

FISCAL NOTE

STATE OF ALASKA
2014 LEGISLATIVE SESSION

Bill Version

SCS CSHB 278

Fiscal Note Number

() Publish Date

Identifier (file name) HB278SCSCS-EED-SDR-4-17-14-DRAFT

Title Education: Funding/Tax Credits/Programs

Dept. Affected Education & Early Development

Appropriation Debt Service

Allocation School Debt Reimbursement

Sponsor Rules by Request of the Governor

Requester Senate Finance Committee

OMB Component Number 153

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE

(Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1030	School Fnd (DGF)						
		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

Estimated SUPPLEMENTAL (FY14) operating costs
(discuss reasons and fund source(s) in analysis section)

0.0

(separate supplemental appropriation required)

Estimated CAPITAL (FY15) costs
(discuss reasons and fund source(s) in analysis section)

0.0

(separate capital appropriation required)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?

No

If yes, by what date are the regulations to be adopted, amended, or repealed?

Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

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Division Commissioner

Phone (907) 465-8679
Date/Time 4/17/14 8:00 PM

Date 4/17/2014

FISCAL NOTE ANALYSIS

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Analysis

Section 22: Decreases the state share of debt reimbursement at Alaska Statute 14.11.100 State aid for costs for school construction debt. The language in this legislation ends the current 70% debt reimbursement at AS 14.11.100(a)(16) and the 60% debt reimbursement at AS 14.11.100(a)(17) effective June 30, 2014.

This bill adds two new sections at AS 14.11.100(a)(18) establishing the state share at 60% for debt that demonstrates need at AS 14.11.100(j)(4) and at AS 14.11.100(a)(19) establishing the state share at 40% for debt that does not demonstrate need at AS 14.11.100(j)(4).

Based on timelines for voter approval and reimbursement requests to the department, fiscal effects could begin in FY2016.

Currently the annual state cost for the debt program is based on a majority of 70% and 60% debt. This higher level of reimbursement will be replaced over the next 20 years with the lower 60% and 40% reimbursable. Future projects, voter approvals, and debt reimbursement requests are unknown at this time.

As a comparison, for every million dollars in bonds sold, for a 20 year term, the fiscal effect of a 60% reimbursement rather than a 70% reimbursement would be a reduction of approximately \$7.1 per year or \$142.0 over a 20 year bond. The fiscal effect of a 40% reimbursement rather than a 60% reimbursement would be a reduction of approximately \$14.2 per year or \$248.0 over a 20 year bond for every million dollars in new bonds.