

COMMITTEE REPORT

HOUSE

(11)

5/5/85

FURTHER:

Date: 5-7-85

The Committee on PETUANCE has had CSBP 51 (Fin)

"An Act relating to state aid for school construction; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CSBP 51 (Fin)  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note  
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

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[Signature]  
CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 4-30-85

**REQUEST**

Bill/Resolution No. \_\_\_\_\_  
 Title: ...state aid...school  
construction  
 Sponsor: Cotten  
 Requestor: House Finance  
 Date of Request: 4-30-85

HCS 035851(F11)

**FISCAL DETAIL**

Agency Affected: Education  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected:  
Debt Retirement

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	0	0	1,200.0	1,250.0	1,300.0	
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	1,200.0	1,250.0	1,300.0	

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	0	0	1,200.0	1,250.0	1,300.0	
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

Impact shown is a result of increasing the reimbursement rate on existing debt presently reimbursed at 50%. Costs associated with future debt are indeterminate.

Prepared By: Steve [Signature] Phone: 2800  
 Division: Commissioner's Office Date: 4-30-85  
 Approved by Commissioner: Harold Reynolds, Jr. Date: 4-30-85  
 Agency: Education

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Original sponsor: Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 51 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.11.100(a)(5) is amended to read:

10 (5) subject to (h), [AND] (i), and (j) of this section, 80  
11 [50] percent of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness authorized by the  
15 qualified voters of the municipality after June 30, 1983, to pay  
16 costs of school construction, additions to schools, and major  
17 rehabilitation projects that exceed \$25,000 and are approved  
18 under AS 14.07.020(11); and

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

24 \* Sec. 2. AS 14.11.100(h) is amended to read:

25 (h) An allocation under (a)(4) or (5) of this section for school  
26 construction begun after July 1, 1982, shall be reduced by the amount  
27 of money used for the construction of residential space, hockey rinks,  
28 planetariums, saunas, and other facilities for single purpose sporting  
29 or recreational uses that are not suitable for other activities and by

1 the money used for construction that exceeds the amount needed for  
2 construction of a facility of efficient design as determined by the  
3 department. An allocation under (a)(4) or (5) of this section may not  
4 be reduced by the amount of money used for construction of a small  
5 swimming pool, tank, or water storage facility used for water sports.  
6 However, an allocation shall be reduced by the difference between the  
7 amount of money used to construct a swimming pool that is competition  
8 size or larger and the amount of money that would have been used to  
9 construct a small swimming pool, tank, or water storage facility, as  
10 determined by the commissioner.

11 \* Sec. 3. AS 14.11.100(i) is amended to read:

12 (i) For the purposes of (a)(4) and (5) of this section

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

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

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

19 \* Sec. 4. AS 14.11.100(j) is amended to read:

20 (j) The state may not allocate money to a municipality for a  
21 school construction project under (a)(5) of this section unless the  
22 municipality complies with the requirements of (1) - (4) of this  
23 subsection and the project is approved by the commissioner before the  
24 local vote on the bond issue for the project. In approving a project  
25 under this subsection, the commissioner shall require

26 (1) the municipality to include on the ballot for the bond  
27 issue the estimated total cost of each project and the estimated  
28 amounts that will be paid by the state and by the municipality;

29 (2) that the bonds may not be refunded unless the annual

1 debt service on the refunding issue is not greater than the annual  
2 debt service on the original issue;

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

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

8 (A) projected long-term student enrollment that indi-  
9 cates the district has inadequate facilities to meet present or  
10 projected enrollment or program needs; or

11 (B) facilities that require repair or replacement in  
12 order to meet health and safety laws or regulations or building  
13 codes [; FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL DIS-  
14 TRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
15 LISTED IN AS 14.11.010(c)].

16 \* Sec. 5. AS 14.11.100 is amended by adding a new subsection to read:

17 (k) An amount equal to the interest earned on the investment of  
18 the proceeds of bonds issued for a school construction project shall  
19 be used by the municipality to pay the costs of construction of the  
20 project.

21 \* Sec. 6. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
23 evaluate projects for which retirement of school construction debt is  
24 requested by school districts in accordance with the procedures set  
25 out in AS 14.11.010. A request for an allocation of funds under  
26 AS 14.11.100 must be submitted to the department by the school dis-  
27 trict no later than October 15 of the fiscal year before the fiscal  
28 year for which the request is made.

