

HOUSE FINANCE COMMITTEE
April 27, 2022
1:40 p.m.

[1:40:14 PM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:40 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Harriet Drummond, Co-Chair, House Education Committee; Andrew Leavitt, Director of Budget and Finance, Lower Yukon School District.

PRESENT VIA TELECONFERENCE

Gene Stone, Chief School Administrator, Lower Yukon School District; Elwin Blackwell, School Finance Manager, Department of Education and Early Development; Dr. Lisa Parady, Executive Director, Alaska Council of School Administrators; Nils Andreassen, Executive Director, Alaska Municipal League; Peter Hoepfner, President, Association of Alaska School Boards; Jim Anderson, Chief Finance Officer, Anchorage School District.

SUMMARY

HB 350 SCHOOL BOND DEBT REIMBURSEMENT

HB 350 was HEARD and HELD in committee for further consideration.

HB 413 FACILITIES CONSTITUTING A SCHOOL

HB 413 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the day.

#hb413

HOUSE BILL NO. 413

"An Act relating to facilities constituting a school; and providing for an effective date."

[1:40:43 PM](#)

REPRESENTATIVE HARRIET DRUMMOND, CO-CHAIR, HOUSE EDUCATION COMMITTEE, indicated the House Education Committee introduced HB 413. She read a portion of the sponsor statement (copy on file):

House Bill 413 seeks to remedy a technical problem in the education funding formula which is occurring in Hooper Bay and affects the entire Lower Yukon School District. The problem occurs when a district with a single school with more than 425 students opens a charter school, which Hooper Bay recently did.

Under current law, the existence of the charter school implies that there is no longer "only one facility administered as a school." Consequently, the district must calculate the adjusted ADM in the public school with a lower school size factor. As a result, opening a charter school in such a district comes with a financial penalty of about \$1 million per year.

HB 413 adds three words to existing law: "excluding charter schools." These three words allow the district to restore its full funding and remove the disincentive a school board faces when considering a charter school application.

While one might see the fiscal note as a \$1 million per year funding increase, this is really not the case, because this bill would simply restore the previous level of funding to the district.

The House Education Committee supports charter schools, and Hooper Bay, and the Lower Yukon School District and requests your support in removing this barrier to ensure they are available to students across the state.

Representative Drummond indicated there were a number of invited testifiers.

[1:43:30 PM](#)

GENE STONE, CHIEF SCHOOL ADMINISTRATOR, LOWER YUKON SCHOOL DISTRICT (via teleconference), read a prepared statement:

On behalf of the Lower Yukon School District (LYSD), allow me to express our appreciation for scheduling HB 413.

The Lower Yukon School District is in full support of HB 413. HB 413 will remedy a funding issue that unfairly penalizes the Lower Yukon School District for opening a charter school in Hooper Bay.

The penalty within the statute for adding a charter school in Hooper Bay resulted in an annual reduction in funding of \$1,033,000 for FY 2021, and \$1,021,000 for FY 2022. Until this funding penalty is remedied, LYSD will lose approximately \$1 million each year.

The district operates two separate educational programs in the Hooper Bay School; the conventional K-12 school a 4th - 8th grade charter school that features a culturally relevant, place-based learning curriculum for its students. Additionally, the school has a K-3 Yupik Immersion program but is not part of the charter school and functions as part of the conventional school as a special program.

Some may argue that HB 413 has a fiscal note to the State of Alaska of \$1 million annually.

LYSD sees the opposite; to date our loss of foundation funding has resulted in fiscal surplus to the state of \$2 million dollars for FY 21 and FY 22.

As a result of the Hooper Bay Charter School, our district has same number of students - the exact same students- inside of the same school building- and yet we realize a funding penalty of over \$1 million per year.

By adding the three words "excluding charter schools" to AS 14.17.905, the annual funding penalty is remedied and it becomes feasible to fund Hooper Bay's Charter School. As it stands now, the statute is punitive and this unintended \$1 million annual funding penalty impacts our entire school district and effectively jeopardizes rural Alaskans' access to school choice.

HB 413 would remedy this funding problem and support charter school equity for rural Alaska school districts.

Thank you for sponsoring and scheduling this legislation, thank you for your time and consideration and I'm open for any questions.

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Co-Chair Merrick reported that Representative Thompson had joined the meeting.

