

HB

13



**State of Alaska
Representative Peggy Wilson
House District 2**

State Capitol, Room 108
Juneau AK 99801
Representative.Peggy.Wilson@legis.state.ak.us

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Fax transmittal sheet

To Leg Legal
Fax # 465-2029
From: Kathy Hope Erickson for
Representative Peggy Wilson
Re: HB 13, School Construction Bond Reimbursement
Date April 14, 2005
3 pages

Comments: HESS Committee has passed HB 13 (F) out of committee, and has made an amendment:
as attached.

I am also requesting a final. Thank you for everything.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 13

*the amount specified
on p. 2, line 25 is
there as a placeholder
for drafting purposes.*

1 Page 1, line 1, following "Act":

2 Insert "relating to the school construction grant fund;"

3

4 Page 1, following line 3:

5 Insert new bill sections to read:

6 **** Section 1.** AS 14.11.008(a) is amended to read:

7 (a) In order to receive a grant under this chapter or an appropriation under
8 AS 37.05.560, a district must

9 (1) be

10 (A) a rural educational attendance area;

11 (B) a municipal school district and, as of June 30 of the
12 previous fiscal year, have a population of less than 1,000; or

13 (C) a municipal school district that operates schools on a
14 military reservation; and

15 (2) provide a percentage share of the project cost, as determined under
16 (b) or (c) of this section; a [. A] district shall provide the required participating share
17 within three years after the date that the appropriation bill funding the grant is passed
18 by the legislature.

19 *** Sec. 2.** AS 14.11.008(a) is repealed and reenacted to read:

20 (a) In order to receive a grant under this chapter or an appropriation under
21 AS 37.05.560, a district must provide a percentage share of the project cost, as
22 determined under (b) or (c) of this section. A district shall provide the required
23 participating share within three years after the date that the appropriation bill funding

1 the grant is passed by the legislature.

2 * **Sec. 3.** AS 14.11.008 is amended by adding a new subsection to read:

3 (g) Grant funds provided to a municipal school district under (a)(1)(C) of this
4 section may only be used for the costs of school construction or major maintenance for
5 a school located on a military reservation.

6 * **Sec. 4.** AS 14.11.011(a) is amended to read:

7 (a) A municipality that is a school district or a regional educational attendance
8 area eligible under AS 14.11.008(a) may submit a request to the department for a
9 grant under this chapter.

10 * **Sec. 5.** AS 14.11.011(a) is repealed and reenacted to read:

11 (a) A municipality that is a school district or a regional educational attendance
12 area may submit a request to the department for a grant under this chapter."

13 *renumber the following sec*

14 Page 5, lines 13 - 16:

15 Delete all material and insert:

16 "* **Sec. 7.** AS 14.11.008(g) is repealed.

17 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 **RETROACTIVITY.** If, under sec. 9 of this Act, secs. 1, 3, 4, and 6 of this Act take
20 effect, they are retroactive to January 1, 2005.

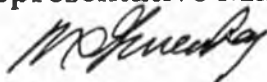
21 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **CONTINGENT EFFECT.** Sections 1 - 7 of this Act take effect only if, at the first
24 regular session or at a special session, the Twenty-Fourth Alaska Legislature passes a bill
25 appropriating an amount equal to or more than \$100,000,000 to the school construction grant
26 fund under AS 14.11.008 - 14.11.011, as amended by secs. 1, 3, and 4 of this Act, and that bill
27 becomes law not later than October 1, 2005.

28 * **Sec. 10.** If, under section 9 of this Act, secs. 2, 5, and 7 of this Act take effect, they take
29 effect July 1, 2006.

30 * **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect immediately under
31 AS 01.10.070(c)."

Representative Max Gruenberg



Representative Carl Gatto



Sponsor Statement and Bill Analysis

**HB 13 – Reimbursement of Municipal Bonds for School
Construction**

This bill extends until July 1, 2006 the statutory date for municipalities to receive reimbursement from the state for school construction and renovation bonds. The previous law expired January 1, 2005.

