

COMMITTEE REPORT  
SENATE

FURTHER: None

6/8/81

Date: 5/21/82

Mr. President:

The Committee on FINANCE has had CSHB 279 (Fin) am  
school construction

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with SCS for CSHB 279 (Fin) am  same title  new title  
and recommends Do Pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation 4/1/82 (13,466.4)
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

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[Signature]  
CHAIRMAN  
Do Pass

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CS HB 279 (Finance) am  
 Title An Act relating to school construction ...  
 Requested by Senate Finance Date April 1, 1982

II. FISCAL DETAIL

Agency Affected Education  
 Program Category Affected Elementary and Secondary  
 BRU, Program, Or Subprogram(s) Affected Financial Support. Districts  
 (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)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		13,466.4	22,016.4	11,361.8	3,761.8	3,761.8
TOTAL		13,466.4	22,016.4	11,361.8	3,761.8	3,761.8

FUNDING (Thousands of Dollars)

GENERAL FUND		13,466.4	22,016.4	11,361.8	3,761.8	3,761.8
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)  
See Attached.

This fiscal note is based, in part, upon the attached information provided by the Alaska Municipal League. The above estimates are based upon the assumptions that:

- 1) payments on the attached bond schedules will begin after July 1, 1982; and
- 2) pre 1982 debt payments will continue at the current rate (copy attached).

IV. DATE April 1, 1982

PREPARED BY Steve Hole

AGENCY Education

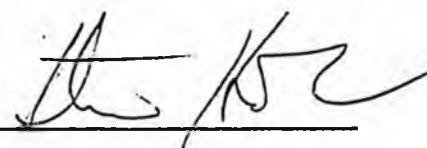
Original: Legislative Finance

PHONE 465-2890

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)



PRESENT	FY 83	FY 84	FY 85	FY 86	FY 87
Pre 77 Debt 100%	31,280,784	31,280,784	31,280,784	31,280,784	31,280,784
Post 77 Debt 80% Portion	9,693,681	9,693,681	20,348,249	27,948,249	27,948,249
Cash 80% Portion	2,146,462	2,146,462	2,146,462	2,146,462	2,146,462
Cig. Tax	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>
TOTAL	41,117,727	41,117,727	51,772,295	59,372,296	59,372,296

THIS BILL	FY 83	FY 84	FY 85	FY 86	FY 87
Pre 77 Debt 100%	31,280,784	31,280,784	31,280,784	31,280,784	31,280,784
Post 77 Debt Pre 83 90%	10,905,391	10,905,391	10,905,391	10,905,391	10,905,391
Cash 90% Portion	2,414,770	2,414,770	2,414,770	2,414,770	2,414,770
Post 82 Debt 90% Current	11,986,389	20,536,389	20,536,389	20,536,389	20,536,389
Cig. Tax	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>	<u>(2,003,200)</u>
TOTAL	54,584,134	63,134,134	63,134,134	63,134,134	63,134,134

10% Increase	1,480,000	1,480,000	2,811,800	3,761,800	3,761,800
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Two Year Acceleration	11,986,389	20,536,389	8,550,000	-0-	-0-
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Increase Under this bill	13,466.4*	22,016.4*	11,361.8*	3,761.8	3,761.8
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\*The line immediately above the bill increase totals shows the effects by fiscal year, of eliminating the two fiscal year delay. This means that these amounts are not "new" costs, but rather that they are incurred two fiscal years earlier than the present provisions of AS 43.18.100

STATE OF ALASKA  
 Department of Education  
 STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT  
 1981-82

