

Submitted by: ASSEMBLY MEMBER JOHNSTON  
ASSEMBLY MEMBER TRAINI

Prepared by: Assembly Counsel

For reading: February 26, 2008

CLERK'S OFFICE

APPROVED

Date: 2-26-08

ANCHORAGE, ALASKA

AR NO. 2008-34

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN SUPPORT OF THE  
2 ALASKA MUNICIPAL LEAGUE'S EFFORTS REQUESTING THE 25<sup>TH</sup> LEGISLATURE TO  
3 PASS SENATE BILL NO. 72 ENTITLED "AN ACT RELATING TO THE COMMUNITY  
4 REVENUE SHARING PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE".

5  
6 WHEREAS, Alaska communities are in need of a dependable Revenue Sharing  
7 amount to assist in providing basic services and tax relief at the local level; and

8  
9 WHEREAS, one-time payments have been approved by the Alaska State  
10 Legislature in the past, and were then discontinued; and

11  
12 WHEREAS, in the 24<sup>th</sup> Legislature and last year in the First Session of the 25<sup>th</sup>  
13 Legislature, one-time payments were approved; and

14  
15 WHEREAS, for budgeting purposes, annual payments are necessary to  
16 implement responsible planning by municipalities; and

17  
18 WHEREAS, restoration of annual Revenue Sharing would provide communities  
19 with funding to reduce local taxes, build infrastructure, provide for increased quality of  
20 life, and in some cases, provide for the survival of a community; and

21  
22 WHEREAS, the Committee Substitute for Senate Bill 72(CRA), CSSB72(CRA),  
23 passed the Alaska Senate and was transmitted to the Alaska House of  
24 Representatives on May 9, 2007; and

25  
26 WHEREAS, the House Committee Substitute for CSSB72(CRA) entitled "An Act  
27 relating to the community revenue sharing program; and providing for an effective  
28 date" is presently before the House Finance Committee; and

29  
30 WHEREAS, House Committee Substitute for CSSB72(CRA) answers most of  
31 the Revenue Sharing issues in a fair and complete manner; and  
32

AM 153-2008

1 WHEREAS, House Committee Substitute for CSSB72(CRA) sets the Revenue  
2 Sharing fund at \$150 Million with an annual payout of \$50 Million; and

3 WHEREAS, the Governor's 2008 budget appropriated \$75 Million to  
4 municipalities; and

5  
6 WHEREAS, municipalities have attempted in good faith to be fair and not ask  
7 for more Revenue Sharing than actually needed, as recognized in the Governor's  
8 budget appropriations; and

9  
10 WHEREAS, in 1985 the total payout amount to municipalities in Revenue  
11 Sharing was over \$141 Million; and

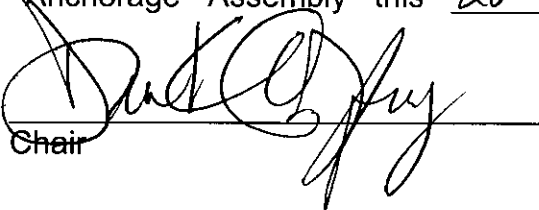
12  
13 WHEREAS, with consideration to inflation, an annual payout of \$75 Million is  
14 not an unfair amount; and

15  
16 NOW THEREFORE BE IT RESOVED that:

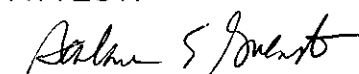
17  
18 1. The Anchorage Assembly supports amendment of House Committee Substitute  
19 for CSSB72(CRA) entitled "An Act relating to the community revenue sharing  
20 program; and providing for an effective date" to increase the Revenue Sharing fund  
21 from \$150 Million to \$225 Million with an annual payout increase from \$50 Million to  
22 \$75 Million.

23  
24 2. The Municipal Clerk shall forward an approved copy of this Assembly Resolution,  
25 AR 2008-34, by electronic transmission and mail to The Honorable Governor Sarah  
26 Palin and to the Legislative Offices of The House Community and Regional Affairs  
27 Committee, the committee sponsor of House Committee Substitute for  
28 CSSB72(CRA).

29  
30 PASSED AND APPROVED by the Anchorage Assembly this 26<sup>th</sup> day of  
31 February, 2008.