ANDREW LEAVITT, DIRECTOR OF BUDGET AND FINANCE, LOWER YUKON SCHOOL DISTRICT, did not have any extra testimony but was available for questions.

Vice-Chair Ortiz asked what in the base student allocation (BSA) funding formula caused the unique situation. He wondered if any other schools would be impacted if the bill were to pass.

Mr. Leavitt responded that when a school's average daily membership (ADM) was below 425 students, the school would receive two adjustments. If ADM was 426, the school would receive one adjustment. One of the adjustments was a penalty of about one million dollars. When the charter school opened in Hooper Bay two years prior, the ADM

exceeded 425 which meant that the original school received only one adjustment. He explained that Hooper Bay was the only community with an applicable population level and other communities were not affected.

Vice-Chair Ortiz asked if the term "school" referred to a building or a name.

Mr. Leavitt replied that the term referred to the administration of the school. The term did not refer to the actual school building. Even if two schools were housed within the same building, the two schools were considered separate for funding purposes.

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Representative Wool was trying to understand how a charter school that was within another school building could be considered a separate school. He wondered if there was another funding mechanism that would maintain the functionality without losing funding.

Mr. Leavitt had attempted to find other options to solve the issue. However, the only viable options were too complicated. If the charter school was closed it would solve the problem, but the charter school would lose its independence.

Representative Wool asked if the charter school had a separate principal and educational methodology. He suggested that it was a distinctively different school.

Mr. Leavitt agreed that the charter school was separate. The charter school was for fourth to eighth grade students and the educational methodology was more place-based and experiential. A fourth-grade student could decide if they would like to go to the traditional school or the charter school.

Representative LeBon asked if the charter school paid rent when it was embedded within a traditional school building.

Mr. Leavitt responded that it was not charged with a rent or facility charge. According to state law, charter schools were allowed to obtain space within existing school facilities. However, the charter school was responsible for its own janitorial services.

Representative LeBon suggested the charter school's operating costs would not subtract from the district's financial overhead.

Mr. Leavitt responded that he was correct.

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Representative Carpenter asked what the charter school was offering that the Hooper Bay School was not.

Mr. Leavitt deferred to Mr. Stone.

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Mr. Stone responded that he would not describe it as a division of schools, but as a school choice. Community members and families wanted to preserve cultural experiences and language and incorporate the elements into a school setting for children. Some people in rural Alaska wanted their children to have traditional educational experiences, some preferred the experiential charter school option, and others wanted to send their children to boarding schools or enroll them in correspondence education. He thought the choice was driven by cultural preservation and values.

Representative Carpenter asked when the charter school in Hooper Bay opened.

Mr. Stone replied that there was an attempt to open a charter school in 2014 but it took some time to organize it. The school was approved by the Board of Education in 2020.

Representative Carpenter explained that he thought it was a division because the total number of students in Hooper Bay was a combination of the ADM of both schools. He thought the administration could have acted to incorporate more cultural experiences into the traditional school instead of opening a charter school. He thought there was an administrative solution and if the need for cultural enrichment and language had been addressed, there would not be the need for a charter school.

Mr. Stone wondered if Representative Carpenter would perceive all charter schools in the same manner. The administration already provided bilingual programs throughout the district. There was a segment of families that wanted a choice for their children and an emphasis on place-based education.

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Representative Carpenter responded that his question was meant to be technical in nature. He wondered if there were administrative options to address cultural and language deficiencies. There were many parents in the state who found public schools to be lacking and decided to place their children in alternative education. He thought the problem was systemic in nature.

Mr. Stone replied that the Hooper Bay school had enhanced its cultural offerings. He explained that it was simple to infuse charter schools with grant opportunities. Some people simply wanted a locally controlled school in the form of a charter school. An additional benefit of charter schools was offering some relief in terms of overcrowded public schools. The ability to offer choice in schooling was provided through statute.

Representative Carpenter assumed the charter school students received a comparable education to the public-school students. He wondered if it had been considered to convert the entire Hooper Bay school into a charter school.

Mr. Stone relayed that a charter school handled fourth through eighth grade and the modeling to expand had not happened. He noted there was an option to explore trade school education for some high school students. He thought needs were being addressed but that it was not a "one size fits all" model.

Representative Carpenter thought there was a solution, and the bill was a band-aid.

