

LEG. FINANCE - BILLS 1985 - 1986 2427

HB 519 cont. - CCHB 520 2427

1 legislature and to the state bond committee. The notice must include  
2 the anticipated annual lease payment and the anticipated principal  
3 amount of the debt to be issued by the Alaska State Housing Authority  
4 acting as the Alaska State Building Authority. The board may not  
5 enter into an agreement under this section until the state bond com-  
6 mittee has approved the proposal for the issuance of debt under  
7 AS 37.15.770.

8 \* Sec. 3. AS 18.55.100(a)(15) is amended to read:

9 (15) acting as the Alaska State Building Authority arrange  
10 or contract for the financing or [, DESIGN, CONSTRUCTION AND] acqui-  
11 sition of public buildings designed by, constructed by, or whose acqui-  
12 sition has been approved by the Department of Transportation and  
13 Public Facilities for lease to the state in accordance with AS 18.55.-  
14 010 -- 18.55.290 and AS 37.15.770.

15 \* Sec. 4. AS 18.55.140 is amended to read:

16 Sec. 18.55.140. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS.  
17 (a) The authority may issue bonds and notes from time to time 'n its  
18 discretion for any of its corporate purposes and may issue refunding  
19 bonds for the purpose of paying or retiring bonds previously issued by  
20 it. The authority may not issue bonds for public buildings until the  
21 sta. bond committee has approved the proposal for the issuance of  
22 debt under AS 37.15.770.

23 (b) Bonds issued by the authority for public buildings must be  
24 issued in the name of the Alaska State Building Authority and are  
25 subject to AS 18.55.010 -- 18.55.290.

26 \* Sec. 5. AS 18.55.288 is amended to read:

27 Sec. 18.55.288. DEFINITIONS. In AS 18.55.010 -- 18.55.290[:]  
28 (1) "authority" means the Alaska State Housing Authority;  
29 (2) "bond" means any bond, note, interim certificate,

1 debenture, or other obligation issued by the authority or the author-  
2 ity acting as the Alaska State Building Authority under AS 18.55.-  
3 010 -- 18.55.290 ["PUBLIC BUILDINGS" MEANS A PUBLICLY OWNED STRUCTURE  
4 LEASED TO THE STATE FOR GOVERNMENTAL, PUBLIC OR EDUCATIONAL USE];

5 (3) "project site" means area devoted for a public housing  
6 project;

7 (4) "public buildings" means a publicly owned structure  
8 leased to the state for governmental, public, or educational use.

9 \* Sec. 6. AS 22.05.025 is amended to read:

10 Sec. 22.05.025. COURT FACILITIES. (a) The supreme court has  
11 authority over all matters relating to the planning, design, construc-  
12 tion, maintenance, occupancy, leasing, and operation of all court  
13 facilities and shall cooperate and coordinate with the Department of  
14 Transportation and Public Facilities so that court facility construc-  
15 tion projects are carried out in accordance with the statutes and  
16 regulations applicable to state public works projects.

17 (b) The supreme court may enter into lease-financing agreements  
18 only with the Alaska State Housing Authority acting as the Alaska  
19 State Building Authority. A lease-financing agreement must provide  
20 that lease payments are subject to annual appropriation. If the  
21 supreme court intends to enter into an agreement under this subsection,  
22 the supreme court shall provide notice to the legislature and to  
23 the state bond committee. The notice must include the anticipated  
24 annual lease payment and the anticipated principal amount of the debt  
25 to be issued by the Alaska State Housing Authority acting as the  
26 Alaska State Building Authority. The supreme court may not enter into  
27 an agreement under this subsection until the state bond committee has  
28 approved the proposal for the issuance of debt under AS 37.15.770.

29 (c) In this section, "court facility" means a state facility in

1       which 75 percent or more of the net usable space is occupied by the  
2       court system and other justice-related agencies.

3       \* Sec. 7. AS 24.23 is amended by adding a new article to read:

4                               ARTICLE 2. LEASE AGREEMENTS.

5               Sec. 24.23.100. LEASE OF SPACE. The Legislative Affairs Agency  
6       may lease necessary office space, and contract for the lease of space,  
7       for the use of the Alaska legislature and its employees. The Legisla-  
8       tive Affairs Agency shall adopt regulations that establish procedures  
9       for the lease of space which are substantially comparable to the pro-  
10      cedures under AS 37.05.280 governing the lease of space for state  
11      agencies.

12             Sec. 24.23.110. The Legislative Affairs Agency may enter into  
13      lease-financing agreements only with the Alaska State Housing Author-  
14      ity acting as the Alaska State Building Authority. A lease-financing  
15      agreement must provide that lease payments are subject to annual  
16      appropriation. If the agency intends to enter into an agreement under  
17      this subsection, the agency must provide notice to the legislature and  
18      to the state bond committee. The notice must include the anticipated  
19      annual lease payment and the anticipated principal amount of the debt  
20      to be issued by the Alaska State Housing Authority acting as the  
21      Alaska State Building Authority. The agency may not enter into an  
22      agreement under this section until the state bond committee has ap-  
23      proved the proposal for the issuance of debt under AS 37.15.770.

24      \* Sec. 8. AS 37.05.280 is amended to read:

25             Sec. 37.05.280. LEASES. (a) The department shall lease neces-  
26      sary space, and contract for the lease of space, for the use of the  
27      state or an agency of the state, wherever it is necessary and feasi-  
28      ble, subject to compliance with the requirements of AS 37.05.220 --  
29      37.05.280. No lease or contract for a lease may provide for a period

1 of occupancy greater than 40 years. An agency of the state requiring  
2 office, warehouse, or other space shall lease the space through the  
3 department. [NO CONTRACT OR LEASE EXECUTED AFTER JANUARY 1, 1966,  
4 WHICH PROVIDES FOR A PAYMENT OR PAYMENTS BY THE STATE IN EXCESS OF  
5 \$12,000 ANNUALLY IS VALID UNLESS THE USE OF THE SPACE TO BE PROVIDED  
6 FOR BY SUCH CONTRACT OR LEASE HAS BEEN EXPRESSLY APPROVED BY THE  
7 LEGISLATURE BY CONCURRENT RESOLUTION.]

8 (b) The department may enter into lease-financing agreements  
9 only with the Alaska State Housing Authority acting as the Alaska  
10 State Building Authority. A lease-financing agreement must provide  
11 that lease payments are subject to annual appropriation. If the de-  
12 partment intends to enter into an agreement under this subsection, the  
13 department shall provide notice to the legislature and to the state  
14 bond committee. The notice must include the anticipated annual lease  
15 payment and the anticipated principal amount of the debt to be issued  
16 by the Alaska State Housing Authority acting as the Alaska State  
17 Building Authority. The department may not enter into an agreement  
18 under this subsection until the state bond committee has approved the  
19 proposal for the issuance of debt under AS 37.15.770.

20 \* Sec. 9. AS 37.15.040 is amended to read:

21 Sec. 37.15.040. SALE OF BONDS. Before selling an issue or  
22 series of bonds, the state bond committee shall give notice inviting  
23 sealed bids in such manner as it may prescribe. If satisfactory bids  
24 are received, the bonds offered for sale shall be awarded to the  
25 highest responsible bidder or bidders. If the state bond committee  
26 determines that the bids received are not satisfactory as to price or  
27 responsibility of the bidders, it may reject all bids received.

28 \* Sec. 10. AS 37.15.110 is amended to read:

29 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.

1 There is created within the Department of Revenue a committee known as  
2 the "state bond committee," the members of which are the commissioner  
3 of commerce and economic development, the commissioner of administra-  
4 tion, and the commissioner of revenue. If a member of the committee  
5 is absent or otherwise unable to act, the member's designee [IN THE  
6 DEPARTMENT] shall act as a member of the committee in the member's  
7 place.

