

HOUSE BILL NO. 66

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/20/19

Referred: Community & Regional Affairs, Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act repealing state aid for costs of school construction debt; and providing for an**
2 **effective date."**

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

4 * **Section 1.** AS 14.11.014(a) is amended to read:

5 (a) The commissioner shall establish a [BOND REIMBURSEMENT AND]
6 grant review committee for the purpose described in (b) of this section. In making
7 selections to the committee, the commissioner shall seek to maintain a regional
8 statewide balance on the committee. The committee shall consist of the commissioner
9 or the commissioner's designee, two members of the legislature selected by the
10 presiding officers of the house and senate, and six other people selected by the
11 commissioner as follows:

12 (1) two persons shall have professional degrees and experience in
13 school construction;

14 (2) two persons shall have experience in urban or rural school facilities

1 management;

2 (3) two persons shall represent the public.

3 * **Sec. 2.** AS 14.11.014(b) is amended to read:

4 (b) The committee shall

5 (1) review the department's priorities among projects for which school
6 construction grants are requested;

7 (2) make recommendations to the board concerning school
8 construction grants [AND MAKE RECOMMENDATIONS TO THE
9 COMMISSIONER CONCERNING PROJECTS FOR WHICH BOND
10 REIMBURSEMENT IS REQUESTED];

11 (3) develop criteria for construction of schools in the state; criteria
12 developed under this paragraph must include requirements intended to achieve cost-
13 effective school construction including consideration of multipurpose function
14 and designs to reduce overall facility costs for the affected community;

15 (4) analyze existing prototypical designs for school construction
16 projects;

17 (5) establish a form for grant applications;

18 (6) establish a method of ranking grant projects;

19 (7) recommend to the board necessary changes to the approval process
20 for school construction grants [AND FOR PROJECTS FOR WHICH BOND
21 REIMBURSEMENT IS REQUESTED];

22 (8) set standards for energy efficiency for school construction and
23 major maintenance to provide energy efficiency benefits for all school locations in the
24 state and that address energy efficiency in design and energy systems that minimize
25 long-term energy and operating costs.

26 * **Sec. 3.** AS 14.11.025(b) is amended to read:

27 (b) The amount of money available each fiscal year for expenditure under (a)
28 of this section shall be the annual debt service on the projected liability for debt
29 incurred and funded for reimbursement before July 1, 2019, under former
30 AS 14.11.100(a) divided by the percentage of all schools that are located in a city or
31 borough school district that is not a small municipal school district, the quotient of

1 which is to be multiplied by .244.

2 * **Sec. 4.** AS 14.11.035 is amended to read:

3 **Sec. 14.11.035. Report on school construction and major maintenance**
 4 **funding.** Every February, the department shall provide to the governor and the
 5 legislature an annual report on the effectiveness of the school construction and major
 6 maintenance grants and [,] state aid for school construction and major maintenance in
 7 regional educational attendance areas [, AND STATE AID FOR COSTS OF
 8 SCHOOL CONSTRUCTION DEBT] under this chapter. The report must include an
 9 analysis of funding sources and the short-term and long-term fiscal effects of the
 10 funding on the state. Copies of the report shall be made available to the public and to
 11 the legislature.

12 * **Sec. 5.** AS 14.11.135(3) is amended to read:

13 (3) "costs of school construction" means the cost of acquiring,
 14 constructing, enlarging, repairing, remodeling, equipping, or furnishing of public
 15 elementary and secondary schools that are owned or operated by the state, a
 16 municipality, or a district and includes the sum total of all costs of financing and
 17 carrying out the project; these include the costs of all necessary studies, surveys, plans
 18 and specifications, architectural, engineering, or other special services, acquisition of
 19 real property, site preparation and development, purchase, construction,
 20 reconstruction, and improvement of real property and the acquisition of machinery and
 21 equipment that may be necessary in connection with the project; an allocable portion
 22 of the administrative and operating expenses of the grantee; the cost of financing the
 23 project [, INCLUDING INTEREST ON BONDS ISSUED TO FINANCE THE
 24 PROJECT;] and the cost of other items, including indemnity and surety bonds and
 25 premiums on insurance, legal fees, fees and expenses of trustees, depositaries, and
 26 financial advisors [, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE
 27 ISSUER CONSIDERS NECESSARY];

