

**CS FOR SENATE BILL NO. 7(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Amended: 4/23/93**  
**Offered: 4/21/93**

**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 AS 14.11.013(b) is repealed and reenacted to read: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. In making selections to the committee, the commissioner shall seek to  
28 maintain a regional statewide balance on the committee. The committee shall consist  
29 of the commissioner or the commissioner's designee and seven other people selected  
30 by the commissioner as follows:

31 (1) one person shall be a retired or active classroom teacher or school

1 employee;

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

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

6 (4) one person shall be employed by the Department of Transportation  
7 and Public Facilities;

8 (5) one person shall be a nonvoting member and shall have five years  
9 of experience in city or borough school district facilities management;

10 (6) one person shall be a nonvoting member and shall have five years  
11 of experience in municipal facilities management; and

12 (7) one person shall be a nonvoting member and shall have five years  
13 of experience in regional educational attendance area facilities management.

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

17 (1) emergency requirements;

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

19 (3) new local elementary and secondary facilities;

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

22 (5) the amount of district operating funds expended for maintenance;

23 and

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

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

29 (d) The commissioner may not select a person to serve on the bond  
30 reimbursement and grant review committee under (a)(1) - (3) of this section if that  
31 person has been employed, including employment by contract, by a district in

1 connection with a grant project submitted to the department under AS 14.11.011(a) and  
2 the employment occurred within the past three years.

3 • Sec. 6. AS 14.11.100(a) is amended to read:

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

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

9 (2) 90 percent of

10 (A) payments made by the municipality during the fiscal year  
11 two years earlier for the retirement of principal and interest on outstanding  
12 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
13 July 1, 1978, to pay costs of school construction;

14 (B) cash payments made after June 30, 1976, and before July 1,  
15 1978, by the municipality during the fiscal year two years earlier to pay costs  
16 of school construction;

17 (3) 90 percent of

18 (A) payments made by the municipality during the fiscal year  
19 two years earlier for the retirement of principal and interest on outstanding  
20 bonds, notes, or other indebtedness incurred after June 30, 1978, and before  
21 January 1, 1982, to pay costs of school construction projects approved under  
22 AS 14.07.020(a)(11);

23 (B) cash payments made after June 30, 1978, and before July 1,  
24 1982, by the municipality during the fiscal year two years earlier to pay costs  
25 of school construction projects approved under AS 14.07.020(a)(11);

26 (4) subject to (h) and (i) of this section, up to 90 percent of

27 (A) payments made by the municipality during the current fiscal  
28 year for the retirement of principal and interest on outstanding bonds, notes, or  
29 other indebtedness incurred after December 31, 1981, and authorized by the  
30 qualified voters of the municipality before July 1, 1983, to pay costs of school  
31 construction, additions to schools, and major rehabilitation projects that exceed

1 \$25,000 and are approved under AS 14.07.020(a)(11); and

2 (B) cash payments made after June 30, 1982, and before July 1,  
3 1983, by the municipality during the fiscal year two years earlier to pay costs  
4 of school construction, additions to schools, and major rehabilitation projects  
5 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

6 (C) payments made by the municipality during the current fiscal  
7 year for the retirement of principal and interest on outstanding bonds, notes, or  
8 other indebtedness to pay costs of school construction, additions to schools, and  
9 major rehabilitation projects that exceed \$25,000 and are submitted to the  
10 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and  
11 approved by the qualified voters of the municipality before October 15, 1983,  
12 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of  
13 average daily membership of the municipality is more than 7 percent but less  
14 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily  
15 membership of the municipality is 12 percent or more; payments made by a  
16 municipality under this paragraph on total project costs that exceed the amounts  
17 set out in (i) and (ii) of this paragraph are subject to (5)(A) of this subsection;

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

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

21 (i) outstanding bonds, notes, or other indebtedness  
22 authorized by the qualified voters of the municipality after June 30,  
23 1983, but before March 31, 1990, to pay costs of school construction,  
24 additions to schools, and major rehabilitation projects that exceed  
25 \$25,000 and are approved under AS 14.07.020(a)(11);

26 (ii) outstanding bonds, notes, or other indebtedness  
27 authorized by the qualified voters of the municipality before July 1,  
28 1989, and reauthorized before November 1, 1989, to pay costs of school  
29 construction, additions to schools, and major rehabilitation projects that  
30 exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

31 (B) cash payments made after June 30, 1983, by the

1 municipality during the fiscal year two years earlier to pay costs of school  
2 construction, additions to schools, and major rehabilitation projects that exceed  
3 \$25,000 and are approved by the department before July 1, 1990, under  
4 AS 14.07.020(a)(11);

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

12 (7) subject to (h), (i), (j), and (n) of this section, 70 percent of  
13 payments made after July 1, 1994, by the municipality during the fiscal year for  
14 the retirement of principal and interest on outstanding bonds, notes, or other  
15 indebtedness authorized by the qualified voters of the municipality after  
16 March 31, 1990, but before April 1, 1993, to pay costs of school construction,  
17 additions to schools, and major rehabilitation projects.

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

19 (6) subject to (h), (i), (j), and (n) of this section, 70 percent of  
20 payments made by the municipality during the fiscal year for the retirement of  
21 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
22 the qualified voters of the municipality after April 1, 1993, but before November 8,  
23 1994, to pay costs of school construction, additions to schools, and major rehabilitation  
24 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

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

26 (j) Except as provided in (l) of this section, the state may not allocate money  
27 to a municipality for a school construction project under (a)(5), ~~(6), or (7)~~ of this  
28 section unless the municipality complies with the requirements of (1) - (4) of this  
29 subsection, the project is approved by the commissioner before the local vote on the  
30 bond issue for the project or for bonds authorized after March 31, 1990, but before  
31 November 5, 1997, the bonds are approved by the commissioner before

1 reimbursement by the state, and the local vote occurs before July 1, 1987, or after  
2 June 30, 1988. In approving a project under this subsection, the commissioner shall  
3 require

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

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

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

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

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

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

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

22 (n) The total amount of school construction projects approved for  
23 reimbursement by the department under (a)(6) or (7) of this section may not exceed  
24 \$500,000,000.

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

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

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

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

7 (c) Notwithstanding the provisions of (a) and (b) of this section, the total  
8 amount of bond bank authority bonds and notes outstanding at any one time, except  
9 bonds or notes issued to fund or refund bonds or notes, may not exceed \$800,000,000,  
10 of which \$500,000,000 may only be issued to fund school construction, additions  
11 to schools, or major school rehabilitation projects that are approved under  
12 AS 14.07.020(a)(11) [\$300,000,000].

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

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

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

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

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