AN ACT

Relating to reimbursement of municipal bonds for school construction; relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1
AN ACT

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*Section 1.* The uncodified law of the State of Alaska is amended by adding a new section to read:

INTENT. It is the intent of the legislature that the amount of money to be used for the construction and equipping of a new state virology laboratory in Fairbanks is $24,200,000. Of that amount, it is the intent of the legislature that

(1) $24,000,000 shall come from the proceeds of the certificates of
participation to be issued by the state bond committee under sec. 5 of this Act; and

(2) $200,000 shall come from the investment income earned on the proceeds of the sale of the certificates of participation described in sec. 5 of this Act.

* Sec. 2. AS 14.11.100(a) is amended to read:

(a) During each fiscal year, the state shall allocate to a municipality that is a school district the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred before July 1, 1977, to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1977, and before July 1, 1978, to pay costs of school construction;

(B) cash payments made after June 30, 1976, and before July 1, 1978, by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1978, and before January 1, 1982, to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1978, and before July 1, 1982, by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(4) subject to (h) and (i) of this section, up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of
school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) $6,600,000 if the annual growth rate of average daily membership of the municipality is more than seven percent but less than 12 percent, or (ii) $20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this subparagraph on total project costs that exceed the amounts set out in (i) and (ii) of this subparagraph are subject to (5)(A) of this subsection;

(5) subject to (h) - (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality

(i) after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); or

(ii) before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); and
(B) cash payments made after June 30, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved under AS 14.07.020(a)(11);

(7) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1995, but before July 1, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved under AS 14.07.020(a)(11);

(9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1998, but before July 1, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved
under AS 14.07.020(a)(11);

(10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

(11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(13) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters
of the municipality on or after June 30, 1999, but before October 31, 2006, to pay
costs of school construction, additions to schools, and major rehabilitation
projects and education-related facilities that exceed $200,000, are approved
under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
section:

(14) subject to (h), (i), (j)(2), (3), and (5), and (q) of this section, 60
percent of payments made by a municipality during the fiscal year for the
retirement of principal and interest on outstanding tax exempt bonds, notes, or
other indebtedness authorized by the qualified voters of the municipality on or
after June 30, 1999, but before October 31, 2006, to pay costs of school
construction, additions to schools, and major rehabilitation projects and
education-related facilities that exceed $200,000, are reviewed under
AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(15) subject to (h), (i), (j)(2) - (5), and (r) of this section, and after
projects funded by the bonds, notes, or other indebtedness have been approved
by the commissioner, 90 percent of payments made by a municipality during the
fiscal year for the retirement of principal and interest on outstanding bonds,
notes, or other indebtedness authorized by the qualified voters of the
municipality on or after June 30, 1999, but before October 31, 2006, to pay costs
of school construction, additions to schools, and major rehabilitation projects and
education-related facilities that exceed $200,000, are approved under
AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a
municipal school district under AS 14.11.008(b), and are not reimbursed under
(n) or (o) of this section.

* Sec. 3. AS 14.11.100(j) is amended to read:

(j) Except as provided in (l) of this section, the state may not allocate money
to a municipality for a school construction project under (a)(5), (6), or (7) of this
section unless the municipality complies with the requirements of (1) - (5) of this
subsection, the project is approved by the commissioner before the local vote on the
bond issue for the project or for bonds authorized after March 31, 1990, but on or
before April 30, 1993, the bonds are approved by the commissioner before
reimbursement by the state, and the local vote occurs before July 1, 1987, or after June 30, 1988. In approving a project under this subsection, and to the extent required under (a)(8) - (15) [(a)(8) - (12)] of this section, the commissioner shall require

(1) the municipality to include on the ballot for the bond issue, for bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated total cost of each project including estimated total interest, estimated annual operation and maintenance costs, the estimated amounts that will be paid by the state and by the municipality, and the approximate amount that would be due in annual taxes on $100,000 in assessed value to retire the debt;

(2) that the bonds may not be refunded unless the annual debt service on the refunding issue is not greater than the annual debt service on the original issue;

(3) that the bonds must be repaid in approximately equal annual principal payments or approximately equal debt service payments over a period of at least 10 years;

(4) the municipality to demonstrate need for the project by establishing that the school district has

(A) projected long-term student enrollment that indicates the district has inadequate facilities to meet present or projected enrollment;

(B) facilities that require repair or replacement in order to meet health and safety laws or regulations or building codes;

(C) demonstrated that the project will result in a reduction in annual operating costs that economically justifies the cost of the project; or

(D) facilities that require modification or rehabilitation for the purpose of improving the instructional program;

(5) evidence acceptable to the department that the district

(A) has a preventive maintenance plan that

(i) includes a computerized maintenance management program, cardex system, or other formal systematic means of tracking the timing and costs associated with planned and completed maintenance activities, including scheduled preventive maintenance;

(ii) addresses energy management for buildings owned
or operated by the district;

(iii) includes a regular custodial care program for buildings owned or operated by the district;

(iv) includes preventive maintenance training for facility managers and maintenance employees; and

(v) includes renewal and replacement schedules for electrical, mechanical, structural, and other components of facilities owned or operated by the district; and

(B) is adequately following the preventive maintenance plan.