28 * **Sec. 6.** AS 29.45.020(a) is amended to read:

29 **Sec. 29.45.020. Taxpayer notice.** (a) If a municipality levies and collects
 30 property taxes, the governing body shall provide the following notice:

31 "NOTICE TO TAXPAYER

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
[STATE AID FOR RETIREMENT OF SCHOOL	\$
CONSTRUCTION DEBT (AS 14.11.100)]	
COMMUNITY ASSISTANCE PROGRAM	
(AS 29.60.850 - 29.60.879)	\$
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FUNDING	MILLS	MILLS
PROGRAM ASSISTANCE		
[STATE AID FOR RETIREMENT OF	MILLS	MILLS
SCHOOL CONSTRUCTION		
DEBT]		
COMMUNITY ASSISTANCE	MILLS	MILLS
PROGRAM		
TOTAL MILLAGE EQUIVALENT	MILLS	MILLS"

Notice shall be provided by

(1) furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) publishing in a newspaper of general circulation in the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

* **Sec. 7.** AS 37.06.030(a) is amended to read:

(a) For each draw made by a municipality under AS 37.06.010, the

1 municipality shall contribute a local share to the cost of the capital project for which
 2 the draw is made. The amount of the local share equals the local share percentage as
 3 calculated under (1) of this subsection, divided by the state share percentage as
 4 calculated under (2) of this subsection, multiplied by the amount of the draw. For
 5 purposes of this subsection,

6 (1) the local share percentage is

7 (A) 30 percent for a municipality with a population of 5,000 or
 8 more;

9 (B) for a municipality with a population of 1,000 - 4,999, the
 10 greater of

11 (i) 15 percent; or

12 (ii) the percentage obtained by dividing the amount that
 13 would be received by the municipality from a property tax levy of
 14 1/1000th of a mill for each \$1,000 of grant funds received by the sum
 15 of that first amount plus the amount of the grant or draw, but not more
 16 than 30 percent;

17 (C) for a municipality with a population of under 1,000, the
 18 greater of

19 (i) five percent; or

20 (ii) the percentage obtained by dividing the amount that
 21 would be received by the municipality from a property tax levy of
 22 1/1000th of a mill for each \$1,000 of grant funds received by the sum
 23 of that first amount plus the amount of the grant or draw, but not more
 24 than 30 percent;

25 (2) the state share percentage equals one minus the local share
 26 percentage;

27 (3) the local share to be contributed by a municipality may be satisfied
 28 with (A) federal, municipal, or local money; (B) labor, materials, or equipment used
 29 directly in the construction of the project, or land, including land transferred by the
 30 state to the municipality; the department shall determine the value of a contribution
 31 under this subparagraph; (C) money from another nonstate source; (D) money

received by the municipality under AS 29.60.850 - 29.60.879; (E) state taxes refunded or reimbursed to the municipality whose use for the purposes of this subsection is not prohibited; **and** (F) [ALLOCATIONS OF STATE AID FOR THE COSTS OF SCHOOL CONSTRUCTION DEBT UNDER AS 14.11.100; AND (G)] money obtained from the sale or lease of land or other assets transferred by the state to the municipality; except as provided in this paragraph, the local share may not be satisfied with money from, or with the portion of an asset that was obtained with money from, an appropriation, allocation, entitlement, grant, or other payment from the state.

* **Sec. 8.** AS 37.15.170(a) is amended to read:

(a) Before December 1 of each year after bonds are issued, the state bond committee shall certify to the commissioner of administration the amount needed for the following calendar year to meet principal, interest, and reserve requirements on all bonds or issues or series of bonds then outstanding [, INCLUDING REIMBURSEMENTS AUTHORIZED UNDER AS 14.11.100].

* **Sec. 9.** AS 14.11.014(d), 14.11.100, 14.11.102, and AS 37.15.011(b)(2) are repealed.

* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes is requested to change the catchline of AS 14.11.014 from "Bond reimbursement and grant review committee" to "Grant review committee."

* **Sec. 11.** Sections 1 - 9 of this Act take effect July 1, 2019.