32  
33  
34   
Chair

35  
36 ATTEST:

37   
38  
39 Municipal Clerk



**MUNICIPALITY OF ANCHORAGE**  
**ASSEMBLY MEMORANDUM**  
**NO. AM 153-2008**

**Meeting Date:** February 26, 2008

**From:** ASSEMBLY MEMBER JOHNSTON, AML LIAISON  
ASSEMBLY MEMBER TRAINI, NLC LIAISON

**Subject:** AR 2008-34 — A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN SUPPORT OF THE ALASKA MUNICIPAL LEAGUE'S EFFORTS REQUESTING THE 25<sup>TH</sup> LEGISLATURE TO PASS SENATE BILL NO. 72 ENTITLED "AN ACT RELATING TO THE COMMUNITY REVENUE SHARING PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE".

The Alaska Municipal League is seeking support for passage of Senate Bill 72(CRA) establishing a community revenue sharing program by the 25<sup>th</sup> Legislature, now in its Second Session. This legislation has been passed by the Senate, and is in referral to the House Finance Committee.

The Alaska Municipal League supports amendments to the proposed sustainable revenue sharing program, to set annual appropriations of 6% of natural resource revenues, as outlined in Alaska Municipal League Resolution #2008-03, attached. AML has also prepared the attached municipal Revenue Sharing Comparison.

A copy of House CS CSSB 72(CRA), as referred to the House Finance Committee last session, is also attached for reference.

Assembly Resolution 2008-34 provides an avenue for the Anchorage Assembly to formally add its support to the Alaska Municipal League, and the House and Senate Community and Regional Affairs Committees, in proposing a sustainable revenue sharing program.

Respectfully submitted:

Jennifer Johnston, AML Liaison  
Assembly Member, Section 6

Dick Traini, National League of Cities Liaison  
Assembly Member, Section 4

AR 2008-34



**ALASKA MUNICIPAL LEAGUE  
RESOLUTION #2008-03**

**A RESOLUTION URGING THE STATE TO COMMIT 6% OF ALL NATURAL RESOURCE  
REVENUES TO ALASKA'S COMMUNITIES FOR SERVICES TO ALASKA'S PEOPLE,  
WITH NO CAP**

**WHEREAS**, the State has failed to share the revenues generated by the natural resources that belong to all of Alaska's residents; and

**WHEREAS**, the elimination of Revenue Sharing has had a significant negative effect on all of Alaska's communities; and

**WHEREAS**, the lack of Revenue Sharing has either caused communities to raise taxes or to cut essential services; and

**WHEREAS**, Revenue Sharing was once used as an incentive to encourage communities to become organized municipalities; and

**WHEREAS**, the restoration of Revenue Sharing would provide communities with funding to reduce local taxes, build infrastructure, provide for increased quality of life, and in some cases, provide for the survival of a community; and

**WHEREAS**, the Alaska Municipal League has adopted a sustainable Revenue Sharing plan which is as follows:

- The State of Alaska is urged to adopt a sustainable revenue sharing program by annually appropriating 6% of natural resource revenues to municipalities with a base amount of \$250,000 to all boroughs; \$75,000 to all cities; and \$25,000 to unincorporated communities; with the remainder to be allocated on a per capita basis and to NOT include a cap.
- This sharing of state revenues is consistent with the Owner State concept, intergovernmental cooperation and Constitutional provisions which provide for the natural resource ownership by all the people of the State of Alaska.
- Delivery of services at the local level is part of the annual state responsibility to citizen/owners for the betterment of the State of Alaska.

**NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League urges the State of Alaska to commit 6% of all natural resource revenue to Alaska's communities, and avoid any cap on the 6% funding.

