation providing that should the Constitutional Budget Reserve be reduced to less than \$1.5 billion an income or other statewide tax would be imposed at the level required to bring the reserve back up to \$1.5 billion. At the same time a portion of the Permanent Fund's Earnings Reserve not required for inflation-proofing or to fund individual dividends would be dispersed in a "community dividend" on a per-capita basis.

For greater equity in education funding, communities not currently property taxed for educational purposes could have their community dividends reduced by an amount equal to the average statewide per capita property tax gathered in organized boroughs for education. An even simpler means might be to have the state retain the community dividends of each school-age child residing within the unorganized borough as "tuition."

If I've learned anything after more than 20 years of bobbing and weaving within the political arena, it is that a light jab is far more easily absorbed than an uppercut. All Alaskans are now crowded into a ring where, unless we engage in some aggressive fancy footwork and accept that light jab, dividends will be decked, our tax brackets bloodied and essential state programs pummeled.

Of course, no plan of attack is any good unless the alternative's worse. Be assured nothing will prompt politicians to do anything more than shuffle their feet and backpedal, awaiting that inevitable uppercut until voters understand that unless they prompt legislators to confront and fend off an assailant which each round will get bigger and stronger, those who wish to retain dividends might as well throw in the towel.

■ Jay Hammond was governor of Alaska from 1975 to 1983.



Anchorage Economic Development Corporation
The Center of Opportunity

Board Resolution No. 2001 - 04

Whereas, State revenues to municipalities impact local taxes and services which are important considerations impacting economic development; and

Whereas, the Safe Communities (formerly Municipal Assistance) and Revenue Sharing programs have been reduced virtually every year since 1986, with the combined programs having received cuts totally 82 percent during that period; and

Whereas, as proposed in Senate Bill 304 and House Bill 136 during the 2000 Legislative session, the Community Dividend Program would provide a stable, non operating budget source of funding to assist Alaska cities in providing essential services such as police and fire protection, emergency medical services, health services, and roads to their residents; and

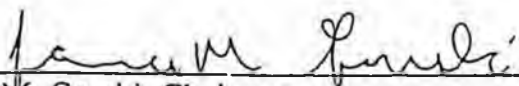
Whereas, the formula for funding would be based on a per capita for services provided and would provide an average of \$150 per capita per year to offset taxes and/or provide additional services to Alaskans; and

Whereas, the proposal would shift the funding away from the State operating budget, thus freeing up dollars currently devoted to Safe Communities/Revenue Sharing for other uses; and

Whereas, the creation of a Community Dividend Program is a high priority of both the Municipality of Anchorage and the Alaska Municipal League,

Therefore be it resolved, that the Board of Directors supports the Municipality of Anchorage and the Alaska Municipal League's efforts to create a Community Dividend Program to help solve a long-standing funding problem for Alaska's municipalities

Passed and approved this 7th day of February 2001.



James M. Gorski, Chairman

Alaska State Legislature
Representative Carl E. Moses



Member
House Finance Committee

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MEMORANDUM

DATE: February 7, 2002

TO: All House Members

FROM: Rp. Carl E. Moses *C.E.M.*
House District 40

SUBJ: Follow-up Information – HB 20 (Municipal Dividends)

I have received updated support material from the Permanent Fund Corporation, reflecting the impact of HB 20 on individual PFD's going out nine years. This information is valid for the current version of the bill (LS0008/C), which would draw \$89 million from the Earnings Reserve Account, and afford a \$51 million actual General Fund reduction.

Attached is that document. The analysis shows an estimated zero negative impact throughout the next five years, and an estimated \$20 reduction in nine years, per PFD. The impact on the individual PFD, compared to the revenue benefit for virtually every community in the state, is favorable.

I encourage your support, and your co-sponsorship. Thank you.