The two changes to the existing statute are on the last page of the bill.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 13
 (H) Publish Date: 3/4/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title: "An Act relating to reimbursement of municipal RDU: ESS
bonds for school construction; and provide for an effective ..." Component: School Debt Reimbursement
 Sponsor: Rep. Gatto & Rep. Gruenberg
 Requester: _____ Component No.: 153

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	0.0	*	*	*	*	*
Miscellaneous						
TOTAL OPERATING	0.0	*	*	*	*	*

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	*	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	*	*	*	*	*

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Act will extend the Debt Reimbursement program for another year and a half. Since there is no limit on the principal amount that can be approved for reimbursement it is not possible to project the increase to the Debt Reimbursement program for fiscal years 2007 and beyond.

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division: School Finance Date/Time 1/24/05 3:52 PM
 Approved by: Karen Rehfeld, Deputy Director Date 1/24/2005
 Agency: Education & Early Development

House Bill 13 by GATTO, GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman

This bill extends the sunset date on the school construction bond debt reimbursement program (established in HB 2003, 22nd Legislature) an additional 18 months.

Targets Clark Junior High in Anchorage and 4 Mat Su projects

Kasayulie judge found the way the state funds school construction is discriminatory.

Voters approved a bond in 2002 that funded projects in REAA's and debt reimbursement for municipalities. (70% municipal bond debt reimbursement for voter approved projects with cut-off of January 1, 2005.)

DEED was required under HB 2003 to prepare a report evaluating the effectiveness of the dual system by February 1, 2006. Consequently, they do not support this bill.

PROPOSED AMENDMENT:

Ties bond debt reimbursement to "comparable" funding for non-bonding capacity districts.

Because municipal districts with bonding authority can also be on the DEED school construction and major maintenance lists, amendment language mirrors the description of who qualifies for the non-bonding capacity school districts to include:

- REAA's
- Municipal districts with population of less than 1,000
- Municipal districts operating a school on a military reservation

This authorization lapses when the window for municipal bond debt reimbursement lapses.

Attached amendment designates \$100 million cap. Eddy Jeans from DEED is calculating a number based on the ratio of funding for bondable districts and non-bondable districts that would be inserted in a new amendment proposal.

The amendment would partially address *Kasayulie* court concerns.

24-LS0062V.3
Mischel
4/14/05

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 13

1 Page 1, line 1, following "Act":

2 Insert "relating to the school construction grant fund; adjusting the district cost
3 factors;"

4
5 Page 1, following line 3:

6 Insert new bill sections to read:

7 **** Section 1.** AS 14.11.008(a) is amended to read:

8 (a) In order to receive a grant under this chapter or an appropriation under
9 AS 37.05.560, a district must

10 (1) be

11 (A) a rural educational attendance area;

12 (B) a municipal school district and, as of June 30 of the
13 previous fiscal year, have a population of less than 1,000; or

14 (C) a municipal school district that operates schools on a
15 military reservation; and

16 (2) provide a percentage share of the project cost, as determined under
17 (b) or (c) of this section; a [A] district shall provide the required participating share
18 within three years after the date that the appropriation bill funding the grant is passed
19 by the legislature.

20 *** Sec. 2.** AS 14.11.008(a) is repealed and reenacted to read:

21 (a) In order to receive a grant under this chapter or an appropriation under
22 AS 37.05.560, a district must provide a percentage share of the project cost, as
23 determined under (b) or (c) of this section. A district shall provide the required

24-LS0062\F.3

1 participating share within three years after the date that the appropriation bill funding
2 the grant is passed by the legislature.

3 * Sec. 3. AS 14.11.008 is amended by adding a new subsection to read:

4 (g) Grant funds provided to a municipal school district under (a)(1)(C) of this
5 section may only be used for the costs of school construction or major maintenance for
6 a school located on a military reservation.

7 * Sec. 4. AS 14.11.011(a) is amended to read:

8 (a) A municipality that is a school district or a regional educational attendance
9 area eligible under AS 14.11.008(a) may submit a request to the department for a
10 grant under this chapter.

