

Original sponsors: Swackhammer, Navarre,  
and C. Davis

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 37 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to insurance for school facilities  
7 and equipment and state aid for school construction;  
8 and providing for an effective date."

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

10 \* Section 1. AS 14.03 is amended by adding a new section to read:

11 Sec. 14.03.150. INSURANCE REQUIRED. (a) Each school district  
12 shall purchase and maintain or provide proof of adequate property  
13 insurance for the replacement cost of all school facilities and equip-  
14 ment. Insurance purchased to comply with this section may contain a  
15 deductible amount, if approved by the department. A school district  
16 may comply with this section by initiating and maintaining a program  
17 of self-insurance, if the department annually determines that the  
18 school district has submitted adequate evidence of the district's  
19 ability to self-insure for the replacement cost of all school facili-  
20 ties and equipment. A copy of the insurance policy or other informa-  
21 tion indicating compliance with this section shall be provided to the  
22 department.

23 (b) If the department determines that a school district is not  
24 insured as required under (a) of this section, the department shall  
25 notify the school district of the determination. Unless the school  
26 district obtains adequate insurance within 30 days after the school  
27 district receives notice under this subsection, the department shall  
28 purchase the insurance required by (a) of this section for that school  
29 district.

1 (c) The department may not award a school construction grant  
2 under AS 14.11 to a school district that is not in compliance with (a)  
3 of this section. The department shall reduce the amount of state  
4 foundation aid under AS 14.17.021 for which a school district may  
5 qualify, by the amount, if any, paid by the department under (b) of  
6 this section.

7 \* Sec. 2. AS 14.07.020(a)(13) is amended to read:

8 (13) administer the grants awarded under AS 14.11 [AS 14.-  
9 11.020];

10 \* Sec. 3. AS 14.07.170 is amended by adding a new subsection to read:

11 (b) The board shall review grant applications recommended under  
12 AS 14.11.013 and may approve grant applications under AS 14.11.015.

13 \* Sec. 4. AS 14.08.101(7) is amended to read:

14 (7) recommend to the department projects for construction,  
15 rehabilitation, and improvement of schools and education-related  
16 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and  
17 plan, design, and construct the project when the responsibility for it  
18 is assumed under AS 14.11.020;

19 \* Sec. 5. AS 14.08.101(7) is repealed and reenacted to read:

20 (7) recommend to the department projects for construction,  
21 rehabilitation, and improvement of schools and education-related  
22 facilities as specified in AS 14.11.009(a), and plan, design, and  
23 construct the project when the responsibility for it is assumed under  
24 AS 14.11.020;

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

26 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is  
27 created a school construction grant fund as an account in the general  
28 fund. The fund shall be used to make grants to districts in the state  
29 public school system for the costs of school construction.

1 Legislative appropriations for school construction shall be deposited  
2 in the fund, and the proceeds from the sale of general obligation  
3 bonds for school construction may be deposited in the fund.

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

5 Sec. 14.11.009. RECOMMENDATIONS AND EVALUATIONS OF PROJECTS.

6 (a) The assembly or council of a municipality that is a school dis-  
7 trict or a regional school board may submit a request to the depart-  
8 ment for a school or education-related facility construction, rehabil-  
9 itation, or improvement project together with a report evaluating the  
10 condition of school or education-related facilities in the munici-  
11 pality or regional educational attendance area and a determination of  
12 the need for the project.

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

15 (1) rank each project in the order of priority that serves  
16 the best interests of the state;

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

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

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

27 (c) In establishing priorities among requested projects the  
28 department shall evaluate at least the following factors:

29 (1) priorities assigned by the assembly, council, or school

1 board to the projects requested;  
2 (2) emergency requirements;  
3 (3) the number of students without classroom space;  
4 (4) new local elementary or secondary programs;  
5 (5) existing regional, community, and school facilities and  
6 the condition of the facilities; and  
7 (6) the economic and social stability of the municipality  
8 or region.