8 \* Sec. 11. AS 37.15.130 is amended to read:

9 Sec. 37.15.130. OFFICERS, RECORDS AND PROCEEDINGS. The commis-  
10 sioner of commerce and economic development is the chairman of the  
11 state bond committee and the commissioner of revenue is the secretary.  
12 A majority of the members of the committee constitute a quorum. The  
13 committee shall keep a full, complete, and permanent record of its  
14 proceedings. All records and correspondence of the committee must  
15 [SHALL] be kept in the office of the commissioner of revenue. For the  
16 purpose of this chapter and AS 44.62.310, public notice of 24 hours or  
17 more is adequate notice of a meeting of the committee at which the  
18 issuance of bonds is authorized.

19 \* Sec. 12. AS 37.15.140 is amended to read:

20 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. (a) The state  
21 bond committee shall adopt the resolution and prepare the documents  
22 necessary for the issuance, sale, and delivery of state general obli-  
23 gation bonds.

24 (b) The state bond committee shall prepare an annual report to  
25 be submitted to the governor and legislature before March 31 of each  
26 year. The report must show (1) all outstanding debt of debt-issuing  
27 entities of the state; (2) the anticipated effect on the finances and  
28 credit of the state, including the effect on long-term debt capacity  
29 and creditworthiness, resulting from that debt; (3) which long-term

1 debt is state supported and which is supported only by revenue attri-  
2 butable to the project being financed by the debt; (4) all long-term  
3 capital lease obligations of the state; (5) the volume of short-term  
4 debt issued and retired during the year by debt-issuing entities of  
5 the state; (6) specific identification of each issue for which the  
6 state has pledged some form of indirect support for the debt, includ-  
7 ing any moral obligation of the state to support the debt; (7) future  
8 bonding and debt capacity implications of legislation enacted in the  
9 previous legislative session; and (8) the recommended debt issuance  
10 capacity of the state for the next two years following the year of the  
11 report.

12 (c) The state bond committee may develop written policies con-  
13 cerning debt of the state.

14 \* Sec. 13. AS 37.15.150 is amended to read:

15 Sec. 37.15.150. STAFF AND [COMMITTEE MAY EMPLOY] SPECIAL SER-  
16 VICES. The state bond committee may appoint an executive director who  
17 may, with approval of the committee, select and employ additional  
18 staff as necessary. Employees of the committee are in the partially  
19 exempt service under AS 39.25.120. If the [STATE BOND] committee  
20 considers it necessary and advisable, it may procure architectural or  
21 engineering, fiscal agent or municipal investment, legal, and other  
22 expert or specialized services at reasonable and customary fees to  
23 assist it in accomplishing the most advantageous sale of the bonds.  
24 The fee may be paid from the proceeds of the sale or advanced from  
25 the contingency fund in the Office [OFFICE] of the Governor [GOVERNOR]  
26 or otherwise.

27 \* Sec. 14. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in such amounts or series and at  
29 such time or times as determined by the committee. Before selling a

1 series of bonds, the committee shall give notice inviting sealed bids  
2 in such manner as it may prescribe. If satisfactory bids are re-  
3 ceived, the bonds offered for sale must [SHALL] be awarded to the  
4 highest responsible bidder or bidders. If the committee determines  
5 that the bids received are not satisfactory as to price or respon-  
6 sibility of the bidders, it may reject all bids received. The bonds,  
7 or each series of them, must [SHALL] be sold at such a price so that  
8 the effective interest rate over the life of the bonds does not exceed  
9 11 percent per year or that rate of interest which is 125 percent of  
10 the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields  
11 for the week previous to the date of sale of the bonds, whichever is  
12 higher. Interest must [SHALL] be payable annually or semiannually.

13 \* Sec. 15. AS 37.15 is amended by adding a new article to read:

14 ARTICLE 5. STATE-SUPPORTED DEBT.

15 Sec. 37.15.770. STATE AGENCY DEBT. (a) The state bond commit-  
16 tee shall review proposals for the issuance of debt by or on behalf of

17 (1) the Alaska State Housing Authority acting as the Alaska  
18 State Building Authority for the purpose of providing public build-  
19 ings; and

20 (2) the University of Alaska.

21 (b) The committee may review the general programs and financing  
22 plans of the agency that proposes to issue the debt as well as the  
23 specific aspects of the proposed debt issue, including

24 (1) amounts;

25 (2) times;

26 (3) maturities;

27 (4) debt structure and security features;

28 (5) credit enhancements;

29 (6) use of proceeds;

1                   (7) official documents;  
2                   (8) planned rating agency presentations; and  
3                   (9) selection, retention, or compensation of financial  
4 advisors, bond counsel, trustees, underwriters, and other profession-  
5 als.

6                   (c) The state bond committee shall consider approval of the  
7 amount and time of sale of the debt. The committee shall approve the  
8 issuance of the debt if, in its judgment, issuance of the debt is in  
9 the best interests of the state. The committee may limit approval of  
10 the issuance of debt upon compliance with terms established by the  
11 committee.

12                   (d) At the time of sale of the debt, the state bond committee  
13 shall review the bids or pricing of the debt, including discounts,  
14 underwriting spreads, and interest rates. If the committee determines  
15 that the bids or prices are not satisfactory or that the bidders are  
16 not responsible, the agency may not sell the debt.

17                   Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the  
18 state bond committee, in its judgment, determines that the amount or  
19 retirement of debt issued by municipalities and subject to reimburse-  
20 ment by the state under AS 14.11.100 is not in the best interests of  
21 the state, the committee may

22                   (1) establish an amount or amounts, for any or all years  
23 before the maturity of all of that municipal debt, which may not be  
24 exceeded by the Department of Education in approving requests under  
25 AS 14.11.103; or

26                   (2) establish, under AS 14.11.100(j)(3), a term required  
27 for the maturities of municipal debt authorized by local voters after  
28 March 31, 1986.

29 \* Sec. 16. AS 39.25.120(c) is amended by adding a new paragraph to

1 read:

2 (19) employees of the state bond committee.

3 \* Sec. 17. This Act takes effect immediately in accordance with AS 01.-

4 10.070(c).

**HOUSE  
COMMITTEE REPORT**

(11)

Date referred: 4/1/86

FURTHER REFERRALS:

DATE: 4-24-86

The FINANCE Committee has considered HB 520

"An Act relating to public school construction; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 520 (Fin)  same title
- new title

and recommends No Recommendation

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note 4-23-86 - Note Capital \$15,000,000<sup>6</sup> New

SIGNING DO PASS:

[Signature]  
[Signature]  
[Signature]  
Ronald J. Jan  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

SIGNING OTHER RECOMMENDATIONS:

Albert P. Adams - NO Rec.  
Mike Demanicki - NO-Rec.  
John D. Wilson - NO Rec.  
Pat Fournier - NO REC  
Rick Kelly (NO REC)  
[Signature] No Recommendation  
John P. Kelly No REC.

Albert P. Adams  
Chairman

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CSHB 520 (Fin)  
 Title: An act relatig to public school construction and providing  
 Sponsor: \_\_\_\_\_  
 Requestor: Rep. Frank  
 Date of Request: 4/22/86

FISCAL DETAIL

Agency Affected: Department of Education  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

**CAPITAL** \*1 Up to: 15,000,000 15,000,000 20,000,000 20,000,000 20,000,000

**REVENUE**

FUNDING: (Thousands of Dollars)

GENERAL FUND					
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary

\* Debt reimbursement under this bill may not exceed \$15,000,000 for all debts authorized after 7/1/86. Reimbursement of cash payments will be made in the second fiscal year after the cash payment is made by the districts. Reimbursement of cash payments may not exceed \$5,000,000 per year. No additional operating funds are required by the provisions of the Finance Committee Substitute.

