

ALABAMA LEGISLATURE COMMITTEE FILES, 2000-2000 86 / 2

11731 SENATE COMMUNITY & REGIONAL AFFAIRS

Computing Disposable Income*

The maximum amount of annual income you may receive to qualify for the deferral is \$40,000. The disposable income you receive determines your eligibility. Disposable income includes all sources, whether or not they are taxable for federal income tax purposes. Losses and depreciation may not be deducted. Some of the most common sources of income include:

Wages, salaries, and tips.

Social Security benefits.

Railroad retirement benefits.

Pension and annuity receipts, including retirement bonds, Individual Retirement Accounts, and distributions from Keogh plans. An annuity is a payment of a fixed sum of money received at regular intervals. Some examples of annuity payments include unemployment compensation, disability payments, and welfare receipts (excluding amounts received for the care of dependent children).

Interest and dividend receipts.

Business income. Depreciation and business losses may not be deducted.

Rental income. Depreciation and rental losses may not be deducted.

Capital gains.

If you were retired for two or more months during the application year, your household income will be computed by multiplying the average monthly disposable income received during the months you were retired by 12. If your spouse died before November 1 of the application year, your household income is computed by multiplying the average monthly disposable income, after the death, by 12.

Deductions from Disposable Income

When you compute your disposable income, you may take deductions for the following:

Capital gains you receive from the sale of your principal residence, **IF** the gain is reinvested in a replacement principal residence.

Non-reimbursed amounts you pay for your spouse or yourself to live in a nursing home, boarding home, or adult family home.

Insurance premiums for Medicare under Title XVIII of the Social Security Act.

Non-reimbursed amounts paid for prescription drugs for yourself or your spouse.

Non-reimbursed amounts you pay for goods and services that allow you or your spouse to receive in-home care. The care received must be similar to the care provided by a nursing home.

In-home care including medical treatment, physical therapy, Meals on Wheels (or similar meal delivery service), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications, or areas of personal hygiene.

Special furniture and equipment, such as wheelchairs, hospital beds, and oxygen.

How to Apply

Your county assessor administers this program. Applications are available from that office.

Filing Period

You should apply with the county assessor at least 30 days before payment of the property taxes and/or special assessments are due.

If you apply late, the county or city treasurer will assess late penalties and interest. Late penalties and interest will increase the amount of the lien filed by the state. If you are applying to stop the county treasurer from foreclosing for unpaid taxes, you must apply within 30 days of receiving the foreclosure notice.

Annual Application

You must apply each year you want to defer the taxes.

Signing the Application

You, your agent, or your legal guardian must sign the application. If the contract purchase agreement, deed of trust, or mortgage requires a reserve account for the payment of property taxes, the lien holder's notarized signature must also be on the application if the lien holder or beneficiary wants their lien to have priority over the deferred tax lien.

Appeal Process

The county assessor must notify you if your application is denied. You may appeal the assessor's decision to the County Board of Equalization. The County Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial notice was mailed, whichever date is later.

Repayment of Deferred Amounts

The deferred amount and interest must be repaid when one of the following occurs:

The property is transferred or conveyed to someone else.

You pass away, unless your spouse files an application with the county assessor within 90 days of your death.

You no longer permanently reside at the residence.

Fire and casualty insurance is not kept in an amount sufficient to protect the interest of the state and the deferred amount exceeds 100 percent of the equity in the land value.

The deferred amount, plus interest, exceeds 80 percent of the equity in the insured value of the residence, plus the land value.

For More Information

If you have any questions regarding the property tax deferral for senior citizens or disabled persons, contact your local county assessor's office at the telephone number listed in the blue pages of your telephone book.

Or you may contact:

State of Washington
Department of Revenue
Property Tax Division
Post Office Box 47471
Olympia, Washington 98504-7471
FAX: (360) 586-7602
Telephone: (360) 570-5867

Laws and Rules

Revised Code of Washington (RCW) Chapter 84.38—Deferral of Special Assessments and/or Property Taxes

Washington Administrative Code (WAC) Chapter 458-18—Property Tax - Abatements, Credits, Deferrals, and Refunds

The Department of Revenue will provide copies of specific laws and rules, upon request. Please call our Telephone Information Center at 1-800-647-7706 for this service.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users, please call 1-800-451-7985.



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The Senior Citizen Property Tax Deferral Program was established to help senior citizens who were having difficulty paying their property taxes. This deferral program has two primary advantages for senior citizens.

- It limits the maximum amount of property tax you pay to three percent of your total household income, and
- It provides predictability. The amount of tax you pay will not change for as long as you participate in this program.

What is it?

The Senior Citizens Property Tax Deferral program allows people 65 years of age or older, whose household incomes are \$60,000 or less, to defer a portion their property tax on their home.

How does it work?

This is not a tax forgiveness program – it is a low interest loan from the state. The deferred tax is paid by the state to your county. Interest will be charged on this loan. The interest rate will be adjusted annually, but will never exceed five percent. **A lien will attach to your property.**

The amount of tax you pay is determined the year you enter the program. Your annual income for the year preceding the year you enter the program serves as the basis for how much you will pay.

Example: Let's assume your household income was \$15,000 the year before you entered the program; three percent of that amount is \$450. The maximum annual property tax you would be responsible for paying would be \$450 for each year you participated in the program. If your property tax for the year was \$1,400 you would pay \$450 and the \$1,000 remaining would be deferred. If your total property tax ever fell below your maximum tax amount, you would pay the less amount.

As part of your initial application, you will need to provide – at your expense – one of the following reports detailing any mortgages, liens, judgments or unpaid property taxes on your property. The report must be dated within 30 days of your application. Depending on the type of property you own, your report will be one of the following:

If you have "Abstract" property, a licensed abstracter must prepare a report showing the last deed recorded and any unsecured liens or judgments. Such a report is also called an "Owners and Encumbrances" report. These reports cost approximately \$50.

If you have "Torrens" property, you will need to obtain a copy of the "Original Certificate of Title," sometimes called a "Condition of Register," from the county recorder. This certificate costs \$10.

If you are unsure what type of property you have, contact your county recorder.

What about my refunds or rebates?

When you apply for property tax refunds or rebates based on the qualifying amount on your property tax statement, you will not receive the refunds or rebates as cash payments. They will be applied to your deferred property tax total.

Your Minnesota income tax refunds, political contribution refunds or lottery winnings of any type will also be applied to your deferred property tax.

What if my income changes?

Once enrolled in the program you will not need to reapply. However, if your income goes above \$60,000 in a calendar year, it is your responsibility to notify the Department of Revenue, in writing. You will not be allowed to defer any further taxes until your income again falls below \$60,000. If this happens, it will be your responsibility to reapply for deferral. Stopping deferral because of excess income is not the same thing as being terminated from the program.

If you fail to notify the state of excess income, penalties will apply.

Who may be eligible?

In order to qualify for this program, all of the following conditions must be met:

- The property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both must be at least 65 when the first deferral is granted. (The homestead can be classified as residential or agricultural, or it may be part of a multi-unit building.)
- The total household income may not exceed \$60,000 for the calendar year preceding the year of initial application.
- The home must have been owned and occupied as the homestead of at least one of the homeowners for at least 15 years prior to the year of initial application.
- There can be no state or federal tax liens or judgment liens on the property.
- The total of unpaid debts secured by mortgages and other liens against the property cannot exceed 75 percent of the assessors estimated market value of the property.

How do I apply?

Applications are available in your county auditor's office. Applications must be made by July 1 to defer a portion of the following year's tax. You may apply in the year in which you become 65 years old, but no deferral will be allowed until the following year.

To apply, you will need Form CR-SCD. This document is in PDF file format. First-time users will need the free [Adobe Acrobat Reader](#) to print the form.

What else should I know?

If you meet the requirements of this program, the state will file a notice of lien with your county. If there are fees associated with this filing, they will be added to your deferred tax.

Deferral of taxes will terminate when any one of the following occurs:

- The property is sold or transferred.

- All qualifying homeowners die.
- The homeowner notifies the Commissioner of Revenue, in writing, that he/she wishes to discontinue the program.
- The property no longer qualifies as a homestead.

Upon termination of the deferral, the deferred property taxes, any special assessments that may have been deferred, penalties plus any recording or filing fees will become due and payable to the state. If the property is sold or the homeowner dies, payment is due within 90 days of termination. If the homeowner voluntarily leaves the program or the property ceases to qualify as a homestead, the total deferred amount will become due within one year of termination. No additional interest will be due if timely paid. If the deferral is not timely paid, penalty, interest, lien, forfeiture and other rules for the collection of property tax will apply.

What if I have questions?

This is only a summary of the Senior Citizens Property Tax Deferral program. For more information, or for answers to specific questions, call the Property Tax Division of the Minnesota Department of Revenue at: (651) 556-6088.

A printer-friendly version of this fact sheet is available. To apply, you will need Form CR-SCD. These documents are in PDF file format. First time users will need the free [Acobe Acrobat Reader](#) to print these documents.



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February 3, 2006

The Honorable Bert Stedman, Chair
Senate Community and Regional Affairs Committee
Alaska State Capitol, Room 30
Juneau, AK 99801-1182

RE: SB 193 (Bunde)—Support

Dear Chair Stedman:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the Senate Community and Regional Affairs Committee to support SB 193, authored by Senator Con Bunde.

As you know from talking to your constituents, the property tax is the single most burdensome tax for many low and moderate income citizens, especially older homeowners.

Twenty-four states and the District of Columbia offer property tax deferrals, often for those whose incomes are too low to afford payment, in exchange for some arrangement for the deferred taxes to be paid upon some event, eg., the sale of the residence or the owner's death.

SB 193 would allow Alaskans who fit income and length of residency requirement to qualify for property tax deferral, should their municipality pass an enabling ordinance to allow it.

We understand Senator Bunde's intent in not allowing the municipality to impose interest on deferred taxes but, from a policy standpoint, AARP believes interest should be charged on the deferrals, at a nominal rate that is tied to some other real rate in the economy so it is not fixed at one rate permanently. Allowing reasonable interest may also make tax deferrals more attractive to elected municipal officials who will be considering local ordinances.

Using the federal poverty level (FPL) to determine eligibility may eliminate many moderate income older Alaskans who still find the taxes difficult to pay. One option might be allowing municipalities to set their own income guidelines with the FPL as a minimum. Another might be to use the income guidelines already accepted by the Legislature for SeniorCare and have the eligibility set at 175% of the FPL. We do have many older Alaskans who find themselves "house rich and income poor" and a more

flexible income limit would be acceptable to them. We understand that SB 193, as it currently exists, has no age factor.

No Alaskan should fear losing their home to property taxes. SB 193 goes a long way to assure that.

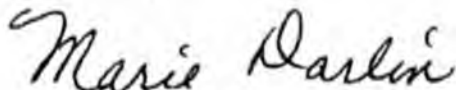
We sincerely appreciate Senator Bunde's leadership in allowing Alaskans to remain in their homes. Without public policy initiatives like SB 193, many Alaskans will find themselves forced to sell their homes and leave our state. We hope you and your colleagues on the Senate Community and Regional Affairs Committee agree.

AARP recommends an "AYE" vote on SB 193.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-5314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Gary Stevens
Senator Tom Wagoner
Senator Johnny Ellis
Senator Albert Kookesh
Senator Con Bunde

**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 06-05(S)(A)

**A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA URGING THE STATE TO SHARE REVENUE WITH
ALL ALASKAN COMMUNITIES.**

WHEREAS, Alaska's great wealth is generated by the natural resources of regions, communities and cities throughout the State; and

WHEREAS, Other States share their resources with their communities; and

WHEREAS, It is in the interest of the State of Alaska to share a portion of this natural resource wealth with communities of the State in order to enhance and continue the positive economic growth throughout the Alaska; and

WHEREAS, The State of Alaska currently has over \$32 billion in the Alaska Permanent Fund and a budget surplus exceeding \$1 billion in this fiscal year; and

WHEREAS, The State ceased to fund all revenue sharing programs in 2003; and

WHEREAS, The elimination of revenue sharing had a significant negative effect on the ability of Alaska's cities and boroughs to provide essential service, with communities forced to reduce essential services and/or increase local taxes, fees and economic hardship; and

WHEREAS, Restoration of a revenue sharing program would provide communities with funding to reduce local taxes, build infrastructure, grow the state economy, provide for increased quality of life and in some cases, provide for the survival of small communities; and

NOW, THEREFORE BE IT RESOLVED that the Homer City Council urges the State to share revenue with all Alaskan Communities and agrees with the following:

1. That the State of Alaska is urged to resume sharing revenue or a similar substitute program with communities for fiscal year 2007 in the amount of no less than \$75 million. Each community will receive a minimum payment of \$75,000. The balance, after payment of the minimum, will be allocated on a per capita basis and services provided per instructions on form G. entitled "State Revenue Sharing, FY 04 Summary Sheet". Distribution in cases where one or more communities lie within a borough would be allocated in proportion to the relative population of and services provided by each community, including the borough.

2. The Legislature and Governor, with collaboration from the Alaska Municipal League, should develop a revenue sharing program that is sustainable and meets the goal of sharing the revenue of the State. Examples of programs they could consider as well as others include:

a. "\$1 per barrel program." Under this plan, \$1 per barrel in revenues from annual oil production would be distributed through a revenue sharing program;

b. "An Endowment Program." Under this program, a portion of state revenues would be set aside in an endowment with the annual proceeds used for a revenue sharing program.

c. Percentage of market value.

d. Community Dividend.

e. Constitutional Budget Reserve.

