

SR

150

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: SB 150
Publish Date: _____

Revision Date: _____

Agency Affected: _____

Title: Relating to Bonds Issued for
School Construction

BRU: _____

Sponsor: Sen. Fischer

Components: _____

Requestor: (S) Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

The fiscal impact of this measure cannot be determined because we do not know how many school districts will be restructuring their debt, in what manner or for how long it will be restructured, and what level of commitment the state would provide.

Prepared By: Royce Weller Phone: 465-2300
Division: Office of the Commissioner/Revenue Date: April 27, 1987

Approved by Commissioner: Hugh Malone Date: April 27, 1987
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

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

Original sponsors: Fischer, Bennett
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 150 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bonds issued 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(c) is amended to read:

10 (c) The school construction account is established. Funds to
11 carry out the provisions of this section may be appropriated annually
12 by the legislature to the account. If amounts in the account are
13 insufficient for the purpose of providing the share to which a borough
14 or city is entitled under this section, those funds that are available
15 shall be distributed pro rata among the eligible local governments
16 except that the legislature may direct that additional debt service on
17 refunding bonds that exceeds the total debt service on the refunded
18 bonds be disregarded in whole or in part.

19 * Sec. 2. 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) and (2) [(1) - (4)]
23 of this subsection and the project is approved by the commissioner
24 before the local vote on the bond issue for the project. In approving
25 a project 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 including estimated
28 annual operation and maintenance costs and the estimated amounts that
29 will be paid by the state and by the municipality; and

1 (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL
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
8 by 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

12 (B) facilities that require repair or replacement in
13 order to meet health and safety laws or regulations or building
14 codes.

15 * Sec. 3. AS 14.11.100 is amended by adding a new subsection to read:

16 (1) In this section, "outstanding bonds, notes, or other indebt-
17 edness" includes bonds issued to refund bonds, notes, or other indebt-
18 edness issued to pay costs of school construction or to refund the
19 bonds. Bonds may not be refunded if the time remaining for repayment
20 on the original bonds is less than five years. The repayment term on
21 refunding bonds may not exceed 20 years. For the purposes of deter-
22 mining the level of reimbursement, refunding bonds are considered to
23 be issued as of the date of the first issue of bonds, notes, or other
24 indebtedness or of the bonds that refund the bonds, whichever is
25 later. Refunded bonds, notes, or other indebtedness are not consid-
26 ered outstanding.

27 * Sec. 4. This Act is retroactive to July 1, 1983.

28 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

29

5-0568B ✓
Levy
4/27/87

Adopted
4/28/87

24

H. Bennett, Zharoff,
Hansley, Fischer
Against - Binkley & Helling
Absent - Duncan

Original sponsors: Fischer, Bennett
and Szymanski

1 IN THE SENATE

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5-0568B
Levy
4/23/87

Original sponsors: Fischer, Bennett
and Szymanski

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5-0568B
Levy
4/22/87 .

Original sponsors: Fischer, Bennett
and Szymanski

del. to Fischer

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25 over a period of at least 10 years;

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27 project by establishing that the school district has

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29 cates the district has inadequate facilities to meet present or

1 projected enrollment; or

2 (B) facilities that require repair or replacement in
3 order to meet health and safety laws or regulations or building
4 codes.

5 * Sec. 2. AS 14.11.100 is amended by adding a new subsection to read:

6 (1) An indebtedness authorized to be reimbursed under this
7 section may be refunded only if, after the refunding, the total debt
8 service of a municipality in a fiscal year on indebtedness authorized
9 to be reimbursed under this section is not less than the amount of
10 reimbursement authorized under this section before the refunding. If
11 an indebtedness authorized to be reimbursed under this section is
12 refinanced or restructured, the amount of reimbursement in a fiscal
13 year is the amount of reimbursement payable under this section on the
14 original issue.

15 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
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5-0568B
Levy
4/14/87

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19 will be paid by the state and by the municipality;

20 (2) that the bonds may [NOT] be refunded only if [UNLESS]
21 the [ANNUAL] debt service on the refunding bonds in a fiscal year
22 [ISSUE] is not less [GREATER] than the amount of reimbursement au-
23 thorized under (1) of this section [ANNUAL DEBT SERVICE ON THE ORIGI-
24 NAL ISSUE];

25 (3) that the bonds must be repaid in approximately equal
26 annual principal payments or approximate equal debt service payments
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10 ment in a fiscal year is the amount that would have been reimbursable
11 on the refunded indebtedness in the year for which reimbursement is
12 claimed if the indebtedness had not been refinanced or restructured.

