

**SENATE BILL NO. 64**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/18/19

Referred: Education, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act repealing state aid for costs of school construction debt; and providing for an**  
2 **effective date."**

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

4 **\* Section 1.** AS 14.11.014(a) is amended to read:

5 (a) The commissioner shall establish a [BOND REIMBURSEMENT AND]  
6 grant review committee for the purpose described in (b) of this section. In making  
7 selections to the committee, the commissioner shall seek to maintain a regional  
8 statewide balance on the committee. The committee shall consist of the commissioner  
9 or the commissioner's designee, two members of the legislature selected by the  
10 presiding officers of the house and senate, and six other people selected by the  
11 commissioner as follows:

12 (1) two persons shall have professional degrees and experience in  
13 school construction;

14 (2) two persons shall have experience in urban or rural school facilities

1 management;

2 (3) two persons shall represent the public.

3 \* **Sec. 2.** AS 14.11.014(b) is amended to read:

4 (b) The committee shall

5 (1) review the department's priorities among projects for which school  
6 construction grants are requested;

7 (2) make recommendations to the board concerning school  
8 construction grants [AND MAKE RECOMMENDATIONS TO THE  
9 COMMISSIONER CONCERNING PROJECTS FOR WHICH BOND  
10 REIMBURSEMENT IS REQUESTED];

11 (3) develop criteria for construction of schools in the state; criteria  
12 developed under this paragraph must include requirements intended to achieve cost-  
13 effective school construction **including consideration of multipurpose function**  
14 **and designs to reduce overall facility costs for the affected community**;

15 (4) analyze existing prototypical designs for school construction  
16 projects;

17 (5) establish a form for grant applications;

18 (6) establish a method of ranking grant projects;

19 (7) recommend to the board necessary changes to the approval process  
20 for school construction grants [AND FOR PROJECTS FOR WHICH BOND  
21 REIMBURSEMENT IS REQUESTED];

22 (8) set standards for energy efficiency for school construction and  
23 major maintenance to provide energy efficiency benefits for all school locations in the  
24 state and that address energy efficiency in design and energy systems that minimize  
25 long-term energy and operating costs.

26 \* **Sec. 3.** AS 14.11.025(b) is amended to read:

27 (b) The amount of money available each fiscal year for expenditure under (a)  
28 of this section shall be the annual debt service on **the projected liability for** debt  
29 incurred **and funded for reimbursement before July 1, 2019,** under **former**  
30 AS 14.11.100(a) divided by the percentage of all schools that are located in a city or  
31 borough school district that is not a small municipal school district, the quotient of

1 which is to be multiplied by .244.

2 \* **Sec. 4.** AS 14.11.035 is amended to read:

3 **Sec. 14.11.035. Report on school construction and major maintenance**  
 4 **funding.** Every February, the department shall provide to the governor and the  
 5 legislature an annual report on the effectiveness of the school construction and major  
 6 maintenance grants **and** [,] state aid for school construction and major maintenance in  
 7 regional educational attendance areas [, AND STATE AID FOR COSTS OF  
 8 SCHOOL CONSTRUCTION DEBT] under this chapter. The report must include an  
 9 analysis of funding sources and the short-term and long-term fiscal effects of the  
 10 funding on the state. Copies of the report shall be made available to the public and to  
 11 the legislature.

12 \* **Sec. 5.** AS 14.11.135(3) is amended to read:

13 (3) "costs of school construction" means the cost of acquiring,  
 14 constructing, enlarging, repairing, remodeling, equipping, or furnishing of public  
 15 elementary and secondary schools that are owned or operated by the state, a  
 16 municipality, or a district and includes the sum total of all costs of financing and  
 17 carrying out the project; these include the costs of all necessary studies, surveys, plans  
 18 and specifications, architectural, engineering, or other special services, acquisition of  
 19 real property, site preparation and development, purchase, construction,  
 20 reconstruction, and improvement of real property and the acquisition of machinery and  
 21 equipment that may be necessary in connection with the project; an allocable portion  
 22 of the administrative and operating expenses of the grantee; the cost of financing the  
 23 project [, INCLUDING INTEREST ON BONDS ISSUED TO FINANCE THE  
 24 PROJECT;] and the cost of other items, including indemnity and surety bonds and  
 25 premiums on insurance, legal fees, fees and expenses of trustees, depositories, **and**  
 26 financial advisors [, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE  
 27 ISSUER CONSIDERS NECESSARY];

28 \* **Sec. 6.** AS 29.45.020(a) is amended to read:

29 **Sec. 29.45.020. Taxpayer notice.** (a) If a municipality levies and collects  
 30 property taxes, the governing body shall provide the following notice:

31 "NOTICE TO TAXPAYER

1 For the current fiscal year the (city) (borough) has been allocated the  
 2 following amount of state aid for school and municipal purposes under  
 3 the applicable financial assistance Acts:

