

ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE

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Sponsor Statement

House Bill 136

An Act relating to school bond debt reimbursement; and providing for an effective date

Under the current fiscal shortfall of \$3.5 billion, the state must control expenses. It is imperative that the state not only find efficiencies and reduce the size of operational costs of the state, but also limit the potential growth of state spending. House Bill 136 (HB 136) will allow the state to control expenses.

There are four major cost drivers in Alaska's statewide operating costs: K-12 education, Health and Social Services, debt service (PERS/TRS and bond payments), and employee salaries and benefits. HB 136 addresses the growth in state debt service expenses by suspending subdivisions of government's ability to bond without explicit state approval.

House Bill 136 would sunset Alaska statutes relating to state aid for costs of school construction and major maintenance debt for five years. After five years, if the legislature does not take further action on these statutes, the reimbursement rates for school construction would be reinstated and reduced from 70% to 50% for eligible projects described under AS 14.11.100 (h), (i), (j)(2) – (5) and from 60% to 40% for eligible projects described under AS 14.11.100(h), (i), and (j)(2), (3), and (5).