3. That the Application form be modeled after the Department of Community and Economic Development Form last entitled "State Revenue Sharing, FY 04 Summary Sheet."

BE IT FURTHER RESOLVED by the City Council that this Resolution shall be sent to Governor Frank Murkowski, the Kenai Peninsula Borough Mayor, John Williams, and all Mayors in the Kenai Peninsula Borough and sent to the Alaska Municipal League, Senator Gary Stevens, Representative Paul Seaton, Senator President Ben Stevens, and the Speaker of the House John Harris.

PASSED AND APPROVED by the Homer City Council this 9th day of January, 2006.

CITY OF HOMER


JAMES C. HORNADAY, MAYOR

ATTEST:


MARY V. CALHOUN, CMC, CITY CLERK

Fiscal Note: Possible revenues.

SB

219

GARY WILKEN
SENATOR
Fairbanks

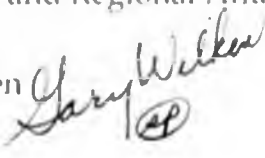
Alaska State Legislature

State Capitol Building
Juneau, Alaska 99801-1182
Tel: 451-5501 (from Fbks)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
www.akrepublicans.org/wilken
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

Senate

MEMORANDUM

TO: Senator Gary Stevens, Chair
Senate Community and Regional Affairs Committee

FROM: Senator Gary Wilken 

DATE: January 12, 2006

RE: Senate Bill 219 - Community Dividend Program

I respectfully request that Senate Bill 219, *Community Dividend Program*, be scheduled for a hearing before the Senate Community and Regional Affairs Committee.

Senate Bill 219 creates a sustainable community dividend program to share state revenue with Alaska's local municipal governments and unincorporated communities. The proposed community dividend program is in response to concerns expressed by communities throughout Alaska.

Senate Bill 219 provides \$70 per person for all local municipalities and unincorporated communities. Additionally, each municipality that is a school district and is meeting the 4-mill local contribution school requirement will receive an additional \$30 for a total of \$100 per resident.

Thank you for your cooperation and assistance in scheduling a hearing.

GARY WILKEN
SENATOR
Fairbanks

Alaska State Legislature

State Capitol Building
Juneau, Alaska 99801-1182
Tel: 451-5591 (from Fbks)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
www.akrepublicans.org/wilken
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

Senate

SPONSOR STATEMENT

Senate Bill 219 Community Dividend Program

"Meets our Need – Shares our Wealth"

Senate Bill 219 creates a sustainable community dividend program to share state revenue with Alaska's local municipal governments and unincorporated communities. The proposed community dividend program is in response to concerns expressed by communities throughout Alaska. Higher costs of basic living and government needs, coupled with diminished traditional state support, have placed greater financial burdens on all local governments, large and small alike.

Under Senate Bill 219, the funding source for the new community dividend program is structured to be sustainable, the most important aspect of any meaningful state revenue sharing plan. One-third of the funds come from each of the following sustainable sources: 1) the earnings on the Amerada Hess sub-account of the Permanent Fund, 2) the Constitutional Budget Reserve, and 3) the Permanent Fund Earnings Reserve Account.

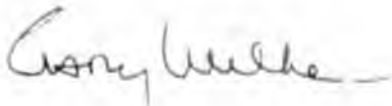
Senate Bill 219 provides \$70 per person for all local municipalities and unincorporated communities. Additionally, each municipality that is a school district and is meeting the 4-mill local contribution school requirement will receive an additional \$30 for a total of \$100 per resident.

The Department of Commerce, Community, and Economic Development will issue the dividends to Alaskan communities on July 1 of the year following the

actual legislative appropriation. This one-year delay will allow local governments to build an operating budget based on firm numbers. There will be no need for the budget writers to wait for the legislature to take action before drafting and passing their annual budgets.

Alaskans have enjoyed the benefit of their individual Permanent Fund dividend for many years; the time has come to share the state's wealth with our communities. Senate Bill 219 utilizes three robust and sustainable revenue sources to provide each Alaskan community an annual dividend.

I respectfully request your support.

A handwritten signature in cursive script, appearing to read "Casey Wells", followed by a horizontal line.

24-LS1355Y
Cook
1/17/06

CS FOR SENATE BILL NO. 219()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WILKEN

A BILL
FOR AN ACT ENTITLED

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

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

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

5 **Article 10. Community Dividend Program.**

6 **Sec. 29.60.800. Community dividend fund.** There is established in the
7 department the community dividend fund consisting of money appropriated to the
8 fund. Each fiscal year, the legislature may appropriate to the community dividend fund
9 from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) the
10 lesser of (1) one-third of the amount necessary to fully fund community dividends; or
11 (2) the amount that, when transferred, leaves a balance of \$1,000,000,000 in the
12 budget reserve fund. One-third of the amount necessary to fully fund community
13 dividends may be appropriated from the earnings reserve account (AS 37.13.145), and
14 one-third may be appropriated from the Alaska capital income fund (AS 37.05.565).

1 Other appropriations may be made to the community dividend fund. The amount
2 appropriated to the fund during a fiscal year shall be held and distributed by the
3 department on July 1 of the fiscal year that immediately follows as community
4 dividends for the fiscal year during which the distribution is made.

5 **Sec. 29.60.810. Amount of community dividends.** (a) The community
6 dividend for a fiscal year for a municipality or a community eligible under (b) of this
7 section equals

8 (1) \$70 for each individual who resided in the municipality or
9 community during the immediately preceding fiscal year; and

10 (2) for each municipality that is a school district and meets the local
11 contribution requirement under AS 14.17.410(b)(2), an additional school support
12 factor equal to \$30 for each individual who resided in the municipality during the
13 immediately preceding fiscal year.

14 (b) The department, with advice from the Department of Law, shall determine
15 whether there is, in each community, an incorporated nonprofit entity or a Native
16 village council that will agree to receive and spend the community dividend for the
17 benefit of the community. If there is more than one qualified entity in a community,
18 the department shall pay the dividend to the entity that the department finds most
19 qualified to receive and spend the money. The department may not pay a community
20 dividend unless the incorporated nonprofit entity or Native village council waives
21 immunity from suit for claims arising out of activities of the corporation or council
22 related to the dividend. A waiver of immunity from suit under this subsection must be
23 on a form provided by the Department of Law. If there is no qualified incorporated
24 nonprofit entity or Native village council in a community that is willing to receive and
25 spend the dividend for the benefit of the community, that community is not eligible for
26 the dividend and the dividend may not be paid.

27 (c) If the amount appropriated is not sufficient to fully fund community
28 dividends for a fiscal year under (a) of this section, each dividend shall be reduced on
29 a pro rata basis. If the amount appropriated exceeds that which is sufficient to fully
30 fund community dividends, each dividend shall be increased on a pro rata basis.

31 **Sec. 29.60.820. Determination of population.** For purposes of determining

1 the amount of a community dividend, the population of the municipality or community
2 shall be determined by using the numbers of permanent fund dividend recipients or
3 other population data that the department determines is reliable. For purposes of
4 determining the portion of the community dividend under AS 29.60.810(a)(1) for a
5 borough, the population of each city in the borough shall be deducted from the total
6 population of the borough.

7 **Sec. 29.60.829. Definition.** In AS 29.60.800 - 29.60.829, "community" means
8 a place in the unorganized borough that (1) is not incorporated as a city and in which
9 25 or more individuals reside as a social unit; or (2) is organized under federal law as
10 an Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued
11 in existence under that subsection. This definition does not apply to the phrase
12 "community dividend."

13 * Sec. 2. This Act takes effect July 1, 2006.

SB 219 Community Dividend Estimates

Unincorporated Communities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Arctic Village	146	\$10,220			\$10,220
Atmautluak	285	\$19,950			\$19,950
Beaver	67	\$4,690			\$4,690
Birch Creek	43	\$3,010			\$3,010
Central	102	\$7,140			\$7,140
Chalkyitsik	84	\$5,880			\$5,880
Chenega Bay	81	\$5,670			\$5,670
Chistochina	101	\$7,070			\$7,070
Chitina	118	\$8,260			\$8,260
Circle	99	\$6,930			\$6,930
Copper Center	445	\$31,150			\$31,150
Crooked Creek	147	\$10,290			\$10,290
Deltana	1,777	\$124,390			\$124,390
Dot Lake	29	\$2,030			\$2,030
Dry Creek	105	\$7,350			\$7,350
Eagle Village	68	\$4,760			\$4,760
Edna Bay	44	\$3,080			\$3,080
Elfin Cove	26	\$1,820			\$1,820
Four Mile Road	33	\$2,310			\$2,310
Gakona	222	\$15,540			\$15,540
Glennallen	548	\$38,360			\$38,360
Goldstream	34	\$2,380			\$2,380
Gulkana	106	\$7,420			\$7,420
Healy Lake	34	\$2,380			\$2,380
Hollis	165	\$11,550			\$11,550
Hyder	83	\$5,810			\$5,810
Kasigluk	526	\$36,820			\$36,820
Kenny Lake	392	\$27,440			\$27,440
Kipnuk	660	\$46,200			\$46,200
Klukwan	119	\$8,330			\$8,330
Koliganek	187	\$13,090			\$13,090
Kongiganak	411	\$28,770			\$28,770
Kwigillingok	361	\$25,270			\$25,270
Lime Village	34	\$2,380			\$2,380
Manley Hot Springs	73	\$5,110			\$5,110
McCarthy	66	\$4,620			\$4,620
Mentasta	139	\$9,730			\$9,730
Minto	207	\$14,490			\$14,490
Naukati Bay	107	\$7,490			\$7,490
Nelchina/Mendeltna	73	\$5,110			\$5,110
Newtok	308	\$21,560			\$21,560
Nikolski	36	\$2,520			\$2,520
Northway	106	\$7,420			\$7,420
Oscarville	57	\$3,990			\$3,990
Paxson	40	\$2,800			\$2,800
Pitka's Point	105	\$7,350			\$7,350
Port Protection	47	\$3,290			\$3,290
Red Devil	35	\$2,450			\$2,450
Silver Springs	111	\$7,770			\$7,770
Slana	110	\$7,700			\$7,700
Sleetmute	78	\$5,460			\$5,460
Stevens Village	76	\$5,320			\$5,320

SB 219 Community Dividend Estimates

Unincorporated Communities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Stony River	54	\$3,780			\$3,780
Takotna	47	\$3,290			\$3,290
Tanacross	137	\$9,590			\$9,590
Tatitlek	108	\$7,560			\$7,560
Tazlina	170	\$11,900			\$11,900
Tetlin	129	\$9,030			\$9,030
Tok	1,439	\$100,730			\$100,730
Tuluksak	470	\$32,900			\$32,900
Tuntutuliak	398	\$27,860			\$27,860
Tununak	328	\$22,960			\$22,960
Twin Hills	67	\$4,690			\$4,690
Venetie	188	\$13,160			\$13,160
Whale Pass	81	\$5,670			\$5,670
Whitestone	176	\$12,320			\$12,320
Total Unincorporated	13,248	\$927,360			\$927,360
Grand Total					\$63,724,790

SB 219 Community Dividend Estimates

Municipalities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Adak	69	\$4,800		\$0	\$4,830
Akhiok	56	\$3,920		\$0	\$3,920
Akiak	367	\$25,690		\$0	\$25,690
Akutan	771	\$53,970		\$0	\$53,970
Alakanuk	667	\$46,690		\$0	\$46,690
Aleknagik	219	\$15,330		\$0	\$15,330
Aleutians East Borough	76	\$5,320	2,629	\$78,870	\$84,190
Allakaket	90	\$6,300		\$0	\$6,300
Amble	274	\$19,180		\$0	\$19,180
Anaktuvuk Pass	300	\$21,000		\$0	\$21,000
Anchorage	277,498	\$19,424,860	27,498	\$8,324,940	\$27,749,800
Anderson	546	\$38,220		\$0	\$38,220
Angoon	481	\$33,670		\$0	\$33,670
Aniak	532	\$37,240		\$0	\$37,240
Anvik	101	\$7,070		\$0	\$7,070
Atka	92	\$6,440		\$0	\$6,440
Atkasuk	247	\$17,290		\$0	\$17,290
Barrow	4,351	\$304,570		\$0	\$304,570
Bethel	5,888	\$412,160		\$0	\$412,160
Bettles	31	\$2,170		\$0	\$2,170
Brevig Mission	319	\$22,330		\$0	\$22,330
Bristol Bay Borough	1,096	\$76,720	1,096	\$32,880	\$109,600
Buckland	437	\$30,590		\$0	\$30,590
Chefornak	439	\$30,730		\$0	\$30,730
Chevak	899	\$62,930		\$0	\$62,930
Chignik	92	\$6,440		\$0	\$6,440
Chuathbaluk	105	\$7,350		\$0	\$7,350
Clark's Point	62	\$4,340		\$0	\$4,340
Coffman Cove	177	\$12,390		\$0	\$12,390
Cold Bay	89	\$6,230		\$0	\$6,230
Cordova	2,298	\$160,860	2,298	\$68,940	\$229,800
Craig	1,127	\$78,890	1,127	\$33,810	\$112,700
Deering	145	\$10,150		\$0	\$10,150
Delta Junction	984	\$68,880		\$0	\$68,880
Denali Borough	1,296	\$90,720	1,842	\$55,260	\$145,980
Dillingham	2,422	\$169,540	2,422	\$72,660	\$242,200
Diomedes	141	\$9,870		\$0	\$9,870
Eagle	115	\$8,050		\$0	\$8,050
Eek	292	\$20,440		\$0	\$20,440
Egegik	76	\$5,320		\$0	\$5,320
Ekwok	127	\$8,890		\$0	\$8,890
Elim	318	\$22,260		\$0	\$22,260
Emmonak	752	\$53,340		\$0	\$53,340
Fairbanks	29,954	\$2,096,780		\$0	\$2,096,780
Fairbanks North Star Borough	53,493	\$3,744,510	84,979	\$2,549,370	\$6,293,880
False Pass	62	\$4,340		\$0	\$4,340
Fort Yukon	594	\$41,580		\$0	\$41,580
Galena	717	\$50,190	717	\$21,510	\$71,700
Gambell	648	\$45,360		\$0	\$45,360
Golovin	160	\$11,200		\$0	\$11,200
Goodnews Bay	236	\$16,520		\$0	\$16,520
Grayling	182	\$12,740		\$0	\$12,740

