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SENATE COMMITTEE REPORT

FURTHER

2/4/88

DATE TURNED INTO OFFICE _____

Mr. President:

Finance Committee considered SB 314

state payment of municipal school construction debt

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of ~~11/25/88~~ ^{11/25/88} DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

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

1/11/88
Mr. President:

DATE TURNED INTO OFFICE 2/3/89

HESS Committee considered SB 314

state payment of municipal school construction debt.

and recommended:

replace with CS SB 314 (HESS) same title
and reports it back as follows new title
 attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

1 J. Kautzula Do pass

2 J.P. Gosselin - No Rec.
2 [Signature] No Rec
2 [Signature] (No Rec)

1 Paul Gruber Do Pass
Chairman signature and recommendation

Committee Backup Attached

Offered: 2/4/88
Referred: Finance

5-1400B

Original sponsors: Kerttula, Fischer
and Szymanski

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 314 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state payment of municipal school
7 construction debt."

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

9 * Section 1. STATE PAYMENT OF SCHOOL CONSTRUCTION DEBT. (a) The state
10 shall assume and make all future payments on the indebtedness outstanding
11 on January 1, 1988, that is represented by obligations incurred by a munic-
12 ipality that is a school district to pay the costs of school construction
13 that have been approved by the Department of Education under AS 14.07.-
14 020(11).

15 (b) The state shall reimburse a municipality for the payments that
16 are made by the municipality after December 31, 1987, on the obligations
17 assumed by the state under (a) of this section.

18 (c) The commissioner of education shall administer the payment pro-
19 grams established under this section and shall establish by regulation the
20 procedures necessary for the administration of the programs.

21 (d) This section does not change the rights and duties that exist on
22 the effective date of this Act between the parties to the obligations
23 covered by (a) or (b) of this section.

24 (e) This section is subject to the state's appropriation of the funds
25 necessary to implement this section.

26 (f) A municipality that is a school district shall secure and main-
27 tain in full force and effect adequate property loss insurance for the
28 replacement cost of all facilities for which state funds are available
29 under (a) or (b) of this section.

SB0314b

-1-

CSSB 314(HESS)

COMMITTEE COPY

1 (g) The taxpayer notice required by AS 29.45.020 must include in the
2 section of the notice that lists the amount of state aid received by the
3 municipality for the retirement of school construction debt

4 (1) a reference to this section; and

5 (2) the amount of the funds allocated to the municipality under
6 this section for the fiscal year.

7 (h) In this section

8 (1) "costs of school construction" has the meaning given in
9 AS 14.11.135;

10 (2) "municipality" has the meaning given in AS 01.10.060;

11 (3) "obligations" means bonds, notes, and other forms of in-
12 debtedness, including bonds issued to refund bonds, notes, or other forms
13 of indebtedness issued to pay costs of school construction or to refund the
14 bonds, but does not include

15 (A) refunded bonds, notes, or other forms of indebtedness;

16 (B) a bond until the bond has been sold.

17 * Sec. 2. AS 14.11.100(a) is repealed and reenacted to read:

18 (a) Subject to (h), (i), and (j) of this section, during each
19 fiscal year the state shall allocate to a municipality that is a
20 school district 80 percent of the payments made by the municipality
21 during the fiscal year for the retirement of principal and interest on
22 outstanding bonds, notes, or other indebtedness, if the indebtedness
23 is incurred by the municipality after December 31, 1987, to pay the
24 costs of school construction, additions to schools, and major re-
25 habilitation projects that exceed \$25,000, and if the indebtedness has
26 been authorized by the qualified voters of the municipality and ap-
27 proved by the department under AS 14.07.020(11).

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

29 (h) An allocation under (a) [(a)(4) OR (5)] of this section for
CSSB 314(HESS)

1 school construction [BEGUN AFTER JULY 1, 1982,] shall be reduced by
2 the amount of money used for the construction of residential space,
3 hockey rinks, planetariums, saunas, and other facilities for single
4 purpose sporting or recreational uses that are not suitable for other
5 activities and by the money used for construction that exceeds the
6 amount needed for construction of a facility of efficient design as
7 determined by the department. An allocation under (a) [(a) (4) OR
8 (5)] of this section may not be reduced by the amount of money used
9 for construction of a small swimming pool, tank, or water storage
10 facility used for water sports. However, an allocation shall be
11 reduced by the difference between the amount of money used to con-
12 struct a swimming pool that exceeds the standards adopted by the
13 department and the amount of money that would have been used to con-
14 struct a small swimming pool, tank, or water storage facility, as
15 determined by the commissioner.