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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : SB 150
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title: Bonds issued for school
construction
Sponsor: Senator Fischer . . .
Requestor: _____

Agency Affected: Dept of Education
BRU: _____
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-4985
Division: Senator John Binkley, Co-chairman Date: 4/16/87
Senate Finance Committee

Approved by Commissioner: _____ Date: _____
Agency: _____

- Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

page _____ of _____

*Super "CS" & "Fin"
on FN*

SB 150

GOVERNOR'S TASK FORCE ON LOCAL GOVERNMENT
Dorothy Jones, Chairperson
P.O. Box 1608
Palmer, Alaska 99645

April 15, 1987

The Honorable Steve Cowper
Alaska State Legislators

We, the Mayors of Alaskan Municipalities after many meetings and considerable investigation and work, have agreed upon the following points:

1. The legislature should act as quickly as possible to allow municipalities to refinance their existing school bond indebtedness. HB 204 represents the best approach. To avoid large impacts to local property taxes in most boroughs, the bill must be passed by May 1, 1987. Over 80% of the annual savings would accrue to the State.

2. SB 119, changes to the Education Foundation Formula should be passed as originally introduced, without amendments.

3. The state must continue adequate maintenance of state roads. The \$.08 increase in the motor fuel tax should be enacted and the funds targeted for operations and maintenance. Recent layoffs of maintenance personnel throughout the system indicate that FY '87 revised levels of appropriation are inadequate, even in a year when weather was not severe.

4. The senior citizens property tax exemption should be funded at \$3.0 million. Even if the legislature enacts HB 159, making the exemption a local option, this will not aid municipalities this year. Most municipalities have already granted the state mandated exemption for 1987.

5. Reductions to Municipal Assistance and Revenue Sharing should be the same as reduction to the overall state general programs--approximately 8.4%, not 20%. At least \$7.5 million, \$5.5 million and \$23 million respectively should be added to the current proposal levels of appropriations to meet this "fairness test."

Long Knave
Mayor of Anchorage

Dorothy A. Jones
Mayor, Mat-Su

Juanita Helms, (dy)
Mayor, Fairbanks
North Star

David Thompson
Mayor - Kenai Boro

John R. Pugh, (dy)
Mayor - City of Kodiak

4/16/87

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4. The senior citizens property tax exemption should be funded at \$3.0 million. Even if the legislature enacts HB 159, making the exemption a local option, this will not aid municipalities this year. Most municipalities have already granted the state mandated exemption for 1987.
5. Municipal assistance, revenue sharing and debt retirement for FY '88 should be increased, over the Governor's recommended budget for FY '88, at least \$7.5 million, \$5.5 million and \$23 million respectively. These increases are warranted in light of the approximately 20 per cent cut these programs have suffered. This is not to imply that further cuts are warranted in specific agency budgets or entitlement programs where reduced funding has and will jeopardize essential services or threaten the stability of local economies.

4/16/87

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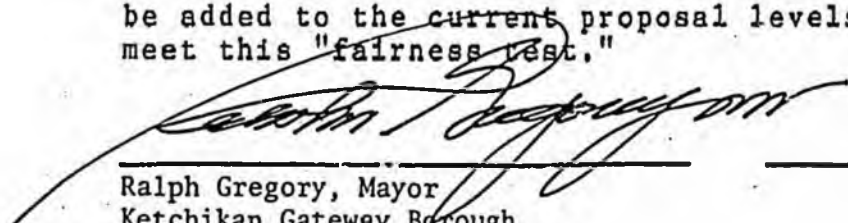
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 Ralph Gregory, Mayor
 Ketchikan Gateway Borough

4/16/87

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

DATE TURNED INTO OFFICE _____

Mr. President:

HESS

Committee considered SB 150

bonds issued for school construction; efd.

and recommended:

[] replace with CS _____ [] same title
[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral

