

CS FOR SENATE BILL NO. 11(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/24/97
Referred: Finance

Sponsor(s): SENATORS HALFORD, Phillips, Green

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for 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 14.11.100(a) is amended to read:

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

7 (1) payments made by the municipality during the fiscal year two years
8 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
9 indebtedness incurred before July 1, 1977, to pay costs of school construction;

10 (2) 90 percent of

11 (A) payments made by the municipality during the fiscal year
12 two years earlier for the retirement of principal and interest on outstanding
13 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
14 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 fiscal
15 year for the retirement of principal and interest on outstanding bonds, notes, or
16 other indebtedness incurred after December 31, 1981, and authorized by the
17 qualified voters of the municipality before July 1, 1983, to pay costs of school
18 construction, additions to schools, and major rehabilitation projects that exceed
19 \$25,000 and are approved under AS 14.07.020(a)(11); [AND]

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 fiscal
25 year for the retirement of principal and interest on outstanding bonds, notes, or
26 other indebtedness to pay costs of school construction, additions to schools, and
27 major rehabilitation projects that exceed \$25,000 and are submitted to the
28 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
29 approved by the qualified voters of the municipality before October 15, 1983,
30 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
31 average daily membership of the municipality is more than 7 percent but less

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

6 (5) subject to **(h) - (j)** [(h), (i), AND (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

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

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

15 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
 16 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
 17 THE MUNICIPALITY] before July 1, 1989, and reauthorized before
 18 November 1, 1989, to pay costs of school construction, additions to
 19 schools, and major rehabilitation projects that exceed \$25,000 and are
 20 approved under AS 14.07.020(a)(11); and

21 (B) cash payments made after June 30, 1983, by the
 22 municipality during the fiscal year two years earlier to pay costs of school
 23 construction, additions to schools, and major rehabilitation projects that exceed
 24 \$25,000 and are approved by the department before July 1, 1990, under
 25 AS 14.07.020(a)(11);

26 (6) subject to **(h) - (j)** [(h), (i), (j),] and (m) of this section, 70 percent
 27 of payments made by the municipality during the fiscal year for the retirement of
 28 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 29 the qualified voters of the municipality on or after April 30, 1993, **but before July 1,**
 30 **1995**, to pay costs of school construction, additions to schools, and major rehabilitation
 31 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

1 (7) subject to **(h) - (j)** [(h), (i), (j),] and (m) of this section, 70 percent
 2 of payments made by the municipality during the fiscal year for the retirement of
 3 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 4 the qualified voters of the municipality after March 31, 1990, but before April 30,
 5 1993, to pay costs of school construction, additions to schools, and major rehabilitation
 6 projects;

7 **(8) subject to (i) and (j) of this section, 70 percent of payments**
 8 **made by the municipality during the fiscal year for the retirement of principal**
 9 **and interest on outstanding bonds, notes, or other indebtedness authorized by the**
 10 **qualified voters of the municipality on or after July 1, 1995, but before July 1,**
 11 **1997, to pay costs of school construction, additions to schools, and major**
 12 **rehabilitation projects;**

13 **(9) subject to (i) and (j) of this section, 75 percent of payments**
 14 **made by the municipality during the fiscal year for the retirement of principal**
 15 **and interest on outstanding bonds, notes, or other indebtedness authorized by the**
 16 **qualified voters of the municipality on or after July 1, 1997, to pay costs of school**
 17 **construction, additions to schools, and major rehabilitation projects.**

18 * **Sec. 2.** AS 14.11.100(b) is amended to read:

19 (b) The commissioner shall administer the program of reimbursement
 20 authorized under this section and shall provide by regulation for the filing of
 21 applications for reimbursement, the form of proof of costs for which application for
 22 reimbursement is made, and other regulations necessary to administer the program.

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

25 The commissioner shall exclude from the total school construction cost of the local
 26 district all state and federal funds included in these costs except funds provided under
 27 this section and AS 43.50.140. In approving applications for reimbursement, the
 28 commissioner shall offset against the amount of reimbursement authorized the amount
 29 of any funds distributed to the borough or city in the second preceding fiscal year from
 30 the school fund provided for in AS 43.50.140.

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

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

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

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

16 (1) an indebtedness for bonds is incurred after the bonds are sold;

17 (2) reimbursement for a cash payment may only be made after the
 18 payment is made to a vendor; and

19 (3) payments may not be made for costs that are incurred under a
 20 contract after the contract has been released.

21 * **Sec. 5.** AS 14.11.100(j) is amended to read:

22 (j) Except as provided in (l) of this section, the state may not allocate money
 23 to a municipality for a school construction project under (a)(5) - (9) [(a)(5), (6), OR
 24 (7)] of this section unless the municipality complies with the requirements of (1) - (4)
 25 of this subsection, the project is approved by the commissioner before the local vote
 26 on the bond issue for the project or for bonds authorized after March 31, 1990, but on
 27 or before April 30, 1993, the bonds are approved by the commissioner before
 28 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
 29 June 30, 1988. In approving a project under this subsection, the commissioner shall
 30 require

31 (1) the municipality to include on the ballot for the bond issue, for

1 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
 2 total cost of each project including estimated total interest, estimated annual operation
 3 and maintenance costs, the estimated amounts that will be paid by the state and by the
 4 municipality, and the approximate amount that would be due in annual taxes on
 5 \$100,000 in assessed value to retire the debt;

6 (2) that the bonds may not be refunded unless the annual debt service
 7 on the refunding issue is not greater than the annual debt service on the original issue;

8 (3) that the bonds must be repaid in approximately equal annual
 9 principal payments or **approximately** [APPROXIMATE] equal debt service payments
 10 over a period of at least 10 years;

11 (4) the municipality to demonstrate need for the project by establishing
 12 that the school district has

13 (A) projected long-term student enrollment that indicates the
 14 district has inadequate facilities to meet present or projected enrollment; [OR]

15 (B) facilities that require repair or replacement in order to meet
 16 health and safety laws or regulations or building codes;

17 **(C) demonstrated that the project will result in a reduction**
 18 **in annual operating costs that economically justifies the cost of the project;**
 19 **or**

20 **(D) facilities that require modification or rehabilitation for**
 21 **the purpose of improving the instructional program.**

22 * **Sec. 6.** This Act is retroactive to July 1, 1995.

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