

Offered: 4/24/85
Referred: Finance

Original sponsor: Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 51 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

7

8

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

9

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

10

Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. (a) There

11

is established the school construction grant account to consist of

12

money appropriated from the general fund and the proceeds of general

13

obligation bonds to the account for school construction. The state

14

may appropriate funds from the school construction grant account to

15

school districts for the costs of school construction.

16

(b) A school district that receives a grant under this section

17

shall repay the state 10 percent of the grant within 10 years of

18

receiving the grant. In lieu of repayment a school district may,

19

subject to the approval of the commissioner, donate to the project 10

20

percent of the project cost in the form of real property, site prepara-

21

tion, or capital improvements to the property.

22

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

23

(a) The assembly or council of a municipality that is a school

24

district or a regional school board may submit a request to the de-

25

partment for a grant from the school construction grant account for a

26

school or education-related facility construction, rehabilitation, or

27

improvement project together with a report evaluating the condition of

28

school or education-related facilities in the municipality or regional

29

educational attendance area and a determination of the need for the

1 project. To be eligible for a grant, a school district must submit a
2 request under this section no later than October 15 of the fiscal year
3 before the fiscal year for which the request is made.

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

5 (b) With regard to projects requested under (a) of this section
6 the department shall

7 (1) rank each project giving priority to projects in the
8 following order of decreasing importance:

9 (A) projects required to meet health and safety stan-
10 dards;

11 (B) projects required for unhoused students;

12 (C) projects required for the protection of the struc-
13 ture of existing facilities;

14 (D) projects that will result in operating cost sav-
15 ings;

16 (E) projects required for building code upgrade;

17 (F) projects required for functional upgrade [IN THE
18 ORDER OF PRIORITY THAT SERVES THE BEST INTERESTS OF THE STATE];

19 (2) prepare an estimate of the amount of money needed to
20 finance each project approved by the department and recommend to the
21 governor appropriations for projects to be included in the budget
22 submitted to the legislature;

23 (3) provide the governor with a copy of the report of the
24 assembly, council, or regional school board that requested each proj-
25 ect approved by the department;

26 (4) provide to the legislature within the first 10 days of
27 each regular session a summary of the projects requested by each
28 assembly, council, or regional school board.

29 * Sec. 4. AS 14.11.010(c) is amended to read:

1 (c) In establishing priorities among requested projects the
2 department shall evaluate at least the following factors in addition
3 to the factors set out in (b)(1) of this section:

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

6 (2) emergency requirements;

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

8 (4) new local elementary or secondary programs;

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

11 (6) the economic and social stability of the municipality
12 or region.

13 * Sec. 5. AS 14.11 is amended by adding a new section to read:

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

20 (1) agree to construction of a facility of appropriate size
21 and configuration, as determined by the state board of education; and

22 (2) demonstrate to the commissioner the need for the proj-
23 ect by

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

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

29 (b) A school construction grant may not be used for the

1 construction of student residential space, hockey rinks, planetariums,
2 saunas, and other facilities for single purpose sporting or recre-
3 ational uses that are not suitable for other activities. However, a
4 school construction grant may, subject to the approval of the commis-
5 sioner, be used for construction of a small swimming pool, tank, or
6 water storage facility used for water sports.

7 (c) A grant may not be made under this section until the voters
8 in the school district approve receipt of the grant funds. The ballot
9 for grant approval must include the estimated total cost of the proj-
10 ect, the school district's share of the cost, and the estimated annual
11 operation and maintenance costs of the project.

12 (d) Interest earned on a grant received under this section may
13 only be used for the costs of the project for which the grant is
14 received. The school district shall return the excess interest to the
15 state.

16 * Sec. 6. AS 14.11.100(a)(5) is amended to read:

17 (5) subject to (h) and (i) of this section, 50 percent of

18 (A) payments made by the municipality during the
19 fiscal year for the retirement of principal and interest on
20 outstanding bonds, notes or other indebtedness authorized by the
21 qualified voters of the municipality after June 30, 1983, but
22 before July 1, 1985, to pay costs of school construction, addi-
23 tions to schools, and major rehabilitation projects that exceed
24 \$25,000 and are approved under AS 14.07.020(11); and

25 (B) cash payments made after June 30, 1983, but before
26 July 1, 1985, by the municipality during the fiscal year two
27 years earlier to pay costs of school construction, additions to
28 schools, and major rehabilitation projects that exceed \$25,000
29 and are approved under AS 14.07.020(11).

