

## CS FOR SENATE BILL NO. 7(FIN)

## IN THE LEGISLATURE OF THE STATE OF ALASKA

## EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/21/93

Referred: RULES

Sponsor(s): SENATORS KERTTULA, Little, Donley, Kelly, Pearce, Frank, Taylor, Miller, Sharp, Halford

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to grants for school construction, to reimbursement of school  
 2 construction debt, and to school construction bonds issued by the Alaska  
 3 Municipal Bond Bank Authority; and providing for an effective date."

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

5 \* Section 1. AS 14.11.013(b) is repealed and reenacted to read:

6 (b) The department shall recommend school construction grants in the order  
 7 of priority established by the grant review committee under AS 14.11.014.

8 \* Sec. 2. AS 14.11.013(d) is amended to read:

9 (d) The department shall reduce a project budget by the cost of those portions  
 10 of a project design that the department determines (1) are for construction of student  
 11 residential space, planetariums, hockey rinks, saunas, and other facilities for single  
 12 purpose sporting or recreational uses that are not suitable for other activities; or (2)  
 13 do not meet the design guidelines specified under (f) or (g) of this section that are  
 14 applicable to the project. This subsection does not apply to funding for swimming

1 pools that meet criteria established by the department.

2 \* **Sec. 3.** AS 14.11.013(e) is amended to read:

3 (e) By November 5, the department shall provide public notice of the grant  
4 applications submitted under (a) of this section and the priorities established under  
5 AS 14.11.014 [(b) OF THIS SECTION]. After public notice has been given, the  
6 department shall, not later than December 1, hold a public hearing on the priorities  
7 established under AS 14.11.014 [(b) OF THIS SECTION]. In this subsection, "public  
8 notice" means notice published in a newspaper of general circulation and notice to  
9 every person who has requested notice about the grant application program from the  
10 department.

11 \* **Sec. 4.** AS 14.11.013 is amended by adding new subsections to read:

12 (f) The department shall, in consultation with the Department of Transportation  
13 and Public Facilities, develop standard regional design guidelines for the construction  
14 of schools in the state. Standard regional school design guidelines shall be developed  
15 for the arctic, interior, western, southcentral, and southeastern regions of the state. For  
16 each school construction project for which a grant is requested under AS 14.11.011,  
17 the department shall determine which standard regional school design guidelines are  
18 applicable to that project.

19 (g) A prototypical design utilized by a district may be substituted for a  
20 regional design required under (f) of this section if approved by the department.

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

22 Sec. 14.11.014. **BOND REIMBURSEMENT AND GRANT REVIEW**  
23 **COMMITTEE.** (a) The commissioner shall establish a bond reimbursement and grant  
24 review committee for the purpose of evaluating projects for which retirement of school  
25 construction debt is requested, establishing the department's priorities among projects  
26 for which school construction grants are requested, and preparing a construction grant  
27 schedule. The committee shall consist of the commissioner or the commissioner's  
28 designee and four other people selected by the commissioner who have the following  
29 qualifications:

30 (1) one person shall be an engineer in private practice licensed under  
31 AS 08.48;

1 (2) one person shall be an engineer licensed under AS 08.48 and  
2 licensed as a construction contractor under AS 08.18;

3 (3) one person shall be an architect in private practice licensed under  
4 AS 08.48; and

5 (4) one person shall have five years of experience in school or  
6 municipal facilities management.

7 (b) In evaluating projects for bond reimbursement or establishing priorities  
8 among grants as required under this section, the grant review committee shall evaluate  
9 all of the following factors, without establishing an absolute priority for any one factor:

10 (1) emergency requirements;

11 (2) priorities assigned by the district to the projects requested;

12 (3) new local elementary and secondary facilities;

13 (4) existing regional, community, and school facilities, and their  
14 condition; this paragraph does not include administrative facilities;

15 (5) the amount of district operating funds expended for maintenance;  
16 and

17 (6) other program options for accomplishing the project's objectives.

18 (c) Members of the committee serve without compensation, but members who  
19 are not representing the department or the Department of Transportation and Public  
20 Facilities are entitled to per diem and travel expenses authorized for boards and  
21 commissions under AS 39.20.180.