Prepared By: Representative Frank Phone: 465-3709  
 Division: Subcommittee Chairman Date: 4/23/86

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 520 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."

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

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

10 (5) subject to (h), (i), and (j) of this section, 80 per-  
11 cent of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness authorized by the  
15 qualified voters of the municipality after June 30, 1983, and  
16 before July 1, 1986, to pay costs of school construction, addi-  
17 tions to schools, and major rehabilitation projects that exceed  
18 \$25,000 and are approved under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1983, and before  
20 July 1, 1986, by the municipality during the fiscal year two  
21 years earlier to pay costs of school construction, additions to  
22 schools, and major rehabilitation projects that exceed \$25,000  
23 and are approved under AS 14.07.020(11).

24 \* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

25 (6) subject to (h), (i), and (j) of this section 70 percent  
26 of

27 (A) payments made by the municipality during the  
28 fiscal year for the retirement of principal and interest on  
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1986, to pay  
2 costs of school construction, additions to schools, and major  
3 rehabilitation projects that exceed \$25,000 and that are approved  
4 under AS 14.11.102; and

5 (B) cash payments made after June 30, 1986, by the  
6 municipality during the fiscal year two years earlier to pay  
7 costs of school construction, additions to schools, and major  
8 rehabilitation projects that exceed \$25,000 and are approved  
9 under AS 14.11.102.

10 \* Sec. 3. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
12 (6) of this section for school construction begun after July 1, 1982,  
13 the costs of school construction must [SHALL] be reduced by the amount  
14 of money used for the construction of residential space, hockey rinks,  
15 planetariums, saunas, and other facilities for single purpose sporting  
16 or recreational uses that are not suitable for other activities and by  
17 the money used for construction that exceeds the amount needed for  
18 construction of a facility of efficient design as determined by the  
19 department. The costs of school construction [AN ALLOCATION UNDER  
20 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of  
21 money used for construction of a small swimming pool, tank, or water  
22 storage facility used for water sports. However, an allocation shall  
23 be reduced by the difference between the amount of money used to con-  
24 struct a swimming pool that exceeds the standards adopted by the  
25 department and the amount of money that would have been used to con-  
26 struct a small swimming pool, tank, or water storage facility, as  
27 determined by the commissioner.

\* Sec. 4. AS 14.11.100(i) is amended to read:

(i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

2 (1) an indebtedness for bonds is incurred after the bonds  
3 are sold;

4 (2) reimbursement for a cash payment may only be made after  
5 the payment is made to a vendor; and

6 (3) payments may not be made for costs that are incurred  
7 under a contract after the contract has been released.

8 \* Sec. 5. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a  
10 school construction project under (a)(5) or (6) of this section unless  
11 the municipality complies with the requirements of (1) - (4) of this  
12 subsection and the project is approved under AS 14.11.102 [BY THE  
13 COMMISSIONER] before the local vote on the bond issue for the project.  
14 In approving a project under this subsection, the commissioner shall  
15 require

16 (1) the municipality to include on the ballot for the bond  
17 issue the estimated total cost of each project including estimated  
18 annual operation and maintenance costs and the estimated amounts that  
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present  
21 value of the aggregate [ANNUAL] debt service on the refunding issue is  
22 not greater than the present value of the aggregate [ANNUAL] debt  
23 service remaining on the original issues; for purposes of this para-  
24 graph the present value of debt service shall be determined by using  
25 the yield on the refunding issue as the discount rate [ISSUE];

26 (3) that the bonds must be repaid in approximately equal  
27 annual principal payments or approximate equal debt service payments  
28 over a period of at least 10 years;

29 (4) the municipality to demonstrate need for the project by

1 establishing that the school district has

2 (A) projected long-term student enrollment that indi-  
3 cates the district has inadequate facilities to meet present or  
4 projected enrollment; or

5 (B) facilities that require repair or replacement in  
6 order to meet health and safety laws or regulations or building  
7 codes.

8 \* Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

9 (1) An allocation under (a)(6) of this section may not be  
10 reduced due to amounts expended by a municipality under (k) of this  
11 section.

12 \* Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

13 (b) After reviewing all projects for which retirement of school  
14 construction debt is requested, the department shall rank the projects  
15 that have been determined eligible for debt retirement under AS 14.-  
16 11.100(j)(4) in accordance with the procedures set out in AS 14.11.-  
17 010. All projects determined eligible, but for which no approval for  
18 debt retirement has been made under AS 14.11.103, shall be included in  
19 the same ranking.

20 \* Sec. 8. AS 14.11 is amended by adding a new section to read:

21 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

22 (a) A request for an allocation of money under AS 14.11.100 for  
23 school construction debt retirement shall be submitted to the depart-  
24 ment by the school district no later than October 15 of the fiscal  
25 year before the fiscal year for which the request is made.

26 (b) Before a project is approved for retirement of school con-  
27 struction debt under AS 14.11.100(a)(6), the project must have been  
28 determined eligible under the provisions of AS 14.11.102.

29 (c) The department shall approve eligible projects for debt

1 retirement in the order of the priority established under AS 14.11.-  
2 102, if the requests meet the requirements of AS 14.11.100, and sub-  
3 ject to the provisions of (d) - (e) of this section.

4 (d) Total outstanding state obligation for reimbursement under  
5 AS 14.11.100(a)(6)(A) may not exceed \$15,000,000 in a single year.

6 (e) Total outstanding state obligation to reimburse cash pay-  
7 ments under AS 14.11.100(a)(6)(B) may not exceed \$5,000,000 in a  
8 single year.

9 \* Sec. 9. This Act takes effect July 1, 1986.  
10

**CSHB 520 (Finance) -- Sectional Analysis - Work Draft of  
4/22/86:**

Section 1. Reimbursement for payments made during the year on debt authorized between 6/30/83 and 6/30/86 will be made at the rate of 80%.

Reimbursement for cash payments made two years earlier and between 6/30/83 and 6/30/86 will be made at the rate of 80%.

Section 2. Reimbursement for payments made during the year for retirement of principal and interest on debt authorized after 6/30/86 will be made at the rate of 70%.

Reimbursement for cash payments made two years earlier and after 6/30/86 will be made at the rate of 70%.

Section 3. Technical changes to existing statutory language which specifies that residential space, hockey rinks, planetariums, saunas, etc. are not eligible for reimbursement.

Section 4. Technical change referencing the new reimbursement provisions in AS 14.11.100(i) (Section 2) for projects eligible after 6/30/86.

Section 5. New language in AS 14.11.100(j) (2) says bonds may be refunded provided that the present value of the aggregate debt service on the refunding issue is not greater than the present value of the aggregate debt service remaining on the original issue. The present value of debt service is to be determined by using the yield on the refunding issue as the discount rate.

The Finance CS reverts to existing language which says debt service payments must be over a period of at least 10 years.

Section 6. The effect of section 6 is that interest earned by municipalities from investment of bond proceeds may not be used by the department to offset the amount of debt retirement to be reimbursed by the state.

Section 7. Requires that the department rank all eligible projects in accordance with the procedures in existing language in AS 14.11.010.

Section 8. Requires that requests for allocations be submitted to the department by October 15 of the preceding fiscal year.

Total annual appropriation for reimbursement of debt service approved after 6/30/86 may not exceed \$15 million.

Total annual appropriation for reimbursement of cash payments approved after 6/30/86 may not exceed \$5 million.

