

HB

90

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 16 2001

SENATE FINANCE
COMMITTEE

DATE: 3/1/01

FURTHER:

DATE TURNED
IN TO OFFICE: 6 May 2001

Finance Committee considered **CS FOR HOUSE BILL NO. 90(FIN)**
MUNICIPAL SCHOOL BOND REIMBURSEMENT

"An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Education	3/5/01		✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			—	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			x	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			⊗	
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

MAY 06 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 90(FIN)
(H) Publish Date: 2/23/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Dev.
Title: An Act relating to reimbursement of municipal BRU: School Debt Retirement
bonds for school construction, and providing for an . . . Component: School Debt Retirement
Sponsor: Rep. Mulder
Requester: House Finance Component Number: 153

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This Bill would amend AS 14.11.100(a)(10) & (j) and would remove the requirement that school construction projects be approved by the Department of Education and Early Development before being approved by the local voters. The Bill would also remove the requirement for municipalities to include on the ballot language detailing the costs shared by the State and Municipality and the potential impact to the tax payers of the municipality. This Bill would set the effective date retroactively to July 1, 2000.

Prepared by: Eddy Jeans, School Finance Manager Phone 455-8679
Division: Education Support Services Date/Time 2/5/01 12:00 AM
Approved by: Bruce Johnson, Deputy Commissioner of Education Date 2/5/01
Agency: Education & Early Development

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COMMITTEE COPY

SENATE FINANCE
COMMITTEE

Amendment Number: 1
Bill Number: HB 90
Sponsor: HOFFMAN Date: 4/24
Logged In By: CADLE

22-LS0424\C.1
Ford
3/12/01

AMENDMENT

OFFERED IN THE SENATE

TO: CSHB 90(FIN)

1 Page 5, following line 26:

FROM: SENATOR HOFFMAN

2 Insert a new bill section to read:

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

4 (o) The total amount of school construction projects approved for
5 reimbursement by the department under (a)(10) of this section

6 (1) may not exceed \$153,569,000 [\$151,019,000]; and

7 (2) after June 30, 1998, and until July 1, 2004, shall be allocated as

8 follows:

9 (A) \$77,897,000 to projects in a municipality with a public
10 school enrollment of 25,000 or more students in fiscal year 2000, as
11 determined under AS 14.17.500;

12 (B) \$14,571,000 to projects in a municipality with a public
13 school enrollment of at least 15,000 but less than 25,000 students in fiscal year
14 2000, as determined under AS 14.17.500;

15 (C) \$14,143,000 to projects in a municipality with a public
16 school enrollment of at least 10,000 but less than 15,000 students in fiscal year
17 2000, as determined under AS 14.17.500;

18 (D) \$7,429,000 to projects in a municipality with a public
19 ~~school enrollment of at least 7,500 but less than 10,000 students in fiscal year~~
20 2000, as determined under AS 14.17.500;

21 (E) \$7,717,000 to projects in a municipality with a public
22 school enrollment of at least 5,000 but less than 7,500 students in fiscal year
23 2000, as determined under AS 14.17.500;

24 (F) \$2,660,000 to projects in a municipality with a public

1 school enrollment of at least 2,750 but less than 3,000 students in fiscal year
2 2000, as determined under AS 14.17.500;

3 (G) \$454,000 to projects in a municipality with a public school
4 enrollment of at least 2,400 but less than 2,750 students in fiscal year 2000, as
5 determined under AS 14.17.500;

6 (H) \$22,790,000 to projects in a municipality with a public
7 school enrollment of at least 2,050 but less than 2,400 students in fiscal year
8 2000, as determined under AS 14.17.500;

9 (I) \$329,000 to projects in a municipality with a public school
10 enrollment of at least 1,700 but less than 1,750 students in fiscal year 2000, as
11 determined under AS 14.17.500;

12 (J) \$286,000 to projects in a municipality with a public school
13 enrollment of at least 650 but less than 725 students in fiscal year 2000, as
14 determined under AS 14.17.500;

15 (K) \$519,000 to projects in a municipality with a public school
16 enrollment of at least 500 but less than 525 students in fiscal year 2000, as
17 determined under AS 14.17.500;

18 (L) \$2,224,000 to projects in a municipality with a public
19 school enrollment of at least 425 but less than 482 students in fiscal year 2000,
20 as determined under AS 14.17.500;

21 (M) \$2,550,000 to projects in a municipality with a public
22 school enrollment of at least 350²⁹⁰ but less than 373³⁰⁵ students in fiscal year
23 2000, as determined under AS 14.17.500."

