

**CS FOR HOUSE BILL NO. 2003(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/18/02

Referred: Today's Calendar

Sponsor(s): HOUSE FINANCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to construction, rehabilitation, and improvement of schools and**  
2 **education-related facilities; relating to municipal bond reimbursement for school**  
3 **construction; and providing for an effective date."**

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

5 \* **Section 1.** AS 14.11.008(a) is amended to read:

6 (a) In order to receive a grant under this chapter or an appropriation under  
7 AS 37.05.560, a district must

8 **(1) be**

9 **(A) a rural educational attendance area;**

10 **(B) a municipal school district and, as of June 30 of the**  
11 **previous fiscal year, have a population of less than 1,000; or**

12 **(C) a municipal school district that operates schools on a**  
13 **military reservation; and**

14 **(2) provide a percentage share of the project cost, as determined under**

1 (b) or (c) of this section. A district shall provide the required participating share  
 2 within three years after the date that the appropriation bill funding the grant is passed  
 3 by the legislature.

4 \* **Sec. 2.** AS 14.11.008(a) is repealed and reenacted to read:

5 (a) In order to receive a grant under this chapter or an appropriation under  
 6 AS 37.05.560, a district must provide a percentage share of the project cost, as  
 7 determined under (b) or (c) of this section. A district shall provide the required  
 8 participating share within three years after the date that the appropriation bill funding  
 9 the grant is passed by the legislature.

10 \* **Sec. 3.** AS 14.11.008 is amended by adding a new subsection to read:

11 (f) Grant funds provided to a municipal school district under (a)(1)(C) of this  
 12 section may only be used for the costs of school construction or major maintenance for  
 13 a school located on a military reservation.

14 \* **Sec. 4.** AS 14.11.011(a) is amended to read:

15 (a) A municipality that is a school district or a regional educational attendance  
 16 area **eligible under AS 14.11.008(a)** may submit a request to the department for a  
 17 grant under this chapter.

18 \* **Sec. 5.** AS 14.11.011(a) is repealed and reenacted to read:

19 (a) A municipality that is a school district or a regional educational attendance  
 20 area may submit a request to the department for a grant under this chapter.

21 \* **Sec. 6.** AS 14.11.100(a) is amended to read:

22 (a) During each fiscal year, the state shall allocate to a municipality that is a  
 23 school district the following sums:

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

27 (2) 90 percent of

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

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

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

11 (9) subject to (h), (i), ~~(j)(2) - (5)~~ [(j)], and (n) of this section and after  
12 projects 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, but before July 1, 2006 [2004], to pay costs of school construction, additions to  
17 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
18 under AS 14.07.020(a)(11);

19 (10) subject to (h), (i), ~~(j)(2) - (5)~~ [(j)(2) - (4)], and (o) of this section,  
20 and after projects funded by the bonds, notes, or other indebtedness have been  
21 approved by the commissioner, 70 percent of payments made by the municipality  
22 during the fiscal year for the retirement of principal and interest on outstanding bonds,  
23 notes, or other indebtedness authorized by the qualified voters of the municipality on  
24 or after June 30, 1998, to pay costs of school construction, additions to schools, and  
25 major rehabilitation projects that exceed \$200,000, are approved under  
26 AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

27 **(11) subject to (h), (i), and (j)(2) - (5) of this section, and after**  
28 **projects funded by the bonds, notes, or other indebtedness have been approved**  
29 **by the commissioner, 70 percent of payments made by a municipality during the**  
30 **fiscal year for the retirement of principal and interest on outstanding bonds,**  
31 **notes, or other indebtedness authorized by the qualified voters of the**

1 municipality on or after June 30, 1999, but before July 1, 2006, to pay costs of  
 2 school construction, additions to schools, and major rehabilitation projects and  
 3 education related facilities that exceed \$200,000, are approved under  
 4 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

5 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of  
 6 payments made by a municipality during the fiscal year for the retirement of  
 7 principal and interest on outstanding bonds, notes, or other indebtedness  
 8 authorized by the qualified voters of the municipality on or after June 30, 1999,  
 9 but before July 1, 2006, to pay costs of school construction, additions to schools,  
 10 and major rehabilitation projects and education related facilities that exceed  
 11 \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under  
 12 (n) or (o) of this section.

13 \* Sec. 7. AS 14.11.100(j) is amended to read:

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

23 (1) the municipality to include on the ballot for the bond issue, for  
 24 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated  
 25 total cost of each project including estimated total interest, estimated annual operation  
 26 and maintenance costs, the estimated amounts that will be paid by the state and by the  
 27 municipality, and the approximate amount that would be due in annual taxes on  
 28 \$100,000 in assessed value to retire the debt;

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

31 (3) that the bonds must be repaid in approximately equal annual

1 principal payments or approximately equal debt service payments over a period of at  
2 least 10 years;

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

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

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

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

11 (D) facilities that require modification or rehabilitation for the  
12 purpose of improving the instructional program;

13 **(5) evidence acceptable to the department that the district**

14 **(A) has a preventive maintenance plan that**

15 **(i) includes a computerized maintenance**  
16 **management program, cardex system, or other formal systematic**  
17 **means of tracking the timing and costs associated with planned and**  
18 **completed maintenance activities, including scheduled preventive**  
19 **maintenance;**

20 **(ii) addresses energy management for buildings**  
21 **owned or operated by the district;**

22 **(iii) includes a regular custodial care program for**  
23 **buildings owned or operated by the district;**

24 **(iv) includes preventive maintenance training for**  
25 **facility managers and maintenance employees; and**

26 **(v) includes renewal and replacement schedules for**  
27 **electrical, mechanical, structural, and other components of**  
28 **facilities owned or operated by the district; and**

