

COMMITTEE REPORT  
HOUSE

4/10/81

FURTHER:

(11)

Date: May 28, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 279

"An Act relating to state aid for school construction."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 279 (Finance)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

J. J. [Signature]  
[Signature]  
[Signature]  
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[Signature]  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSHB 279 (fin)  
 Title Relating to state aid for school construction  
 Requested by House Finance Date 5/25/81

II. FISCAL DETAIL  
 Agency Affected Education  
 Program Category Affected Education  
 BRU, Program, or Subprogram(s) Affected Financial Support-Other "Debt Retirement Local"  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands of Dollars~~)  
 → (MILLIONS OF DOLLARS) ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		23.2				
<b>TOTAL</b>		23.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		23.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Brings budget for FY 82 up to a level of 100% reimbursement for debt retirement-local for payments made by a borough or city during the fiscal year (FY 82) for the retirement of principal and interest on outstanding bonds, notes or other indebtedness, and continuous reimbursement of cash payments for cost of school construction on a two year lag but at 100% reimbursement.

IV. DATE 5/25/81 PREPARED BY Alison Elgee  
 AGENCY Legislative Finance  
 PHONE 465-3795  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Original sponsors: Carney, Buchholdt,  
Zharoff, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to school construction and transfer-  
7 ring the administration of the school construction  
8 grant program from the Department of Transportation  
9 and Public Facilities to the Department of Education;  
10 and providing for an effective date."

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

12 \* Section 1. AS 14.07.020(11) is amended to read:

13 (11) review plans for construction of [AND] new public elemen-  
14 tary and secondary schools and for additions to and major rehabilitation  
15 of existing public elementary and secondary schools and, in accordance  
16 with regulations adopted by the department, determine the extent of  
17 eligibility for state aid of a school construction project begun after  
18 July 1, 1978, and administer and direct the planning, designing, and  
19 construction of schools and public works projects related to education  
20 begun after July 1, 1981; for the purposes of this paragraph, a "plan"  
21 includes educational specifications, schematic designs, and final  
22 contract documents;

23 \* Sec. 2. AS 14.07 is amended by adding new sections to read:

24 ARTICLE 3. CONSTRUCTION, REHABILITATION, AND IMPROVEMENT  
25 OF SCHOOLS AND RELATED FACILITIES.

26 Sec. 14.07.180. RECOMMENDATIONS AND EVALUATIONS OF PROJECTS. (a)

27 The assembly or council of a municipality which is a school district or  
28 a regional school board may submit a request to the department for a  
29 school or education-related facility construction, rehabilitation, or

1 improvement project together with a report evaluating the condition of  
2 school or education-related facilities and a determination of the need  
3 for the project.

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

6 (1) rank each project in the order of priority which serves  
7 the best interests of the state;

8 (2) prepare an estimate of the amount of money needed to  
9 finance each project approved by the department and recommend to the  
10 governor appropriations for projects to be included in the budget sub-  
11 mitted to the legislature;

12 (3) provide the governor with a copy of the report of the  
13 assembly, council, or regional school board which requested each project  
14 approved by the department;

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

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

20 (1) priorities assigned by the assembly, council, or school  
21 board to the projects requested;

22 (2) emergency requirements;

23 (3) number of students without classroom space;

24 (4) new local elementary or secondary programs;

25 (5) existing regional, community, and school facilities and  
26 the condition of the facilities;

27 (6) economic and social stability of the municipality or  
28 region.

29 Sec. 14.07.190. ASSUMPTION OF RESPONSIBILITIES. (a) A school

1 district or regional educational attendance area may, by resolution of  
2 the school board, request the assumption or joint exercise with the  
3 department of all or part of the department's responsibilities under  
4 AS 14.07.020(11) relating to the planning, design, and construction of  
5 a school or an education-related facility located within the boundaries  
6 or operating area of the school district or regional educational atten-  
7 dance area. After receipt of a request, the department shall provide  
8 for the assumption or joint exercise by the school district or regional  
9 educational attendance area of those responsibilities requested.

10 (b) If a school district or regional educational attendance area  
11 assumes the department's responsibilities under this section, the  
12 department shall transfer appropriations made for the school or educa-  
13 tion-related facility to a special construction account in the state  
14 treasury. Under the fiscal control of the department, a school district  
15 or regional educational attendance area administering the project as  
16 provided in this section may draw on the account for costs of the  
17 project.

18 (c) The commissioner shall adopt necessary regulations implement-  
19 ing this section, and setting out the requirements for agreements  
20 between the department and a school district or regional educational  
21 attendance area relating to the assumption or joint exercise by the  
22 school district or regional educational attendance area of the depart-  
23 ment's responsibilities under AS 14.07.020(11).