29 \* Sec. 7. AS 14.11.135 is amended to read:

1           Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
2 14.11.135], unless the context requires otherwise,

3           (1) "approved school construction project" means the plan  
4 for a new school or an addition to or major rehabilitation of an  
5 existing school to the extent to which approved by the commissioner in  
6 accordance with AS 14.07.020(11);

7           (2) "commissioner" means the commissioner of education;

8           (3) "costs of school construction" means the cost of ac-  
9 quiring, constructing, enlarging, repairing, remodeling, equipping or  
10 furnishing of public elementary and secondary school buildings and  
11 includes the sum total of all costs of financing and carrying out the  
12 project; these include, but are not limited to, the costs of all  
13 necessary studies, surveys, plans and specifications, architectural,  
14 engineering or other special services, acquisition of real property,  
15 site preparation and development, purchase, construction, reconstruc-  
16 tion and improvement of real property and the acquisition of machinery  
17 and equipment as may be necessary in connection with the project; an  
18 allocable portion of the administrative and operating expenses of the  
19 grantee; the cost of financing the project, including interest on  
20 bonds issued to finance the project; and the cost of other items,  
21 including any indemnity and surety bonds and premiums on insurance,  
22 legal fees, fees and expenses of trustees, depositaries, financial  
23 advisors, and paying agents for the bonds issued as the issuer con-  
24 siders necessary;

25           (4) "department" means the Department of Education.

26 \* Sec. 8. (a) The amendments to AS 14.11.100(j) provided for in sec. 4  
27 of this Act apply only to school construction projects approved by the  
28 commissioner of education after the effective date of this Act.

29           (b) The requirement of AS 14.11.102, added by sec. 6 of this Act,

1 that requests for an allocation of funds under AS 14.11.100 be submitted by  
2 October 15 of the fiscal year before the fiscal year for which the request  
3 is made, does not apply to requests for fiscal year 1987.

4 \* Sec. 9. This Act takes effect July 1, 1986.  
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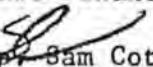
REPRESENTATIVE  
SAM COTTEN  
DISTRICT 19



P.O. BOX 296, EAGLE RIVER, AK 99577  
POUCH V, JUNEAU, AK 99811

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES

MEMO

TO: House Finance Committee members  
FROM: Rep.  Sam Cotten  
DATE: April 6, 1985  
RE: HB 191, school debt retirement

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The attached substitute for SB 51 is the same as CSHB 191(Finance) except for one technical change:

The definition of school district had originally been changed to include REAA's. However, since this version of HB 191 does not deal with grants, REAA's are not affected and there is no reason to include them in the definition.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 4-30-85

**REQUEST**

Bill/Resolution No. \_\_\_\_\_  
 Title: ...state aid...school  
construction  
 Sponsor: Cotten  
 Requestor: House Finance  
 Date of Request: 4-30-85

HCS 055851(F11)

**FISCAL DETAIL**

Agency Affected: Education  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
 Debt Retirement \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	0	0	1,200.0	1,250.0	1,300.0	
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	1,200.0	1,250.0	1,300.0	

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	0	0	1,200.0	1,250.0	1,300.0	
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

Impact shown is a result of increasing the reimbursement rate on existing debt presently reimbursed at 50%. Costs associated with future debt are indeterminate.

Prepared By: Steve Hule Phone: 2800  
 Division: Commissioner's Office Date: 4-30-85

Approved by Commissioner: Harold Reynolds, Jr Date: 4-30-85  
 Agency: Education

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Original sponsor: Kerttula

1  
2 IN THE SENATE

3 HOUSE CS FOR CS FOR SENATE BILL NO. 51 ( )

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

7 For an Act entitled: "An Act relating to state aid for school construc-  
8 tion; and providing for an effective date."

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

10 \* Section 1. AS 14.11.100(a)(5) is amended to read:

11 (5) subject to (h), [AND] (i), and (j) of this section, 80  
12 [50] percent of

13 (A) payments made by the municipality during the  
14 fiscal year for the retirement of principal and interest on  
15 outstanding bonds, notes or other indebtedness authorized by the  
16 qualified voters of the municipality after June 30, 1983, to pay  
17 costs of school construction, additions to schools, and major  
18 rehabilitation projects that exceed \$25,000 and are approved  
19 under AS 14.07.020(11); and

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21 municipality during the fiscal year two years earlier to pay  
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26 (h) An allocation under (a)(4) or (5) of this section for school  
27 construction begun after July 1, 1982, shall be reduced by the amount  
28 of money used for the construction of residential space, hockey rinks,  
29 planetariums, saunas, and other facilities for single purpose sporting  
or recreational uses that are not suitable for other activities and by

1           the money used for construction that exceeds the amount needed for  
2           construction of a facility of efficient design as determined by the  
3           department. An allocation under (a)(4) or (5) of this section may not  
4           be reduced by the amount of money used for construction of a small  
5           swimming pool, tank, or water storage facility used for water sports.  
6           However, an allocation shall be reduced by the difference between the  
7           amount of money used to construct a swimming pool that is competition  
8           size or larger and the amount of money that would have been used to  
9           construct a small swimming pool, tank, or water storage facility, as  
10          determined by the commissioner.

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12           (i) For the purposes of (a)(4) and (5) of this section

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

15                   (2) reimbursement for a cash payment may only be made after  
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18                   under a contract after the contract has been released.

