

**SB**

**208**

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<TARGET><BILL>SB 208</BILL><SUBJECT>SB  
208</SUBJECT><COMM>SEDC28</COMM></TARGET>

28-LS1527\N  
Mischel  
3/21/14

**CS FOR SENATE BILL NO. 208(EDC)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

**BY THE SENATE EDUCATION COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATOR OLSON**

**A BILL**

**FOR AN ACT ENTITLED**

**"An Act increasing the school construction debt reimbursement percentage for certain municipalities; and providing for an effective date."**

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

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

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

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

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1977, and before 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 seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual  
2 growth rate of average daily membership of the municipality is 12 percent or  
3 more; payments made by a municipality under this subparagraph on total  
4 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph  
5 are 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) - (5), 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)(2) - (5), and (n) of this section and after  
12 projects 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, 2006, 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) - (5), and (o) 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 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
28 funded by the bonds, notes, or other indebtedness have been approved by the  
29 commissioner, 70 percent of payments made by a municipality during the fiscal year  
30 for the retirement of principal and interest on outstanding bonds, notes, or other  
31 indebtedness authorized by the qualified voters of the municipality on or after June 30,

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 2/26/14

FURTHER: Finance

Date of 5-Day Notice: 3/6/14  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3/24/14

Education Committee considered SENATE BILL NO. 208

### SB 208-SCHOOL CONSTRUCTION BOND DEBT

"An Act increasing the school construction debt reimbursement percentage for certain municipalities; and providing for an effective date."

and recommends:

- be replaced with CS SB 208 (EDC) [ Same Title [ ] New Title
- [ ] adopt previous CS \_\_\_\_\_ (\_\_\_\_\_) [ ] Same Title [ ] New Title
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
Fiscal Info Forthcoming				

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Gardner	X			
	Sherman	X			
	Higgins	X			
	Duality			✓	
	Chair	X			

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: SB 208  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB208-EED-SDR-3-7-14  
Title: SCHOOL CONSTRUCTION BOND DEBT  
Sponsor: OLSON  
Requester: Senate Education Committee

Department: Debt Service  
Appropriation: Debt Service  
Allocation: School Debt Reimbursement  
OMB Component Number: 153

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>	***							
Personal Services	***			***	***	***	***	***
Travel								
Services		808.6						
Commodities								
Capital Outlay								
Grants & Benefits		128,101.6						
Miscellaneous								
<b>Total Operating</b>	***	<b>128,910.2</b>	***	***	***	***	***	***

**Fund Source (Operating Only)**

1004 Gen Fund		128,910.2						
<b>Total</b>	***	<b>128,910.2</b>	***	***	***	***	***	***

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

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**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 (separate supplemental appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 (separate capital appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.
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Prepared By: <u>Elizabeth Nudelman, Director</u>	Phone: <u>(907)465-8679</u>
Division: <u>School Finance and Facilities</u>	Date: <u>03/07/2014 02:51 PM</u>
Approved By: <u>Mike Hanley</u>	Date: <u>03/07/14</u>
Agency: <u>Commissioner</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. SB208

### Analysis

This legislation increases the state share of reimbursement at Alaska Statute 14.11.100 State aid for costs of school construction debt for some municipalities. The legislation uses the participating share at AS 14.11.008(b) which currently pertains only to the state's school construction and major maintenance grant program to set the percentage of debt reimbursement for some municipal school districts .

Section 1 adds a new section to AS 14.11.100(a) which parallels the language for the current 70% debt reimbursement at AS 14.11.100(a)(16) but increases the state share of reimbursement to 80% for the municipal school districts that meet or exceed the 20% participating share as established at AS 14.11.008(b); the legislation includes debt which has been approved by voters on or after June 30, 2014.

Section 2 provides in uncodified law that notwithstanding section 1 voter approved debt after January 1, 2013 would qualify for the 80% reimbursement. The date for qualifying debt is June 30, 2014 in codified law and January 1, 2013 in uncodified law.

Section 3 provides that this Act takes effective immediately under AS 01.10.070(c).

The fiscal impact of this legislation cannot be accurately determined at this time.