24 \* Sec. 3. AS 14.08.101(7) is repealed and reenacted to read:

25 (7) recommend to the department projects for construction,  
26 rehabilitation, and improvement of schools and education-related facili-  
27 ties as specified in AS 14.07.180(a), and carry out the project when  
28 the responsibility for it is transferred under AS 14.07.190;

29 \* Sec. 4. AS 35.15.080(a) is amended to read:

1 (a) A municipality [OR, IF THE PUBLIC WORK IS AN EDUCATIONAL  
2 FACILITY, A REGIONAL EDUCATIONAL ATTENDANCE AREA ESTABLISHED UNDER  
3 AS 14.08] may, by resolution of its governing body, request the assump-  
4 tion of all or part of the department's responsibilities relating to  
5 the planning, design, and construction of a public works project of the  
6 state which is to be located within the boundaries [OR OPERATING AREA]  
7 of the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] and which  
8 would otherwise be constructed in the manner provided in AS 35.15.010.  
9 After receipt of the request, the department

10 [(1) SHALL PROVIDE FOR THE ASSUMPTION BY THE MUNICIPALITY OR  
11 REGIONAL EDUCATIONAL ATTENDANCE AREA OF ALL OF THE DEPARTMENT'S RESPON-  
12 SIBILITIES RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN  
13 EDUCATIONAL FACILITY;

14 (2)] may provide by agreement for transfer to and assumption  
15 by the municipality of the department's responsibilities relating to  
16 the [PLANNING, DESIGN, AND CONSTRUCTION OF A PUBLIC WORKS] project,  
17 unless the commissioner determines that assumption of responsibilities  
18 by the municipality is not practicable or not in the best interests of  
19 the state.

20 \* Sec. 5. AS 35.15.080(c) is amended to read:

21 (c) A municipality may request joint assumption of responsibili-  
22 ties with the department relating to the planning, design, and construc-  
23 tion of a public works project. [A REGIONAL EDUCATIONAL ATTENDANCE  
24 AREA MAY REQUEST JOINT ASSUMPTION OF RESPONSIBILITIES WITH THE DEPART-  
25 MENT RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN EDUCATIONAL  
26 FACILITY.] Two or more municipalities [OR REGIONAL EDUCATIONAL ATTEN-  
27 DANCE AREAS] may by [MUTUAL] agreement provide for cooperative assump-  
28 tion of responsibilities relating to the planning, design, and construc-  
29 tion of a public works project. If two or more municipalities [OR

1 REGIONAL EDUCATIONAL ATTENDANCE AREAS] request assumption of responsi-  
2 bilities for a project and meet the standard of practicability set out  
3 in (a) [(a)(2)] of this section, the commissioner shall determine which  
4 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] is best able to  
5 direct planning, design, and construction of the project and enter into  
6 an agreement with that municipality [OR REGIONAL EDUCATIONAL ATTENDANCE  
7 AREA,] or provide for joint or cooperative administration, as the  
8 parties may agree or the commissioner may determine. Decisions of the  
9 commissioner under this subsection are final.

10 \* Sec. 6. AS 35.15.090 is amended to read:

11 Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon [ASSUMPTION BY A  
12 MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA OF THE DEPARTMENT'S  
13 RESPONSIBILITIES UNDER AS 35.15.080(a)(1), OR UPCN] execution of an  
14 agreement under AS 35.15.080(a) [AS 35.15.080(a)(2)], state funds  
15 appropriated for a public works project which is the subject of the  
16 [ASSUMPTION OR THE] agreement shall be transferred to a special account  
17 in the state treasury. A municipality [OR REGIONAL EDUCATIONAL ATTEN-  
18 DANCE AREA] administering the project under the [ASSUMPTION OR] agree-  
19 ment may draw on the account for costs of the project, under fiscal  
20 control of the department. If an agreement provides for joint or  
21 cooperative administration of the project, payment of costs shall be  
22 made to the party incurring the costs.

23 \* Sec. 7. AS 43.18.100(a) is amended to read:

24 (a) During each fiscal year, the state shall allocate to an  
25 organized borough or a city which is a school district, the following  
26 sums:

27 (1) payments made by the borough or city during the fiscal  
28 year [TWO YEARS EARLIER] for the retirement of principal and interest  
29 on outstanding bonds, notes or other indebtedness incurred before

1 July 1, 1981, [1977] to pay costs of school construction; and

2 [(2) 80 PERCENT OF

3 (A) PAYMENTS MADE BY THE BOROUGH OR CITY DURING THE  
4 FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND  
5 INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED  
6 AFTER JUNE 30, 1977 AND BEFORE JULY 1, 1978 TO PAY COSTS OF SCHOOL  
7 CONSTRUCTION;

8 (B) CASH PAYMENTS MADE AFTER JUNE 30, 1976 AND BEFORE  
9 JULY 1, 1978 BY THE BOROUGH OR CITY DURING THE FISCAL YEAR TWO  
10 YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION;]

11 (3) subject to (h) and (i) of this section, [80 PERCENT OF]

12 (A) payments made by the borough or city during the  
13 fiscal year [TWO YEARS EARLIER] for the retirement of principal  
14 and interest on outstanding bonds, notes or other indebtedness  
15 incurred after June 30, 1981, [1978] to pay costs of school con-  
16 struction, additions to schools, and major rehabilitation projects  
17 that exceed \$10,000 and are approved under AS 14.07.020(11);

18 (B) cash payments made after June 30, 1979, [1978] by  
19 the borough or city during the fiscal year two years earlier to  
20 pay costs of school construction, additions to schools, and major  
21 rehabilitation projects that exceed \$10,000 and are approved under  
22 AS 14.07.020(11).

