

HOUSE BILL NO. 493

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

BY THE HOUSE FINANCE COMMITTEE

Introduced: 3/17/06
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to reimbursement of municipal bonds for school construction."**

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

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

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

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

9 (2) 90 percent of

10 (A) payments made by the municipality during the fiscal year
11 two years earlier for the retirement of principal and interest on outstanding
12 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
13 July 1, 1978, to pay costs of school construction;

14 (B) cash payments made after June 30, 1976, and before July 1,
15 1978, by the municipality during the fiscal year two years earlier to pay costs

1 of school construction;

2 (3) 90 percent of

3 (A) payments made by the municipality during the fiscal year
4 two years earlier for the retirement of principal and interest on outstanding
5 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
6 January 1, 1982, to pay costs of school construction projects approved under
7 AS 14.07.020(a)(11);

8 (B) cash payments made after June 30, 1978, and before July 1,
9 1982, by the municipality during the fiscal year two years earlier to pay costs
10 of school construction projects approved under AS 14.07.020(a)(11);

11 (4) subject to (h) and (i) of this section, up to 90 percent of

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

18 (B) cash payments made after June 30, 1982, and before July 1,
19 1983, by the municipality during the fiscal year two years earlier to pay costs
20 of school construction, additions to schools, and major rehabilitation projects
21 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

22 (C) payments made by the municipality during the current
23 fiscal year for the retirement of principal and interest on outstanding bonds,
24 notes, or other indebtedness to pay costs of school construction, additions to
25 schools, and major rehabilitation projects that exceed \$25,000 and are
26 submitted to the department for approval under AS 14.07.020(a)(11) before
27 July 1, 1983, and approved by the qualified voters of the municipality before
28 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
29 annual growth rate of average daily membership of the municipality is more
30 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual
31 growth rate of average daily membership of the municipality is 12 percent or

1 more; payments made by a municipality under this subparagraph on total
2 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph
3 are subject to (5)(A) of this subsection;

4 (5) subject to (h) - (j) of this section, 80 percent of

5 (A) payments made by the municipality during the fiscal year
6 for the retirement of principal and interest on outstanding bonds, notes, or
7 other indebtedness authorized by the qualified voters of the municipality

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

12 (ii) before July 1, 1989, and reauthorized before
13 November 1, 1989, to pay costs of school construction, additions to
14 schools, and major rehabilitation projects that exceed \$25,000 and are
15 approved under AS 14.07.020(a)(11); and

16 (B) cash payments made after June 30, 1983, by the
17 municipality during the fiscal year two years earlier to pay costs of school
18 construction, additions to schools, and major rehabilitation projects that exceed
19 \$25,000 and are approved by the department before July 1, 1990, under
20 AS 14.07.020(a)(11);

21 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments
22 made by the municipality during the fiscal year for the retirement of principal and
23 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
24 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay
25 costs of school construction, additions to schools, and major rehabilitation projects
26 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

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

1 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
2 projects funded by the bonds, notes, or other indebtedness have been approved by the
3 commissioner, 70 percent of payments made by the municipality during the fiscal year
4 for the retirement of principal and interest on outstanding bonds, notes, or other
5 indebtedness authorized by the qualified voters of the municipality on or after July 1,
6 1995, but before July 1, 1998, to pay costs of school construction, additions to
7 schools, and major rehabilitation projects that exceed \$200,000 and are approved
8 under AS 14.07.020(a)(11);

9 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
10 projects funded by the bonds, notes, or other indebtedness have been approved by the
11 commissioner, 70 percent of payments made by the municipality during the fiscal year
12 for the retirement of principal and interest on outstanding bonds, notes, or other
13 indebtedness authorized by the qualified voters of the municipality on or after July 1,
14 1998, but before July 1, 2006, to pay costs of school construction, additions to
15 schools, and major rehabilitation projects that exceed \$200,000 and are approved
16 under AS 14.07.020(a)(11);

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

25 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
26 funded by the bonds, notes, or other indebtedness have been approved by the
27 commissioner, 70 percent of payments made by a municipality during the fiscal year
28 for the retirement of principal and interest on outstanding bonds, notes, or other
29 indebtedness authorized by the qualified voters of the municipality on or after June 30,
30 1999, but before January 1, 2005, to pay costs of school construction, additions to
31 schools, and major rehabilitation projects and education-related facilities that exceed

1 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)
2 or (o) of this section;

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

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

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

28 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after
29 projects funded by the bonds, notes, or other indebtedness have been approved by the
30 commissioner, 90 percent of payments made by a municipality during the fiscal year
31 for the retirement of principal and interest on outstanding bonds, notes, or other

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

7 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after
 8 projects funded by the tax exempt bonds, notes, or other indebtedness have been
 9 approved by the commissioner, 60 percent of payments made by a municipality
 10 during the fiscal year for the retirement of principal and interest on outstanding
 11 tax exempt bonds, notes, or other indebtedness authorized by the qualified voters
 12 of the municipality on or after November 1, 2006, but before November 1, 2008,
 13 to pay costs of school construction, additions to schools, and major rehabilitation
 14 projects and education-related facilities that exceed \$200,000, are approved
 15 under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

16 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 40
 17 percent of payments made by a municipality during the fiscal year for the
 18 retirement of principal and interest on outstanding tax exempt bonds, notes, or
 19 other indebtedness authorized by the qualified voters of the municipality on or
 20 after November 1, 2006, but before November 1, 2008, to pay costs of school
 21 construction, additions to schools, and major rehabilitation projects and
 22 education-related facilities that exceed \$200,000, are reviewed under
 23 AS 14.07.020(a)(11), and are not reimbursed under (o) of this section.

24 * Sec. 2. AS 14.11.100(j) is amended to read:

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

1 June 30, 1988. In approving a project under this subsection, and to the extent required
2 under (a)(8) - (17) [(a)(8) - (15)] of this section, the commissioner shall require

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

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

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

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

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

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

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

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

24 (5) evidence acceptable to the department that the district

25 (A) has a preventive maintenance plan that

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

30 (ii) addresses energy management for buildings owned
31 or operated by the district;

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

3 (iv) includes preventive maintenance training for
4 facility managers and maintenance employees; and

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

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