

SB

264

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB264
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: EED
 Title "An Act relating to a reimbursement program BRU School Debt Reimbursement
for municipal bonds, notes, or other indebtedness..." Component School Debt Reimbursement
 Sponsor Senator Green
 Requester Community and Regional Affairs Component No. 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	0.0	7,910.0	7,712.3	7,514.5	7,316.8	7,119.0
Miscellaneous						
TOTAL OPERATING	0.0	7,910.0	7,712.3	7,514.5	7,316.8	7,119.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		7,910.0	7,712.3	7,514.5	7,316.8	7,119.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	7,910.0	7,712.3	7,514.5	7,316.8	7,119.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This bill will add an additional \$113 million in bonding capacity for reimbursable school construction projects. This bill allocates the authorization among 5 categories based on the number of students in a municipality. All projects would have to be approved by the Department of Education & Early Development before the bond proposition goes to the local voters. The bond propositions would have to comply with the voter information requirements of AS 14.11.100(j)(1). It is assumed that the authorization provided in this bill would be approved and sold in FY2003 with the first principal and interest payments coming due in FY2004. It is also assumed that the bonds will be 20 year bonds with equal principal payments to maturity.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679
 Division Education Support Services Date/Time 2/26/02 8:45 AM
 Approved by: Ed McLain, Deputy Commissioner of Education Date 2/26/2002
 Agency Department of Education & Early Development

ANALYSIS: (continued)

This analysis assumes the six new boroughs form during FY 05, and then under AS 29.65.030, DNR must certify their entitlement within 2.5 years after that date. FY 08 costs are for staff to begin to convey the new borough entitlements.

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 376-3370
(907) 376-3157 Fax

Session:
State Capitol
Juneau, Alaska 99801-1182
(907) 465-6600
(907) 465-3805 Fax

SENATOR LYDA GREEN SENATE DISTRICT N

DATE: February 21, 2002

TO: Senator John Torgerson, Chair
Senate Community and Regional Affairs Committee

FROM: Senator Lyda Green *LL*

RE: Hearing Request

Senate Bill 264, "An Act relating to a reimbursement program for municipal bonds, notes, or other indebtedness incurred for school construction; and providing for an effective date." has been referred to the Community and Regional Affairs Committee. This is my formal request that a hearing for SB 264 be held at the earliest opportunity.

If you have any questions please call Jerry at 3579.

You cooperation is appreciated.

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 376-3370
(907) 376-3157 Fax

Session:
State Capitol
Juneau, Alaska 99801-1182
(907) 465-6600
(907) 465-3805 Fax

SENATOR LYDA GREEN SENATE DISTRICT N

Sponsor Statement Senate Bill 264

Reimbursement program for municipal bonds, notes, or other indebtedness incurred for school construction

Senate Bill 264 would authorize 70% state reimbursement for \$113 million dollars of school projects that are funded by voter authorized debt issued by local governments. The authorization would be distributed among school districts in the following manner; \$50 million for projects in Anchorage, \$15 million for projects in Fairbanks, \$13 million for projects in Mat-Su, \$10 million for projects in Kenai and \$25 million for projects in smaller school districts in organized Alaska. The amounts are intended to equal \$1000 in projects per student rounded to the nearest million dollars in each district.

Debt reimbursement is one of the methods that have been used to fund school construction in Alaska for a number of years. Debt reimbursement has a unique advantage over other financing methods in that it allows for maximum local involvement and input in the decision of which specific projects should be funded. Municipal debt reimbursement insures that the projects funded in a school district are the highest priority of the voters in that district. Projects need to meet state standards for approval but do not need to be funded in the state's priority order.

SB 264 is not intended to serve as a complete school funding package. School districts in unorganized Alaska cannot use debt reimbursement. Individual school projects are often larger than the authorization in SB 264 for any school district. Other funding methods, such as G.O. debt, must be used for most school construction and major maintenance in Alaska. Municipal debt reimbursement is, however, the best method for many school districts to build and maintain the facilities most important to the people in their community.