

# ALASKA STATE LEGISLATURE

## SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

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Senator Gary Stevens, Vice-Chair  
Senator Tom Wagoner  
Senator Johnny Ellis  
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Official Business

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### SPONSOR STATEMENT CSSB 247 (CRA)

**“An Act relating to the revenue sharing program and to state aid for certain municipal underfunding of the Public Employees’ Retirement System of Alaska; and providing for an effective date.”**

CSSB 247 (CRA) responds to two resounding requests from communities all over the state. Communities have asked for reinstatement of revenue sharing and for assistance with the retirement system underfunding.

First, Senate Bill 247 creates the Revenue Sharing Program to help Alaska’s local municipal governments and unincorporated communities meet their financial obligations. The bill stems from recommendations made by the Local Government Advisory Commission, and comes in response to concerns from municipalities throughout Alaska.

Senate Bill 247 will authorize the Legislature to appropriate money from the Alaska Capital Income Fund to the new fund. \$300,000 dollars in revenue sharing will be appropriated to each unified municipality, \$150,000 for each borough, \$75,000 thousand for each city and \$25,000 for each community. If the amount that is appropriated to the revenue sharing fund exceeds that which is needed, the remaining funds shall be distributed to municipalities on a per capita basis.

Second, CSSB 247 (CRA) creates a new fund, the municipal public employees’ retirement system underfunded liability relief account to help public employees meet their financial obligation to PERS. This account will be in existence for only one year so an appropriation made in CSSB 246 (CRA) can provide the amount equal to the projected shortfall in contributions between what the employers will pay in FY07 versus what they would pay if required to pay their actuarial calculated rate.

Due to increased operating costs, limited tax bases and reduced state support, many Alaskan communities, particularly small cities, have found themselves at a critical juncture where key municipal services have either been reduced or eliminated. Passage of CS SB 247 (CRA) will help reverse this trend and ensure a vibrant future for our local governments.

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