

COMMITTEE REPORT
SENATE

FURTHER:

4/24/85

Date _____

Mr. President

The Committee on FINANCE considered SB 51
state aid for school construction; eff.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
 new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Richard ...

...

...

Chairman

Chairman recommendation

Revision Date: _____

REQUEST

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

FISCAL DETAIL

Agency Affected: Education
Program Category Affected: _____

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

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
OPERATING						
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						
TOTAL OPERATING		970.6	1006.0	1056.0	1106.0	

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		970.6	1006.0	1056.0	1106.0	
FEDERAL FUNDS						
OTHER						
TOTAL						

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 Hols
Division: Education

Phone: 2800
Date: 5-1-85

Approved by Commissioner: Harold Reynolds, Jr.
Agency: Education

Date: 5-1-85

Distribution (by Agency preparing fiscal note):

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

7/1/84

WILL BE HEARD IN SENATE FINANCE
8:30 AM THURSDAY, MAY 2.

Levy
5/1/85✓

Original sponsor: Kerttula

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 51 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

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

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983, but before July 1, 1985, 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, 1983, but before July 1, 1985, 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).

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

(6) subject to (h), (i), and (j) of this section, 75 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality 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;

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

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

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

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

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

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

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

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

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

(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.
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A M E N D M E N T

OFFERED IN THE SENATE: FINANCE COMMITTEE BY: SENATOR
KERTTULA

To: _____ SENATE BILL No. 51

HOUSE BILL No. _____

PAGE: + _____

LINE: 16 - 21

DELETE ALL

Kerttula
Proposed

Levy
5/1/85 ✓

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, 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. This Act takes effect July 1, 1985.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ARLISS STURGULEWSKI, Vice Chairman
JOE JOSEPHSON
PAUL FISCHER
EDNA ARMSTRONG-DE VRIES



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate Committee on Health, Education and Social Services

April 17, 1985

Sectional Analysis of CS SB 51 (HESS)

Section 1 establishes a school construction grant account. School districts must repay to the state 10 percent of the funds received from the account within 10 years or contribute a like amount in the form of real property, site preparation, or capital improvements.

Section 2 requires that school districts apply for school construction grants no later than October 15 of the fiscal year before the year for which the request is made.

Section 3 requires the Department to rank requested projects in the following order of priority: health and safety, unhoused students, protection of structure, operating cost savings, building code upgrade, and functional upgrade. Current statute requires that this list be provided to the Governor and the Legislature.

Section 4 lists other factors to be evaluated in the prioritization process: local priorities, emergency requirements, number of students without classroom space, new programs, existing facilities, and the economic stability of the municipality.

Section 5 sets out the eligibility requirements a district must meet to receive a school construction grant. The district must agree to an appropriately-sized facility, and demonstrate need for the project by a projected long-term enrollment or facilities requiring repair or replacement. Grant money may not be used for student residential space, hockey rinks, planetariums, saunas, and other single purpose sporting facilities except for a small swimming pool. A grant may not be awarded until voter approval of the grant money is received. Interest earned on grants must be used for project costs.

Section 6 amends the existing school construction debt retirement provisions by limiting the existing 50 percent retirement program to bonds approved and cash payments made before July 1, 1985.

Section 7 increases from 50% to 75% the reimbursement for debt incurred before July 1, 1985. (Section 20 provides an effective date of July 1, 1986 for this section.)

Section 8 establishes a new provision for retirement of 75 percent of a municipality's bonded indebtedness authorized after June 30, 1985 for school construction. There is no provision for the reimbursement of cash payments after June 30, 1985.

Section 9 provides that State funds used to retire debt at 75 percent may not be used for the kinds of facilities described in Section 5 above.

Section 10 makes a technical amendment to AS 14.11.100(i) to clarify the application of that provision to the 50 percent retirement provision under AS 14.11.100(a)(5).

