

**SENATE BILL NO. 264**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

**BY SENATOR GREEN**

**Introduced: 1/30/02**

**Referred: Community and Regional Affairs, Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to a reimbursement program for municipal bonds, notes, or other**  
2 **indebtedness incurred for school construction; 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 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 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth  
 2 rate of average daily membership of the municipality is 12 percent or more;  
 3 payments made by a municipality under this subparagraph on total project  
 4 costs that exceed the amounts set out in (i) and (ii) of this subparagraph are  
 5 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) - (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  
9 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
10 under 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, but before July 1, 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) - (4), and (o) of this section, and after  
20 projects funded by the bonds, notes, or other indebtedness have been approved by the  
21 commissioner, 70 percent of payments made by the municipality during the fiscal year  
22 for the retirement of principal and interest on outstanding bonds, notes, or other  
23 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
24 1998, to pay costs of school construction, additions to schools, and major  
25 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
26 and are not reimbursed under (n) of this section;

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

1 **after June 30, 2002, to pay costs of school construction, additions to schools, and**  
 2 **major rehabilitation projects that exceed \$200,000, are approved under**  
 3 **AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section.**

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

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

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

20 (i) For the purposes of (a)(4) - **11** [(10)] of this section,  
 21 (1) an indebtedness for bonds is incurred after the bonds are sold;  
 22 (2) reimbursement for a cash payment may only be made after the  
 23 payment is made to a vendor; and  
 24 (3) payments may not be made for costs that are incurred under a  
 25 contract after the contract has been released.

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

27 (j) Except as provided in (l) of this section, the state may not allocate money  
 28 to a municipality for a school construction project under (a)(5), (6), (7), [OR] (9), **or**  
 29 **(11)** of this section unless the municipality complies with the requirements of (1) - (4)  
 30 of this subsection, the project is approved by the commissioner before the local vote  
 31 on the bond issue for the project or for bonds authorized after March 31, 1990, but on

1 or before April 30, 1993, the bonds are approved by the commissioner before  
 2 reimbursement by the state, and the local vote occurs before July 1, 1987, or after  
 3 June 30, 1988. In approving a project under this subsection, and to the extent required  
 4 under (a)(8) or (10) of this section, the commissioner shall require

5 (1) the municipality to include on the ballot for the bond issue, for  
 6 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated  
 7 total cost of each project including estimated total interest, estimated annual operation  
 8 and maintenance costs, the estimated amounts that will be paid by the state and by the  
 9 municipality, and the approximate amount that would be due in annual taxes on  
 10 \$100,000 in assessed value to retire the debt;

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

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

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

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

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

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

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

26 \* **Sec. 5.** AS 14.11.100 is amended by adding a new subsection to read:

27 (q) The total amount of school construction projects approved for  
 28 reimbursement by the department under (a)(11) of this section

29 (1) may not exceed \$113,000,000; and

30 (2) shall be allocated as follows:

31 (A) \$50,000,000 shall be allocated to projects in a municipality

1 with a public school enrollment of 25,000 or more students in fiscal year 2001  
2 as determined under AS 14.17.500;

3 (B) \$15,000,000 shall be allocated to projects in a municipality  
4 with a public school enrollment of at least 15,000 but less than 25,000 students  
5 in fiscal year 2001 as determined under AS 14.17.500;

6 (C) \$13,000,000 shall be allocated to projects in a municipality  
7 with a public school enrollment of at least 12,000 but less than 15,000 students  
8 in fiscal year 2001 as determined under AS 14.17.500;

9 (D) \$10,000,000 shall be allocated to projects in a municipality  
10 with a public school enrollment of at least 9,000 but less than 12,000 students  
11 in fiscal year 2001 as determined under AS 14.17.500;

12 (E) \$25,000,000 shall be allocated to projects in a municipality  
13 with a public school enrollment of less than 9,000 students in fiscal year 2001  
14 as determined under AS 14.17.500.

15 \* **Sec. 6.** This Act takes effect July 1, 2002.