School District	Debt Service at 100% Prior 7-1-77	Debt Service at 80% After 7-1-77	80% Debt Service	Credit for Cash Pymt. Prior FY 72	50% Cash Pmt. Prior FY 79	Cash Pymt. 1979-80	80% of Cash Pymt. 1979-80	Debt Svc. Plus Cash Pymt.	Less Cig Tax 1979-80	Total Entitlements Paid
Anchorage	9,763,865	1,050,347	840,278	-0-	-0-	225,045	180,036	10,784,179	869,367	9,914,812
Bristol Bay	21,551	-0-	-0-	14,298	7,149	-0-	-0-	28,700	10,667	18,033
Cordova	125,298	-0-	-0-	-0-	-0-	-0-	-0-	125,298	17,704	107,594
Craig	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,615	-0-
Dillingham	-0-	-0-	-0-	-0-	-0-	90,856	72,685	72,685	16,441	56,244
Fairbanks	4,464,576	-0-	-0-	76,508	38,254	-0-	-0-	4,502,830	238,191	4,264,639
Galena	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,861	-0-
Haines	92,897	-0-	-0-	-0-	-0-	-0-	-0-	92,897	16,002	76,815
Hoonah	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,940	-0-
Hydaburg	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,234	-0-
Juneau	831,696	-0-	-0-	-0-	-0-	-0-	-0-	831,696	115,566	716,130
Kenai	2,518,184	2,628,408	2,102,726	54,887	27,444	1,022,364	817,891	5,466,245	161,198	5,305,047
Ketchikan	603,752	-0-	-0-	-0-	-0-	372,438	297,950	901,702	72,149	829,553
King Cove	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,904	-0-
Klawock	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,517	-0-
Kodiak	434,737	-0-	-0-	14,563	7,282	318,197	254,550	696,577	62,086	634,491
Mat-Su	2,127,263	2,341,895	1,873,516	1,496	748	-0-	-0-	4,001,527	115,431	3,886,096
Nenana	21,400	-0-	-0-	2,583	1,292	-0-	-0-	22,692	10,172	12,520
Nome	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,100	-0-
North Slope	8,041,575	1,502,028	1,201,622	-0-	-0-	-0-	-0-	9,243,197	45,473	9,197,724
Pelican	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,535	-0-
Petersburg	493,243	-0-	-0-	30,150	19,075	-0-	-0-	512,318	20,623	491,695
Sand Point	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,081	-0-
Sitka	437,106	-0-	-0-	830	415	338,035	271,068	708,589	50,831	657,758
Skagway	26,050	-0-	-0-	-0-	-0-	-0-	-0-	26,050	9,831	16,219
St. Marys	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,486	-0-
Unalaska	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,203	-0-
Valdez	1,528,025	577,771	462,217	3,901	1,951	36,670	29,336	2,021,529	27,598	1,993,931
Wrangell	21,291	98,233	78,586	-0-	-0-	-0-	-0-	99,877	17,022	82,855
Yakutat	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,049	-0-
<b>TOTALS</b>	<b>31,552,509</b>	<b>8,198,602</b>	<b>6,558,945</b>	<b>207,216</b>	<b>103,610</b>	<b>2,404,405</b>	<b>1,923,524</b>	<b>40,138,588</b>	<b>2,803,200</b>	<b>38,335,388</b>

PROVIDED BY ALASKA MUNICIPAL LEAGUE  
February 11, 1982

<u>City and Borough of Juneau</u>	\$12,300,000 (x 12.5%)	\$1,537,500 est	
<u>Matanuska-Susitna Borough</u>	\$14,870,000 (x 13.9%)	\$2,065,930 est	
<u>Fairbanks North Star Borough</u>	After 1/1/82 -	\$2,069,750 est	
<u>Kenai Peninsular Borough</u>	Will sell March 16 -	\$12,169,000	
	If sold at 12 years -	\$2,527,228	
	If sold at 6 years -	\$3,395,031	
<u>Valdez</u>	Will sell February 6 -	\$10,000,000 (x 12.3%)	\$1,230,000
<u>Municipality of Anchorage</u>	Will sell May 4 -	\$69,900,000. Could be as much as <u>\$9.5 million</u> in dept service payments. They are going to try to put in the contract that the payments will begin after July 1 of 1983 (budget year 83-84). (13% interest)	
<u>North Slope Borough</u>	\$3,020,000		

FY'83 DEBT SERVICE ON SCHOOL BONDS ISSUED AFTER JANUARY 1, 1982

Municipality of Anchorage	\$ 4,500,000
Fairbanks North Star Borough	2,069,750
City & Borough of Juneau	1,873,900
Kenai Peninsula Borough	1,572,187
Matanuska Susitna Borough	2,065,930
North Slope Borough	<u>3,020,000</u>
Total	\$15,501,767
90% State Share	13,951,590

Estimate on amount of debt service that will be ineligible for reimbursement	<u>(1,400,000)</u>
	\$12,551,590

Fiscal impact of eliminating 2-year time lag for state reimbursement (shifts state's obligation from FY'85 to FY'83) rounded	\$12,500,000
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Fiscal impact of increasing reimbursement from 80% to 90% of debt service on existing debt.	<u>1,500,000</u>
Total	\$14,000,000

Cook

2/22/82

A M E N D M E N T

1  
2  
3 TO: CSHB 279 (Finance) am  
4

5 Page 1, line 6, through page 8, line 11:

6 Delete all material and insert:

7 For an Act entitled: "An Act relating to school construction and transfer-  
8 ring the administration of school or education-related  
9 facility construction from the Department of Transpor-  
10 tation and Public Facilities to the Department of  
11 Education; and providing for an effective date."

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

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

14 (11) review plans for construction of [AND] new public elemen-  
15 tary and secondary schools and for additions to and major rehabilitation  
16 of existing public elementary and secondary schools and, in accordance  
17 with regulations adopted by the department, determine and approve the  
18 extent of eligibility for state aid of a school construction project  
19 begun after July 1, ~~1978~~ <sup>leave as 1978</sup>, for the purposes of this paragraph, "plans"  
20 include [A "PLAN" INCLUDES] educational specifications, schematic  
21 designs, and final contract documents;

22 \* Sec. 2. AS 14.07.020 is amended by adding a new paragraph to read:

23 (13) administer the grants awarded under AS 14.07.190.