Section 11 sets out the requirements a municipality must meet before debt may be retired under the provisions added by Section 8 of the bill. The Commissioner of Education must approve the project before the local vote on the bond issue, as under current law. In approving the project, the commissioner must require the municipality to include the estimated costs, including operating and maintenance costs of the project, in the ballot for the bond issue; provide for repayment of the bonds over a period of at least 10 years as under current law; demonstrate need for the project by a projected long term enrollment or facilities requiring repair or replacement; and agree to an appropriately sized facility.

Section 12 provides that interest earned on the proceeds of bonds issued for a project be used only to pay the costs of the project and costs associated with the bond issue.

Section 13 requires that reimbursement projects undergo prioritization by the commissioner as is done for grant projects (under Sections 3 and 4), and requires that application for reimbursement be made no later than October 15 of the fiscal year before the year for which the request is made.

Section 14 amends AS 14.11.135 to apply the definitions in that section to the new provisions added by the bill, and defines "school district" to include municipal districts and REAAs.

Section 15 requires the Department to adopt regulations to carry out the purposes of this chapter. Proposed permanent regulations must be submitted to the Legislature, and become effective unless a law is enacted disapproving the regulations.

Section 16 requires municipalities that accept grants for school construction to meet the eligibility criteria set out in Section 5 of this act.

Section 17 clarifies that the eligibility criteria established in Section 11 do not apply to projects that have received approval before the effective date of this act.

Section 18 repeals the existing provisions providing for a public school construction advance account. The Department has indicated that this section was intended for districts that are unable to

bond. The grant account established in Section 1 fulfills this need.

Section 19 establishes an effective date of July 1, 1985, except as provided in Section 20.

Section 20 delays the effective date of Section 7 (which increases the current 50% reimbursement level to 75%) until July 1, 1986.

Senate HESS Committee
April 17, 1985

Summary of Draft CS SB 51 (HESS)

Existing Law

<u>Grants</u>	<u>Reimbursement</u>	
REAA's and municipalities (14.11.015).	Districts with bonding capacity	Same
Repay 10% within 10 years or contribute like amount in real property, site preparation, or capital improvements (14.11.005)	75% reimbursed over 10 years (14.11.100(a))	No repayment of grant required; 50% reimbursement over 10 years.
Must apply to the Department for funds by October 15 of the previous year (14.11.010(a))	Same (14.11.102)	Current regulations (4 AAC 31.060) require reimbursement claims be made by September 15; no such date for grant requests.
Must demonstrate need - projected long term student enrollment that indicates the school district has inadequate facilities to meet needs, or existing facilities that require repair or replacement (14.11.015(a)(2))	Same (14.11.100(j)(4))	Demonstration of need not required.
Must agree to facility of appropriate size and configuration (14.11.015(a)(1))	Same (14.11.100(j)(5))	Guidelines on square footage allocations are provided in current regulations (4 AAC 31.020)

Grant cannot be made until voter approval is received (14.11.015(c)).

Commissioner must approve project prior to local vote on the bond issue (14.11.100(j)).

Local vote is required for bond issuance only. Reimbursement is made on all bonded projects subject to available funds.

Projects to be prioritized and presented to the Governor and the Legislature (14.11.010(b))

Same (14.11.102)

Prioritization is required for grants only.

"Prioritizers", in order of importance - health and safety, unhoused students, protection of structure, operating cost savings, building code upgrade, functional upgrade (14.11.010)

Same (14.11.102)

Provides general criteria, but does not establish a specific priority system.

Expenditure of state funds prohibited for hockey rink, planetarium, residential space, sauna, and other single purpose sporting/recreational facility (14.11.105(b))

Same (14.11.100(h))

Expenditure limited for reimbursement, but not for grants.

General fund or proceeds of general obligation bonds. Interest earned must be applied to project costs.

General fund with local indebtedness. Interest earned on bond proceeds must be applied to project costs or costs of the bond issuance (14.11.100(k)).