11 * Sec. 5. AS 14.11.011(a) is repealed and reenacted to read:

12 (a) A municipality that is a school district or a regional educational attendance
13 area may submit a request to the department for a grant under this chapter."
14

15 Page 1, line 4:

16 Delete "Section 1"

17 Insert "Sec. 6"

19 Page 5, lines 13 - 16:

20 Delete all material.

21 Insert new bill sections to read:

22 ** Sec. 7. AS 14.17.460(a) is amended to read:

23 (a) For purposes of calculating a district's adjusted ADM under
24 AS 14.17.410(b)(1), the district cost factor for a school district is as follows:

25	DISTRICT	DISTRICT COST FACTOR
26	Alaska Gateway	<u>1.594</u> [1.291]
27	Aleutians East	<u>1.991</u> [1.423]
28	Aleutians Region	<u>1.939</u> [1.736]
29	ALYESKA CENTRAL SCHOOL	1.000]
30	Anchorage	1.000
31	Annette Island	<u>1.338</u> [1.011]

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1	Bering Strait	<u>1.998</u> [1.525]
2	Bristol Bay	<u>1.478</u> [1.262]
3	Chatham	<u>1.576</u> [1.120]
4	Chugach	<u>1.496</u> [1.294]
5	Copper River	<u>1.316</u> [1.176]
6	Cordova	<u>1.234</u> [1.096]
7	Craig	<u>1.206</u> [1.010]
8	Delta/Greely	<u>1.241</u> [1.106]
9	Denali	<u>1.332</u> [1.313]
10	Dillingham	<u>1.346</u> [1.254]
11	Fairbanks	<u>1.070</u> [1.039]
12	Galena	<u>1.391</u> [1.348]
13	Haines	<u>1.200</u> [1.008]
14	Hoonah	<u>1.399</u> [1.055]
15	Hydaburg	<u>1.504</u> [1.085]
16	Iditarod	<u>1.846</u> [1.470]
17	Juneau	<u>1.145</u> [1.005]
18	Kake	<u>1.459</u> [1.025]
19	Kashunamiut	<u>1.619</u> [1.389]
20	Kenai Peninsula	<u>1.171</u> [1.004]
21	Ketchikan	<u>1.170</u> [1.000]
22	Klawock	<u>1.302</u> [1.017]
23	Kodiak Island	<u>1.289</u> [1.093]
24	Kuspuk	<u>1.734</u> [1.434]
25	Lake and Peninsula	<u>1.994</u> [1.558]
26	Lower Kuskokwim	<u>1.663</u> [1.491]
27	Lower Yukon	<u>1.861</u> [1.438]
28	Matanuska-Susitna	<u>1.070</u> [1.010]
29	Mt. Edgecumbe	<u>1.195</u> [1.000]
30	Nenana	<u>1.338</u> [1.270]
31	Nome	<u>1.450</u> [1.319]

24-LS0062\F.3

1	North Slope	<u>1.791</u> [1.504]
2	Northwest Arctic	<u>1.823</u> [1.549]
3	Pelican	<u>1.477</u> [1.290]
4	Petersburg	<u>1.244</u> [1.000]
5	Pribilof	<u>1.671</u> [1.419]
6	Sitka	<u>1.195</u> [1.000]
7	Skagway	<u>1.174</u> [1.143]
8	Southeast Island	<u>1.403</u> [1.124]
9	Southwest Region	<u>1.685</u> [1.423]
10	St. Mary's	<u>1.624</u> [1.351]
11	Tanana	<u>1.786</u> [1.496]
12	Unalaska	<u>1.441</u> [1.245]
13	Valdez	<u>1.170</u> [1.095]
14	Wrangell	<u>1.159</u> [1.000]
15	Yakutat	<u>1.412</u> [1.046]
16	Yukon Flats	<u>2.116</u> [1.668]
17	Yukon/Koyukuk	<u>1.835</u> [1.502]
18	Yupit	<u>1.723</u> [1.469].

19 * Sec. 8. AS 14.11.008(g) is repealed.

20 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **RETROACTIVITY.** If, under sec. 10 of this Act, secs. 1, 3, 4, and 6 of this Act take
23 effect, they are retroactive to January 1, 2005.

