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COMMITTEE REPORT

HOUSE

FINANCE

FURTHER:

(7)

Date:

5/24/83

5/19/83

Mr. Speaker: HEALTH, EDUCATION AND
SOCIAL SERVICES

HE 423

The Committee on _____ has had _____

"An Act making an appropriation to the Department of Education for school construction debt retirement; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{order} recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature] Do Pass

[Signature] Do Pass

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

[Signature]

Chapter 18. State Aid to Local Governments.

Article

- 1. Aid for Miscellaneous Municipal Purposes (Repealed)
- 2. Aid for School Construction (§§ 43.18.100 — 43.18.135)
- 5. Cultural Facilities (§ 43.18.500)

Article 1. Aid for Miscellaneous Municipal Purposes.

Section

10—45. [Repealed]

Secs. 43.18.010 — 43.18.045.

Repealed by § 11 ch 155 SLA 1980.

Cross references. — For programs of municipal assistance, see AS 29.88.010 — 29.88.045, 29.89.010 — 29.89.100, 29.90.010 — 29.90.030 and 29.95.010 — 29.95.030.

Editor's notes. — The repealed article derived from § 10, ch. 95, SLA 1969; §§ 1 — 5, ch. 194, SLA 1970; § 3, ch. 84, SLA 1971; §§ 1, 2, ch. 127, SLA 1971; § 43, ch.

71, SLA 1972; §§ 3, 4, ch. 200, SLA 1972; § 6, ch. 32, SLA 1973; §§ 1, 2, ch. 87, SLA 1973; §§ 1, 2, ch. 43, SLA 1974; § 1, ch. 95, SLA 1974; §§ 44, 45, ch. 127, SLA 1974; § 1, ch. 45, SLA 1975; § 1, ch. 100, SLA 1975; §§ 1, 2, ch. 208, SLA 1976; §§ 1, 2, ch. 265, SLA 1976; §§ 4, 5, ch. 120, SLA 1977; § 24, ch. 168, SLA 1978; § 3, ch. 173, SLA 1978.

Article 2. Aid for School Construction.

Section

- 100. State aid for retirement of school construction debt
- 105. Public school facilities construction advance account
- 110. Eligibility

Section

- 115. State aid
- 120. Application for aid
- 125. Conditions of state aid
- 130. Construction and implementation
- 135. Definitions

Sec. 43.18.100. State aid for retirement of school construction debt. (a) During each fiscal year, the state shall allocate to a municipality that is a school district, the following sums:

(1) payments made by the municipality 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, 1977 to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality 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 municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

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(A) payments made by the municipality 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, 1978 and before January 1, 1982 to pay costs of school construction projects approved under AS 14.07.020(11);

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

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

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

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

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program. The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall

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

(2) Repealed by § 10 ch 92 SLA 1982.

(c) The school construction account is established. Funds to carry out the provisions of this section may be appropriated annually by the legislature to the account. If amounts in the account are insufficient for the purpose of providing the share to which a borough or city is entitled under this section, those funds that are available shall be distributed pro rata among the eligible local governments.

(d) Money in the school construction account which, at the end of the fiscal year for which the money is appropriated, exceeds the amount required for the allocations authorized in this section reverts to the general fund.

(e) The commissioner shall annually provide a report to the legislature on allocations of state aid made under this section, including but not limited to, the amount of state aid paid on a per capita and per student basis and the resultant effect on the rate of levy of taxes by the municipality for educational purposes.

to pay the cost of school construction" from the end of paragraph (1), substituted "80 per cent" for "50 per cent" at the beginning of paragraph (2), substituted "June 30, 1976 and before June 30, 1978" for "July 1, 1977" in subparagraphs (A) and (B) of paragraph (2), and added paragraph (3). The amendment also repealed subsection (f), which read "The provisions of (a)(2) of this section apply only to payments made before July 1, 1971. The provisions of (a)(3) of this section apply to payments made after June 30, 1971."

The second 1978 amendment, in paragraph (2) of subsection (g), substituted "the sum total of all costs of financing and carrying out the project" for "but is not limited to the costs of acquisition of sites, legal, engineering, fiscal, architectural and other fees of specialists or consultants, costs of labor, materials, equipment and supplies, costs of authorization, issuance and sale of bonds, notes, or other evidences of debt" at the end of the first sentence and added the second sentence.

