

CS FOR HOUSE BILL NO. 424(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for and relating to the issuance of general obligation bonds for the**
2 **purpose of paying the cost of design and construction of library, education, and**
3 **educational research facilities; and providing for an effective date."**

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

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **GENERAL OBLIGATION BONDS.** For the purpose of paying the cost of design and
8 construction of library, education, and educational research facilities, general obligation bonds
9 of the state in the principal amount of not more than \$384,200,000, if ratified by a majority of
10 the qualified voters of the state who vote on the question, shall be issued and sold. The full
11 faith, credit, and resources of the state are pledged to the payment of the principal of and
12 interest and redemption premium, if any, on the bonds. The bonds shall be issued under the
13 provisions of AS 37.15 as those provisions read at the time of issuance, except that
14 AS 37.15.040 does not apply. The bonds may be issued and sold at a public or negotiated sale

in the manner, in the amounts or series, and at the time or times that the state bond committee determines after considering market conditions and structuring alternatives.

* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

2010 EDUCATION PROJECT FUND. If the issuance of the bonds is ratified by a majority of the qualified voters of the state who vote on the question, a special fund of the state to be known as the "2010 education project fund" shall be established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the accrued interest and premiums.

* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The amount of \$40,000,000 is appropriated from the 2010 education project fund to the Department of Education and Early Development to be allocated among the following projects in the amounts listed, subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	AMOUNT
(1) Mount Edgecumbe High School aquatic facility	\$20,000,000
(2) State Library, Archives, and Museum facility	20,000,000

* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The amount of \$128,500,000 is appropriated from the 2010 education project fund to the Department of Education and Early Development to be awarded as grants for design, construction, and major maintenance of public schools, subject to reallocation between projects in accordance with AS 37.07.080(e), for the following projects, subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	REAA LOCATION	AMOUNT
(1) Alakanuk K-12 school replacement	Lower Yukon	\$46,500,000
(2) Kipnuk K-12 school renovation/addition	Lower Kuskokwim	49,900,000

(3) Kwigillingok K-12 Lower Kuskokwim 32,100,000
 school renovation/addition

* **Sec. 5.** The uncoded law of the State of Alaska is amended by adding a new section to read:

UNIVERSITY OF ALASKA. The amount of \$161,800,000 is appropriated from the 2010 education project fund to the University of Alaska for the following projects, subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	LOCATION	AMOUNT
(1) Valley center for art and learning	Mat-Su campus	\$23,500,000
(2) Community arena and athletic facility	UA-Anchorage	50,000,000
(3) Life science classroom and laboratory facility	UA-Fairbanks	50,000,000
(4) Student housing	Kenai campus	17,800,000
(5) Career and technical education center	Kenai campus	14,500,000
(6) Campus renovation and renewal	Prince William Sound Community College	6,000,000

* **Sec. 6.** The uncoded law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF FISH AND GAME. The amount of \$20,000,000 is appropriated from the 2010 education project fund to the Department of Fish and Game for the Near Island research facility.

* **Sec. 7.** The uncoded law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. The amount of \$33,900,000 is appropriated from the 2010 education project fund to the Department of Commerce, Community, and Economic Development for payment of grants to municipalities under AS 37.05.315 for the following projects, subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	MUNICIPALITY	AMOUNT
(1) Loussac Library	Anchorage	\$4,650,000
(2) Cordova Center and Library	Cordova	2,500,000
(3) Community Library expansion	Kenai	1,500,000
(4) Sutton Community Library and Resource Center	Matanuska-Susitna	1,700,000
(5) Tuzzy Library expansion	North Slope	350,000
(6) Public library	Petersburg	3,300,000
(7) Community library	Seward	4,700,000
(8) Prince of Wales Island vocational education center	City of Klawock	3,200,000
(9) Northwest Magnet School/ Kotzebue High School	Northwest Arctic Borough	12,000,000

* **Sec. 8.** The uncoded law of the State of Alaska is amended by adding a new section to read:

STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority of the qualified voters of the state who vote on the question, the amount of \$4,610,400 or as much of that amount as is found necessary is appropriated from the general fund of the state to the state bond committee to carry out the provisions of this Act and to pay expenses incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds authorized by this Act.

* **Sec. 9.** The uncoded law of the State of Alaska is amended by adding a new section to read:

ADVANCE PLANNING. The amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements financed under this Act shall be reimbursed to the fund from the proceeds of the sale of bonds

1 authorized by this Act.

2 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated
5 balances of the appropriations made in secs. 3 - 7 of this Act lapse under AS 37.25.020 and
6 are appropriated to the state bond committee to redeem bonds sold under this Act. The
7 amounts expended from the general fund to pay the principal, interest, and redemption
8 premium on bonds issued under this Act shall be reimbursed to the general fund from the
9 appropriation made under this section to the extent that the money is not needed to redeem the
10 bonds.

11 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 BALLOT QUESTION. The question whether the bonds authorized in this Act are to
14 be issued shall be submitted to the qualified voters of the state at the next general election and
15 shall read substantially as follows:

16 P R O P O S I T I O N

17 State General Obligation \$384,200,000

18 Library, Education, and Educational

19 Research Facilities Bonds

20 Shall the State of Alaska issue its general obligation bonds in the principal
21 amount of not more than \$384,200,000 for the purpose of design and
22 construction of library, education, and educational research facilities?

23 Bonds Yes []

24 Bonds No []

25 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE

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Sponsor Statement for House Finance Committee Substitute for House Bill 424

House Bill 424 allows Alaskans to vote on a general obligation bond package for statewide education and educational research facilities.

The proposal totals \$384,200,000 for major K-12 and University of Alaska educational facilities around the state and would provide additional funding for Alaska's educational system. The proposal also funds library construction and vocational education projects across the state.

House Bill 424 is similar to legislation that passed in 2002 which authorized \$236,805,441 in general obligation bond authority for statewide educational facilities. That proposal was adopted by 59.6% of the voters at the November 2002 general election. This was the first general obligation bond vote for education projects since 1978. Since statehood, Alaskan voters have approved over ten general obligation bonding packages for education.

Using state general obligation bonds is the right step in addressing our educational infrastructure backlog by accelerating the completion of many statewide projects. The bonds will be sold utilizing the "Build America Bond" financing mechanism that Congress passed in the stimulus package in 2009. Under this mechanism, the federal government would cover up to 35% of the interest over the 20 year maturity of the bond.

If adopted, this proposal would be placed on the ballot at this November's general election.