Section 9. Effective date is 7/1/86.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: CSHB - 520 (C & RA)  
 Title: ... public school construction.  
 \_\_\_\_\_  
 Sponsor: Governor  
 Requestor: House C & RA  
 Date of Request: March 26, 1986

**FISCAL DETAIL**

Agency Affected: Department of Education  
 BRU: Education Finance and Support Services  
 \_\_\_\_\_  
 Components: Facilities  
Debt Retirement

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	Fy 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		100.0	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		100.0	0	0	0	0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		100.0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

FY 87 costs are estimated amounts necessary to develop and implement models for cost estimation and life cycle analysis.

Prepared by: Steve Hote  
 Division: Commissioner's Office

Phone: 465-2800  
 Date: March 27, 1986

Approved by Commissioner: Marshall L. Lind  
 Agency: Department of Education

Date: March 27, 1986

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

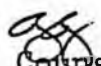
STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 27, 1986

SUBJECT: Sectional analysis of CSHB 520(C&RA)  
TO: Representative Peter Goll, Chair  
Community & Regional Affairs Committee  
FROM: Joyce James   
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or 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 14.08.151. These amendments clarify the manner in which the state conveys title for school sites to regional education attendance areas.

Section 2 rewords AS 14.11.010(b) to allow the Department of Education ("department") to request assistance from other departments when preparing an estimate of the appropriation needed to finance a project.

Section 3 of the bill amends AS 14.11.010(c) by adding new criteria relating to population trends and the condition of facilities that the department will consider when approving projects for appropriation.

Section 4 proposes new language that will require school districts requesting state aid to inventory and inspect the schools in their districts and to revise that inventory on a yearly basis. The provisions of this section also require that school districts provide information relating to maintenance and operation costs.

Sections 5 and 6 limit the state's reimbursement of school debt to principal only for approved projects financed by new municipal debt authorized by local voters after March 30, 1986. If the debt was authorized by local voters before April 1, 1986, the state's reimbursement continues as before. The state's 80% reimbursement of cash payments by municipalities continues after June 30, 1986 only if the project was approved under AS 14.11.102.

Sections 7, 8 and 9 contain a number of amendments to AS 14.11.100(h), (i), and (j), respectively, which are necessary to reflect the new class of reimbursement under the language proposed in AS 14.11.100(a)(6) in section 6 of the bill. Section 9 has a fiscal impact. It amends AS 14.11.100(j)(2) to allow refunding of bonds only in those situations where there is at least a five percent saving in debt service costs. It also amends AS 14.11.100(j)(3) by requiring that the principal on bonds be reimbursed in equal annual payments over a period of 10 years or a term set by the state bond committee.

Section 10 amends AS 14.11 by adding a new section to clarify that the reimbursable portion of municipal school debt is not subject to a municipal debt limit unless a municipality expressly makes it so.

Sections 11 and 12 amend AS 14.11.102 by adding new criteria relating to demonstrated need for a project, that the department will consider when evaluating projects. Other provisions require the department to rank the projects, and develop an estimate of the cost of construction, using appropriate design standards for the geographic location, for those projects likely to receive approval for reimbursement. The department may reject requests for specific reasons, or approve requests in the amount requested, or in a lesser amount.

Section 13 creates a new section in AS 14.11 that address the allocation of money for school debt retirement. A cap on reimbursement is placed upon debt authorized by local voters after April 1, 1986. The department may only allocate money for the reimbursement of principa' paid on new debt if the new yearly payments, when combined with all other yearly reimbursement payments allocated under this class of debt authorized after April 1, 1986, do not exceed \$10,000,000 or a lesser amount set by the state bond committee. No more than \$2,000,000 of this amount may be allocated in a

Representative Peter Goll  
Page 3  
March 27, 1986

single year, and no more than \$5,000,000 may be allocated in a five-year period. This section also places a cap of \$5,000,000 in a single year on reimbursement of cash payments for projects approved after June 30, 1986.

Section 14 amends AS 14.11 by adding a new section to clarify that a municipality may also acquire or construct school facilities by means other than through state reimbursed financing.

Section 15 amends AS 37.15 to give the state bond committee the ability to manage state-supported school debt, by two different mechanisms. First, it may establish a lower ceiling for allocations for reimbursement of new authorizations of school debt under AS 14.11.100(a)(6) (found in sec. 6), depending on the state's credit standing as well as on the needs for school construction. Second, it may control the term of the obligations to ensure that their maturity structure does not adversely affect the state's credit standing. While a 10-year term is allowed by the proposed provisions of AS 14.11.100(j)(2) (found in sec. 9), the committee is accorded the ability to set a different term when it is in the state's best interest.

If I may be of further assistance, please advise.

JJ:mkr  
m4/049

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

Representative Peter Goll  
Page 3  
March 27, 1986

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If I may be of further assistance, please advise.

JJ:mkr  
m4/049

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY07 ESTIMATED STATE AID

ADJUSTED 3/17/06

SCHOOL DISTRICTS	100% BOND SALES PRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/02 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/02 TO 7/1/03 CURRENT PAY	80% BOND SALES 7/1/03 TO PRESENT CURRENT PAY	Oct. 1985 PASSED BOND PROPOSITIONS FY07 STATE AID EST.	LESS CIG. TAX PAID IN FY05	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY-07
ANCHORAGE	\$9,040,760	\$1,425,357	\$5,663,383	\$9,262,028	\$0	\$2,763,640	(\$1,079,068)	\$27,076,900
BRISTOL BAY	\$0	\$380,800	\$64,979	\$0	\$0	\$0	(\$11,387)	\$434,470
CORDOVA	\$119,695	\$0	\$16,866	\$0	\$0	\$0	(\$17,524)	\$119,037
DILLINGHAM	\$0	\$0	\$228,818	\$0	\$0	\$0	(\$20,132)	\$208,686
FAIRBANKS	\$3,008,542	\$0	\$236,527	\$9,750,173	\$0	\$2,965,130	(\$307,232)	\$16,453,140
GALENA	\$0	\$0	\$200,146	\$0	\$0	\$0	(\$10,101)	\$190,045
HAINES	\$91,973	\$0	\$91,350	\$0	\$0	\$0	(\$17,287)	\$166,036
JUNEAU	\$690,130	\$327,408	\$122,799	\$5,744,185	\$0	\$99,152	(\$130,529)	\$6,853,140
KENAI	\$7,552,847	\$0	\$2,741,899	\$11,753,022	\$589,948	\$9,371,000	(\$224,383)	\$26,784,326
KETCHIKAN	\$402,940	\$0	\$1,449,226	\$2,391,228	\$0	\$0	(\$77,678)	\$4,165,716
KING COVE	\$0	\$0	\$26,314	\$0	\$0	\$0	(\$8,587)	\$17,727
KODIAK	\$441,203	\$1,128,062	\$94,615	\$2,966,765	\$0	\$0	(\$72,057)	\$4,558,588
KAT-SU	\$2,116,025	\$2,695,586	\$48,134	\$7,446,346	\$2,112,056	\$7,275,148	(\$202,659)	\$21,490,636
KENANA	\$22,000	\$0	\$0	\$0	\$0	\$0	(\$9,404)	\$12,596
KOHE	\$0	\$0	\$0	\$145,800	\$0	\$656,640	(\$29,122)	\$773,318
NORTH SLOPE	\$784,500	\$15,984,698	\$0	\$9,515,250	\$0	\$0	(\$52,718)	\$26,231,730
PETERSBURG	\$389,720	\$0	\$0	\$365,801	\$0	\$0	(\$21,977)	\$733,544
SITKA	\$356,015	\$0	\$501,704	\$0	\$0	\$3,040,000	(\$52,770)	\$3,844,949
UNALASKA	\$0	\$94,896	\$0	\$0	\$0	\$0	(\$9,749)	\$85,147
VALDEZ	\$1,275,514	\$1,643,321	\$268,126	\$0	\$0	\$0	(\$31,198)	\$3,155,763
WRANGELL	\$0	\$126,266	\$0	\$104,888	\$695,976	\$0	(\$18,966)	\$908,164
<b>TOTALS</b>	<b>\$22,091,864</b>	<b>\$23,804,474</b>	<b>\$11,754,874</b>	<b>\$59,446,286</b>	<b>\$3,397,980</b>	<b>\$26,170,710</b>	<b>(\$2,404,530)</b>	<b>\$144,263,658</b>
TOTAL BOND OUTLAYS	\$108,742,604							
PLUS: CASH PAYMENTS	\$11,754,874							
SUB TOTAL	\$120,497,478							
NEW 85: FY07 EST.	\$26,170,710							
SUB TOTAL	\$146,668,188							
LESS: CIG. TAX	(\$2,404,530)							
EST. STATE AID-FY07	\$144,263,658							