24 \* Sec. 3. AS 14.07 is amended by adding new sections to read:

25 ARTICLE 3. CONSTRUCTION, REHABILITATION, AND IMPROVEMENT  
26 OF SCHOOLS AND EDUCATION-RELATED FACILITIES.

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

28 The assembly or council of a municipality that is a school district or a  
29 regional school board may submit a request to the department for a

1 school or education-related facility construction, rehabilitation, or  
2 improvement project together with a report evaluating the condition of  
3 school or education-related facilities in the municipality or regional  
4 educational attendance area and a determination of the need for the  
5 project.

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

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

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

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

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

20 (c) In establishing priorities among requested projects the depart-  
21 ment shall evaluate at least the following factors:

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

24 (2) emergency requirements;

25 (3) number of students without classroom space;

26 (4) new local elementary or secondary programs;

27 (5) existing regional, community, and school facilities and  
28 the condition of the facilities;

29 (6) economic and social stability of the municipality or

1 region.

2 (d) The provisions of this section do not affect a municipality's  
3 eligibility for reimbursement under AS 43.18.100.

4 Sec. 14.07.190. ASSUMPTION OF RESPONSIBILITIES. (a) The assembly  
5 or council of a municipality that is a school district or a regional  
6 school board may, by ~~ordinance~~<sup>resolution</sup> or majority vote of the body, assume the  
7 responsibilities relating to the planning, design, and construction of a  
8 school or an education-related facility located within the boundaries or  
9 operating area of the municipality or regional educational attendance  
10 area. After receipt of a request by an assembly or council under this  
11 subsection, the department shall provide for the assumption of the  
12 responsibilities requested. After receipt of a request by a regional  
13 school board under this subsection, the department may provide for the  
14 assumption of the responsibilities requested.

15 (b) If a municipality that is a school district or a regional  
16 educational attendance area assumes the responsibilities under this  
17 section, the department shall grant to the municipality or regional  
18 educational attendance area money appropriated for the school or educa-  
19 tion-related facility. The department may transfer the appropriations  
20 to a special construction account in the state treasury. Under the  
21 fiscal control of the department, a municipality or regional educational  
22 attendance area that assumes responsibilities for the project as pro-  
23 vided in this section may draw on the account for costs of the project.

24 (c) The construction management costs of a project assumed under  
25 this section may not exceed four percent of the amount of appropriations  
26 for the facility if the amount of appropriations is \$500,000 or less.  
27 The construction management costs of a project assumed under this section  
28 may not exceed three percent of the amount of appropriations for the  
29 facility if the amount of appropriations is over \$500,000 but less than

1 \$5,000,000. The construction management costs of a project assumed  
2 under this section may not exceed ~~three~~<sup>four</sup> percent of the amount of appro-  
3 priations for the facility if the amount of appropriations is \$5,000,000  
4 or more. For purposes of this subsection "construction management"  
5 means management of the project's schedule, quality, and budget during  
6 any phase of the planning, design, and construction of the facility by a  
7 private contractor engaged by the municipality or regional educational  
8 attendance area.

9 (d) The commissioner shall adopt necessary regulations implement-  
10 ing this section, and setting out the requirements for agreements between  
11 the department and a municipality or regional educational attendance  
12 area relating to the assumption by the municipality or regional educa-  
13 tional attendance area of responsibilities for the planning, design, and  
14 construction of a project.

15 \* Sec. 4. AS 14.08.101(7) is repealed and reenacted to read:

16 (7) recommend to the department projects for construction,  
17 rehabilitation, and improvement of schools and education-related facili-  
18 ties as specified in AS 14.07.180(a), and plan, design, and construct  
19 the project when the responsibility for it is assumed under AS 14.07.-  
20 190;

21 \* Sec. 5. AS 35.15.080(a) is amended to read:

22 (a) A municipality [OR, IF THE PUBLIC WORK IS AN EDUCATIONAL  
23 FACILITY, A REGIONAL EDUCATIONAL ATTENDANCE AREA ESTABLISHED UNDER  
24 AS 14.08] may, by resolution of its governing body, request the assump-  
25 tion of all or part of the department's responsibilities relating to the  
26 planning, design, and construction of a public works project of the  
27 state that [WHICH] is to be located within the boundaries [OR OPERATING  
28 AREA] of the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] and  
29 that [WHICH] would otherwise be constructed in the manner provided in

1 AS 35.15.010. After receipt of the request, the department

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

6 (2)] may provide by agreement for transfer to and assumption  
7 by the municipality of the department's responsibilities relating to the  
8 [PLANNING, DESIGN, AND CONSTRUCTION OF A PUBLIC WORKS] project, unless  
9 the commissioner determines that assumption of responsibilities by the  
10 municipality is not practicable or not in the best interests of the  
11 state.