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

17 (i) For the purposes of (a) [(a)(4) AND (5)] of this section

18 (1) an indebtedness for bonds is incurred after the bonds
19 are sold;

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

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

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

25 (j) Except as provided in (i) of this section, the state may not
26 allocate money to a municipality for a school construction project
27 under (a) [(a)(5)] of this section unless the municipality complies
28 with the requirements of (1) - (4) of this subsection, the project is
29 approved by the commissioner before the local vote on the bond issue

1 for the project, and the local vote occurs before July 1, 1987, or
2 after June 30, 1988. In approving a project under this subsection,
3 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 total interest, estimated annual operation and maintenance costs, the
7 estimated amounts that will be paid by the state and by the munic-
8 ipality, and the approximate amount that would be due in annual taxes
9 on \$100,000 in assessed value to retire the debt;

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

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

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

18 (A) projected long-term student enrollment that indi-
19 cates the district has inadequate facilities to meet present or
20 projected enrollment; or

21 (B) facilities that require repair or replacement in
22 order to meet health and safety laws or regulations or building
23 codes.

24 * Sec. 6. AS 14.11.115(b) is amended to read:

25 (b) A payment under (a) of this section is limited to an amount
26 that [WHICH, WHEN COMBINED WITH ESTIMATED PAYMENTS TO THE SCHOOL
27 DISTRICT FOR THE RETIREMENT OF THE PRINCIPAL AND INTEREST ON BONDS,
28 NOTES OR OTHER INDEBTEDNESS OR REIMBURSEMENT OF CASH PAYMENTS FOR A
29 SCHOOL CONSTRUCTION PROJECT FOR WHICH PAYMENT IS MADE UNDER

1 AS 14.11.100(a)(1) OR (2) OR FOR AN APPROVED SCHOOL CONSTRUCTION
2 PROJECT FOR WHICH PAYMENT IS MADE UNDER AS 14.11.100(a)(3),] does not
3 exceed 80 percent [PER CENT] of the cost of the school construction
4 project.
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Introduced: 1/11/88
Referred: Health, Education and Social Services
and Finance

5-1400A

1 IN THE SENATE

BY KERTTULA, FISCHER, SZYMANSKI

2 SENATE BILL NO. 314

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state payment of municipal school
7 construction debt."

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10 shall assume and make all future payments on the indebtedness outstanding
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13 struction project approved by the Department of Education under AS 14.07.-
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15 (b) The state shall reimburse a municipality for the payments that
16 are made by the municipality after December 31, 1987, on the obligations
17 assumed by the state under (a) of this section.

18 (c) The commissioner of revenue shall administer the payment programs
19 established under this section and shall establish by regulation the proce-
20 dures necessary for the administration of the programs.

21 (d) This section does not change the rights and duties that exist on
22 the effective date of this Act between the parties to the obligations
23 covered by (a) or (b) of this section.

24 (e) This section is subject to the state's appropriation of the funds
25 necessary to implement this section.

26 (f) A municipality that is a school district shall secure and main-
27 tain in full force and effect adequate property loss insurance for the
28 replacement cost of all facilities for which state funds are available
29 under (a) or (b) of this section.
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SB0314a

-1-

SB 314

COMMITTEE COPY

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2 section of the notice that lists the amount of state aid received by the
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2 PROJECT FOR WHICH PAYMENT IS MADE UNDER AS 14.11.100(a)(3),] does not
3 exceed 80 percent [PER CENT] of the cost of the school construction
4 project.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION CSB 3/4 (HESS)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: State payment of municipal school construction debt
Sponsor: Kerrtula, Fischer, Szymanski
Requestor: Senate HESS

Agency Affected: DOE
BRU: Debt Retirement
Components: Debt Retirement

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		117,710.0	109,694.9	106,598.3*	103,339.4	94,882.3*
MISCELLANEOUS						
TOTAL OPERATING		117,710.0	109,694.9	106,598.3*	103,339.4	94,882.3*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		117,710.0	109,694.9	106,598.3*	103,339.4	94,882.3*
FEDERAL FUNDS						
OTHER						
TOTAL		117,710.0	109,694.9	106,598.3*	103,339.4	94,882.3*

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*FY89-93 totals exclude cash payments and the two new bond issues to be sold in the near future. This fiscal note assumes that the current debt retirement program remains in effect for FY88.