23 \* Sec. 8. AS 43.18.100(b) is amended to read:

24 (b) The commissioner shall administer the program of reimburse-  
25 ment authorized under this section and shall provide by regulation for  
26 the filing of applications for reimbursement, the form of proof of  
27 costs for which application for reimbursement is made, and other regula-  
28 tions necessary to administer the program. Based on debt retirement  
29 schedules provided by the Department of Revenue, the commissioner shall

1 pay the money due a borough or city under this section directly to the  
2 person designated in bond covenants to receive payments on behalf of  
3 the bondholders if directed to do so by resolution of the governing  
4 body of the borough or city. The commissioner shall exclude from the  
5 total school construction cost of the school [LOCAL] district all state  
6 and federal funds included in these costs except funds provided under  
7 this section [AND AS 43.50.140]. In approving applications for re-  
8 imbursement, the commissioner shall

9 [(1) OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED  
10 THE AMOUNT OF ANY FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE  
11 SECOND PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN  
12 AS 43.50.140;

13 (2)] require the borough or city to provide, with its appli-  
14 cation, a certified copy of the notice to taxpayers required under  
15 AS 43.18.030.

16 \* Sec. 9. AS 43.18.100 is amended by adding new subsections to read:

17 (h) An allocation under (a)(3) of this section shall be reduced  
18 by the amount of money used for the construction of residential space,  
19 swimming pools, hockey rinks, planetariums, sauna, and other facili-  
20 ties for special sporting or recreational uses which are not suitable  
21 for other activities.

22 (i) For the purposes of (a)(3) of this section

23 (1) an indebtedness for bonds is incurred after the bonds  
24 are sold;

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

27 (3) payments may not be made for costs which are incurred  
28 under a contract after the contract has been released.

29 \* Sec. 10. During the fiscal year ending June 30, 1982, the state shall

1 pay to a borough or city which is a school district the difference between  
2 the total amount of payments made to pay cost of school construction by the  
3 borough or city during fiscal year 1980 (including cash payments and payments  
4 for the retirement of indebtedness) and the amount of the allocation made to  
5 the borough or city under this Act during fiscal year 1982.

6 \* Sec. 11. During the fiscal year ending June 30, 1983, the state shall  
7 pay to a borough or city which is a school district the difference between  
8 the total amount of payments made to pay cost of school construction by the  
9 borough or city during fiscal year 1981 (including cash payments and payments  
10 for the retirement of indebtedness) and the amount of the allocation made to  
11 the borough or city under this Act during fiscal year 1983.

12 \* Sec. 12. AS 14.08.161 is repealed.

13 \* Sec. 13. This Act takes effect July 1, 1981.

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A M E N D M E N T

TO: CSHB 279 (finance)

\* Sec. 10. During the fiscal year ending June 30, 1982, the state shall pay to a borough or city which is a school district the difference between the total amount of payments made to pay cost of school construction by the borough or city during fiscal year 1980 (including cash payments and payments for the retirement of indebtedness) and the amount of the allocation made to the borough or city under this Act during fiscal year 1982. During the fiscal year ending June 30, 1983, the state shall pay to a borough or city which is a school district the difference between the total amount of payments made to pay cost of school construction by the borough or city during fiscal year 1981 (including cash payments and payments for the retirement of indebtedness) and the amount of the allocation made to the borough or city under this Act during fiscal year 1983.

Original sponsors: Carney, Buchholdt,  
Zharoff, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 the best interests of the state;

8 (2) prepare an estimate of the amount of money needed to  
9 finance each project approved by the department and recommend to the  
10 governor appropriations for projects to be included in the budget sub-  
11 mitted to the legislature;

12 (3) provide the governor with a copy of the report of the  
13 assembly, council, or regional school board which requested each project  
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15 (4) provide to the legislature within the first 10 days of  
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3 department of all or part of the department's responsibilities under  
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6 or operating area of the school district or regional educational atten-  
7 dance area. After receipt of a request, the department shall provide  
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9 educational attendance area of those responsibilities requested.

10 (b) If a school district or regional educational attendance area  
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14 treasury. Under the fiscal control of the department, a school district  
15 or regional educational attendance area administering the project as  
16 provided in this section may draw on the account for costs of the  
17 project.

18 (c) The commissioner shall adopt necessary regulations implement-  
19 ing this section, and setting out the requirements for agreements  
20 between the department and a school district or regional educational  
21 attendance area relating to the assumption or joint exercise by the  
22 school district or regional educational attendance area of the depart-  
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2 FACILITY, A REGIONAL EDUCATIONAL ATTENDANCE AREA ESTABLISHED UNDER  
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4 tion of all or part of the department's responsibilities relating to  
5 the planning, design, and construction of a public works project of the  
6 state which is to be located within the boundaries [OR OPERATING AREA]  
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10 [(1) SHALL PROVIDE FOR THE ASSUMPTION BY THE MUNICIPALITY OR  
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12 SIBILITIES RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN  
13 EDUCATIONAL FACILITY;

14 (2)] may provide by agreement for transfer to and assumption  
15 by the municipality of the department's responsibilities relating to  
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17 unless the commissioner determines that assumption of responsibilities  
18 by the municipality is not practicable or not in the best interests of  
19 the state.

