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Original sponsors: Cotten, Szymanski,
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BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

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CS FOR HOUSE BILL NO. 191 (HESS)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to state aid for school construc-
tion; and providing for an effective date."

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

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* Section 1. AS 14.11 is amended by adding a new section to read:

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Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is
established the school construction grant account to consist of money
appropriated to the account for school construction. The state may
appropriate funds from the school construction grant account to school
districts for the costs of school construction.

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* Sec. 2. AS 14.11.010(a) is amended to read:

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(a) The assembly or council of a municipality that is a school
district or a regional school board may submit a request to the de-
partment for a grant from the school construction grant account for a
school or education-related facility construction, rehabilitation, or
improvement project together with a report evaluating the condition of
school or education-related facilities in the municipality or regional
educational attendance area and a determination of the need for the
project. To be eligible for a grant, a school district must submit a
request under this section no later than October 15 of the fiscal year
before the fiscal year for which the request is made.

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* Sec. 3. AS 14.11.010(c) is amended to read:

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(c) In establishing priorities among requested projects the
department shall evaluate at least the following factors:

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(1) priorities assigned by the assembly, council, or school

1 board to the projects requested;

2 (2) emergency requirements;

3 (3) the number of students without classroom space;

4 (4) new local elementary or secondary programs;

5 (5) existing regional, community, and school facilities and
6 the condition of the facilities;

7 (6) the economic and social stability of the municipality
8 or region;

9 (7) the average of the school district's local contribution
10 for expenses of education over the past three years.

11 * Sec. 4. AS 14.11 is amended by adding a new section to read:

12 Sec. 14.11.015. SCHOOL CONSTRUCTION GRANTS. (a) The department
13 may approve a grant from the school construction grant account to a
14 school district that complies with the requirements of (1) and (2) of
15 this subsection if the project is approved by the commissioner. In
16 approving a project under this section, the commissioner shall require
17 the school district to

18 (1) agree to construction of a facility of appropriate size
19 and configuration, as determined by the state Board of Education; and

20 (2) demonstrate to the commissioner the need for the pro-
21 ject by

22 (A) a projected long-term student enrollment that
23 indicates the school district has inadequate facilities to meet
24 present or projected enrollment or program needs; or

25 (B) existing facilities that require repair or re-
26 placement at a cost exceeding \$25,000.

27 (b) A school construction grant may not be used for the cons-
28 truction of student residential space, hockey rinks, planetariums,
29 saunas, and other facilities for single purpose sporting or

1 recreational uses that are not suitable for other activities. How-
2 ever, a school construction grant may, subject to the approval of the
3 commissioner, be used for construction of a small swimming pool, tank,
4 or water storage facility used for water sports.

5 * Sec. 5. AS 14.11.100(a)(5) is amended to read:

6 (5) subject to (h), [AND] (i), and (j) of this section, 90
7 [50] percent of

8 (A) payments made by the municipality during the
9 fiscal year two years earlier for the retirement of principal and
10 interest on outstanding bonds, notes or other indebtedness
11 authorized by the qualified voters of the municipality after
12 June 30, 1983, to pay costs of school construction, additions to
13 schools, and major rehabilitation projects that exceed \$25,000
14 and are approved under AS 14.07.020(11); and

15 (B) cash payments made after June 30, 1983, by the
16 municipality during the fiscal year two years earlier to pay
17 costs of school construction, additions to schools, and major
18 rehabilitation projects that exceed \$25,000 and are approved
19 under AS 14.07.020(11).

20 * Sec. 6. AS 14.11.100(h) is amended to read:

21 (h) An allocation under (a)(4) or (5) of this section for school
22 construction begun after July 1, 1982, shall be reduced by the amount
23 of money used for the construction of residential space, hockey rinks,
24 planetariums, saunas, and other facilities for single purpose sporting
25 or recreational uses that are not suitable for other activities. An
26 allocation under (a)(4) or (5) of this section may not be reduced by
27 the amount of money used for construction of a small swimming pool,
28 tank, or water storage facility used for water sports. However, an
29 allocation shall be reduced by the difference between the amount of

1 money used to construct a swimming pool that is competition size or
2 larger and the amount of money that would have been used to construct
3 a small swimming pool, tank, or water storage facility, as determined
4 by the commissioner.

5 * Sec. 7. AS 14.11.100(i) is amended to read:

6 (i) For the purposes of (a)(4) and (5) of this section

7 (1) an indebtedness for bonds is incurred after the bonds
8 are sold;

9 (2) reimbursement for a cash payment may only be made after
10 the payment is made to a vendor; and

11 (3) payments may not be made for costs that are incurred
12 under a contract after the contract has been released.