Alaska Permanent Fund Corporation

Based on December 2001 APFC Financial Projections
(\$ in millions)

48.5

42.9

	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTALS
Payout per HB 20	1,100	1,028	970	956	1,059	1,193	1,250	1,309	1,370	10,235
Municipal Dividend (\$150 per person)	89	90	91	92	93	94	95	96	97	834
Distribution for PFD Fund	1,011	938	879	864	967	1,099	1,155	1,213	1,273	9,400
Payout Status Quo (all PFD Fund)	1,011	936	877	862	965	1,099	1,159	1,222	1,286	9,417
Difference in annual payout. (HB 20 - Status Quo)	DRAW 89	91	93	94	94	94	91	87	84	818
Retain for Inflation - HB 20	602	719	751	783	816	849	884	919	955	7,278
Retain for Inflation - Status Quo	602	719	751	783	816	849	884	919	955	7,277
AK Permanent Fund value in 2010 - HB 20									36,694	
Principal									30,363	
Earnings Reserve									6,341	
AK Permanent Fund value in 2010 - Status Quo									37,685	
Principal									30,348	
Earnings Reserve									7,337	
Per Person Dividend HB 20	\$1,660.00	\$1,620.00	\$1,400.00	\$1,360.00	\$1,610.00	\$1,710.00	\$1,780.00	\$1,860.00	\$1,920.00	\$14,710.00
Per Person Dividend Status Quo	\$1,660.00	\$1,610.00	\$1,400.00	\$1,360.00	\$1,610.00	\$1,710.00	\$1,780.00	\$1,860.00	\$1,940.00	\$14,730.00
NET P.F.D. IMPACT -	-0-	-0-	-0-	-0-	-0-	-0-	-0-	<10>	<20>	

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.



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

MEMORANDUM

DATE: February 6, 2002

TO: Representative Carl Moses

FROM: ^{JK} Jim Kelly, Director of Communications

SUBJECT: **Alaska Permanent Fund Corporation Analysis of HB 20**

You have asked about the impact of House Bill 20 on amounts that would be made available for distribution under the municipal dividend program, as well as future Fund values and per capita dividends. Please see the attached financial analysis covering the years 2002-2010. Please let me know if you have any additional questions.

cc: Executive Director
Board of Trustees
Governor's Legislative Liaison
DOR Deputy Commissioner

HB

28

Sponsor Statement

HB 28

Accessible Legislative Sessions

Representative Scott Ogan

I have introduced HB 28 based on one of the most fundamental principles of our American government, public participation.


Juneau, by virtue of its geographic location and lack of highway access, is not easily accessible to the vast majority of Alaskans.

HB 28 would allow legislators, by majority vote, to conduct future Legislatures in areas outside of Southeast Alaska as often as every other year.

Municipalities that feel it would be in their interest to host these central legislative sessions would send proposals for the Legislature to consider as they weigh both the logistics and costs of more centralized sessions.

Nothing in this legislation requires such sessions but rather allows them if it is economically and logistically feasible in the future.

Memorandum

To: Representative John Coghill / Chair, State Affairs Committee
From: Representative Scott Ogan / Sponsor HB 28 
Date: February 6, 2001
Re: Request for hearing for HB 28

House Bill 28 that would allow the legislature to hold Legislative sessions outside of Juneau has been referred to your committee.

I would be honored if you would schedule this measure for hearings so that we might move toward some measure of real due process for those citizens presently disenfranchised from personal participation in their government.

Thank you for your consideration in this request.



REPRESENTATIVE SCOTT OGAN

Alaska State Legislature

House District 27 • Palmer • Greater Palmer • Sutton • Chickaloon • Sheep Mountain

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Nothing in this legislation requires such sessions but rather allows them if it is economically and logistically feasible in the future.

HOUSE BILL NO. 28

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE OGAN

Introduced: 1/8/01

Referred: State Affairs, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the location of legislative sessions; and providing for an effective
2 date."

