

HOUSE CS FOR CS FOR SENATE BILL NO. 11(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/9/98

Referred: Rules

Sponsor(s): SENATORS HALFORD, Phillips, Green, Donley, Wilken, Taylor, Kelly, Ellis, Sharp, Pearce, Duncan

REPRESENTATIVES Kohring, Kemplen, Masek, Kott, Dyson, Ogan, Croft, Ryan, Berkowitz

A BILL**FOR AN ACT ENTITLED**

1 "An Act establishing a reimbursement program for municipal bonds, notes, or
2 other indebtedness incurred for school construction; relating to administrative costs
3 of reimbursing municipal school construction debt; relating to municipal school
4 construction project eligibility requirements for receiving state reimbursement; and
5 providing for an effective date."

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

7 * **Section 1.** AS 14.11.100(a) is amended to read:

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

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

(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

1 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
 2 approved by the qualified voters of the municipality before October 15, 1983,
 3 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
 4 average daily membership of the municipality is more than 7 percent but less
 5 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
 6 membership of the municipality is 12 percent or more; payments made by a
 7 municipality under this **subparagraph** [PARAGRAPH] on total project costs
 8 that exceed the amounts set out in (i) and (ii) of this **subparagraph**
 9 [PARAGRAPH] are subject to (5)(A) of this subsection;

10 (5) subject to **(h) - (j)** [(h), (i), AND (j)] of this section, 80 percent of

11 (A) payments made by the municipality during the fiscal year
 12 for the retirement of principal and interest on

13 [(i)] outstanding bonds, notes, or other indebtedness
 14 authorized by the qualified voters of the municipality

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

19 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
 20 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
 21 THE MUNICIPALITY] 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)** [(h), (i), (j),] and (m) of this section, 70 percent
 31 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) [(h), (i), (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) - (4), 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 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), 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 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).

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

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program.

1 **An amount due a municipality for reimbursement under this section may not be**
 2 **reduced by the cost to the department to administer the reimbursement program.**

3 The commissioner shall exclude from the total school construction cost of the local
 4 district all state and federal funds included in these costs except funds provided under
 5 this section and AS 43.50.140. [IN APPROVING APPLICATIONS FOR
 6 REIMBURSEMENT, THE COMMISSIONER SHALL OFFSET AGAINST THE
 7 AMOUNT OF REIMBURSEMENT AUTHORIZED THE AMOUNT OF ANY
 8 FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE SECOND
 9 PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN
 10 AS 43.50.140.]

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

12 (h) An allocation under (a)(4), **(5), (6), (7), (8), or (9)** [(5)] of this section for
 13 school construction begun after July 1, 1982, shall be reduced by the amount of money
 14 used for the construction of residential space, hockey rinks, planetariums, saunas, and
 15 other facilities for single purpose sporting or recreational uses that are not suitable for
 16 other activities and by the money used for construction that exceeds the amount needed
 17 for construction of a facility of efficient design as determined by the department. An
 18 allocation under (a)(4), **(5), (6), (7), (8), or (9)** [(5)] of this section may not be reduced
 19 by the amount of money used for construction of a small swimming pool, tank, or
 20 water storage facility used for water sports. However, an allocation shall be reduced
 21 by the difference between the amount of money used to construct a swimming pool
 22 that exceeds the standards adopted by the department and the amount of money that
 23 would have been used to construct a small swimming pool, tank, or water storage
 24 facility, as determined by the commissioner.

25 * **Sec. 4.** AS 14.11.100(i) is amended to read:

26 (i) For the purposes of (a)(4) - **(9)** [AND (5)] of this section,
 27 (1) an indebtedness for bonds is incurred after the bonds are sold;
 28 (2) reimbursement for a cash payment may only be made after the
 29 payment is made to a vendor; and
 30 (3) payments may not be made for costs that are incurred under a
 31 contract after the contract has been released.

* **Sec. 5.** 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), or (9) of this section unless the municipality complies with the requirements of (1) - (4) 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) 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** [APPROXIMATE] 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; [OR]

(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.

* **Sec. 6.** AS 14.11.100 is amended by adding a new subsection to read:

(o) The total amount of school construction projects approved for reimbursement by the department under (a)(8) or (9) of this section

(1) may not exceed \$357,143,000; and

(2) after June 30, 1995, and until July 1, 2003, shall be allocated as

follows:

(A) \$154,286,000 shall be allocated to projects in a municipality with a public school enrollment of 25,000 or more students in fiscal year 1998 as determined under AS 14.17.160;

(B) \$57,143,000 shall be allocated to projects in a municipality with a public school enrollment of at least 15,000 but less than 25,000 students in fiscal year 1998 as determined under AS 14.17.160;

(C) \$145,714,000 shall be allocated to projects in a municipality with a public school enrollment of less than 15,000 students in fiscal year 1998 as determined under AS 14.17.160; allocations under this subparagraph

(i) shall first be made to projects described under (a)(8) of this section and then made to projects described under (a)(9) of this section; and

(ii) may not exceed \$16,000,000 to projects in a municipality with a public school enrollment of less than 4,000 students in fiscal year 1998 as determined under AS 14.17.160.

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