9 (d) This section does not affect a municipality's eligibility  
10 for reimbursement under AS 14.11.100.

11 \* Sec. 8. AS 14.11 is amended by adding new sections to read:

12 Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit  
13 a grant request to the department for a school construction grant.

14 (b) To be eligible for a school construction grant the district  
15 shall submit

16 (1) a six-year capital improvement plan that includes a  
17 description of the district's fixed asset inventory system and preven-  
18 tive maintenance program no later than September 1 of the fiscal year  
19 before the fiscal year for which the request is made; the six-year  
20 plan must contain for each proposed project a detailed scope of work,  
21 a project budget, and documentation of conditions justifying the  
22 project; and

23 (2) evidence that the district has secured and will main-  
24 tain adequate property loss insurance for the replacement cost of all  
25 facilities for which state funds are available under AS 14.11.005 or a  
26 program of insurance acceptable to the department.

27 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)  
28 With regard to projects for which grants are requested under AS 14.-  
29 11.011, the department shall

1           (1) annually review the six-year plans submitted by each  
2 district under AS 14.11.011(b) and recommend to the board a revised  
3 and updated six-year construction grant schedule that serves the best  
4 interests of the state and each district; in recommending projects for  
5 this schedule, the department shall verify that each proposed project  
6 qualifies as a project required to

7                   (A) avert imminent danger or correct life-threatening  
8 situations;

9                   (B) house students who would otherwise be unhoused;

10                   (C) protect the structure of existing school facil-  
11 ities;

12                   (D) correct building code deficiencies that require  
13 major repair or rehabilitation in order for the facility to  
14 continue to be used for the educational program;

15                   (E) achieve an operating cost savings;

16                   (F) modify or rehabilitate facilities for the purpose  
17 of improving the instructional program;

18                   (G) meet an educational need not specified in (A) -  
19 (F) of this paragraph, identified by the department;

20           (2) prepare an estimate of the amount of money needed to  
21 finance each project;

22           (3) provide to the governor, by November 1, and to the  
23 legislature within the first 10 days of each regular legislative  
24 session, a revised and updated six-year construction grant schedule  
25 together with a proposed schedule of appropriations.

26           (b) In preparing the construction grant schedule, the department  
27 shall establish priorities among projects for which grants are re-  
28 quested and shall award school construction grants in the order of  
29 priority established. In establishing priorities the department shall

1 evaluate at least the following factors:

- 2 (1) emergency requirements;
- 3 (2) priorities assigned by the district to the projects
- 4 requested;
- 5 (3) the number of students without classroom space;
- 6 (4) new local elementary and secondary programs;
- 7 (5) existing regional, community, and school facilities,
- 8 and their condition; and
- 9 (6) alternate education program options for accomplishing
- 10 the project's objectives.

11 (c) The department may reject project requests and omit them

12 from the six-year schedule due to

- 13 (1) incomplete information or documentation provided by the
- 14 district;
- 15 (2) a determination by the department that existing facili-
- 16 ties can adequately serve the program requirements, or that alterna-
- 17 tive projects are in the best interests of the state;
- 18 (3) a determination that the project is not in the best
- 19 interest of the state.

20 (d) The department shall reduce a project budget by the cost of

21 those portions of a project design that the department determines are

22 for construction of student residential space, planetariums, hockey

23 rinks, saunas, and other facilities for single purpose sporting or

24 recreational uses that are not suitable for other activities. This

25 subsection does not apply to funding for swimming pools that meet

26 criteria established by the department.

27 (e) By November 15, the department shall provide public notice

28 of the grant applications submitted under (a) of this section and the

29 priorities established under (b) of this section. After public notice

1 has been given, the department shall hold a public hearing on the  
2 priorities established under (b) of this section. In this subsection,  
3 "public notice" means notice published in a newspaper of general  
4 circulation and notice to every person who has requested notice about  
5 the grant application program from the department.

