

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development State Revenue Sharing Component Budget Summary

Component: State Revenue Sharing

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Component Mission

To improve local governments' fiscal capacities and to assure no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state.

Component Services Provided

1. Direct financial assistance through the formula-based State Revenue Sharing Program.
2. Direct vendor payments on behalf of local governments to entities such as the Alaska Municipal League/Joint Insurance Association Inc. for insurance premiums and Yukon Fuel for bulk fuel purchases.

Component Goals and Strategies

1. To improve the fiscal capacities of Alaska's local governments.
2. To distribute program funding in an accurate, fair, and timely manner.

Key Component Issues for FY2002 – 2003

Cuts in State Shared Revenues - Despite the drastic cuts made to these programs, the State Revenue Sharing and Safe Communities Programs continue to be important sources of funding for Alaska's local governments, particularly the small rural cities. For many of the rural cities, these funds still represent a significant portion of their operating budgets. In FY 86, these programs totaled \$140,939,000. In FY 02 these programs totaled \$29,330,587 an 80% decrease in annual funding not adjusted for inflation. The funding cuts have had a dramatic impact on Alaska's local governments and their residents. These impacts include:

Municipal Dissolution
Significant Reduction in Public Services and Public Health
Deteriorating Infrastructure
Increased Social Problems
Insurance Unavailability and Rate Increases
Increased IRS and ESC problems and levies
Decline in Urban/Rural Business Activity
Increased Local Taxes

Major Component Accomplishments in 2001

Distributed State Revenue Sharing Program payments in an accurate, fair and timely manner.

Statutory and Regulatory Authority

AS 29.60.010-.310 State Revenue Sharing
3 AAC 30.010-.150 State Revenue Sharing

State Revenue Sharing
Component Financial Summary

All dollars in thousands

Formula Program:	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	12,855.2	12,855.2	12,855.2
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	12,855.2	12,855.2	12,855.2
Funding Sources:			
1004 General Fund Receipts	12,855.2	12,855.2	12,855.2
Funding Totals	12,855.2	12,855.2	12,855.2

State Revenue Sharing
Proposed Changes in Levels of Service for FY2003

No service changes.

Summary of Component Budget Changes
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	12,855.2	0.0	0.0	12,855.2
FY2003 Governor	12,855.2	0.0	0.0	12,855.2