

Offered: 4/1/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 520 (C&RA)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to public school construction; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:
10 (c) The interest conveyed to the regional school board under
11 this section is subject to
12 (1) limitations imposed by the state's predecessors in
13 interest;
14 (2) the rights of municipalities established after June 30,
15 1986, that are authorized by AS 29 to operate schools in the com-
16 munity; and
17 (3) other terms, including possibilities of reverter and
18 reversions, that the department holding title imposes.
19 (d) If a school facility constructed by a regional educational
20 attendance area under authority assumed under AS 14.11.020, in which
21 the state retains an interest, ceases to be used for school purposes,
22 the department may dispose of the facility in accordance with law.
23 * Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:
24 (b) With regard to projects requested under (a) of this section
25 the department shall
26 (1) with technical assistance or comments that the depart-
27 ment may request from other state agencies, prepare an estimate of the
28 appropriation needed to finance each project approved for reimburse-
29 ment by the department;

1 (2) rank each project in the order of priority that serves
2 the best interests of the state;

3 (3) recommend to the governor appropriations for projects
4 to be included in the budget submitted to the legislature;

5 (4) provide the governor with a copy of the report of the
6 assembly, council, or regional school board that requested each proj-
7 ect approved by the department;

8 (5) provide to the legislature within the first 10 days of
9 each regular session a summary of the projects requested by each
10 assembly, council, or regional school board.

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

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

14 (1) priorities assigned by the assembly, council, or school
15 board to the projects requested;

16 (2) emergency requirements;

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

18 (4) new local elementary or secondary programs;

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

21 (6) the economic and social stability of the municipality
22 or region;

23 (7) demographic data indicating present and projected
24 enrollment, and population trends in the municipality or region; and

25 (8) after December 31, 1988, the condition of existing
26 school facilities in the community in comparison to all other schools
27 in the state.

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

29 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) A school district

1 requesting project approval under AS 14.11.010 or 14.11.102 shall
2 inspect and inventory each of its schools and education related facil-
3 ities, under standards adopted by the department in compliance with
4 AS 44.62, noting their age, condition, compliance with laws and regu-
5 lations relating to health and safety, building codes, and annual
6 maintenance and operations costs. The inventory shall be submitted to
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and
9 education related facilities in the state under standards established
10 in regulations adopted under the Administrative Procedure Act (AS 44.-
11 62).

12 (c) Each school district shall annually revise its inventory by
13 including new schools constructed, rehabilitations or additions to
14 existing schools, and major maintenance and repairs paid for with
15 local money, state municipal grants, appropriations under AS 14.11.020
16 and debt reimbursed under AS 14.11.100. Each school district shall
17 also annually report the amount of money spent in the previous fiscal
18 year for maintenance and operations costs in a uniform manner as
19 required by the department. The annual revisions shall be submitted
20 to the department for review and analysis.

21 (d) After December 31, 1988, the condition of the school dis-
22 trict's schools and education related facilities in comparison to all
23 other schools in the state must be a factor in evaluation of projects
24 under AS 14.11.010 and 14.11.102.

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

26 (5) subject to (h), (i), and (j) of this section, 80 per-
27 cent of

28 (A) payments made by the municipality during the
29 fiscal year for the retirement of principal and interest on

1 outstanding bonds, notes or other indebtedness authorized by the
2 qualified voters of the municipality after June 30, 1983, and
3 before April 1, 1986, to pay costs of school construction, addi-
4 tions to schools, and major rehabilitation projects that exceed
5 \$25,000 and are approved under AS 14.07.020(11); and

6 (B) cash payments made after June 30, 1983, by the
7 municipality during the fiscal year two years earlier to pay
8 costs of school construction, additions to schools, and major
9 rehabilitation projects that exceed \$25,000 and are approved
10 either under AS 14.07.020(11) or, for projects approved after
11 June 30, 1986, under AS 14.11.102.

12 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

13 (6) subject to (h), (i), and (j) of this section payments
14 made by the municipality during the fiscal year for the retirement of
15 principal on outstanding bonds, notes or other indebtedness authorized
16 by the qualified voters of the municipality after March 31, 1986, to
17 pay costs of school construction, additions to schools, and major
18 rehabilitation projects that exceed \$25,000 and that are approved
19 under AS 14.11.102.

20 * Sec. 7. AS 14.11.100(h) is amended to read:

21 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
22 (6) of this section for school construction begun after July 1, 1982,
23 the costs of school construction must [SHALL] be reduced by the amount
24 of money used for the construction of residential space, hockey rinks,
25 planetariums, saunas, and other facilities for single purpose sporting
26 or recreational uses that are not suitable for other activities and by
27 the money used for construction that exceeds the amount needed for
28 construction of a facility of efficient design as determined by the
29 department. The costs of school construction [AN ALLOCATION UNDER (a)

1 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money
2 used for construction of a small swimming pool, tank, or water storage
3 facility used for water sports. However, an allocation shall be
4 reduced by the difference between the amount of money used to con-
5 struct a swimming pool that exceeds the standards adopted by the
6 department and the amount of money that would have been used to con-
7 struct a small swimming pool, tank, or water storage facility, as
8 determined by the commissioner.

