

1 IN THE SENATE

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2

SENATE BILL NO. 314

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state payment of municipal school  
7 construction debt."

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

9 \* Section 1. STATE PAYMENT OF SCHOOL CONSTRUCTION DEBT. (a) The state  
10 shall assume and make all future payments on the indebtedness outstanding  
11 on January 1, 1988, that is represented by obligations incurred by a  
12 municipality that is a school district to pay the costs of a school con-  
13 struction project approved by the Department of Education under AS 14.07.-  
14 020(11).

15 (b) The state shall reimburse a municipality for the payments that  
16 are made by the municipality after December 31, 1987, on the obligations  
17 assumed by the state under (a) of this section.

18 (c) The commissioner of revenue shall administer the payment programs  
19 established under this section and shall establish by regulation the proce-  
20 dures necessary for the administration of the programs.

21 (d) This section does not change the rights and duties that exist on  
22 the effective date of this Act between the parties to the obligations  
23 covered by (a) or (b) of this section.

24 (e) This section is subject to the state's appropriation of the funds  
25 necessary to implement this section.

26 (f) A municipality that is a school district shall secure and main-  
27 tain in full force and effect adequate property loss insurance for the  
28 replacement cost of all facilities for which state funds are available  
29 under (a) or (b) of this section.

1 (g) The taxpayer notice required by AS 29.45.020 must include in the  
2 section of the notice that lists the amount of state aid received by the  
3 municipality for the retirement of school construction debt

4 (1) a reference to this section; and

5 (2) the amount of the funds allocated to the municipality under  
6 this section for the fiscal year.

7 (h) In this subsection

8 (1) "costs of school construction" has the meaning given in  
9 AS 14.11.135;

10 (2) "municipality" has the meaning given in AS 01.10.060;

11 (3) "obligations" means bonds, notes, and other forms of in-  
12 debtedness, including bonds issued to refund bonds, notes, or other forms  
13 of indebtedness issued to pay costs of school construction or to refund the  
14 bonds, but does not include

15 (A) refunded bonds, notes, or other forms of indebtedness;

16 (B) a bond until the bond has been sold.

17 \* Sec. 2. AS 14.11.100(a) is repealed and reenacted to read:

18 (a) Subject to (h), (i), and (j) of this section, during each  
19 fiscal year the state shall allocate to a municipality that is a  
20 school district 80 percent of the payments made by the municipality  
21 during the fiscal year for the retirement of principal and interest on  
22 outstanding bonds, notes, or other indebtedness, if the indebtedness  
23 is incurred by the municipality after December 31, 1987, to pay the  
24 costs of school construction, additions to schools, and major re-  
25 habilitation projects that exceed \$25,000, and if the indebtedness has  
26 been authorized by the qualified voters of the municipality and ap-  
27 proved by the department under AS 14.07.020(11).

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

29 (h) An allocation under (a) [(a)(4) OR (5)] of this section for

1 school construction [BEGUN AFTER JULY 1, 1982,] shall be reduced by  
2 the amount of money used for the construction of residential space,  
3 hockey rinks, planetariums, saunas, and other facilities for single  
4 purpose sporting or recreational uses that are not suitable for other  
5 activities and by the money used for construction that exceeds the  
6 amount needed for construction of a facility of efficient design as  
7 determined by the department. An allocation under (a) [(a) (4) OR  
8 (5)] of this section may not be reduced by the amount of money used  
9 for construction of a small swimming pool, tank, or water storage  
10 facility used for water sports. However, an allocation shall be  
11 reduced by the difference between the amount of money used to con-  
12 struct a swimming pool that exceeds the standards adopted by the  
13 department and the amount of money that would have been used to con-  
14 struct a small swimming pool, tank, or water storage facility, as  
15 determined by the commissioner.

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

17 (i) For the purposes of (a) [(a)(4) AND (5)] of this section

18 (1) an indebtedness for bonds is incurred after the bonds  
19 are sold;

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

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

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

25 (j) Except as provided in (1) of this section, the state may not  
26 allocate money to a municipality for a school construction project  
27 under (a) [(a)(5)] of this section unless the municipality complies  
28 with the requirements of (1) - (4) of this subsection, the project is  
29 approved by the commissioner before the local vote on the bond issue

1 for the project, and the local vote occurs before July 1, 1987, or  
2 after June 30, 1988. In approving a project under this subsection,  
3 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 total interest, estimated annual operation and maintenance costs, the  
7 estimated amounts that will be paid by the state and by the munic-  
8 ipality, and the approximate amount that would be due in annual taxes  
9 on \$100,000 in assessed value to retire the debt;

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

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

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

18 (A) projected long-term student enrollment that indi-  
19 cates the district has inadequate facilities to meet present or  
20 projected enrollment; or

21 (B) facilities that require repair or replacement in  
22 order to meet health and safety laws or regulations or building  
23 codes.

24 \* Sec. 6. AS 14.11.115(b) is amended to read:

25 (b) A payment under (a) of this section is limited to an amount  
26 that [WHICH, WHEN COMBINED WITH ESTIMATED PAYMENTS TO THE SCHOOL  
27 DISTRICT FOR THE RETIREMENT OF THE PRINCIPAL AND INTEREST ON BONDS,  
28 NOTES OR OTHER INDEBTEDNESS OR REIMBURSEMENT OF CASH PAYMENTS FOR A  
29 SCHOOL CONSTRUCTION PROJECT FOR WHICH PAYMENT IS MADE UNDER

1 AS 14.11.100(a)(1) OR (2) OR FOR AN APPROVED SCHOOL CONSTRUCTION  
2 PROJECT FOR WHICH PAYMENT IS MADE UNDER AS 14.11.100(a)(3),] does not  
3 exceed 80 percent [PER CENT] of the cost of the school construction  
4 project.