The 1982 amendment, effective July 1, 1982, substituted "a municipality that" for "an organized borough or a city which" in the introductory language of subsection (a), substituted "the municipality" for "the borough or city" in paragraphs (1), (2)(A) and (B), and (3)(A) and (B), substituted "90 percent" for "80 percent" in the introductory language of paragraphs (2) and (3), inserted "and before January 1, 1982" in paragraph (3)(A) and (B), and added paragraph (4). The amendment also repealed paragraph (2) of subsection (b), which read "required the borough or city to provide, with its application, a certified copy of the notice to taxpayers required by AS 43.18.030," and added subsections (h) and (i).

Editor's notes. — AS 43.18.030, referred to in paragraph (2) of subsection (b), was repealed by § 11, ch. 155, SLA 1980. For programs of municipal assistance, see AS 29.88.010 — 29.95.030.

Sec. 43.18.105. Public school facilities construction advance account. The public school facilities construction advance account is established. The account consists of appropriations for distribution under AS 43.18.105 — 43.18.135 to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978. (§ 13 ch 147 SLA 1978)

Sec. 43.18.110. Eligibility. Eligibility of a proposed construction project for funding assistance under AS 43.18.105 — 43.18.135 shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community. (§ 13 ch 147 SLA 1978)

Sec. 43.18.115. State aid. (a) The amount of state aid payable in advance under AS 43.18.105 — 43.18.135 is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

House Hess Comm
Davis/Gale/Tischer/Fritz

HB 423 -

Ralph Bennett - approx 31 mil. shortfall. ^{because}
of the current statute - current approx 60 mil in
Budget - HB 105 not be legally safe - re/ to 90% of
current entitlement

Some
Munis have authorized but increased ~~the~~ debt.

Davis - Approp will just take care of this year.
future years?

Bennett - Same as intent of HB 251 - HB 420 allows
to 50% - indebtedness - payback.

Tischer - Better propose to do ~~changes~~ of unorganized school
districts! Philosophy to treat everyone equally. RETL's
Recent fuel funding - ϵ imbalanced funding situation.
If there's a change in statutes - consider rural
areas - want Oregon to establish a top base.

Chitwood - At ML - Supports ϵ Oregon passage.
RETL's do get 100% - ϵ fuel is a direct approp
so the Legis always has control over what ϵ , when
it is spent. Munis present the bill "after the fact!"

Suggest - CS HB 251 - which pledges to fuel exist
entitlement but reduces entitlement to 50%? also
increasing the amount of approval authority.

Chitwood - 1 suggestion - perhaps match grants to ~~the~~ sale of bonds

Bill Zybach - Asst to Mayor Bill Allan - Fuku NSB -
Critical to Fuku Borough / 30 mil - part of
fixed cost. Complete 3 schools w/new hi school next
year. HB 105 = 65% of entitlement. More important
than cap projects or supplemental passed earlier.
Supports cap for future years per AML & monitor
on future debt.

- Herman here -

Tischer - Fuku - new schools? School enrollment - ^{passed 4} years

Zybach - 3 Elem & 1 jr-sr high school - Project 600 new stud.
next year

Steve Hole - Fiscal Note -

Tischer - Jump from 1977-78 from 9 mil to 30 mil ^{increase}
Hole - '78 ~~to~~ went from 50% to 80% - also substantial
shift in Arch from town to urban areas - FY82 -
Chp 82 - 90% Reimbursement.

Molly Hooker - Cap expenditure Cost State: Relative

\$150 million - several on comb. elem/sec. schools -

Hooker only deals w/ secondary programs.

Tischer - Where was HB 423 w/ Ind Rec.
No obj.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: HB - 423
 Title: school construction debt retirement
 Sponsor: Bettsworth
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: Education
 Program Category Affected: Elem. & Secondary
 BRU, Program of Subprogram(s) Affected: Debt Retirement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		30,916.7				
TOTAL OPERATING		30,916.7				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	30,916.7					
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not provided by sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Steve Hole Phone: 465-2865
 Division: Management, Law & Finance Date: May 23, 1983
 Approved by Commissioner: H. Old Reynolds, Jr. Date: May 23, 1983
 Department: Education

