



25th ALASKA STATE LEGISLATURE SENATE REPUBLICAN CAUCUS

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Fact Sheet for: Senate Bill 3

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Bill Version: SB 3

Sponsor: Senator Gary Wilken

Short Title: COMMUNITY DIVIDEND PROGRAM

Summary:

- Establishes the community dividend fund and allows the Legislature to appropriate to the community dividend fund from the general fund the amount necessary to fully fund community dividends.
- Allows the Legislature to consider making the appropriation from the following sources in the following order, if the legislature determines that amounts in the general fund are insufficient:
 - constitutional budget reserve fund
 - Alaska capital income fund
 - earnings reserve account of the permanent fund
- Provides \$70 per person for all municipalities and unincorporated communities.
- Provides an additional \$30 per person residing in a municipality that contributes locally to its school district.
- Allows the dividend to be reduced or increased on a pro-rata basis if funds are not sufficient or exceed the amount necessary for full funding.

Benefits:

- Creates a sustainable community dividend program that shares the state's wealth with local communities.
- Establishes a revenue-sharing program that distributes state funds equally among all its residents on a per person basis.
- Provides funds to local communities to help in the operation of local governments.
- Recognizes the extra costs borne by residents who provide financial support for their local schools.

Background:

- The Legislature created revenue sharing in 1969 to help ease fiscal problems facing local governments, reduce local property taxes, and encourage local governments to provide adequate levels of public services. In 2003, in the face of a possible revenue deficit, Governor Frank Murkowski vetoed state revenue-sharing funds for local governments. Historically, as state support for municipal governments decreases, local property and sales taxes increase. Nationwide most states offer some financial aid, through revenue-sharing programs, to their respective local communities.