SB 219 Community Dividend Estimates

Municipalities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Gustavus	473	\$33,110		\$0	\$33,110
Haines Borough	2,245	\$157,150	2,245	\$67,350	\$224,500
Holy Cross	206	\$14,420		\$0	\$14,420
Homer	5,332	\$373,240		\$0	\$373,240
Hoonah	841	\$58,870	841	\$25,230	\$84,100
Hooper Bay	1,124	\$78,680		\$0	\$78,680
Houston	1,368	\$95,760		\$0	\$95,760
Hughes	72	\$5,040		\$0	\$5,040
Huslia	269	\$18,830		\$0	\$18,830
Hydaburg	349	\$24,430	349	\$10,470	\$34,900
Juneau	30,966	\$2,167,620	30,966	\$928,980	\$3,096,600
Kachemak	475	\$33,250		\$0	\$33,250
ake	663	\$46,410	663	\$19,890	\$66,300
Kaktovik	284	\$19,880		\$0	\$19,880
Kaltag	211	\$14,770		\$0	\$14,770
Kasaan	60	\$4,200		\$0	\$4,200
Kenai	6,809	\$476,630		\$0	\$476,630
Kenai Peninsula Borough	31,794	\$2,225,580	50,830	\$1,529,400	\$3,754,980
Ketchikan	7,691	\$538,370		\$0	\$538,370
Ketchikan Gateway Borough	4,948	\$346,360	13,030	\$390,900	\$737,260
Kiana	394	\$27,580		\$0	\$27,580
King Cove	723	\$50,610		\$0	\$50,610
Kivalina	388	\$27,160		\$0	\$27,160
Klawock	848	\$59,360	848	\$25,440	\$84,800
Kobuk	128	\$8,960		\$0	\$8,960
Kodiak	6,199	\$433,930		\$0	\$433,930
Kodiak Island Borough	6,494	\$454,580	13,466	\$403,980	\$858,560
Kotlik	588	\$41,160		\$0	\$41,160
Kotzebue	3,130	\$219,100		\$0	\$219,100
Koyuk	348	\$24,360		\$0	\$24,360
Koyukuk	109	\$7,630		\$0	\$7,630
Kupreanof	38	\$2,660		\$0	\$2,660
Kwethluk	695	\$48,650		\$0	\$48,650
Lake & Peninsula Borough	882	\$61,740	1,603	\$48,090	\$109,830
Larsen Bay	96	\$6,720		\$0	\$6,720
Lower Kalskag	262	\$18,340		\$0	\$18,340
Manokotak	437	\$30,590		\$0	\$30,590
Marshall	358	\$25,060		\$0	\$25,060
Matanuska-Susitna Borough	57,474	\$4,023,180	70,148	\$2,104,440	\$6,127,620
McGrath	367	\$25,690		\$0	\$25,690
Mekoryuk	198	\$13,860		\$0	\$13,860
Metlakatla	1,370	\$95,900		\$0	\$95,900
Mountain Village	769	\$53,830		\$0	\$53,830
Napakiak	360	\$25,200		\$0	\$25,200
Napaskiak	436	\$30,520		\$0	\$30,520
Nenana	549	\$38,430	549	\$16,470	\$54,900
New Stuyahok	477	\$33,390		\$0	\$33,390
Newhalen	183	\$12,810		\$0	\$12,810
Nightmute	232	\$16,240		\$0	\$16,240
Nikolai	121	\$8,470		\$0	\$8,470
Nome	3,473	\$243,110	3,473	\$104,190	\$347,300
Nondalton	205	\$14,350		\$0	\$14,350

SB 219 Community Dividend Estimates

Municipalities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Noorvik	609	\$42,630		\$0	\$42,630
North Pole	1,532	\$107,240		\$0	\$107,240
North Slope Borough	235	\$16,450	7,104	\$213,120	\$229,570
Northwest Arctic Borough	708	\$49,560	7,306	\$219,180	\$268,740
Nuiqsut	430	\$30,100		\$0	\$30,100
Nulato	320	\$22,400		\$0	\$22,400
Nunam Iqua	204	\$14,280		\$0	\$14,280
Nunapitchuk	527	\$36,890		\$0	\$36,890
Old Harbor	196	\$13,720		\$0	\$13,720
Ouzinkie	187	\$13,090		\$0	\$13,090
Palmer	5,197	\$363,790		\$0	\$363,790
Pelican	118	\$8,260	118	\$3,540	\$11,800
Petersburg	3,123	\$218,610	3,123	\$93,690	\$312,300
Pilot Point	75	\$5,250		\$0	\$5,250
Pilot Station	559	\$39,130		\$0	\$39,130
Platinum	39	\$2,730		\$0	\$2,730
Point Hope	726	\$50,820		\$0	\$50,820
Port Alexander	69	\$4,830		\$0	\$4,830
Port Heiden	90	\$6,300		\$0	\$6,300
Port Lions	238	\$16,660		\$0	\$16,660
Quinhagak	612	\$42,840		\$0	\$42,840
Ruby	190	\$13,300		\$0	\$13,300
Russian Mission	331	\$23,170		\$0	\$23,170
Saint George	137	\$9,590		\$0	\$9,590
Saint Mary's	539	\$37,730	539	\$16,170	\$53,900
Saint Michael	409	\$28,630		\$0	\$28,630
Saint Paul	494	\$34,580		\$0	\$34,580
Sand Point	908	\$63,560		\$0	\$63,560
Savoonga	710	\$49,700		\$0	\$49,700
Saxman	391	\$27,370		\$0	\$27,370
Scammon Bay	486	\$34,020		\$0	\$34,020
Selawik	829	\$58,030		\$0	\$58,030
Seldovia	263	\$18,410		\$0	\$18,410
Seward	2,540	\$177,800		\$0	\$177,800
Shageluk	132	\$9,240		\$0	\$9,240
Shaktolik	209	\$14,630		\$0	\$14,630
Shishmaref	591	\$41,370		\$0	\$41,370
Shungnak	264	\$18,480		\$0	\$18,480
Sitka	8,805	\$616,350	8,805	\$264,150	\$880,500
Skagway	870	\$60,900	870	\$26,100	\$87,000
Soldotna	3,767	\$263,690		\$0	\$263,690
Stebbins	586	\$41,020		\$0	\$41,020
Tanana	304	\$21,280	304	\$9,120	\$30,400
Teller	241	\$16,870		\$0	\$16,870
Tenakee Springs	105	\$7,350		\$0	\$7,350
Thorne Bay	497	\$34,790		\$0	\$34,790
Togiak	805	\$56,350		\$0	\$56,350
Toksook Bay	561	\$39,270		\$0	\$39,270
Unalakleet	728	\$50,960		\$0	\$50,960
Unalaska	4,366	\$305,620	4,366	\$130,980	\$436,600
Upper Kalskag	263	\$18,410		\$0	\$18,410
Valdez	4,454	\$311,780	4,454	\$133,620	\$445,400

SB 219 Community Dividend Estimates

Municipalities	2004 Population	Community Dividend at \$70 Per Capita	2004 School Support Population	Municipal School Support Dividend at \$30 Per Capita	Total Community Dividend
Wainwright	531	\$37,170		\$0	\$37,170
Wales	152	\$10,640		\$0	\$10,640
Wasilla	6,109	\$427,630		\$0	\$427,630
White Mountain	213	\$14,910		\$0	\$14,910
Whittier	172	\$12,040		\$0	\$12,040
Wrangell	2,023	\$141,610	2,023	\$60,690	\$202,300
Yakutat	680	\$47,600	680	\$20,400	\$68,000
Municipal Totals	638,480	\$44,693,600	603,461	\$18,103,830	\$62,797,430

**Cities in Various stages of Inactivity/Dissolution
January 13, 2006**

Cities that we have confirmed closed doors and turned over services:

Ahkok
Kupreanoff
Nikolai

Cities that have inquired about dissolution in the past two years

Holy Cross
Hydaburg
Hughes
Kivalina
Mckoryuk
Nikolai
Quinhagak
Ruby

Cities who did not report certified election information for FY06:

Allakaket
Anvik
Brevig Mission
Grayling
Kaltag
Koyukuk
Nikolai
Pilot Point

Cities who have not submitted an FY06 Budget: (Information indicative of inactivity since they would receive funding upon our receipt of their budget and yet have not provided this information)

Akhiok
Buckland
Clark's Point
Craig
Egegik
Ekwok
Holy Cross
Hydaburg
Kiana
Kivalina
Kobuk
Koyukuk
Nightmute

Nikolai
Old Harbor
Pilot Point
Platinum
Port Heiden
Port Lions
Ruby
Teller
Upper Kalskag

Cities with large financial debt that put their continued viability at risk:

Ahkiok
Akiak
Alakunuk
Chevak
Diomedes
Grayling
Hydaburg
Lower Kalskag
Marshall
Nikolai
Pilot Point
Point Hope
Saint George
Saint Michael

Cities without Workman's Comprehensive Insurance:

Akiak
Alakanuk
Allakaket
Chevak
Diomedes
Hydaburg
Kiana
Kivalina
Kotlik
Lower Kalskag
Newhalen
Quinhagak
Ruby
Russian Mission
Saint George
Shaktoolik
Wales

Platinum
Port Heiden
Wales

Cities who have contracted out all municipal services:

Akhiok
Kiana
Kwethluk
Mekoryuk
Napaskiak
Quinhagak

Cities who DCA is watching closely:

Anaktuvik Pass
Chevak
Clark's Point
Hydaburg
Kivalina
Platinum
Point Hope
Saint George
Shishmaref

Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515
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Regional Office:
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Anchorage, Alaska 99501
(907) 278-2722 FAX 278-6643

January 18, 2006

Senator Gary Stevens, Chair
Community & Regional Affairs Committee
State Capital, Room 103
Juneau, AK 99801-1182

The Honorable Chairman and Members of the Senate Community & Regional Affairs Committee,

The Alaska State Chamber of Commerce supports a sustainable community dividend program. The state chamber supports SB 219 and we appreciate Sen. Wilken's efforts in reestablishing a municipal revenue sharing program.

Without a revenue sharing program, local communities are forced to raise property taxes or limit basic public services. This affects the ability of a local business to stay profitable or find a suitable location to operate.

We urge the legislature to pass a bill this year that encompasses a sustainable community dividend. As one of our top priorities, we are hopeful the legislature will find some common ground in creating a sustainable community dividend program

Yours in economic prosperity,

A handwritten signature in dark ink, appearing to read "Wayne A. Stevens", is written over a horizontal line.

Wayne A. Stevens,
President
Alaska State Chamber of Commerce

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 219
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Community Dividend Program RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Wilken
 Requester Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0
Miscellaneous						
TOTAL OPERATING	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0

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						
1001 Bud Res, 1041 Engs Res, 1197 AK Cap	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0
TOTAL	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0	63,700.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This legislation funds an annual community dividend program from the budget reserve fund, the earnings reserve account and the Alaska capital income fund. Communities and municipalities would be funded at \$70 per capita and municipalities that are also a school district would receive an additional \$30 per capita. The Division estimates full funding based on the 2004 population count would require approximately \$63.7 million. The amount of full funding would change annually due to changes in population, changes to municipal classifications, as a result of new municipalities becoming school districts and as a result of new communities becoming eligible. The legislation includes a provision to pro rate funds in the event more funds or fewer funds are available. The Division anticipates implementing and administering the program with existing staff.

Prepared by: Michael Black, Director
 Division: Community Advocacy
 Approved by: William C. Noll, Commissioner
 Agency: Commerce, Community, and Economic Development

Phone 289-4535
 Date/Time 1/17/06 4:37 PM
 Date 1/17/2006

GARY WILKEN
SENATOR
Fairbanks



State Capitol Building
Juneau, Alaska 99801-1182
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www.akrepublicans.org/wilken
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

SPONSOR STATEMENT

Senate Bill 219 Community Dividend Program

"Meets our Need – Shares our Wealth"

Senate Bill 219 creates a sustainable community dividend program to share state revenue with Alaska's local municipal governments and unincorporated communities. The proposed community dividend program is in response to concerns expressed by communities throughout Alaska. Higher costs of basic living and government needs, coupled with diminished traditional state support, have placed greater financial burdens on all local governments, large and small alike.