19 \* Sec. 4. AS 14.11.100(j) is amended to read:

20           (j) The state may not allocate money to a municipality for a  
21           school construction project under (a)(5) of this section unless the  
22           municipality complies with the requirements of (1) - (4) of this  
23           subsection and the project is approved by the commissioner before the  
24           local vote on the bond issue for the project. In approving a project  
25           under this subsection, the commissioner shall require

26                   (1) the municipality to include on the ballot for the bond  
27                   issue the estimated total cost of each project and the estimated  
28                   amounts that will be paid by the state and by the municipality;

29                   (2) that the bonds may not be refunded unless the annual

1  
2 debt service on the refunding issue is not greater than the annual  
3 debt service on the original issue;

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

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

9 (A) projected long-term student enrollment that indi-  
10 cates the district has inadequate facilities to meet present or  
11 projected enrollment or program needs; or

12 (B) facilities that require repair or replacement in  
13 order to meet health and safety laws or regulations or building  
14 codes [; FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL DIS-  
15 TRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
16 LISTED IN AS 14.11.010(c)].

17 \* Sec. 5. AS 14.11.100 is amended by adding a new subsection to read:

18 (k) An amount equal to the interest earned on the investment of  
19 the proceeds of bonds issued for a school construction project shall  
20 be used by the municipality to pay the costs of construction of the  
21 project.

22 \* Sec. 6. AS 14.11 is amended by adding a new section to read:

23 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
24 evaluate projects for which retirement of school construction debt is  
25 requested by school districts in accordance with the procedures set  
26 out in AS 14.11.010. A request for an allocation of funds under  
27 AS 14.11.100 must be submitted to the department by the school dis-  
28 trict no later than October 15 of the fiscal year before the fiscal  
29 year for which the request is made.

\* Sec. 7. AS 14.11.135 is amended to read:

1  
2 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
3 14.11.135], unless the context requires otherwise,

4 (1) "approved school construction project" means the plan  
5 for a new school or an addition to or major rehabilitation of an  
6 existing school to the extent to which approved by the commissioner in  
7 accordance with AS 14.07.020(11);

8 (2) "commissioner" means the commissioner of education;

9 (3) "costs of school construction" means the cost of ac-  
10 quiring, constructing, enlarging, repairing, remodeling, equipping or  
11 furnishing of public elementary and secondary school buildings and  
12 includes the sum total of all costs of financing and carrying out the  
13 project; these include, but are not limited to, the costs of all  
14 necessary studies, surveys, plans and specifications, architectural,  
15 engineering or other special services, acquisition of real property,  
16 site preparation and development, purchase, construction, reconstruc-  
17 tion and improvement of real property and the acquisition of machinery  
18 and equipment as may be necessary in connection with the project; an  
19 allocable portion of the administrative and operating expenses of the  
20 grantee; the cost of financing the project, including interest on  
21 bonds issued to finance the project; and the cost of other items,  
22 including any indemnity and surety bonds and premiums on insurance,  
23 legal fees, fees and expenses of trustees, depositaries, financial  
24 advisors, and paying agents for the bonds issued as the issuer con-  
25 siders necessary;

26 (4) "department" means the Department of Education.

27 \* Sec. 8. (a) The amendments to AS 14.11.100(j) provided for in sec. 4  
28 of this Act apply only to school construction projects approved by the  
29 commissioner of education after the effective date of this Act.

(b) The requirement of AS 14.11.102, added by sec. 6 of this Act,

1 that requests for an allocation of funds under AS 14.11.100 be submitted by  
2 October 15 of the fiscal year before the fiscal year for which the request  
3 is made, does not apply to requests for fiscal year 1987.  
4

5 \* Sec. 9. This Act takes effect July 1, 1986.  
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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

75%

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CSSB-51 (FIN)  
Title: ...school construction...

Sponsor: Kerttula  
Requestor: Sen Finance  
Date of Request: 5-1-85

FISCAL DETAIL

Agency Affected: Education  
Program Category Affected: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected: Debt Retirement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		970.6	1006.0	1056.0	1106.0	
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		970.6	1006.0	1056.0	1106.0	

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		970.6	1006.0	1056.0	1106.0	
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Impact shown is a result of increasing the reimbursement rate on existing debt presently reimbursed at 50%. Costs associated with future debt are indeterminate.

Prepared By: Steve Holo Phone: 2800  
Division: Education Date: 5-1-85

Approved by Commissioner: Harold Reynolds, Jr Date: 5-1-85  
Agency: Education

Distribution (by Agency preparing fiscal note):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

