

**CS FOR HOUSE BILL NO. 13(RLS)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE RULES COMMITTEE**

**Offered: 5/3/06**

**Referred: Today's Calendar**

**Sponsor(s): REPRESENTATIVES GATTO AND GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman, Kohring, Chenault, McGuire, Rokeberg, Seaton**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to reimbursement of municipal bonds for school construction;**  
2 **increasing the base student allocation used in the formula for state financing of public**  
3 **education; and providing for an effective date."**

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

5 **\* Section 1.** AS 14.11.100(a) is amended to read:

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

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

11 (2) 90 percent of

12 (A) payments made by the municipality during the fiscal year  
13 two years earlier for the retirement of principal and interest on outstanding  
14 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
15 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 percent but less than 12 percent, or (ii) \$20,000,000 if the annual  
 2 growth rate of average daily membership of the municipality is 12 percent or  
 3 more; payments made by a municipality under this subparagraph on total  
 4 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph  
 5 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), 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)(2) - (5), 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, 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), 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), (i), and (j)(2) - (5) 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 a municipality during the fiscal year  
30 for the retirement of principal and interest on outstanding bonds, notes, or other  
31 indebtedness authorized by the qualified voters of the municipality on or after June 30,

1 1999, but before January 1, 2005, to pay costs of school construction, additions to  
2 schools, and major rehabilitation projects and education-related facilities that exceed  
3 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
4 or (o) of this section;

5 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
6 of payments made by a municipality during the fiscal year for the retirement of  
7 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
8 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
9 2005, to pay costs of school construction, additions to schools, and major  
10 rehabilitation projects and education-related facilities that exceed \$200,000, are  
11 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
12 section;

13 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after  
14 projects funded by the tax exempt bonds, notes, or other indebtedness have been  
15 approved by the commissioner, 70 percent of payments made by a municipality during  
16 the fiscal year for the retirement of principal and interest on outstanding tax exempt  
17 bonds, notes, or other indebtedness authorized by the qualified voters of the  
18 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of  
19 school construction, additions to schools, and major rehabilitation projects and  
20 education-related facilities that exceed \$200,000, are approved under  
21 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

22 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60  
23 percent of payments made by a municipality during the fiscal year for the retirement  
24 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
25 authorized by the qualified voters of the municipality on or after June 30, 1999, but  
26 before October 31, 2006, to pay costs of school construction, additions to schools, and  
27 major rehabilitation projects and education-related facilities that exceed \$200,000, are  
28 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
29 section;

30 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after  
31 projects funded by the bonds, notes, or other indebtedness have been approved by the

1 commissioner, 90 percent of payments made by a municipality during the fiscal year  
 2 for the retirement of principal and interest on outstanding bonds, notes, or other  
 3 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
 4 1999, but before October 31, 2006, to pay costs of school construction, additions to  
 5 schools, and major rehabilitation projects and education-related facilities that exceed  
 6 \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating  
 7 share requirement for a municipal school district under AS 14.11.008(b), and are not  
 8 reimbursed under (n) or (o) of this section;

9 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after  
 10 projects funded by the tax exempt bonds, notes, or other indebtedness have been  
 11 approved by the commissioner, 70 percent of payments made by a municipality  
 12 during the fiscal year for the retirement of principal and interest on outstanding  
 13 tax exempt bonds, notes, or other indebtedness authorized by the qualified voters  
 14 of the municipality on or after November 1, 2006, but before November 30, 2008,  
 15 to pay costs of school construction, additions to schools, and major rehabilitation  
 16 projects and education-related facilities that exceed \$200,000, are approved  
 17 under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

18 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60  
 19 percent of payments made by a municipality during the fiscal year for the  
 20 retirement of principal and interest on outstanding tax exempt bonds, notes, or  
 21 other indebtedness authorized by the qualified voters of the municipality on or  
 22 after November 1, 2006, but before November 30, 2008, to pay costs of school  
 23 construction, additions to schools, and major rehabilitation projects and  
 24 education-related facilities that exceed \$200,000, are reviewed under  
 25 AS 14.07.020(a)(11), and are not reimbursed under (o) of this section.

