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Opinion

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Local support

Along with POMV, let's include localities in the fiscal fix

One virtue of the plan currently being proposed by Gov. Frank Murkowski to head off the state fiscal gap is that it would cut beleaguered localities in on the deal. This is morally and politically important.

Localities have been stressed much harder than state government by the Legislature's long failure to address the fiscal gap. Last year the last remnants of municipal revenue-sharing -- a funding stream that was vital to basic services in many communities -- went the way of the buffalo. Gov. Murkowski wants to re-create it.

He has proposed a percent-of-market-value (POMV) approach limiting payouts from the Alaska Permanent Fund to 5 percent of its total value. That's the foundation. It would provide about $1.3 billion for either public services or dividends and to close the state's chronic fiscal gap.

Fine. Then there should be an argument -- every year, in perpetuity -- over how much to put into dividends versus how much to put into other things.

Dividends, the most popular item in state government, will tend to prevail. (There is no evidence anywhere that dividends won't do just fine, thank you very much, in the struggle for priority in the Legislature.) Education will compete well. Fiscal balance, so that we stop eating into reserves, will be a major benefit.

And the governor wants to save 5 percent of the $1.3 billion for localities (along with 45 percent for education and 50 percent for dividends). That's a good idea; it would send $66.7 million to localities for whatever they need. Maybe it should be more.

Anchorage's share would be $23.6 million -- or about two-thirds of what had to be cut last fall. The Fairbanks city and borough together would get $7.2 million. The Mat-Su Borough, whose growth is soaring, would get $4.85 million. Wasilla would get $622,000.

Smaller villages, often desperately short of a tax base, would get help for basic services. To take just a few examples: Aleknagik would get $70,000; unincorporated Arctic Village would get $25,000; Kotzebue, a regional hub, would get $312,000. Some stricken villages, especially along the Yukon, are said to be so strapped they would likely use the money to buy fuel oil -- literally to keep from freezing in the dark.

These funds could mean basic life and safety support in dozens of communities. They could push a few wavering legislators toward a fiscal solution. They could provide needed services at the closest, most accountable, local level. And they could strengthen the constituency for protecting the Permanent Fund.

This idea builds on the "community dividend" proposal long advanced by former Gov. Walter Hickel. His original proposal was to make community dividends available for local capital improvements, but this idea is better: It would give localities the choice of what to use state support for.

Once the principle is established, the Legislature could carry on the debate every year about what share of the Permanent Fund's 5 percent contribution should go to dividends, to state services and to localities. That is a healthy debate and one lawmakers have avoided for too long.

BOTTOM LINE: Cutting localities in on the deal should help encourage a state fiscal plan.