24
25 Renumber the following bill sections accordingly.

COMPANION BILL

22-LS0019A

SENATE BILL NO. 2

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATORS TORGERSON, Pearce

Introduced: 1/8/01

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reimbursement of municipal bonds for school construction; and
2 providing for an effective date."

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

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

5 (a) During each fiscal year, the state shall allocate to a municipality that is a
6 school district the following sums:

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

10 (2) 90 percent of

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

1 (B) cash payments made after June 30, 1976, and before July 1,
2 1978, by the municipality during the fiscal year two years earlier to pay costs
3 of school construction;

4 (3) 90 percent of

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

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

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

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

20 (B) cash payments made after June 30, 1982, and before July 1,
21 1983, by the municipality during the fiscal year two years earlier to pay costs
22 of school construction, additions to schools, and major rehabilitation projects
23 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

24 (C) payments made by the municipality during the current
25 fiscal year for the retirement of principal and interest on outstanding bonds,
26 notes, or other indebtedness to pay costs of school construction, additions to
27 schools, and major rehabilitation projects that exceed \$25,000 and are
28 submitted to the department for approval under AS 14.07.020(a)(11) before
29 July 1, 1983, and approved by the qualified voters of the municipality before
30 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
31 annual growth rate of average daily membership of the municipality is more

1 than 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth
2 rate of average daily membership of the municipality is 12 percent or more;
3 payments made by a municipality under this subparagraph on total project
4 costs that exceed the amounts set out in (i) and (ii) of this subparagraph are
5 subject to (5)(A) of this subsection;

6 (5) subject to (h) - (j) of this section, 80 percent of

7 (A) payments made by the municipality during the fiscal year
8 for the retirement of principal and interest on outstanding bonds, notes, or
9 other indebtedness authorized by the qualified voters of the municipality

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

14 (ii) before July 1, 1989, and reauthorized before
15 November 1, 1989, to pay costs of school construction, additions to
16 schools, and major rehabilitation projects that exceed \$25,000 and are
17 approved under AS 14.07.020(a)(11); and

18 (B) cash payments made after June 30, 1983, by the
19 municipality during the fiscal year two years earlier to pay costs of school
20 construction, additions to schools, and major rehabilitation projects that exceed
21 \$25,000 and are approved by the department before July 1, 1990, under
22 AS 14.07.020(a)(11);

23 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments
24 made by the municipality during the fiscal year for the retirement of principal and
25 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
26 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay
27 costs of school construction, additions to schools, and major rehabilitation projects
28 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

29 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments
30 made by the municipality during the fiscal year for the retirement of principal and
31 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified

1 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay
2 costs of school construction, additions to schools, and major rehabilitation projects;

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

11 (9) subject to (h), (i), (j), and (n) of this section and after projects
12 funded by the bonds, notes, or other indebtedness have been approved by the
13 commissioner, 70 percent of payments made by the municipality during the fiscal year
14 for the retirement of principal and interest on outstanding bonds, notes, or other
15 indebtedness authorized by the qualified voters of the municipality on or after July 1,
16 1998, but before July 1, 2004, to pay costs of school construction, additions to
17 schools, and major rehabilitation projects that exceed \$200,000 and are approved
18 under AS 14.07.020(a)(11);

19 (10) subject to (h), (i), (j)(2) - (4) [(j)], and (p) of this section, and after
20 projects 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 year
22 for the retirement of principal and interest on outstanding bonds, notes, or other
23 indebtedness authorized by the qualified voters of the municipality on or after June 30,
24 1998, to pay costs of school construction, additions to schools, and major
25 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
26 and are not reimbursed under (n) of this section.

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

28 (j) Except as provided in (l) of this section, the state may not allocate money
29 to a municipality for a school construction project under (a)(5), (6), (7), or (9) [. OR
30 (10)] of this section unless the municipality complies with the requirements of (1) - (4)
31 of this subsection, the project is approved by the commissioner before the local vote

1 on the bond issue for the project or for bonds authorized after March 31, 1990, but on
 2 or before April 30, 1993, the bonds are approved by the commissioner before
 3 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
 4 June 30, 1988. In approving a project under this subsection, and to the extent required
 5 under (a)(8) or (10) of this section, the commissioner shall require

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

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

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

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

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

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

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

25 (D) facilities that require modification or rehabilitation for the
 26 purpose of improving the instructional program.