29 **(B) is adequately following the preventive maintenance**

30 **plan.**

31 \* **Sec. 8.** AS 14.11.100(n) is amended to read:

1 (n) The total amount of school construction projects approved for  
2 reimbursement by the department under (a)(8) or (9) of this section

3 (1) may not exceed \$357,143,000; and

4 (2) after June 30, 1995, and until July 1, **2006** [2003], shall be  
5 allocated as follows:

6 (A) \$154,286,000 shall be allocated to projects in a  
7 municipality with a public school enrollment of 25,000 or more students in  
8 fiscal year 1998, as determined under AS 14.17.160;

9 (B) \$57,143,000 shall be allocated to projects in a municipality  
10 with a public school enrollment of at least 15,000 but less than 25,000 students  
11 in fiscal year 1998, as determined under AS 14.17.160;

12 (C) \$145,714,000 shall be allocated to projects in a  
13 municipality with a public school enrollment of less than 15,000 students in  
14 fiscal year 1998, as determined under AS 14.17.160; allocations under this  
15 subparagraph

16 (i) shall first be made to projects described under (a)(8)  
17 of this section and then made to projects described under (a)(9) of this  
18 section; and

19 (ii) may not exceed \$16,000,000 to projects in a  
20 municipality with a public school enrollment of less than 4,000  
21 students in fiscal year 1998 as determined under AS 14.17.160.

22 \* **Sec. 9.** AS 14.11.100(o) is amended to read:

23 (o) The total amount of school construction projects approved for  
24 reimbursement by the department under (a)(10) of this section

25 (1) may not exceed \$180,064,912; and

26 (2) after June 30, 1998, and until July 1, **2006** [2004], shall be  
27 allocated as follows:

28 (A) \$77,897,000 to projects in a municipality with a public  
29 school enrollment of 25,000 or more students in fiscal year 2000, as  
30 determined under AS 14.17.500;

31 (B) \$14,571,000 to projects in a municipality with a public

1 school enrollment of at least 15,000 but less than 25,000 students in fiscal year  
2 2000, as determined under AS 14.17.500;

3 (C) \$14,143,000 to projects in a municipality with a public  
4 school enrollment of at least 10,000 but less than 15,000 students in fiscal year  
5 2000, as determined under AS 14.17.500;

6 (D) \$7,429,000 to projects in a municipality with a public  
7 school enrollment of at least 7,500 but less than 10,000 students in fiscal year  
8 2000, as determined under AS 14.17.500;

9 (E) \$20,712,912 to projects in a municipality with a public  
10 school enrollment of at least 5,000 but less than 7,500 students in fiscal year  
11 2000, as determined under AS 14.17.500;

12 (F) \$2,660,000 to projects in a municipality with a public  
13 school enrollment of at least 2,750 but less than 3,000 students in fiscal year  
14 2000, as determined under AS 14.17.500;

15 (G) \$454,000 to projects in a municipality with a public school  
16 enrollment of at least 2,400 but less than 2,750 students in fiscal year 2000, as  
17 determined under AS 14.17.500;

18 (H) \$36,290,000 to projects in a municipality with a public  
19 school enrollment of at least 2,050 but less than 2,400 students in fiscal year  
20 2000, as determined under AS 14.17.500;

21 (I) \$329,000 to projects in a municipality with a public school  
22 enrollment of at least 1,700 but less than 1,750 students in fiscal year 2000, as  
23 determined under AS 14.17.500;

24 (J) \$286,000 to projects in a municipality with a public school  
25 enrollment of at least 650 but less than 725 students in fiscal year 2000, as  
26 determined under AS 14.17.500;

27 (K) \$519,000 to projects in a municipality with a public school  
28 enrollment of at least 500 but less than 525 students in fiscal year 2000, as  
29 determined under AS 14.17.500;

30 (L) \$2,224,000 to projects in a municipality with a public  
31 school enrollment of at least 425 but less than 482 students in fiscal year 2000,

1 as determined under AS 14.17.500;

2 (M) \$2,550,000 to projects in a municipality with a public  
3 school enrollment of at least 290 but less than 305 students in fiscal year 2000,  
4 as determined under AS 14.17.500.

5 \* **Sec. 10.** AS 14.11.100(k) is repealed.

6 \* **Sec. 11.** AS 14.11.008(f) is repealed July 1, 2006.

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

9 INTERVENING AMENDMENTS. It is the intent of the legislature that intervening  
10 amendments affected by repeal and reenactment of law in this Act are not to be carried  
11 forward once the repeal and reenactment of law in this Act takes effect.

12 \* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 REPORT TO THE LEGISLATURE. By February 1, 2006, the Department of  
15 Education and Early Development shall provide to the governor and make available to the  
16 public and the legislature a report on the effectiveness of the school construction grant and  
17 school construction debt reimbursement program under AS 14.11.

18 \* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 CONTINGENT EFFECT OF CERTAIN SECTIONS. Sections 2, 5, 11, and 12 of  
21 this Act take effect only if, under sec. 15 of this Act, secs. 1, 3, and 4 of this Act take effect.

22 \* **Sec. 15.** Sections 1, 3, 4, 6 - 10, and 13 of this Act take effect on the date that the director  
23 of elections certifies to the revisor of statutes that a majority of the qualified voters of the state  
24 who vote on the question at the 2002 general election affirmatively voted to authorize the  
25 contracting of state debt for the purpose of financing capital improvements and major  
26 maintenance for schools in rural educational attendance areas or municipal school districts.

27 \* **Sec. 16.** If, under sec. 14 of this Act, secs. 2, 5, 11, and 12 of this Act take effect, they  
28 take effect July 1, 2006.

29 \* **Sec. 17.** Except as provided in secs. 15 and 16 of this Act, this Act takes effect  
30 immediately under AS 01.10.070(c).