FY 1987 ESTIMATE \$144,263,658  
 FY 1986 APPROPRIATION \$106,315,600  
 ESTIMATED INCREASE \$37,948,058

NOTE: NUMBERS PRESENTED ABOVE ARE ROUNDED TO THE NEAREST DOLLAR.  
 SEE SCHOOL DISTRICT SUMMARIES FOR EXACT AMOUNTS.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

March 27, 1986

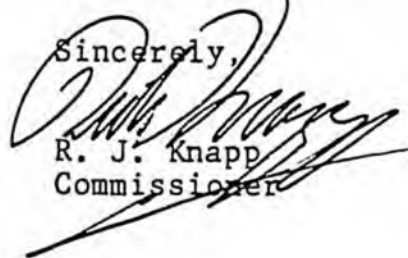
The Honorable Peter Goll  
Representative  
Alaska State Legislature  
P. O. Box V (MS 3100)  
Juneau, AK 99811

Dear Representative Goll:

This is to confirm the telephone discussion between you and John Simpson of this office on March 26 regarding the House Community and Regional Affairs' committee substitute for House Bill 520 (school construction).

The funding and position requirement by the Department of Transportation and Public Facilities for the Community and Regional Affairs' substitute for HB 520 would be zero.

Sincerely,



R. J. Knapp  
Commissioner

cc: Susan Fleischhauer, Legislative Liaison  
John Simpson, Director, HQ, Engineering & Operations  
Standards

TABLE 1.21

Debt of Alaska Municipalities  
6-30-85  
(Dollars)

<u>Boroughs</u>	<u>G.O. Debt</u>	<u>Revenue Debt</u>	<u>Total Debt</u>	<u>School G.O. Debt</u>	<u>% of School Debt Paid by State</u>	<u>Net G.O. Debt</u>	<u>Total Net Debt</u>
ANCHORAGE, MUNICIPALITY OF	358,799,900	347,080,000	705,879,900	139,965,000	94 %	227,232,800	574,312,800
BRISTOL BAY	3,535,000	-	3,535,000	3,535,000	90	353,500	353,500
FAIRBANKS NORTH STAR	80,700,000	-	80,700,000	79,900,000	92	7,192,000	7,192,000
Fairbanks City	9,010,000	61,170,000	70,180,000	-	-	9,010,000	70,180,000
North Pole	1,218,550	-	1,218,550	-	-	1,218,550	1,218,550
TOTAL	90,928,500	61,170,000	152,098,500	79,900,000	92	17,420,550	78,590,550
HAINES	555,000	-	555,000	500,000	100	-	-
Haines City	745,000	-	745,000	-	-	745,000	745,000
TOTAL	1,300,000	-	1,300,000	500,000	100	800,000	800,000
JUNEAU, CITY & BOROUGH	47,651,000	27,480,000	75,131,000	30,209,018	91	20,160,794	47,640,794
KENAI PENINSULA	119,324,005	-	119,324,005	100,120,000	90	29,216,005	29,216,005
Homer City	2,113,000	1,025,000	3,138,000	-	-	2,113,000	3,138,000
Kenai City	5,835,000	235,000	6,070,000	-	-	5,835,000	6,070,000
Seldovia City	378,000	43,000	421,000	-	-	378,000	421,000
Seward City	10,000	7,672,000	7,682,000	-	-	10,000	7,682,000
Soldotna City	2,800,000	-	2,800,000	-	-	2,800,000	2,800,000
TOTAL	130,460,005	8,975,000	139,435,005	100,120,000	90	40,352,005	49,327,005
KETCHIKAN GATEWAY	21,090,000	410,000	21,500,000	16,445,000	92	5,960,600	6,370,600
Ketchikan City	10,840,000	23,280,900	34,120,000	-	-	10,840,000	34,120,000
TOTAL	31,930,000	23,690,000	55,620,000	16,445,000	92	16,800,600	40,490,600
KODIAK ISLAND	25,815,000	-	25,815,000	25,515,000	91	2,596,350	2,596,350
Kodiak City	2,455,000	3,298,000	5,753,000	-	-	2,455,000	5,753,000
TOTAL	28,270,000	3,298,000	31,568,000	25,515,000	91	5,051,350	8,349,350
MATANUSKA-SUSITNA	110,160,000	-	110,160,000	95,120,000	90	24,552,000	24,552,000
Palmer City	2,048,000	290,000	2,338,000	-	-	2,048,000	2,338,000
TOTAL	112,208,000	290,000	112,498,000	95,120,000	90	26,600,000	26,890,000
NORTH SLOPE	1,155,680,000	-	1,155,680,000	207,220,000	97	954,676,600	954,676,600
SITKA, CITY & BOROUGH	12,400,000	53,675,000	66,075,000	2,052,258	100	10,347,742	64,022,742
TOTAL BOROUGHs	1,973,162,405	525,658,000	2,498,820,405	700,581,276	93 %	1,319,795,941	1,845,453,941

TABLE 1.21 (continued)

Cities	G.O. Debt	Revenue Debt	Total Debt	School G.O. Debt	% of School Debt Paid by State	Net G.O. Debt	Total Net Debt
Bethel	556,505	535,000	1,091,505	-	- %	556,505	1,091,505
Cordova	-	1,456,000	1,456,000	-	-	-	1,456,000
Craig	35,646	87,000	122,646	-	-	35,646	122,646
Delta Junction	-	-	-	-	-	-	-
Dillingham	-	286,000	286,000	-	-	-	286,000
Eagle	-	-	-	-	-	-	-
Galena	900,000	-	900,000	-	-	900,000	900,000
Hoonah	-	-	-	-	-	-	-
Hydaburg	-	-	-	-	-	-	-
Kake	-	86,000	86,000	-	-	-	86,000
King Cove	-	-	-	-	-	-	-
Klawock	-	-	-	-	-	-	-
Kotzebue	-	-	-	-	-	-	-
<sup>5</sup> Nenana	397,356	2,320,000	2,717,356	190,000	100	207,356	2,527,356
Nome	2,161,250	-	2,161,250	-	-	2,161,250	2,161,250
Pelican	-	-	-	-	-	-	-
Petersburg	6,195,000	4,367,835	10,562,835	4,826,500	96	1,561,560	5,929,395
St. Mary's	-	-	-	-	-	-	-
Sand Point	-	-	-	-	-	-	-
Skagway	820,000	-	820,000	-	-	820,000	820,000
Tanana	-	-	-	-	-	-	-
Unalakleet	-	-	-	-	-	-	-
Unalaska	3,299,032	429,216	3,728,248	925,000	90	2,466,532	2,895,748
Valdez	75,833,000	7,650,000	83,483,000	22,585,000	94	54,603,100	62,253,100
Whittier	-	-	-	-	-	-	-
Wrangell	10,750,000	812,600	11,562,600	9,385,777	82	3,053,663	3,866,263
Yakutat	235,193	490,476	725,669	-	-	235,193	725,669
TOTAL CITIES	101,182,982	18,520,127	119,703,109	37,912,277	91	66,600,805	85,120,932
TOTAL MUNICIPALITIES	2,074,345,387	544,178,127	2,618,523,514	738,493,553	93 %	1,386,396,746	1,930,574,873

Sources: Alaska Department of Education and Alaska Taxable 1985, Alaska Department of Community and Regional Affairs.