27 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 RETROACTIVITY. This Act is retroactive to July 1, 2000.

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



REPRESENTATIVE ELDON MULDER

DISTRICT 23 - MULDOON & FORT RICHARDSON

ALASKA STATE LEGISLATURE

HOUSE OF REPRESENTATIVES

"PROUD TO BE A MULDOONER"



HB 90

An Act relating to reimbursement of municipal bonds for school construction;
and providing for an effective date

Sponsor Statement

January 27, 2001

House Bill 90 corrects a technical error in HB 281, Chapter 130, SLA 2000, the school capital funding and bond debt reimbursement bill. The bill intended to provide bond debt reimbursement for several bond obligations previously approved by voters. Several districts had voters approve bonds prior to securing approval from the commissioner of Education and Early Development. This precluded them from securing intended reimbursement under the provisions of last year's bill.

HB 90 corrects the technical error. It does not expand the authorizations previously provided. It simply allows those intended to receive bond debt reimbursement to do so.

We believe this affects the Municipality of Anchorage and the Northwest Arctic Borough.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 25, 2001

SUBJECT: Sectional Summary of HB 90 (Municipal bond reimbursement)

TO: Representative Eldon Mulder
Attn: Denny

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional 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. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends AS 14.11.100(a)(10) to provide that municipal bonds authorized after June 30, 1998, are eligible for reimbursement from the state without requiring compliance with AS 14.11.100(j)(1), that requires the total cost of each project be listed on the ballot for the bond issue.

Section 2. Amends AS 14.11.100(j) to provide that municipal bonds authorized after June 30, 1998 under AS 14.11.100(a)(10), are eligible for reimbursement from the state without requiring compliance with AS 14.11.100(j)(1), that requires the total cost of each project be listed on the ballot for the bond issue.

Section 3. Makes the Act retroactive to July 1, 2000.

Section 4. Effective date.

MFF:glc
01-056.glc

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Thursday, May 25, 2000

Page: A1

Section: Nation

Edition: Final

SCHOOL REPAYMENT BILL FLAWED, OFFICIAL SAYS

By Rosemary Shinohara, Daily News Reporter

The Alaska Legislature voted to take care of 70 percent of the construction bond debt for many city and borough school districts this year -- including \$78 million in projects Anchorage voters approved in April.

But a state finance expert said Wednesday that the legislation is flawed and can't be used to pay off this year's projects.

The bill is meant to cover projects approved by local voters from 1998 to 2004. To work, it would have had to suspend state law that sets out what districts must do in advance of a bond election to qualify for state reimbursement -- such as list the 70-30 split for state and local payments on the ballot. It didn't do that, said Eddy Jeans, finance manager for the state Department of Education. The news took legislators and Anchorage School District officials by surprise.

"You're kidding," said Anchorage Superintendent Bob Christal. "That's new news."

"That's interesting," said Sen. John Torgerson, R-Kenai, who was among key legislators drafting the school construction bill. "It's strange they didn't mention anything when we were debating the bill."

Torgerson later checked with legislative legal advisers and confirmed that the problem exists. "It's a technicality, but it's enough" to stop Anchorage and other districts from collecting state money to pay off debt this year, he said. He plans to begin work immediately on a bill for the 2001 Legislature to make the money available retroactively.

The bill includes \$92.9 million in state grants to replace five rural schools and build an elementary school addition in Kake. It includes state reimbursement for up to \$151 million worth of projects in 12 identified cities and boroughs, at the rate of 70 percent.

Local taxes would pay for the other 30 percent.

Anchorage's share of debt reimbursement would cover \$77.9 million in projects, for which the state would lay out \$54.5 million. The projects approved by Anchorage voters this year include

renovations to Chugiak, East, Bartlett and Service high schools and Wendler Middle School, and replacement of Denali Elementary.

Voters agreed to repay 100 percent of the costs, but Christal said the district wanted to use state reimbursement if it's available.

