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5/8/98

Rep. Linn

**HOUSE CS FOR CS FOR SENATE BILL NO. 11(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION**

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS HALFORD, Phillips, Green

REPRESENTATIVES Kohring, Kemplen

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a reimbursement program for municipal bonds, notes, or
2 other indebtedness incurred for school construction; relating to administrative costs
3 of reimbursing municipal school construction debt; relating to municipal school
4 construction project eligibility requirements for receiving state reimbursement; and
5 providing for an effective date."

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

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

8 (a) During each fiscal year, the state shall allocate to a municipality that is a
9 school district [,] the following sums:

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

13 (2) 90 percent of

1 (A) payments made by the municipality during the fiscal year
2 two years earlier for the retirement of principal and interest on outstanding
3 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
4 July 1, 1978, to pay costs of school construction;

5 (B) cash payments made after June 30, 1976, and before July 1,
6 1978, by the municipality during the fiscal year two years earlier to pay costs
7 of school construction;

8 (3) 90 percent of

9 (A) payments made by the municipality during the fiscal year
10 two years earlier for the retirement of principal and interest on outstanding
11 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
12 January 1, 1982, to pay costs of school construction projects approved under
13 AS 14.07.020(a)(11);

14 (B) cash payments made after June 30, 1978, and before July 1,
15 1982, by the municipality during the fiscal year two years earlier to pay costs
16 of school construction projects approved under AS 14.07.020(a)(11);

17 (4) subject to (h) and (i) of this section, up to 90 percent of

18 (A) payments made by the municipality during the current fiscal
19 year for the retirement of principal and interest on outstanding bonds, notes, or
20 other indebtedness incurred after December 31, 1981, and authorized by the
21 qualified voters of the municipality before July 1, 1983, to pay costs of school
22 construction, additions to schools, and major rehabilitation projects that exceed
23 \$25,000 and are approved under AS 14.07.020(a)(11); [AND]

24 (B) cash payments made after June 30, 1982, and before July 1,
25 1983, by the municipality during the fiscal year two years earlier to pay costs
26 of school construction, additions to schools, and major rehabilitation projects
27 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

28 (C) payments made by the municipality during the current fiscal
29 year for the retirement of principal and interest on outstanding bonds, notes, or
30 other indebtedness to pay costs of school construction, additions to schools, and
31 major rehabilitation projects that exceed \$25,000 and are submitted to the

1 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
2 approved by the qualified voters of the municipality before October 15, 1983,
3 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
4 average daily membership of the municipality is more than 7 percent but less
5 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
6 membership of the municipality is 12 percent or more; payments made by a
7 municipality under this subparagraph [PARAGRAPH] on total project costs
8 that exceed the amounts set out in (i) and (ii) of this subparagraph
9 [PARAGRAPH] are subject to (5)(A) of this subsection;

10 (5) subject to (h) - (j) [(h), (i), AND (j)] of this section, 80 percent of
11 (A) payments made by the municipality during the fiscal year
12 for the retirement of principal and interest on

13 [(i)] outstanding bonds, notes, or other indebtedness
14 authorized by the qualified voters of the municipality

15 (i) after June 30, 1983, but before March 31, 1990, to
16 pay costs of school construction, additions to schools, and major
17 rehabilitation projects that exceed \$25,000 and are approved under
18 AS 14.07.020(a)(11); or

19 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
20 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
21 THE MUNICIPALITY] before July 1, 1989, and reauthorized before
22 November 1, 1989, to pay costs of school construction, additions to
23 schools, and major rehabilitation projects that exceed \$25,000 and are
24 approved under AS 14.07.020(a)(11); and

25 (B) cash payments made after June 30, 1983, by the
26 municipality during the fiscal year two years earlier to pay costs of school
27 construction, additions to schools, and major rehabilitation projects that exceed
28 \$25,000 and are approved by the department before July 1, 1990, under
29 AS 14.07.020(a)(11);