22 \* Sec. 6. AS 14.11.100(a) is amended to read:

23 (a) During each fiscal year, the state shall allocate to a municipality that is a  
24 school district, the following sums:

25 (1) payments made by the municipality during the fiscal year two years  
26 earlier for the retirement of principal and interest on outstanding bonds, notes, or other  
27 indebtedness incurred before July 1, 1977, to pay costs of school construction;

28 (2) 90 percent of

29 (A) payments made by the municipality during the fiscal year  
30 two years earlier for the retirement of principal and interest on outstanding  
31 bonds, notes, or other indebtedness incurred after June 30, 1977, and before

1 July 1, 1978, to pay costs of school construction;  
2 (B) cash payments made after June 30, 1976, and before July 1,  
3 1978, by the municipality during the fiscal year two years earlier to pay costs  
4 of school construction;  
5 (3) 90 percent of  
6 (A) payments made by the municipality during the fiscal year  
7 two years earlier for the retirement of principal and interest on outstanding  
8 bonds, notes, or other indebtedness incurred after June 30, 1978, and before  
9 January 1, 1982, to pay costs of school construction projects approved under  
10 AS 14.07.020(a)(11);  
11 (B) cash payments made after June 30, 1978, and before July 1,  
12 1982, by the municipality during the fiscal year two years earlier to pay costs  
13 of school construction projects approved under AS 14.07.020(a)(11);  
14 (4) subject to (h) and (i) of this section, up to 90 percent of  
15 (A) payments made by the municipality during the current fiscal  
16 year for the retirement of principal and interest on outstanding bonds, notes, or  
17 other indebtedness incurred after December 31, 1981, and authorized by the  
18 qualified voters of the municipality before July 1, 1983, to pay costs of school  
19 construction, additions to schools, and major rehabilitation projects that exceed  
20 \$25,000 and are approved under AS 14.07.020(a)(11); and  
21 (B) cash payments made after June 30, 1982, and before July 1,  
22 1983, by the municipality during the fiscal year two years earlier to pay costs  
23 of school construction, additions to schools, and major rehabilitation projects  
24 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and  
25 (C) payments made by the municipality during the current fiscal  
26 year for the retirement of principal and interest on outstanding bonds, notes, or  
27 other indebtedness to pay costs of school construction, additions to schools, and  
28 major rehabilitation projects that exceed \$25,000 and are submitted to the  
29 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and  
30 approved by the qualified voters of the municipality before October 15, 1983,  
31 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of

1 average daily membership of the municipality is more than 7 percent but less  
2 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily  
3 membership of the municipality is 12 percent or more; payments made by a  
4 municipality under this paragraph on total project costs that exceed the amounts  
5 set out in (i) and (ii) of this paragraph are subject to (5)(A) of this subsection;

6 (5) subject to (h), (i), and (j) of this section, 80 percent of

7 (A) payments made by the municipality during the fiscal year  
8 for the retirement of principal and interest on

9 (i) outstanding bonds, notes, or other indebtedness  
10 authorized by the qualified voters of the municipality after June 30,  
11 1983, but before March 31, 1990, to pay costs of school construction,  
12 additions to schools, and major rehabilitation projects that exceed  
13 \$25,000 and are approved under AS 14.07.020(a)(11);

14 (ii) outstanding bonds, notes, or other indebtedness  
15 authorized by the qualified voters of the municipality before July 1,  
16 1989, and reauthorized before November 1, 1989, to pay costs of school  
17 construction, additions to schools, and major rehabilitation projects that  
18 exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

19 (B) cash payments made after June 30, 1983, by the  
20 municipality during the fiscal year two years earlier to pay costs of school  
21 construction, additions to schools, and major rehabilitation projects that exceed  
22 \$25,000 and are approved by the department before July 1, 1990, under  
23 AS 14.07.020(a)(11);

24 (6) subject to (h), (i), (j), and (n) of this section, 70 percent of  
25 payments made by the municipality during the fiscal year for the retirement of  
26 principal and interest on outstanding bonds, notes, or other indebtedness  
27 authorized by the qualified voters of the municipality after April 1, 1993, but  
28 before November 5, 1997, to pay costs of school construction, additions to schools,  
29 and major rehabilitation projects that exceed \$200,000 and are approved under  
30 AS 14.07.020(a)(11);

31 (7) subject to (h), (i), (j), and (n) of this section, 70 percent of

1 payments made after July 1, 1991 by the municipality during the fiscal year for  
2 the retirement of principal and interest on outstanding bonds, notes, or other  
3 indebtedness authorized by the qualified voters of the municipality after  
4 March 31, 1990, but before April 1, 1993, to pay costs of school construction,  
5 additions to schools, and major rehabilitation projects.