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2 bilities for a project and meet the standard of practicability set out  
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9 commissioner under this subsection are final.

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11 Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon [ASSUMPTION BY A  
12 MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA OF THE DEPARTMENT'S  
13 RESPONSIBILITIES UNDER AS 35.15.080(a)( ), OR UPON] execution of an  
14 agreement under AS 35.15.080(a) [AS 35.15.080(a)(2)], state funds  
15 appropriated for a public works project which is the subject of the  
16 [ASSUMPTION OR THE] agreement shall be transferred to a special account  
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19 ment may draw on the account for costs of the project, under fiscal  
20 control of the department. If an agreement provides for joint or  
21 cooperative administration of the project, payment of costs shall be  
22 made to the party incurring the costs.

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24 (a) During each fiscal year, the state shall allocate to an  
25 organized borough or a city which is a school district, the following  
26 sums:

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28 year [TWO YEARS EARLIER] for the retirement of principal and interest  
29 on outstanding bonds, notes or other indebtedness incurred before

1 July 1, 1981, [1977] to pay costs of school construction; and  
2 [(2) 80 PERCENT OF

3 (A) PAYMENTS MADE BY THE BOROUGH OR CITY DURING THE  
4 FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND  
5 INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED  
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7 CONSTRUCTION;

8 (B) CASH PAYMENTS MADE AFTER JUNE 30, 1976 AND BEFORE  
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10 YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION;]

11 (3) subject to (h) and (i) of this section, [80 PERCENT OF]

12 (A) payments made by the borough or city during the  
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16 struction, additions to schools, and major rehabilitation projects  
17 that exceed \$10,000 and are approved under AS 14.07.020(11);

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28 tions necessary to administer the program. Based on debt retirement  
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2 person designated in bond covenants to receive payments on behalf of  
3 the bondholders if directed to do so by resolution of the governing  
4 body of the borough or city. The commissioner shall exclude from the  
5 total school construction cost of the school [LOCAL] district all state  
6 and federal funds included in these costs except funds provided under  
7 this section [AND AS 43.50.140]. In approving applications for re-  
8 imbursement, the commissioner shall

9 [(1) OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED  
10 THE AMOUNT OF ANY FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE  
11 SECOND PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN  
12 AS 43.50.140;

13 (2)] require the borough or city to provide, with its appli-  
14 cation, a certified copy of the notice to taxpayers required under  
15 AS 43.18.030.

16 \* Sec. 9. AS 43.18.100 is amended by adding new subsections to read:

17 (h) An allocation under (a)(3) of this section shall be reduced  
18 by the amount of money used for the construction of residential space,  
19 swimming pools, hockey rinks, planetariums, saunas, and other facili-  
20 ties for special sporting or recreational uses which are not suitable  
21 for other activities.

22 (i) For the purposes of (a)(3) of this section

23 (1) an indebtedness for bonds is incurred after the bonds  
24 are sold;

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

27 (3) payments may not be made for costs which are incurred  
28 under a contract after the contract has been released.

29 \* Sec. 10. During the fiscal year ending June 30, 1983, the state shall

1 pay to a borough or city which is a school district the difference between  
2 the total amount of payments made to pay cost of school construction by the  
3 borough or city during the two fiscal years preceding the effective date of  
4 this Act (including cash payments and payments for the retirement of in-  
5 debtedness) and the amount of the allocations made to the borough or city  
6 under this Act during fiscal years 1982 and 1983.

7 \* Sec. 11. AS 14.08.161 is repealed.

8 \* Sec. 12. This Act takes effect July 1, 1981.

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Greene/Chitwood  
5/26/81

Original sponsors: Carney, Buchholdt,  
Zharoff, et al

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to school construction and transfer-  
7 ring the administration of the school construction  
8 grant program from the Department of Transportation  
9 and Public Facilities to the Department of Education;  
10 and providing for an effective date."

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

12 \* Section 1. AS 14.07.020(11) is amended to read:

13 (11) review plans for construction of [AND] new public elemen-  
14 tary and secondary schools and for additions to and major rehabilitation  
15 of existing public elementary and secondary schools and, in accordance  
16 with regulations adopted by the department, determine the extent of  
17 eligibility for state aid of a school construction project begun after  
18 July 1, 1978, and administer and direct the planning, designing, and  
19 construction of schools and public works projects related to education  
20 begun after July 1, 1981; for the purposes of this paragraph, a "plan"  
21 includes educational specifications, schematic designs, and final  
22 contract documents;

23 \* Sec. 2. AS 14.07 is amended by adding new sections to read:

24 ARTICLE 3. CONSTRUCTION, REHABILITATION, AND IMPROVEMENT  
25 OF SCHOOLS AND RELATED FACILITIES.

26 Sec. 14.07.180. RECOMMENDATIONS AND EVALUATIONS OF PROJECTS. (a)  
27 The assembly or council of a municipality which is a school district or  
28 a regional school board may submit a request to the department for a  
29 school or education-related facility construction, rehabilitation, or

1 improvement project together with a report evaluating the condition of  
2 school or education-related facilities and a determination of the need  
3 for the project.