30 (6) subject to (h) - (j) [(h), (i), (j),] and (m) of this section, 70 percent
31 of payments made by the municipality during the fiscal year for the retirement of

1 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 2 the qualified voters of the municipality on or after April 30, 1993, **but before July 1,**
 3 **1996,** to pay costs of school construction, additions to schools, and major rehabilitation
 4 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

5 (7) subject to **(h) - (j)** [(h), (i), (j),] and (m) of this section, 70 percent
 6 of payments made by the municipality during the fiscal year for the retirement of
 7 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 8 the qualified voters of the municipality after March 31, 1990, but before April 30,
 9 1993, to pay costs of school construction, additions to schools, and major rehabilitation
 10 projects;

11 **(8) subject to (h), (i), (j)(2) - (4), and (o) of this section and after**
 12 **projects funded by the bonds, notes, or other indebtedness have been approved**
 13 **by the commissioner, 70 percent of payments made by the municipality during the**
 14 **fiscal year for the retirement of principal and interest on outstanding bonds,**
 15 **notes, or other indebtedness authorized by the qualified voters of the municipality**
 16 **on or after July 1, 1995, but before July 1, 1998, to pay costs of school**
 17 **construction, additions to schools, and major rehabilitation projects that exceed**
 18 **\$200,000 and are approved under AS 14.07.020(a)(11):**

19 **(9) subject to (h), (i), (j), and (o) of this section and after projects**
 20 **funded by the bonds, notes, or other indebtedness have been approved by the**
 21 **commissioner, 70 percent of payments made by the municipality during the fiscal**
 22 **year for the retirement of principal and interest on outstanding bonds, notes, or**
 23 **other indebtedness authorized by the qualified voters of the municipality on or**
 24 **after July 1, 1998, to pay costs of school construction, additions to schools, and**
 25 **major rehabilitation projects that exceed \$200,000 and are approved under**
 26 **AS 14.07.020(a)(11).**

27 * Sec. 2. AS 14.11.100(b) is amended to read:

28 (b) The commissioner shall administer the program of reimbursement
 29 authorized under this section and shall provide by regulation for the filing of
 30 applications for reimbursement, the form of proof of costs for which application for
 31 reimbursement is made, and other regulations necessary to administer the program.

1 An amount due a municipality for reimbursement under this section may not be
2 reduced by the cost to the department to administer the reimbursement program.

3 The commissioner shall exclude from the total school construction cost of the local
4 district all state and federal funds included in these costs except funds provided under
5 this section and AS 43.50.140. [IN APPROVING APPLICATIONS FOR
6 REIMBURSEMENT, THE COMMISSIONER SHALL OFFSET AGAINST THE
7 AMOUNT OF REIMBURSEMENT AUTHORIZED THE AMOUNT OF ANY
8 FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE SECOND
9 PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN
10 AS 43.50.140.]

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

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

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

26 (i) For the purposes of (a)(4) - (9) [AND (5)] of this section,
27 (1) an indebtedness for bonds is incurred after the bonds are sold;
28 (2) reimbursement for a cash payment may only be made after the
29 payment is made to a vendor; and
30 (3) payments may not be made for costs that are incurred under a
31 contract after the contract has been released.

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

2 (j) Except as provided in (l) of this section, the state may not allocate money
3 to a municipality for a school construction project under (a)(5), (6), [OR] (7), or (9)
4 of this section unless the municipality complies with the requirements of (1) - (4) of
5 this subsection, the project is approved by the commissioner before the local vote on
6 the bond issue for the project or for bonds authorized after March 31, 1990, but on or
7 before April 30, 1993, the bonds are approved by the commissioner before
8 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
9 June 30, 1988. In approving a project under this subsection, and to the extent
10 required under (a)(8) of this section, the commissioner shall require