7/1/84

COMPARISON OF SCHOOL DEBT RETIREMENT BILLS  
HB 191 and SB 51

HB 191

SB 51

- |  |  |
|--|--|
| 1. Raises debt reimbursement to 80%.   | 1. Raises debt reimbursement to 75%.   |
| 2. Does not make payments retro to 1983.   | 2. Same.   |
| 3. 14.11.100(h)-amended to reduce the amount of allocation for debt reimbursement by the amount used for construction of an inefficient design beyond what is approved by the department. (A district <u>could</u> build a school of any design and still be eligible for some reimbursement). | 3. 14.11.100(h)-does not add the House language but is amended to reduce an allocation by the construction cost difference between an approved swimming pool size and a larger one.  |
| 4. 14.11.100(j)-amended to add new requirements a municipality must meet before the state may allocate money for reimbursement. A muni must demonstrate the need for a new facility or repair by long-term enrollment numbers or by having to meet health and safety standards.                | 4. 14.11.100(j)-adds to the House requirements: operating and maintenance costs must be on the bond issue ballot and the municipality must agree to an appropriately sized facility as determined by the state board of education. (This means an unapproved facility will not be eligible for reimbursement). |
| 5. An amount equal to the interest earned on the investment of the bond proceeds shall be used by the municipality to pay the costs of construction of the project.  | 5. Lists what interest must be used for: costs of the project, paying accrued interest on the bond issue, redeeming all or part of the bond or to pay the costs of issuing the bond.   |
| 6. Requires school districts to submit their requests for funds under this program before October 15th of the fiscal year before the fiscal year for which the request is made. Does not apply to requests for fiscal year 1987.   | 6. Same October 15th deadline, does not exempt fiscal year 1987. Sets out a priority list the department is to follow for allocation of funds.   |
| 7. No legislative review or requirements for regulations.  | 7. Requires the department to adopt regulations to carry out this chapter and requires a legislative review of the regulations in the second session of the 14th legislature.  |
| 8. Effective date is July 1, 1986.   | 8. Effective date is July 1, 1985.   |

Offered: 5/2/85  
Referred: Rules

Original sponsor: Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 51 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.11.100(a)(5) is amended to read:

10 (5) subject to (h) and (i) of this section, 75 [50] percent  
11 of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness authorized by the  
15 qualified voters of the municipality after June 30, 1983, but  
16 before July 1, 1985, to pay costs of school construction, addi-  
17 tions to schools, and major rehabilitation projects that exceed  
18 \$25,000 and are approved under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1983, but before  
20 July 1, 1985, by the municipality during the fiscal year two  
21 years earlier to pay costs of school construction, additions to  
22 schools, and major rehabilitation projects that exceed \$25,000  
23 and are approved under AS 14.07.020(11).

24 \* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

25 (6) subject to (h), (i), and (j) of this section, 75 per-  
26 cent of payments made by the municipality during the fiscal year for  
27 the retirement of principal and interest on outstanding bonds, notes,  
28 or other indebtedness authorized by the qualified voters of the muni-  
29 cipality after June 30, 1985, to pay costs of school construction,

1 additions to schools, and major rehabilitation projects that exceed  
2 \$25,000 and are approved under AS 14.07.020(11).

3 \* Sec. 3. AS 14.11.100(h) is amended to read:

4 (h) An allocation under (a)(4), (5), or (6) of this section for  
5 school construction begun after July 1, 1982, shall be reduced by the  
6 amount of money used for the construction of residential space, hockey  
7 rinks, planetariums, saunas, and other facilities for single purpose  
8 sporting or recreational uses that are not suitable for other activ-  
9 ities. An allocation under (a)(4), (5), or (6) of this section may  
10 not be reduced by the amount of money used for construction of a small  
11 swimming pool, tank, or water storage facility used for water sports.  
12 However, an allocation shall be reduced by the difference between the  
13 amount of money used to construct a swimming pool that exceeds the  
14 standards adopted by the department [IS COMPETITION SIZE OR LARGER]  
15 and the amount of money that would have been used to construct a small  
16 swimming pool, tank, or water storage facility, as determined by the  
17 commissioner.

18 \* Sec. 4. AS 14.11.100(i) is amended to read:

19 (i) For the purposes of (a)(4), (5) and (6) of this section

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

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

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

26 \* Sec. 5. AS 14.11.100(j) is amended to read:

27 (j) The state may not allocate money to a municipality for a  
28 school construction project under (a)(5) or (6) of this section unless  
29 the municipality complies with the requirements of (1) - (5) of this

1        subsection and the project is approved by the commissioner before the  
2        local vote on the bond issue for the project. In approving a project  
3        under this subsection, the commissioner shall require

4                (1) the municipality to include on the ballot for the bond  
5        issue the estimated total cost of each project including estimated  
6        annual operation and maintenance costs and the estimated amounts that  
7        will be paid by the state and by the municipality;

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

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

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

16                        (A) projected long-term student enrollment that indi-  
17       cates the district has inadequate facilities to meet present or  
18       projected enrollment or program needs; or

19                        (B) facilities that require repair or replacement at a  
20       cost exceeding \$25,000;

21                (5) the municipality to agree to construction of a facility  
22       of appropriate size and configuration, as determined by the state  
23       board of education [FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL  
24       DISTRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
25       LISTED IN AS 14.11.010(c)].

26       \* Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

27                (k) Interest earned on the proceeds of bonds issued for a proj-  
28       ect may be used only to

29                        (1) pay the costs of the project;

- 1 (2) pay accrued interest on the bond issue;
- 2 (3) redeem all or part of the bonds; or
- 3 (4) pay the costs of issuing the bonds.