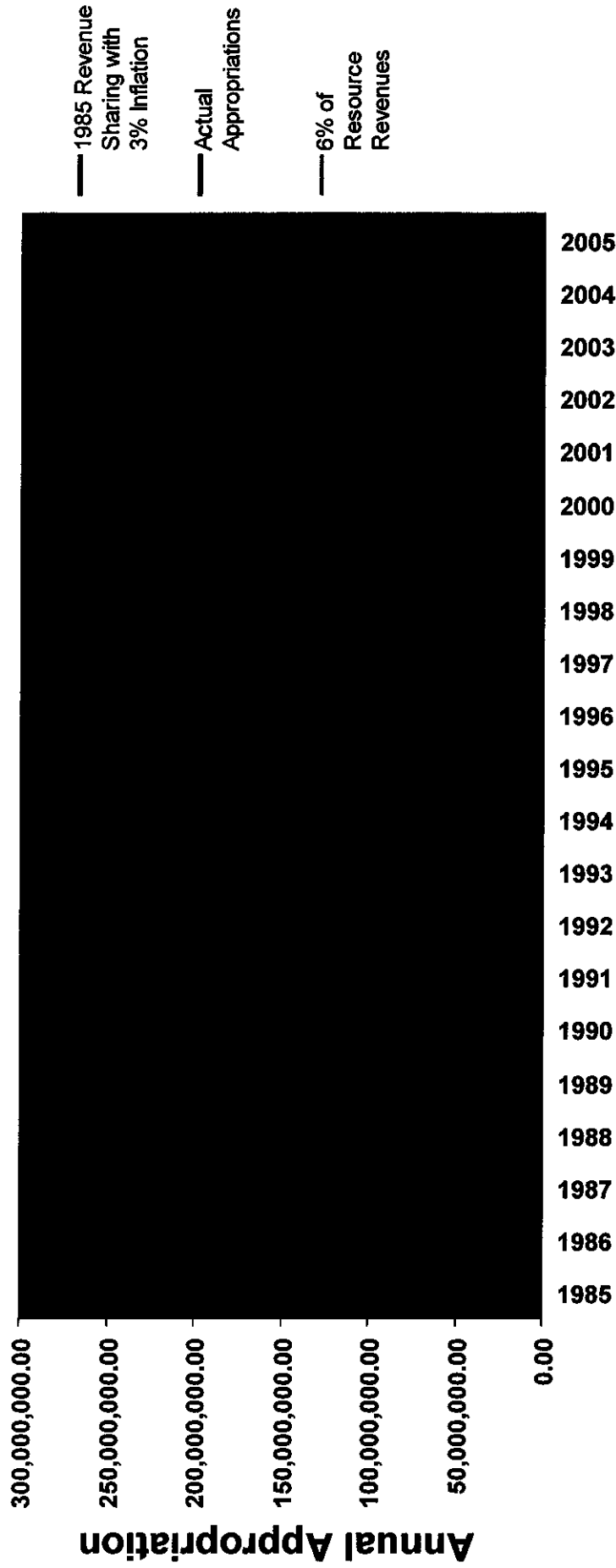
**AND, BE IT FURTHER RESOLVED** that the fish tax which has a municipal revenue sharing program is excluded from the above program.

**PASSED AND APPROVED** by the Alaska Municipal League on the 9th day of November, 2007.

Signed:   
Tim Beck, President, Alaska Municipal League

Attest:   
Kathie Wasserman, Executive Director, Alaska Municipal League

# Municipal Revenue Sharing Comparison



Year	Actual Appropriations	1985 Revenue Sharing with 3% Inflation	6% of Resource Revenues
1985	141,656,800.00	141,656,800.00	88,320,000.00
1986	140,939,000.00	145,906,504.00	77,616,000.00
1987	113,737,600.00	150,283,699.12	40,944,000.00
1988	96,857,800.00	154,792,210.09	100,296,000.00
1989	96,857,800.00	159,435,976.40	54,816,000.00
1990	91,094,000.00	164,219,055.69	64,104,000.00
1991	87,450,200.00	169,145,627.36	104,400,000.00
1992	84,995,000.00	174,219,996.18	81,072,000.00
1993	78,195,400.00	179,446,596.07	75,672,000.00
1994	72,721,800.00	184,829,993.95	50,304,000.00
1995	62,613,500.00	190,374,893.77	76,344,000.00
1996	58,230,700.00	196,086,140.58	63,288,000.00
1997	53,572,300.00	201,968,724.80	74,016,000.00
1998	50,358,000.00	208,027,786.54	88,320,000.00
1999	47,840,100.00	214,268,620.14	77,616,000.00
2000	31,893,400.00	220,696,678.74	40,944,000.00
2001	28,493,400.00	227,317,579.10	100,296,000.00
2002	29,630,700.00	234,137,106.48	54,816,000.00
2003	29,630,700.00	241,161,219.67	64,104,000.00
2004	17,900,000.00	248,396,056.26	104,400,000.00
2005	0.00	255,847,937.95	81,072,000.00
TOTAL	1,414,668,200.00	4,062,219,202.86	75,672,000.00

