

Offered: 5/7/85  
Referred: Rules

Original sponsor: Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 HOUSE CS FOR 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), and (j) of this section, 80  
11 [50] percent 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, to pay  
16 costs of school construction, additions to schools, and major  
17 rehabilitation projects that exceed \$25,000 and are approved  
18 under AS 14.07.020(11); and  
19 (B) cash payments made after June 30, 1983, by the  
20 municipality during the fiscal year two years earlier to pay  
21 costs of school construction, additions to schools, and major  
22 rehabilitation projects that exceed \$25,000 and are approved  
23 under AS 14.07.020(11).  
24 \* Sec. 2. AS 14.11.100(h) is amended to read:  
25 (h) An allocation under (a)(4) or (5) of this section for school  
26 construction begun after July 1, 1982, shall be reduced by the amount  
27 of money used for the construction of residential space, hockey rinks,  
28 planetariums, saunas, and other facilities for single purpose sporting  
29 or recreational uses that are not suitable for other activities and by

1 the money used for construction that exceeds the amount needed for  
2 construction of a facility of efficient design as determined by the  
3 department. An allocation under (a)(4) or (5) of this section may not  
4 be reduced by the amount of money used for construction of a small  
5 swimming pool, tank, or water storage facility used for water sports.  
6 However, an allocation shall be reduced by the difference between the  
7 amount of money used to construct a swimming pool that is competition  
8 size or larger and the amount of money that would have been used to  
9 construct a small swimming pool, tank, or water storage facility, as  
10 determined by the commissioner.

11 \* Sec. 3. AS 14.11.100(i) is amended to read:

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

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

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

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

19 \* Sec. 4. AS 14.11.100(j) is amended to read:

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

26 (1) the municipality to include on the ballot for the bond  
27 issue the estimated total cost of each project and the estimated  
28 amounts that 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 in  
12 order to meet health and safety laws or regulations or building  
13 codes [; FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL DIS-  
14 TRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
15 LISTED IN AS 14.11.010(c)].

16 \* Sec. 5. AS 14.11.100 is amended by adding a new subsection to read:

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

21 \* Sec. 6. AS 14.11 is amended by adding a new section to read:

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

29 \* Sec. 7. AS 14.11.135 is amended to read:

1           Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
2 14.11.135], unless the context requires otherwise,

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

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

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

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

26 \* Sec. 8. (a) The amendments to AS 14.11.100(j) provided for in sec. 4  
27 of this Act apply only to school construction projects approved by the  
28 commissioner of education after the effective date of this Act.

29           (b) The requirement of AS 14.11.102, added by sec. 6 of this Act,

1 that requests for an allocation of funds under AS 14.11.100 be submitted by  
2 October 15 of the fiscal year before the fiscal year for which the request  
3 is made, does not apply to requests for fiscal year 1987.  
4 \* Sec. 9. This Act takes effect July 1, 1986.