

SPONSOR STATEMENT
Senate Bill 3
Community Dividend Program

“Meets our Needs – Shares our Wealth”

Senate Bill 3 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.

Senate Bill 3 funds the new community dividend program from the general fund. However, if the Legislature considers the general fund insufficient to support the community dividend, the following funding sources may be considered, in the following order: 1) Constitutional Budget Reserve, 2) Alaska Capital Income Fund, and 3) the Permanent Fund Earnings Reserve Account.

Senate Bill 3 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.

The revenue-sharing program established under Senate Bill 3 distributes the state’s wealth equally among all Alaskans on a per person basis. I respectfully request your support.

February 8, 2007