



Alaska State Legislature

Senator Con Bunde  
Senate District P

Vice Chair: Senate Finance Committee  
Chair: Senate Labor & Commerce Committee

## **Sponsor Statement**

### **Senate Bill 112**

**“An Act imposing a tax on residents of regional educational attendance areas; and providing for an effective date.”**

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 112 provides an equal opportunity to all residents of Alaska to support education. Currently, there are 19 Regional Education Attendance Areas (REAA) in Alaska that do not have local taxes to provide funding for local schools. SB 112 imposes an annual tax on residents living in REAAs that have no local tax authority to help support their schools. The Alaska Department of Revenue estimates residents living in unorganized boroughs earned an income of \$505 million dollars in fiscal year 2004. This bill allows schools and Alaska’s children to benefit from this earned income.

SB 112 provides that the annual tax will be calculated by using the average dollar amount residents of organized boroughs contribute to local schools. This number will be used as a base for the contribution of residents 21 years and older who live in REAAs. Individuals who pay property taxes in other areas of the state, who live at or below federal poverty guidelines, disabled veterans and senior citizens are exempt from paying the tax. In addition, individuals (including non-residents) who work in an REAA are required to remit the tax.

SB 112 advances the State of Alaska twofold. First, the proposed tax would generate nearly 13 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 112.