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

4 * **Section 1.** AS 15.13.072(d) is amended to read:

5 (d) A candidate or an individual who has filed with the commission the
6 document necessary to permit that individual to incur election-related expenses under
7 AS 15.13.100 for election or reelection to the state legislature may not solicit or accept
8 a contribution while the legislature is convened in a regular or special legislative
9 session unless the solicitation or acceptance occurs

10 (1) during the 90 days immediately preceding an election in which the
11 candidate or individual is a candidate; and

12 (2) in a place other than the location of the session [CAPITAL CITY].

13 * **Sec. 2.** AS 15.13.072(g) is amended to read:

14 (g) A candidate or an individual who has filed with the commission the

1 document necessary to permit that individual to incur election-related expenses under
2 AS 15.13.100 for election or reelection to the office of governor or lieutenant governor
3 may not, [SOLICIT OR ACCEPT A CONTRIBUTION IN THE CAPITAL CITY]
4 while the legislature is convened in a regular or special legislative session, solicit or
5 accept a contribution in the location in which the session is being held.

6 * Sec. 3. AS 24.05.090 is amended to read:

7 **Sec. 24.05.090. Regular sessions.** The legislature shall convene [AT THE
8 CAPITAL] each year on the second Monday in January at 10:00 a.m.; however,
9 following a gubernatorial election year, the legislature shall convene on the third
10 Tuesday in January at 10:00 a.m. Except as provided in this section, each legislature
11 shall have a duration of two years and shall consist of a "First Regular Session," which
12 shall meet in the odd-numbered years, and a "Second Regular Session," which shall
13 meet in the even-numbered years, and any special session or sessions that the governor
14 or legislature may find necessary to call. Each first regular session shall be held at
15 the capital, and each second regular session shall be held at a location outside of
16 the Southeast region of the state designated in a concurrent resolution adopted by
17 the legislature. During consideration of the resolution, the legislature shall
18 review each proposal submitted by a municipality seeking to be designated as the
19 location of the session. If the legislature fails to adopt a concurrent resolution
20 designating the location of a second regular session, the session shall be held at
21 the capital.

22 * Sec. 4. AS 24.10.030 is amended to read:

23 **Sec. 24.10.030. Chief clerk and senate secretary.** Each house shall select
24 from outside its membership a person of known stenographic and administrative
25 ability to serve as chief administrative clerk; a chief clerk in the house of
26 representatives and a secretary in the senate. When nominated and elected in
27 conformity with the uniform rules, they continue to serve for the duration of the
28 legislature at the pleasure of the house to which assigned. Pending the organization of
29 a new legislature, they may continue to serve at the request and direction of the
30 legislative council until their respective houses formally reappoint or replace them.
31 The chief clerk and senate secretary are responsible for the performance of duties

1 provided for by law, the uniform rules, and orders of the house. They may be
 2 requested to report to the legislative council for duty for a period not to exceed two
 3 weeks immediately preceding the convening of the session and shall remain at the
 4 location of the session [CAPITAL] until the completion of their work relating to
 5 that session as [IS] determined by the director of the council.

6 * **Sec. 5.** AS 24.10.130(a) is amended to read:

7 (a) A member of the legislature is entitled to reimbursement for the expenses
 8 of moving between the member's place of residence and the location of the session
 9 [CAPITAL CITY] for the purpose of attending a regular session of the legislature.

10 * **Sec. 6.** AS 24.45.041(b) is amended to read:

11 (b) The registration form prescribed by the commission must include

12 (1) the lobbyist's full name and complete permanent residence and
 13 business address and telephone number, as well as any temporary residential and
 14 business address and telephone number in the location of the session [STATE
 15 CAPITAL] during a regular legislative session;

16 (2) the full name and complete address of each person by whom the
 17 lobbyist is retained or employed;

18 (3) whether the person from whom the lobbyist receives compensation
 19 employs the person solely as a lobbyist or whether the person is a regular employee
 20 performing other services for the employer that include but are not limited to the
 21 influencing of legislative or administrative action;