Under Senate Bill 219, the funding source for the new community dividend program is structured to be sustainable, the most important aspect of any meaningful state revenue sharing plan. One-third of the funds come from each of the following sustainable sources: 1) the earnings on the Amerada Hess sub-account of the Permanent Fund, 2) the Constitutional Budget Reserve, and 3) the Permanent Fund Earnings Reserve Account.

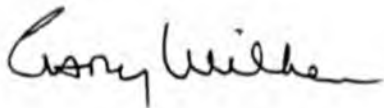
Senate Bill 219 provides \$70 per person for all local municipalities and unincorporated communities. Additionally, each municipality that is a school district and is meeting the 4-mill local contribution school requirement will receive an additional \$30 for a total of \$100 per resident.

The Department of Commerce, Community, and Economic Development will issue the dividends to Alaskan communities on July 1 of the year following the

actual legislative appropriation. This one-year delay will allow local governments to build an operating budget based on firm numbers. There will be no need for the budget writers to wait for the legislature to take action before drafting and passing their annual budgets.

Alaskans have enjoyed the benefit of their individual Permanent Fund dividend for many years; the time has come to share the state's wealth with our communities. Senate Bill 219 utilizes three robust and sustainable revenue sources to provide each Alaskan community an annual dividend.

I respectfully request your support

A handwritten signature in cursive script, appearing to read "Casey Miller".

SB

246

24-LS1436\G
Cook
3/9/06

CS FOR SENATE BILL NO. 246(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

*Adopted
3/10/06*

Offered:

Referred:

Funding Information:	General Fund	\$29,300,000
	Other Funds	\$28,000,000
	Total	\$57,300,000

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act making a special appropriation from the Alaska capital income fund to the
 2 revenue sharing fund and a special appropriation from the general fund to the
 3 municipal public employees' retirement system underfunded liability relief account; and
 4 providing for an effective date."

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

6 * **Section 1. ALASKA CAPITAL INCOME FUND.** The sum of \$28,000,000 is
 7 appropriated from the Alaska capital income fund (AS 37.05.565) to the revenue sharing fund
 8 (AS 29.60.800).

9 * **Sec. 2. GENERAL FUND.** The sum of \$29,300,000 is appropriated from the general fund
 10 to the municipal public employees' retirement system underfunded liability relief account.

11 * **Sec. 3. CONTINGENT EFFECT.** This Act takes effect only if a bill relating to the
 12 revenue sharing program and establishing the revenue sharing fund and establishing the
 13 municipal public employees' retirement system underfunded liability relief account is enacted
 14 by the Twenty-Fourth Alaska Legislature and becomes law.

1 * **Sec. 4.** If this Act takes effect under sec. 3 of this Act, it takes effect on the later of the
2 effective date of the Act described in sec. 3 of this Act or July 1, 2006.

ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Senator Gary Stevens, Vice-Chair
Senator Tom Wagoner
Senator Johnny Ellis
Senator Albert Kookesh



Official Business

State Capitol, Room 30
Juneau, AK 99901-1182
Phone: (907) 465-4989
Fax: (907) 465-3122

SPONSOR STATEMENT SB 246

"An Act making a special appropriation from the Alaska capital income fund to the revenue sharing fund; and providing for an effective date."

Senate Bill 246 comes as a result of recommendations made by the Advisory Commission on Local Government.

SB 246 appropriates \$28 million from the Alaska Capital Fund to the revenue sharing fund created by Senate Bill 247. The bill will only take effect if SB 247, establishing the revenue sharing fund, is enacted this Legislative session.

Senate Bill 246 provides the revenue sharing fund with a sustainable source of revenue to be shared with Alaska's local governments on a predictable, long-term basis.

Contact: Kim Carnot, Senate Community and Regional Affairs Committee Aide at (907) 465-4989



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Community & Regional Affairs By Request
Current Version: SB 246
Contact: Kim Carnot, 465-4989

Fact Sheet for: Senate Bill 246

Short Title: APPROP TO REVENUE SHARING FUND

Summary:

- Appropriates \$28 million from the Alaska capital income fund (AS 37.05.565) to the revenue sharing fund (AS 29.60.800), contingent on passage of a bill that establishes the revenue sharing fund.

Benefits:

- Provides a sustainable source of revenue for Alaska's local governments on a predictable, long-term basis.
- Helps stabilize or reduce local property taxes.
- Encourages local governments to provide adequate levels of public services.
- Helps local governments with budget planning.

Background:

- SB 246, SB 247 and SB 248 were introduced at the request of the Advisory Commission on Local Government, which was established during the first session of the Twenty-fourth Legislature to examine local governance issues. SB 247 establishes the revenue sharing program, SB 246 provides funding for the revenue sharing program, and SB 248 establishes a new administrative borough.

LEGAL SERVICES

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

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

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

MEMORANDUM

January 24, 2006

SUBJECT: Sectional Summary (SB 246)

TO: Senator Gary Stevens
Chair of the Senate Community and Regional Affairs Committee
Attn: Doug Letch

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Appropriates \$28,000,000 from the Alaska capital fund to the revenue sharing fund (created in SB 247).

Sec. 2. This bill takes effect only if another bill establishing the revenue sharing fund is enacted by the Twenty-Fourth Alaska Legislature.

Sec. 3. This bill takes effect on the later of: the effective date that satisfies the contingency or July 1, 2006.

TBC:ljw
06-023.ljw

SB

247

ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Senator Gary Stevens, Vice-Chair
Senator Tom Wagoner
Senator Johnny Ellis
Senator Albert Kookesh



Official Business

State Capitol, Room 30
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-3922

SPONSOR STATEMENT SB 247

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

Senate Bill 247 creates the Revenue Sharing Program to help Alaska's local municipal governments and unincorporated communities meet their financial obligations. The bill stems from recommendations made by the Local Government Advisory Commission, and comes in response to concerns from municipalities throughout Alaska.

Senate Bill 247 will authorize the Legislature to appropriate money from the Alaska Capital Income Fund to the new fund. \$300,000 dollars in revenue sharing will be appropriated to each unified municipality, \$150,000 for each borough, \$75,000 thousand for each city and \$25,000 for each community. If the amount that is appropriated to the revenue sharing fund exceeds that which is needed, the remaining funds shall be distributed to municipalities on a per capita basis.

Due to increased operating costs, limited tax bases and reduced state support, many Alaskan communities, particularly small cities, have found themselves at a critical juncture where key municipal services have either been reduced or eliminated. Passage of Senate Bill 247 will help reverse this trend and ensure a vibrant future for our local governments.

Contact: Kim Carnot, Senate Community and Regional Affairs Committee Aide at (907) 465-4989



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Community & Regional Affairs By Request
Current Version: SB 247
Contact: Kim Carnot, 474-4189

Fact Sheet for: Senate Bill 247

Short Title: REVENUE SHARING PROGRAM

Summary:

- Establishes a revenue sharing program, with a new disbursement formula that provides a basic grant and per capita allocation based on services provided and category of local government.
- Creates the revenue sharing fund and allows the legislature to make appropriations to the revenue sharing fund from the Alaska capital income fund.
- Directs the department to distribute revenue sharing payments in the following amounts:
 - \$300,000 for each unified municipality;
 - \$150,000 for each borough that is not a unified municipality;
 - \$75,000 for each city and for reserves that have an incorporated nonprofit entity or a Native village council that will agree to spend the payment for the benefit of the community, and to waive immunity for claims arising out of activities related to the payment. (Reserve is defined as a "place that is organized under federal law as an Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued in existence under that subsection.")
 - \$25,000 for each community, subject to the same conditions as for reserves.
- Reduces payments on a pro rata basis if funds are not sufficient to fully fund all payments.
- Increases payments by an equal amount for each person who resides in the municipality or reserve if the amount appropriated to the fund exceeds the amount sufficient to fully fund revenue sharing payments.

Benefits:

- Helps Alaska's local municipal governments and unincorporated communities meet their financial obligations.
- Responds to concerns from municipalities across the State.
- Eases the hardship brought on communities by increased operating costs, limited tax bases and reduced state support.
- Recognizes all forms of city and local government in a revised revenue sharing program that includes the unorganized communities.

Background:

- SB 246, SB 247 and SB 248 were introduced at the request of the Advisory Commission on Local Government, which was established during the first session of the Twenty-fourth Legislature to examine local governance issues. SB 247 establishes the revenue sharing program, SB 246 provides funding for the revenue sharing program, and SB 248 establishes a new administrative borough.

LEGAL SERVICES

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

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

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

MEMORANDUM

January 24, 2006

SUBJECT: Sectional Summary (SB 247)

TO: Senator Gary Stevens
Chair of Senate Community and Regional Affairs Committee
Attn: Doug Letch

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Creates a new revenue sharing program.

Sec. 29.60.800: Establishes the revenue sharing fund and authorizes the legislature to appropriate money from the Alaska capital income fund to the new fund. Requires that money appropriated to the fund be distributed each fiscal year for revenue sharing payments.

Sec. 29.60.810: Sets out the amount of payments to the classes of municipalities, to unincorporated communities outside of boroughs, and to certain Indian reserves organized under federal law. (See definition section)

Sec. 29.60.820: If the amount appropriated exceeds that necessary to fund payments described in sec. 29.60.810, increases the payments to municipalities and reserves.

Sec. 29.60.829: Definition of "community" and "reserve."

Sec. 2. July 1, 2006 effective date.

TBC:lmb
06-016.lmb

Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515
www.alaskachamber.com



Regional Office:
601 W. 5th Ave., Suite 700
Anchorage, Alaska 99501
(907) 278-2722 FAX 278-6643

★ STATE ★
CHAMBER
OF COMMERCE

March 6, 2006

Senator Bert Stedman, Chair
Community & Regional Affairs Committee
State Capital
Juneau, AK 99801-1182

The Honorable Chairman and Members of the Senate Community & Regional Affairs Committee,

The Alaska State Chamber of Commerce supports a sustainable community dividend program. The state chamber supports SB 247 and we appreciate any and all efforts to reestablish a municipal revenue sharing program.

Without a revenue sharing program, local communities are forced to raise property taxes or limit basic public services, which affect the ability of local businesses to stay profitable or find a suitable location in which to operate.

We urge the legislature to pass a bill this year that encompasses a sustainable community dividend. As one of our top priorities, we are hopeful the legislature will find some common ground in creating a sustainable dividend program this year.

Yours in economic prosperity,

A handwritten signature in cursive script, appearing to read "Wayne A. Stevens".

Wayne A. Stevens
President/CEO
Alaska State Chamber of Commerce

**Alaska State Chamber of Commerce
2006 Priority
Community Dividend**

The State Chamber urges the Legislature to implement a sustainable community dividend using an endowment management method to provide local tax relief to business and families, and to assist in providing basic public services throughout Alaska.



"Village with a Past, City with a Future"

210 Fidalgo Avenue, Kenai, Alaska 99611-7794
Telephone: (907) 283-7535 / Fax: (907) 283-3014
www.ci.kenai.ak.us

February 9, 2006

Governor Frank Murkowski
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

RE: **RESOLUTION NO. 2006-03 -- CITY OF KENAI**

Dear Governor Murkowski:

At its February 1, 2006 meeting, the Kenai City Council unanimously passed its Resolution No. 2006-03 urging the State of Alaska to provide for a sustainable revenue sharing/community dividend program for all Alaskan communities (copy enclosed).

As expressed in the resolution, the elimination of revenue sharing has caused significant negative effects on Alaska's cities and boroughs to provide services. With the availability of a budget surplus exceeding \$32 Billion, the Kenai City Council urges the establishment of a sustainable revenue sharing/community dividend program to share revenue with all Alaska communities.

CITY OF KENAI

Carol L. Freas
City Clerk

cc: Members of the Alaska Legislature
Kenai Peninsula Borough Assembly Members
Mayors of the Kenai Peninsula Borough
Alaska Municipal League

Suggested by: City Council

CITY OF KENAI

RESOLUTION NO. 2006-03

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, URGING THE STATE OF ALASKA TO PROVIDE FOR A SUSTAINABLE REVENUE SHARING/COMMUNITY DIVIDEND PROGRAM FOR ALL ALASKAN COMMUNITIES.

WHEREAS, Alaska's great wealth is generated by the natural resources of regions, communities and cities throughout the State; and,

WHEREAS, it is in the interest of the State of Alaska to share a portion of this natural resource wealth with its political subdivisions and allow citizens to have direct control over the public services they receive in order to enhance and continue positive economic growth throughout Alaska; and,

WHEREAS, in 1969, the Legislature adopted a municipal revenue sharing program to share Alaska's resource revenues with local taxpayers and communities, which were to "help ease fiscal problems facing local governments" and "stabilize or reduce local taxes"; and,

WHEREAS, the municipal revenue sharing program was eliminated in 2004; and,

WHEREAS, the elimination of revenue sharing has had a significant negative effect on the ability of Alaska's cities and boroughs to provide services, with communities forced to reduce essential services and/or increase local taxes, fees and causing economic hardship; and,

WHEREAS, the State of Alaska currently has over \$32 Billion in the Alaska Permanent Fund and a budget surplus exceeding \$1 Billion in this fiscal year; and,

WHEREAS, at present there are several active bills before the Legislature supporting the restoration of a revenue sharing program or the establishment of a municipal/community dividend program to provide communities with funding to reduce local taxes, build infrastructure, assist in covering costs of unfunded mandates, grow the State economy, increase quality of life and, in some cases, ensure the survival of small communities.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, urges the Alaska Legislature and Governor Frank Murkowski to establish a sustainable revenue sharing/community dividend program to share revenue with all Alaska communities; and,

BE IT FURTHER RESOLVED, upon passage, a copies of this resolution be forwarded to Governor Frank Murkowski, Members of the Alaska Legislature, Mayors of the Kenai Peninsula Borough communities, the Kenai Peninsula Borough Assembly, and the Alaska Municipal League.

