

CONFERENCE CS FOR SENATE BILL NO. 73
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SPECIAL SESSION

BY THE CONFERENCE COMMITTEE

Offered: 5/24/05

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to reimbursement of municipal bonds for school construction; relating**
2 **to a lease-purchase agreement for the construction, equipping, and financing of a state**
3 **virology laboratory in Fairbanks to be operated by the Department of Health and Social**
4 **Services; relating to the issuance of certificates of participation for the laboratory;**
5 **relating to the use of certain investment income for certain construction and equipment**
6 **costs for the laboratory; and providing for an effective date."**

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

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 INTENT. It is the intent of the legislature that the amount of money to be used for the
11 construction and equipping of a new state virology laboratory in Fairbanks is \$24,200,000.
12 Of that amount, it is the intent of the legislature that

13 (1) \$24,000,000 shall come from the proceeds of the certificates of

1 participation to be issued by the state bond committee under sec. 5 of this Act; and

2 (2) \$200,000 shall come from the investment income earned on the proceeds
3 of the sale of the certificates of participation described in sec. 5 of this Act.

4 * **Sec. 2.** 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;

15 (B) cash payments made after June 30, 1976, and before July 1,
16 1978, by the municipality during the fiscal year two years earlier to pay costs
17 of school construction;

18 (3) 90 percent of

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

24 (B) cash payments made after June 30, 1978, and before July 1,
25 1982, by the municipality during the fiscal year two years earlier to pay costs
26 of school construction projects approved under AS 14.07.020(a)(11);

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

28 (A) payments made by the municipality during the current
29 fiscal year for the retirement of principal and interest on outstanding bonds,
30 notes, or other indebtedness incurred after December 31, 1981, and authorized
31 by the qualified voters of the municipality before July 1, 1983, to pay costs of

1 school construction, additions to schools, and major rehabilitation projects that
2 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

3 (B) cash payments made after June 30, 1982, and before July 1,
4 1983, by the municipality during the fiscal year two years earlier to pay costs
5 of school construction, additions to schools, and major rehabilitation projects
6 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

7 (C) payments made by the municipality during the current
8 fiscal year for the retirement of principal and interest on outstanding bonds,
9 notes, or other indebtedness to pay costs of school construction, additions to
10 schools, and major rehabilitation projects that exceed \$25,000 and are
11 submitted to the department for approval under AS 14.07.020(a)(11) before
12 July 1, 1983, and approved by the qualified voters of the municipality before
13 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
14 annual growth rate of average daily membership of the municipality is more
15 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual
16 growth rate of average daily membership of the municipality is 12 percent or
17 more; payments made by a municipality under this subparagraph on total
18 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph
19 are subject to (5)(A) of this subsection;

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

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

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

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

1 (B) cash payments made after June 30, 1983, by the
2 municipality during the fiscal year two years earlier to pay costs of school
3 construction, additions to schools, and major rehabilitation projects that exceed
4 \$25,000 and are approved by the department before July 1, 1990, under
5 AS 14.07.020(a)(11);

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

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

17 (8) subject to (h), (i), (j)(2) - (5), and (n) 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 July 1,
22 1995, but before July 1, 1998, to pay costs of school construction, additions to
23 schools, and major rehabilitation projects that exceed \$200,000 and are approved
24 under AS 14.07.020(a)(11);

25 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
26 projects funded by the bonds, notes, or other indebtedness have been approved by the
27 commissioner, 70 percent of payments made by the 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 July 1,
30 1998, but before July 1, 2006, to pay costs of school construction, additions to
31 schools, and major rehabilitation projects that exceed \$200,000 and are approved

1 under AS 14.07.020(a)(11);

2 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after
3 projects funded by the bonds, notes, or other indebtedness have been approved by the
4 commissioner, 70 percent of payments made by the municipality during the fiscal year
5 for the retirement of principal and interest on outstanding bonds, notes, or other
6 indebtedness authorized by the qualified voters of the municipality on or after June 30,
7 1998, to pay costs of school construction, additions to schools, and major
8 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
9 and are not reimbursed under (n) of this section;

10 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
11 funded by the bonds, notes, or other indebtedness have been approved by the
12 commissioner, 70 percent of payments made by a municipality during the fiscal year
13 for the retirement of principal and interest on outstanding bonds, notes, or other
14 indebtedness authorized by the qualified voters of the municipality on or after June 30,
15 1999, but before January 1, 2005, to pay costs of school construction, additions to
16 schools, and major rehabilitation projects and education-related facilities that exceed
17 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)
18 or (o) of this section;