4	PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
5	[STATE AID FOR RETIREMENT OF SCHOOL	\$
6	CONSTRUCTION DEBT (AS 14.11.100)]	
7	COMMUNITY ASSISTANCE PROGRAM	
8	(AS 29.60.850 - 29.60.879)	\$
9	TOTAL AID	\$

10 The millage equivalent of this state aid, based on the dollar value of a  
 11 mill in the municipality during the current assessment year and for the  
 12 preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
13		
14		
15	PUBLIC SCHOOL FUNDING	... .MILLS ... .MILLS
16	PROGRAM ASSISTANCE	
17	[STATE AID FOR RETIREMENT OF	... .MILLS ... .MILLS
18	SCHOOL CONSTRUCTION	
19	DEBT]	
20	COMMUNITY ASSISTANCE	... .MILLS ... .MILLS
21	PROGRAM	
22	TOTAL MILLAGE EQUIVALENT	... .MILLS ... .MILLS"

23 Notice shall be provided by

24 (1) furnishing a copy of the notice with tax statements mailed for the  
 25 fiscal year for which aid is received; or

26 (2) publishing in a newspaper of general circulation in the municipality  
 27 a copy of the notice once each week for a period of three successive weeks, with  
 28 publication to occur not later than 45 days after the final adoption of the municipality's  
 29 budget.

30 \* **Sec. 7.** AS 37.06.030(a) is amended to read:

31 (a) For each draw made by a municipality under AS 37.06.010, the

1 municipality shall contribute a local share to the cost of the capital project for which  
 2 the draw is made. The amount of the local share equals the local share percentage as  
 3 calculated under (1) of this subsection, divided by the state share percentage as  
 4 calculated under (2) of this subsection, multiplied by the amount of the draw. For  
 5 purposes of this subsection,

6 (1) the local share percentage is

7 (A) 30 percent for a municipality with a population of 5,000 or  
 8 more;

9 (B) for a municipality with a population of 1,000 - 4,999, the  
 10 greater of

11 (i) 15 percent; or

12 (ii) the percentage obtained by dividing the amount that  
 13 would be received by the municipality from a property tax levy of  
 14 1/1000th of a mill for each \$1,000 of grant funds received by the sum  
 15 of that first amount plus the amount of the grant or draw, but not more  
 16 than 30 percent;

17 (C) for a municipality with a population of under 1,000, the  
 18 greater of

19 (i) five percent; or

20 (ii) the percentage obtained by dividing the amount that  
 21 would be received by the municipality from a property tax levy of  
 22 1/1000th of a mill for each \$1,000 of grant funds received by the sum  
 23 of that first amount plus the amount of the grant or draw, but not more  
 24 than 30 percent;

25 (2) the state share percentage equals one minus the local share  
 26 percentage;

27 (3) the local share to be contributed by a municipality may be satisfied  
 28 with (A) federal, municipal, or local money; (B) labor, materials, or equipment used  
 29 directly in the construction of the project, or land, including land transferred by the  
 30 state to the municipality; the department shall determine the value of a contribution  
 31 under this subparagraph; (C) money from another nonstate source; (D) money

1 received by the municipality under AS 29.60.850 - 29.60.879; (E) state taxes refunded  
 2 or reimbursed to the municipality whose use for the purposes of this subsection is not  
 3 prohibited; **and** (F) [ALLOCATIONS OF STATE AID FOR THE COSTS OF  
 4 SCHOOL CONSTRUCTION DEBT UNDER AS 14.11.100; AND (G)] money  
 5 obtained from the sale or lease of land or other assets transferred by the state to the  
 6 municipality; except as provided in this paragraph, the local share may not be satisfied  
 7 with money from, or with the portion of an asset that was obtained with money from,  
 8 an appropriation, allocation, entitlement, grant, or other payment from the state.

9 \* **Sec. 8.** AS 37.15.170(a) is amended to read:

10 (a) Before December 1 of each year after bonds are issued, the state bond  
 11 committee shall certify to the commissioner of administration the amount needed for  
 12 the following calendar year to meet principal, interest, and reserve requirements on all  
 13 bonds or issues or series of bonds then outstanding [, INCLUDING  
 14 REIMBURSEMENTS AUTHORIZED UNDER AS 14.11.100].

15 \* **Sec. 9.** AS 14.11.014(d), 14.11.100, 14.11.102, and AS 37.15.011(b)(2) are repealed.

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

18 REVISOR'S INSTRUCTION. The revisor of statutes is requested to change the  
 19 catchline of AS 14.11.014 from "Bond reimbursement and grant review committee" to "Grant  
 20 review committee."

21 \* **Sec. 11.** Sections 1 - 9 of this Act take effect July 1, 2019.