4 \* Sec. 7. AS 14.11 is amended by adding a new section to read:

5 Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department  
6 shall prioritize projects for which retirement of school construction  
7 debt is requested by school districts by evaluating the factors listed  
8 in AS 14.11.010(c) and giving priority to projects in the following  
9 order of decreasing importance:

- 10 (1) projects required to meet health and safety standards;
- 11 (2) projects required for unhoused students;
- 12 (3) projects required for the protection of the structure  
13 of existing facilities;
- 14 (4) projects that will result in operating cost savings;
- 15 (5) projects required for building code upgrade;
- 16 (6) projects required for functional upgrade.

17 (b) A request for retirement of school construction debt under  
18 AS 14.11.100 must be submitted to the department by the school dis-  
19 trict no later than October 15 of the fiscal year before the fiscal  
20 year for which the request is made.

21 \* Sec. 8. AS 14.11.135 is amended to read:

22 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
23 14.11.135], unless the context requires otherwise,

- 24 (1) "approved school construction project" means the plan  
25 for a new school or an addition to or major rehabilitation of an  
26 existing school to the extent to which approved by the commissioner in  
27 accordance with AS 14.07.020(11);
- 28 (2) "commissioner" means the commissioner of education;
- 29 (3) "costs of school construction" means the cost of

1       acquiring, constructing, enlarging, repairing, remodeling, equipping  
2       or furnishing of public elementary and secondary school buildings and  
3       includes the sum total of all costs of financing and carrying out the  
4       project; these include, but are not limited to, the costs of all  
5       necessary studies, surveys, plans and specifications, architectural,  
6       engineering or other special services, acquisition of real property,  
7       site preparation and development, purchase, construction, reconstruc-  
8       tion and improvement of real property and the acquisition of machinery  
9       and equipment as may be necessary in connection with the project; an  
10       allocable portion of the administrative and operating expenses of the  
11       grantee; the cost of financing the project, including interest on  
12       bonds issued to finance the project; and the cost of other items,  
13       including any indemnity and surety bonds and premiums on insurance,  
14       legal fees, fees and expenses of trustees, depositaries, financial  
15       advisors, and paying agents for the bonds issued as the issuer con-  
16       siders necessary;

17               (4) "department" means the Department of Education.

18       \* Sec. 9. AS 14.11 is amended by adding a new section to read:

19               Sec. 14.11.140. REGULATIONS. The department shall adopt regu-  
20       lations to carry out the purposes of this chapter.

21       \* Sec. 10. LEGISLATIVE REVIEW. Proposed permanent regulations under  
22 AS 14.11.140 as enacted in sec. 9 of this Act shall be submitted to the  
23 legislature no later than the 10th day of the Fourteenth Alaska State  
24 Legislature, second session. Notwithstanding AS 44.62, permanent regula-  
25 tions adopted under AS 14.11.140 take effect the 90th day of the Fourteenth  
26 Alaska State Legislature, second session, unless a law is enacted disap-  
27 proving the regulations.

28       \* Sec. 11. The amendments to AS 14.11.100(j) provided for in sec. 5 of  
29 this Act do not apply to school construction projects described in

1 AS 14.11.100(a)(5), as amended by sec. 1 of this Act.

2 \* Sec. 12. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and  
3 14.11.130 are repealed.

4 \* Sec. 13. This Act takes effect July 1, 1985.

Offered: 4/24/85  
Referred: Finance

Original sponsor: Kerttula

1 IN THE SENATE  
2  
3 CS FOR SENATE BILL NO. 51 (HESS)  
4 IN THE LEGISLATURE OF THE STATE OF ALASKA  
5 FOURTEENTH LEGISLATURE - FIRST SESSION  
6 A BILL  
7 For an Act entitled: "An Act relating to state aid for school construc-  
8 tion; and providing for an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 14.11 is amended by adding a new section to read:  
11 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. (a) There  
12 is established the school construction grant account to consist of  
13 money appropriated from the general fund and the proceeds of general  
14 obligation bonds to the account for school construction. The state  
15 may appropriate funds from the school construction grant account to  
16 school districts for the costs of school construction.  
17 (b) A school district that receives a grant under this section  
18 shall repay the state 10 percent of the grant within 10 years of  
19 receiving the grant. In lieu of repayment a school district may,  
20 subject to the approval of the commissioner, donate to the project 10  
21 percent of the project cost in the form of real property, site prepa-  
22 ration, or capital improvements to the property.  
23 \* Sec. 2. AS 14.11.010(a) is amended to read:  
24 (a) The assembly or council of a municipality that is a school  
25 district or a regional school board may submit a request to the de-  
26 partment for a grant from the school construction grant account for a  
27 school or education-related facility construction, rehabilitation, or  
28 improvement project together with a report evaluating the condition of  
29 school or education-related facilities in the municipality or regional  
educational attendance area and a determination of the need for the

1 project. To be eligible for a grant, a school district must submit a  
2 request under this section no later than October 15 of the fiscal year  
3 before the fiscal year for which the request is made.