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

6 (1) rank each project in the order of priority which serves  
7 the best interests of the state;

8 (2) prepare an estimate of the amount of money needed to  
9 finance each project approved by the department and recommend to the  
10 governor appropriations for projects to be included in the budget sub-  
11 mitted to the legislature;

12 (3) provide the governor with a copy of the report of the  
13 assembly, council, or regional school board which requested each project  
14 approved by the department;

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

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

20 (1) priorities assigned by the assembly, council, or school  
21 board to the projects requested;

22 (2) emergency requirements;

23 (3) number of students without classroom space;

24 (4) new local elementary or secondary programs;

25 (5) existing regional, community, and school facilities and  
26 the condition of the facilities;

27 (6) economic and social stability of the municipality or  
28 region.

29 Sec. 14.07.190. ASSUMPTION OF RESPONSIBILITIES. (a) A school

1 district or regional educational attendance area may, by resolution of  
2 the school board, request the assumption or joint exercise with the  
3 department of all or part of the department's responsibilities under  
4 AS 14.07.020(11) relating to the planning, design, and construction of  
5 a school or an education-related facility located within the boundaries  
6 or operating area of the school district or regional educational atten-  
7 dance area. After receipt of a request, the department shall provide  
8 for the assumption or joint exercise by the school district or regional  
9 educational attendance area of those responsibilities requested.

10 (b) If a school district or regional educational attendance area  
11 assumes the department's responsibilities under this section, the  
12 department shall transfer appropriations made for the school or educa-  
13 tion-related facility to a special construction account in the state  
14 treasury. Under the fiscal control of the department, a school district  
15 or regional educational attendance area administering the project as  
16 provided in this section may draw on the account for costs of the  
17 project.

18 (c) The commissioner shall adopt necessary regulations implement-  
19 ing this section, and setting out the requirements for agreements  
20 between the department and a school district or regional educational  
21 attendance area relating to the assumption or joint exercise by the  
22 school district or regional educational attendance area of the depart-  
23 ment's responsibilities under AS 14.07.020(11).

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27 \* Sec. 3. AS 14.08.101(7) is repealed and reenacted to read:

28 (7) recommend to the department projects for construction,  
29 rehabilitation, and improvement of schools and education-related facili

1 ties as specified in AS 14.07.180(a), and carry out the project when  
2 the responsibility for it is transferred under AS 14.07.190;

3 \* Sec. 4. AS 35.15.080(a) is amended to read:

4 (a) A municipality [OR, IF THE PUBLIC WORK IS AN EDUCATIONAL  
5 FACILITY, A REGIONAL EDUCATIONAL ATTENDANCE AREA ESTABLISHED UNDER  
6 AS 14.08] may, by resolution of its governing body, request the assump-  
7 tion of all or part of the department's responsibilities relating to  
8 the planning, design, and construction of a public works project of the  
9 state which is to be located within the boundaries [OR OPERATING AREA]  
10 of the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] and which  
11 would otherwise be constructed in the manner provided in AS 35.15.010.  
12 After receipt of the request, the department

13 [(1) SHALL PROVIDE FOR THE ASSUMPTION BY THE MUNICIPALITY OR  
14 REGIONAL EDUCATIONAL ATTENDANCE AREA OF ALL OF THE DEPARTMENT'S RESPON-  
15 SIBILITIES RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN  
16 EDUCATIONAL FACILITY;

17 (2)] may provide by agreement for transfer to and assumption  
18 by the municipality of the department's responsibilities relating to  
19 the [PLANNING, DESIGN, AND CONSTRUCTION OF A PUBLIC WORKS] project,  
20 unless the commissioner determines that assumption of responsibilities  
21 by the municipality is not practicable or not in the best interests of  
22 the state.

23 \* Sec. 5. AS 35.15.080(c) is amended to read:

24 (c) A municipality may request joint assumption of responsibili-  
25 ties with the department relating to the planning, design, and construc-  
26 tion of a public works project. [A REGIONAL EDUCATIONAL ATTENDANCE  
27 AREA MAY REQUEST JOINT ASSUMPTION OF RESPONSIBILITIES WITH THE DEPART-  
28 MENT RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN EDUCATIONAL  
29 FACILITY.] Two or more municipalities [OR REGIONAL EDUCATIONAL ATTEN-

1 DANCE AREAS] may by [MUTUAL] agreement provide for cooperative assump-  
2 tion of responsibilities relating to the planning, design, and construc-  
3 tion of a public works project. If two or more municipalities [OR  
4 REGIONAL EDUCATIONAL ATTENDANCE AREAS] request assumption of responsi-  
5 bilities for a project and meet the standard of practicability set out  
6 in (a) [(a)(2)] of this section, the commissioner shall determine which  
7 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] is best able to  
8 direct planning, design, and construction of the project and enter into  
9 an agreement with that municipality [OR REGIONAL EDUCATIONAL ATTENDANCE  
10 AREA,] or provide for joint or cooperative administration, as the  
11 parties may agree or the commissioner may determine. Decisions of the  
12 commissioner under this subsection are final.