CITY OF HOMER
HOMER, ALASKA

McLay

RESOLUTION 06-08

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA URGING THE STATE TO PRIORITIZE
INVESTMENT IN THE STATE'S EXISTING
TRANSPORTATION PLAN.

WHEREAS, It is the mission of the Alaska Department of Transportation and Public Facilities (ADOT/PF) to "provide for the movement of people and goods and the delivery of State services,"; and

WHEREAS, The vast distances, thousand of islands, active glaciers, towering mountains, frozen tundra, and other unique features that make Alaska grand also result in unique transportation challenges that cannot be addressed with a one-size-fits-all solution; and

WHEREAS, The Alaska Marine Highway System (AMHS) has provided service for over forty years to thousands of Alaska residents in 30 communities, stretching from the Aleutians through Kodiak, the Kenai Peninsula, and Prince William Sound to Southeast Alaska; and

WHEREAS, The 3,500-mile route of the AMHS has been recognized for its cultural, historical, recreational and scenic qualities through designation as an All-American Road by the United States Department of Transportation; and

WHEREAS, Regulatory deadlines will prevent three of the Marine Highway's most capable vessels from serving Canadian ports after January 1, 2010; and

WHEREAS, A \$46 million replacement for the *M/V LeConte* to serve Angoon, Hoonah, Juneau, Kake, Pelican, Petersburg, Sitka, Tenakee and possibly Gustavus, a \$61.2 million "Southern Gateway Shuttle" to connect Southeast Alaska with the continental road system at Prince Rupert, BC, and a \$123 million mainline ferry to replace aging vessels were all included in the Alaska Department of Transportation's FY 2004---2006 Statewide Transportation Improvement Program (STIP). Amendment #8, finalized in January 2005; and

WHEREAS, The *M/V LeConte* replacement, the "Southern Gateway Shuttle", and the mainline replacement ferry were all eliminated from the Draft FY 2006--2008 STIP; and

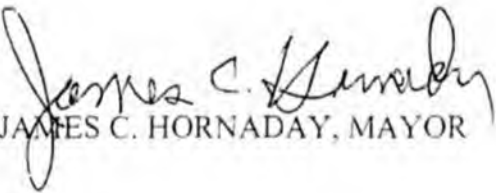
WHEREAS, The Draft FY 2006--2008 STIP calls for spending \$178 million on the proposed Juneau Road, \$299 million on the Gravina Bridge, and \$600 million on the Knik Arm Bridge over the next two years; and

Page Three
Resolution 06-08
City of Homer

BE IT FURTHER RESOLVED by the City Council that this Resolution shall be sent to ADOT/PF Commission and AMHS Director, Alaska's US Congressional Delegation, Governor Murkowski, Senator Gary Stevens, Representative Paul Seaton, Kenai Peninsula Borough Mayor Williams, Alaska Municipal League and to Better Ferries for Alaska, Bob Doll Executive Director.

PASSED AND APPROVED by the Homer City Council this 9th day of January, 2006.

CITY OF HOMER


JAMES C. HORNADAY, MAYOR

ATTEST:



MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Note: NA

Revenue Sharing Compass Piece Anchorage Daily News 6/7/05

Many Alaskan communities are in dire straits! The reasons for this are many and cannot be blamed on any one issue. In a few cases, those dire straits are brought about by poor decisions made by local residents and leaders. But, in most cases, those dire circumstances are brought about by the fact that the State no longer shares oil revenues with its communities, as it previously did since 1969. Especially in the face of rapidly rising costs for fuel, transportation and insurance, the message to communities is clear – raise taxes or cut back critical public services. Alaskans in most communities are feeling the pinch of steadily rising local taxes, while this year alone at least ten small communities that have virtually no local tax base have closed their doors.

State Revenue Sharing is a program whereby a state shares its wealth (state revenues from natural resources and state taxes) with its communities. Every state in the U.S. has some sort of Revenue Sharing program. The State of Alaska made the decision to end Municipal Revenue Sharing and has made it clear that if communities are short on revenues, they must further utilize their taxing authority and raise their tax base. Some state leaders have proudly stated that they have decided not to impose a tax on the people of Alaska. We disagree! They have decided to impose taxes; but they would rather cities and boroughs do it.

Cities and boroughs provide basic services to their residents such as water, sewer, trash collection, snow plowing, election services, harbors, road maintenance and many more. If a community is on an upward economic incline, services and taxes can equal out. However, if times of challenge are experienced, residents cannot bear additional taxation and services will have to be severely curtailed or stopped completely. We currently have communities in the State of Alaska with unclean water, no police protection, closed city halls, no insurance, no fuel, and no sewer system. The infrastructure is in place, but local governments have no operating money left with which to staff or maintain these facilities.

The State of Alaska is garnering huge excess revenues from the high price of oil. However, Alaskan communities have not realized increased revenues from those high oil prices, only increased expenditures. While high oil prices mean "windfall" to the state, communities must dip into what's left of their "rainy day account" to pay for increased fuel and transportation costs. Why is there such a disconnect?

Should every community survive? The natural progression of things says not. Old communities will cease and new ones will come into existence. But, we believe the State of Alaska should have a plan. Do we want to become a state made up of only larger hubs? Do we want "rural" to only mean the outskirts of Anchorage? Are Anchorage, Fairbanks, the Mat-Su and Juneau equipped to house the influx of people coming from the small communities throughout the state? Are there enough jobs? Will those people need help and support until they can get on their feet? Will their lifestyle and/or culture enable them to be successful in a more cosmopolitan environment?

Even though the legislature provided a one time offset for mandated increases in public

②

employee retirement programs to many communities, they failed to meaningfully share Alaska's financial resources with communities and local taxpayers. Revenue sharing would provide local tax relief and would help to provide for critical basic public services.

In a state with a huge oil revenue base, revenue sharing with communities and local taxpayers should be a point of discussion in every legislative district. We invite you, as an Alaskan and as a local taxpayer to help us with this discussion. Please contact your legislator and request the reinstatement of Municipal Revenue Sharing next year to provide local tax relief and ensure critical and adequate local public services in every community.

Kevin Ritchie
Executive Director
Alaska Municipal League

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Alaska Municipal League Local Government At Its Best!

Loss of revenue sharing hits villages hard

CLOSINGS: State cuts left small cities with expenses they can't pay.

By DAN JOLING

The Associated Press

Published: September 18, 2005

Last Modified: September 18, 2005 at 02:34 AM

The city clerk at Holy Cross doesn't spend much time at her desk these days. Lack of money in the Yukon River village has turned Connie Walker into a volunteer. She came in this week to prepare City Hall for a bingo game, a fundraiser to help a family pay for a funeral. Otherwise, she drops by to pay city bills, open mail and, if it rings, answer the phone.

Holy Cross City Hall closed its doors at the end of May, saving its remaining cash reserve -- about \$10,000 as of Tuesday -- to pay for utilities. Holy Cross is one of a host of Alaska rural municipalities facing serious financial problems since the state ended a revenue-sharing program.

Encouraged by state officials to organize 36 years ago to reap financial benefits of the trans-Alaska oil pipeline, and built up with infrastructure provided by state and federal grants, rural cities now can't afford to hire employees to keep their doors open or maintain their facilities.

According to the Alaska Municipal League, the governments of nine villages -- Ahkiok, Kiana, Kivalina, Kupreanof, Mekoryuk, Nikolai, Platinum, Quinhagak, and Russian Mission -- have ceased day-to-day operations.

Eighteen communities have serious management or financial problems. They don't hold elections or adopt budgets; they owe money to fuel companies, insurance companies or the Internal Revenue Service for employee taxes; or they've let insurance lapse.

Another 39 communities have financial problems so severe, they could be insolvent in two years.

Holy Cross is typical. A village of about 200 people 420 miles southwest of Fairbanks, it is accessible only by airplane or riverboat.

Census data for 2000 showed that 45 percent of residents live below the poverty line and 56 residents have jobs. More than 96.5 percent of the population is Alaska Native. Like much of rural Alaska, residents rely on fishing and hunting to make up for a lack of cash.

The layoffs of Walker and four other employees, including a heavy equipment operator, has left pothole problems on roads and no one to take the complaints.

"We've got no money to plow the roads," said Mayor Jeffrey Dementieff. "I've been having to ask for volunteers."

Dementieff got the job in 2003. His predecessor quit when the state dropped revenue sharing. The state money was the city's main source of revenue, ahead of the city's coin-operated laundry, water and sewer system, and bingo game.

In the 1980s, Holy Cross received as much as \$150,000 a year in state aid. The city's last state money was a one-time payment of \$40,000 in fiscal 2004, Walker said.

The Holy Cross experience is being played out in rural communities across Alaska, said Kevin Ritchie, executive director of the Alaska Municipal League. Dropping services will affect public safety, road maintenance, and other life and health issues.

"It has impacts far beyond the government," he said.

The lost revenue can't be made up by sales or property tax, Ritchie said.

The village of Ambler, 330 miles to the northeast, with a population of about 300, collects \$22,500 yearly on its 3 percent sales tax, Ritchie said. That's because most villagers buy in bulk from stores in Anchorage or Fairbanks.

Likewise, the entire assessed property value in Ambler is \$3.5 million, Ritchie said.

But because so much is low-income housing or other property that cannot be taxed, about one in four property owners would be paying a property tax, he said.

Revenue sharing and matching grants allowed villages to perform maintenance and small construction projects.

"It didn't create some huge political infrastructure," Ritchie said. "But it was enough to keep the lights on, have a city clerk that collected utility bills, things like that."

Both programs were dropped as the state faced a gap between spending and income. That was not the case 36 years ago, Ritchie said.

In the late 1960s, when construction of the trans-Alaska oil pipeline was under consideration and Alaska Native leaders questioned how it would make their lives better, they were told that villages should form municipalities and participate in revenue sharing, Ritchie said.

"A lot probably took that advice very seriously," he said.

Eighty-four of Alaska's 245 municipalities formed after 1969. The only thing keeping some from officially dissolving is money, Ritchie said; the process requires a paid administrator.

"If you don't have the money to hire anybody, you can't dissolve," he said.

The state has more than \$31 billion in the Alaska Permanent Fund, a savings account whose earnings politicians so far have been unwilling to tap.

With crude oil at more than \$60 per barrel, the state's budget gap has disappeared. But the glut of state money from high oil earnings so far has not crossed over to help small cities. Meanwhile, the cost of fuel, a huge expense for villages, has also climbed.

For every \$1-per-barrel hike in the price of crude, the state earns another \$65 million annually, according to the Alaska Department of Revenue. But that also translates into \$20 million more per year in fuel costs for Alaskans, Ritchie said.

It's not accurate to say the state provided no help to small cities, said Becky Hultberg, Gov. Frank Murkowski's spokeswoman. She noted a small community energy assistance program and money for employee retirement expenses.

"There certainly was some assistance," she said. "It wasn't in the form as in past years."

She said Murkowski made "some very hard decisions" to keep the state solvent when he cut revenue sharing. With the revenue picture improved, "he is certainly willing to look at new solutions," she said.

It can't come too soon for Holy Cross city officials.

The city will receive a dribble of federal money this fall, about \$23,000 of "payment in lieu of taxes" money. The city may use that money to hire employees back for four hours per day.

"If the Legislature doesn't come through for us when they reconvene, that

\$23,000 isn't going to last very long," Walker said. "Maybe the winter."

Alaska Municipal League

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Alaska Municipal League Local Government At Its Best!

Full History of Municipal Revenue Sharing in Alaska Excerpted from House Research Agency Request 87.073 "History of Municipal Assistance and Revenue Sharing"

Overview:

- ❑ Revenue Sharing started in 1969, long before oil revenue.
- ❑ Revenue Sharing was a bigger percent of the State budget in 1969 than it was last year.
- ❑ In 1979 the Legislature ended sharing the Gross Business Receipts Tax with municipalities in exchange for a promise to replace the revenue with equivalent "Municipal Assistance".

1969 to 1980 - State Revenue Sharing Program: SRS came into being on July 1, 1969 with the passage of HB 350 (Chapter 95, SLA 1969). Its five purposes were:

1. Help ease fiscal problems facing local governments.
2. Stabilize or reduce local property taxes.
3. Encourage local governments to provide adequate levels of public services.
4. Inject a measure of budget planning and stability into local governments.
5. Improve allocation of State funds by sharing them with local governments.

Approximately 75% of the funds were distributed on a per capita basis for services provided, and 25% based on other criteria (e.g. miles of road maintained). The categories and evolution of the program are shown in the table below:

Comparison of State Revenue Sharing in FY 70 to FY 80

<u>Category of Service Provided</u>	<u>1970</u>	<u>1980</u>
Police	\$5.00 / capita	\$12.00 / capita
Fire Protection	\$2.50 / capita	\$7.50 / capita
Road Maintenance	\$1,000 / mile	\$1,500 / mile
Air/water Pollution	\$1.00 / capita	\$2.00 / capita
Land Use Planning	\$1.00 / capita	\$2.00 / capita
Ice Roads	NA	\$900 / mile
Parks and Recreation	NA	\$5.00 / capita
Transportation Facilities	NA	\$5.00 / capita
Health Services	NA	\$2.00 / capita
Hospital (/ facility)	NA	\$25,000 to \$75,000
Health Facilities	NA	\$1,000/bed. \$4,000/facility
Hospital Construction	NA	\$2,500 / bed

TOTAL Revenue Sharing	\$2.0 million	\$26.9 million
TOTAL / Capita Sharing	\$9.50 / capita	\$35.50 / capita

1979 - "Municipal Assistance" Program created to replace municipal share of the Gross Business Receipts tax: Until 1979, the State shared 20% of the Gross Business Tax Receipts generated in each municipality. When the State repealed its tax on January 1, 1979, *the State promised to replace the lost revenues to municipalities.* Revenues were distributed with a "hold harmless" amount (based on what each municipality received in 1978), plus a per capita distribution.