4 \* Sec. 3. AS 14.11.010(b) is amended to read:

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

7 (1) rank each project giving priority to projects in the  
8 following order of decreasing importance:

9 (A) projects required to meet health and safety stan-  
10 dards;

11 (B) projects required for unhoused students;

12 (C) projects required for the protection of the struc-  
13 ture of existing facilities;

14 (D) projects that will result in operating cost sav-  
15 ings;

16 (E) projects required for building code upgrade;

17 (F) projects required for functional upgrade [IN THE  
18 ORDER OF PRIORITY THAT SERVES THE BEST INTERESTS OF THE STATE];

19 (2) prepare an estimate of the amount of money needed to  
20 finance each project approved by the department and recommend to the  
21 governor appropriations for projects to be included in the budget  
22 submitted to the legislature;

23 (3) provide the governor with a copy of the report of the  
24 assembly, council, or regional school board that requested each proj-  
25 ect approved by the department;

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

29 \* Sec. 4. AS 14.11.010(c) is amended to read:

1 (c) In establishing priorities among requested projects the  
2 department shall evaluate at least the following factors in addition  
3 to the factors set out in (b)(1) of this section:

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

6 (2) emergency requirements;

7 (3) the number of students without classroom space;

8 (4) new local elementary or secondary programs;

9 (5) existing regional, community, and school facilities and  
10 the condition of the facilities;

11 (6) the economic and social stability of the municipality  
12 or region.

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

14 Sec. 14.11.015. SCHOOL CONSTRUCTION GRANTS. (a) The department  
15 may approve a grant from the school construction grant account to a  
16 school district that complies with the requirements of (1) and (2) of  
17 this subsection if the project is approved by the commissioner. In  
18 approving a project under this section, the commissioner shall require  
19 the school district to

20 (1) agree to construction of a facility of appropriate size  
21 and configuration, as determined by the state board of education; and

22 (2) demonstrate to the commissioner the need for the proj-  
23 ect by

24 (A) a projected long-term student enrollment that  
25 indicates the school district has inadequate facilities to meet  
26 present or projected enrollment or program needs; or

27 (B) existing facilities that require repair or re-  
28 placement at a cost exceeding \$25,000.

29 (b) A school construction grant may not be used for the

1 construction of student residential space, hockey rinks, planetariums,  
2 saunas, and other facilities for single purpose sporting or recre-  
3 ational uses that are not suitable for other activities. However, a  
4 school construction grant may, subject to the approval of the commis-  
5 sioner, be used for construction of a small swimming pool, tank, or  
6 water storage facility used for water sports.

7 (c) A grant may not be made under this section until the voters  
8 in the school district approve receipt of the grant funds. The ballot  
9 for grant approval must include the estimated total cost of the proj-  
10 ect, the school district's share of the cost, and the estimated annual  
11 operation and maintenance costs of the project.

12 (d) Interest earned on a grant received under this section may  
13 only be used for the costs of the project for which the grant is  
14 received. The school district shall return the excess interest to the  
15 state.

16 \* Sec. 6. AS 14.11.100(a)(5) is amended to read:

17 (5) subject to (h) and (i) of this section, 50 percent of

18 (A) payments made by the municipality during the  
19 fiscal year for the retirement of principal and interest on  
20 outstanding bonds, notes or other indebtedness authorized by the  
21 qualified voters of the municipality after June 30, 1983, but  
22 before July 1, 1985, to pay costs of school construction, addi-  
23 tions to schools, and major rehabilitation projects that exceed  
24 \$25,000 and are approved under AS 14.07.020(11); and

25 (B) cash payments made after June 30, 1983, but before  
26 July 1, 1985, by the municipality during the fiscal year two  
27 years earlier to pay costs of school construction, additions to  
28 schools, and major rehabilitation projects that exceed \$25,000  
29 and are approved under AS 14.07.020(11).

1 \* Sec. 7. AS 14.11.100(a)(5) is repealed and reenacted to read:

2 (5) subject to (h) and (i) of this section, 75 percent of

3 (A) payments made by the municipality during the  
4 fiscal year two years earlier for the retirement of principal and  
5 interest on outstanding bonds, notes or other indebtedness  
6 authorized by the qualified voters of the municipality after  
7 June 30, 1983, but before July 1, 1985, to pay costs of school  
8 construction, additions to schools, and major rehabilitation  
9 projects that exceed \$25,000 and are approved under  
10 AS 14.07.020(11); and

11 (B) cash payments made after June 30, 1983, but before  
12 July 1, 1985, by the municipality during the fiscal year two  
13 years earlier to pay costs of school construction, additions to  
14 schools, and major rehabilitation projects that exceed \$25,000  
15 and are approved under AS 14.07.020(11).

16 \* Sec. 8. AS 14.11.100(a) is amended by adding a new paragraph to read:

17 (6) subject to (h), (i), and (j) of this section, 75 per-  
18 cent of payments made by the municipality during the fiscal year for  
19 the retirement of principal and interest on outstanding bonds, notes,  
20 or other indebtedness authorized by the qualified voters of the muni-  
21 cipality after June 30, 1985, to pay costs of school construction,  
22 additions to schools, and major rehabilitation projects that exceed  
23 \$25,000 and are approved under AS 14.07.020(11).