6 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board  
7 shall review grant applications that have been recommended by the  
8 department under AS 14.11.013, and may approve a grant application if  
9 the board determines that the project meets the criteria specified in  
10 AS 14.11.013(a)(1). The department may not award a school construc-  
11 tion grant unless the grant application is approved by the board.

12 (b) The department shall award grants approved under (a) of this  
13 section in the order of the projects' priority on the date the appro-  
14 priation bill funding the school construction grant fund is passed by  
15 the legislature, regardless of any appeal pending under AS 14.11.016.  
16 Appeals pending under AS 14.11.016 at the time that grants are awarded  
17 may not delay the funding of grants awarded under this section.

18 (c) If a project is assigned a new priority ranking under  
19 AS 14.11.016 after the date of passage by the legislature of the  
20 appropriation bill for the school construction grant fund, the project  
21 must be funded in accordance with the new priority ranking at the next  
22 time that school construction grants are awarded.

23 Sec. 14.11.016. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) A  
24 district may request reconsideration of a decision of the department  
25 assigning a priority to the district's project, establishing the scope  
26 of the project, or establishing the budget for the project. The  
27 request must be in writing and must include a statement of the spe-  
28 cific changes desired, and a summary of the evidence supporting the  
29 district's claim that the department has erred in its review of the

1 district's grant application. A request for reconsideration must be  
2 received by the department by the day of the public hearing held under  
3 AS 14.11.013(e). The department shall review its decision on the  
4 basis of the request by the district and determine whether its deci-  
5 sion should be changed. The department shall issue its determination  
6 in writing within 15 days after the last day of the public hearing  
7 held under AS 14.11.013(e).

8 (b) A district may appeal an adverse decision of the department  
9 under (a) of this section to the commissioner on the ground that the  
10 department has not complied with AS 14.11.013. The notice of appeal  
11 must be in writing and must include a statement of evidence supporting  
12 the district's claim that the department has not complied with AS 14.-  
13 11.013. The notice of appeal must be received by the commissioner  
14 within 15 days after the department issues its determination under (a)  
15 of this section. The commissioner shall issue a written decision on  
16 the appeal within 15 days after receiving the notice of appeal.

17 (c) A district may appeal an adverse decision of the commis-  
18 sioner under (b) of this section by filing a written notice of appeal  
19 with the board within 30 days after the date of the commissioner's  
20 decision. The notice of appeal must state the legal and factual basis  
21 for the appeal and the precise relief sought. The failure of the  
22 district to include an issue in a notice of appeal constitutes a  
23 waiver of the right to have the issue considered under this subsec-  
24 tion. If the board finds that the notice of appeal does not raise a  
25 reasonable issue of fact or law, it shall issue a written decision.  
26 If the board finds that the notice of appeal raises a reasonable issue  
27 of fact or law, the board shall appoint a hearing officer who is  
28 qualified under AS 44.62.350(c) to conduct a hearing on those issues.  
29 The hearing officer shall conduct a hearing on the issues raised in

1 the notice of appeal, make findings of fact and law, and recommend a  
2 decision to the board within 60 days after the last day for filing a  
3 notice of appeal with the board. The board shall consider the recom-  
4 mended decision of the hearing officer at its next regularly scheduled  
5 meeting and may adopt all, part, or none of the recommended decision  
6 or may remand the issue to the hearing officer for further hearings.  
7 The board shall issue its decision in writing.

8 (d) The board shall consolidate appeals under (c) of this sec-  
9 tion, if the notices of appeal raise related issues of fact or law.

10 (e) A district may appeal an adverse decision of the board under  
11 (c) of this section to the superior court in the manner provided by  
12 AS 44.62.560 - 44.62.570.

13 (f) The board shall adopt regulations governing procedures for  
14 the reconsideration and appeal of decisions under this section. The  
15 regulations adopted under this subsection are not required to conform  
16 to AS 44.62.330 - 44.62.630, but shall be consistent with minimum  
17 standards of due process.