13 \* Sec. 6. AS 35.15.090 is amended to read:

14 Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon [ASSUMPTION BY A  
15 MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA OF THE DEPARTMENT'S  
16 RESPONSIBILITIES UNDER AS 35.15.080(a)(1), OR UPON] execution of an  
17 agreement under AS 35.15.080(a) [AS 35.15.080(a)(2)], state funds  
18 appropriated for a public works project which is the subject of the  
19 [ASSUMPTION OR THE] agreement shall be transferred to a special account  
20 in the state treasury. A municipality [OR REGIONAL EDUCATIONAL ATTEN-  
21 DANCE AREA] administering the project under the [ASSUMPTION OR] agree-  
22 ment may draw on the account for costs of the project, under fiscal  
23 control of the department. If an agreement provides for joint or  
24 cooperative administration of the project, payment of costs shall be  
25 made to the party incurring the costs.

26 \* Sec. 7. AS 43.18.100(a) is amended to read:

27 (a) During each fiscal year, the state shall allocate to an  
28 organized borough or a city which is a school district, the following  
29 sums:

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(1) payments made by the borough or city during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred before July 1, 1981 to pay costs of school construction and major rehabilitation; and

[(2) 80 PERCENT OF

(A) PAYMENTS MADE BY THE BOROUGH OR CITY DURING THE FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED AFTER JUNE 30, 1977 AND BEFORE JULY 1, 1978 TO PAY COSTS OF SCHOOL CONSTRUCTION;

(B) CASH PAYMENTS MADE AFTER JUNE 30, 1976 AND BEFORE JULY 1, 1978 BY THE BOROUGH OR CITY DURING THE FISCAL YEAR TWO YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION;]

(3) <sup>43,18,100</sup> subject to (h) and (i) of this section, [80 PERCENT OF]

(i) payments made by the borough or city during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1981 to pay costs of school construction and major rehabilitation.

(B) Cash payments made after June 30, 1978 by the City or Borough and by rural education attendance areas after June 30, 1981 during the fiscal year two years earlier to pay costs of school construction or rehabilitation projects approved under AS 14.07.020(11) that exceed \$10,000.

24 \* Sec. 8. AS 43.18.100(b) is amended to read:

25 (b) The commissioner shall administer the program of reimbursement  
26 authorized under this section and shall provide by regulation for the  
27 filing of applications for reimbursement, the form of proof of costs  
28 for which application for reimbursement is made, and other regulations  
29 necessary to administer the program. Based on debt retirement sche-

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5 The commissioner shall exclude from  
6 the total school construction cost of the school [LOCAL] district all  
7 state and federal funds included in these costs except funds provided  
8 under this section ~~and AS 43.50.140~~. In approving applications for  
9 reimbursement, the commissioner shall

10 [(1) OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED  
11 THE AMOUNT OF ANY FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE  
12 SECOND PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN  
13 AS 43.50.140;

14 (2)] require the borough or city to provide, with its appli-  
15 cation, a certified copy of the notice to taxpayers required under  
16 AS 43.18.030.

17 \* Sec. 9. AS 43.18.100 is amended by adding new subsections to read:

18 (h) An allocation under (a)(3) of this section shall be reduced  
19 by the amount of money used for the construction of residential space,  
20 swimming pools, hockey rinks, planetariums, saunas, and other facilities  
21 for special sporting or recreational uses which are not suitable for  
22 other activities.

23 (i) For the purposes of (a)(3) of this section

24 (1) an indebtedness for bonds is incurred after the bonds  
25 are sold;

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

28 (3) payments may not be made for costs which are incurred  
29 under a contract after the contract has been released.

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\* Sec. 10. AS 14.08.16 is repealed.

\* Sec. 11. This Act takes effect July 1, 1981.

A M E N D M E N T

OFFERED IN THE HOUSE:

By: \_\_\_\_\_

To: \_\_\_\_\_<sup>CS</sup> HOUSE BILL No. 279 (fin)  
SENATE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Title Change: "An Act relating to school construction and state aid to school districts under the public school foundation program, transferring the administration of the school construction grant program from the Department of Transportation and Public Facilities to the Department of Education; and providing for an effective date."

Amendments

Page 3, lines 23-26. Delete "Before the commissioner adopts, amends, or repeals a regulation under this section, he shall consult with the Alaska Association of School Boards and the Alaska Association of School Administrators."

page 6, line 20. Change June 30, 1981 to June 30, 1979.

page 8. Delete Sec. 10, lines 1-6.

page 8, line 7. Delete "AS 43.50.140". Renumber sec. 10 [11].

page 8, add sec. 11, 12, 13 (see attachment)

Page 8, line 8. Renumber Sec. 14 [12].

CSHB 279 (fin):

1 \* Sec. 11. AS 14.17.023 (b) is amended to read:

2 (b) The amount of supplemental equalization aid for a district is  
3 calculated by multiplying the ADM of the district as reported for the prior  
4 fiscal year under AS 14.17.180 by the amount per ADM calculated in (c) of  
5 this section. This amount shall be reduced by the [AMOUNT OF THE] average  
6 locally-generated [LOCAL] appropriation [TAX CONTRIBUTIONS] per pupil in  
7 average daily membership appropriated by the city or borough to the school  
8 district for school operating costs in that district in the prior fiscal  
9 year or in the fiscal year ending June 30, 1979, whichever is higher.