General fund for bonds; general fund with local indebtedness for debt retirement. Interest is spent at the district's discretion.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/29/85

REQUEST

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

FISCAL DETAIL

Agency Affected: Education
Program Category Affected: _____

Sponsor: Kerttula
Requestor: Senate Finance
Date of Request: 4/26/85

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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	0		243.2	970.5		
800 MISCELLANEOUS						
TOTAL OPERATING	0		243.2	970.5		

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)


GENERAL FUND	0		243.2	970.5		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This fiscal note dated 4/26/85 mistakenly showed an FY-86 cost. The provision increasing reimbursement on existing debt does not take effect until FY-87. Costs associated with future debt are indeterminate.

Prepared By: Steve Hole  Phone: 2800
Division: Commissioner's Office Date: 4/29/85

Approved by Commissioner: Harold Reynolds, Jr Date: 4/29/85
Agency: Education

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

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

Sponsor: Kerttula
Requestor: Senate Finance
Date of Request: 4/26/85

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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRAN'TS, CLAIMS	0	12.6	243.2	970.5		
800 MISCELLANEOUS						
TOTAL OPERATING	0	12.6	243.2	970.5		

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

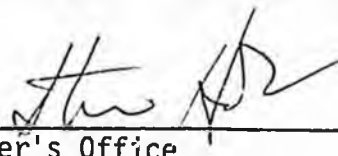
GENERAL FUND	0	12.6	243.2	970.5		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This estimate applies to existing debt incurred under the 50% reimbursement provisions of AS 14.11.100(a)(5). Increases associated with future debt incurred under the 75% reimbursement rate are indeterminate.

Prepared By: Steve Hole  Phone: 2800
Division: Commissioner's Office Date: 4/26/85

Approved by Commissioner: Harold Reynolds, Jr. Date: 4/26/85
Agency: Education

Distribution (by Agency preparing fiscal note):

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

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB-51
 Title: state aid for school
Construction
 Sponsor: Korttula
 Requestor: Senate Hess
 Date of Request: 3-15-85

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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		283.3	303.0	315.4	326.5	349.5
800 MISCELLANEOUS						
TOTAL OPERATING		283.3	303.0	315.4	326.5	349.5

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		283.3	303.0	315.4	326.5	349.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Steve Hole Phone: 2800
 Division: Commissioner's Office Date: 3-19-85
 Approved by Commissioner: Harold Reynolds, Jr. Date: 3-19-85
 Agency: Education

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

7/1/84

2851

Offered: 4/24/85
Referred: Finance

Original sponsor: Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 51 (HESS)

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 is amended by adding a new section to read:

10 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. (a) There
11 is established the school construction grant account to consist of
12 money appropriated from the general fund and the proceeds of general
13 obligation bonds to the account for school construction. The state
14 may appropriate funds from the school construction grant account to
15 school districts for the costs of school construction.

16 (b) A school district that receives a grant under this section
17 shall repay the state 10 percent of the grant within 10 years of
18 receiving the grant. In lieu of repayment a school district may,
19 subject to the approval of the commissioner, donate to the project 10
20 percent of the project cost in the form of real property, site prepa-
21 ration, or capital improvements to the property.

22 * Sec. 2. AS 14.11.010(a) is amended to read:

23 (a) The assembly or council of a municipality that is a school
24 district or a regional school board may submit a request to the de-
25 partment for a grant from the school construction grant account for a
26 school or education-related facility construction, rehabilitation, or
27 improvement project together with a report evaluating the condition of
28 school or education-related facilities in the municipality or regional
29 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 otherwi

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 siders 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 KERTTULA

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 1977₁ 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, 1977₁ and before July 1, 1978₁ to pay costs of
21 school construction;

22 (B) cash payments made after June 30, 1976₁ and before
23 July 1, 1978₁ 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, 1978₁ and before January 1, 1982₁ 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.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/14/85

Date 4-23-85

Mr. President

The Committee on HESS considered SB 51
state aid for school construction; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 51 (HESS)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING

DO PASS

McJosephson

Edm de Vries

Paul Fink

Curtis Stungulander

MEMBERS HAVING

OTHER RECOMMENDATIONS

Little Abraham King
Chairman

Do Pass
Chairman recommendation