12 \* Sec. 6. AS 35.15.080(c) is amended to read:

13 (c) A municipality may request joint assumption of responsibili-  
14 ties with the department relating to the planning, design, and construc-  
15 tion of a public works project. [A REGIONAL EDUCATIONAL ATTENDANCE AREA  
16 MAY REQUEST JOINT ASSUMPTION OF RESPONSIBILITIES WITH THE DEPARTMENT  
17 RELATING TO THE PLANNING, DESIGN AND CONSTRUCTION OF AN EDUCATIONAL  
18 FACILITY.] Two or more municipalities [OR REGIONAL EDUCATIONAL ATTEN-  
19 DANCE AREAS] may by [MUTUAL] agreement provide for cooperative assump-  
20 tion of responsibilities relating to the planning, design, and construc-  
21 tion of a public works project. If two or more municipalities [OR  
22 REGIONAL EDUCATIONAL ATTENDANCE AREAS] request assumption of responsi-  
23 bilities for a project and meet the standard of practicability set out  
24 in (a) [(a)(2)] of this section, the commissioner shall determine which  
25 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] is best able to  
26 direct planning, design, and construction of the project and enter into  
27 an agreement with that municipality [OR REGIONAL EDUCATIONAL ATTENDANCE  
28 AREA,] or provide for joint or cooperative administration, as the parties  
29 may agree or the commissioner may determine. Decisions of the commis-

1 sioner under this subsection are final.

2 \* Sec. 7. AS 35.15.090 is amended to read:

3 Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon [ASSUMPTION BY A  
4 MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA OF THE DEPARTMENT'S  
5 RESPONSIBILITIES UNDER AS 35.15.080(a)(1), OR UPON] execution of an  
6 agreement under AS 35.15.080(a) [AS 35.15.080(a)(2)], state funds appro-  
7 priated for a public works project which is the subject of the [ASSUMP-  
8 TION OR THE] agreement shall be transferred to a special account in the  
9 state treasury. A municipality [OR REGIONAL EDUCATIONAL ATTENDANCE  
10 AREA] administering the project under the [ASSUMPTION OR] agreement may  
11 draw on the account for costs of the project, under fiscal control of  
12 the department. If an agreement provides for joint or cooperative  
13 administration of the project, payment of costs shall be made to the  
14 party incurring the costs.

15 \* Sec. 8. AS 43.18.100(a) is amended to read:

16 (a) During each fiscal year, the state shall allocate to a municipi-  
17 pality that [AN ORGANIZED BOROUGH OR A CITY WHICH] is a school district,  
18 the following sums:

19 (1) payments made by the municipality [BOROUGH OR CITY]  
20 during the fiscal year two years earlier for the retirement of principal  
21 and interest on outstanding bonds, notes or other indebtedness incurred  
22 before July 1, 1977 to pay costs of school construction;

23 (2) 90 [80] percent of

24 (A) payments made by the municipality [BOROUGH OR CITY]  
25 during the fiscal year two years earlier for the retirement of  
26 principal and interest on outstanding bonds, notes or other indebt-  
27 edness incurred after June 30, 1977 and before July 1, 1978 to pay  
28 costs of school construction;

29 (B) cash payments made after June 30, 1976 and before

1 July 1, 1978 by the municipality [BOROUGH OR CITY] during the  
2 fiscal year two years earlier to pay costs of school construction;

3 (3) 90 [80] percent of

4 (A) payments made by the municipality [BOROUGH OR CITY]  
5 during the fiscal year two years earlier for the retirement of  
6 principal and interest on outstanding bonds, notes or other indebt-  
7 edness incurred after June 30, 1978 and before January 1, 1982 to  
8 pay costs of school construction projects approved under AS 14.07.-  
9 020(11);

10 (B) cash payments made after June 30, 1978 and before  
11 July 1, 1982 by the municipality [BOROUGH OR CITY] during the  
12 fiscal year two years earlier to pay costs of school construction  
13 projects approved under AS 14.07.020(11);

14 (4) subject to (h) and(i) of this section 90 percent of

15 (A) payments made by the municipality during the current  
16 fiscal year for the retirement of principal and interest on out-  
17 standing bonds, notes or other indebtedness incurred after Decem-  
18 ber 31, 1981 to pay costs of school construction, additions to  
19 schools, and major rehabilitation projects that exceed \$25,000  
20 and are approved under AS 14.07.020(11); and

21 (B) cash payments made after June 30, 1982 by the  
22 municipality during the fiscal year two years earlier to pay costs  
23 of school construction, additions to schools, and major rehabili-  
24 tation projects that exceed \$25,000 and are approved under AS 14.-  
25 07.020(11).