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

History of Appropriations for AS 43.18.100

<u>Fiscal Year</u>	<u>Total Eligibility</u>	<u>Actual Payment</u>	<u>Percent of Eligibility</u>
FY-70	2,445,197	1,800,000	74.00%
FY-71	2,448,347	1,800,000	73.52%
FY-72	2,376,209	2,376,209	100.00%
FY-73	3,575,355	3,450,000	96.49%
FY-74	7,074,380	5,752,000	81.31%
FY-75	7,650,530	7,423,300	97.03%
FY-76	9,242,310	8,810,500	95.33%
FY-77	10,107,336	9,051,600	89.55%
FY-78	11,408,304	11,408,304	100.00%
FY-79	27,868,182	22,273,300	79.92%
FY-80	30,823,133	24,081,000	78.13%
FY-81	38,380,134	38,380,134	100.00%
FY-82	38,262,156	38,262,156	100.00%
FY-83 (as of 5-16-83)	62,769,390	49,669,700	79.13

	AUDITED FY-82 ELIGIBILITY	ELIGIBILITY ON DEBT ISSUED AFTER 12/31/81	TOTAL FY-84 ELIGIBILITY	@ 65.95%	DIFFERENCE
Anchorage	\$10,532,909	\$8,207,495	\$18,740,404	\$12,359,296	
Bristol Bay Borough	369,613		369,613	243,759	
Cordova	99,681		99,681	65,739	
Fairbanks No. Star Bor.	4,970,192	6,054,075	11,024,267	7,270,504	
Galena	45,998		45,998	30,336	
Haines Borough	93,688		93,688	61,787	
City & Borough Juneau	1,377,557	5,872,993	7,250,550	4,781,737	
Kenai Peninsula Bor.	6,087,170	8,907,716	15,198,197	10,023,210	
Ketchikan Gateway Bor.	980,388		980,388	646,565	
Kodiak Isl. Borough	1,683,285	1,512,900	3,196,185	2,107,884	
Mat-Su Borough	5,191,266	5,007,420*	10,198,686	6,726,033	
Nenana	9,956		9,956	6,566	
North Slope Borough	14,203,693	3,952,619	18,156,312	11,974,087	
Petersburg	481,373	495,000*	976,373	643,917	
City & Borough Sitka	1,019,581		1,019,581	672,413	
Skagway	21,530		21,530	14,199	
Unalaska	144,183		144,183	95,088	
Valdez	3,117,975		3,117,975	2,056,305	
Wrangell	111,516		111,516	73,545	
Yakutat	49,423		49,423	32,594	
TOTALS	\$50,590,977	\$40,010,218 <i>Chpt 92 - SLA 82 - 90% - estimated - this cost at 13 mill estimated by Dec 15</i>	\$90,804,506	\$59,885,564**	\$30,918,942***

*Estimates of payments on authorized but as yet unsold issues.

**Difference between this number and budget amount of 59,887.8 due to rounding.

***Difference between this number and bill amount due to rounding.

5/23/83

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

May 24, 1983

To: House HESS Committee
From: Ginny Chitwood *Ginny*
Re: HB 423 - - School Debt Appropriation

Alaska Municipal League urges your approval of HB 423, appropriating \$30,916,706 to the Department of Education for school construction debt retirement. This amount represents the difference between the \$59,887,800 currently proposed in the FY 84 operating budget and the \$90,804,506 that the Department estimates as the total entitlement.

Several years ago, the Legislature developed this program to reduce the inequities between the REAA's, where the state pays 100% of school construction costs and the municipal school districts, where the local taxpayers were footing the bill. The original program provided for a 50% reimbursement on a two-year time delay, and later the percentage was increased to 80%. Over the years, changes have been made, including giving the Department of Education plan approval authority and raising the percentage of reimbursement to 100% for payments on debt issued before July 1, 1977.

Last session, two other changes were made to the program. In order to partially alleviate the cash flow problems in rapidly growing areas that were caused by the two-year time delay in reimbursements, the program was modified to phase in a current year reimbursement of payments on debt issued after December 31, 1981. The other changes made last year raised the percentage of reimbursement from 80% to 90% for payments on debt issued after July 1, 1977.

School boards, councils, and assemblies relied on the word of the legislature and took school projects to the voters for approval. The voters were told that the state would reimburse 90% of the payments. As an example, in the Anchorage school bond election, a letter signed by 21 Anchorage legislators was circulated to that effect.

Now, after the fact, there is talk of changing the ground rules. We realize that the program has ballooned beyond anyone's expectations and that there needs to be a change to ensure administrative and legislative control in the future, but believe that the existing obligations should be funded.

Enclosed is a list showing estimated FY 84 entitlements, projected shortfall without HB 423, and the mill levy equivalent of that shortfall. Also attached is a brief summary of this program of reimbursements for school construction debt retirement.