Prepared by: Mary Hakala Phone: 465-2800
Division: Commissioner's Office Date: 2-1-88

Approved by Commissioner: William G. Demmert Date: 2-1-88
Agency: Dept. of Education

Distribution (by preparer):

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

ALASKA STATE LEGISLATURE

...15th Legislature .. 2nd Session

SENATE.. BILL..... NO. 314.

By ..KERTTULA, . FISCHER, . SZYMANSKI

"An Act relating to state payment of municipal school construction debt."

Introduced in the Senate 1/11....., 19 88.....

HISTORY IN THE SENATE

19 88

Read first time and referred to Committee on

1 11

HESS, FINANCE

Reported back with recommendation that *HESS*
replace w/CS-
2 do pass. 3 no rec,
FN to FN

2 3

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: State Payment of Municipal
School Construction Debt
Sponsor: Kerttula
Requestor: Senate HESS

Agency Affected: Revenue
BRU: Treasury
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	8.8	17.6	17.6	17.6	17.6	17.6
TRAVEL						
CONTRACTUAL	1.0	2.0	2.0	2.0	2.0	2.0
SUPPLIES						
EQUIPMENT	8.5					
LAND & STRUCTURES						
GRANTS, CLAIMS	67,300.0	127,441.3	121,519.6	116,513.1	114,870.4	105,516.0
MISCELLANEOUS						
TOTAL OPERATING	67,318.3	127,460.9	121,539.2	116,532.7	114,890.0	105,535.6

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	67,318.3	127,460.9	121,539.2	116,532.7	114,890.0	105,535.6
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1	1	1
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Increase in cost estimated as a result of this bill is \$103,496,369 through the year 2006 (see detail page 2)

Prepared by: Milt Barker *MB* Phone: 465-2350
Division: Treasury Date: 1-29-88

Approved by Commissioner: *A. Malore* Date: 2/1/88
Agency: Revenue

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

RECEIVED
FEB 3 1988

LEGISLATIVE FINANCE

SB 314

FISCAL NOTE ANALYSIS

The cost of SB 314 compared to current statutes is as follows:

	<u>SB 314</u>	<u>Current Statutes</u>	<u>Difference</u>
1-1-88 to 6-30-88	\$ 67,300,000	\$ 48,000,000	\$ 19,300,000
FY 89	127,441,272	113,727,422	13,713,850
FY 90	121,519,554	109,694,923	11,824,631
FY 91	116,513,141	106,598,347	9,914,794
FY 92	114,870,397	103,339,355	11,531,042
FY 93	105,515,994	94,882,288	10,633,706
FY 94 to FY 06	<u>399,747,508</u>	<u>373,169,162</u>	<u>26,578,346</u>
Total	\$1,052,907,866	\$949,411,497	\$103,496,369

The above amounts represent full-funding of State reimbursement under the two alternatives on bonds outstanding as of January 1, 1988. It should be noted that the FY 89 Governor's budget differs from the \$113,727,422 shown above because it is funded at only 90 percent of entitlement and includes projected bond sales as well as cash grants.

The amounts shown for the last half of FY 88 are Department of Education estimates and need to be calculated exactly.

Position Title Accounting Technician II		No. of Positions 1	Range/Step 14/A	Barg. Unit GG
Time Status Part-time	Staff Months 6	Location Juneau		Election District Juneau AWA
Type of Expenditure		Justification		
Amount		Existing administration of the municipal school debt reimbursement program by the Department of Education requires approximately half of one Accounting Technician II's time.		
1	2	3		
Salary	14.1			
Benefits	3.5			
Premium Pay				
Other				
Total Personal Services		17.6		
Travel				
Contractual		2.0		
Commodities				
Equipment		8.5		
Other				
Total Cost		28.1		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	28.1		
GF Program Receipts	1005			
Other				
		<u>Contractual</u> Phone line \$ 350 Long-distance phone charges \$1,650 <u>Equipment</u> Phone \$ 100 Technician work station (open system) \$3,310 Chair \$ 653 File Cabinet, 5 drawer legal \$ 304 Calculator \$ 137 Microcomputer, Keyboard, Printer \$4,000 \$8,504		

**Request For
New Position**

Agency Revenue
BRU Treasury
Component _____

Page _____ of _____
Revised Date _____

FY 89