Government Finance Associates, Inc.

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Portland, Oregon 97204  
(503)222-1405

December 6, 1985

The Honorable Bill Sheffield  
Governor  
State of Alaska  
3rd Floor, Capitol  
Pouch A  
Juneau, AK 99811

DEC 10 1985

BUDGET REVIEW

Dear Governor Sheffield:

At the outset, I want to say that the trip you took to New York and Chicago to meet with representatives of the investment community, including the rating agencies, underwriters and other participants, was definitely a success. Since those meetings, we have heard positive comments both about the State's presentations and the desire for many of the representatives to maintain continuing dialogue with the chief financial and administrative officers of the State.

This week, we were informed by Anthony Arthur of Standard & Poor's Corporation that the rating agency is in the process of preparing a review on the rating it assigns to the State of Alaska. It is anticipated that this review will take several weeks to complete and will be distributed in appropriate publications by Standard & Poor's. It is not unusual for a rating agency to conduct this type of review subsequent to a briefing of the type presented by the State in November.

During conversations with Anthony Arthur, he requested that certain materials prepared prior to the presentation be updated so that they will have more current data on which to base their credit review. In particular, it will be necessary for the State to develop more recent information on the debt position of State agencies and the State itself. Members of the Department of Revenue are at present preparing that material. Most importantly in this respect, however, is the subject of school debt. For the first time, we expect the agency to include the proportionate share of local school debt paid by the State in determining the State's overall debt load. Apparently, the agency has not been aware of this school assistance program until recently, and based upon the method employed by the agency in handling local school debt paid by other states, we would anticipate the applicable portion to be added to the

## Government Finance Associates, Inc.

743 5-20 #3

overall debt liability of Alaska. Due to the fact that the agency will now be including such debt, we can expect Standard & Poor's to ask the following question regarding this matter. The agency will desire to know the policy that the State expects to employ to control the amount of local school debt that will be paid by the State. In fact, if you recall, at the New York luncheon, one analyst raised the issue by asking if the State had plans for controlling local debt issues in the future. In response to this possible inquiry by Standard & Poor's, you should know that in most circumstances in which other states pay a large portion of debt service for local school buildings, before the local issuer is authorized to sell the school debt, approval by the particular state education department is required, which department also receives certain affordability guidelines for the program by the chief financial officers of the individual state. Standard & Poor's would find it helpful to receive some specific discussion on this important point.

In conjunction with this analysis by Standard & Poor's, it will also review the State's proposed two-year debt management policy. Based on recent discussions with Standard & Poor's, we do not expect a definitive response by the agency on the policy until later in the month when all relevant members of the rating committee will be available for the review. It is important for the State to have a plan it can present to the agency for the implementation of this policy whether the implementation is expected to be an executive proclamation, legislation, or the adoption by the Administration of particular guidelines for the State and State agencies to follow.

There are at least two additional items which, I believe, deserve attention at this point: The status of the recommendations of the lease/purchase options for State office buildings and the establishment of the appropriate approach toward analyzing infrastructure financing by the State. With respect to the first matter, as was noted often during our various visits with the investment community, the lease/purchase approach, as proposed by the State Office Building Task Force, is a cost-effective and the preferred method of financing State office facilities. In the past, the issuance of certificates of participation on an ad hoc basis has not been conducive to a well-organized debt management program for financing such facilities. Because of the substantial debt management advantages of utilizing the methodology presented by the Task Force, a process for State implementation of those recommendations would be met with a favorable response by the rating agency during the course of its evaluation. In this respect, any such facilities that would generally fall within those requiring

## Government Finance Associates, Inc.

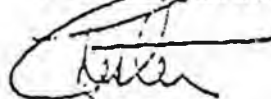
435-20 #3

debt financing should be included immediately within the restrictions of the proposed structure in order for the State to indicate early and convincing adoption of the approach. It would also be helpful to make clear to the rating agency that the Sheffield Administration expects to make the implementation of the recommendations a significant part of the State's overall debt management operations.

Finally, the funding by the State of physical infrastructure requirements has been accomplished in two ways: The use of revenues for capital projects and the issuance of debt to raise proceeds for capital construction requirements. It would be helpful, from the credit analyst's perspective, to have a document which sets forth annually all payments for infrastructure financing by the State to be accomplished during the upcoming year. This information, consolidated into one document, would consist of three major parts. First, the document would present the amount of current revenues being applied to purchase or build long-term capital facilities. Second, the information would set forth the current debt service being paid for all capital facilities directly and indirectly by the State (i.e., general fund expenditures for lease/purchase facilities, general obligation payments, and debt service payments on local school debt). Third, the document would present the security issues to be sold during the current year through both general obligation bonds and related obligations (i.e., lease/purchase debt). Through this document, investors and credit analysts could determine, in a more simplified form, the State's commitment to capital financing of infrastructure requirements. Moreover, it would allow these persons to understand the overall credit of the State in a more comprehensive and persuasive manner.

Obviously, we will keep you informed about the progress of the review by Standard & Poor's on the State. If you have any questions or require any further clarification on the matters discussed in this letter, please do not hesitate to contact us. At present, I expect to be in Alaska in early January and would like the opportunity to meet with you then.

Best regards,



J. Chester Johnson

Offered: 4/1/86  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 520 (C&RA)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 14.08.151 is amended by adding new subsections to read:  
10 (c) The interest conveyed to the regional school board under  
11 this section is subject to  
12 (1) limitations imposed by the state's predecessors in  
13 interest;  
14 (2) the rights of municipalities established after June 30,  
15 1986, that are authorized by AS 29 to operate schools in the com-  
16 munity; and  
17 (3) other terms, including possibilities of reverter and  
18 reversions, that the department holding title imposes.  
19 (d) If a school facility constructed by a regional educational  
20 attendance area under authority assumed under AS 14.11.020, in which  
21 the state retains an interest, ceases to be used for school purposes,  
22 the department may dispose of the facility in accordance with law.  
23 \* Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:  
24 (b) With regard to projects requested under (a) of this section  
25 the department shall  
26 (1) with technical assistance or comments that the depart-  
27 ment may request from other state agencies, prepare an estimate of the  
28 appropriation needed to finance each project approved for reimburse-  
29 ment by the department;

1           (2) rank each project in the order of priority that serves  
2 the best interests of the state;

3           (3) recommend to the governor appropriations for projects  
4 to be included in the budget submitted to the legislature;

5           (4) provide the governor with a copy of the report of the  
6 assembly, council, or regional school board that requested each proj-  
7 ect approved by the department;

8           (5) provide to the legislature within the first 10 days of  
9 each regular session a summary of the projects requested by each  
10 assembly, council, or regional school board.

11 \* Sec. 3. AS 14.11.010(c) is amended to read:

12           (c) In establishing priorities among requested projects the  
13 department shall identify and evaluate at least the following factors:

14           (1) priorities assigned by the assembly, council, or school  
15 board to the projects requested;

16           (2) emergency requirements;

17           (3) the number of students without classroom space;

18           (4) new local elementary or secondary programs;

19           (5) existing regional, community, and school facilities and  
20 the condition of the facilities;

21           (6) the economic and social stability of the municipality  
22 or region;

23           (7) demographic data indicating present and projected  
24 enrollment, and population trends in the municipality or region; and

25           (8) after December 31, 1988, the condition of existing  
26 school facilities in the community in comparison to all other schools  
27 in the state.