24 * Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 **CONTINGENT EFFECT.** Sections 1 - 6 and 8 of this Act take effect only if, at the
27 first regular session or at a special session, the Twenty-Fourth Alaska Legislature passes a bill
28 appropriating an amount equal to or more than \$100,000,000 each year for three years to the
29 school construction grant fund under AS 14.11.008 - 14.11.011, as amended by secs. 1, 3, and
30 4 of this Act, and that bill becomes law not later than October 1, 2005.

31 * Sec. 11. If, under section 10 of this Act, secs. 2, 5, and 8 of this Act take effect, they take

24-LS0062F.3

- 1 effect July 1, 2006.
- 2 * Sec. 12. Section 7 of this Act takes effect July 1, 2005.
- 3 * Sec. 13. Except as provided in secs. 11 and 12 of this Act, this Act takes effect
- 4 immediately under AS 01.10.070(c)."

Pat Jackson

24-LS0062\F.2
Mischel
3/31/05

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 13

*the amount specified
on p. 2, line 25 is
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for drafting purposes.*

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11 (B) a municipal school district and, as of June 30 of the
12 previous fiscal year, have a population of less than 1,000; or

13 (C) a municipal school district that operates schools on a
14 military reservation; and

15 (2) provide a percentage share of the project cost, as determined under
16 (b) or (c) of this section; a [A] district shall provide the required participating share
17 within three years after the date that the appropriation bill funding the grant is passed
18 by the legislature.

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13 *renumber the following see*

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17 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

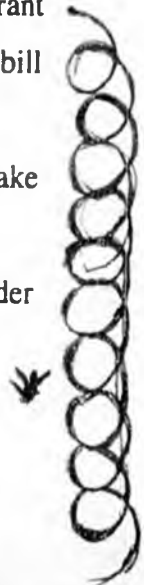
19 RETROACTIVITY. If, under sec. 9 of this Act, secs. 1, 3, 4, and 6 of this Act take
20 effect, they are retroactive to January 1, 2005.

21 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 CONTINGENT EFFECT. Sections 1 - 7 of this Act take effect only if, at the first
24 regular session or at a special session, the Twenty-Fourth Alaska Legislature passes a bill
25 appropriating an amount equal to or more than \$100,000,000 to the school construction grant
26 fund under AS 14.11.008 - 14.11.011, as amended by secs. 1, 3, and 4 of this Act, and that bill
27 becomes law not later than October 1, 2005.

28 * Sec. 10. If, under section 9 of this Act, secs. 2, 5, and 7 of this Act take effect, they take
29 effect July 1, 2006.

30 * Sec. 11. Except as provided in sec. 10 of this Act, this Act takes effect immediately under
31 AS 01.10.070(c)."



24-LS0062L
Mischel
4/13/05

CS FOR HOUSE BILL NO. 13()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES GATTO AND GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to school funding and reimbursement of municipal bonds for school**
2 **construction; adjusting district cost factors that are applicable to the state program of**
3 **school funding; and providing for an effective date."**

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

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

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

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

11 (2) 90 percent of

12 (A) payments made by the municipality during the fiscal year
13 two years earlier for the retirement of principal and interest on outstanding
14 bonds, notes, or other indebtedness incurred after June 30, 1977, and before

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

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

5 (3) 90 percent of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
2 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay
3 costs of school construction, additions to schools, and major rehabilitation projects;

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

12 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
13 projects funded by the bonds, notes, or other indebtedness have been approved by the
14 commissioner, 70 percent of payments made by the municipality during the fiscal year
15 for the retirement of principal and interest on outstanding bonds, notes, or other
16 indebtedness authorized by the qualified voters of the municipality on or after July 1,
17 1998, but before July 1, 2006, to pay costs of school construction, additions to
18 schools, and major rehabilitation projects that exceed \$200,000 and are approved
19 under AS 14.07.020(a)(11);

