

Offered: 5/2/85
Referred: Rules

Original sponsor: Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 51 (Finance)
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 construc-
7 tion; and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.11.100(a)(5) is amended to read:
10 (5) subject to (h) and (i) of this section, 75 [50] percent
11 of
12 (A) payments made by the municipality during the
13 fiscal year for the retirement of principal and interest on
14 outstanding bonds, notes or other indebtedness authorized by the
15 qualified voters of the municipality after June 30, 1983, but
16 before July 1, 1985, to pay costs of school construction, addi-
17 tions to schools, and major rehabilitation projects that exceed
18 \$25,000 and are approved under AS 14.07.020(11); and
19 (B) cash payments made after June 30, 1983, but before
20 July 1, 1985, by the municipality during the fiscal year two
21 years earlier to pay costs of school construction, additions to
22 schools, and major rehabilitation projects that exceed \$25,000
23 and are approved under AS 14.07.020(11).
24 * Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:
25 (6) subject to (h), (i), and (j) of this section, 75 per-
26 cent of payments made by the municipality during the fiscal year for
27 the retirement of principal and interest on outstanding bonds, notes,
28 or other indebtedness authorized by the qualified voters of the muni-
29 cipality after June 30, 1985, to pay costs of school construction,

1 additions to schools, and major rehabilitation projects that exceed
2 \$25,000 and are approved under AS 14.07.020(11).

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

4 (h) An allocation under (a)(4), (5), or (6) of this section for
5 school construction begun after July 1, 1982, shall be reduced by the
6 amount of money used for the construction of residential space, hockey
7 rinks, planetariums, saunas, and other facilities for single purpose
8 sporting or recreational uses that are not suitable for other activ-
9 ities. An allocation under (a)(4), (5), or (6) of this section may
10 not be reduced by the amount of money used for construction of a small
11 swimming pool, tank, or water storage facility used for water sports.
12 However, an allocation shall be reduced by the difference between the
13 amount of money used to construct a swimming pool that exceeds the
14 standards adopted by the department [IS COMPETITION SIZE OR LARGER]
15 and the amount of money that would have been used to construct a small
16 swimming pool, tank, or water storage facility, as determined by the
17 commissioner.

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

19 (i) For the purposes of (a)(4), (5) and (6) of this section
20 (1) an indebtedness for bonds is incurred after the bonds
21 are sold;
22 (2) reimbursement for a cash payment may only be made after
23 the payment is made to a vendor; and
24 (3) payments may not be made for costs that are incurred
25 under a contract after the contract has been released.

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

27 (j) The state may not allocate money to a municipality for a
28 school construction project under (a)(5) or (6) of this section unless
29 the municipality complies with the requirements of (1) - (5) of this

1 subsection and the project is approved by the commissioner before the
2 local vote on the bond issue for the project. In approving a project
3 under this subsection, the commissioner shall require

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

8 (2) that the bonds may not be refunded unless the annual
9 debt service on the refunding issue is not greater than the annual
10 debt service on the original issue;

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

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

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

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

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

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

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

29 (1) pay the costs of the project;

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

4 * Sec. 7. AS 14.11 is amended by adding a new section to read:

5 Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department
6 shall prioritize projects for which retirement of school construction
7 debt is requested by school districts by evaluating the factors listed
8 in AS 14.11.010(c) and giving priority to projects in the following
9 order of decreasing importance:

- 10 (1) projects required to meet health and safety standards;
11 (2) projects required for unhoused students;
12 (3) projects required for the protection of the structure
13 of existing facilities;
14 (4) projects that will result in operating cost savings;
15 (5) projects required for building code upgrade;
16 (6) projects required for functional upgrade.

17 (b) A request for retirement of school construction debt under
18 AS 14.11.100 must be submitted to the department by the school dis-
19 trict no later than October 15 of the fiscal year before the fiscal
20 year for which the request is made.

21 * Sec. 8. AS 14.11.135 is amended to read:

22 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -
23 14.11.135], unless the context requires otherwise,

- 24 (1) "approved school construction project" means the plan
25 for a new school or an addition to or major rehabilitation of an
26 existing school to the extent to which approved by the commissioner in
27 accordance with AS 14.07.020(11);
28 (2) "commissioner" means the commissioner of education;
29 (3) "costs of school construction" means the cost of

1 acquiring, constructing, enlarging, repairing, remodeling, equipping
2 or furnishing of public elementary and secondary school buildings and
3 includes the sum total of all costs of financing and carrying out the
4 project; these include, but are not limited to, the costs of all
5 necessary studies, surveys, plans and specifications, architectural,
6 engineering or other special services, acquisition of real property,
7 site preparation and development, purchase, construction, reconstruc-
8 tion and improvement of real property and the acquisition of machinery
9 and equipment as may be necessary in connection with the project; an
10 allocable portion of the administrative and operating expenses of the
11 grantee; the cost of financing the project, including interest on
12 bonds issued to finance the project; and the cost of other items,
13 including any indemnity and surety bonds and premiums on insurance,
14 legal fees, fees and expenses of trustees, depositaries, financial
15 advisors, and paying agents for the bonds issued as the issuer con-
16 siders necessary;

17 (4) "department" means the Department of Education.

18 * Sec. 9. AS 14.11 is amended by adding a new section to read:

19 Sec. 14.11.140. REGULATIONS. The department shall adopt regu-
20 lations to carry out the purposes of this chapter.

21 * Sec. 10. LEGISLATIVE REVIEW. Proposed permanent regulations under
22 AS 14.11.140 as enacted in sec. 9 of this Act shall be submitted to the
23 legislature no later than the 10th day of the Fourteenth Alaska State
24 Legislature, second session. Notwithstanding AS 44.62, permanent regula-
25 tions adopted under AS 14.11.140 take effect the 90th day of the Fourteenth
26 Alaska State Legislature, second session, unless a law is enacted disap-
27 proving the regulations.

28 * Sec. 11. The amendments to AS 14.11.100(j) provided for in sec. 5 of
29 this Act do not apply to school construction projects described in

1 AS 14.11.100(a)(5), as amended by sec. 1 of this Act.

2 * Sec. 12. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and
3 14.11.130 are repealed.

4 * Sec. 13. This Act takes effect July 1, 1985.