6 \* Sec. 7. AS 14.11.100(a)(6) is repealed and reenacted to read:

7 (6) subject to (h), (i), (j), and (n) of this section, 70 percent of  
8 payments made by the municipality during the fiscal year for the retirement of  
9 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
10 the qualified voters of the municipality after April 1, 1993, but before November 8,  
11 1994, to pay costs of school construction, additions to schools, and major rehabilitation  
12 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

13 \* Sec. 8. AS 14.11.100(j) is amended to read:

14 (j) Except as provided in (l) of this section, the state may not allocate money  
15 to a municipality for a school construction project under (a)(5), ~~(6)~~, or (7) of this  
16 section unless the municipality complies with the requirements of (1) - (4) of this  
17 subsection, the project is approved by the commissioner before the local vote on the  
18 bond issue for the project or for bonds authorized after March 31, 1990, but before  
19 November 5, 1997, the bonds are approved by the commissioner before  
20 reimbursement by the state, and the local vote occurs before July 1, 1987, or after  
21 June 30, 1988. In approving a project under this subsection, the commissioner shall  
22 require

23 (1) the municipality to include on the ballot for the bond issue, for  
24 bonds authorized on or before March 31, 1990, the estimated total cost of each  
25 project including estimated total interest, estimated annual operation and maintenance  
26 costs, the estimated amounts that will be paid by the state and by the municipality, and  
27 the approximate amount that would be due in annual taxes on \$100,000 in assessed  
28 value to retire the debt;

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

31 (3) that the bonds must be repaid in approximately equal annual

1 principal payments or approximate equal debt service payments over a period of at  
2 least 10 years;

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

5 (A) projected long-term student enrollment that indicates the  
6 district has inadequate facilities to meet present or projected enrollment; or

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

9 \* Sec. 9. AS 14.11.100 is amended by adding new subsections to read:

10 (n) The total amount of school construction projects approved for  
11 reimbursement by the department under (a)(6) or (7) of this section may not exceed  
12 \$500,000,000.

13 (o) Subject to (h), (i), and (j) of this section, the state shall allocate to the  
14 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority  
15 during the fiscal year for retirement of principal and interest on outstanding bonds,  
16 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, but before  
17 November 5, 1997, to pay costs of school construction, additions to schools, and major  
18 rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(11).

19 \* Sec. 10. AS 44.85.080 is amended by adding a new paragraph to read:

20 (23) receive appropriations from the legislature for retirement of  
21 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,  
22 but before November 5, 1997, to pay costs of school construction, additions to schools,  
23 and major rehabilitation projects that exceed \$200,000 and are approved under  
24 AS 14.07.020(a)(11).

25 \* Sec. 11. AS 44.85.180(c) is amended to read:

26 (c) Notwithstanding the provisions of (a) and (b) of this section, the total  
27 amount of bond bank authority bonds and notes outstanding at any one time, except  
28 bonds or notes issued to fund or refund bonds or notes, may not exceed \$300,000,000,  
29 of which \$500,000,000 may only be issued to fund school construction, additions  
30 to schools, or major school rehabilitation projects that are approved under  
31 AS 14.07.020(a)(11) [\$300,000,000].

1     \* **Sec. 12. TRANSITION.** Notwithstanding AS 14.11.013(f), enacted in sec. 4 of this Act,  
2 the Department of Education is not required to determine applicable standard regional school  
3 designs for grant projects unless the grant project is submitted to the Department of Education  
4 under AS 14.11.011 after July 1, 1994.

5     \* **Sec. 13. APPLICABILITY.** This Act does not apply to school construction projects that  
6 are submitted to the Department of Education under AS 14.11.011(a) before the effective date  
7 of this section.

8     \* **Sec. 14.** Section 7 of this Act takes effect on the day that the lieutenant governor certifies  
9 that a majority of the votes cast on the constitutional amendment described in sec. 15 of this  
10 Act were opposed to the amendment.

11     \* **Sec. 15.** AS 14.11.100(o), enacted in sec. 9 of this Act, and secs. 10 and 11 of this Act  
12 take effect on the effective date of an amendment to the Constitution of the State of Alaska  
13 that creates the Alaska school construction and maintenance fund and that is proposed by the  
14 Eighteenth Alaska State Legislature.

15     \* **Sec. 16.** Except as provided in secs. 14 and 15 of this Act, this Act takes effect  
16 immediately under AS 01.10.070(c).