28 \* Sec. 4. AS 14.11 is amended by adding a new section to read:

29           Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) A school district

1 requesting project approval under AS 14.11.010 or 14.11.102 shall  
2 inspect and inventory each of its schools and education related facil-  
3 ities, under standards adopted by the department in compliance with  
4 AS 44.62, noting their age, condition, compliance with laws and regu-  
5 lations relating to health and safety, building codes, and annual  
6 maintenance and operations costs. The inventory shall be submitted to  
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and  
9 education related facilities in the state under standards established  
10 in regulations adopted under the Administrative Procedure Act (AS 44.-  
11 62).

12 (c) Each school district shall annually revise its inventory by  
13 including new schools constructed, rehabilitations or additions to  
14 existing schools, and major maintenance and repairs paid for with  
15 local money, state municipal grants, appropriations under AS 14.11.020  
16 and debt reimbursed under AS 14.11.100. Each school district shall  
17 also annually report the amount of money spent in the previous fiscal  
18 year for maintenance and operations costs in a uniform manner as  
19 required by the department. The annual revisions shall be submitted  
20 to the department for review and analysis.

21 (d) After December 31, 1988, the condition of the school dis-  
22 trict's schools and education related facilities in comparison to all  
23 other schools in the state must be a factor in evaluation of projects  
24 under AS 14.11.010 and 14.11.102.

25 \* Sec. 5. AS 14.11.100(a)(5) is amended to read:

26 (5) subject to (h), (i), and (j) of this section, 80 per-  
27 cent of

28 (A) payments made by the municipality during the  
29 fiscal year for the retirement of principal and interest on

1 outstanding bonds, notes or other indebtedness authorized by the  
2 qualified voters of the municipality after June 30, 1983, and  
3 before April 1, 1986, to pay costs of school construction, addi-  
4 tions to schools, and major rehabilitation projects that exceed  
5 \$25,000 and are approved under AS 14.07.020(11); and

6 (B) cash payments made after June 30, 1983, by the  
7 municipality during the fiscal year two years earlier to pay  
8 costs of school construction, additions to schools, and major  
9 rehabilitation projects that exceed \$25,000 and are approved  
10 either under AS 14.07.020(11) or, for projects approved after  
11 June 30, 1986, under AS 14.11.102.

12 \* Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

13 (6) subject to (h), (i), and (j) of this section payments  
14 made by the municipality during the fiscal year for the retirement of  
15 principal on outstanding bonds, notes or other indebtedness authorized  
16 by the qualified voters of the municipality after March 31, 1986, to  
17 pay costs of school construction, additions to schools, and major  
18 rehabilitation projects that exceed \$25,000 and that are approved  
19 under AS 14.11.102.

20 \* Sec. 7. AS 14.11.100(h) is amended to read:

21 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
22 (6) of this section for school construction begun after July 1, 1982,  
23 the costs of school construction must [SHALL] be reduced by the amount  
24 of money used for the construction of residential space, hockey rinks,  
25 planetariums, saunas, and other facilities for single purpose sporting  
26 or recreational uses that are not suitable for other activities and by  
27 the money used for construction that exceeds the amount needed for  
28 construction of a facility of efficient design as determined by the  
29 department. The costs of school construction [AN ALLOCATION UNDER (a)

1 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money  
2 used for construction of a small swimming pool, tank, or water storage  
3 facility used for water sports. However, an allocation shall be  
4 reduced by the difference between the amount of money used to con-  
5 struct a swimming pool that exceeds the standards adopted by the  
6 department and the amount of money that would have been used to con-  
7 struct a small swimming pool, tank, or water storage facility, as  
8 determined by the commissioner.

9 \* Sec. 8. AS 14.11.100(i) is amended to read:

10 (i) For the purposes of (a)(4), [AND] (5), and (6) of this  
11 section

12 (1) an indebtedness for bonds is incurred after the bonds  
13 are sold;

14 (2) reimbursement for a cash payment may only be made after  
15 the payment is made to a vendor; and

16 (3) payments may not be made for costs that are incurred  
17 under a contract after the contract has been released.

18 \* Sec. 9. AS 14.11.100(j) is amended to read:

19 (j) The state may not allocate money to a municipality for a  
20 school construction project under (a)(5) or (6) of this section unless  
21 the municipality complies with the requirements of (1) - (4) of this  
22 subsection and the project is approved under AS 14.11.102 [BY THE  
23 COMMISSIONER] before the local vote on the bond issue for the project.  
24 In approving a project under this subsection, the commissioner shall  
25 require

26 (1) the municipality to include on the ballot for the bond  
27 issue the estimated total cost of each project including estimated  
28 annual operation and maintenance costs and the estimated amounts that  
29 will be paid by the state and by the municipality;

1 (2) that the bonds may not be refunded unless the present  
2 value of the annual debt service on the refunding issue is not greater  
3 than 95 percent of the present value of the annual debt service on the  
4 original issue;

5 (3) that the bonds must be repaid in approximately equal  
6 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]  
7 over a period of [AT LEAST] 10 years or a different term that may be  
8 established by the state bond committee under AS 37.15.790;

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

11 (A) projected long-term student enrollment that indi-  
12 cates the district has inadequate facilities to meet present or  
13 projected enrollment; or

14 (B) facilities that require repair or replacement in  
15 order to meet health and safety laws or regulations or building  
16 codes.

17 \* Sec. 10. AS 14.11 is amended by adding a new section to read:

18 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school  
19 debt subject to reimbursement by the state is not subject to a munici-  
20 pal debt limit unless the debt limit is adopted by the municipality  
21 and expressly applies to reimbursable portions of school debt.

22 \* Sec. 11. AS 14.11.102 is amended to read:

23 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
24 evaluate projects for which retirement of school construction debt  
25 under AS 14.11.100(a)(6) is requested by school districts in accor-  
26 dance with the procedures set out in AS 14.11.010 and criteria set out  
27 in AS 14.11.100(j)(4). [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER  
28 AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DIST-  
29 RICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL

1       YEAR FOR WHICH THE REQUEST IS MADE.]

2       \* Sec. 12. AS 14.11.102 is amended by adding new subsections to read:

3               (b) After reviewing all projects for which retirement of school  
4       construction debt is requested, the department shall rank the projects  
5       approved under this section in the order in which each serves the best  
6       interests of the state. All projects approved, but for which no  
7       allocation of money has been made under AS 14.11.103, shall be in-  
8       cluded in the same ranking.

9               (c) In considering requests under this section, the department  
10       may reject requests due to

11               (1) incomplete information or documentation provided by the  
12       school district;

13               (2) a determination that existing facilities can adequately  
14       serve the program requirements or that alternative projects are in the  
15       best interests of the state;

16               (3) a determination that the project is inappropriate for  
17       education construction and should be a district maintenance and opera-  
18       tion expenditure; or

19               (4) a determination that the project is not in the best  
20       interest of the state.

21               (d) The department shall develop, with technical assistance that  
22       may be provided by other state agencies, an estimate, under appropri-  
23       ate design standards for its geographic location, of the amount needed  
24       to construct each project under (b) of this section for which it  
25       appears approval for reimbursement will be granted.

26               (e) The department may, based upon the estimate prepared, either  
27       approve the project in the amount requested or approve the school  
28       district's request in a lesser amount.

