

**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

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

5 (B) cash payments made after June 30, 1976, and before July 1,  
 6 1978, by the municipality during the fiscal year two years earlier to pay costs  
 7 of school construction;

8 (3) 90 percent of

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

14 (B) cash payments made after June 30, 1978, and before July 1,  
 15 1982, by the municipality during the fiscal year two years earlier to pay costs  
 16 of school construction projects approved under AS 14.07.020(a)(11);

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

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

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

28 (C) payments made by the municipality during the current fiscal  
 29 year for the retirement of principal and interest on outstanding bonds, notes, or  
 30 other indebtedness to pay costs of school construction, additions to schools, and  
 31 major rehabilitation projects that exceed \$25,000 and are submitted to the

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

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

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

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

**(i)** after June 30, 1983, but before March 31, 1990, 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); **or**

(ii) [OUTSTANDING BONDS, NOTES, OR OTHER INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY] before July 1, 1989, and reauthorized before November 1, 1989, 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, 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 by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) 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 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.

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

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

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

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

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

(i) For the purposes of (a)(4) - (9) [AND (5)] of this section,

- (1) an indebtedness for bonds is incurred after the bonds are sold;
- (2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and
- (3) payments may not be made for costs that are incurred under a 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

1                    **the purpose of improving the instructional program.**

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

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

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

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

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

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

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

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

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

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