20 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after
21 projects funded by the bonds, notes, or other indebtedness have been approved by the
22 commissioner, 70 percent of payments made by the municipality during the fiscal year
23 for the retirement of principal and interest on outstanding bonds, notes, or other
24 indebtedness authorized by the qualified voters of the municipality on or after June 30,
25 1998, to pay costs of school construction, additions to schools, and major
26 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
27 and are not reimbursed under (n) of this section;

28 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
29 funded by the bonds, notes, or other indebtedness have been approved by the
30 commissioner, 70 percent of payments made by a municipality during the fiscal year
31 for the retirement of principal and interest on outstanding bonds, notes, or other

1 indebtedness authorized by the qualified voters of the municipality on or after June 30,
 2 1999, but before July 1, 2006 [JANUARY 1, 2005], to pay costs of school
 3 construction, additions to schools, and major rehabilitation projects and education-
 4 related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and
 5 are not reimbursed under (n) or (o) of this section;

6 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent
 7 of payments made by a municipality during the fiscal year for the retirement of
 8 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 9 the qualified voters of the municipality on or after June 30, 1999, but before July 1,
 10 2006 [JANUARY 1, 2005], to pay costs of school construction, additions to schools,
 11 and major rehabilitation projects and education-related facilities that exceed \$200,000.
 12 are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of
 13 this section.

14 * **Sec. 2.** AS 14.17.460(a) is amended to read:

15 (a) For purposes of calculating a district's adjusted ADM under
 16 AS 14.17.410(b)(1) after June 30, 2005, and before July 1, 2006, the district cost
 17 factor for a school district is as follows:

DISTRICT	DISTRICT COST FACTOR
19 Alaska Gateway	<u>1.443</u> [1.291]
20 Aleutians East	<u>1.707</u> [1.423]
21 Aleutians Region	<u>1.838</u> [1.736]
22 ALYESKA CENTRAL SCHOOL	1.000]
23 Anchorage	1.000
24 Annette Island	<u>1.175</u> [1.011]
25 Bering Strait	<u>1.762</u> [1.525]
26 Bristol Bay	<u>1.370</u> [1.262]
27 Chatham	<u>1.348</u> [1.120]
28 Chugach	<u>1.395</u> [1.294]
29 Copper River	<u>1.246</u> [1.176]
30 Cordova	<u>1.165</u> [1.096]
31 Craig	<u>1.108</u> [1.010]

1	Delta/Greely	<u>1.174</u> [1.106]
2	Denali	<u>1.323</u> [1.313]
3	Dillingham	<u>1.300</u> [1.254]
4	Fairbanks	<u>1.055</u> [1.039]
5	Galena	<u>1.369</u> [1.348]
6	Haines	<u>1.104</u> [1.008]
7	Hoonah	<u>1.227</u> [1.055]
8	Hydaburg	<u>1.295</u> [1.085]
9	Iditarod	<u>1.658</u> [1.470]
10	Juneau	<u>1.075</u> [1.005]
11	Kake	<u>1.242</u> [1.025]
12	Kashunamiut	<u>1.504</u> [1.389]
13	Kenai Peninsula	<u>1.088</u> [1.004]
14	Ketchikan	<u>1.085</u> [1.000]
15	Klawock	<u>1.160</u> [1.017]
16	Kodiak Island	<u>1.191</u> [1.093]
17	Kuspuk	<u>1.584</u> [1.434]
18	Lake and Peninsula	<u>1.776</u> [1.558]
19	Lower Kuskokwim	<u>1.577</u> [1.491]
20	Lower Yukon	<u>1.650</u> [1.438]
21	Matanuska-Susitna	<u>1.040</u> [1.010]
22	Mt. Edgecumbe	<u>1.098</u> [1.000]
23	Nenana	<u>1.304</u> [1.270]
24	Nome	<u>1.385</u> [1.319]
25	North Slope	<u>1.648</u> [1.504]
26	Northwest Arctic	<u>1.686</u> [1.549]
27	Pelican	<u>1.384</u> [1.290]
28	Petersburg	<u>1.122</u> [1.000]
29	Pribilof	<u>1.555</u> [1.419]
30	Sitka	<u>1.098</u> [1.000]
31	Skagway	<u>1.159</u> [1.143]

