

SB

314

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 1, 1988

SUBJECT: Sectional Analysis of SB 314
TO: Senator Jay Kerttula
FROM: Theresa L. Bannister *tb*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 (a) requires the state to assume and make the future payments on certain municipal school construction debts that are outstanding on January 1, 1988.

Section 1 (b) requires the state to reimburse a municipality for the payments that the municipality makes after December 31, 1987, on obligations that have been assumed by the state under (a) of this section.

Section 1 (c) directs the commissioner of revenue to administer this section's payment programs and to establish by regulation the procedures necessary for administering the programs.

Section 1 (d) prevents this section from being interpreted to change the rights and duties between the parties to the obligations covered by this section from the way those rights and duties exist on the effective date of this section.

Section 1 (e) makes this section operative only if the state appropriates the funds necessary to make the payments required by this section.

Senator Jay Kerrettula
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Section 1 (f) requires a municipality to maintain in full force and effect certain property insurance for the facilities for which funds are available under (a) and (b) of this section.

Section 1 (g) requires that the municipal property tax notice required by AS 29.45.020 include certain information relating to the state aid provided by this section.

Section 1 (h) defines terms for the section.

Section 2 directs the state each fiscal year to allocate to a municipality that is a school district 80 percent of the payments made by the municipality during the fiscal year on certain indebtedness incurred by the municipality after December 31, 1987. This allocation is subject to AS 14.11.100(h), (i), and (j) (Sections 3-5 of this bill).

Section 3 provides that the allocation under sec. 2 of this bill is to be reduced by certain listed items and not by other listed items.

Section 4 provides certain guidelines for the application of sec. 2 of this bill.

Section 5 indicates that the allocation under sec. 2 is, with one exception, subject to certain listed conditions.

Section 6 states that the amount of state aid payable under AS 14.11.115(a) may not exceed 80 percent of the cost of the school construction project.

If I may be of further assistance, please advise.

TLB:bb
wkb2/024

MEMORANDUM

State of Alaska

TO: Members, State Board of Education

DATE: December 7, 1987

FILE NO:

TELEPHONE NO: 465-2865

THRU: William G. Demmert *WGD*
Commissioner
Department of Education

SUBJECT: School Construction
Funding Review
Committee

FROM: Thomas G. Ryan *TGR*
Facilities Coordinator
Educational Finance and
Support Services
Department of Education

*20101 x please
Back up my bill*

At a meeting in Soldotna on December 2, 1987, the School Construction Funding Review Committee reached an agreement on broad guidelines for proposed legislation.

The group has been seeking administration support for annual appropriations of 100% of entitlement for existing school debt. In exchange, they now propose that there be no new debt retirement projects funded by the State under AS 14.11.100. Instead, the group proposes the development of an improved grant program which would serve all school districts.

We expect the proposal to include: (a) placing all appropriations for school construction in a grant account; (b) annual distribution of grants by the Department of Education based upon documented needs; and (c) scheduling of priority projects over a period of years.

As drafts of the proposal become available, we will share them with you for your review and comment. If you have questions or would like additional information, please contact me at your convenience at 465-2865.

cc: Garrey Peska, Chief of Staff
Office of the Governor
Alison Elgee, Budget Analyst
Office of Management and Budget
Milt Barker, Deputy Commissioner
Department of Revenue
Bill Cummings, Assistant Attorney General
Department of Law
Steve Hole, Deputy Commissioner
Department of Education
Jerald Mikesell, Director
Educational Finance and Support Services
James Tozer, Education Administrator
Educational Finance and Support Services
School Construction Funding Review Committee Members



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

2-1-88

From: Senator Jay Kerttula

SB-314: "An Act relating to state payment of municipal school construction debt"

Sponsor Statement

SB-314 will provide 100% state reimbursement for present school construction debt owed by local governments. Passage of this bill will hold the line on local taxes.

Future school projects will require 20% local contribution, paralleling the present law.

With declining student enrollment, the foundation formula fails to cover school operating expenses, part of the local tax effort may be redirected to teaching needs.

Reduces

The state has the resource income base, but local governments had the building impact created when the oil fields were being developed and the transportation network built. It is vital that the state pay school construction debts incurred during the impact period.

Boroughs and cities will be tremendously burdened with taxes unless the state equalizes its support for existing school capital debt now. Rural Alaska receives 100% school support and urban areas need equity in order to continue providing quality education.

SB-314 is an effort to provide this needed equity to ensure that Alaskan students receive a good education.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: State payment of municipal school construction debt
Sponsor: Kerttula, 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						
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						

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
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