Vice-Chair Ortiz commented that he had been a charter school principal in the past and had some experience in the matter. The charter school at which he worked occupied one building in conjunction with another charter school. He was aware of the enrollment requirements to qualify for

funding. He asked why Hooper Bay was not allowed to exist within the current BSA formula at the ideal funding level.

Mr. Leavitt responded that the situation was unique because the school was a single site that offered kindergarten through twelfth grade. There typically would be an adjustment based on the population of the school. When there were two schools under the same roof, the charter school would receive funding, but the regular school would not. The problem only occurred when there was one community with one school that spanned all grade levels over the ADM cap of 425.

Representative Edgmon asked for clarification on the ADM composition.

Mr. Leavitt reiterated that the ADM was 425.

Representative Edmon asked how many students were in Hooper Bay.

Mr. Leavitt responded that Hooper Bay had around 480 students in total.

Representative Edgmon indicated Dillingham had 420 students within the community of about 2,400 people. He wondered what the impact of the bill might be in Dillingham.

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Mr. Stone responded that depending on the grade levels, elementary classrooms were averaging around 23 students per classroom, middle school was averaging around 24, and high school was averaging around 20. The charter school averaged around 15 students per classroom. The classroom size was not necessarily the issue.

Representative Edgmon spoke in support of the bill. He suggested doing a full forensic analysis of other charter schools in the state.

Representative Wool understood that a strange idiosyncrasy with the BSA was the reason for the bill. He thought that the average numbers of students per classroom mentioned by Mr. Stone were better than his children had experienced in Fairbanks. He asked if the BSA for the charter school

supported the school. He wondered if the charter school was treated as financially separate from the public school.

Co-Chair Merrick called on Mr. Elwin Blackwell to respond.

[2:16:51 PM](#)

ELWIN BLACKWELL, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), responded that all funding generated by a charter school had to be given to the charter school for its administration and funding. There could be some monies that could be retained by the school district through the agreement between the school district and the charter school. Any retained money would have to be allowed as part of the charter school agreement with the district. Although the charter school generated funding through the foundation funding formula, all funding had to go to the charter school to fund the program.

Representative Wool thought half of his question had been answered. He wondered if there was relief available if the charter school was short on funds, or if the insufficiencies were solely the responsibility of the charter school.

Mr. Blackwell did not know the answer. He assumed it would be up to the charter school and the school district to make a determination.

[2:19:29 PM](#)

Representative Josephson asked if the charter school had been short a million dollars in FY 21 and FY 22.

Mr. Leavitt responded in the affirmative.

Representative Josephson asked for the total grant funding amount.

Mr. Leavitt thought the total state funding was \$55 million.

Representative Josephson suggested that the district lost two to three percent of its funding.

Mr. Leavitt responded that he was correct. There were many teacher cuts and reserves were starting to be depleted.

Representative Josephson thought that new staff and new supplies were needed but not received.

Co-Chair Foster thought it was imperative to pass the bill and he would be supporting it. He thanked the bill sponsor for bringing the legislation forward. He reiterated the substantial cut to the school district. He asked how many schools were in the district that experienced a \$55 million cut in funding.

Mr. Leavitt replied there were ten schools in addition to the charter school and the career academy.

Representative Carpenter wanted to support the bill. He thought charter schools were an important part of the school system.

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Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

Co-Chair Foster asked Mr. Blackwell to review the two fiscal notes.

Mr. Blackwell discussed the zero fiscal note from the Department of Education and Early Development with control code rDdlo. He explained that it was provided for explanatory purposes only and would incur no costs to the state. He moved to discuss the second fiscal note from Department of Education and Early Development with a control code of KaqET. He explained the note represented the capitalization of the public education fund. The fiscal note was based on FY 23 projected numbers and would incur a cost of \$1.87 million to fund the bill. He was happy to answer questions on the fiscal notes.

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Representative Rasmussen wanted to verify that the funding described by the second fiscal note would not be affected by the reverse sweep.

Mr. Blackwell understood that the general fund deposit into the education fund was not sweep-able. If money was deposited into the education fund, it would remain there.

[2:27:06 PM](#)

Representative Carpenter had a question for Legislative Legal Services.

Co-Chair Foster responded that Legislative Legal Services was not online.

Representative Carpenter asked if an alternative school was synonymous with a charter school as according to statute.

