

Original sponsors: Cotten, Duncan,
Gardiner, et al

Offered: 5/19/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

10 (10) review plans for construction of new public elementary
11 and secondary schools and for additions to and major rehabilitation of
12 existing public elementary and secondary schools and, in accordance with
13 regulations adopted by the department, determine the extent of eligi-
14 bility for state aid of a school construction project begun after the
15 effective date of this Act; for purposes of this paragraph, a "plan"
16 includes educational specifications, schematic designs, and final
17 contract documents.

18 * Sec. 2. AS 14.14.060(e) is amended to read:

19 (e) The borough school board is responsible for the design cri-
20 teria of school buildings. To the maximum extent consistent with edu-
21 cation needs, a design of a school building shall provide for multiple
22 use of the building for community purposes. Subject to the approval of
23 the assembly, the school board shall select the appropriate professional
24 personnel to develop the designs. The school board shall submit pre-
25 liminary and subsequent designs for a school building to the assembly
26 for approval or disapproval; if the design is disapproved, a revised
27 design shall be prepared and presented to the assembly. A design or
28 revised design approved by the assembly shall be submitted by the board
29 to the department in accordance with AS 14.07.020(10).

1 * Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

2 (a) During each fiscal year, the state shall allocate to an or-
3 ganized borough or a city which is a school district, the following
4 sums:

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

9 (2) 50 per cent of

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

15 (B) cash payments made after June 30, 1977 and before
16 July 1, 1978 by the borough or city during the fiscal year two
17 years earlier to pay costs of school construction;

18 (3) 80 per cent of

19 (A) payments made by the borough or city during the
20 fiscal year two years earlier for the retirement of principal and
21 interest on outstanding bonds, notes or other indebtedness incurred
22 after June 30, 1978 to pay costs of school construction projects
23 approved under AS 14.07.020(10);

24 (B) cash payments made after June 30, 1978 by the bor-
25 ough or city during the fiscal year two years earlier to pay costs
26 of school construction projects approved under AS 14.07.020(10).

27 * Sec. 4. AS 43.18 is amended by adding new sections to read:

28 Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
29 ACCOUNT. The public school facilities construction advance account is

1 established. The account consists of appropriations for distribution
2 under secs. 105 - 135 of this chapter to boroughs and cities which are
3 school districts to assist in paying the costs of public school facil-
4 ities projects approved under AS 14.07.020(10) for which construction is
5 commenced after June 30, 1978 and for which no bonding, notes, or other
6 indebtedness was incurred before July 1, 1978.

7 Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construc-
8 tion project for funding assistance under secs. 105 - 135 of this chap-
9 ter shall be determined by the department based on standards and cri-
10 teria established by regulation. The standards and criteria to be
11 considered in determining eligibility include the following:

- 12 (1) emergency requirements;
- 13 (2) number of unhoused students;
- 14 (3) new elementary or secondary programs;
- 15 (4) existing community and school facilities and their condi-
16 tion; and
- 17 (5) economic and social stability of the community.

18 Sec. 43.18.115. STATE AID. (a) The amount of state aid payable
19 in advance under secs. 105 - 135 of this chapter is the amount by which
20 the cost of construction of the approved school construction project
21 would cause the debt-to-valuation ratio of the municipality to exceed 12
22 per cent.

23 (b) A payment under (a) of this section is limited to an amount
24 which, when combined with estimated payments to the school district for
25 the retirement of the principal and interest on bonds, notes or other
26 indebtedness or reimbursement of cash payments for a school construction
27 project for which payment is made under sec. 100(a)(1) or (2) of this
28 chapter or for an approved school construction project for which payment
29 is made under sec. 100(a)(3) of this chapter, does not exceed 80 per

1 cent of the cost of the school construction project.

2 (c) For purposes of this section,

3 (1) "debt" means the principal amount of the direct and
4 general obligation indebtedness of the municipality for which all tax-
5 able property is subject to taxation to pay the bond, note or other
6 evidence of the debt, determined and reported in accordance with AS
7 14.17.140(c);

8 (2) "valuation" means the full and true value of the real and
9 personal property of the municipality determined in accordance with AS
10 14.17.140(a).

11 Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall
12 prescribe the necessary forms and procedures to be used in applying for
13 construction cost assistance under secs. 105 - 135 of this chapter.

14 (b) A borough or city which is a school district seeking con-
15 struction cost aid shall apply to the department by October 15 of the
16 prior fiscal year.

17 (c) Based on his review of applications and his determination of
18 project eligibility, the commissioner shall recommend to the governor an
19 appropriation of funds for state aid for those projects under secs.
20 105 - 135 of this chapter.

21 Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed
22 to a borough or city which is a school district during a school year
23 under secs. 105 - 135 of this chapter shall be received, held, and
24 expended by the district in accordance with the applicable provisions of
25 law and of regulations adopted by the department. Funds provided under
26 secs. 105 - 135 of this chapter, but which are not required for the
27 project for which they were granted or which are in excess of that
28 borough's or city which is a district's entitlement for aid under sec.
29 115 of this chapter shall be returned to the department and deposited in

1 the general fund.

2 (b) Each borough or city which is a school district shall maintain
3 financial records of the receipt and disbursement of state funds re-
4 ceived under secs. 105 - 135 of this chapter and money provided toward
5 local effort. The records shall be in the form prescribed by the de-
6 partment and are subject to audit by it at any time.

7 (c) Upon completion of the construction project, the chief school
8 administrator of the district shall report the total cost of the project
9 and means of financing it to the commissioner.

10 (d) Boroughs and cities that are school districts shall secure and
11 maintain in full force and effect adequate property loss insurance for
12 the replacement cost of all facilities constructed after July 1, 1978
13 and for which state funds are available under this chapter.

14 Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
15 105 - 135 of this chapter may not be construed so as to create a debt to
16 the state.

17 (b) Funds to carry out the provisions of secs. 105 - 135 of this
18 chapter may be appropriated annually by the legislature into the public
19 school facilities construction advance account. If amounts in the
20 account are insufficient to meet the allocations authorized by the
21 commissioner under secs. 105 - 135 of this chapter, such funds as are
22 available shall be distributed pro rata among each borough and city
23 which is a school district based upon its computed entitlement.

24 Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this
25 chapter, unless the context requires otherwise,

26 (1) "approved school construction project" means the plan
27 for a new school or an addition to or major rehabilitation of an exist-
28 ing school to the extent to which approved by the commissioner in
29 accordance with AS 14.07.020(10);

1 (2) "commissioner" means the commissioner of education;

2 (3) "department" means the Department of Education.

3 * Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

4 (c) To determine the debt-to-valuation ratio to be applied to the
5 determination of state aid for school construction under AS 43.18.105 -
6 43.18.135, the Department of Community and Regional Affairs, in consul-
7 tation with the responsible financial officer of each municipality which
8 is a school district, shall annually determine the debt of the munici-
9 pality and report the determination to the mayor of the municipality and
10 the commissioner of the Department of Education. The determination
11 shall be made by October 1 of each year and shall report the outstanding
12 debt as of July 1 each year.

13 * Sec. 6. AS 43.18.100(f) is repealed.

14 * Sec. 7. The commissioner of the Department of Education may make pay-
15 ments of amounts appropriated for advance funding of school construction in
16 accordance with AS 43.18.105 - 43.18.135 for approved school construction
17 projects during a one-year period following the effective date of this Act
18 without regard to prior application by a city or borough school district for
19 aid under AS 43.18.120(b) added by sec. 4 of this Act.

20 * Sec. 8. This Act takes effect July 1, 1978.