

SB

64

<TARGET><BILL>SB 64</BILL><SUBJECT>SB
64</SUBJECT><COMM>SFIN29</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/18/15

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 64

SB 64-SCHOOL BOND DEBT REIMBURSEMENT

"An Act relating to school bond debt reimbursement; and providing for an effective date."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS SB 64 (EDC) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

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

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
EED		✓		

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
	Micciche	✓			
	Bishop	✓			
	Dunleavy	✓			
	Hoffman	✓			
	OLSON			✓	
CO-CHAIR: Anna MacKinnon	MacKinnon	✓			
CO-CHAIR:					

ALASKA STATE LEGISLATURE
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Sponsor Statement

Senate Bill 64 An Act relating to school bond debt reimbursement; and providing for an effective date

The State of Alaska is currently faced with a \$3.5 billion shortfall in revenue for Fiscal Year 2015 and a potential \$3.5 billion shortfall for Fiscal Year 2016. Senate Bill 64 will allow the state to control expenses.

There are four major cost drivers in Alaska's budget: K-12 education, Health and Social Services, debt service (PERS/TRS and bond payments), and employee salaries and benefits. Senate Bill 64 proposes to address the growth in state debt service expenses by suspending other government entities' ability to bond without explicit state approval.

Senate Bill 64 would sunset Alaska statutes relating to state aid for costs of school construction and major maintenance debt for five years. After five years, if the legislature does not take further action on these statutes, the reimbursement rates for school construction would be reinstated and reduced from 70% to 50% for eligible projects described under AS 14.11.100 (h), (i), (j)(2) – (5) and from 60% to 40% for eligible projects described under AS 14.11.100(h), (i), and (j)(2), (3), and (5).

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Explanation of Changes

Senate Bill 64 An Act relating to school bond debt reimbursement; and providing for an effective date

- *Section 1: Changed the sunset date from May 1, 2015 to January 1, 2015
- *Section 2: Conforming change to reflect the amendment to the sunset date in Section 1
Page 6, line 21 replace May with January
- *Section 3: No changes
- *Section 4: Conforming change to reflect the amendment to the sunset date in Section 1
Page 13, line 7 replace May with January
- *Section 5: Conforming change to reflect the amendment to the sunset date in Section 1
Page 13, line 12 replace May with January
- *Section 6: No changes
- *Section 7: Conforming change to reflect the amendment to the sunset date in Section 1
Page 13, line 16 replace May with January
- *Section 8: No changes
- *Section 9: No changes

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Sectional Analysis

Senate Bill 64 An Act relating to school bond debt reimbursement; and providing for an effective date

*Section 1: Amends AS 14.11.014, adds new subsection (d)

Sunsets the bond debt reimbursement provisions for school construction and major maintenance for five years, May 1, 2015 – July 1, 2020.

*Section 2: Amends AS 14.11.100(a)

Page 6, line 21 restricts reimbursement of bonds authorized after May 1, 2015.

Page 7, lines 1 – 11, deletes language relating to bonds authorized after May 1, 2015.

*Section 3: Amends AS 14.11.100(a)

Page 12, line 17 – Page 13, line 2 inserts language relating to bonds authorized on or after July 1, 2020.

(18) For projects approved under AS 14.11.100 (h), (i), and (j)(2) – (5) the reimbursement would be 50 percent.

(19) For projects approved under AS 14.11.100 (h), (i), and (j)(2), (3), and (5) the reimbursement would be 40 percent.

*Section 4: Amends AS 14.11.100, adds a new section (s)

Restricts the Commissioner from approving an application for bond debt reimbursement between May 1, 2015 – July 1, 2020

*Section 5: Amends AS 14.11.102, adds new section (c)

Restricts the Commissioner from approving an application for bond debt reimbursement between May 1, 2015 – July 1, 2020

SB 64 Sectional Analysis

March 5, 2015

Page 2

*Section 6: Repeals sections 1, 4, and 5 of this act on July 1, 2020

*Section 7: Retroactivity clause

Sections 1, 2, 4, and 5 of this act are retroactive to May 1, 2015

*Section 8: Section 3 of this act takes effect July 1, 2020

*Section 9: Sections 1, 2, 4, 5, and 7 of this act take effect immediately

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Sectional Analysis

Senate Bill 64 EDC An Act relating to school bond debt reimbursement; and providing for an effective date

*Section 1: Amends AS 14.11.014, adds new subsection (d)

Sunsets the bond debt reimbursement provisions for school construction and major maintenance for five years, January 1, 2015 – July 1, 2020.

*Section 2: Amends AS 14.11.100(a)

Page 6, line 21 restricts reimbursement of bonds authorized after January 1, 2015.

Page 7, lines 1 – 11, deletes language relating to bonds authorized after May 1, 2015.

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SB 64 Sectional Analysis

March 5, 2015

Page 2

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Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: SB 64
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB064CS(EDC)-EED-SDR-3-18-15
Title: SCHOOL BOND DEBT REIMBURSEMENT
Sponsor: FINANCE
Requester: Senate Finance 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

The Committee Substitute changes the effective date of the legislation from May 1, 2015 to January 1, 2015.

Prepared By: Elizabeth Nudelman, Director	Phone: (907)465-8679
Division: School Finance and Facilities	Date: 03/18/2015 12:15 PM
Approved By: Mike Hanley	Date: 03/18/15
Agency: Commissioner	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB 64

Analysis

Sectional Analysis

Sec. 1 adds a new subsection, AS 14.11.014(d), which closes the school debt program to new school bond debt applications for indebtedness authorized by voters from January 1, 2015 to June 30, 2020. (Note, debt authorized by voters prior to January 1, 2015 is not affected by this legislation.)

Sec. 2 amends AS 14.11.100(a)(16) by sunsetting the 70% program as of January 1, 2015. This section also amends AS 14.11.100(a)(18) by removing the section; which was passed under HB278 (Ch15 SLA14) to lower the 60% debt category to 50% effective May 15, 2015.

Sec. 3 adds new sections AS 14.11.100(a)(18) and AS 14.11.100(a)(19).

(18) The language added at AS 14.11.100(a)(18) parallels the language for the 70% program under AS 14.11.100(a)(16), but sets the reimbursement rate at 50% for bonds authorized by municipal voters on or after July 1, 2020.

(19) The language added at AS 14.11.100(a)(19) parallels the language for the 60% program at AS 14.11.100(a)(17), but sets the reimbursement rate to 40%; includes debt approved by voters on or after July 1, 2020.

Sec. 4 provides that the commissioner may not approve an application for bond debt reimbursement for school construction or major maintenance for indebtedness authorized by voters from January 1, 2015 to June 30, 2020.

Sec. 5 provides that the commissioner may not allocate funds to a municipality under AS 14.11.100 for the retirement of indebtedness authorized by voters from January 1, 2015 to June 30, 2020.

Sec. 6 repeals AS 14.11.014(d), AS 14.11.100(s), and AS 14.11.102(c) as of July 1, 2020.

Sec. 7 provides for retroactivity to January 1, 2015 for sections 1, 2, 4, and 5 of this Act.

Sec. 8 provides that section 3 this Act takes effect July 1, 2020.

Sec. 9 provides that sections 1, 2, 4, 5, and 7 of this Act takes effect immediately under AS 01.10.070(c).