18 (g) A district may not request reconsideration of or appeal a  
19 priority determination on the grounds that a revised priority assigned  
20 to another project, due to a reconsideration or appeal under this sec-  
21 tion, has resulted in a lower priority being accorded to the dis-  
22 trict's project.

23 Sec. 14.11.017. SCHOOL CONSTRUCTION GRANT CONDITIONS. (a) The  
24 department shall require in the grant agreement that the district

25 (1) agree to construction of a facility of appropriate size  
26 and use that meets criteria adopted by the department;

27 (2) demonstrate by a means acceptable to the department  
28 that the proposed project should be a capital construction project and  
29 not part of a preventive maintenance program or regular custodial care

1 program;

2 (3) provide reasonable assurance by a means acceptable to  
3 the department, that the cost of the project will be uniform with the  
4 costs of the most current construction projects in the area;

5 (4) agree to limit equipment purchases to that required for  
6 the approved school construction plan and account for all equipment  
7 purchased for the project under a fixed asset inventory system ap-  
8 proved by the department;

9 (5) submit project budgets for department approval and  
10 agree that the grant amount may, at the discretion of the department,  
11 be reduced or increased by amounts equal to the amounts by which  
12 contracts vary from the budget amounts approved by the department; and

13 (6) submit to the department for approval, before award of  
14 the construction contract, a plan for school construction that in-  
15 cludes educational specifications, final construction drawings, and  
16 contract documents.

17 (b) The cost of any school construction activity encompassed by  
18 the definition of "costs of school construction" under AS 14.11.135 is  
19 payable under a grant awarded under AS 14.11.015 without regard to  
20 whether the costs were incurred prior to the

21 (1) award of the grant;

22 (2) approval of the grant application by the board; or

23 (3) effective date of an appropriation to the school con-  
24 struction grant account for the year in which the grant is funded.

25 Sec. 14.11.019. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS.  
26 Within the general appropriation bill submitted to the legislature  
27 under AS 37.07.020, the governor shall include an appropriation for  
28 school construction grants in the succeeding fiscal year as determined  
29 by the six-year construction grant schedule prepared under

1 AS 14.11.013.

2 \* Sec. 9. AS 14.11.100(a)(5) is amended to read:

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

5 (A) payments made by the municipality during the  
6 fiscal year for the retirement of principal and interest on  
7 outstanding bonds, notes or other indebtedness authorized by the  
8 qualified voters of the municipality after June 30, 1983, but  
9 before July 1, 1989, to pay costs of school construction, addi-  
10 tions to schools, and major rehabilitation projects that exceed  
11 \$25,000 and are approved under AS 14.07.020(11); and

12 (B) cash payments made after June 30, 1983, by the  
13 municipality during the fiscal year two years earlier to pay  
14 costs of school construction, additions to schools, and major  
15 rehabilitation projects that exceed \$25,000 and are approved by  
16 the department before July 1, 1990, under AS 14.07.020(11).

17 \* Sec. 10. AS 14.11.100(a)(5) is repealed and reenacted to read:

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

20 (A) payments made by the municipality during the  
21 fiscal year for the retirement of principal and interest on  
22 outstanding bonds, notes, or other indebtedness authorized by the  
23 qualified voters of the municipality after June 30, 1993, to pay  
24 costs of school construction, additions to schools, and major  
25 rehabilitation projects that exceed \$25,000 and are approved  
26 under AS 14.07.020(11); and

27 (B) cash payments made after June 30, 1993, by the  
28 municipality during the fiscal year two years earlier to pay  
29 costs of school construction, additions to schools, and major

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

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

4 (c) The school construction account is established. Funds to  
5 carry out the provisions of this section shall be included within the  
6 general appropriation bill submitted to the legislature under AS 37.-  
7 07.020 and may be appropriated annually by the legislature to the  
8 account. If amounts in the account are insufficient for the purpose  
9 of providing the share to which a borough or city is entitled under  
10 this section, those funds that are available shall be distributed pro  
11 rata among the eligible local governments except that the legislature  
12 may direct that additional debt service on refunding bonds that ex-  
13 ceeds the total debt service on the refunded bonds be disregarded in  
14 whole or in part.