26 \* Sec. 2. 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), or (7) of this  
 29 section unless the municipality complies with the requirements of (1) - (5) of this  
 30 subsection, the project is approved by the commissioner before the local vote on the  
 31 bond issue for the project or for bonds authorized after March 31, 1990, but on or

1 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) - (17) [(a)(8) - (15)] 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 (5) evidence acceptable to the department that the district

27 (A) has a preventive maintenance plan that

28 (i) includes a computerized maintenance management  
 29 program, cardex system, or other formal systematic means of tracking  
 30 the timing and costs associated with planned and completed  
 31 maintenance activities, including scheduled preventive maintenance;

1 (ii) addresses energy management for buildings owned  
2 or operated by the district;

3 (iii) includes a regular custodial care program for  
4 buildings owned or operated by the district;

5 (iv) includes preventive maintenance training for  
6 facility managers and maintenance employees; and

7 (v) includes renewal and replacement schedules for  
8 electrical, mechanical, structural, and other components of facilities  
9 owned or operated by the district; and

10 (B) is adequately following the preventive maintenance plan.

11 \* **Sec. 3.** AS 14.11.100(p) is amended to read:

12 (p) The total amount of school construction projects approved for  
13 reimbursement by the department under (a)(13) and (a)(14) of this section

14 (1) may not exceed \$179,256,000 [\$177,256,000];

15 (2) after June 30, 1999, and until October 31, 2006, shall be allocated  
16 as follows:

17 (A) \$61,925,000 to projects in a municipality with a public  
18 school enrollment of 45,000 or more students in fiscal year 2005, as  
19 determined under AS 14.17.500;

20 (B) \$40,570,000 to projects in a municipality with a public  
21 school enrollment of at least 14,600 but less than 20,000 students in fiscal year  
22 2005, as determined under AS 14.17.500;

23 (C) \$20,000,000 to projects in a municipality with a public  
24 school enrollment of at least 10,000 but less than 14,600 students in fiscal year  
25 2005, as determined under AS 14.17.500;

26 (D) \$2,588,000 to projects in a municipality with a public  
27 school enrollment of at least 7,500 but less than 10,000 students in fiscal year  
28 2005, as determined under AS 14.17.500;

29 (E) \$5,995,000 to projects in a municipality with a public  
30 school enrollment of at least 4,000 but less than 6,000 students in fiscal year  
31 2005, as determined under AS 14.17.500;

1 (F) \$1,237,000 to projects in a municipality with a public  
2 school enrollment of at least 2,400 but less than 2,800 students in fiscal year  
3 2005, as determined under AS 14.17.500;

4 (G) \$1,100,000 to projects in a municipality with a public  
5 school enrollment of at least 2,200 but less than 2,400 students in fiscal year  
6 2005, as determined under AS 14.17.500;

7 (H) **\$2,000,000 to projects in a municipality with a public**  
8 **school enrollment of at least 1,501 but less than 1,800 students in fiscal**  
9 **year 2005, as determined under AS 14.17.500;**

10 (I) [(H)] \$7,164,000 to projects in a municipality with a public  
11 school enrollment of at least 1,300 but less than 1,500 students in fiscal year  
12 2005, as determined under AS 14.17.500;

13 (J) [(I)] \$1,260,000 to projects in a municipality with a public  
14 school enrollment of at least 740 but less than 757 students in fiscal year 2005,  
15 as determined under AS 14.17.500;

16 (K) [(J)] \$608,000 to projects in a municipality with a public  
17 school enrollment of at least 650 but less than 700 students in fiscal year 2005,  
18 as determined under AS 14.17.500;

19 (L) [(K)] \$32,000,000 to projects in a municipality with a  
20 public school enrollment of at least 500 but less than 600 students in fiscal year  
21 2005, as determined under AS 14.17.500;

22 (M) [(L)] \$2,809,000 to projects in a municipality with a public  
23 school enrollment of at least 370 but less than 390 students in fiscal year 2005,  
24 as determined under AS 14.17.500.

25 \* **Sec. 4.** AS 14.17.470 is amended to read:

26 **Sec. 14.17.470. Base student allocation.** The base student allocation is **\$5,380**  
27 **[\$4,919].**

28 \* **Sec. 5.** This Act takes effect July 1, 2006.