

SENATE CS FOR CS FOR HOUSE BILL NO. 2003(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SPECIAL SESSION

BY THE SENATE RULES COMMITTEE

Offered: 5/19/02

Referred: First Supplemental Calendar

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to construction, rehabilitation, and improvement of schools and**
2 **education-related facilities; relating to municipal bond reimbursement for school**
3 **construction; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 14.11.008(a) is amended to read:

6 (a) In order to receive a grant under this chapter or an appropriation under
7 AS 37.05.560, a district must

8 **(1) be**

9 **(A) a rural educational attendance area;**

10 **(B) a municipal school district and, as of June 30 of the**
11 **previous fiscal year, have a population of less than 1,000; or**

12 **(C) a municipal school district that operates schools on a**
13 **military reservation; and**

14 **(2) provide a percentage share of the project cost, as determined under**

(b) or (c) of this section. A district shall provide the required participating share within three years after the date that the appropriation bill funding the grant is passed by the legislature.

* **Sec. 2.** AS 14.11.008(a) is repealed and reenacted to read:

(a) In order to receive a grant under this chapter or an appropriation under AS 37.05.560, a district must provide a percentage share of the project cost, as determined under (b) or (c) of this section. A district shall provide the required participating share within three years after the date that the appropriation bill funding the grant is passed by the legislature.

* **Sec. 3.** AS 14.11.008 is amended by adding a new subsection to read:

(f) Grant funds provided to a municipal school district under (a)(1)(C) of this section may only be used for the costs of school construction or major maintenance for a school located on a military reservation.

* **Sec. 4.** AS 14.11.011(a) is amended to read:

(a) A municipality that is a school district or a regional educational attendance area **eligible under AS 14.11.008(a)** may submit a request to the department for a grant under this chapter.

* **Sec. 5.** AS 14.11.011(a) is repealed and reenacted to read:

(a) A municipality that is a school district or a regional educational attendance area may submit a request to the department for a grant under this chapter.

* **Sec. 6.** AS 14.11.100(a) is amended to read:

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

(1) 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 before July 1, 1977, to pay costs of school construction;

(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;

1 (B) cash payments made after June 30, 1976, and before July 1,
 2 1978, by the municipality during the fiscal year two years earlier to pay costs
 3 of school construction;

4 (3) 90 percent of

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

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

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

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

20 (B) cash payments made after June 30, 1982, and before July 1,
 21 1983, by the municipality during the fiscal year two years earlier to pay costs
 22 of school construction, additions to schools, and major rehabilitation projects
 23 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

24 (C) payments made by the municipality during the current
 25 fiscal year for the retirement of principal and interest on outstanding bonds,
 26 notes, or other indebtedness to pay costs of school construction, additions to
 27 schools, and major rehabilitation projects that exceed \$25,000 and are
 28 submitted to the department for approval under AS 14.07.020(a)(11) before
 29 July 1, 1983, and approved by the qualified voters of the municipality before
 30 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
 31 annual growth rate of average daily membership of the municipality is more

1 than seven [7] percent but less than 12 percent, or (ii) \$20,000,000 if the
 2 annual growth rate of average daily membership of the municipality is 12
 3 percent or more; payments made by a municipality under this subparagraph on
 4 total project costs that exceed the amounts set out in (i) and (ii) of this
 5 subparagraph are subject to (5)(A) of this subsection;

6 (5) subject to (h) - (j) of this section, 80 percent of

7 (A) payments made by the municipality during the fiscal year
 8 for the retirement of principal and interest on outstanding bonds, notes, or
 9 other indebtedness authorized by the qualified voters of the municipality

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

14 (ii) before July 1, 1989, and reauthorized before
 15 November 1, 1989, to pay costs of school construction, additions to
 16 schools, and major rehabilitation projects that exceed \$25,000 and are
 17 approved under AS 14.07.020(a)(11); and

18 (B) cash payments made after June 30, 1983, by the
 19 municipality during the fiscal year two years earlier to pay costs of school
 20 construction, additions to schools, and major rehabilitation projects that exceed
 21 \$25,000 and are approved by the department before July 1, 1990, under
 22 AS 14.07.020(a)(11);

23 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments
 24 made by the municipality during the fiscal year for the retirement of principal and
 25 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
 26 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay
 27 costs of school construction, additions to schools, and major rehabilitation projects
 28 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

29 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments
 30 made by the municipality during the fiscal year for the retirement of principal and
 31 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified

1 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay
2 costs of school construction, additions to schools, and major rehabilitation projects;

3 (8) subject to (h), (i), (j)(2) - (5) [(j)(2) - (4)], and (n) of this section
4 and after projects funded by the bonds, notes, or other indebtedness have been
5 approved by the commissioner, 70 percent of payments made by the municipality
6 during the fiscal year for the retirement of principal and interest on outstanding bonds,
7 notes, or other indebtedness authorized by the qualified voters of the municipality on
8 or after July 1, 1995, but before July 1, 1998, to pay costs of school construction,
9 additions to schools, and major rehabilitation projects that exceed \$200,000 and are
10 approved under AS 14.07.020(a)(11);

11 (9) subject to (h), (i), (j)(2) - (5) [(j)], and (n) of this section and after
12 projects funded by the bonds, notes, or other indebtedness have been approved by the
13 commissioner, 70 percent of payments made by the municipality during the fiscal year
14 for the retirement of principal and interest on outstanding bonds, notes, or other
15 indebtedness authorized by the qualified voters of the municipality on or after July 1,
16 1998, but before July 1, 2006 [2004], to pay costs of school construction, additions to
17 schools, and major rehabilitation projects that exceed \$200,000 and are approved
18 under AS 14.07.020(a)(11);

19 (10) subject to (h), (i), (j)(2) - (5) [(j)(2) - (4)], and (o) of this section,
20 and after projects funded by the bonds, notes, or other indebtedness have been
21 approved by the commissioner, 70 percent of payments made by the municipality
22 during the fiscal year for the retirement of principal and interest on outstanding bonds,
23 notes, or other indebtedness authorized by the qualified voters of the municipality on
24 or after June 30, 1998, to pay costs of school construction, additions to schools, and
25 major rehabilitation projects that exceed \$200,000, are approved under
26 AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

27 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after
28 projects funded by the bonds, notes, or other indebtedness have been approved
29 by the commissioner, 70 percent of payments made by a municipality during the
30 fiscal year for the retirement of principal and interest on outstanding bonds,
31 notes, or other indebtedness authorized by the qualified voters of the

municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a 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 June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section.