11 (1) the municipality to include on the ballot for the bond issue, for
12 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
13 total cost of each project including estimated total interest, estimated annual operation
14 and maintenance costs, the estimated amounts that will be paid by the state and by the
15 municipality, and the approximate amount that would be due in annual taxes on
16 \$100,000 in assessed value to retire the debt;

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

19 (3) that the bonds must be repaid in approximately equal annual
20 principal payments or approximately [APPROXIMATE] equal debt service payments
21 over a period of at least 10 years;

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

24 (A) projected long-term student enrollment that indicates the
25 district has inadequate facilities to meet present or projected enrollment; [OR]

26 (B) facilities that require repair or replacement in order to meet
27 health and safety laws or regulations or building codes;

28 (C) demonstrated that the project will result in a reduction
29 in annual operating costs that economically justifies the cost of the project;

30 or

31 (D) facilities that require modification or rehabilitation for

1 the purpose of improving the instructional program.

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

3 (o) The total amount of school construction projects approved for
4 reimbursement by the department under (a)(8) or (9) of this section

5 (1) may not exceed \$357,143,000; and

6 (2) after June 30, 1995, and until July 1, 2003, shall be allocated as
7 follows:

8 (A) \$154,286,000 shall be allocated to projects in a municipality
9 with a public school enrollment of 25,000 or more students in fiscal year 1998
10 as determined under AS 14.17.160;

11 (B) \$57,143,000 shall be allocated to projects in a municipality
12 with a public school enrollment of at least 15,000 but less than 25,000 students
13 in fiscal year 1998 as determined under AS 14.17.160;

14 (C) \$145,714,000 shall be allocated to projects in a municipality
15 with a public school enrollment of less than 15,000 students in fiscal year 1998
16 as determined under AS 14.17.160; allocations under this subparagraph

17 (i) shall first be made to projects described under (a)(8)
18 of this section and then made to projects described under (a)(9) of this
19 section; and

20 (ii) may not exceed \$16,000,000 to projects in a
21 municipality with a public school enrollment of less than 4,000 students
22 in fiscal year 1998 as determined under AS 14.17.160.

23 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 11, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/8/98

The FINANCE Committee considered:

CSSB 11(FIN)(title am)

CS FOR SENATE BILL NO. 11(FIN)(title am)

SCHOOL DEBT REIMBURSEMENT

"An Act establishing a reimbursement program for municipal bonds, notes, or other indebtedness incurred for school construction; relating to administrative costs of reimbursing municipal school construction debt; relating to municipal school construction project eligibility requirements for receiving state reimbursement; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 11 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) DOE

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Gene Thernault</u> Thernault	X			
<u>Glen Mulder</u> Mulder	X			
<u>Terry Martin</u> Martin			X	
<u>Ed Davies</u> Davies	X			
<u>Ben Grossendorf</u> Grossendorf	X			
<u>Moses</u> Moses	X			
<u>DAVIS</u> DAVIS	X			
<u>Kelly</u> Kelly	✓			
<u>Lie Kohring</u> Kohring	X			

CHAIR'S SIGNATURE

Gene Thernault

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HCS CSSB 11(FIN)

Revision Date: _____ Dept. Affected: EDUCATION
 Title: An act establishing a reimbursement program for BRU: School Debt Reimbursement
municipal bonds, notes, or other indebtedness incurred for Component: School Debt Reimbursement
school construction;
 Sponsor: Senators Halford, Phillips, Green
 Requester: House Finance **COMPONENT SERIAL NO.** 153

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	2,454.6	23,464.5	29,990.9	25,888.7	25,198.7	25,192.9
MISCELLANEOUS						
TOTAL OPERATING	2,454.6	23,464.5	29,990.9	25,888.7	25,198.7	25,192.9

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	2,454.6	23,464.5	29,990.9	25,888.7	25,198.7	25,192.9
1005 GF/Program Receipts						
Other:						
TOTAL	2,454.6	23,464.5	29,990.9	25,888.7	25,198.7	25,192.9

Estimate of current year (FY98) cost: \$0.0

POSITIONS:

FULL-TIME						
PAR-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The FY99 cost reflects the impact of Sec. 2, page 5, lines 5 - 10, repealing the offset of the amount of cigarette tax distribution received in FY97 against the amount of debt reimbursement, effective July 1, 1998.