Co-Chair Foster noted the question for Legislative Legal Services.

Co-Chair Foster set the bill aside. Amendments were due Monday, May 2, 2022, by noon.

HB 413 was HEARD and HELD in committee for further consideration.

#hb350

HOUSE BILL NO. 350

"An Act relating to school bond debt reimbursement; and providing for an effective date."

[2:28:59 PM](#)

REPRESENTATIVE HARRIET DRUMMOND, CO-CHAIR, HOUSE EDUCATION COMMITTEE, read the sponsor statement (copy on file):

As a result of the passage of Senate Bill 64 in April 2015, the state of Alaska stopped reimbursing new school bond debt that could have been put before the voters of at least 21 school districts, because the state was suffering serious revenue shortfalls. The state has, however, continued to pay down the debt from school bonds passed prior to 2015. SB 64 passed just a few days before Anchorage's spring election day with a retroactive date of January 1, 2015. So, starting in the spring of 2015, Anchorage taxpayers have been paying more for new school bonds presented to the voters than they would have had the moratorium

not been set by the legislature. And in 2020, since the state was still having serious revenue issues, HB 106 extended the moratorium to 2025.

School bonds are critically important to school districts, to build new schools and keep older facilities running. Bonds pay for a variety of construction and maintenance projects, such as new boilers, roof replacements, security improvements, and more. School districts spend a substantial amount on regular maintenance out of their operating budgets to keep their buildings in good repair and their students and staff in safe and healthy schools. But as schools age, and thousands of kids and staff troop in and out of them every day, things wear out and day to day maintenance just can't cover the needs adequately, and so districts have to bring forward carefully considered bond issues, developed in consultation with their school communities as well as with their local governments.

Currently the school bond debt moratorium is set to end July 1, 2025. HB 350 would change that to end on July 1, 2022, and school districts could again count on help from the state to help pay for school bond debt and save their taxpayers money.

The 2015 legislation also decreased the rate that the state reimbursed communities to 40 percent or 50 percent, depending on whether the bonds covered new construction or major maintenance. HB 350 seeks to increase the reimbursable school bond debt back to the original 60 percent or 70 percent from the state.

Alaska taxpayers and school districts can no longer afford to pay the full price for essential maintenance and construction of public schools in our state. There are over 500 school facilities among the 54 school districts in our state, and they all suffer from similar maintenance issues, and some need to be replaced with new schools as some older schools are simply uneconomic to keep repairing.

The Institute of Social and Economic Research at UA studied this issue in 2021. They found that Alaska is underfunding school maintenance and school districts are falling behind big time in addressing maintenance

problems. ISER noted that since the moratorium started in 2015, only Anchorage and the North Slope Borough have approved new school bonds.

The Legislature is mandated to spend a certain amount of funding on rural schools in communities that don't have taxing authority, so those schools are guaranteed a certain minimum amount of funding. But municipalities don't have that kind of guarantee and so are falling behind.

I urge your support of this legislation and ask that you please reach out to my office with any questions or concerns.

[2:38:11 PM](#)

Representative Josephson asked if the outlay was larger than \$60 million to \$80 million annually prior to the 2014 recession.

Representative Drummond did not bring the history with her but would bring it to the next bill hearing. The demand existed and communities needed help.

Representative Josephson thought many issues like school funding went back to the structure of the state and making choices like implementing boroughs instead of counties.

Representative Drummond replied that, historically, when bond issues had passed in Anchorage, the tax cap increased to accommodate the changes approved by the voters. She relayed that it was important to know how much bond debt was retired in the prior year.

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Co-Chair Merrick indicated there were five invited testifiers online. She invited Mr. Elwin Blackwell to begin.

ELWIN BLACKWELL, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), was available for questions. He could respond to Representative Josephson's earlier question about the history of the debt reimbursement program. Currently, the state owed \$75 million for debt bond reimbursement through the existing

program. However, when the program reached its sunset date, the annual reimbursement was in excess of \$100 million. If the bill passed, it was reasonable to expect the annual reimbursement amount to grow over time.