22 (4) the nature or form of the lobbyist's compensation for engaging in
 23 lobbying, including salary, fees, or reimbursement for expenses received in
 24 consideration for, or directly in support of or in connection with, the influencing of
 25 legislative or administrative action;

26 (5) a general description of the subjects or matters on which the
 27 registrant expects to lobby or to engage in the influencing of legislative or
 28 administrative action;

29 (6) the full name and complete address of the person, if other than the
 30 registrant, who has custody of the accounts, books, papers, bills, receipts, and other
 31 documents required to be maintained under this chapter;

1 (7) the identification of a legislator, legislative employee, or public
 2 official to whom the lobbyist is married or who is the spousal equivalent of the
 3 lobbyist; in this paragraph, "spousal equivalent" has the meaning given in
 4 AS 39.50.030(g).

5 * **Sec. 7.** AS 24.45.041(e) is amended to read:

6 (e) Within 45 days after the convening of each regular session of the
 7 legislature, the commission shall publish a directory of registered lobbyists, containing
 8 the information prescribed in (b) of this section for each lobbyist and the photograph,
 9 if any, furnished by a lobbyist under (c) of this section. From time to time thereafter
 10 the commission shall publish those supplements to the directory that in the
 11 commission's judgment may be necessary. The directory shall be made available to
 12 public officials and to the public at the following locations: a public place adjacent to
 13 the legislative chambers in the location of the session [STATE CAPITOL
 14 BUILDING], the office of the lieutenant governor, the legislative reference library of
 15 the Legislative Affairs Agency, and the commission's central office.

16 * **Sec. 8.** AS 24.50.010 is amended to read:

17 **Sec. 24.50.010. Annual student guests.** The legislature may each year while
 18 in session serve as host to one member of each high school in the state for a stay of
 19 one week [IN THE CAPITAL] to observe and learn the legislative process.

20 * **Sec. 9.** AS 24.50.040 is amended to read:

21 **Sec. 24.50.040. Essay contest.** Before leaving [THE STATE CAPITAL],
 22 each legislative guest hosted under AS 24.50.010 shall prepare and submit to the
 23 director of the Legislative Affairs Agency a paper of not less than 1,000 words entitled
 24 "The Legislature Should". Each paper shall be examined and judged as to
 25 content by the governor, the president of the senate, the speaker of the house of
 26 representatives, the minority leader of the senate, and the minority leader of the house.
 27 The author of the paper determined best by majority vote shall receive a one-year
 28 scholarship to the University of Alaska.

29 * **Sec. 10.** AS 24.60.030(a) is amended to read:

30 (a) A legislator or legislative employee may not
 31 (1) solicit, agree to accept, or accept a benefit other than official

1 compensation for the performance of public duties; this paragraph may not be
 2 construed to prohibit lawful solicitation for and acceptance of campaign contributions
 3 or the acceptance of a lawful gratuity under AS 24.60.080;

4 (2) use public funds, facilities, equipment, services, or another
 5 government asset or resource for a nonlegislative purpose, for involvement in or
 6 support of or opposition to partisan political activity, or for the private benefit of either
 7 the legislator, legislative employee, or another person; this paragraph does not prohibit

8 (A) limited use of state property and resources for personal
 9 purposes if the use does not interfere with the performance of public duties and
 10 either the cost or value related to the use is nominal or the legislator or
 11 legislative employee reimburses the state for the cost of the use;

12 (B) the use of mailing lists, computer data, or other information
 13 lawfully obtained from a government agency and available to the general
 14 public for nonlegislative purposes;

15 (C) telephone or facsimile use that does not carry a special
 16 charge;

17 (D) the legislative council, notwithstanding AS 24.05.190,
 18 from designating a public facility for use by legislators and legislative
 19 employees for health or fitness purposes; when the council designates a facility
 20 to be used by legislators and legislative employees for health or fitness
 21 purposes, it shall adopt guidelines governing access to and use of the facility;
 22 the guidelines may establish times in which use of the facility is limited to
 23 specific groups; or