The FY00 - FY04 projected costs represents the estimate of state liability under the reimbursement program authorized in HCS CSSB 11(FIN) based on the assumptions contained in the attached analysis

Prepared by: Michael Morgan, Facilities Manager

Phone: 465-1858

Division: Education Support Services

Date: 5/9/98

Approved by Commissioner: Shirley J. Holloway, Ph.D.

Date: 5/9/98

Agency: Department of Education

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Analysis of HCS for CSSB 11(FIN)

This analysis reviews the effect of extending the 70% debt reimbursement rate to 7/1/98 on approvable projects. The analysis uses district projects that have voter approval.

The earliest these bonds could be reimbursed would be in FY00, as the deadline for submitting notification of anticipated debt reimbursement needs has already past: the FY99 deadline was 10/15/97.

This analysis assumes that the first payment will be a principal and interest payment due in FY00.

Districts with less than 4,000 ADM have been capped at \$16 million in this analysis

This analysis also assumes that the remaining authorization will receive voter approval and will be sold with a principle and interest payment due in FY2001.

Fiscal Year	Principal	SB11	70%
		Interest	Liability
FY2000	12,581,634	20,939,124	23,464,531
FY2001	17,363,415	25,480,657	29,990,850
FY2002	16,359,705	20,624,149	25,888,698
FY2003	16,454,026	19,544,101	25,198,689
FY2004	17,200,118	18,789,752	25,192,909
FY2005	17,397,944	17,815,523	24,649,427
FY2006	18,496,901	17,252,841	25,024,819
FY2007	23,791,990	20,608,651	31,080,449
FY2008	19,358,621	15,688,627	24,533,074
FY2009	17,164,891	12,893,418	21,040,816
FY2010	17,231,256	11,769,916	20,300,820
FY2011	17,328,421	10,644,265	19,580,880
FY2012	17,479,655	9,511,471	18,893,788
FY2013	17,639,095	8,369,017	18,205,679
FY2014	17,809,300	7,216,225	17,517,867
FY2015	17,987,711	6,053,331	16,828,729
FY2016	18,176,886	4,879,648	16,139,574
FY2017	18,374,268	3,694,614	15,448,218
FY2018	16,445,978	2,557,392	13,302,359
FY2019	14,711,650	1,518,830	11,361,336
FY2020	7,789,533	506,320	5,807,097
totals	357,143,000	256,357,870	429,450,609

This analysis is using equal principal payments with a 6.75% interest rate on voter approved bond issues.