15 \* Sec. 12. AS 14.11.100(c) is repealed and reenacted to read:

16 (c) The school construction account is established. Funds to  
17 carry out the provisions of this section may be appropriated annually  
18 by the legislature to the account. If amounts in the account are  
19 insufficient for the purpose of providing the share to which a munic-  
20 ipality is entitled under this section, those funds that are available  
21 shall be distributed pro rata among the eligible local governments  
22 except that the legislature may direct that additional debt service on  
23 refunding bonds that exceeds the total debt service on the refunded  
24 bonds be disregarded in whole or in part.

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

26 Sec. 14.11.103. EVALUATION OF PROJECTS. The department shall  
27 evaluate projects for which retirement of school construction debt is  
28 requested by school districts under the procedures set out in AS 14.-  
29 11.009. A request for an allocation of funds under AS 14.11.100 must

1 be submitted to the department by the school district not later than  
2 October 15 of the fiscal year before the fiscal year for which the  
3 request is made.

4 \* Sec. 14. AS 14.11 is amended by adding a new section to read:

5 Sec. 14.11.106. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE  
6 ACCOUNT. The public school facilities construction advance account is  
7 established. The account consists of appropriations for distribution  
8 under AS 14.11.106 - 14.11.135 to municipalities that are school  
9 districts to assist in paying the costs of public school facilities  
10 projects approved under AS 14.07.020(11) for which construction is  
11 commenced after June 30, 1978, and for which bonding, notes, or other  
12 indebtedness was not incurred before July 1, 1978.

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

14 Sec. 14.11.111. ELIGIBILITY. Eligibility of a proposed con-  
15 struction project for funding assistance under AS 14.11.106 - 14.11.-  
16 135 shall be determined by the department based on standards and  
17 criteria established by regulation. The standards and criteria to be  
18 considered in determining eligibility include the following:

- 19 (1) emergency requirements;
- 20 (2) number of unhoused students;
- 21 (3) new elementary or secondary programs;
- 22 (4) existing community and school facilities and their  
23 condition; and
- 24 (5) economic and social stability of the community.

25 \* Sec. 16. AS 14.11 is amended by adding a new section to read:

26 Sec. 14.11.116. STATE AID. (a) The amount of state aid payable  
27 in advance under AS 14.11.106 - 14.11.135 is the amount by which the  
28 cost of construction of the approved school construction project would  
29 cause the debt-to-valuation ratio of the municipality to exceed 12

1 percent.

2 (b) A payment under (a) of this section is limited to an amount  
3 that, when combined with estimated payments to the school district for  
4 the retirement of the principal and interest on bonds, notes, or other  
5 indebtedness or reimbursement of cash payments for a school construc-  
6 tion project for which payment is made under AS 14.11.100(a)(1) or (2)  
7 or for an approved school construction project for which payment is  
8 made under AS 14.11.100(a)(3), does not exceed 80 percent of the cost  
9 of the school construction project.

10 (c) In this section,

11 (1) "debt" means the principal amount of the direct and  
12 general obligation indebtedness of the municipality for which all  
13 taxable property is subject to taxation to pay the bond, note, or  
14 other evidence of the debt, determined annually by the Department of  
15 Community and Regional Affairs in consultation with each municipality  
16 that is a school district and reported to the municipality and the  
17 commissioner of education; the determination shall be made by October  
18 1 and report the outstanding debt as of July 1 of that year;

19 (2) "valuation" means the full and true value of the real  
20 and personal property of the municipality determined under AS 14.17.-  
21 140(a).

22 \* Sec. 17. AS 14.11 is amended by adding a new section to read:

23 Sec. 14.11.121. APPLICATION FOR AID. (a) The commissioner  
24 shall prescribe the necessary forms and procedures to be used in  
25 applying for construction cost assistance under AS 14.11.106 - 14.-  
26 11.135.