**HOUSE CS FOR CS FOR SENATE BILL NO. 72(CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered: 5/11/07**

**Referred: Finance**

**Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to the community revenue sharing program; and providing for an**  
2   **effective 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 11. Community Revenue Sharing Program.**

6                   **Sec. 29.60.850. Community revenue sharing fund.** (a) The community  
7                   revenue sharing fund is established in the general fund. The fund consists of  
8                   appropriations to the fund. In addition, by August 1 of each fiscal year, the  
9                   Department of Revenue shall transfer to the fund the lesser of

10                               (1) \$50,000,000; or

11                               (2) an amount equal to three percent of the money received by the state  
12                   during the immediately preceding fiscal year from all mineral lease rentals, royalties,  
13                   royalty sale proceeds, federal mineral revenue sharing payments, and bonuses.

14                   (b) Each fiscal year, the legislature may appropriate money in the community

1 revenue sharing fund to the department for community revenue sharing payments or  
2 appropriate it for other public purposes.

3 (c) Nothing in this section creates a dedicated fund.

4 **Sec. 29.60.855. Community revenue sharing payments for communities.**

5 (a) Seven percent of the amount appropriated for a fiscal year for community revenue  
6 sharing payments is available for payments by the department on behalf of  
7 unincorporated communities eligible under AS 29.60.865. The department shall  
8 calculate the amount of each payment under (b) of this section and distribute the  
9 payments.

10 (b) The basic payment value for a fiscal year equals \$25,000 for each  
11 unincorporated community. If the amount available under (a) of this section for a  
12 fiscal year

13 (1) is not sufficient to fully fund total basic payment values, the  
14 amount paid on behalf of each unincorporated community shall be reduced on a pro  
15 rata basis so that the entire available amount is distributed;

16 (2) exceeds the amount needed to fully fund each of the basic payment  
17 values, the balance shall be added on a per capita basis to each basic payment value so  
18 that the entire available amount is distributed; however, the maximum amount that  
19 may be added to the basic payment value for an unincorporated community under this  
20 paragraph may not exceed \$50,000.

21 **Sec. 29.60.860. Community revenue sharing payments for municipalities**  
22 **and reserves.** (a) Ninety-three percent of the amount appropriated for a fiscal year for  
23 community revenue sharing payments is available for payments by the department to  
24 municipalities and to reserves eligible under AS 29.60.865. The amount of each  
25 payment shall first be calculated by the department under (b) of this section and then  
26 adjusted under (c) and (d) of this section.

27 (b) The basic payment value for a fiscal year equals \$250,000 for a borough or  
28 unified municipality and \$75,000 for a city or reserve. If the amount available under  
29 (a) of this section for a fiscal year

30 (1) is not sufficient to fully fund the total basic payment values, the  
31 basic payment values shall be reduced on a pro rata basis so that the entire amount

1 available is accounted for;

2 (2) exceeds the amount needed to fully fund the total basic payment  
3 values, the basic payment value calculated for each municipality and reserve shall be  
4 increased on a per capita basis so that the entire amount available is accounted for.

5 (c) The community revenue sharing payment amount for each of the following  
6 municipalities equals the basic payment value calculated under (b) of this section for  
7 that municipality reduced by the following percent:

8 MUNICIPALITY	PERCENT OF REDUCTION
9 Anchorage	39.76 percent
10 Fairbanks	17.73 percent
11 Juneau	9.04 percent
12 Fairbanks North Star Borough	2.34 percent
13 Matanuska-Susitna Borough	2.30 percent
14 Kenai Peninsula Borough	3.35 percent
15 Ketchikan	3.80 percent
16 Sitka	2.91 percent
17 Kodiak	2.38 percent
18 Kenai	2.04 percent
19 Valdez	1.94 percent
20 Kodiak Island Borough	0.97 percent
21 Ketchikan Gateway Borough	0.73 percent
22 Homer	1.08 percent
23 Palmer	1.06 percent
24 Petersburg	1.20 percent
25 North Slope Borough	0.57 percent
26 Wrangell	1.10 percent
27 Cordova	1.07 percent
28 Haines Borough	0.55 percent
29 Soldotna	0.52 percent
30 Nome	0.54 percent
31 Seward	0.56 percent