1980 - Revised State Revenue Sharing Programs: HB 192 (Chapter 155, SLA 1980) repealed and replaced the "per capita" revenue sharing program primarily with an "equalization" revenue sharing program. Key elements of the new State Revenue Sharing Program are:

1. All "per capita" type categories were abolished except Roads, Fire Protection and Health Facilities. Road revenue sharing was increased to \$2500 / mile
2. A "minimum entitlement" was created to protect the smallest municipalities.
3. A cost of living differential was established.
4. The majority of funds were distributed under an "equalization" formula that takes into account: population; local tax base; and actual local tax effort.

1997 - "Municipal Assistance" changed to "Safe Communities": The Municipal Assistance Program did not direct how the money was to be used by municipal governments. The Safe Communities Program directs that revenues be allocated to various public safety and health services in priority order. However, a municipality may allocate the funding to other public services.

2004 - All Revenue Sharing Programs eliminated

- ❑ Local property taxes have gone up 29% in the last six years largely due to revenue sharing cuts, underfunding education inflation, and state/federal mandates.
- ❑ Over 40 small communities have ended or severely cut key municipal services including police, fire, road maintenance, etc.
- ❑ In 2005 alone at least 10 small communities have closed their doors.

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**Alaska Municipal League
Local Government At Its Best!**

Summary

**Municipal revenue sharing adopted this year can save many small cities
and the public services they provide**

- **Small cities disintegrating:**
Per State DCCED, this year:
 - ◆ 9 cities no longer functioning
 - ◆ 17 more cities in deep debt
 - ◆ 39 more cities have terminated key local services this year (e.g. police, road/utility/facility maintenance)

- **Small cities uninsured:**
Uninsured cities place a huge liability on the State, far in excess of the cost of a municipal revenue sharing program.
 - ◆ Insurance for up to 9 cities has been canceled
 - ◆ Up to 33 more are on month to month payments due an inability to pay.

- **Rural Alaska Fuels the Urban Economy**
 - ◆ An estimated 20% of the urban job base directly or indirectly depends on trade and services to other parts of Alaska. (Alaska's Economic Links – Gross and Assoc. Chase Economics, Northwest Strategies, 1998)

Alaska Municipal League

24-LS1422Y

Cook

3/10/06

*Adopted
3/10/06*

CS FOR SENATE BILL NO. 247(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the revenue sharing program and to state aid for certain municipal
2 underfunding of the Public Employees' Retirement System of Alaska; and providing for
3 an effective date."

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

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

6 **Article 10. Revenue Sharing Program.**

7 **Sec. 29.60.800. Revenue sharing fund.** (a) There is established in the
8 department the revenue sharing fund consisting of money appropriated to the fund.
9 Each fiscal year, the legislature may appropriate to the revenue sharing fund from the
10 Alaska capital income fund (AS 37.05.565) an amount for revenue sharing payments.
11 Other appropriations may be made to the revenue sharing fund.

12 (b) Each fiscal year, the department shall distribute money appropriated to the
13 fund for revenue sharing payments.

14 **Sec. 29.60.810. Revenue sharing payments.** (a) The revenue sharing payment

1 for a fiscal year equals

2 (1) \$300,000 for each unified municipality;

3 (2) \$150,000 for each borough that is not a unified municipality;

4 (3) \$75,000 for each city and, subject to (b) of this section, for a
5 reserve; and

6 (4) subject to (b) of this section, \$25,000 for each community.

7 (b) The department, with advice from the Department of Law, shall determine
8 whether there is, in each reserve or community, an incorporated nonprofit entity or a
9 Native village council that will agree to receive and spend the revenue sharing
10 payment for the benefit of the reserve or community. If there is more than one
11 qualified entity in a reserve or community, the department shall make the payment to
12 the entity that the department finds most qualified to receive and spend the money
13 The department may not make a payment for a reserve or community unless the
14 incorporated nonprofit entity or Native village council waives immunity from suit for
15 claims arising out of activities of the corporation or council related to the revenue
16 sharing payment. A waiver of immunity from suit under this subsection must be on a
17 form provided by the Department of Law. If there is not a qualified incorporated
18 nonprofit entity or Native village council in a reserve or community that is willing to
19 receive and spend the revenue sharing payment for the benefit of the reserve or
20 community, the payment may not be made.

21 (c) If the amount appropriated to the revenue sharing fund is not sufficient to
22 fully fund all payments for a fiscal year under (a) of this section, the department shall
23 reduce each payment on a pro rata basis.

24 **Sec. 29.60.820. Increased payments.** (a) If the amount appropriated to the
25 revenue sharing fund exceeds that which is sufficient to fully fund revenue sharing
26 payments under AS 29.60.810(a) for a fiscal year, the department shall increase each
27 payment to a municipality or reserve by an equal amount for each person who resides
28 in the municipality or reserve.

29 (b) For purposes of determining the amount of an increased payment, the
30 population of the municipality or reserve shall be determined by using the number of
31 permanent fund dividend recipients or other population data that the department

determines as reliable. In determining the population of a borough, the population of each city in the borough shall be deducted from the total population of the borough.

Sec. 29.60.829. Definitions. In AS 29.60.800 - 29.60.829,

(1) "community" means a place that is not incorporated as a city, in which 25 or more individuals reside as a social unit, and that is not in a unified municipality or a home rule, first class, or second class borough;

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

* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MUNICIPAL PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDERFUNDED LIABILITY RELIEF ACCOUNT. (a) There is established in the Department of Administration the municipal public employees' retirement system underfunded liability relief account consisting of appropriations to the account. Notwithstanding AS 39.35, the department shall use money in the account in fiscal year 2007 for contribution shortfalls to the Public Employees' Retirement System of Alaska that result from the difference between a municipal employer's fiscal year 2007 certified contribution rate and the employer's fiscal year 2007 actuarial calculated rate, as determined in the supplement to the actuarial valuation as of June 30, 2004. Before January 1, 2007, the department shall transfer the money in the municipal public employees' retirement system underfunded liability relief account to the public employees' retirement system accounts of the following municipal employers in the following amounts:

(1) Allakaket, City of	\$ 633
(2) Anchorage, Municipality of	14,134,590
(3) Bristol Bay Borough	67,972
(4) Cordova, City of	252,133
(5) Craig, City of	28,214
(6) Denali Borough	22,550
(7) Dillingham, City of	35,336
(8) Egegik, City of	11

1	(9) Fairbanks North Star Borough	243,894
2	(10) Fairbanks, City of	5,940,276
3	(11) Haines Borough	63,966
4	(12) Homer, City of	426,547
5	(13) Hoonah, City of	6,623
6	(14) Huslia, City of	5,934
7	(15) Juneau, City and Borough of	2,293,420
8	(16) Kachemak, City of	5,731
9	(17) Kaltag, City of	3,620
10	(18) Kenai Peninsula Borough	831,820
11	(19) Kenai, City of	571,367
12	(20) Ketchikan Gateway Borough	211,055
13	(21) Ketchikan, City of	377,233
14	(22) King Cove, City of	795
15	(23) Kodiak Island Borough	376,411
16	(24) Kodiak, City of	702,293
17	(25) Lake and Peninsula Borough	7,856
18	(26) Matanuska-Susitna Borough	366,689
19	(27) Mekoryuk, City of	851
20	(28) Nome, City of	206,077
21	(29) North Pole, City of	107,715
22	(30) Palmer, City of	166,149
23	(31) Pelican, City of	564
24	(32) Petersburg, City of	43,955
25	(33) Saint Paul, City of	5,133
26	(34) Sand Point, City of	36,775
27	(35) Saxman, City of	7,708
28	(36) Seward, City of	204,976
29	(37) Sitka, City and Borough of	508,683
30	(38) Unalakleet, City of	3,431
31	(39) Valdez, City of	583,784

1	(40) Whittier, City of	4,940
2	(41) Wrangell, City of	262,410
3	(b) Money in the municipal public employees' retirement system underfunded liability	
4	relief account lapses into the general fund on January 1, 2007.	
5	* Sec. 3. Section 2 of this Act is repealed on January 1, 2007.	
6	* Sec. 4. This Act takes effect July 1, 2006.	

CS SB 247 (CRA) APPROPRIATION CALCULATIONS FOR PERS UNDERFUNDING RELIEF

Employer	FY 07 Estimated Earnings	FY 07 Rate	Actual Contribution	Actuarial Rate	Required Contrib.	Approp Amounts for Bill
ALLAKAKET, CITY OF	7,917	15.00%	1,188	22.99%	1,820	633
ANCHORAGE, MUNICIPALITY OF	136,38,688	18.65%	25,818,815	28.86%	39,953,405	14,134,590
BRISTOL BAY BOROUGH	1,638,689	17.99%	294,800	22.26%	364,772	69,972
CORDOVA, CITY OF	2,166,094	19.77%	428,237	31.41%	680,370	252,133
CRAIG, CITY OF	1,492,827	25.33%	378,133	27.22%	406,348	28,214
DENALI BOROUGH	181,706	39.00%	70,865	51.41%	93,415	22,550
DILLINGHAM, CITY OF	2,208,529	21.18%	467,766	22.78%	503,103	35,336
EGE SIK, CITY OF	54,908	18.80%	10,323	18.82%	10,334	11
FAIRBANKS NORTH STAR BOROUGH	18,617,900	20.93%	3,896,726	22.24%	4,140,621	243,894
FAIRBANKS, CITY OF	6,675,218	35.67%	2,381,050	124.66%	8,321,326	5,940,276
HAINES BOROUGH	1,623,501	27.17%	441,105	31.11%	505,071	63,966
HOMER, CITY OF	4,765,884	17.92%	854,046	26.87%	1,280,593	426,547
HOONAH, CITY OF	704,609	20.75%	146,206	21.69%	152,830	6,623
HUSLIA, CITY OF	106,341	23.27%	24,746	28.85%	30,680	5,934
JUNEAU, CITY AND BOROUGH OF	27,934,465	21.22%	5,927,693	29.43%	8,221,113	2,293,420
KACHEMAK, CITY OF	23,968	30.37%	7,279	54.28%	13,010	5,731
KALTAG, CITY OF	12,268	23.49%	2,882	53.00%	6,502	3,620
KENAI PENINSULA BOROUGH	14,122,582	22.81%	3,221,361	28.70%	4,053,181	831,820
KENAI, CITY OF	5,128,969	18.67%	957,579	29.81%	1,528,946	571,367
KETCHIKAN GATEWAY BOROUGH	4,307,254	20.49%	882,556	25.39%	1,093,612	211,055
KETCHIKAN, CITY OF	8,009,185	29.92%	2,396,348	34.63%	2,773,581	377,233
KING COVE, CITY OF	994,085	19.63%	195,139	19.71%	195,934	795
KODIAK ISLAND BOROUGH	2,114,670	15.00%	317,201	32.80%	693,612	376,411
KODIAK, CITY OF	6,023,099	21.21%	1,277,499	32.87%	1,979,793	702,293
LAKE AND PENINSULA BOROUGH	392,790	27.90%	109,588	29.90%	117,444	7,856
MATANUSKA-SUSITNA BOROUGH	11,317,561	20.99%	2,375,556	24.23%	2,742,245	366,689
MEKORYUK, CITY OF	10,261	5.00%	513	13.29%	1,364	851
NOME, CITY OF	2,476,892	15.50%	383,918	23.82%	589,996	206,077
NORTH POLE, CITY OF	1,669,999	20.00%	334,000	26.45%	441,715	107,715
PALMER, CITY OF	2,972,249	23.54%	699,667	29.13%	865,816	166,149
PELICAN, CITY OF	152,566	18.86%	28,774	19.23%	29,338	564
PETERSBURG, CITY OF	4,146,689	28.53%	1,183,050	29.59%	1,227,005	43,955
SAINT PAUL, CITY OF	1,387,412	17.35%	240,716	17.72%	245,849	5,133
SAND POINT, CITY OF	769,349	17.11%	131,636	21.89%	168,411	36,775
SAXMAN, CITY OF	108,869	37.84%	41,196	44.92%	48,904	7,708
SEWARD, CITY OF	3,713,340	18.74%	695,880	24.26%	900,856	204,976

PROVIDED BY SENATOR BERT STEDMAN

March 10, 2006

CS SB 247 (CRA) APPROPRIATION CALCULATIONS FOR PERS UNDERFUNDING RELIEF

Employer	FY 07 Estimated Earnings	FY 07 Rate	Actual Contribution	Actuarial Rate	Required Contrib.	Approp Amounts for Bill
SITKA, CITY AND BOROUGH OF	8,770,393	24.02%	2,106,648	29.82%	2,615,331	508,683
SOLDOTNA, CITY OF	2,735,120	19.46%	532,254	25.54%	698,550	166,295
UNALAKLEET, CITY OF	200,275	19.87%	45,756	21.36%	49,187	3,431
VALDEZ, CITY OF	5,198,434	18.91%	983,024	30.14%	1,566,808	583,784
WHITTIER, CITY OF	898,175	15.00%	134,726	15.55%	139,666	4,940
WRANGELL, CITY OF	2,642,602	21.72%	573,973	31.65%	836,384	262,410
Subtotal: Political Subs PERS	369,379,404		73,339,696		102,620,395	29,288,418
Source of Data:						
FY 07 estimated earnings provided by Alaska Division of Retirement and Benefits						
Contribution rates were taken from the Supplement to the Actuarial Valuation Report as of June 30, 2004. Prepared by Mercer Consulting						
Note:						
These rates are not adjusted to ensure that all employers are at least at the normal cost rate (13.32%).						
Making that adjustment, however, would have no impact on grant needs because those employers would be paying more than the actuarial rate.						