SCHOOL DEBT RETIREMENT

Impact of \$59,887,800 Appropriation for FY 84

	Total FY 84 Entitlement	Projected Shortfall 66% Proration	<u>Mill Levy Equivalent of Shortfall</u>
Anchorage	\$18,740,404	\$6,371,737	0.612 mills
Bristol Bay Bor.	369,613	125,668	1.562 mills
Cordova	99,681	33,892	0.678 mills
Fbks N. Star Bor.	11,024,267	3,748,251	1.595 mills
Galena	45,998	15,639	2.51 mills
Haines Borough	93,688	31,854	0.51 mills
C. & B. Juneau	7,250,550	2,465,187	2.49 mills
Kenai Pen. Bor.	14,994,886	5,098,261	2.039 mills
Ketchikan Gate. B.	980,388	333,332	0.581 mills
Kodiak I. Bor.	3,196,285	1,086,737	2.898 mills
Mat-Su Borough	10,198,686	3,467,553	2.987 mills
Nenana	9,956	3,385	0.444 mills
North Slope Bor.	18,156,312	6,173,146	0.622 mills
Petersburg	976,373	331,967	3.32 mills
C. & B. Sitka	1,019,581	346,658	0.889 mills
Skagway	21,530	7,320	0.159 mills
Unalaska	144,183	49,022	0.545 mills
Valdez	3,179,975	1,081,192	0.561 mills
Wrangell	111,516	37,915	0.595 mills
Yakutat	49,423	16,804	1.323 mills

(On a \$100,000 house, a one mill levy would result in \$100 in taxes.)

estimates prepared 5/2/83

estimates revised 5/24/83

FY 84 Entitlement

	Entitlement on Debt Issued before 12/31/81	Entitlement on Debt Issued after 12/31/81 (estimates)	Total FY 84 Entitlement
Anchorage	\$10,532,909	\$ 8,207,495	\$18,740,404
Bristol Bay Bor.	369,613		369,613
Cardova	99,681		99,681
Fbks N. Star Bor.	4,970,192	6,054,075	11,024,267
Galena	45,998		45,998
Haines Borough	93,688		93,688
C. & B. Juneau	1,377,557	5,872,993	7,250,550
Kenai Pen. Bor.	6,087,170	3,000,000 8,907,716	14,994,886
Ketchikan Gate. B.	980,385		980,388
Kodiak I. Bor.	1,683,285	1,512,900	3,196,285
Mat-Su Borough	5,191,266	5,007,420	10,198,686
Nenana	9,956		9,956
North Slope Bor.	14,203,693	3,952,619	18,156,312
Petersburg	481,373	495,000	976,373
C. & B. Sitka	1,019,581		1,019,581
Skagway	21,530		21,530
Unalaska	144,183		144,183
Valdez	3,117,975		3,117,975
Wrangell	111,516		111,516
Yakutat	49,423		49,423
	-----	-----	-----
totals	\$50,590,977	\$40,010,218	\$90,601,195

Breakdown of Entitlement on post 12/31/81 Debt

	90% of Payment on Debt Issued After 12/31/81	Estimated 90% of Payment on Debt To Be Issued In May & June	Estimated Entitlement For FY 84 on Debt Issued After 12/31/81
Anchorage	\$ 8,207,495		\$ 8,207,495
Fbks N. Star Bor.	3,894,075	\$ 2,160,000	6,054,075
C. & B. Juneau	2,717,528	3,155,465	5,872,993
Kenai Pen. Bor.	8,907,716		8,907,716
Kodiak I. Bor.		1,512,900	1,512,900
Mat-Su Borough	2,077,920	2,929,500	5,007,420
North Slope Bor.	3,952,619		3,952,619
Petersburg		495,000	495,000
<hr/>			
totals	\$29,757,353	\$10,252,865	\$40,010,218

* * * * *

Estimated Entitlement on Debt Issued after 12/31/81	\$40,010,218
Entitlement on Debt Issued before 12/31/81 (2 year lag)	50,590,977
Total FY 84 Entitlement for School Debt Retirement	\$90,601,195

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)

More than 10 years ago, the Legislature established this program of reimbursing municipalities for a portion of their school construction debt. The program started as a 50% reimbursement with a two year lag in payments, and over the years was changed to provide for a larger percentage of reimbursement (100% for payments on debt issued before 7/1/77 and 80% for the rest) and some oversight by the Department of Education. Last session, other changes were made to the program: the percentage of reimbursement was raised from 80% to 90% for payments on debt issued after 7/1/77 and current year reimbursements were authorized for payments on debt issued after 12/31/81, in order to phase out the two year lag.