Analysis of HCS for CSSB 11(FIN)
Debt Service Schedule

FISCAL YEAR	PAYMENT DATE	PRINCIPLE PAYMENT	CP RATE	INTEREST PAYMENT	DEBT SVC TOTALS	YEARLY DEBT SERVICE
00	7/1/99			6,422,428.71	6,422,428.71	
00	1/1/00	6,922,116.60	6.750%	6,422,428.71	13,344,545.31	19,766,974.01
01	7/1/00			11,446,742.31	11,446,742.31	
01	1/1/01	14,711,850.00	6.750%	11,446,742.31	28,188,392.31	37,605,134.83
02	7/1/01			9,200,224.13	9,200,224.13	
02	1/1/02	14,711,850.00	6.750%	9,200,224.13	23,911,874.13	33,112,098.25
03	7/1/02			8,703,705.94	8,703,705.94	
03	1/1/03	14,711,850.00	6.750%	8,703,705.94	23,415,355.94	32,119,061.88
04	7/1/03			8,207,187.75	8,207,187.75	
04	1/1/04	14,711,850.00	6.750%	8,207,187.75	22,918,837.75	31,126,025.50
05	7/1/04			7,710,669.56	7,710,669.56	
05	1/1/05	14,711,850.00	6.750%	7,710,669.56	22,422,319.56	30,132,989.13
06	7/1/05			7,214,151.38	7,214,151.38	
06	1/1/06	14,711,850.00	6.750%	7,214,151.38	21,925,801.38	29,139,952.75
07	7/1/06			6,717,633.19	6,717,633.19	
07	1/1/07	14,711,850.00	6.750%	6,717,633.19	21,429,283.19	28,146,916.38
08	7/1/07			6,221,115.00	6,221,115.00	
08	1/1/08	14,711,850.00	6.750%	6,221,115.00	20,932,765.00	27,153,880.00
09	7/1/08			5,724,596.81	5,724,596.81	
09	1/1/09	14,711,850.00	6.750%	5,724,596.81	20,436,246.81	26,160,843.63
10	7/1/09			5,228,078.63	5,228,078.63	
10	1/1/10	14,711,850.00	6.750%	5,228,078.63	19,939,728.63	25,167,807.25
11	7/1/10			4,731,560.44	4,731,560.44	
11	1/1/11	14,711,850.00	6.750%	4,731,560.44	19,443,210.44	24,174,770.88
12	7/1/11			4,235,042.25	4,235,042.25	
12	1/1/12	14,711,850.00	6.750%	4,235,042.25	18,946,692.25	23,181,734.50
13	7/1/12			3,738,524.06	3,738,524.06	
13	1/1/13	14,711,850.00	6.750%	3,738,524.06	18,450,174.06	22,188,698.13
14	7/1/13			3,242,005.88	3,242,005.88	
14	1/1/14	14,711,850.00	6.750%	3,242,005.88	17,953,655.88	21,195,661.75
15	7/1/14			2,745,487.69	2,745,487.69	
15	1/1/15	14,711,850.00	6.750%	2,745,487.69	17,457,137.69	20,202,625.38
16	7/1/15			2,248,969.50	2,248,969.50	
16	1/1/16	14,711,850.00	6.750%	2,248,969.50	16,960,619.50	19,208,589.00
17	7/1/16			1,752,451.31	1,752,451.31	
17	1/1/17	14,711,850.00	6.750%	1,752,451.31	16,464,101.31	18,216,552.63
18	7/1/17			1,255,933.13	1,255,933.13	
18	1/1/18	14,711,850.00	6.750%	1,255,933.13	15,967,583.13	17,223,518.25
19	7/1/18			759,414.94	759,414.94	
19	1/1/19	14,711,850.00	6.750%	759,414.94	15,471,064.94	16,230,479.88
20	7/1/19			253,159.84	253,159.84	
20	1/1/20	7,789,533.40	6.500%	253,159.84	8,042,693.24	8,295,853.07
TOTALS		294,233,000.00		215,518,164.92	509,751,164.92	

**HOUSE CS FOR CS FOR SENATE BILL NO. 11(FIN)
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TWENTIETH LEGISLATURE - SECOND SESSION**

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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REPRESENTATIVES Kohring, Kemplen

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12 indebtedness incurred before July 1, 1977, to pay costs of school construction;

13 (2) 90 percent of

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4 July 1, 1978, to pay costs of school construction;

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17 (4) subject to (h) and (i) of this section, up to 90 percent of

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1 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
2 approved by the qualified voters of the municipality before October 15, 1983,
3 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
4 average daily membership of the municipality is more than 7 percent but less
5 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
6 membership of the municipality is 12 percent or more; payments made by a
7 municipality under this subparagraph [PARAGRAPH] on total project costs
8 that exceed the amounts set out in (i) and (ii) of this subparagraph
9 [PARAGRAPH] are subject to (5)(A) of this subsection;

10 (5) subject to (h) - (i) [(h), (i), AND (j)] of this section, 80 percent of
11 (A) payments made by the municipality during the fiscal year
12 for the retirement of principal and interest on