State of Alaska Public Employees' Retirement System Employer Rates for Fiscal Year 2006				
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ER No.	ER Name	FY 2005 Employer Rate	FY 2006 Employer Rate	Change Due to SB 46
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EMPLOYERS WHO CHOSE TO STAY AT THEIR PREVIOUSLY REPORTED (FY 06) RATE

230	Aleutians East Borough	14.83	16.01	0.00
144	Bristol Bay Borough	7.99	12.99	0.00
148	Cordova, City of	9.77	14.77	0.00
282	Delta Junction, City of	14.10	13.76	0.00
258	Denali Borough	29.00	34.00	0.00
129	Fairbanks, City of	25.67	30.67	0.00
192	Galena, City of	5.00	10.00	0.00
260	Kachemak, City of	20.37	25.37	0.00
122	Ketchikan Gateway Borough	10.49	15.49	0.00
181	Ketchikan, City of	19.92	24.92	0.00
128	Kodiak, City of	11.21	16.21	0.00
174	Kodiak Island Borough	5.00	10.00	0.00
247	Lake and Peninsula Borough	17.90	22.90	0.00
191	North Pole, City of	10.00	15.00	0.00
134	Palmer, City of	13.54	18.54	0.00
143	Petersburg, City of	18.53	23.53	0.00
266	Quinhagak, City of	12.33	8.38	0.00
182	Seward, City of	8.74	13.74	0.00
123	Soldotna, City of	9.46	14.46	0.00
169	Tanana, City of	15.65	11.77	0.00
249	Unalakleet, City of	9.87	14.87	0.00
107	Valdez, City of	8.91	13.91	0.00
248	Yakutat, City and Borough of	13.78	18.78	0.00

EMPLOYERS WHO ARE PAYING THEIR PREVIOUSLY REPORTED RATE BUT HAVEN'T FORMALLY INFORMED THE DIVISION

202	Whittier, City of	5.00	10.00	0.00
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EMPLOYERS WHO CHOSE TO USE THE REDUCED (FY 05) RATE

208	Akutan, City of	9.09	13.72	-4.63
259	Allakaket, City of	5.00	10.00	-5.00
173	Anchorage, Municipality of	8.65	13.37	-4.72
173a	Anchorage, Municipality of -- Police and Fire members	9.90	14.90	-5.00
283	Anderson, City of	0.00	0.00	0.00
243	Atka, City of	15.00	20.00	-5.00
171	Barrow, City of	12.86	17.86	-5.00
136	Bethel, City of	8.70	13.70	-5.00
186	Craig, City of	15.33	20.33	-5.00
178	Dillingham, City of	11.18	16.18	-5.00
271	Egegik, City of	8.80	13.80	-5.00
242	Elim, City of	9.31	14.31	-5.00
116	Fairbanks North Star Borough	10.93	15.93	-5.00
183	Fort Yukon, City of	5.00	10.00	-5.00

inactive in FY06

State of Alaska
Public Employees' Retirement System

Employer Rates
for Fiscal Year 2006

ER No.	ER Name	FY 2005 Employer Rate	FY 2006 Employer Rate	Change Due to SB 46
189	Haines Borough	17.17	22.17	-5.00
215	Homer, City of	7.92	12.92	-5.00
199	Hoonah, City of	10.75	15.75	-5.00
285	Hooper Bay, City of	10.42	14.65	-4.23
235	Huslia, City of	13.27	18.27	-5.00
126	Juneau, City and Borough of	11.22	16.22	-5.00
237	Kaltag, City of	13.49	18.49	-5.00
180	Kenai Peninsula Borough	12.81	17.81	-5.00
115	Kenai, City of	8.67	13.67	-5.00
151	King Cove, City of	9.63	14.63	-5.00
227	Klawock, City of	6.19	11.19	-5.00
140	Kotzebue, City of	5.00	10.00	-5.00
287	Kotzebue, City of	10.42	14.31	-3.89
109	Matanuska-Susitna Borough	10.99	15.99	-5.00
193	Nenana, City of	14.46	19.46	-5.00
139	Nome, City of	5.50	10.50	-5.00
241	Noorvik, City of	9.40	13.82	-4.42
145	North Slope Borough	7.64	12.64	-5.00
220	Northwest Arctic Borough	9.33	14.33	-5.00
200	Pelican, City of	8.86	13.86	-5.00
256	Saint George, City of	8.78	13.78	-5.00
172	Saint Paul, City of	7.35	12.35	-5.00
176	Sand Point, City of	7.11	12.11	-5.00
198	Saxman, City of	27.84	32.84	-5.00
222	Selawik, City of	11.01	7.88	3.13
286	Seldovia, City of	10.42	14.48	-4.06
120	Sitka, City and Borough of	14.02	19.02	-5.00
132	Skagway, City of	14.63	19.63	-5.00
206	Thorne Bay, City of	10.10	15.10	-5.00
280	Toksook Bay, City of	10.00	14.69	-4.69
179	Unalaska, City of	12.09	17.08	-4.99
131	Wasilla, City of	11.44	16.44	-5.00
135	Wrangell, City of	11.72	16.72	-5.00

inactive in FY 06

TERMINATED EMPLOYERS THAT DRB WILL USE THE APPROPRIATION TO OFFSET A TERMINATION LIABILITY

214	Saint Mary's, City of (TERMINATED)
216	Ruby, City of (TERMINATED)
277	Kake, City of (TERMINATED)
289	Angeon, City of (TERMINATED)

SB 247 Revenue Sharing Estimates

Municipalities	2004 Population	Revenue Sharing Base Payment	Per Capita Increased Payment	Total Revenue Sharing Payment
Adak	69	\$75,000	\$1,348	\$76,348
Akhiok	56	\$75,000	\$1,094	\$76,094
Akiak	367	\$75,000	\$7,171	\$82,171
Akutan	771	\$75,000	\$15,064	\$90,064
Alakanuk	667	\$75,000	\$13,032	\$88,032
Aleknagik	219	\$75,000	\$4,279	\$79,279
Aleutians East Borough	76	\$150,000	\$1,485	\$151,485
Allakaket	90	\$75,000	\$1,758	\$76,758
Ambler	274	\$75,000	\$5,354	\$80,354
Anaktuvuk Pass	300	\$75,000	\$5,862	\$80,862
Anchorage	277,498	\$300,000	\$5,421,920	\$5,721,920
Anderson	546	\$75,000	\$10,668	\$85,668
Angoon	481	\$75,000	\$9,398	\$84,398
Aniak	532	\$75,000	\$10,395	\$85,395
Anvik	101	\$75,000	\$1,973	\$76,973
Atka	92	\$75,000	\$1,798	\$76,798
Atkasuk	247	\$75,000	\$4,826	\$79,826
Barrow	4,351	\$75,000	\$85,012	\$160,012
Bethel	5,888	\$75,000	\$115,043	\$190,043
Bettles	31	\$75,000	\$606	\$75,606
Brevig Mission	319	\$75,000	\$6,233	\$81,233
Bristol Bay Borough	1,096	\$150,000	\$21,414	\$171,414
Buckland	437	\$75,000	\$8,538	\$83,538
Chefornak	439	\$75,000	\$8,577	\$83,577
Chevak	899	\$75,000	\$17,565	\$92,565
Chignik	92	\$75,000	\$1,798	\$76,798
Chuathbaluk	105	\$75,000	\$2,052	\$77,052
Clark's Point	62	\$75,000	\$1,211	\$76,211
Coffman Cove	177	\$75,000	\$3,458	\$78,458
Cold Bay	89	\$75,000	\$1,739	\$76,739
Cordova	2,298	\$75,000	\$44,900	\$119,900
Craig	1,127	\$75,000	\$22,020	\$97,020
Deering	145	\$75,000	\$2,833	\$77,833
Delta Junction	984	\$75,000	\$19,226	\$94,226
Denali Borough	1,296	\$150,000	\$25,322	\$175,322
Dillingham	2,422	\$75,000	\$47,322	\$122,322
Diomede	141	\$75,000	\$2,755	\$77,755
Eagle	115	\$75,000	\$2,247	\$77,247
Eek	292	\$75,000	\$5,705	\$80,705
Egegik	76	\$75,000	\$1,485	\$76,485
Ekwok	127	\$75,000	\$2,481	\$77,481
Elim	318	\$75,000	\$6,213	\$81,213
Emmonak	762	\$75,000	\$14,888	\$89,888
Fairbanks	29,954	\$75,000	\$585,259	\$660,259

SB 247 Revenue Sharing Estimates

Municipalities	2004 Population	Revenue Sharing Base Payment	Per Capita Increased Payment	Total Revenue Sharing Payment
Fairbanks North Star Borough	53,493	\$150,000	\$1,045,178	\$1,195,178
False Pass	62	\$75,000	\$1,211	\$76,211
Fort Yukon	594	\$75,000	\$11,606	\$86,606
Galena	717	\$75,000	\$14,009	\$89,009
Gambell	648	\$75,000	\$12,661	\$87,661
Golovin	160	\$75,000	\$3,126	\$78,126
Goodnews Bay	236	\$75,000	\$4,611	\$79,611
Grayling	182	\$75,000	\$3,556	\$78,556
Gustavus	473	\$75,000	\$9,242	\$84,242
Haines Borough	2,245	\$150,000	\$43,864	\$193,864
Holy Cross	206	\$75,000	\$4,025	\$79,025
Homer	5,332	\$75,000	\$104,180	\$179,180
Hoonah	841	\$75,000	\$16,432	\$91,432
Hooper Bay	1,124	\$75,000	\$21,961	\$96,961
Houston	1,368	\$75,000	\$26,729	\$101,729
Hughes	72	\$75,000	\$1,407	\$76,407
Huslia	269	\$75,000	\$5,256	\$80,256
Hydaburg	349	\$75,000	\$6,819	\$81,819
Juneau	30,966	\$300,000	\$605,032	\$905,032
Kachemak	475	\$75,000	\$9,281	\$84,281
Kake	663	\$75,000	\$12,954	\$87,954
Kaktovik	284	\$75,000	\$5,549	\$80,549
Kaltag	211	\$75,000	\$4,123	\$79,123
Kasaan	60	\$75,000	\$1,172	\$76,172
Kenai	6,809	\$75,000	\$133,038	\$208,038
Kenai Peninsula Borough	31,794	\$150,000	\$621,210	\$771,210
Ketchikan	7,691	\$75,000	\$150,271	\$225,271
Ketchikan Gateway Borough	4,948	\$150,000	\$96,677	\$246,677
Kiana	394	\$75,000	\$7,698	\$82,698
King Cove	723	\$75,000	\$14,126	\$89,126
Kivalina	388	\$75,000	\$7,581	\$82,581
Klawock	848	\$75,000	\$16,569	\$91,569
Kobuk	128	\$75,000	\$2,501	\$77,501
Kodiak	6,199	\$75,000	\$121,120	\$196,120
Kodiak Island Borough	6,494	\$150,000	\$126,884	\$276,884
Kotlik	588	\$75,000	\$11,489	\$86,489
Kotzebue	3,130	\$75,000	\$61,156	\$136,156
Koyuk	348	\$75,000	\$6,799	\$81,799
Koyukuk	109	\$75,000	\$2,130	\$77,130
Kupreanof	38	\$75,000	\$742	\$75,742
Kwethluk	695	\$75,000	\$13,579	\$88,579
Lake & Peninsula Borough	882	\$150,000	\$17,233	\$167,233
Larsen Bay	96	\$75,000	\$1,876	\$76,876
Lower Kalskag	262	\$75,000	\$5,119	\$80,119