In summary, the current program provides:

1. 100% of payments made two years earlier on school debt issued before July 1, 1977. (Payments made by the municipality in FY 82 are reimbursed by the State in FY 84.)
2. 90% of payments made two years earlier on school debt issued between July 1, 1977 and December 31, 1981. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
3. 90% of cash payments made two years earlier for school construction costs. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
4. 90% of payments made in the current year on school debt issued after December 31, 1981. (Payments to be made by the municipality in FY 84 are partially reimbursed in FY 84.)
5. Each municipality's entitlement is determined by adding the four categories listed above and then subtracting the amount of tobacco tax the district received two years earlier. (The amount of tobacco tax received in FY 82 is deducted from the FY 84 payment.)

The other factors of the program relate to the oversight and approval authority granted to the Department of Education and limits to the types of facilities that are eligible for reimbursement.

Prepared by the Alaska Municipal League
May 2, 1983

Alaska State Legislature

REP. MAE TISCHER
CO-CHAIRMAN

REP. MILO FRITZ
CO-CHAIRMAN

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3777

MEMBERS:
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REP. BETTE CATO
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REP. NILO KOPONEN

House of Representatives HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

M E M O R A N D U M

TO: House HESS Committee Date: May 23, 1981

FROM: Linda Otey, Committee Aide

RE: Summary/ HB 423 "An Act making an appropriation to the Department of Education for school construction debt retirement; and providing for an effective date."

- Section 1. Appropriates \$30.9 million from the general fund to D.O.E. the school construction account of 43.18.100(c) for school construction debt retirement.
- Section 2. Balance of account lapses on June 30, 1984.
- Section 3. Effective date of July 1, 1983 (for FY 84 Budget)

folder content

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Bill
Statutes
Fiscal Note from DOE
Eligibility per dist./30.9million

right

Summary
Bettisworth Memo
Impact of Approp per district -FY 84
Entitlements per district
Entitlements pre 12/81 debt
History/ Ak. Municipal League

Alaska State Legislature



POUCH V
JUNEAU, ALASKA 99811

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

May 23, 1983

M E M O R A N D U M

To: Representatives Fritz and Tischer, Co-Chairs, and members of the House HESS Committee

From: Representative Bob Bettisworth *PHB*

Subject: HB423, "An Act making an appropriation to the Department of Education for school construction debt retirement; and providing for an effective date."

As you are no doubt aware, there is a growing concensus among legislators that a reduction in state aid for retirement of school construction debt under AS 43.18.100 is warranted. HB423 seeks to alleviate potential negative impact of any immediate and substantial reduction that might result during this legislative session.

The attached data for each school district outlines the most current projections of composite eligibility bearing in mind the uncertainty of such data. There are certain school districts that plan to authorize new issues or have authorized but unissued debt on the books that may affect the accuracy of the numbers.

I feel that the current statutory language contained in AS 43.18.100 where the words "shall allocate to a municipality that is a school district" appear is very clear and until and unless the legislature affects a statute change, we are legally bound to the composite formula now on the books. I have also introduced HB420 that would change the formula from 90% to 50%. Several legislators have indicated that such a change is necessary before funding the 1983 shortfall is addressed.

Again, I wish to reiterate that this bill seeks to bring the various school districts up to the level of construction debt compensation required by current law and until the statute is changed no less reimbursement is acceptable.

RHB/rob

Attachments:

SCHOOL DEBT RETIREMENT

Impact of \$59,887,800 Appropriation for FY 84

	Total FY 84 Entitlement	Projected Shortfall 63% Proration	Mill Levy Equivalent of Shortfall
Anchorage	\$18,740,404	\$6,933,949	0.666 mills
Bristol Bay Bor.	369,613	136,757	1.563 mills
Cordova	99,681	36,882	0.738 mills
Fbks N. Star Bor.	11,024,267	4,078,979	2.39 mills
Galena	45,998	17,019	2.73 mills
Haines Borough	93,688	34,665	0.55 mills
C. & B. Juneau	7,250,550	2,682,704	2.709 mills
Kenai Pen. Bor.	14,994,886	5,548,108	2,219 mills
Ketchikan Gate. B.	980,388	362,744	0.632 mills
Kodiak I. Bor.	3,196,185	1,182,588	2.7 mills
Mat-Su Borough	10,198,686	3,773,514	3.25 mills
Nenana	9,956	3,684	0.461 mills
North Slope Bor.	18,156,312	6,717,835	0.812 mills
Petersburg	976,373	361,258	3.612 mills
C. & B. Sitka	1,019,581	377,245	0.967 mills
Skagway	21,530	7,966	0.177 mills
Unalaska	144,183	53,348	0.726 mills
Valdez	3,179,975.	1,176,591	0.719 mills
Wrangell	111,516	41,261	0.648 mills
Yakutat	49,423	18,286	1.439 mills