1	Southeast Island	<u>1.264</u> [1.124]
2	Southwest Region	<u>1.554</u> [1.423]
3	St. Mary's	<u>1.488</u> [1.351]
4	Tanana	<u>1.641</u> [1.496]
5	Unalaska	<u>1.343</u> [1.245]
6	Valdez	<u>1.133</u> [1.095]
7	Wrangell	<u>1.080</u> [1.000]
8	Yakutat	<u>1.229</u> [1.046]
9	Yukon Flats	<u>1.892</u> [1.668]
10	Yukon/Koyukuk	<u>1.669</u> [1.502]
11	Yupitit	<u>1.596</u> [1.469].

12 * **Sec. 3.** AS 14.17.460(a) is amended to read:

13 (a) For purposes of calculating a district's adjusted ADM under
 14 AS 14.17.410(b)(1) after June 30, 2006 [JUNE 30, 2005, AND BEFORE JULY 1,
 15 2006], the district cost factor for a school district is as follows:

16	DISTRICT	DISTRICT COST FACTOR
17	Alaska Gateway	<u>1.594</u> [1.443]
18	Aleutians East	<u>1.991</u> [1.707]
19	Aleutians Region	<u>1.939</u> [1.838]
20	Anchorage	1.000
21	Annette Island	<u>1.338</u> [1.175]
22	Bering Strait	<u>1.998</u> [1.762]
23	Bristol Bay	<u>1.478</u> [1.370]
24	Chatham	<u>1.576</u> [1.348]
25	Chugach	<u>1.496</u> [1.395]
26	Copper River	<u>1.316</u> [1.246]
27	Cordova	<u>1.234</u> [1.165]
28	Craig	<u>1.206</u> [1.108]
29	Delta/Grceely	<u>1.241</u> [1.174]
30	Denali	<u>1.332</u> [1.323]
31	Dillingham	<u>1.346</u> [1.300]

1	Fairbanks	<u>1.070</u> [1.055]
2	Galena	<u>1.391</u> [1.369]
3	Haines	<u>1.200</u> [1.104]
4	Hoonah	<u>1.399</u> [1.227]
5	Hydaburg	<u>1.504</u> [1.295]
6	Iditarod	<u>1.846</u> [1.658]
7	Juneau	<u>1.145</u> [1.075]
8	Kake	<u>1.459</u> [1.242]
9	Kashunamiut	<u>1.619</u> [1.504]
10	Kenai Peninsula	<u>1.171</u> [1.088]
11	Ketchikan	<u>1.170</u> [1.085]
12	Klawock	<u>1.302</u> [1.160]
13	Kodiak Island	<u>1.289</u> [1.191]
14	Kuspuk	<u>1.734</u> [1.584]
15	Lake and Peninsula	<u>1.994</u> [1.776]
16	Lower Kuskokwim	<u>1.663</u> [1.577]
17	Lower Yukon	<u>1.861</u> [1.650]
18	Matanuska-Susitna	<u>1.070</u> [1.040]
19	Mt. Edgecumbe	<u>1.195</u> [1.098]
20	Nenana	<u>1.338</u> [1.304]
21	Nome	<u>1.450</u> [1.385]
22	North Slope	<u>1.791</u> [1.648]
23	Northwest Arctic	<u>1.823</u> [1.686]
24	Pelican	<u>1.477</u> [1.384]
25	Petersburg	<u>1.244</u> [1.122]
26	Pribilof	<u>1.691</u> [1.555]
27	Sitka	<u>1.195</u> [1.098]
28	Skagway	<u>1.174</u> [1.159]
29	Southeast Island	<u>1.403</u> [1.264]
30	Southwest Region	<u>1.685</u> [1.554]
31	St. Mary's	<u>1.624</u> [1.488]

1	Tanana	<u>1.786</u> [1.641]
2	Unalaska	<u>1.441</u> [1.343]
3	Valdez	<u>1.170</u> [1.133]
4	Wrangell	<u>1.159</u> [1.080]
5	Yakutat	<u>1.412</u> [1.229]
6	Yukon Flats	<u>2.116</u> [1.892]
7	Yukon/Koyukuk	<u>1.835</u> [1.669]
8	Yupit	<u>1.723</u> [1.596].

