

**CS FOR SENATE BILL NO. 237(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

**BY THE SENATE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATE EDUCATION COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing a formula and a fund for school construction grant funding for**  
2 **regional educational attendance areas; extending the deadline for authorizing school**  
3 **construction debt reimbursed by the state; and requiring a report from the**  
4 **commissioner of revenue."**

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

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

8 LEGISLATIVE FINDINGS. The legislature finds that

9 (1) the Alaska Superior Court, Third Judicial District, in *Kasayulie v. State of*  
10 *Alaska*, Case No. 3AN-97-3782 (1999), determined that

11 (A) the method of funding capital projects for school construction and  
12 major maintenance does not provide rural schools with adequate or equitable funding  
13 opportunities; and

14 (B) while urban schools are adequately funded through existing

1 mechanisms including bond debt, taxes, and appropriations, a comparable mechanism  
2 for funding rural schools does not exist;

3 (2) the mechanisms that currently exist in statute to provide construction  
4 funding to regional educational attendance areas have not resulted in sufficient funding for  
5 projects approved for those districts.

6 \* **Sec. 2.** AS 14.11 is amended by adding new sections to read:

7 **Sec. 14.11.025. State aid for school construction in regional educational**  
8 **attendance areas.** (a) In addition to other appropriations and funding sources, the  
9 department shall annually provide grant funding from the fund established under  
10 AS 14.11.030 to a school district that is a regional educational attendance area in an  
11 amount determined under (b) of this section for a project approved under  
12 AS 14.11.005 - 14.11.020.

13 (b) The amount of money available each fiscal year for expenditure under (a)  
14 of this section shall be the outstanding debt amount required to be reimbursed by the  
15 state under AS 14.11.100, multiplied by 0.28, the product of which is to be multiplied  
16 by the percentage of students in the state enrolled in and attending a school located in  
17 a regional educational attendance area.

18 **Sec. 14.11.030. Regional educational attendance area school fund.** (a) The  
19 regional educational attendance area school fund is created as an account in the  
20 general fund to be used, in addition to other funding sources, to fund projects  
21 approved under AS 14.11.025 for the costs of school construction in regional  
22 educational attendance areas.

23 (b) Legislative appropriations, including appropriations of interest earned on  
24 the fund, shall be deposited in the fund established under this section. The fund  
25 balance may not exceed \$100,000,000.

26 (c) Money appropriated to the fund does not lapse except to the extent money  
27 in the fund exceed the maximum fund balance specified in (b) of this section.

28 \* **Sec. 3.** AS 14.11.100(a) is amended to read:

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

31 (1) payments made by the municipality during the fiscal year two years

1 earlier for the retirement of principal and interest on outstanding bonds, notes, or other  
2 indebtedness incurred before July 1, 1977, to pay costs of school construction;

3 (2) 90 percent of

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

8 (B) cash payments made after June 30, 1976, and before July 1,  
9 1978, by the municipality during the fiscal year two years earlier to pay costs  
10 of school construction;

11 (3) 90 percent of

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

17 (B) cash payments made after June 30, 1978, and before July 1,  
18 1982, by the municipality during the fiscal year two years earlier to pay costs  
19 of school construction projects approved under AS 14.07.020(a)(11);

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

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

27 (B) cash payments made after June 30, 1982, and before July 1,  
28 1983, by the municipality during the fiscal year two years earlier to pay costs  
29 of school construction, additions to schools, and major rehabilitation projects  
30 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

31 (C) payments made by the municipality during the current

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

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

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

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

21 (ii) before July 1, 1989, and reauthorized before  
22 November 1, 1989, to pay costs of school construction, additions to  
23 schools, and major rehabilitation projects that exceed \$25,000 and are  
24 approved under AS 14.07.020(a)(11); and

25 (B) cash payments made after June 30, 1983, by the  
26 municipality during the fiscal year two years earlier to pay costs of school  
27 construction, additions to schools, and major rehabilitation projects that exceed  
28 \$25,000 and are approved by the department before July 1, 1990, under  
29 AS 14.07.020(a)(11);