10 \* Sec. 12. AS 14.17.023 (c) is amended to read:

11 (c) the amount per ADM of supplemental equalization aid is calculated  
12 as the amount equal to the average locally-generated [LOCAL] appropriation  
13 [TAX CONTRIBUTIONS] per pupil in average daily membership appropriated by  
14 the city or borough to the school districts for school operating costs in  
15 the city and borough school districts in the prior fiscal year.

16 \* Sec. 13. AS 14.17.250 is amended to read:

17 (20) "locally-generated appropriation" means an appropriation made from  
18 revenue sources originating within the municipality and does not include  
19 funds acquired by transfer from federal, state or other governmental units.  
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Original Sponsors: Carney, Buchholdt,  
Zharoff, et al

Offered: 4/10/81  
Referred: Finance

1 IN THE HOUSE BY THE HEALTH, EDUCATION  
AND SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (HESS)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 43.18.100(a) is amended to read:

10 (a) During each fiscal year, the state shall allocate to an  
11 organized borough or a city which is a school district, the following  
12 sums:

13 (1) all payments made by the borough or city during the  
14 fiscal year [TWO YEARS EARLIER] for the retirement of principal and  
15 interest on outstanding bonds, notes or other indebtedness incurred  
16 before July 1, 1981 [1977] to pay costs of school construction; and

17 [(2) 80 PERCENT OF

18 (A) PAYMENTS MADE BY THE BOROUGH OR CITY DURING THE  
19 FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND  
20 INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED  
21 AFTER JUNE 30, 1977 AND BEFORE JULY 1, 1978 TO PAY COSTS OF SCHOOL  
22 CONSTRUCTION;

23 (3) CASH PAYMENTS MADE AFTER JUNE 30, 1976 AND BEFORE  
24 JULY 1, 1978 BY THE BOROUGH OR CITY DURING THE FISCAL YEAR TWO  
25 YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION;]

26 (3) 80 percent of

27 (A) payments made by the borough or city during the  
28 fiscal year [TWO YEARS EARLIER] for the retirement of principal  
29 and interest on outstanding bonds, notes or other indebtedness

1 incurred after June 30, 1981 [1978] to pay costs of school con-  
2 struction projects approved under AS 14.07.020(11);

3 (B) cash payments made after June 30, 1981 [1978] by  
4 the borough or city during the fiscal year [TWO YEARS EARLIER] to  
5 pay costs of school construction projects approved under AS 14.07.-  
6 020(11).

7 \* Sec. 2. AS 43.18.100(b) is amended to read:

8 (b) The commissioner shall administer the program of reimburse-  
9 ment authorized under this section and shall provide by regulation for  
10 the filing of applications for reimbursement, the form of proof of  
11 costs for which application for reimbursement is made, and other regula-  
12 tions necessary to administer the program. The commissioner shall pay  
13 the money due a borough or city as reimbursement under this section  
14 directly to the person designated in bond covenants to receive payments  
15 on behalf of the bondholders if directed to do so by resolution of the  
16 governing body of the borough or city. The commissioner shall exclude  
17 from the total school construction cost of the local district all state  
18 and federal funds included in these costs except funds provided under  
19 this section and AS 43.50.140. In approving applications for reimburse-  
20 ment, the commissioner shall

21 (1) offset against the amount of reimbursement authorized  
22 the amount of any funds distributed to the borough or city in the  
23 second preceding fiscal year from the school fund provided for in  
24 AS 43.50.140;

25 (2) require the borough or city to provide, with its applica-  
26 tion, a certified copy of the notice to taxpayers required by AS 43.18.-  
27 030.

28 \* Sec. 3. All payments made by an organized borough or a city which is a  
29 school district during the two fiscal years preceding the effective date of

1 this Act for the retirement of principal and interest on outstanding bonds,  
2 notes, or other indebtedness or cash payments made to pay costs of school  
3 construction shall be allocated by the state to the organized borough or  
4 city during the fiscal year ending June 30, 1982.

5 \* Sec. 4. This Act takes effect July 1, 1981.  
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Introduced: 3/6/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY CARNEY, BUCHHOLDT, ZHAROFF,  
FULLER, GRUSSENDORF AND MOSS

2 HOUSE BILL NO. 279

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction."

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

8 \* Section 1. AS 43.18.100(a) is amended to read:

9 (a) During each fiscal year, the state shall allocate to an  
10 organized borough or a city which is a school district, the following  
11 sums:

12 (1) all payments made by the borough or city during the  
13 fiscal year [TWO YEARS EARLIER] for the retirement of principal and  
14 interest on outstanding bonds, notes or other indebtedness incurred  
15 before July 1, 1981 [1977] to pay costs of school construction; and

16 (2) all [80 PER CENT OF]

17 (A) payments made by the borough or city during the  
18 fiscal year two years earlier for the retirement of principal and  
19 interest on outstanding bonds, notes or other indebtedness incurred  
20 after June 30, 1977 and before July 1, 1983 [1978] to pay costs of  
21 school construction;

22 (B) cash payments made after June 30, 1976 and before  
23 July 1, 1983 [1978] by the borough or city during the fiscal year  
24 two years earlier to pay costs of school construction;

25 (3) 80 per cent of

26 (A) payments made by the borough or city during the  
27 fiscal year two years earlier for the retirement of principal and  
28 interest on outstanding bonds, notes or other indebtedness incurred  
29 after June 30, 1981 [1978] to pay costs of school construction

1 projects approved under AS 14.07.020(11);

2 (B) cash payments made after June 30, 1981 [1978] by  
3 the borough or city during the fiscal year two years earlier to  
4 pay costs of school construction projects approved under AS 14.07.-  
5 020(11).

