



Senator Con Bunde

Senate District P

Alaska State Legislature

Member: Senate State Affairs Committee

Member: Senate Labor & Commerce Committee

Member: Joint Legislative Committee on Ethics

Sponsor Statement for Senate Bill 34

Tax on Residents/Employees in REAA

Currently, residents who live in organized, home-rule and first class cities all contribute some amount of local revenue for the operations and capital projects of their schools. This local contribution is an important aspect of education funding, both by expressing a real desire to contribute to the quality of education for Alaskan students and by aiding in the ever-increasing cost of providing an adequate education.

SB 34 provides an equal opportunity to all residents of Alaska to support education. Currently, there are 19 Regional Education Attendance Areas (REAs) in Alaska that do not have local taxes to provide funding for local schools. SB 34 imposes an annual tax on residents living in REAs that have no local tax authority to help support their schools. The Alaska Department of Labor estimates residents living in unorganized boroughs earned an income of \$680 million dollars in fiscal year 2006. This bill allows schools and Alaska's children to benefit from this earned income.

Under SB 34, each working resident 18 years and older who resides in an REAA would be required to pay an annual tax of \$70.00 as a contribution to their schools. Individuals who pay property taxes in other areas of the state, who live at or below federal poverty guidelines, disabled veterans and senior citizens would be exempt from paying the tax. In addition, individuals (including non-residents) who work in an REAA are required to remit the tax.

SB 34 advances the State of Alaska twofold. First, the proposed tax would generate nearly 1.5 million dollars in the first year alone that would directly benefit Alaska's schools. Secondly, it would bring Alaska more in line with the ideals that the Constitution of the State is founded on. Article 1, Section 1, reads, in part "...that all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and the State".

I urge your support and passage of SB 34.