30 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments  
31 made by the municipality during the fiscal year for the retirement of principal and

1 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
2 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay  
3 costs of school construction, additions to schools, and major rehabilitation projects  
4 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

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

10 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
11 projects funded by the bonds, notes, or other indebtedness have been approved by the  
12 commissioner, 70 percent of payments made by the municipality during the fiscal year  
13 for the retirement of principal and interest on outstanding bonds, notes, or other  
14 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
15 1995, but before July 1, 1998, to pay costs of school construction, additions to  
16 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
17 under AS 14.07.020(a)(11);

18 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
19 projects funded by the bonds, notes, or other indebtedness have been approved by the  
20 commissioner, 70 percent of payments made by the municipality during the fiscal year  
21 for the retirement of principal and interest on outstanding bonds, notes, or other  
22 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
23 1998, but before July 1, 2006, to pay costs of school construction, additions to  
24 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
25 under AS 14.07.020(a)(11);

26 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after  
27 projects funded by the bonds, notes, or other indebtedness have been approved by the  
28 commissioner, 70 percent of payments made by the municipality during the fiscal year  
29 for the retirement of principal and interest on outstanding bonds, notes, or other  
30 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
31 1998, to pay costs of school construction, additions to schools, and major

1 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
2 and are not reimbursed under (n) of this section;

3 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
4 funded by the bonds, notes, or other indebtedness have been approved by the  
5 commissioner, 70 percent of payments made by a municipality during the fiscal year  
6 for the retirement of principal and interest on outstanding bonds, notes, or other  
7 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
8 1999, but before January 1, 2005, to pay costs of school construction, additions to  
9 schools, and major rehabilitation projects and education-related facilities that exceed  
10 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
11 or (o) of this section;

12 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
13 of payments made by a municipality during the fiscal year for the retirement of  
14 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
15 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
16 2005, to pay costs of school construction, additions to schools, and major  
17 rehabilitation projects and education-related facilities that exceed \$200,000, are  
18 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
19 section;

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

29 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60  
30 percent of payments made by a municipality during the fiscal year for the retirement  
31 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness

1 authorized by the qualified voters of the municipality on or after June 30, 1999, but  
2 before October 31, 2006, to pay costs of school construction, additions to schools, and  
3 major rehabilitation projects and education-related facilities that exceed \$200,000, are  
4 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
5 section;

6 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after  
7 projects funded by the bonds, notes, or other indebtedness have been approved by the  
8 commissioner, 90 percent of payments made by a municipality during the fiscal year  
9 for the retirement of principal and interest on outstanding bonds, notes, or other  
10 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
11 1999, but before October 31, 2006, to pay costs of school construction, additions to  
12 schools, and major rehabilitation projects and education-related facilities that exceed  
13 \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating  
14 share requirement for a municipal school district under AS 14.11.008(b), and are not  
15 reimbursed under (n) or (o) of this section;

16 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
17 funded by the tax exempt bonds, notes, or other indebtedness have been approved by  
18 the commissioner, 70 percent of payments made by a municipality during the fiscal  
19 year for the retirement of principal and interest on outstanding tax exempt bonds,  
20 notes, or other indebtedness authorized by the qualified voters of the municipality on  
21 or after October 1, 2006, [BUT BEFORE NOVEMBER 30, 2010,] to pay costs of  
22 school construction, additions to schools, and major rehabilitation projects and  
23 education-related facilities that exceed \$200,000, are approved under  
24 AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

25 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
26 of payments made by a municipality during the fiscal year for the retirement of  
27 principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
28 authorized by the qualified voters of the municipality on or after October 1, 2006,  
29 [BUT BEFORE NOVEMBER 30, 2010,] to pay costs of school construction,  
30 additions to schools, and major rehabilitation projects and education-related facilities  
31 that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not

1           reimbursed under (o) of this section.

2           \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           REPORT ON STATE BOND RATING. The commissioner of revenue shall review  
5 the effect of AS 14.11.100(a), as amended by sec. 3 of this Act, on the state's bond rating and  
6 provide a report to the legislature within 30 days of the date that is five years after the  
7 effective date of this Act.