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

27 (h) An allocation under (a)(4) of this section for school construc-  
28 tion begun after July 1, 1982, shall be reduced by the amount of money  
29 used for the construction of residential space, hockey rinks, planetar-

1 iums, saunas, and other facilities for single purpose sporting or  
2 recreational uses that are not suitable for other activities. An  
3 allocation under (a)(4) of this section may not be reduced by the amount  
4 of money used for construction of a small swimming pool, tank, or water  
5 storage facility used for water sports. However, an allocation shall be  
6 reduced by the difference between the amount of money used to construct  
7 a swimming pool that is competition size or larger and the amount of  
8 money that would have been used to construct a small swimming pool,  
9 tank, or water storage facility, as determined by the commissioner.

10 (i) For the purposes of (a)(4) of this section

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

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

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

17 \* Sec. 10. AS 14.08.161 and AS 43.18.100(b)(2) are repealed.

18 \* Sec. 11. This Act takes effect July 1, 1982.

Original sponsors: Carney, Buchholdt,  
Zharoff, et al

Offered: 5/29/81  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance) am  
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 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

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

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

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

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

1 school or education-related facilities and a determination of the need  
2 for the project.

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

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

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

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

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

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

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

21 (2) emergency requirements;

22 (3) number of students without classroom space;

23 (4) new local elementary or secondary programs;

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

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

28 Sec. 14.07.190. ASSUMPTION OF RESPONSIBILITIES. (a) A school  
29 district or regional educational attendance area may, by resolution of

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

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

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

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

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

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

29 (a) A municipality [OR, IF THE PUBLIC WORK IS AN EDUCATIONAL

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

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

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

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

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

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

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

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

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

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

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

1 [(2) 80 PERCENT OF

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 \* Sec. 10. During the fiscal year ending June 30, 1982, the state shall  
29 pay to a borough or city which is a school district the difference between

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

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

11 \* Sec. 12. AS 14.08.161 is repealed.  
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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CS HB 279 (Finance)  
Title School construct. and transferring admin. of sch. construct. from DOT to DOE  
Requested by Senate Finance Date 1-18-82

II. FISCAL DETAIL

Agency Affected Education  
Program Category Affected Elementary and Secondary Education  
BRU, Program, Or Subprogram(s) Affected Financial Support - Other  
(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)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		65.1	71.6	78.8	86.7	95.4
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	-0-	6,123.5	6,735.9	7,409.5	8,150.5	8,965.6
TOTAL		6,188.6	6,807.5	7,488.3	8,237.2	9,061.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	6,123.5	6,735.9	7,409.5	8,150.5	8,965.6
FEDERAL FUNDS						
OTHER (Specify Source)						
CIP		65.1	71.6	78.8	86.7	95.4

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		2				
PART TIME						
TEMPORARY						

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

Assumptions: Based upon FY 82 payment schedule (attached).

1. Post FY 82 costs inflated 10%
2. Does not take into account post FY 82 bond sales or cash payment increases
3. Assumes elimination of Cigarette Tax offset (AS 43.18.100(b)(1)).
4. Assumes post FY 82 payments at 90%

FY 83 Costs:

Cigarette Tax \$2,500.0  
10% increase in payments 3,623.5  
Total \$6,123.5

IV. DATE

1-20-82

PREPARED BY

Steve Hole

AGENCY

Department of Education

Original: Legislative Finance

PHONE

465-2890

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

STATE OF ALASKA  
Department of Education  
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT  
1981-82