24 \* Sec. 9. AS 14.11.100(h) is amended to read:

25 (h) An allocation under (a)(4), (5), or (6) of this section for  
26 school construction begun after July 1, 1982, shall be reduced by the  
27 amount of money used for the construction of residential space, hockey  
28 rinks, planetariums, saunas, and other facilities for single purpose  
29 sporting or recreational uses that are not suitable for other

1 activities. An allocation under (a)(4), (5), or (6) of this section  
2 may not be reduced by the amount of money used for construction of a  
3 small swimming pool, tank, or water storage facility used for water  
4 sports. However, an allocation shall be reduced by the difference  
5 between the amount of money used to construct a swimming pool that  
6 exceeds the standards adopted by the department [IS COMPETITION SIZE  
7 OR LARGER] and the amount of money that would have been used to  
8 construct a small swimming pool, tank, or water storage facility, as  
9 determined by the commissioner.

10 \* Sec. 10. AS 14.11.100(i) is amended to read:

11 (i) For the purposes of (a)(4), (5) and (6) of this section

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

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

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

18 \* Sec. 11. AS 14.11.100(j) is amended to read:

19 (j) The state may not allocate money to a municipality for a  
20 school construction project under (a)(5) or (6) of this section unless  
21 the municipality complies with the requirements of (1) - (5) of this  
22 subsection and the project is approved by the commissioner before the  
23 local vote on the bond issue for the project. In approving a project  
24 under this subsection, the commissioner shall require

25 (1) the municipality to include on the ballot for the bond  
26 issue the estimated total cost of each project including estimated  
27 annual operation and maintenance costs and the estimated amounts that  
28 will be paid by the state and by the municipality;

29 (2) that the bonds may not be refunded unless the annual

1 debt service on the refunding issue is not greater than the annual  
2 debt service on the original issue;

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

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

8 (A) projected long-term student enrollment that indi-  
9 cates the district has inadequate facilities to meet present or  
10 projected enrollment or program needs; or

11 (B) facilities that require repair or replacement at a  
12 cost exceeding \$25,000;

13 (5) the municipality to agree to construction of a facility  
14 of appropriate size and configuration, as determined by the state  
15 board of education [FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL  
16 DISTRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
17 LISTED IN AS 14.11.010(c)].

18 \* Sec. 12. AS 14.11.100 is amended by adding a new subsection to read:

19 (k) Interest earned on the proceeds of bonds issued for a proj-  
20 ect may be used only to

- 21 (1) pay the costs of the project;  
22 (2) pay accrued interest on the bond issue;  
23 (3) redeem all or part of the bonds; or  
24 (4) pay the costs of issuing the bonds.

25 \* Sec. 13. AS 14.11 is amended by adding a new section to read:

26 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
27 prioritize projects for which retirement of school construction debt  
28 is requested by school districts in accordance with the procedures set  
29 out in AS 14.11.010. A request for retirement of school construction

1 debt under AS 14.11.100 must be submitted to the department by the  
2 school district no later than October 15 of the fiscal year before the  
3 fiscal year for which the request is made.

4 \* Sec. 14. AS 14.11.135 is amended to read:

5 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
6 14.11.135], unless the context requires otherwise,

7 (1) "approved school construction project" means the plan  
8 for a new school or an addition to or major rehabilitation of an  
9 existing school to the extent to which approved by the commissioner in  
10 accordance with AS 14.07.020(11);

11 (2) "commissioner" means the commissioner of education;

12 (3) "costs of school construction" means the cost of  
13 acquiring, constructing, enlarging, repairing, remodeling, equipping  
14 or furnishing of public elementary and secondary school buildings and  
15 includes the sum total of all costs of financing and carrying out the  
16 project; these include, but are not limited to, the costs of all  
17 necessary studies, surveys, plans and specifications, architectural,  
18 engineering or other special services, acquisition of real property,  
19 site preparation and development, purchase, construction, reconstruc-  
20 tion and improvement of real property and the acquisition of machinery  
21 and equipment as may be necessary in connection with the project; an  
22 allocable portion of the administrative and operating expenses of the  
23 grantee; the cost of financing the project, including interest on  
24 bonds issued to finance the project; and the cost of other items,  
25 including any indemnity and surety bonds and premiums on insurance,  
26 legal fees, fees and expenses of trustees, depositaries, financial  
27 advisors, and paying agents for the bonds issued as the issuer con-  
28 sidered necessary;

29 (4) "department" means the Department of Education;

1                   (5) "school district" means a municipal school district or  
2                   a regional educational attendance area.

