

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 Dept. Affected Education & Early Development
 Title Education: Funding/Tax Credits/Programs 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				
			FY16	FY17	FY18	FY19	FY20
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)

	FY15	FY15	FY16	FY17	FY18	FY19	FY20
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	0.0

POSITIONS

	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

	FY15	FY15	FY16	FY17	FY18	FY19	FY20

Estimated SUPPLEMENTAL (FY14) operating costs 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY15) costs 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

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 If yes, by what date are the regulations to be adopted, amended, or repealed?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