19 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent
20 of payments made by a municipality during the fiscal year for the retirement of
21 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
22 the qualified voters of the municipality on or after June 30, 1999, but before January 1,
23 2005, to pay costs of school construction, additions to schools, and major
24 rehabilitation projects and education-related facilities that exceed \$200,000, are
25 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
26 section;

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

1 of the municipality on or after June 30, 1999, but before October 31, 2006, to pay
 2 costs of school construction, additions to schools, and major rehabilitation
 3 projects and education-related facilities that exceed \$200,000, are approved
 4 under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
 5 section;

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

14 (15) subject to (h), (i), (j)(2) - (5), and (r) of this section, and after
 15 projects funded by the bonds, notes, or other indebtedness have been approved
 16 by the commissioner, 90 percent of payments made by a municipality during the
 17 fiscal year for the retirement of principal and interest on outstanding bonds,
 18 notes, or other indebtedness authorized by the qualified voters of the
 19 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs
 20 of school construction, additions to schools, and major rehabilitation projects and
 21 education-related facilities that exceed \$200,000, are approved under
 22 AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a
 23 municipal school district under AS 14.11.008(b), and are not reimbursed under
 24 (n) or (o) of this section.

25 * Sec. 3. AS 14.11.100(j) is amended to read:

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

1 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
2 June 30, 1988. In approving a project under this subsection, and to the extent required
3 under ~~(a)(8) - (15)~~ [(a)(8) - (12)] of this section, the commissioner shall require

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

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

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

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

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

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

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

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

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

26 (A) has a preventive maintenance plan that

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

31 (ii) addresses energy management for buildings owned

1 or operated by the district;

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

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

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

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

10 * **Sec. 4.** AS 14.11.100 is amended by adding new subsections to read:

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

13 (1) may not exceed \$177,256,000;

14 (2) after June 30, 1999, and until October 31, 2006, shall be allocated

15 as follows:

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

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

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

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

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

31 (F) \$1,237,000 to projects in a municipality with a public

1 school enrollment of at least 2,400 but less than 2,800 students in fiscal year
2 2005, as determined under AS 14.17.500;

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

6 (H) \$7,164,000 to projects in a municipality with a public
7 school enrollment of at least 1,300 but less than 1,500 students in fiscal year
8 2005, as determined under AS 14.17.500;

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

12 (J) \$608,000 to projects in a municipality with a public school
13 enrollment of at least 650 but less than 700 students in fiscal year 2005, as
14 determined under AS 14.17.500;

15 (K) \$32,000,000 to projects in a municipality with a public
16 school enrollment of at least 500 but less than 600 students in fiscal year 2005,
17 as determined under AS 14.17.500;

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

21 (r) The total amount of school construction projects approved for
22 reimbursement by the department under (a)(15) of this section

23 (1) may not exceed \$14,644,000;

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

26 (A) \$6,522,000 to projects in a municipality with a public
27 school enrollment of at least 1,925 but less than 2,025 students in fiscal year
28 2005, as determined under AS 14.17.500;

29 (B) \$8,122,000 to projects in a municipality with a public
30 school enrollment of at least 398 but less than 400 students in fiscal year 2005,
31 as determined under AS 14.17.500.

1 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-
4 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of
5 Administration is authorized to enter into a lease-purchase agreement for a state virology
6 laboratory in Fairbanks to be constructed under the lease-purchase agreement and to be
7 operated by the Department of Health and Social Services.

8 (b) The state bond committee is authorized to provide for the issuance of certificates
9 of participation in one or more series in the aggregate principal amount of \$24,000,000 for
10 the construction of a state virology laboratory in Fairbanks under the lease-purchase
11 agreement authorized in (a) of this section. The remaining balance of the construction and
12 equipping costs shall be paid from investment income of \$200,000 earned on the proceeds of
13 the sale of the certificates of participation. The estimated total cost of construction,
14 acquisition, and other costs of the project is \$24,200,000. The estimated annual amount of
15 rental obligations under the lease-purchase agreement is \$2,375,000. The estimated total
16 lease payment for the full term of the lease-purchase agreement is \$35,572,890. In this
17 subsection, "cost of construction" includes credit enhancement and underwriting expenses,
18 rating agency fees, bond counsel fees, financial advisor fees, printing fees, advertising fees,
19 capitalized interest, and interest earnings used for lease payments.

20 (c) The state bond committee may contract for credit enhancement, underwriting,
21 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that
22 the committee considers necessary in financing the project described in this section.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 APPROVAL OF AGREEMENT. Section 5 of this Act constitutes the approval
26 required by AS 36.30.085.

27 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).