

Offered: 4/25/86
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 520 (Finance)

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 providing for an effective date."

7

8

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

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* Section 1. AS 14.11.100(a)(5) is amended to read:

10

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

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cent of

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(A) payments made by the municipality during the

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fiscal year for the retirement of principal and interest on

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outstanding bonds, notes or other indebtedness authorized by the

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qualified voters of the municipality after June 30, 1983, and

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before July 1, 1986, to pay costs of school construction, addi-

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tions to schools, and major rehabilitation projects that exceed

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\$25,000 and are approved under AS 14.07.020(11); and

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(B) cash payments made after June 30, 1983, and before

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July 1, 1986, by the municipality during the fiscal year two

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years earlier to pay costs of school construction, additions to

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schools, and major rehabilitation projects that exceed \$25,000

23

and are approved under AS 14.07.020(11).

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* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

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(6) subject to (h), (i), and (j) of this section 70 percent

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of

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(A) payments made by the municipality during the

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fiscal year for the retirement of principal and interest on

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outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1986, to pay
2 costs of school construction, additions to schools, and major
3 rehabilitation projects that exceed \$25,000 and that are approved
4 under AS 14.11.102; and

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

10 * Sec. 3. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
12 (6) of this section for school construction begun after July 1, 1982,
13 the costs of school construction must [SHALL] be reduced by the amount
14 of money used for the construction of residential space, hockey rinks,
15 planetariums, saunas, and other facilities for single purpose sporting
16 or recreational uses that are not suitable for other activities and by
17 the money used for construction that exceeds the amount needed for
18 construction of a facility of efficient design as determined by the
19 department. The costs of school construction [AN ALLOCATION UNDER
20 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of
21 money used for construction of a small swimming pool, tank, or water
22 storage facility used for water sports. However, an allocation shall
23 be reduced by the difference between the amount of money used to con-
24 struct a swimming pool that exceeds the standards adopted by the
25 department and the amount of money that would have been used to con-
26 struct a small swimming pool, tank, or water storage facility, as
27 determined by the commissioner.

28 * Sec. 4. AS 14.11.100(i) is amended to read:

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

1 section

2 (1) an indebtedness for bonds is incurred after the bonds
3 are sold;

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

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

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

9 (j) The state may not allocate money to a municipality for a
10 school construction project under (a)(5) or (6) of this section unless
11 the municipality complies with the requirements of (1) - (4) of this
12 subsection and the project is approved under AS 14.11.102 [BY THE
13 COMMISSIONER] before the local vote on the bond issue for the project.
14 In approving a project under this subsection, the commissioner shall
15 require

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

20 (2) that the bonds may not be refunded unless the present
21 value of the aggregate [ANNUAL] debt service on the refunding issue is
22 not greater than the present value of the aggregate [ANNUAL] debt
23 service remaining on the original issues; for purposes of this para-
24 graph the present value of debt service shall be determined by using
25 the yield on the refunding issue as the discount rate [ISSUE];

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

29 (4) the municipality to demonstrate need for the project by

1 establishing that the school district has

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

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

8 * Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

9 (1) An allocation under (a)(6) of this section may not be
10 reduced due to amounts expended by a municipality under (k) of this
11 section.

12 * Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

13 (b) After reviewing all projects for which retirement of school
14 construction debt is requested, the department shall rank the projects
15 that have been determined eligible for debt retirement under AS 14.-
16 11.100(j)(4) in accordance with the procedures set out in AS 14.11.-
17 010. All projects determined eligible, but for which no approval for
18 debt retirement has been made under AS 14.11.103, shall be included in
19 the same ranking.

20 * Sec. 8. AS 14.11 is amended by adding a new section to read:

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

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

26 (b) Before a project is approved for retirement of school con-
27 struction debt under AS 14.11.100(a)(6), the project must have been
28 determined eligible under the provisions of AS 14.11.102.

29 (c) The department shall approve eligible projects for debt

1 retirement in the order of the priority established under AS 14.11.-
2 102, if the requests meet the requirements of AS 14.11.100, and sub-
3 ject to the provisions of (d) - (e) of this section.

4 (d) Total outstanding state obligation for reimbursement under
5 AS 14.11.100(a)(6)(A) may not exceed \$15,000,000 in a single year.

6 (e) Total outstanding state obligation to reimburse cash pay-
7 ments under AS 14.11.100(a)(6)(B) may not exceed \$5,000,000 in a
8 single year.

9 * Sec. 9. This Act takes effect July 1, 1986.