School District	Debt Service at 100% Prior 7-1-77	Debt Service at 80% After 7-1-77	80% Debt Service	Credit for Cash Pymt. Prior FY 72	50% Cash Pmt. Prior FY 79	Cash Pymt. 1979-80	80% of Cash Pymt. 1979-80	Debt Svc. Plus Cash Pymt.	Less City Tax 1979-80	Total Entitlements Paid
Anchorage	9,763,865	1,050,347	840,278	-0-	-0-	225,045	100,036	10,784,179	869,367	9,914,812
Bristol Bay	21,551	-0-	-0-	14,298	7,149	-0-	-0-	28,700	10,667	18,033
Cordova	125,298	-0-	-0-	-0-	-0-	-0-	-0-	125,298	17,704	107,594
Craig	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,615	-0-
Dillingham	-0-	-0-	-0-	-0-	-0-	90,856	72,685	72,685	16,441	56,244
Fairbanks	4,464,576	-0-	-0-	76,508	38,254	-0-	-0-	4,502,030	230,191	4,264,639
Galena	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,863	-0-
Haines	92,897	-0-	-0-	-0-	-0-	-0-	-0-	92,897	16,882	76,015
Hoonah	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,940	-0-
Ilydaburg	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,234	-0-
Juneau	831,696	-0-	-0-	-0-	-0-	-0-	-0-	831,696	115,566	716,130
Kake	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,213	-0-
Kenai	2,518,184	2,620,400	2,102,726	54,887	27,444	1,022,364	817,091	5,466,245	161,198	5,305,047
Ketchikan	603,752	-0-	-0-	-0-	-0-	372,438	297,950	901,702	72,149	829,553
King Cove	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,904	-0-
Klawock	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,517	-0-
Kodiak	434,737	-0-	-0-	14,563	7,282	318,197	254,558	696,577	62,886	634,491
Mat-Su	2,127,263	2,341,895	1,873,516	1,496	748	-0-	-0-	4,001,527	115,431	3,886,096
Menana	21,400	-0-	-0-	2,583	1,292	-0-	-0-	22,692	10,172	12,520
Nome	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	28,188	-0-
North Slope	8,041,575	1,502,020	1,201,622	-0-	-0-	-0-	-0-	9,243,197	45,473	9,197,724
Pelican	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,535	-0-
Petersburg	493,243	-0-	-0-	30,150	19,075	-0-	-0-	512,318	20,623	491,695
Sand Point	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,881	-0-
Sitka	437,106	-0-	-0-	830	415	338,835	271,068	708,589	50,831	657,758
Skagway	26,050	-0-	-0-	-0-	-0-	-0-	-0-	26,050	9,831	16,219
St. Marys	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,486	-0-
Unalaska	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,203	-0-
Valdez	1,528,025	577,771	462,217	3,901	1,951	36,670	29,336	2,021,529	27,598	1,993,931
Wrangell	21,291	98,233	78,586	-0-	-0-	-0-	-0-	99,877	17,022	82,855
Yakutat	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,849	-0-
TOTALS	31,552,509	8,198,682	6,758,945	207,216	103,610	2,404,405	1,923,524	40,138,588	2,003,200	38,262,156

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSHB 279(Fin)am

FISCAL NOTE (ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 279(Fin)am  
 Title Relating to school construction payments and administration of program  
 Requested by Senate Health, Education and Social Services Date 5/29/81  
 Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected Treasury Management  
 (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)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		55.4	60.9	67.0	73.7	81.1
200 TRAVEL		5.0	5.5	6.1	6.7	7.3
300 CONTRACTUAL		15.0	16.5	18.2	20.0	22.0
400 COMMODITIES		2.0	2.2	2.4	2.7	3.0
500 EQUIPMENT		6.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>83.4</b>	<b>85.1</b>	<b>93.7</b>	<b>103.1</b>	<b>113.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		83.4	85.1	93.7	103.1	113.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Sec. 8 of this bill transfers responsibility for payment direct to bond trustees to the commissioner of revenue.

Above includes personal services for an Accounting Technician II and I (ranges 14 and 12). Travel as necessary for contact with trustees. Contractual services for legal agreements with boroughs, districts, cities and trustees. Equipment for new positions.

*Anselm C. Staack*

IV. DATE June 8, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Department of Revenue/Treasury Division  
 Original: Legislative Finance PHONE 465-2351  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSHB 279(Fin)am

FISCAL NOTE (APPROPRIATION OF DEBT SERVICE PAYMENTS)

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 279(Fin)am  
 Title Relating to school construction payments and administration of program  
 Requested by Senate Health, Education and Social Services Date 5/29/81  
 Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected Treasury Management  
 (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.		65.3	66.3	59.2	40.4	40.4

TOTAL

→ Millions ←  
FUNDING (Thousands of Dollars)

GENERAL FUND		65.3	66.3	59.2	40.4	40.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This bill would change payment of debt service payments for school construction made by borough, city or school districts to the current year v. the previous two-year lag, from June 30, 1981 on for bonds issued both prior to 6/30/81 and after, at a 100% level v. 80% prior rate. No reduction for state tobacco tax collections is made. This bill would not pick up debt service payments already made in FY 80 and FY 81.

Above represents 100% of debt service payments currently. No new bond issues after 6/30/81 are included. Above includes the debt service to be paid in each year currently with addition for tobacco tax previously offset in prior years.

See separate fiscal note for administrative costs.

*Anselm C. Staack*

IV. DATE June 8, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Department of Revenue/Treasury Division  
 Original: Legislative Finance PHONE 465-2351  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

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 1900  
 (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				
TOTAL		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 Eisee  
 AGENCY Legislative Finance  
 PHONE 465-3795  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

HB 279

FISCAL NOTE

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.

IV. DATE March 24, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury

Original: Legislative Finance

PHONE 465-2351

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

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

SENATE AMENDMENT

By SENATE HESS COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_  
To: CS \_\_\_\_\_ HOUSE BILL No. 279 (Fin) am

PAGE: 2 LINE: 28

between the words "a" and "school" insert:

"Municipality which is a".

Page 3, Line 1:

delete the words "the school board" and insert:

"its governing body".

Page 3, line 7:

between the words "the" and "school" insert:

"municipality which is a".