(Or a \$100,000 house, a one mill levy would result in \$100 in taxes.)

estimates prepared 5/2/83
estimates revised 5/13/83

FY 84 Entitlement

	Entitlement on Debt Issued before 12/31/81	Entitlement on Debt Issued after 12/31/81 (estimates)	Total FY 84 Entitlement
Anchorage	\$10,532,909	\$ 8,207,495	\$18,740,404
Bristol Bay Bor.	369,613		369,613
Cordova	99,681		99,681
Fbks N. Star Bor.	4,970,192	6,054,075	11,024,267
Galena	45,998		45,998
Haines Borough	93,688		93,688
C. & B. Juneau	1,377,557	5,872,993	7,250,550
Kenai Pen. Bor.	6,087,170	8,907,716	14,994,886
Ketchikan Gate. B.	980,388		980,388
Kodiak I. Bor.	1,683,185	1,512,900	3,196,085
Mat-Su Borough	5,191,266	5,007,420	10,198,686
Nenana	9,956		9,956
North Slope Bor.	14,203,693	3,952,619	18,156,312
Petersburg	481,373	495,000	976,373
C. & B. Sitka	1,019,581		1,019,581
Skagway	21,530		21,530
Unalaska	144,183		144,183
Valdez	3,117,975		3,117,975
Wrangell	111,516		111,516
Yakutat	49,423		49,423
	<hr/>	<hr/>	<hr/>
totals	\$50,590,877	\$40,010,218	\$90,601,095

Breakdown of Entitlement on post 12/31/81 Debt

	90% of Payment on Debt Issued After 12/31/81	Estimated 90% of Payment on Debt To Be Issued In May & June	Estimated Entitlement For FY 84 on Debt Issued After 12/31/81
Anchorage	\$ 8,207,495		\$ 8,207,495
Fbks N. Star Bor.	3,894,075	\$ 2,160,000	6,054,075
C. & B. Juneau	2,717,528	3,155,465	5,872,993
Kenai Pen. Bor.	8,907,716		8,907,716
Kodiak I. Bor.		1,512,900	1,512,900
Mat-Su Borough	2,077,920	2,929,500	5,007,420
North Slope Bor.	3,952,619		3,952,619
Petersburg		495,000	495,000
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totals	\$29,757,353	\$10,252,865	\$40,010,218

Estimated Entitlement on Debt Issued after 12/31/81	\$40,010,218
Entitlement on Debt Issued before 12/31/81 (2 year lag)	50,590,877
Total FY 84 Entitlement for School Debt Retirement	\$90,601,095

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)

More than 10 years ago, the Legislature established this program of reimbursing municipalities for a portion of their school construction debt. The program started as a 50% reimbursement with a two year lag in payments, and over the years was changed to provide for a larger percentage of reimbursement (100% for payments on debt issued before 7/1/77 and 80% for the rest) and some oversight by the Department of Education. Last session, other changes were made to the program: the percentage of reimbursement was raised from 80% to 90% for payments on debt issued after 7/1/77 and current year reimbursements were authorized for payments on debt issued after 12/31/81, in order to phase out the two year lag.

In summary, the current program provides:

1. 100% of payments made two years earlier on school debt issued before July 1, 1977. (Payments made by the municipality in FY 82 are reimbursed by the State in FY 84.)
2. 90% of payments made two years earlier on school debt issued between July 1, 1977 and December 31, 1981. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
3. 90% of cash payments made two years earlier for school construction costs. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
4. 90% of payments made in the current year on school debt issued after December 31, 1981. (Payments to be made by the municipality in FY 84 are partially reimbursed in FY 84.)
5. Each municipality's entitlement is determined by adding the four categories listed above and then subtracting the amount of tobacco tax the district received two years earlier. (The amount of tobacco tax received in FY 82 is deducted from the FY 84 payment.)

The other factors of the program relate to the oversight and approval authority granted to the Department of Education and limits to the types of facilities that are eligible for reimbursement.

Prepared by the Alaska Municipal League
May 2, 1983