6 \* Sec. 2. AS 43.18.100(b) is amended to read:

7 (b) The commissioner shall administer the program of reimbursement  
8 authorized under this section and shall provide by regulation for the  
9 filing of applications for reimbursement, the form of proof of costs  
10 for which application for reimbursement is made, and other regulations  
11 necessary to administer the program. The commissioner shall pay the  
12 money due a borough or city as reimbursement under this section directly  
13 to the person designated in bond covenants to receive payments on behalf  
14 of the bondholders if directed to do so by resolution of the governing  
15 body of the borough or city. The commissioner shall exclude from the  
16 total school construction cost of the local district all state and  
17 federal funds included in these costs except funds provided under this  
18 section and AS 43.50.140. In approving applications for reimbursement,  
19 the commissioner shall

20 (1) offset against the amount of reimbursement authorized  
21 the amount of any funds distributed to the borough or city in the  
22 second preceding fiscal year from the school fund provided for in  
23 AS 43.50.140;

24 (2) require the borough or city to provide, with its applica-  
25 tion, a certified copy of the notice to taxpayers required by  
26 AS 43.18.030.

5/7/81 By Carney

AMENDMENT TO CSHE 279

\*Sec 4. delecte effective date - new Sec 4 reads.

AS 43.13.100 is amended by adding new subsections to read:

(g) After June 30, 1981, state aid under this section may only be provided for bonds issued to finance the construction of a school if

(1) for elementary schools with enrollment of less than 100 students, the facility

(A) conforms to the specifications and regulations of the Department of Education,

(B) is desinged to accommodate the education program of the local school district, and

(C) provides for no more than 120 gross square feet of floor per student;

(2) for elementary schools with enrollment of 100 or more students, the facility

(A) conforms to the specifications and regulations of the Department of Education,

(B) is designed to accommodate the education program of the local school district, and

(C) provides no more than 100 gross square feet of floor area per student;

(3) for secondary schools with enrollment of less than 100 students, the facility

(A) conforms to the specifications and regulations of the Department of Education, and

(B) is designed to accommodate the education program of the local school district,

(4) for secondary schools with enrollment of 100 or more students, the facility

(A) conforms to the specification and regulations of the Department of Education, and

(B) is designed to accommodate the education program of the local school district, and

(C) provides no more than 150 gross square feet of floor

area per student;

(5) for combined elementary and secondary schools with enrollment of less than 100 students, the facility

(A) conforms to the specification and regulations of the Department of Education,

(B) is designed to accommodate the educational program of the local school district; and

(6) for combined elementary and secondary schools with enrollment of 100 or more students, the facility

(A) conforms to the specifications and regulations of the Department of Education,

(B) is designed to accommodate the educational program of the local school district,

(C) provides no more than 100 gross square feet of floor area for each elementary student, and

(D) provides no more than 150 gross square feet of floor area for each secondary student.

(h) The commissioner shall deduct from amounts provided under (a) (3) and (4) of this section to retire the indebtedness, the cost of residential space, swimming pools, hockey rinks, planetariums, saunas, and other specialized facilities which are for sporting or recreational purposes, and are not suitable for multiple-use activities.

(i) For the purposes of (a) of this section,

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

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

(3) payments may not be made for costs which are incurred for a school construction contract after the contractor has signed a release.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

HB 279

FISCAL NOTE

HB 279

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 279  
 Title Relating to state aid for school construction  
 Requested by House Health, Education & Social Services Committee Date 3/6/81

II. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected General Fund  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars)

→ MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	80 % Portion	83.0	50.6	51.4	45.8	30.7
	→ 20 % Portion	20.8	12.7	12.9	11.4	7.7 ←
TOTAL		103.8	63.3	64.3	57.2	38.4

FUNDING (~~Thousands~~ of Dollars)

→ MILLIONS ←

GENERAL FUND		103.8	63.3	64.3	57.2	38.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would have the state pay 100% of local debt service related to school construction as well as cash payments made for construction. Payments would be accelerated to the year after, vs. a two year lag as it is now.

Above includes bond issues outstanding as of 12/31/80 only and does not include cash payments that may have been made unrelated to debt service as they are unknown. FY 82 includes FY 80 and FY 81 amounts for "catch-up"; FY 83 shows debt service paid for FY 82, etc. The "80%" portion is as the current law is written; the "20%" portion shows the incremental effect of this bill. No future bond issues have been factored in as they are indeterminate.

*Anselm C. Staack*

IV. DATE March 24, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Dept. of Revenue/Treasury  
 PHONE 465-2351

Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

*Steve Hole*  
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 Dept. of Education, 465-2884