9 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 10 read:

11 **RETROACTIVITY.** Section 1 of this Act is retroactive to January 1, 2005.

12 * Sec. 5. Section 3 of this Act takes effect July 1, 2006

13 * Sec. 6. Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).

APR 04 2005

House Bill 13 by GATTO, GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman

This bill extends the sunset date on the school construction bond debt reimbursement program (established in HB 2003, 22nd Legislature) an additional 18 months.

Targets Clark Junior High in Anchorage and 4 Mat Su projects

Kasayulie judge found the way the state funds school construction is discriminatory.

Voters approved a bond in 2002 that funded projects in REAA's and debt reimbursement for municipalities. (70% municipal bond debt reimbursement for voter approved projects with cut-off of January 1, 2005.)

DEED was required under HB 2003 to prepare a report evaluating the effectiveness of the dual system by February 1, 2006. Consequently, they do not support this bill.

PROPOSED AMENDMENT:

Ties bond debt reimbursement to "comparable" funding for non-bonding capacity districts.

Because municipal districts with bonding authority can also be on the DEED school construction and major maintenance lists, amendment language mirrors the description of who qualifies for the non-bonding capacity school districts to include:

- REAA's
- Municipal districts with population of less than 1,000
- Municipal districts operating a school on a military reservation

This authorization lapses when the window for municipal bond debt reimbursement lapses.

Attached amendment designates \$100 million cap. Eddy Jeans from DEED is calculating a number based on the ratio of funding for bondable districts and non-bondable districts that would be inserted in a new amendment proposal.

The amendment would partially address *Kasayulie* court concerns.

Representative Peggy Wilson
State Capitol, Room 108
Juneau, AK 99801
Phone: 907-465-3824
Toll Free: 800-686-3824
Fax: 907-455-3175
Rep.Peggy.Wilson@legis.state.ak.us

STATE OF ALASKA

Representative Peggy Wilson

House District 2

FAX TRANSMITTAL SHEET

TO: Tom

FAX # 3799 DATE 4/12/05

of PAGES (total): 3

FROM:

Representative Peggy Wilson
 Jean Ellis
 Becky Rooney
 Kathy Hope Erickson

COMMENTS:

*Here is the amendment to
HB 13 -*

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
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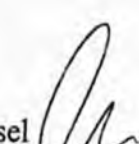
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 23, 2005

SUBJECT: School Bond Debt Reimbursement (HB 13)

TO: Representative Carl Gatto
Co-Chair of the House Transportation Committee
Attn: Cody Rice

FROM: Jean M. Mischel
Legislative Counsel 

You have asked for a written summary of our discussion of the potential effect of HB 13 on the *Kasayulie v. State of Alaska* case that is still pending. I have advised you that a discussion of any effect can only be speculative since much of the impact of this bill on the rural/urban funding equity issue raised in the case depends on (1) annual appropriations approved by the legislature for school facilities both for bond debt reimbursement for municipal school districts and for capital improvement projects for regional education attendance areas (REAAS) and municipal school districts; and (2) voter approval of bond indebtedness.

That said, as you are aware, a Superior Court summary judgment order in *Kasayulie* inspired the passage in 2002 of additional general obligation bonds to pay for capital improvement projects for schools prioritized but not previously funded in the REAAs under AS 14.11.011. The *Kasayulie* court required in 1999 that the state employ a funding scheme that adequately maintained rural schools and to have a compelling reason for inequality of facility funding. In the past, the state apparently lacked that scheme. In the 22nd Legislature, general obligation bonds were proposed and approved in an amount (\$171 million) thought to strike a compromise between rural and urban school facility funding in exchange for a two year extension for restricted approvals under AS 14.11.100(a)(9) and (10) and the addition of unrestricted approvals for municipal bonds reimbursement for a five and a half year period under AS 14.11.100(a)(11) and (12).¹ (§§ 6 - 8, ch. 3, SSSLA 2002).