24 (E) a legislator from using the legislator's private office in the
 25 location in which a legislative session is being held [CAPITAL CITY]
 26 during the [A LEGISLATIVE] session, and for the five days immediately
 27 before and the five days immediately after the [A] legislative session, for
 28 nonlegislative purposes if the use does not interfere with the performance of
 29 public duties and if there is no cost to the state for the use of the space and
 30 equipment, other than utility costs and minimal wear and tear, or the legislator
 31 promptly reimburses the state for the cost; an office is considered a legislator's

1 private office under this subparagraph if it is the primary space [IN THE
2 CAPITAL CITY] reserved for use by the legislator in the location in which
3 the legislative session is being held, whether or not it is shared with others;

4 (3) knowingly seek, accept, use, allocate, grant, or award public funds
5 for a purpose other than that approved by law, or make a false statement in connection
6 with a claim, request, or application for compensation, reimbursement, or travel
7 allowances from public funds;

8 (4) require a legislative employee to perform services for the private
9 benefit of the legislator or employee at any time, or allow a legislative employee to
10 perform services for the private benefit of a legislator or employee on government
11 time; it is not a violation of this paragraph if the services were performed in an
12 unusual or infrequent situation and the person's services were reasonably necessary to
13 permit the legislator or legislative employee to perform official duties;

14 (5) use or authorize the use of state funds, facilities, equipment,
15 services, or another government asset or resource for the purpose of political fund
16 raising or campaigning; this paragraph does not prohibit

17 (A) limited use of state property and resources for personal
18 purposes if the use does not interfere with the performance of public duties and
19 either the cost or value related to the use is nominal or the legislator or
20 legislative employee reimburses the state for the cost of the use;

21 (B) the use of mailing lists, computer data, or other information
22 lawfully obtained from a government agency and available to the general
23 public for nonlegislative purposes;

24 (C) telephone or facsimile use that does not carry a special
25 charge;

26 (D) storing or maintaining, consistent with (b) of this section,
27 election campaign records in a legislator's office; or

28 (E) a legislator from using the legislator's private office in the
29 location in which a legislative session is being held [CAPITAL CITY]
30 during the [A LEGISLATIVE] session, and for the five days immediately
31 before and the five days immediately after the [A] legislative session, for

1 nonlegislative purposes if the use does not interfere with the performance of
 2 public duties and if there is no cost to the state for the use of the space and
 3 equipment, other than utility costs and minimal wear and tear, or the legislator
 4 promptly reimburses the state for the cost; an office is considered a legislator's
 5 private office under this subparagraph if it is the primary space [IN THE
 6 CAPITAL CITY] reserved for use by the legislator in the location in which
 7 the legislative session is being held, whether or not it is shared with others.

8 * **Sec. 11.** AS 24.60.031(a) is amended to read:

9 (a) A legislator or legislative employee may not

10 (1) on a day when either house of the legislature is in regular or special
 11 session, solicit or accept a contribution or a promise or pledge to make a contribution
 12 for a campaign for the state legislature; however, a legislator or legislative employee
 13 may, except in the location in which the session is being held [CAPITAL CITY],
 14 solicit or accept a contribution, promise, or pledge for a campaign for the state
 15 legislature that occurs during the 90 days immediately preceding an election;

16 (2) accept money from an event held on a day when either house of the
 17 legislature is in regular or special session if a substantial purpose of the event is to
 18 raise money on behalf of the member or legislative employee for state legislative
 19 political purposes; however, this paragraph does not prohibit a legislator or legislative
 20 employee from accepting money from an event held in a place other than the location
 21 in which the session is being held [CAPITAL CITY] during the 90 days immediately
 22 preceding an election; or

23 (3) in a campaign for the state legislature, expend money that was
 24 raised on a day when either house of the legislature was in a legislative session by or
 25 on behalf of a legislator under a declaration of candidacy or a general letter of intent to
 26 become a candidate for public office; however, this paragraph does not apply to
 27 money raised in a place other than the location in which the session is being held
 28 [CAPITAL CITY] during the 90 days immediately preceding an election.