* Sec. 7. 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) - (5) [(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) - (12) [(a)(8) OR (10)] 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 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;

(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;

(5) evidence acceptable to the department that the district

(A) has a preventive maintenance plan that

(i) includes a computerized maintenance management program, cardex system, or other formal systematic means of tracking the timing and costs associated with planned and completed maintenance activities, including scheduled preventive maintenance;

(ii) addresses energy management for buildings owned or operated by the district;

(iii) includes a regular custodial care program for buildings owned or operated by the district;

(iv) includes preventive maintenance training for facility managers and maintenance employees; and

(v) includes renewal and replacement schedules for electrical, mechanical, structural, and other components of facilities owned or operated by the district; and

(B) is adequately following the preventive maintenance plan.

* Sec. 8. AS 14.11.100(n) is amended to read:

(n) 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, **2006** [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. 9.** AS 14.11.100(o) is amended to read:

(o) The total amount of school construction projects approved for reimbursement by the department under (a)(10) of this section

(1) may not exceed \$180,064,912; and

(2) after June 30, 1998, and until July 1, **2006** [2004], shall be allocated as follows:

(A) \$77,897,000 to projects in a municipality with a public school enrollment of 25,000 or more students in fiscal year 2000, as determined under AS 14.17.500;

(B) \$14,571,000 to projects in a municipality with a public

1 school enrollment of at least 15,000 but less than 25,000 students in fiscal year
2 2000, as determined under AS 14.17.500;

3 (C) \$14,143,000 to projects in a municipality with a public
4 school enrollment of at least 10,000 but less than 15,000 students in fiscal year
5 2000, as determined under AS 14.17.500;

6 (D) \$7,429,000 to projects in a municipality with a public
7 school enrollment of at least 7,500 but less than 10,000 students in fiscal year
8 2000, as determined under AS 14.17.500;

9 (E) \$20,712,912 to projects in a municipality with a public
10 school enrollment of at least 5,000 but less than 7,500 students in fiscal year
11 2000, as determined under AS 14.17.500;

12 (F) \$2,660,000 to projects in a municipality with a public
13 school enrollment of at least 2,750 but less than 3,000 students in fiscal year
14 2000, as determined under AS 14.17.500;

15 (G) \$454,000 to projects in a municipality with a public school
16 enrollment of at least 2,400 but less than 2,750 students in fiscal year 2000, as
17 determined under AS 14.17.500;

18 (H) \$36,290,000 to projects in a municipality with a public
19 school enrollment of at least 2,050 but less than 2,400 students in fiscal year
20 2000, as determined under AS 14.17.500;

21 (I) \$329,000 to projects in a municipality with a public school
22 enrollment of at least 1,700 but less than 1,750 students in fiscal year 2000, as
23 determined under AS 14.17.500;

24 (J) \$286,000 to projects in a municipality with a public school
25 enrollment of at least 650 but less than 725 students in fiscal year 2000, as
26 determined under AS 14.17.500;

27 (K) \$519,000 to projects in a municipality with a public school
28 enrollment of at least 500 but less than 525 students in fiscal year 2000, as
29 determined under AS 14.17.500;

30 (L) \$2,224,000 to projects in a municipality with a public
31 school enrollment of at least 425 but less than 482 students in fiscal year 2000,

as determined under AS 14.17.500;

(M) \$2,550,000 to projects in a municipality with a public school enrollment of at least 290 but less than 305 students in fiscal year 2000, as determined under AS 14.17.500.

* **Sec. 10.** AS 14.11.100(k) is repealed.

* **Sec. 11.** AS 14.11.008(f) is repealed January 1, 2005.

* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

INTERVENING AMENDMENTS. It is the intent of the legislature that intervening amendments affected by repeal and reenactment of law in this Act are not to be carried forward once the repeal and reenactment of law in this Act takes effect.

* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT TO THE LEGISLATURE. By February 1, 2006, the Department of Education and Early Development shall provide to the governor and make available to the public and the legislature a report on the effectiveness of the school construction grant and school construction debt reimbursement program under AS 14.11.

* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT OF CERTAIN SECTIONS. Sections 2, 5, 11, and 12 of this Act take effect only if, under sec. 15 of this Act, secs. 1, 3, and 4 of this Act take effect.

* **Sec. 15.** Sections 1, 3, 4, 6 - 10, and 13 of this Act take effect on the date that the director of elections certifies to the revisor of statutes that a majority of the qualified voters of the state who vote on the question at the 2002 general election affirmatively voted to authorize the contracting of state debt for the purpose of financing capital improvements and major maintenance for schools in rural educational attendance areas or municipal school districts.

* **Sec. 16.** If, under sec. 14 of this Act, secs. 2, 5, 11, and 12 of this Act take effect, they take effect January 1, 2005.

* **Sec. 17.** Except as provided in secs. 15 and 16 of this Act, this Act takes effect immediately under AS 01.10.070(c).