1	Wasilla	0.18 percent
2	Bristol Bay Borough	0.21 percent
3	Lake and Peninsula Borough	0.12 percent
4	Unalaska	0.20 percent
5	Denali Borough	0.07 percent
6	North Pole	0.32 percent
7	Dillingham	0.22 percent
8	Craig	0.29 percent
9	Yakutat	0.04 percent
10	Saxman	0.16 percent
11	Sand Point	0.11 percent
12	Saint Paul	0.12 percent
13	Skagway	0.09 percent
14	Hoonah	0.06 percent
15	King Cove	0.06 percent
16	Nenana	0.06 percent
17	Unalakleet	0.02 percent
18	Kachemak	0.03 percent
19	Huslia	0.03 percent
20	Pelican	0.03 percent
21	Atka	0.02 percent
22	Egegik	0.01 percent

23           (d) The community revenue sharing payment amount for each municipality or  
 24 reserve not subject to (c) of this section equals the basic payment value for that  
 25 municipality or reserve calculated under (b) of this section increased on a per capita  
 26 basis. The total amount used for payment increases under this subsection equals the  
 27 total amount by which payments are decreased under (c) of this section.

28           **Sec. 29.60.865. Eligibility.** (a) The department, with advice from the  
 29 Department of Law, shall determine whether there is, in each reserve or  
 30 unincorporated community, an incorporated nonprofit entity or a Native village  
 31 council that will agree to receive and spend the community revenue sharing payment

for the benefit of the reserve or unincorporated community. If there is more than one qualified entity in an unincorporated community located in the unorganized borough or in a reserve, the department shall pay the dividend to the entity that the department finds most qualified to receive and spend the money. The department may make a payment on behalf of an unincorporated community located in a borough or unified municipality only to the municipality as provided in (b) of this section. The department may not make a payment on behalf of any reserve or unincorporated community unless the incorporated nonprofit entity or Native village council waives immunity from suit for claims arising out of activities of the corporation or council related to the payment. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. If there is not a qualified incorporated nonprofit entity or Native village council in a reserve or unincorporated community that is willing to receive and spend the community revenue sharing payment for the benefit of the reserve or unincorporated community, that reserve or unincorporated community is not eligible for the payment, and the payment may not be made.

(b) The department may make a community revenue sharing payment on behalf of an unincorporated community in a borough or unified municipality only to the municipality for payment by the municipality to an incorporated nonprofit entity or Native village council that has been approved by the assembly and meets the requirements of (a) of this section. The department must have written evidence of the assembly approval. The assembly may only approve an incorporated nonprofit entity or Native village council that provides at least three of the following services within the unincorporated community that are generally available to all residents of the unincorporated community;

- (1) fire protection;
- (2) emergency medical;
- (3) water and sewer;
- (4) solid waste management;
- (5) public road or ice road maintenance;
- (6) public health;
- (7) search and rescue.

1           **Sec. 29.60.870. Determination of population.** For purposes of determining  
 2 the amount of revenue sharing payments, the population of a municipality, reserve, or  
 3 unincorporated community shall be determined by using the numbers of permanent  
 4 fund dividend recipients or other population data that the department determines is  
 5 reliable. For purposes of determining the population of a borough, the population of  
 6 each city, unincorporated community, and reserve in the borough shall be deducted  
 7 from the total borough population. For purposes of determining the population of a  
 8 unified municipality, the population of each unincorporated community and reserve in  
 9 the unified municipality shall be deducted from the total population of the unified  
 10 municipality.

11           **Sec. 29.60.879. Definitions.** In AS 29.60.850 - 29.60.879,

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

15                   (2) "unincorporated community" means a place in the unorganized  
 16 borough, in a borough, or in a unified municipality that is not incorporated as a city,  
 17 that is not a reserve, and in which 25 or more individuals reside as a social unit.

18   \* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).