1 * Sec. 7. AS 14.11.100(a)(5) is repealed and reenacted to read:

2 (5) subject to (h) and (i) of this section, 75 percent of
3 (A) payments made by the municipality during the
4 fiscal year two years earlier for the retirement of principal and
5 interest on outstanding bonds, notes or other indebtedness
6 authorized by the qualified voters of the municipality after
7 June 30, 1983, but before July 1, 1985, to pay costs of school
8 construction, additions to schools, and major rehabilitation
9 projects that exceed \$25,000 and are approved under
10 AS 14.07.020(11); and

11 (B) cash payments made after June 30, 1983, but before
12 July 1, 1985, by the municipality during the fiscal year two
13 years earlier to pay costs of school construction, additions to
14 schools, and major rehabilitation projects that exceed \$25,000
15 and are approved under AS 14.07.020(11).

16 * Sec. 8. AS 14.11.100(a) is amended by adding a new paragraph to read:

17 (6) subject to (h), (i), and (j) of this section, 75 per-
18 cent of payments made by the municipality during the fiscal year for
19 the retirement of principal and interest on outstanding bonds, notes,
20 or other indebtedness authorized by the qualified voters of the muni-
21 cipality after June 30, 1985, to pay costs of school construction,
22 additions to schools, and major rehabilitation projects that exceed
23 \$25,000 and are approved under AS 14.07.020(11).

24 * Sec. 9. AS 14.11.100(h) is amended to read:

25 (h) An allocation under (a)(4), (5), or (6) of this section for
26 school construction begun after July 1, 1982, shall be reduced by the
27 amount of money used for the construction of residential space, hockey
28 rinks, planetariums, saunas, and other facilities for single purpose
29 sporting or recreational uses that are not suitable for other

1 activities. An allocation under (a)(4), (5), or (6) of this section
2 may not be reduced by the amount of money used for construction of a
3 small swimming pool, tank, or water storage facility used for water
4 sports. However, an allocation shall be reduced by the difference
5 between the amount of money used to construct a swimming pool that
6 exceeds the standards adopted by the department [IS COMPETITION SIZE
7 OR LARGER] and the amount of money that would have been used to
8 construct a small swimming pool, tank, or water storage facility, as
9 determined by the commissioner.

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

11 (i) For the purposes of (a)(4), (5) and (6) of this 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. 11. 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) - (5) of this
22 subsection and the project is approved by the commissioner before the
23 local vote on the bond issue for the project. In approving a project
24 under this subsection, the commissioner shall require

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

29 (2) that the bonds may not be refunded unless the annual

1 debt service on the refunding issue is not greater than the annual
2 debt service on the original issue;

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

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

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

11 (B) facilities that require repair or replacement at a
12 cost exceeding \$25,000;

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

18 * Sec. 12. AS 14.11.100 is amended by adding a new subsection to read:

19 (k) Interest earned on the proceeds of bonds issued for a proj-
20 ect may be used only to

- 21 (1) pay the costs of the project;
22 (2) pay accrued interest on the bond issue;
23 (3) redeem all or part of the bonds; or
24 (4) pay the costs of issuing the bonds.

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

26 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
27 prioritize projects for which retirement of school construction debt
28 is requested by school districts in accordance with the procedures set
29 out in AS 14.11.010. A request for retirement of school construction

1 debt under AS 14.11.100 must be submitted to the department by the
2 school district no later than October 15 of the fiscal year before the
3 fiscal year for which the request is made.

4 * Sec. 14. AS 14.11.135 is amended to read:

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

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

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

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

29 (4) "department" means the Department of Education;

1 (5) "school district" means a municipal school district or
2 a regional educational attendance area.

3 * Sec. 15. AS 14.11 is amended by adding a new section to read:

4 Sec. 14.11.140. REGULATIONS. The department shall adopt regu-
5 lations to carry out the purposes of this chapter. Proposed permanent
6 regulations shall be submitted to the legislature no later than the
7 10th day of the Fourteenth Alaska State Legislature, second session.
8 Notwithstanding AS 44.62, permanent regulations adopted under this
9 section take effect the 90th day of the Fourteenth Alaska State Legis-
10 lature, second session, unless a law is enacted disapproving the
11 regulations.

12 * Sec. 16. AS 37.05.315 is amended by adding a new subsection to read:

13 (e) A municipality that accepts a grant under this section for
14 school construction or repair must comply with the provisions of
15 AS 14.11.015.

16 * Sec. 17. The amendments to AS 14.11.100(j) provided for in sec. 11 of
17 this Act do not apply to school construction projects described in AS 14.-
18 11.100(a)(5), as amended by sec. 6 of this Act.

19 * Sec. 18. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and
20 14.11.130 are repealed.

21 * Sec. 19. Sections 1 - 6 and 8 - 18 of this Act take effect July 1,
22 1985.

23 * Sec. 20. Section 7 of this Act takes effect July 1, 1986.