[2:43:46 PM](#)

JIM ANDERSON, CHIEF FINANCE OFFICER, ANCHORAGE SCHOOL DISTRICT (via teleconference), spoke in support of HB 350. He relayed that the governor had vetoed over \$83 million of state bond debt reimbursement from FY 17 through FY 22. The Anchorage School District (ASD) had 91 facilities worth over \$2 billion and the average facility age was 36 years old. He relayed that 12 facilities were over 60 years old. The district had \$100 million in deferred maintenance about 12 years ago, but currently had over \$800 million in deferred maintenance and it was growing by three to four percent per year. The moratorium on school bond debt and the shift in cost funding had a significant impact on the district's ability to sustain its facilities through bonding. The district had always tried to pay off more debts than it bonded, but that did not account for the value of the bond changing over time. It meant that the district received less and less funding each year through bonds. He thought HB 350 would be a welcome relief to Anchorage taxpayers.

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Representative Rasmussen asked for the difference between ASD's fiscal footprint in 2022 compared to 2002.

Mr. Anderson could supply the committee with the information she requested at a later date.

Representative Rasmussen asked if Mr. Anderson could also offer a list of average student attendance numbers in ASD.

Mr. Anderson would supply the information to the committee.

[2:48:31 PM](#)

DR. LISA PARADY, EXECUTIVE DIRECTOR, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS (via teleconference), spoke in support of HB 350. She explained that each year, members of the Alaska Council of School Administrators (ACSA) worked together to develop joint position statements. The

statements discussed the highest priorities for higher education policy positions. School safety was one of the highest priorities in the current year's joint position statement. She emphasized that ASCA supported student safety and therefore supported capital funding projects that provided a safe and healthy learning environment to students.

Dr. Parady indicated that in 2019, 44 percent of schools in the state were over 40 years old. There was a study conducted by ACSA that found that, of the 38 districts that participated in the study, 10 percent of schools reported major maintenance needs ranking from \$1 million to \$10 million. She relayed that 61 percent of schools districts responded "there's no point" when asked why the district did not request funding from the state. The application process was expensive and there was little return-on-investment. She provided some examples of major maintenance needs in schools, such as new heating and air conditioning systems. Since the moratorium was implemented in 2015, many schools had been deferring major maintenance needs. In 2019, 21 boroughs had bond debt totaling \$1 billion. Sunsetting the moratorium to July of 2022 and changing the major maintenance amount by 20 percent as proposed by the bill would help alleviate major maintenance needs and help ensure safety for students.

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NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE (via teleconference), spoke in support of HB 350. Alaska Municipal League (AML) members were interested in the bill. He agreed schools had experienced a significant lack of return-on-investment when asking for funds from the state. It was worth knowing that when looking back on the schools that had submitted projects to the state in the previous 30 years, there was only an eight percent chance that the project was funded. The removal of the moratorium of the school bond debt reimbursement program would reduce pressure on the maintenance and construction grant program and increase partnership between local government and the state. He thought a good starting place would be the six-year plan that every district was required to create to identify its needs. The value of the current FY 23 plan was about \$1.42 billion. He wanted to know how the state planned to meet that need over the next six years. He noted that the total plan value should be closer to \$2.5 billion

as many schools did not report major maintenance projects to the state due to lack of confidence. He reported some sensitivity regarding the program, as it had faced an uncertain funding mechanism. The failure to reimburse had meant a depletion of trust that the state would fulfill future obligations. Support was welcome, but entities would continue to proceed with caution. He was available for questions.

[2:58:12 PM](#)

PETER HOEPFNER, PRESIDENT, ASSOCIATION OF ALASKA SCHOOL BOARDS (via teleconference), supported HB 350 and thanked Representative Drummond for bringing the bill forward. The Alaska Association of School Boards (AASB) also had a resolution supporting the legislation. He did not think implementing bans ever worked and banning school construction was no different. The moratorium had only caused costs to skyrocket. He suggested that if a school needed construction seven years ago, it still needed it today, but the project was now likely to be more substantial and more expensive. He indicated maintenance departments were holding buildings together with duct tape and bubble gum and wasting time trying to maintain failing systems. He appreciated returning to the 60 to 70 percent reimbursement rates that were in place prior to the moratorium. The high school in Cordova was built in 1965 and Cordova was handed a \$1.5 million bill for construction projects. He relayed that local contribution to education was reduced due to the expense. He did not want Alaskans to lose faith and trust in Alaska. He appreciated consideration of HB 350.