13 * Sec. 8. AS 14.11.100(j) is amended to read:

14 (j) The state may not allocate money to a municipality for a
15 school construction project under (a)(5) of this section unless the
16 municipality complies with the requirements of (1) - (5) of this
17 subsection and the project is approved by the commissioner before the
18 local vote on the bond issue for the project. In approving a project
19 under this subsection, the commissioner shall require

20 (1) the municipality to include on the ballot for the bond
21 issue the estimated total cost of each project, including annual
22 operation and maintenance costs, and the estimated amounts that will
23 be paid by the state and by the municipality;

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

27 (3) that the bonds must be repaid in approximately equal
28 annual principal payments or approximate equal debt service payments
29 over a period of at least 10 years;

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

3 (A) projected long-term student enrollment that indi-
4 cates the district has inadequate facilities to meet present or
5 projected enrollment or program needs; or

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

9 (5) the municipality to agree to construction of a facility
10 of appropriate size and configuration, as determined by the state
11 board of education [FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL
12 DISTRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS
13 LISTED IN AS 14.11.010(c)].

14 * Sec. 9. AS 14.11.100 is amended by adding a new subsection to read:

15 (k) An amount equal to the interest earned on the investment of
16 the proceeds of bonds issued for a school construction project shall
17 be used by the municipality to pay the costs of construction of the
18 project.

19 * Sec. 10. AS 14.11 is amended by adding new sections to read:

20 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
21 evaluate projects for which retirement of school construction debt is
22 requested by school districts in accordance with the procedures set
23 out in AS 14.11.010. A request for an allocation of funds under
24 AS 14.11.100 must be submitted to the department by the school dis-
25 trict no later than October 15 of the fiscal year before the fiscal
26 year for which the request is made.

27 Sec. 14.11.103. DEBT RETIREMENT FOR GRANT PROJECTS. Notwith-
28 standing AS 14.11.100(a)(5), if a school district receives state
29 funding as a grant for a school construction project under AS 14.11.-

1 005, a portion of the debt for the project equal to the amount of the
2 grant shall be retired at the rate of 50 percent. The remainder of
3 the debt shall be retired at the rate of 90 percent as provided in
4 AS 14.11.100(a)(5).

5 * Sec. 11. AS 14.11.135 is amended to read:

6 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -
7 14.11.135], unless the context requires otherwise,

8 (1) "approved school construction project" means the plan
9 for a new school or an addition to or major rehabilitation of an
10 existing school to the extent to which approved by the commissioner in
11 accordance with AS 14.07.020(11);

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

13 (3) "costs of school construction" means the cost of
14 acquiring, constructing, enlarging, repairing, remodeling, equipping
15 or furnishing of public elementary and secondary school buildings and
16 includes the sum total of all costs of financing and carrying out the
17 project; these include, but are not limited to, the costs of all
18 necessary studies, surveys, plans and specifications, architectural,
19 engineering or other special services, acquisition of real property,
20 site preparation and development, purchase, construction, reconstruc-
21 tion and improvement of real property and the acquisition of machinery
22 and equipment as may be necessary in connection with the project; an
23 allocable portion of the administrative and operating expenses of the
24 grantee; the cost of financing the project, including interest on
25 bonds issued to finance the project; and the cost of other items,
26 including any indemnity and surety bonds and premiums on insurance,
27 legal fees, fees and expenses of trustees, depositaries, financial
28 advisors, and paying agents for the bonds issued as the issuer con-
29 siders necessary;

1 (4) "department" means the Department of Education;
2 (5) "school district" means a municipal school district or
3 a regional educational attendance area.

4 * Sec. 12. AS 37.05.315 is amended by adding a new subsection to read:
5 (e) A municipality that accepts a grant under this section for
6 school construction or repair must comply with the provisions of
7 AS 14.11.015.

8 * Sec. 13. (a) The amendments to AS 14.11.100(j) provided for in sec.
9 8 of this Act apply only to school construction projects approved by the
10 commissioner of education after the effective date of this Act.

11 (b) The requirement of AS 14.11.102, added by sec. 10 of this Act,
12 that requests for an allocation of funds under AS 14.11.100 be submitted by
13 October 15 of the fiscal year before the fiscal year for which the request
14 is made, does not apply to requests for fiscal years 1986 and 1987.

15 * Sec. 14. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and
16 14.11.130 are repealed.

17 * Sec. 15. This Act takes effect July 1, 1985.