3           \* Sec. 15. AS 14.11 is amended by adding a new section to read:

4                   Sec. 14.11.140. REGULATIONS. The department shall adopt regu-  
5                   lations to carry out the purposes of this chapter. Proposed permanent  
6                   regulations shall be submitted to the legislature no later than the  
7                   10th day of the Fourteenth Alaska State Legislature, second session.  
8                   Notwithstanding AS 44.62, permanent regulations adopted under this  
9                   section take effect the 90th day of the Fourteenth Alaska State Legis-  
10                  lature, second session, unless a law is enacted disapproving the  
11                  regulations.

12           \* Sec. 16. AS 37.05.315 is amended by adding a new subsection to read:

13                   (e) A municipality that accepts a grant under this section for  
14                   school construction or repair must comply with the provisions of  
15                   AS 14.11.015.

16           \* Sec. 17. The amendments to AS 14.11.100(j) provided for in sec. 11 of  
17           this Act do not apply to school construction projects described in AS 14.-  
18           11.100(a)(5), as amended by sec. 6 of this Act.

19           \* Sec. 18. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and  
20           14.11.130 are repealed.

21           \* Sec. 19. Sections 1 - 6 and 8 - 18 of this Act take effect July 1,  
22           1985.

23           \* Sec. 20. Section 7 of this Act takes effect July 1, 1986.

Introduced: 1/14/85  
Referred: Health, Education and  
Social Services and  
Finance

1 IN THE SENATE

BY KERTTUL'

2

SENATE BILL NO. 51

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to State aid for school construc-  
7 tion; and providing for an effective date."

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

9 \* Section 1. AS 14.11.100(a) is amended to read:

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

12 (1) payments made by the municipality during the fiscal  
13 year two years earlier for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness incurred before July 1,  
15 1977<sub>1</sub> to pay costs of school construction;

16 (2) 90 percent of

17 (A) payments made by the municipality during the  
18 fiscal year two years earlier for the retirement of principal and  
19 interest on outstanding bonds, notes or other indebtedness incur-  
20 red after June 30, 1977<sub>1</sub> and before July 1, 1978<sub>1</sub> to pay costs of  
21 school construction;

22 (B) cash payments made after June 30, 1976<sub>1</sub> and before  
23 July 1, 1978<sub>1</sub> by the municipality during the fiscal year two  
24 years earlier to pay costs of school construction;

25 (3) 90 percent of

26 (A) payments made by the municipality during the  
27 fiscal year two years earlier for the retirement of principal and  
28 interest on outstanding bonds, notes or other indebtedness incur-  
29 red after June 30, 1978<sub>1</sub> and before January 1, 1982<sub>1</sub> to pay costs

1 of school construction projects approved under AS 14.07.020(11);

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

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

8 (A) payments made by the municipality during the  
9 current fiscal year for the retirement of principal and interest  
10 on outstanding bonds, notes or other indebtedness incurred after  
11 December 31, 1981, and authorized by the qualified voters of the  
12 municipality before July 1, 1983, to pay costs of school con-  
13 struction, additions to schools, and major rehabilitation pro-  
14 jects that exceed \$25,000 and are approved under AS 14.07.-  
15 020(11); and

16 (B) cash payments made after June 30, 1982, and before  
17 July 1, 1983, by the municipality during the fiscal year two  
18 years earlier 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 (C) payments made by the municipality during the  
22 current fiscal year for the retirement of principal and interest  
23 on outstanding bonds, notes, or other indebtedness to pay costs  
24 of school construction, additions to schools, and major rehab-  
25 ilitation projects that exceed \$25,000 and are submitted to the  
26 Department of Education for approval under AS 14.07.020(11)  
27 before July 1, 1983, and approved by the qualified voters of the  
28 municipality before October 15, 1983, not to exceed a total  
29 project cost of (i) \$6,600,000 if the annual growth rate of

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

8 (5) subject to (h) and (i) of this section, 90 [50] percent  
9 of

10 (A) payments made by the municipality during the  
11 fiscal year for the retirement of principal and interest on  
12 outstanding bonds, notes or other indebtedness authorized by the  
13 qualified voters of the municipality after June 30, 1983, to pay  
14 costs of school construction, additions to schools, and major  
15 rehabilitation projects that exceed \$25,000 and are approved  
16 under AS 14.07.020(11); and

17 (B) cash payments made after June 30, 1983, by the  
18 municipality during the fiscal year two years earlier to pay  
19 costs of school construction, additions to schools, and major  
20 rehabilitation projects that exceed \$25,000 and are approved  
21 under AS 14.07.020(11).

22 \* Sec. 2. AS 14.11.100(c) is amended to read:

23 (c) The school construction account is established. Funds to  
24 carry out the provisions of this section may be appropriated annually  
25 by the legislature to the account. If amounts in the account are  
26 insufficient for the purpose of providing the share to which a borough  
27 or city is entitled under this section, those funds that are available  
28 shall be distributed pro rata among the eligible local governments  
29 having an annual growth rate of average daily membership of five

1     percent or more. Remaining funds shall be distributed pro rata among  
2     eligible local governments having an annual growth rate of average  
3     daily membership under five percent.

4     \* Sec. 3. This Act takes effect July 1, 1985.