Page 3, line 13:

between the words "a" and "school" insert:

"municipality which is a".

Page 3, line 19:

between the words "a" and "school" insert:

"municipality which is a".

~~Page 6, line 10:  
delete "(3)" and insert "(2)"~~ *BRP*

~~Page 7, line 21:  
delete "(3)" and insert "(2)"~~ *BRP*



## THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA  
155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

LAW DEPARTMENT - 586-3300

April 5, 1982

Senate Finance Committee  
Capitol Building, Room 525  
State Capitol, Pouch V  
Juneau, Alaska 99811

File: House Bill 279  
(Reimbursement for School Construction Debt)

Ladies and Gentlemen:

The City and Borough of Juneau urges your affirmative action on the proposed committee substitute for House Bill 279 which has been drafted by Senator Stimson's special subcommittee.

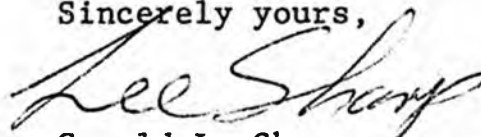
The feature of this bill which we feel is most important is that which would authorize reimbursement for debt service during the year in which the debt service payment is made, thus eliminating the current two year lag. If a municipality issues a relatively constant volume of school debt over the years it will have a relatively constant portion of its mill levy diverted to school construction debt service. However, if a municipality goes for a number of year without issuing debt for school construction and is then placed in the position of issuing a large amount over a short period of time, there will be a significant impact on the mill levy until the municipality gets through the two year lag on reimbursement.

Attached is a memo from the City and Borough of Juneau Budget Director to me which projects the impact on the Juneau mill rate for the bonds which are currently authorized by the voters for school rehabilitation and construction. Incidentally, approximately two-thirds of the authorization is for the upgrade, remodeling and rehabilitation of existing schools. Mr. Kennedy made these projections under the assumption reimbursement would be at the current 80% and that the bonds would be issued to meet the cash flow requirements projected by the school district's construction manager. Note that in fiscal year 1985, the city and borough will require 6.35 mills just to support the debt service on the recently authorized school bonds. This will drop and level off at 1.83 mills in fiscal year 1988. If the two year lag is eliminated, the maximum mill levy impact would be 1.83 mills in fiscal year 1985 and would remain at that level for this series of bonds until they were retired. Actually, there would be some decrease in the mill rate which would correspond to any increase in the assessed valuation of the city and borough.

Senate Finance Committee  
April 5, 1982  
Page 2

We urge you to pass out the proposed committee substitute for House Bill 279. The elimination of the two year lag for reimbursement will probably do more for boroughs and unified municipalities to assist them in keeping property taxes down and fairly consistent from year to year than almost any other action the legislature could take this year.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Gerald L. Sharp".

Gerald L. Sharp  
City-Borough Attorney

GLS: jr  
Enclosure

# MEMORANDUM

## THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

TO: Lee Sharp  
Attorney

DATE: April 1, 1982

FILE NO.

SUBJECT: School Bonds

FROM: Jim Kennedy  
Budget Director

You have asked that I estimate the affect on the mill rate as a result of the current school construction projects. The school estimates a cash requirement through the end of calendar year 1984 of \$40,900,000. I have projected this out to show bond sales and debt service requirements.

To estimate mill rates, I assumed that the annual debt service for a million dollars will be the same as the cost for the bonds we sold in calendar year '81 and '82, and assumed the assessed valuation will remain level at our current estimated values.

Fiscal Year	Bonds Sold To Date	Debt Service	School Construction Funds	Revenue Required	Mill Rate
1982/83	12,300,000	2,256,700		2,256,700	2.77
1983/84	27,400,000	5,027,300		5,027,300	6.13
1984/85	38,200,000	7,009,100	1,804,500	5,203,700	6.35
1985/86	40,900,000	7,504,500	4,021,800	3,482,700	4.25
1986/87	40,900,000	7,504,500	5,607,300	1,897,200	2.31
1987/88	40,900,000	7,504,500	6,003,600	1,500,900	1.83

JFK/ep

cc: Lois Allen  
Director of Finance



*Sen. Tertulosa*  
*Rep. Carney*

HB 279

RESOLUTION 82-2

*Sen. Terrence Crute*

A RESOLUTION OF THE CITY OF HOUSTON, ALASKA RELATING TO STATE FUNDING AND CONTROL OF SCHOOLS WITHIN BOROUGHS.