27 (b) A municipality that is a school district seeking construc-  
28 tion cost aid shall apply to the department by October 15 of the prior  
29 fiscal year.

1 (c) Based on the commissioner's review of applications and  
2 determination of project eligibility, the commissioner shall recommend  
3 to the governor an appropriation of funds for state aid for those  
4 projects under AS 14.11.106 - 14.11.135.

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

6 Sec. 14.11.126. CONDITIONS OF STATE AID. (a) Funds distributed  
7 to a municipality that is a school district during a school year under  
8 AS 14.11.106 - 14.11.135 shall be received, held, and expended by the  
9 district in accordance with the applicable provisions of law and of  
10 regulations adopted by the department. Funds provided under AS 14.-  
11 11.106 - 14.11.135, but which are not required for the project for  
12 which they were granted or which are in excess of that municipality's  
13 entitlement for aid under AS 14.11.116 shall be returned to the de-  
14 partment and deposited in the general fund.

15 (b) Each municipality that is a school district shall maintain  
16 financial records of the receipt and disbursement of state funds  
17 received under AS 14.11.106 - 14.11.135 and money provided toward  
18 local effort. The records shall be in the form prescribed by the  
19 department and are subject to audit by the department at any time.

20 (c) Upon completion of the construction project, the chief  
21 school administrator of the district shall report the total cost of  
22 the project and means of financing it to the commissioner.

23 (d) Municipalities that are school districts shall secure and  
24 maintain in full force and effect adequate property loss insurance for  
25 the replacement cost of all facilities constructed after July 1, 1978,  
26 and for which state funds are available under AS 14.11.100 - 14.11.-  
27 135.

28 \* Sec. 19. AS 14.11 is amended by adding a new section to read:

29 Sec. 14.11.127. ALLOCATION OF APPROPRIATIONS FOR SCHOOL

1 CONSTRUCTION. (a) If the amount appropriated to the department for  
 2 school construction in a fiscal year is less than the amount necessary  
 3 to fund full entitlements for school construction debt retirement  
 4 under AS 14.11.100 and the amount necessary to fully fund all projects  
 5 required to avert imminent danger or correct life-threatening situa-  
 6 tions that have been approved by the board under AS 14.11.015, then  
 7 the amount appropriated for that fiscal year shall be allocated,  
 8 unless otherwise provided by law, between the school construction  
 9 grant account under AS 14.11.005 and the school construction account  
 10 under AS 14.11.100(c) in the following proportions:

11 Fiscal year	School Construction 12 Grant Account	School Construction 12 Account
13 1990	.11	.89
14 1991	.13	.87
15 1992	.15	.85
16 1993	.21	.79
17 1994	.29	.71
18 1995	.36	.64
19 1996	.46	.54
20 1997	.58	.42
21 1998	.60	.40
22 1999 and subsequent		
23 fiscal years	.62	.38

24 (b) If the amount appropriated to the department for school  
 25 construction debt retirement exceeds the amount necessary to pay full  
 26 entitlements under AS 14.11.100(c), the excess amount of the appro-  
 27 priation may be deposited, unless otherwise provided by law, in the  
 28 school construction grant account under AS 14.11.005.

29 \* Sec. 20. AS 14.11.130 is repealed and reenacted to read:

1           Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not  
2 be construed to prevent a district from using other revenue to include  
3 additional or expanded facilities as part of approved school construc-  
4 tion projects.

5 \* Sec. 21. AS 14.11.130 is repealed and reenacted to read:

6           Sec. 14.11.130. CONSTRUCTION AND IMPLEMENTATION. (a) AS 14.-  
7 11.106 - 14.11.135 may not be construed so as to create a debt to the  
8 state.

9           (b) Funds to carry out the provisions of AS 14.11.106 - 14.11.-  
10 135 may be appropriated annually by the legislature into the public  
11 school facilities construction advance account. If amounts in the  
12 account are insufficient to meet the allocations authorized by the  
13 commissioner under AS 14.11.106 - 14.11.135, such funds as are avail-  
14 able shall be distributed pro rata among each municipality that is a  
15 school district based upon its computed entitlement.