9 * Sec. 8. AS 14.11.100(i) is amended to read:

10 (i) For the purposes of (a)(4), [AND] (5), and (6) of this
11 section

12 (1) an indebtedness for bonds is incurred after the bonds
13 are sold;

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

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

18 * Sec. 9. AS 14.11.100(j) is amended to read:

19 (j) The state may not allocate money to a municipality for a
20 school construction project under (a)(5) or (6) of this section unless
21 the municipality complies with the requirements of (1) - (4) of this
22 subsection and the project is approved under AS 14.11.102 [BY THE
23 COMMISSIONER] before the local vote on the bond issue for the project.
24 In approving a project under this subsection, the commissioner shall
25 require

26 (1) the municipality to include on the ballot for the bond
27 issue the estimated total cost of each project including estimated
28 annual operation and maintenance costs and the estimated amounts that
29 will be paid by the state and by the municipality;

1 (2) that the bonds may not be refunded unless the present
2 value of the annual debt service on the refunding issue is not greater
3 than 95 percent of the present value of the annual debt service on the
4 original issue;

5 (3) that the bonds must be repaid in approximately equal
6 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
7 over a period of [AT LEAST] 10 years or a different term that may be
8 established by the state bond committee under AS 37.15.790;

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

11 (A) projected long-term student enrollment that indi-
12 cates the district has inadequate facilities to meet present or
13 projected enrollment; or

14 (B) facilities that require repair or replacement in
15 order to meet health and safety laws or regulations or building
16 codes.

17 * Sec. 10. AS 14.11 is amended by adding a new section to read:

18 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school
19 debt subject to reimbursement by the state is not subject to a municip-
20 al debt limit unless the debt limit is adopted by the municipality
21 and expressly applies to reimbursable portions of school debt.

22 * Sec. 11. AS 14.11.102 is amended to read:

23 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
24 evaluate projects for which retirement of school construction debt
25 under AS 14.11.100(a)(6) is requested by school districts in accor-
26 dance with the procedures set out in AS 14.11.010 and criteria set out
27 in AS 14.11.100(j)(4). [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER
28 AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DIST-
29 RICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL

1 YEAR FOR WHICH THE REQUEST IS MADE.]

2 * Sec. 12. AS 14.11.102 is amended by adding new subsections to read:

3 (b) After reviewing all projects for which retirement of school
4 construction debt is requested, the department shall rank the projects
5 approved under this section in the order in which each serves the best
6 interests of the state. All projects approved, but for which no
7 allocation of money has been made under AS 14.11.103, shall be in-
8 cluded in the same ranking.

9 (c) In considering requests under this section, the department
10 may reject requests due to

11 (1) incomplete information or documentation provided by the
12 school district;

13 (2) a determination that existing facilities can adequately
14 serve the program requirements or that alternative projects are in the
15 best interests of the state;

16 (3) a determination that the project is inappropriate for
17 education construction and should be a district maintenance and opera-
18 tion expenditure; or

19 (4) a determination that the project is not in the best
20 interest of the state.

21 (d) The department shall develop, with technical assistance that
22 may be provided by other state agencies, an estimate, under appropri-
23 ate design standards for its geographic location, of the amount needed
24 to construct each project under (b) of this section for which it
25 appears approval for reimbursement will be granted.

26 (e) The department may, based upon the estimate prepared, either
27 approve the project in the amount requested or approve the school
28 district's request in a lesser amount.

29 * Sec. 13. AS 14.11 is amended by adding a new section to read:

1 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

2 (a) A request for an allocation of money under AS 14.11.100 for
3 school construction debt retirement shall be submitted to the depart-
4 ment by the school district no later than October 15 of the fiscal
5 year before the fiscal year for which the request is made.

6 (b) Before a request for an allocation of money for retirement
7 of school construction debt under AS 14.11.100(a)(6) is submitted, the
8 project must have been approved and ranked under the provisions of
9 AS 14.11.102.

10 (c) The department shall approve requests for allocations for
11 debt retirement for which no previous allocation has been made in the
12 order of the priority established under AS 14.11.102, if the requests
13 meet the requirements of AS 14.11.100, and subject to the provisions
14 of (d) - (f) of this section.

15 (d) Total outstanding state obligation to reimburse projects
16 under AS 14.11.100(a)(6) in any single year may not exceed \$10,000,000
17 or a lesser amount determined by the state bond committee under
18 AS 37.15.790.

19 (e) In any single year the department may not authorize under
20 (c) of this section more than \$2,000,000 in school debt reimbursement.
21 In any five-year period the department may not authorize under (c) of
22 this section more than \$5,000,000 in school debt reimbursement.

23 (f) Total outstanding state obligation to reimburse cash
24 payments for projects approved after June 30, 1986, may not in any
25 single year exceed \$5,000,000.

26 * Sec. 14. AS 14.11 is amended by adding a new section to read:

27 Sec. 14.11.131. OTHER AID. This chapter does not limit the
28 authority of municipalities to acquire or construct schools or associ-
29 ated facilities by

1 (1) cash payment not subject to reimbursement by the state
2 under AS 14.11.100;

3 (2) debt authorized by local voters and falling under a
4 municipal debt limit but not subject to reimbursement by the state
5 under AS 14.11.100;

6 (3) gift, bequest, grant, or deed; or

7 (4) acquisition of federal, state, or other surplus proper-
8 ty.

9 * Sec. 15. AS 37.15 is amended by adding a new section to read:

10 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
11 state bond committee, in its judgment, determines that the amount or
12 retirement of debt issued by municipalities subject to reimbursement
13 by the state under AS 14.11.100 is not in the best interests of the
14 state, the committee may

15 (1) establish an amount or amounts, for any or all years
16 before the maturity of all of that municipal debt, that may not be
17 exceeded by the Department of Education in approving requests for
18 allocations under AS 14.11.103; or

19 (2) establish, under AS 14.11.100(j)(3), a term required
20 for the maturities of municipal debt authorized by local voters after
21 March 31, 1986.

22 * Sec. 16. This Act takes effect July 1, 1986.