29 * **Sec. 12.** AS 24.60.080(c) is amended to read:

30 (c) Notwithstanding (a) of this section, it is not a violation of this section for a
 31 legislator or legislative employee to accept

1 (1) hospitality, other than hospitality described in (4) of this
2 subsection,

3 (A) with incidental transportation at the residence of a person;
4 however, a vacation home located outside the state is not considered a
5 residence for the purposes of this subparagraph; or

6 (B) at a social event or meal;

7 (2) discounts that are available

8 (A) generally to the public or to a large class of persons to
9 which the person belongs; or

10 (B) when on official state business, but only if receipt of the
11 discount benefits the state;

12 (3) food or foodstuffs indigenous to the state that are shared generally
13 as a cultural or social norm;

14 (4) travel and hospitality primarily for the purpose of obtaining
15 information on matters of legislative concern;

16 (5) gifts from the immediate family of the person;

17 (6) gifts that are not connected with the recipient's legislative status;

18 (7) a discount for all or part of a legislative session, including time
19 immediately preceding or following the session, or other gift to welcome a legislator
20 or legislative employee who is employed on the personal staff of a legislator or by a
21 standing or special committee to the location in which the session is being held
22 [CAPITAL CITY] or in recognition of the beginning of a legislative session if the gift
23 or discount is available generally to all legislators and the personal staff of legislators
24 and staff of standing and special committees; this paragraph does not apply to
25 legislative employees who are employed by the Legislative Affairs Agency, the office
26 of the chief clerk, the office of the senate secretary, the legislative budget and audit
27 committee, or the office of the ombudsman; or

28 (8) a gift of legal services in a matter of legislative concern and a gift
29 of other services related to the provision of legal services in a matter of legislative
30 concern.

31 * **Sec. 13.** AS 44.06.050 is amended to read:

1 **Sec. 44.06.050. Purpose of AS 44.06.050 - 44.06.060.** The purpose of
 2 AS 44.06.050 - 44.06.060 is to guarantee to the people their right to know and to
 3 approve in advance all costs of relocating the capital [OR THE LEGISLATURE]; to
 4 insure that the people will have an opportunity to make an informed and objective
 5 decision on relocating the capital [OR THE LEGISLATURE] with all pertinent data
 6 concerning the costs to the state; and to insure that the costs of relocating the capital
 7 [OR THE LEGISLATURE] will not be incurred by the state without the approval of
 8 the electorate.

9 * **Sec. 14.** AS 44.06.055 is amended to read:

10 **Sec. 44.06.055. Relocation expenditures.** State money may be expended to
 11 relocate physically the capital [OR THE LEGISLATURE] from the present location
 12 only after a majority of those voting in a statewide election have approved a bond
 13 issue that includes all bondable costs to the state of the relocation of a functional state
 14 [LEGISLATURE OR] capital to the new site over the twelve-year period following
 15 such approval. The commission established in AS 44.06.060 shall determine all
 16 bondable costs and total costs including, but not limited to, the costs of moving
 17 personnel and offices to the relocation site; the social, economic, and environmental
 18 costs to the present and relocation sites; and the costs to the state of planning, building,
 19 furnishing, using, and financing facilities at least equal to those provided by the
 20 present capital city.

21 * **Sec. 15.** AS 44.06.060 is amended to read:

22 **Sec. 44.06.060. Commission.** The legislature shall establish a commission
 23 composed of nine members, including a chairperson and two persons from each
 24 judicial district, appointed by the governor and confirmed by the legislature, to
 25 determine the costs required by initiatives or legislative enactments authorizing
 26 relocation of any of the present functions of the executive or judicial branches of
 27 state government.

28 * **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to
 29 read:

30 **APPLICABILITY.** This Act applies beginning with the convening of the Second
 31 Session of the Twenty-Third Alaska State Legislature.

1 * Sec. 17. This Act takes effect July 1, 2003.