The Legislature debated various means of school construction funding and only agreed to this plan, a version of House Bill 281, in the final days of the session.

Sen. Gary Wilken, R-Fairbanks, said the HB 281 backers specifically attempted to set the debt reimbursement date back to 1998 because voters in the Matanuska-Susitna Borough have approved bonds that could be eligible for state reimbursement.

Gov. Tony Knowles had proposed the state spend more. His plan called for \$510 million for school construction and maintenance over the next three years. The state would pay for it through a combination of revenue bonds, proceeds from the national tobacco settlement, and general funds.

HB 281 has not yet reached his desk for signature, said Bob King, Knowles' press secretary. But Knowles made it clear during the session he was disappointed the Legislature didn't fund more maintenance projects in Bush schools. "He's pleased they funded the school needs that they did, but we don't think it went far enough," King said.

State Department of Education officials testified against the bill that finally passed because it didn't follow the state priority list for funding projects, which includes more rural projects and fewer in urban areas.

The school construction legislation came together under the shadow of a court ruling last year that Alaska is violating the state constitution and federal civil rights law by providing inadequate school buildings for rural students.

The plaintiffs in that lawsuit -- rural school districts and parents -- were attempting to achieve a settlement during the session. But they, too, left the session unsatisfied, said Don Evans, chief executive for the Southwest Region School District, and a representative of the plaintiffs.

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Anchorage School District

4600 DeLarr Road
P.O. Box 156614
Anchorage, Alaska 99519-6614
(907) 742-4000

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Kathi Gillespie
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Debra Davis

Hannel A. Drummond

DeDe Osklander

SUPERINTENDENT

UDD Christal

February 1, 2001

Dear Representative Mulder:

On behalf of the voters of Anchorage and the Anchorage School District, I wish to thank you for sponsoring HB 90 "An act relating to reimbursement of municipal bonds for school construction."

The passage of this bill will enable the Anchorage School District to seek State debt reimbursement eligibility under HB 281 for projects passed by the voters of Anchorage in April 2000.

Pertinent Information

House Bill 281 approved by the Legislature during the last session provides for 70 percent debt reimbursement for bonds authorized by voters after June 30, 1998. Based on student enrollment, Anchorage School District is eligible for debt reimbursement on \$77.897 million of projects approved by voters after June 30, 1998 and until July 1, 2004. Anchorage voters approved \$77.9 million of projects on Proposition 13 in April 2000.

Even though the voters approved the bonds during the specified time period, projects contained in Proposition 13 are currently not eligible for debt reimbursement. As in prior bills that have provided debt reimbursement on projects approved by voters prior to the legislation, HB 281 did not contain language that allowed certain requirements to be waived. These requirements apply only if State debt reimbursement is applicable. In this case, the specific projects had not received prior approval by the Department of Education and Early Development (DEE) before being placed on the ballot. Certain required ballot language, such as estimated total interest and estimated total amounts that will be paid by the State and by the municipality, were not on the ballot because based on Bond Counsel's direction the percentage of State debt reimbursement was not known at that time.

Proposition 13 ballot language states: "There is currently no program for State reimbursement to Anchorage for payment of principal and interest on these bonds. If legislation were enacted to establish such a program, Anchorage would seek reimbursement pursuant to the terms of the legislation."

The changes to statute provided in HB 90 will enable the Anchorage School District to seek reimbursement for bond projects passed by voters last April.

Again, thank you for your sponsorship of this bill.

Sincerely,



Carol Comeau
Superintendent



**Anchorage
School
District**

January 8, 2001

Dear Representative Mulder:

4600 DeBarr Road
P.O. Box 196614
Anchorage, Alaska 99519-0614
(907) 742-4000

Attached please find the memorandum prepared for the School Board regarding the bonds passed by the voters of Anchorage this past April.

SCHOOL BOARD

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President

Dawn Wardal
Vice President

Kathy Gillespie
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Wita J. Holtzhaus
Treasurer

Bolysa Davis

Harriet A. Drummond

Debbie Oastlander

SUPERINTENDENT

Rob Christal

As you can see from the memorandum, our Bond counsel has indicated

that based on the ballot language in Proposition 13 and due to the fact that the District routinely lobbies the Legislature, the District has an obligation to request the Legislature to amend language to allow Proposition 13 projects approved by the voters in April 2000 to be eligible for State debt reimbursement.

