

HOUSE BILL NO. 433

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Introduced: 3/8/00

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state reimbursement for municipal school construction bonds;
2 and providing for an 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
2 1, 1978, by the municipality during the fiscal year two years earlier to pay
3 costs 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);

20 (B) cash payments made after June 30, 1982, and before July
21 1, 1983, by the municipality during the fiscal year two years earlier to pay
22 costs of school construction, additions to schools, and major rehabilitation
23 projects 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 seven [7] percent

1 but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of
2 average daily membership of the municipality is 12 percent or more; payments
3 made by a municipality under this subparagraph on total project costs that
4 exceed the amounts set out in (i) and (ii) of this subparagraph are subject to
5 (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 other
9 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 that
28 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) - (4), and (n) of this section and after
4 projects funded by the bonds, notes, or other indebtedness have been approved by the
5 commissioner, 70 percent of payments made by the municipality during the fiscal year
6 for the retirement of principal and interest on outstanding bonds, notes, or other
7 indebtedness authorized by the qualified voters of the municipality on or after July 1,
8 1995, but before July 1, 1998, to pay costs of school construction, additions to schools,
9 and major rehabilitation projects that exceed \$200,000 and are approved under
10 AS 14.07.020(a)(11);

11 (9) subject to (h), (i), (j), and (n) of this section and after projects
12 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, to pay costs of school construction, additions to schools, and major rehabilitation
17 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

18 **(10) subject to (h), (i), and (j) of this section and after projects**
19 **funded by the bonds, notes, or other indebtedness have been approved by the**
20 **commissioner, 50 percent of payments made by the municipality during the fiscal**
21 **year for the retirement of principal and interest on outstanding bonds, notes, or**
22 **other indebtedness authorized by the qualified voters of the municipality on or**
23 **after July 1, 1999, to pay costs of school construction, additions to schools, and**
24 **major rehabilitation projects that exceed \$200,000, are approved under**
25 **AS 14.07.020(a)(11), and are not reimbursed under (9) of this subsection.**

26 * **Sec. 2.** AS 14.11.100(h) is amended to read:

27 (h) An allocation under (a)(4), (5), (6), (7), (8), [OR] (9), **or (10)** of this
28 section for school construction begun after July 1, 1982, shall be reduced by the
29 amount of money used for the construction of residential space, hockey rinks,
30 planetariums, saunas, and other facilities for single purpose sporting or recreational
31 uses that are not suitable for other activities and by the money used for construction

1 that exceeds the amount needed for construction of a facility of efficient design as
 2 determined by the department. An allocation under (a)(4), (5), (6), (7), (8), [OR] (9),
 3 or (10) of this section may not be reduced by the amount of money used for
 4 construction of a small swimming pool, tank, or water storage facility used for water
 5 sports. However, an allocation shall be reduced by the difference between the amount
 6 of money used to construct a swimming pool that exceeds the standards adopted by
 7 the department and the amount of money that would have been used to construct a
 8 small swimming pool, tank, or water storage facility, as determined by the
 9 commissioner.

10 * **Sec. 3.** AS 14.11.100(i) is amended to read:

11 (i) For the purposes of (a)(4) - (10) [(a)(4) - (9)] of this section,

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

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

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

17 * **Sec. 4.** AS 14.11.100(j) is amended to read:

18 (j) Except as provided in (l) of this section, the state may not allocate money
 19 to a municipality for a school construction project under (a)(5), (6), (7), [OR] (9), or
 20 (10) of this section unless the municipality complies with the requirements of (1) - (4)
 21 of this subsection, the project is approved by the commissioner before the local vote
 22 on the bond issue for the project or for bonds authorized after March 31, 1990, but on
 23 or before April 30, 1993, the bonds are approved by the commissioner before
 24 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
 25 June 30, 1988. In approving a project under this subsection, and to the extent required
 26 under (a)(8) of this section, the commissioner shall require

27 (1) the municipality to include on the ballot for the bond issue, for
 28 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
 29 total cost of each project including estimated total interest, estimated annual operation
 30 and maintenance costs, the estimated amounts that will be paid by the state and by the
 31 municipality, and the approximate amount that would be due in annual taxes on

1 \$100,000 in assessed value to retire the debt;

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

4 (3) that the bonds must be repaid in approximately equal annual
5 principal payments or approximately equal debt service payments over a period of at
6 least 10 years;

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

9 (A) projected long-term student enrollment that indicates the
10 district has inadequate facilities to meet present or projected enrollment;

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

13 (C) demonstrated that the project will result in a reduction in
14 annual operating costs that economically justifies the cost of the project; or

15 (D) facilities that require modification or rehabilitation for the
16 purpose of improving the instructional program.

17 * **Sec. 5.** This Act takes effect July 1, 2000.