* Sec. 4. AS 14.11.100 is amended by adding new subsections to read:

(q) The total amount of school construction projects approved for reimbursement by the department under (a)(13) and (a)(14) of this section

(1) may not exceed $177,256,000;

(2) after June 30, 1999, and until October 31, 2006, shall be allocated as follows:

(A) $61,925,000 to projects in a municipality with a public school enrollment of 45,000 or more students in fiscal year 2005, as determined under AS 14.17.500;

(B) $40,570,000 to projects in a municipality with a public school enrollment of at least 14,600 but less than 20,000 students in fiscal year 2005, as determined under AS 14.17.500;

(C) $20,000,000 to projects in a municipality with a public school enrollment of at least 10,000 but less than 14,600 students in fiscal year 2005, as determined under AS 14.17.500;

(D) $2,588,000 to projects in a municipality with a public school enrollment of at least 7,500 but less than 10,000 students in fiscal year 2005, as determined under AS 14.17.500;

(E) $5,995,000 to projects in a municipality with a public school enrollment of at least 4,000 but less than 6,000 students in fiscal year 2005, as determined under AS 14.17.500;

(F) $1,237,000 to projects in a municipality with a public
school enrollment of at least 2,400 but less than 2,800 students in fiscal year 2005, as determined under AS 14.17.500;

(G) $1,100,000 to projects in a municipality with a public school enrollment of at least 2,200 but less than 2,400 students in fiscal year 2005, as determined under AS 14.17.500;

(H) $7,164,000 to projects in a municipality with a public school enrollment of at least 1,300 but less than 1,500 students in fiscal year 2005, as determined under AS 14.17.500;

(I) $1,260,000 to projects in a municipality with a public school enrollment of at least 740 but less than 757 students in fiscal year 2005, as determined under AS 14.17.500;

(J) $608,000 to projects in a municipality with a public school enrollment of at least 650 but less than 700 students in fiscal year 2005, as determined under AS 14.17.500;

(K) $32,000,000 to projects in a municipality with a public school enrollment of at least 500 but less than 600 students in fiscal year 2005, as determined under AS 14.17.500;

(L) $2,809,000 to projects in a municipality with a public school enrollment of at least 370 but less than 390 students in fiscal year 2005, as determined under AS 14.17.500.

(r) The total amount of school construction projects approved for reimbursement by the department under (a)(15) of this section

(1) may not exceed $14,644,000;

(2) after June 30, 1999, and until October 31, 2006, shall be allocated as follows:

(A) $6,522,000 to projects in a municipality with a public school enrollment of at least 1,925 but less than 2,025 students in fiscal year 2005, as determined under AS 14.17.500;

(B) $8,122,000 to projects in a municipality with a public school enrollment of at least 398 but less than 400 students in fiscal year 2005, as determined under AS 14.17.500.
* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to read:

NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of Administration is authorized to enter into a lease-purchase agreement for a state virology laboratory in Fairbanks to be constructed under the lease-purchase agreement and to be operated by the Department of Health and Social Services.

(b) The state bond committee is authorized to provide for the issuance of certificates of participation in one or more series in the aggregate principal amount of $24,000,000 for the construction of a state virology laboratory in Fairbanks under the lease-purchase agreement authorized in (a) of this section. The remaining balance of the construction and equipping costs shall be paid from investment income of $200,000 earned on the proceeds of the sale of the certificates of participation. The estimated total cost of construction, acquisition, and other costs of the project is $24,200,000. The estimated annual amount of rental obligations under the lease-purchase agreement is $2,375,000. The estimated total lease payment for the full term of the lease-purchase agreement is $35,572,890. In this subsection, "cost of construction" includes credit enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized interest, and interest earnings used for lease payments.

(c) The state bond committee may contract for credit enhancement, underwriting, credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that the committee considers necessary in financing the project described in this section.

* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to read:

APPROVAL OF AGREEMENT. Section 5 of this Act constitutes the approval required by AS 36.30.085.

* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).