16 \* Sec. 22. AS 14.11.135(3) is amended to read:

17           (3) "costs of school construction" means the cost of ac-  
18 quiring, constructing, enlarging, repairing, remodeling, equipping or  
19 furnishing of public elementary and secondary schools that are owned  
20 or operated by the state or a district [SCHOOL BUILDINGS] and includes  
21 the sum total of all costs of financing and carrying out the project;  
22 these include, but are not limited to, the costs of all necessary  
23 studies, surveys, plans and specifications, architectural, engineering  
24 or other special services, acquisition of real property, site prepara-  
25 tion and development, purchase, construction, reconstruction and  
26 improvement of real property and the acquisition of machinery and  
27 equipment as may be necessary in connection with the project [; AN  
28 ALLOCABLE PORTION OF THE ADMINISTRATIVE AND OPERATING EXPENSES OF THE  
29 GRANTEE; THE COST OF FINANCING THE PROJECT, INCLUDING INTEREST ON

1 BONDS ISSUED TO FINANCE THE PROJECT; AND THE COST OF OTHER ITEMS,  
2 INCLUDING ANY INDEMNITY AND SURETY BONDS AND PREMIUMS ON INSURANCE,  
3 LEGAL FEES, FEES AND EXPENSES OF TRUSTEES, DEPOSITARIES, FINANCIAL  
4 ADVISORS, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE ISSUER CONSID-  
5 ERS NECESSARY];

6 \* Sec. 23. AS 14.11.135(3) is repealed and reenacted to read:

7 (3) "costs of school construction" means the cost of ac-  
8 quiring, constructing, enlarging, repairing, remodeling, equipping or  
9 furnishing of public elementary and secondary school buildings and  
10 includes all costs of financing and carrying out the project; these  
11 include the costs of

12 (A) all necessary studies, surveys, plans and speci-  
13 fications, architectural, engineering or other special services,  
14 acquisition of real property, site preparation and development,  
15 purchase, construction, reconstruction, and improvement of real  
16 property and the acquisition of machinery and equipment as may be  
17 necessary in connection with the project;

18 (B) an allocable portion of the administrative and  
19 operating expenses of the grantee;

20 (C) the cost of financing the project, including  
21 interest on bonds issued to finance the project; and

22 (D) the cost of other items, including any indemnity  
23 and surety bonds and premiums on insurance, legal fees, fees and  
24 expenses of trustees, depositaries, financial advisors, and  
25 paying agents for the bonds issued as the issuer considers neces-  
26 sary;

27 \* Sec. 24. AS 14.11.135 is amended by adding a new paragraph to read:

28 (5) "district" means the districts described in AS 14.12.-

29 010.

1 \* Sec. 25. AS 46.11.900(8) is amended to read:

2 (8) "state financial assistance" means a loan, grant,  
3 guarantee, insurance, payment, rebate, subsidy, or other form of state  
4 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11,  
5 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a  
6 state agency of a loan to finance the construction of a new resi-  
7 dential, commercial, or industrial building;

8 \* Sec. 26. AS 14.11.010, 14.11.102, 14.11.105, 14.11.110, 14.11.115,  
9 14.11.120, and 14.11.125 are repealed.

10 \* Sec. 27. AS 14.03.150, AS 14.07.170(b), AS 14.11.005, 14.11.011,  
11 14.11.013, 14.11.015, 14.11.016, 14.11.017, 14.11.019, 14.11.127, and  
12 14.11.135(5) are repealed.

13 \* Sec. 28. Sections 1 - 4, 6, 8, 9, 11, 19, 20, 22, and 24 - 26 of this  
14 Act take effect July 1, 1989.

15 \* Sec. 29. Sections 5, 7, 10, 12 - 18, 21, 23, and 27 of this Act take  
16 effect July 1, 1993.