

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: SCS CSHB 278(FIN)  
Fiscal Note Number: 23  
(S) Publish Date: 4/19/14

Identifier: HB278SCSCS(FIN)-EED-SDR-4-19-14-DRAFT  
Title: EDUCATION  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Senate Finance Committee

Department: Debt Service  
Appropriation: Debt Service  
Allocation: School Debt Reimbursement  
OMB Component Number: 153

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

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**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Initial version

Prepared By: <u>Elizabeth Nudelman, Director</u>	Phone: <u>(907)465-8679</u>
Division: <u>School Finance and Facilities</u>	Date: <u>04/19/2014 03:00 PM</u>
Approved By: <u>Mike Hanley</u>	Date: <u>04/19/14</u>
Agency: <u>Commissioner</u>	

FISCAL NOTE ANALYSIS #23

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. SCS CSHB 278(FIN)

**Analysis**

Section 20: Decreases the state share of debt reimbursement at Alaska Statute 14.11.100 State aid for costs for school construction debt. The language in this legislation ends the current 70% debt reimbursement at AS 14.11.100(a)(16) and the 60% debt reimbursement at AS 14.11.100(a)(17) effective June 30, 2014.

This bill adds two new sections at AS 14.11.100(a)(18) establishing the state share at 60% for debt that demonstrates need at AS 14.11.100(j)(4) and at AS 14.11.100(a)(19) establishing the state share at 40% for debt that does not demonstrate need at AS 14.11.100(j)(4).

Based on timelines for voter approval and reimbursement requests to the department, fiscal effects could begin in FY2016.

Currently the annual state cost for the debt program is based on a majority of 70% and 60% debt. This higher level of reimbursement will be replaced over the next 20 years with the lower 60% and 40% reimbursable. Future projects, voter approvals, and debt reimbursement requests are unknown at this time.

As a comparison, for every million dollars in bonds sold, for a 20 year term, the fiscal effect of a 60% reimbursement rather than a 70% reimbursement would be a reduction of approximately \$7.1 per year or \$142.0 over a 20 year bond. The fiscal effect of a 40% reimbursement rather than a 60% reimbursement would be a reduction of approximately \$14.2 per year or \$248.0 over a 20 year bond for every million dollars in new bonds.