13 [(i)] outstanding bonds, notes, or other indebtedness
14 authorized by the qualified voters of the municipality

15 (i) after June 30, 1983, but before March 31, 1990, to
16 pay costs of school construction, additions to schools, and major
17 rehabilitation projects that exceed \$25,000 and are approved under
18 AS 14.07.020(a)(11); or

19 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
20 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
21 THE MUNICIPALITY] before July 1, 1989, and reauthorized before
22 November 1, 1989, to pay costs of school construction, additions to
23 schools, and major rehabilitation projects that exceed \$25,000 and are
24 approved under AS 14.07.020(a)(11); and

25 (B) cash payments made after June 30, 1983, by the
26 municipality during the fiscal year two years earlier to pay costs of school
27 construction, additions to schools, and major rehabilitation projects that exceed
28 \$25,000 and are approved by the department before July 1, 1990, under
29 AS 14.07.020(a)(11);

30 (6) subject to (h) - (i) [(h), (i), (j),] and (m) of this section, 70 percent
31 of payments made by the municipality during the fiscal year for the retirement of

1 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
2 the qualified voters of the municipality on or after April 30, 1993, but before July 1,
3 1996, to pay costs of school construction, additions to schools, and major rehabilitation
4 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

5 (7) subject to (h) - (i) [(h), (i), (j),] and (m) of this section, 70 percent
6 of payments made by the municipality during the fiscal year for the retirement of
7 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
8 the qualified voters of the municipality after March 31, 1990, but before April 30,
9 1993, to pay costs of school construction, additions to schools, and major rehabilitation
10 projects;

11 (8) subject to (h), (i), (j)(2) - (4), and (o) of this section and after
12 projects funded by the bonds, notes, or other indebtedness have been approved
13 by the commissioner, 70 percent of payments made by the municipality during the
14 fiscal year for the retirement of principal and interest on outstanding bonds,
15 notes, or other indebtedness authorized by the qualified voters of the municipality
16 on or after July 1, 1995, but before July 1, 1998, to pay costs of school
17 construction, additions to schools, and major rehabilitation projects that exceed
18 \$200,000 and are approved under AS 14.07.020(a)(11):.

19 (9) subject to (h), (i), (j), and (o) of this section and after projects
20 funded by the bonds, notes, or other indebtedness have been approved by the
21 commissioner, 70 percent of payments made by the municipality during the fiscal
22 year for the retirement of principal and interest on outstanding bonds, notes, or
23 other indebtedness authorized by the qualified voters of the municipality on or
24 after July 1, 1998, to pay costs of school construction, additions to schools, and
25 major rehabilitation projects that exceed \$200,000 and are approved under
26 AS 14.07.020(a)(11).

27 * Sec. 2. AS 14.11.100(b) is amended to read:

28 (b) The commissioner shall administer the program of reimbursement
29 authorized under this section and shall provide by regulation for the filing of
30 applications for reimbursement, the form of proof of costs for which application for
31 reimbursement is made, and other regulations necessary to administer the program.

1 An amount due a municipality for reimbursement under this section may not be
2 reduced by the cost to the department to administer the reimbursement program.

3 The commissioner shall exclude from the total school construction cost of the local
4 district all state and federal funds included in these costs except funds provided under
5 this section and AS 43.50.140. [IN APPROVING APPLICATIONS FOR
6 REIMBURSEMENT, THE COMMISSIONER SHALL OFFSET AGAINST THE
7 AMOUNT OF REIMBURSEMENT AUTHORIZED THE AMOUNT OF ANY
8 FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE SECOND
9 PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN
10 AS 43.50.140.]

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

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

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

26 (i) For the purposes of (a)(4) - (9) [AND (5)] of this section,
27 (1) an indebtedness for bonds is incurred after the bonds are sold;
28 (2) reimbursement for a cash payment may only be made after the
29 payment is made to a vendor; and
30 (3) payments may not be made for costs that are incurred under a
31 contract after the contract has been released.