[] letter of _____

** Com _____

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SCHOOL CONSTRUCTION DEBT RETIREMENT - FY88 ESTIMATED STATE AID

4/28/87
SFC-87
36 22

UPDATED 3/31/87

SCHOOL DISTRICTS	100% BOND SALES PRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/82 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	80% BOND SALES 7/1/83 TO PRESENT CURRENT PAY	80% FY86 BOND ISSUES SOLD FY88 STATE AID EST.	LESS CIG. TAX PAID IN FY86	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY-88
ANCHORAGE	\$8,998,623	\$1,420,866	\$614,451	\$9,281,138	\$3,808,508	\$2,688,000	(\$1,034,514) !	\$25,777,072
BRISTOL BAY	\$0	\$380,520	\$241,254	\$0	\$0	\$0	(\$12,112) !	\$609,662
CORDOVA	\$0	\$0	\$51,093	\$0	\$0	\$0	(\$16,071) !	\$35,022
DILLINGHAM	\$0	\$0	\$27,302	\$0	\$0	\$0	(\$20,341) !	\$6,961
FAIRBANKS	\$3,826,350	\$0	\$163,876	\$10,441,440	\$842,080	\$800,000	(\$314,810) !	\$15,758,936
GALENA	\$0	\$0	\$61,626	\$0	\$0	\$0	(\$10,673) !	\$50,953
HAINES	\$93,398	\$0	\$0	\$0	\$0	\$0	(\$17,540) !	\$75,858
JUNEAU	\$615,914	\$369,960	\$257,672	\$5,706,803	\$65,418	\$0	(\$133,055) !	\$6,882,712
KENAI	\$2,544,655	\$0	\$1,228,856	\$11,651,791	\$8,595,584	\$0	(\$236,525) !	\$23,784,361
KETCHIKAN	\$403,192	\$0	\$527,309	\$2,381,778	\$0	\$0	(\$75,872) !	\$3,236,407
KODIAK	\$428,258	\$1,174,417	\$0	\$2,111,121	\$1,316,500	\$0	(\$72,820) !	\$4,957,476
MAT-SU	\$1,982,675	\$2,657,784	\$0	\$7,379,386	\$9,234,814	\$0	(\$230,361) !	\$21,024,298
NENANA	\$199,369	\$0	\$0	\$0	\$0	\$0	(\$9,425) !	\$189,944
NOME	\$0	\$0	\$0	\$150,758	\$759,371	\$0	(\$28,391) !	\$881,738
NORTH SLOPE	\$737,375	\$1,597,588	\$0	\$8,136,553	\$0	\$0	(\$53,311) !	\$10,418,205
PETERSBURG	\$305,675	\$0	\$0	\$348,318	\$0	\$0	(\$21,641) !	\$632,352
SITKA	\$357,558	\$0	\$137,916	\$0	\$2,137,600	\$0	(\$51,487) !	\$2,581,587
UNALASKA	\$0	\$238,829	\$0	\$0	\$0	\$0	(\$8,675) !	\$230,154
VALDEZ	\$1,231,039	\$1,683,202	\$212,204	\$0	\$0	\$0	(\$30,733) !	\$3,095,712
WRANGELL	\$0	\$126,885	\$0	\$107,313	\$694,226	\$0	(\$18,589) !	\$909,835
YAKUTAT	\$0	\$0	\$78,425	\$0	\$0	\$0	(\$9,513) !	\$68,912
TOTALS	\$21,724,081	\$9,650,051	\$3,601,984	\$57,696,399	\$27,454,101	\$3,488,000	(\$2,406,459)	\$121,208,157

TOTAL BOND OUTLAYS	\$116,524,632
PLUS: CASH PAYMENTS	\$3,601,984
SUB TOTAL	\$120,126,616
NEW &: FY88 EST.	\$3,488,000
SUB TOTAL	\$123,614,616
LESS: CIG. TAX	(\$2,406,459)
EST. STATE AID-FY88	\$121,208,157

FY 1988 ESTIMATE	\$121,208,157
FY 1987 AUTHORIZATION	\$115,845,000
PER ADMIN. ORDER 91	
ESTIMATED INCREASE)))	\$5,363,157

1 IN THE SENATE

BY FISCHER, BENNETT
AND SZYMANSKI

2

SENATE BILL NO. 150

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to bonds issued 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. 14.11.090. REFINANCING OF SCHOOL CONSTRUCTION DEBT. A
11 municipality may not refinance school construction debt if the refi-
12 nancing issue increases the amount of the debt unless the refinancing
13 issue is placed on the ballot and approved by a majority of the
14 voters. The ballot proposition must state the amount by which the
15 refinancing issue will increase the school construction debt.

16 * Sec. 2. AS 14.11.100(j) is amended to read:

17 (j) The state may not allocate money to a municipality for a
18 school construction project under (a)(5) of this section unless the
19 municipality complies with the requirements of (1) and (2) [(1) - (4)]
20 of this subsection and the project is approved by the commissioner
21 before the local vote on the bond issue for the project. In approving
22 a project under this subsection, the commissioner shall require

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

27 (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL
28 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL
29 DEBT SERVICE ON THE ORIGINAL ISSUE;

1 (3) THAT THE BONDS MUST BE REPAYED IN APPROXIMATELY EQUAL
2 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS
3 OVER A PERIOD OF AT LEAST 10 YEARS;

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

6 (A) projected long-term student enrollment that indi-
7 cates the district has inadequate facilities to meet present or
8 projected enrollment; or

9 (B) facilities that require repair or replacement in
10 order to meet health and safety laws or regulations or building
11 codes.

12 * Sec. 3. Section 2 of this Act is retroactive to July 1, 1983.

13 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).