WHEREAS, HB 279 proposes for the State to assume 100% funding for schools within boroughs, and,

WHEREAS, there is currently a time lag of at least two years before the boroughs are reimbursed for bonded expenses for school construction, and

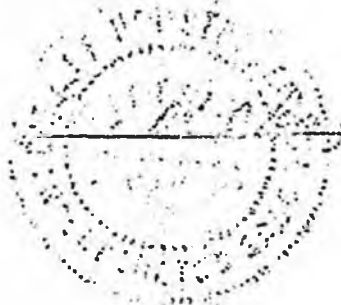
WHEREAS, it is the desire of the Houston City Council that the Matanuska-Susitna Borough and other boroughs to retain control of the schools through local school districts,

NOW, THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF HOUSTON, ALASKA SUPPORTS A MINIMUM OF 90% STATE FUNDING FOR SCHOOLS, SUPPORTS ZERO TIME LAG IN REIMBURSEMENT, AND SUPPORTS MAXIMUM LOCAL CONTROL OF SCHOOLS.

ADOPTED THIS 28th DAY OF January 1962

*Stanley W. Hansen* Mayor

ATTEST:



\_\_\_\_\_  
City Clerk

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 17, 1982

SUBJECT: School construction  
(CSHB 279 (Finance) am)

TO: Senator Terry Stimson

FROM: Tamara Brandt Cook  
Legislative Counsel

TBC

You have asked for a section-by-section analysis of the amendment prepared by your subcommittee to CSHB 279 (Finance) am related to school construction.

Sec. 1. No substantive changes, only rewritten for clarity.

Sec. 2. Adds a requirement that the Department of Education administer grants to regional educational attendance areas and school districts for construction, rehabilitation or improvement of school or education-related facilities.

Sec. 3. Adds a new article dealing with the duties of the Department of Education relating to construction, rehabilitation, and improvement of schools and education-related facilities.

Sec. 14.07.180. Allows the assembly or council of a municipality that is a school district or a regional school board to request a project. The request must be accompanied with an evaluation of the condition of school or education-related facilities in the school district or regional educational attendance area and a determination of need for the project. The Department of Education must rank projects requested, prepare estimates of the costs of the projects, recommend appropriations for certain projects, and provide copies of reports generated by this process to the governor and to the legislature. The department is required to consider certain factors in ranking projects.

Sec. 14.07.190. Allows the assembly or council or a municipality that is a school district or a regional school board to request the assumption of planning, design and construction responsibilities for school or education-related facilities. The Department of Education must provide for assumption of responsibilities by a municipality and may provide for assumption of responsibilities by a regional educational attendance area if requested.

Only a limited amount of money may be used for construction management costs of a project assumed, depending on the total amount of appropriations made for the project.

Sec. 4. A regional school board may recommend to the Department of Education projects for construction, rehabilitation, and improvement of schools and education-related facilities and plan, design, and construct the project when responsibility is assumed after applying to the department for this assumption. Under existing law a regional school board may provide for construction, rehabilitation or upgrading of facilities when grants are made to it by the Department of Transportation and Public Facilities.

Sec. 5. Eliminates provision for assumption of responsibilities relating to planning and construction of an educational facility by a regional educational attendance area from the Department of Transportation and Public Facilities.

Sec. 6. Eliminates provision for joint assumption of responsibilities with the Department of Transportation and Public Facilities for the planning, design and construction of an educational facility by a regional educational attendance area.

Sec. 7. Eliminates provision for making appropriated funds for costs of an educational facility project available to a regional educational attendance area or a municipality by the Department of Transportation and Public Facilities. The department is still authorized to make the funds available to a municipality for a public works project.

Senator Terry Stimson  
Page 3  
February 17, 1982

Sec. 8. Reimbursement to a municipality for costs of school construction for previous years is increased from 80 percent to 90 percent. 90 percent of payments made during the current fiscal year for retirement of principal and interest on indebtedness incurred after December 31, 1981 for projects that exceed \$25,000 will be reimbursed. 90 percent of cash payments made after June 30, 1982 for projects that exceed \$25,000 will be reimbursed.

Sec. 9. Adds new requirements that reimbursement for current school construction costs be reduced by money used for single purpose sporting or recreation uses that are not suitable for other activities. Reimbursement is not reduced for construction of a small swimming pool, tank, or water storage facility used for water sports. Reimbursement is reduced by the difference between the amount of money used to construct a competition size or larger swimming pool and the amount of money that would have been used to construct a small pool, tank or water storage facility. For purposes of reimbursement, indebtedness for bonds is incurred after the bonds are sold, reimbursement for cash payments are made only after payment is made to the vendor and reimbursement may not be made for costs that are incurred under a contract after the contract has been released.

Sec. 10. The statute dealing with school construction, repair, and improvement projects carried out by the Department of Transportation and Public Facilities or granted to a regional school board by the department is repealed. The provision requiring compliance with a notice provision that has been previously repealed is repealed in this amendment.

Sec. 11. The effective date is July 1, 1982.

This draft adopts the language supplied with the request. I do not think that this bill adequately addresses the mechanics of the transfer of funds for school construction between DOTPF, DOE, and the school district or REAA. We have supplied the bill as requested to meet your deadline.

TBC:ljb

Enclosure