1 * Sec. 5. AS 14.11.10(j) is amended to read:

2 (j) Except as provided in (l) of this section, the state may not allocate money
3 to a municipality for a school construction project under (a)(5), (6), [OR] (7), or (9)
4 of this section unless the municipality complies with the requirements of (1) - (4) of
5 this subsection, the project is approved by the commissioner before the local vote on
6 the bond issue for the project or for bonds authorized after March 31, 1990, but on or
7 before April 30, 1993, the bonds are approved by the commissioner before
8 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
9 June 30, 1988. In approving a project under this subsection, and to the extent
10 required under (a)(8) of this section, the commissioner shall require

11 (1) the municipality to include on the ballot for the bond issue, for
12 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
13 total cost of each project including estimated total interest, estimated annual operation
14 and maintenance costs, the estimated amounts that will be paid by the state and by the
15 municipality, and the approximate amount that would be due in annual taxes on
16 \$100,000 in assessed value to retire the debt;

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

19 (3) that the bonds must be repaid in approximately equal annual
20 principal payments or approximately [APPROXIMATE] equal debt service payments
21 over a period of at least 10 years;

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

24 (A) projected long-term student enrollment that indicates the
25 district has inadequate facilities to meet present or projected enrollment; [OR]

26 (B) facilities that require repair or replacement in order to meet
27 health and safety laws or regulations or building codes;

28 (C) demonstrated that the project will result in a reduction
29 in annual operating costs that economically justifies the cost of the project;

30 or

31 (D) facilities that require modification or rehabilitation for

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the purpose of improving the instructional program.

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

(o) The total amount of school construction projects approved for reimbursement by the department under (a)(8) or (9) of this section

(1) may not exceed \$357,143,000; and

(2) after June 30, 1995, and until July 1, 2003, shall be allocated as

follows:

(A) \$154,286,000 shall be allocated to projects in a municipality with a public school enrollment of 25,000 or more students in fiscal year 1998 as determined under AS 14.17.160;

(B) \$57,143,000 shall be allocated to projects in a municipality with a public school enrollment of at least 15,000 but less than 25,000 students in fiscal year 1998 as determined under AS 14.17.160;

(C) \$145,714,000 shall be allocated to projects in a municipality with a public school enrollment of less than 15,000 students in fiscal year 1998 as determined under AS 14.17.160; allocations under this subparagraph shall first be made to projects described under (a)(8) of this section and then made to projects described under (a)(9) of this section.

* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA

1997 LEGISLATIVE SESSION

Revision Date: February 24, 1998

Title: An act relating to state aid for school construction debt; and providing for an effective date.

Sponsor: Sen. Hallford

Requester: House HESS

Department Affected: Education

BRU: K-12 Support

Component: School Debt Reimbursement

COMPONENT SERIAL NO. 153

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	*	*	*	*	*
MISCELLANEOUS						
TOTAL OPERATING	0.0	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1030 School Fund	0.0	*	*	*	*	*
Other						
TOTAL	0.0	*	*	*	*	*

* There will be future costs for projects that are eligible for 50% reimbursement.

POSITIONS:

The department cannot project the number or value of future requests.

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY99) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Section 1 - amends AS 14.11.100 by adding section 8 which allows up to 50% reimbursement for school construction debt incurred after July 1, 1997. Projects must first be approved by the department as eligible and must be approved by the qualified voters. A request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 for the following fiscal year. The proposed legislation does not limit the amount or number of projects the department can approve. The department can not project the fiscal impact until projects are submitted for approval under the new program. The first year this amendment could have fiscal impact is FY00.

Prepared by: Israel Morgan, Facilities Manager

Phone: 465-1858

Division: Education Support Services

Date: 2/24/98

Approved by Commissioner: Shirley Holloway, Ph. D., Commissioner

Agency: Department of Education

Date: _____

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