[3:01:33 PM](#)

Representative LeBon asked if the construction of the school in Cordova was built with a voter-approved school bond in 1965.

Mr. Hoepfner could not accurately answer the question as the construction had occurred before his time. However, he offered that the elementary school in Cordova built in 1958 had just been redone with approval by the voters. The unintended consequences of the state failing to meet its obligations was disappointing.

Representative LeBon asked if the community would expect to receive funding from the state if the school needed capital maintenance or repair. Alternatively, he wondered whether a bond would be posed to voters.

Mr. Hoepfner responded that it would be a bond issue. He suggested there were too many other entities in need of funding that would remain higher on the capital improvement project list of priorities ahead of Cordova. He thought Cordova was fortunate to be able to utilize bonds. However, the failed obligation created uncertainty amongst constituents, and he did not know if voters would continue to approve bonds.

Representative LeBon considered a scenario where the community thought the school needed repair and approved the bonds. He asked if the community believed HB 350 was the catalyst for supporting the project or whether it would simply address the need and move forward. He asked Mr. Hoepfner for his insight on what Cordova would do if the bill did not pass but acknowledged that it might be impossible to know.

Mr. Hoepfner responded that construction costs would increase the longer the project was put off. The community of Cordova supported and valued its students and hoped that the funding rate of 60 to 70 percent would be achieved.

Co-Chair Merrick invited Mr. Blackwell to review the fiscal note by the Department of Education and Early Development with a control code of cYLqt.

Mr. Blackwell reviewed the indeterminate fiscal note. It was indeterminate because the department could not anticipate how many municipalities would seek voter approval for new school capital debt under the program. The department anticipated that at least some of the municipalities would issue debt. Since the fiscal note was written, he found out that three municipalities were looking to go to voter approval for bonds. He noted that the bill returned the reimbursement percentages back to where they had been before at 60 percent and 70 percent. The earliest any new school debt would be apparent in the budget would be FY 24.

[3:10:12 PM](#)

Representative Wool noticed there were two reimbursement rates: 60 percent and 70 percent. He wondered which applied to new construction.

Mr. Blackwell explained that major maintenance projects would receive 70 percent reimbursement. However, it was possible for new construction to be reimbursed at 70 percent if the project qualified for the requested new space based on the department's space guidelines. If it did not qualify, a school could still get reimbursed at 60 percent.

Representative Wool wondered if increasing the reimbursement rates to 60 and 70 percent would create a "bond garage sale." He wondered about the implications of changing the rates.

Mr. Blackwell did not have a specific projection. It would depend on the voters and the municipalities and there were several contingencies to consider. He relayed that voters recently turned down a bond proposition in Anchorage and he could not forecast how many municipalities would jump into the debt reimbursement program. He suggested the program would only grow slightly in the short-term, but it could grow significantly in the future.

Representative Wool commented that a reimbursement rate of zero percent was presented to the voters in Anchorage in the bond proposition mentioned by Mr. Blackwell. He thought the 60 to 70 percent rate would tip the scales in favor of voters approving the bonds.

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Representative Carpenter asked if there would there be a guarantee to the municipalities, boroughs, and voters that the 70 percent reimbursement rate would be honored in following years if the bill passed and the moratorium was lifted.

Mr. Blackwell responded there would not be a statement of guaranteed payment because the annual payments would still be subject to appropriation by the legislature.

Representative Carpenter noted that one of the testifiers suggested that the state was obligated to pay bonds. He asked if there had ever been a guarantee of reimbursement

under the program prior to the establishment of the moratorium.

Mr. Blackwell responded that there had never been a communication to municipalities that they were guaranteed the amount at the reimbursement rate. It had always been communicated that the amount would be subject to legislative appropriation.

Representative Carpenter asked if there was an aggregate limit in terms of the number of municipalities who could take advantage of the increased reimbursement rates.

Mr. Blackwell responded that there was no cap on the number of projects that could be approved under the bill. He relayed that it was a matter of how many municipalities would be able to get voters to approve bond issues.

Representative Carpenter thought that it sounded like if the bill were to pass, the state would be issuing a blank check to municipalities before the legislature's fiscal accounts were in order. He was not convinced enough to support the bill.

HB 350 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the following meeting.

ADJOURNMENT

[3:18:48 PM](#)

The meeting was adjourned at 3:18 p.m.