SB 247 Revenue Sharing Estimates

Municipalities	2004 Population	Revenue Sharing Base Payment	Per Capita Increased Payment	Total Revenue Sharing Payment
Manokotak	437	\$75,000	\$8,538	\$83,538
Marshall	358	\$75,000	\$6,995	\$81,995
Matanuska-Susitna Borough	57,474	\$150,000	\$1,122,961	\$1,272,961
McGrath	367	\$75,000	\$7,171	\$82,171
Mekoryuk	198	\$75,000	\$3,869	\$78,869
Metlakatla	1,370	\$75,000	\$26,768	\$101,768
Mountain Village	769	\$75,000	\$15,025	\$90,025
Napakiaik	360	\$75,000	\$7,034	\$82,034
Napaskiak	436	\$75,000	\$8,519	\$83,519
Nenana	549	\$75,000	\$10,727	\$85,727
New Stuyahok	477	\$75,000	\$9,320	\$84,320
Newhalen	183	\$75,000	\$3,576	\$78,576
Nightmute	232	\$75,000	\$4,533	\$79,533
Nikolai	121	\$75,000	\$2,364	\$77,364
Nome	3,473	\$75,000	\$67,858	\$142,858
Nondalton	205	\$75,000	\$4,005	\$79,005
Noorvik	609	\$75,000	\$11,899	\$86,899
North Pole	1,532	\$75,000	\$29,933	\$104,933
North Slope Borough	235	\$150,000	\$4,592	\$154,592
Northwest Arctic Borough	708	\$150,000	\$13,833	\$163,833
Nuiqsut	430	\$75,000	\$8,402	\$83,402
Nulato	320	\$75,000	\$6,252	\$81,252
Nunam Iqua	204	\$75,000	\$3,986	\$78,986
Nunapitchuk	527	\$75,000	\$10,297	\$85,297
Old Harbor	196	\$75,000	\$3,830	\$78,830
Ouzinkie	187	\$75,000	\$3,654	\$78,654
Palmer	5,197	\$75,000	\$101,542	\$176,542
Pelican	118	\$75,000	\$2,306	\$77,306
Petersburg	3,123	\$75,000	\$61,019	\$136,019
Pilot Point	75	\$75,000	\$1,465	\$76,465
Pilot Station	559	\$75,000	\$10,922	\$85,922
Platinum	39	\$75,000	\$762	\$75,762
Point Hope	726	\$75,000	\$14,185	\$89,185
Port Alexander	69	\$75,000	\$1,348	\$76,348
Port Heiden	90	\$75,000	\$1,758	\$76,758
Port Lions	238	\$75,000	\$4,650	\$79,650
Quinhagak	612	\$75,000	\$11,958	\$86,958
Ruby	190	\$75,000	\$3,712	\$78,712
Russian Mission	331	\$75,000	\$6,467	\$81,467
Saint George	137	\$75,000	\$2,677	\$77,677
Saint Mary's	539	\$75,000	\$10,531	\$85,531
Saint Michael	409	\$75,000	\$7,991	\$82,991
Saint Paul	494	\$75,000	\$9,652	\$84,652
Sand Point	908	\$75,000	\$17,741	\$92,741

SB 247 Revenue Sharing Estimates

Municipalities	2004 Population	Revenue Sharing Base Payment	Per Capita Increased Payment	Total Revenue Sharing Payment
Savoonga	710	\$75,000	\$13,872	\$88,872
Saxman	391	\$75,000	\$7,640	\$82,640
Scammon Bay	486	\$75,000	\$9,496	\$84,496
Selawik	829	\$75,000	\$16,197	\$91,197
Seldovia	263	\$75,000	\$5,139	\$80,139
Seward	2,540	\$75,000	\$49,628	\$124,628
Shageluk	132	\$75,000	\$2,579	\$77,579
Shaktoolik	209	\$75,000	\$4,084	\$79,084
Shishmaref	591	\$75,000	\$11,547	\$86,547
Shungnak	264	\$75,000	\$5,158	\$80,158
Sitka	8,805	\$300,000	\$172,037	\$472,037
Skagway	870	\$75,000	\$16,999	\$91,999
Soldotna	3,767	\$75,000	\$73,602	\$148,602
Stebbins	586	\$75,000	\$11,450	\$86,450
Tanana	304	\$75,000	\$5,940	\$80,940
Teller	241	\$75,000	\$4,709	\$79,709
Tenakee Springs	105	\$75,000	\$2,052	\$77,052
Thorne Bay	497	\$75,000	\$9,711	\$84,711
Togiak	805	\$75,000	\$15,729	\$90,729
Toksook Bay	561	\$75,000	\$10,961	\$85,961
Unalakleet	728	\$75,000	\$14,224	\$89,224
Unalaska	4,366	\$75,000	\$85,305	\$160,305
Upper Kuskag	263	\$75,000	\$5,139	\$80,139
Valdez	4,454	\$75,000	\$87,025	\$162,025
Wainwright	531	\$75,000	\$10,375	\$85,375
Wales	152	\$75,000	\$2,970	\$77,970
Wasilla	6,109	\$75,000	\$119,361	\$194,361
White Mountain	213	\$75,000	\$4,162	\$79,162
Whittier	172	\$75,000	\$3,361	\$78,361
Wrangell	2,023	\$75,000	\$39,527	\$114,527
Yakutat	680	\$150,000	\$13,286	\$163,286
Municipal Totals	638,480	\$13,875,000	\$12,475,000	\$26,350,000

SB 247 Revenue Sharing Estimates

Unincorporated Communities	2004 Population	Revenue Sharing Base Payment
Arctic Village	146	\$25,000
Atmautluak	285	\$25,000
Beaver	67	\$25,000
Birch Creek	43	\$25,000
Central	102	\$25,000
Chalkyitsik	84	\$25,000
Chenega Bay	81	\$25,000
Chistochina	101	\$25,000
Chitina	118	\$25,000
Circle	99	\$25,000
Copper Center	445	\$25,000
Crooked Creek	147	\$25,000
Deltana	1,777	\$25,000
Dot Lake	29	\$25,000
Dry Creek	105	\$25,000
Eagle Village	68	\$25,000
Edna Bay	44	\$25,000
Elfin Cove	26	\$25,000
Four Mile Road	33	\$25,000
Gakona	222	\$25,000
Glennallen	548	\$25,000
Goldstream	34	\$25,000
Gulkana	106	\$25,000
Healy Lake	34	\$25,000
Hollis	165	\$25,000
Hyder	83	\$25,000
Kasigluk	526	\$25,000
Kenny Lake	392	\$25,000
Kipnuk	660	\$25,000
Klukwan	119	\$25,000
Koliganek	187	\$25,000
Kongiganak	411	\$25,000
Kwigillingok	361	\$25,000
Lime Village	34	\$25,000
Manley Hot Springs	73	\$25,000
McCarthy	66	\$25,000
Mentasta	139	\$25,000
Minto	207	\$25,000
Naukati Bay	107	\$25,000

SB 247 Revenue Sharing Estimates

Unincorporated Communities	2004 Population	Revenue Sharing Base Payment
Nelchina/Mendeltna	73	\$25,000
Newtok	308	\$25,000
Nikolski	36	\$25,000
Northway	106	\$25,000
Oscarville	57	\$25,000
Paxson	40	\$25,000
Pitka's Point	105	\$25,000
Port Protection	47	\$25,000
Red Devil	35	\$25,000
Silver Springs	111	\$25,000
Slana	110	\$25,000
Sleetmute	78	\$25,000
Stevens Village	76	\$25,000
Stony River	54	\$25,000
Takotna	47	\$25,000
Tanacross	137	\$25,000
Tatitlek	108	\$25,000
Tazlina	170	\$25,000
Tetlin	129	\$25,000
Tok	1,439	\$25,000
Tuluksak	470	\$25,000
Tuntutuliak	398	\$25,000
Tununak	328	\$25,000
Twin Hills	67	\$25,000
Venetie	188	\$25,000
Whale Pass	81	\$25,000
Whitestone	176	\$25,000
Total Unincorporated	13,248	\$1,650,000

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB247-LAW-L&SA-2-22-4
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to the revenue sharing program and providing for an effective date." RDU CIVIL
 Component Labor & State Affairs
 Sponsor Senate Community and Regional Affairs
 Requester Senate Community and Regional Affairs Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill restores revenue sharing to state programs related to Municipal Government. Under the program, the Department of Law is required to assist the Department of Revenue in determining whether there is, in each reserve or community, an incorporated nonprofit entity or a Native village council that will agree to receive and spend the revenue sharing payment for the benefit of the reserve or community. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. These requirements were present in the previous revenue sharing program and will be simple to resume.

Passage of this legislation is not expected to have a significant fiscal impact on the Department of Law.

Prepared by: Kathryn Daughhete, Director Phone 465-3673
 Division: Administrative Services Division Date/Time 2/22/06 9:31 AM
 Approved by: Kathryn Daughhete for David Márquez, Attorney General Date 2/22/2006
 Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 247
 () Publish Date: 1/22/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title An Act relating to the revenue sharing RDU Taxation and Treasury
program, and providing for an effective date Component Treasury Division
 Sponsor Community and Regional Affairs, Finance
 Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB247 creates a new fund in the Department of Revenue, Treasury Division called the revenue sharing fund. The legislature may appropriate money from the fund for revenue sharing payments. There will not be any incremental management fees to manage these funds; hence, the zero fiscal note.

Prepared by: Susan M. Taylor, Comptroller
 Division: Treasury
 Approved by: Tom Boulin, Deputy Commissioner
 Agency: Department of Revenue

Phone 907-465-2352
 Date/Time 1/22/2006, 5:15 pm
 Date 1/22/2006

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 247
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Revenue Sharing Program RDU: State Revenue Sharing (217)
 Component: New
 Sponsor: Community & Regional Affairs
 Requester: By Request of Advisory Comm on Local Gov't Component No.: New

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0
Miscellaneous						
TOTAL OPERATING	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1197 AK Cap Income Fund	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0
TOTAL	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0	28,000.0

Estimate of any current year (FY2006) cost: 0 0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a revenue sharing program funded from the Alaska capital income fund (AS 37.05.565) to provide annual payments to municipalities and unincorporated communities located outside home rule, first class, or second class boroughs. Unified municipalities would each receive \$300,000; each borough that is not a unified municipality would receive \$150,000; cities would each receive \$75,000; and certain unincorporated communities would each receive \$25,000. If the amount appropriated to the revenue sharing program exceeds the amount required to fund these payments, the remaining amount is distributed to municipalities on a per capita basis. If the amount appropriated to the revenue sharing program is not sufficient to fund these payments, the department shall prorate the payments. The division anticipates implementing this program with existing staff.

Prepared by: Michael Black, Director Phone 907.239.4578
 Division: Community Advocacy Date/Time 2/21/06 5:34 PM
 Approved by: William C. Noll, Commissioner Date 2/21/2006
 Agency: Commerce, Community, and Economic Development

ALASKA STATE LEGISLATURE

50 Front St. Suite #203
Ketchikan, Alaska 99901



Phone: 225-9675
Fax: 225-8546

LEGISLATIVE INFORMATION OFFICE

WRITTEN TESTIMONY

COPY

RECEIVED
3/7/06

NAME: Scott Brandt-Erichsen
ADDRESS: 344 Front St.
Ketchikan AK 99901

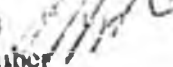
PHONE: 228-6635
EMAIL: _____

BILL# or SUBJECT: SB 246 / SB 247
COMMITTEE: SCRA 465-3922

I strongly support the municipal revenue
sharing approach used in SB 246 and SB 247.
While I would like to see a higher total
amount of revenue sharing, these bills
establish a procedure which can be used
to distribute additional funds which may
be appropriated for revenue sharing.

I encourage the committee to
approve both bills, and to consider
additional funds to direct to communities
through this distribution mechanism.

March 6, 2006


Luke Hopkins
Assemblymember
Fairbanks North Star Borough
907-347-0066 Voice Contact
907-459-1224 Fax

RECEIVED
3/6/06

Senator Stedman, Chair and committee members:

Thank you for scheduling this hearing to allow discussion on SB 247 & SB 246 today.

I speak to you today as an elected member of the FNSB Assembly on the importance of revenue sharing to my municipality. I will note for the record that I am also on the Board of Directors for AMI, where the adopted policy supporting a community revenue sharing program is very important to the members of our organization.

I am in support of a revenue sharing program that has components that these bills. It is important that there is a minimum floor that could provide support to all communities, including the unincorporated units in our state. And these bills address the concerns that a program has a funding source over the long term. As a resident of this Interior Alaskan borough, I have felt the increase in property taxes that has occurred, in part, as state government has reduced financial support to local governments. Again, these bills need to move forward with the idea that both small and large communities can share in the oil revenues more directly at a local level, allowing each entity to decide how to spend these funds; property tax relief can be realized very soon to those of us in the Fairbanks area.

I ask that you move these bills forward with the recommendation of "do pass". I also hope your committee will make the recommendation to increase the recommended funding level with other revenue sources to make the program meaningful to the larger municipalities and boroughs around the state.



FAIRBANKS LEGISLATIVE INFORMATION OFFICE
 119 N. CUSHMAN ST. SUITE 101
 FAIRBANKS, AK 99701

WRITTEN TESTIMONY TRANSMITTAL SHEET

TO: Senator Stedman, Chair	FROM: Lorice/Fbx LIO
COMPANY: Senate Labor & Commerce	DATE: 3/6/2006
FAX NUMBER: 465-3922	
PHONE NUMBER: 465-4989	FAXED ON:
RE: Written Comments	TELECONFERENCE ON: 3/6/2006

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Enclosed, please find the originals of the written testimony. Please distribute to committee members.

PHONE: 452-4448

FAX: 456-3346

ALASKA STATE LEGISLATURE

50 Front St. Suite #203
Ketchikan, Alaska 99901



Phone: 225-9675
Fax: 225-8546

LEGISLATIVE INFORMATION OFFICE

WRITTEN TESTIMONY

COPY

RECEIVED

3/7/06

NAME: Scott Brandt-Erichsen

ADDRESS: 344 Front St.
Ketchikan, AK 99901

PHONE: 228-6635

EMAIL: _____

BILL# or SUBJECT: SB 246 / SB 247
COMMITTEE: SCRA 465-3922

I strongly support the municipal revenue
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be appropriated for revenue sharing.

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