Therefore, we are requesting that the Legislature move forward this January in revising the statute to enable us to apply the funds allocated to ASD in HB 281 to this past year's bonds.

Sincerely,

Larry Wiget
Executive Director, Public Affairs

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

MEMORANDUM

December 1, 2000

TO: SCHOOL BOARD

FROM: CAROL COMEAU
SUPERINTENDENT (ACTING)

SUBJECT: RESPONSE TO REQUEST FOR INFORMATION

School Board Member, Debbie Ossiander, requested the following information on November 20, 2000. Janet Stokesbary, Chief Financial Officer, prepared the following response.

REQUEST:

Please confer with Bond Counsel to see if the District has any further obligation under the ballot language in Proposition 13 approved by the voters in April 2000 to obtain State debt reimbursement eligibility under HB 281 for these projects. Or, can the District choose to apply the State debt reimbursement eligibility to projects in future bond propositions.

RESPONSE:

House Bill 281 approved by the Legislature during the last session provides for 70 percent debt reimbursement for bonds authorized by voters after June 30, 1998. Based on student enrollment, Anchorage School District is eligible for debt reimbursement on \$77.897 million of projects approved by the voters after June 30, 1998 and until July 1, 2004. Anchorage voters approved \$77.9 million of projects on Proposition 13 in April 2000.

Even though the voters approved the bonds during the specified time period, projects contained in Proposition 13 are currently not eligible for debt reimbursement. As in prior bills that have provided debt reimbursement on projects approved by voters prior to the legislation, HB 281 did not contain language that allowed certain requirements to be waived. These requirements apply only if State debt reimbursement is applicable. In this case, the specific projects had not received prior approval by the Department of Education and Early Development (DEED) before being placed on the ballot. Certain required ballot language, such as estimated total interest and estimated total amounts that will be paid by the State and by the municipality, were not on the ballot because based on Bond Counsel's direction the percentage of State debt reimbursement was not known at that time.

Bond Counsel has indicated that based on the ballot language in Proposition 13 and due to the fact that the District routinely lobbies the Legislature, the District has an obligation to request the Legislature to amend language to allow Proposition 13 projects approved by the voters in April 2000 to be eligible for State debt reimbursement.

Proposition 13 ballot language states: "There is currently no program for State reimbursement to Anchorage for payment of principal and interest on these bonds. If legislation were enacted to establish such a program, Anchorage would seek reimbursement pursuant to the terms of such legislation."

It was also noted that the amount approved for the District in HB 281 and the amount in Proposition 13 are so close that it appears that it may have been the intent of the Legislature to have those projects covered.

Even if legislation were to be approved to waive prior DEED project approval and required ballot language, the projects most likely will still be required to meet specified criteria and be approved by the DEED.

CC/JS

Time to Prepare Response: 2 hours



Northwest Arctic Borough School District

P.O. Box 51 • Kotzebue, Alaska 99752 • Phone (907) 442-3472 • Fax (907) 442-2392

January 31, 2001

Leading the Way

The Honorable Representative Eldon Mulder
Co-Chairman, House Finance Committee
House of Representatives
State Capital
Juneau, Alaska 99801-1182

Re: Letter of Support for HB90

Dear Representative Mulder:

The Northwest Arctic Borough School District (NWABSD) wishes to go on record in support of HB90; An Act Relating to Reimbursement of Municipal Bonds for School Construction; and Providing for an Effective Date. Additionally, on behalf of the School District, I wish to express my appreciation to you for introducing this legislation.

The NWABSD has a School construction project in the community of Selawik that is positively effected by your changes in this bill. We need the reference to prior approval by the Commissioner prior to Bond election to be replaced. This seems to be what Section 2, AS 14.11.100 Subsection 1 - 4 does. Thank you again for finding an expeditious solution to this matter.

Sincerely,

Charles F. Mason,
Chief Executive Officer

cc: Senator Don Olson
Representative Reggie Joule
Commissioner Shirley Holloway, DEED
Mr. Eddie Jeans, DEED

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SENATE FINANCE COMMITTEE

SIGN-IN

HB 90-MUNICIPAL SCHOOL BOND REIMBURSEMENT

NAME: Eddy Jeans Subject/Bill No: HB 90
Co./Dept./Title: School Finance Manager Phone: 465-8679
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions