

ALASKA STATE LEGISLATURE

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Sponsor Statement

CS Senate Bill 64(EDC) An Act relating to school bond debt reimbursement; and providing for an effective date

The State of Alaska is currently faced with a \$3.5 billion shortfall in revenue for Fiscal Year 2015 and a potential \$3.5 billion shortfall for Fiscal Year 2016. Senate Bill 64 will allow the state to control expenses.

There are four major cost drivers in Alaska's budget: K-12 education, Health and Social Services, debt service (PERS/TRS and bond payments), and employee salaries and benefits. Senate Bill 64 proposes to address the growth in state debt service expenses by suspending other government entities' ability to bond without explicit state approval.

Senate Bill 64 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).