This compromise was apparent from the legislative history on the general obligation and municipal bond bills heard consecutively before the finance committee in special session. Significantly, projects affected by the current January 1, 2005, deadline were approved by the commissioner but disapproved by voters.

¹ In the end, approximately \$130 of the 171 million approved for general obligation bonding then went to the REAAS, with the remaining going to municipal projects.

Representative Carl Gatto
February 23, 2005
Page 2

HB 13 extends by 18 months the authorization for municipal school districts to seek voter approval for school improvement projects and to obtain either 60 or 70 percent debt reimbursement from the state for those projects. There is no statutory cap on the debt obligation. To date, the state debt reimbursement obligation is estimated to be more than 100 million per year for the next 10 to 12 years. A report is due January 1, 2006.

In the meantime, the capital improvement project priority list is growing. The REAA projects currently occupy the top 25 slots on the list, totaling more than \$300 million in unfunded need. Additional municipal school district projects follow on the list.

The most conservative approach to avoid a *Kasayulie* type of challenge with the extension in HB 13 would be to either fund concurrently some of the REAA projects in an appropriation bill or to find another REAA funding source to meet some part of the identified need. This assumes, however, that necessary appropriations and voter approvals are obtained to implement HB 13.

If I may be of further assistance, please advise.

JMM:lmb
05-061.lmb



**WRANGELL
PUBLIC SCHOOLS
DISTRICT OFFICE**

GATEWAY TO THE STIKINE

P.O. BOX 2319
WRANGELL, ALASKA 99929
Telephone (907) 874-2347
Fax # (907) 874-3137

February 2, 2005

Representative Carl Gatto
Room 411
State Capitol
Juneau, AK 99801-1182

RE: HB 13

Dear Honorable Representative Gatto:

I would like to provide you with my full support of House Bill No. 13, "An act relating to reimbursement of municipal bonds for school construction."

School districts across Alaska are working hard to meet multiple challenges, including increasing student performance in core academic subjects and implementing the goals of the State of Alaska Quality Schools Initiative and the No Child Left Behind Act of 2001. These districts are also struggling to maintain, replace, and modernize their local school buildings.

The passage of HB 13 will trigger a school debt reimbursement program for school district bonds for capital and major maintenance projects. The school debt reimbursement program will reimburse school projects at 70 percent taking the burden off of municipalities. HB 13, if passed, will help many rural and urban school districts and communities catch up with unmet school construction and major maintenance needs.

Your continued support of public education and Alaska's youth is very much appreciated.

Sincerely,

Susan J. Sciabbarrasi
Superintendent

SJS: kp

Cc: Alaska State House of Representatives

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

326 Fourth Street, Suite 404 • Juneau, Alaska 99801
Phone: (907) 586-9702 • Fax: 586-5879
web site: www.alaskaacsa.org

Alaska Council of School Administrators

January 31, 2005

Representative Mark Neuman, Chair
House Special Committee on Education

Dear Chair Neuman and Committee members:

Enclosed is resolution 04-8, *Bond Debt Reimbursement*, adopted by the organizations that make up the Alaska Council of School Administrators. This resolution is presented in support of HB 13.

Respectfully submitted,

Mary A. Francis, Ph.D.
Executive Director

Resolution 04-8

BOND DEBT REIMBURSEMENT

WHEREAS, the voters have supported several local and statewide bond initiatives for school construction and major maintenance; and

WHEREAS, the public was informed that local and statewide bond efforts would receive State support in the repayment of the bond effort; and

WHEREAS, the planning of construction projects and major maintenance efforts were carefully considered with anticipated budget information secured from a variety of sources, including information from the State of Alaska; and

WHEREAS, a significant reduction in the repayment schedule from the State of Alaska will adversely affect local budgets at an extremely challenging time; now

THEREFORE IT IS RESOLVED that the Alaska Council of School Administrators supports full funding of previously approved bonds as they were presented to the people of local communities and a continued debt reimbursement program that also allows participation by districts unable to bond.

Adopted by the Alaska Council of School Administrators (AASA, AAESP, AASSP and ALASBO) October and December 2004.