29       \* Sec. 13. AS 14.11 is amended by adding a new section to read:

1           Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

2           (a) A request for an allocation of money under AS 14.11.100 for  
3 school construction debt retirement shall be submitted to the depart-  
4 ment by the school district no later than October 15 of the fiscal  
5 year before the fiscal year for which the request is made.

6           (b) Before a request for an allocation of money for retirement  
7 of school construction debt under AS 14.11.100(a)(6) is submitted, the  
8 project must have been approved and ranked under the provisions of  
9 AS 14.11.102.

10          (c) The department shall approve requests for allocations for  
11 debt retirement for which no previous allocation has been made in the  
12 order of the priority established under AS 14.11.102, if the requests  
13 meet the requirements of AS 14.11.100, and subject to the provisions  
14 of (d) - (f) of this section.

15          (d) Total outstanding state obligation to reimburse projects  
16 under AS 14.11.100(a)(6) in any single year may not exceed \$10,000,000  
17 or a lesser amount determined by the state bond committee under  
18 AS 37.15.790.

19          (e) In any single year the department may not authorize under  
20 (c) of this section more than \$2,000,000 in school debt reimbursement.  
21 In any five-year period the department may not authorize under (c) of  
22 this section more than \$5,000,000 in school debt reimbursement.

23          (f) Total outstanding state obligation to reimburse cash  
24 payments for projects approved after June 30, 1986, may not in any  
25 single year exceed \$5,000,000.

26 \* Sec. 14. AS 14.11 is amended by adding a new section to read:

27           Sec. 14.11.131. OTHER AID. This chapter does not limit the  
28 authority of municipalities to acquire or construct schools or associ-  
29 ated facilities by

1           (1) cash payment not subject to reimbursement by the state  
2 under AS 14.11.100;

3           (2) debt authorized by local voters and falling under a  
4 municipal debt limit but not subject to reimbursement by the state  
5 under AS 14.11.100;

6           (3) gift, bequest, grant, or deed; or

7           (4) acquisition of federal, state, or other surplus proper-  
8 ty.

9 \* Sec. 15. AS 37.15 is amended by adding a new section to read:

10           Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the  
11 state bond committee, in its judgment, determines that the amount or  
12 retirement of debt issued by municipalities subject to reimbursement  
13 by the state under AS 14.11.100 is not in the best interests of the  
14 state, the committee may

15           (1) establish an amount or amounts, for any or all years  
16 before the maturity of all of that municipal debt, that may not be  
17 exceeded by the Department of Education in approving requests for  
18 allocations under AS 14.11.103; or

19           (2) establish, under AS 14.11.100(j)(3), a term required  
20 for the maturities of municipal debt authorized by local voters after  
21 March 31, 1986.

22 \* Sec. 16. This Act takes effect July 1, 1986.

Offered: 3/24/86  
Referred: Community & Regional  
Affairs and Finance

Original sponsor: Rules/Governor

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BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

CS FOR HOUSE BILL NO. 520 (HESS)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FOURTEENTH LEGISLATURE - SECOND SESSION  
A BILL

For an Act entitled: "An Act relating to public school construction; and  
providing for an effective date."

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

\* Section 1. AS 14.08.151 is amended by adding new subsections to read:

(c) The interest conveyed to the regional school board under  
this section is subject to

(1) all the limitations imposed by the state's predecessors  
in interest;

(2) the rights of municipalities established after the  
effective date of this Act that are authorized by AS 29 to operate  
schools in the community; and

(3) other terms, including possibilities of reverter and  
reversions, that the department holding title imposes.

(d) If a school facility constructed by a regional educational  
attendance area under authority assumed under AS 14.11.020, in which  
the state retains an interest, ceases to be used for school purposes,  
the department may dispose of the facility in accordance with law.

\* Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:

(b) With regard to projects requested under (a) of this section  
the department shall

(1) with such technical assistance or comments as the  
department may request from other state agencies, prepare an estimate  
of the appropriation needed to finance each project approved by the  
department;

1 (2) rank each project in the order of priority that serves  
2 the best interests of the state;

3 (3) recommend to the governor appropriations for projects  
4 to be included in the budget submitted to the legislature;

5 (4) provide the governor with a copy of the report of the  
6 assembly, council, or regional school board that requested each proj-  
7 ect approved by the department;

8 (5) provide to the legislature within the first 10 days of  
9 each regular session a summary of the projects requested by each  
10 assembly, council, or regional school board.

11 \* Sec. 3. AS 14.11.010(c) is amended to read:

12 (c) In establishing priorities among requested projects the  
13 department shall identify and evaluate at least the following factors:

14 (1) priorities assigned by the assembly, council, or school  
15 board to the projects requested;

16 (2) emergency requirements;

17 (3) the number of students without classroom space;

18 (4) new local elementary or secondary programs;

19 (5) existing regional, community, and school facilities and  
20 the condition of the facilities;

21 (6) the economic and social stability of the municipality  
22 or region;

23 (7) demographic data indicating present and projected  
24 enrollment, and population trends in the municipality or region; and

25 (8) after December 31, 1988, the condition of existing  
26 school facilities in the community in comparison to all other schools  
27 in the state.

28 \* Sec. 4. AS 14.11 is amended by adding a new section to read:

29 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school

1 district requesting project approval under AS 14.11.010 or 14.11.102  
2 shall inspect and inventory each of its schools and education related  
3 facilities, under standards adopted by the department in compliance  
4 with AS 44.62, noting their age, condition, compliance with laws and  
5 regulations relating to health and safety, building codes, and annual  
6 maintenance and operations costs. The inventory shall be submitted to  
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and  
9 education related facilities in the state under standards adopted  
10 under the Administrative Procedure Act (AS 44.62).

11 (c) Each school district shall annually revise its inventory by  
12 including new schools constructed, rehabilitations or additions to  
13 existing schools, and major maintenance and repairs paid for with  
14 local money, state municipal grants, appropriations under AS 14.11.020  
15 and debt reimbursed under AS 14.11.100. Each school district shall  
16 also annually report the amount of money spent in the previous fiscal  
17 year for maintenance and operations costs in a uniform manner as  
18 required by the department. The annual revisions must be submitted to  
19 the department for review and analysis.

20 (d) After December 31, 1988, the condition of the school dis-  
21 trict's schools and education related facilities in comparison to all  
22 other schools in the state must be a factor in evaluation of projects  
23 under AS 14.11.010 and 14.11.102.

24 \* Sec. 5. AS 14.11.100(a)(5) is amended to read:

25 (5) subject to (h), (i), and (j) of this section, 80 per-  
26 cent of

27 (A) payments made by the municipality during the  
28 fiscal year for the retirement of principal and interest on  
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1983, and  
2 before April 1, 1986, to pay costs of school construction, addi-  
3 tions to schools, and major rehabilitation projects that exceed  
4 \$25,000 and are approved under AS 14.07.020(11); and

5 (B) cash payments made after June 30, 1983, and before  
6 July 1, 1986, by the municipality during the fiscal year two  
7 years earlier to pay costs of school construction, additions to  
8 schools, and major rehabilitation projects that exceed \$25,000  
9 and are approved under AS 14.07.020(11).

10 \* Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

11 (6) subject to (h), (i), and (j) of this section

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal on outstanding bonds,  
14 notes or other indebtedness authorized by the qualified voters of  
15 the municipality after March 31, 1986, to pay costs of school  
16 construction, additions to schools, and major rehabilitation  
17 projects that exceed \$25,000 and that are approved under AS 14.-  
18 11.102; and

19 (B) 80 percent of cash payments made after June 30,  
20 1986, by the municipality during the fiscal year two years earli-  
21 er to pay costs of school construction, additions to schools, and  
22 major rehabilitation projects that exceed \$25,000 and are app-  
23 roved under AS 14.11.102.

24 \* Sec. 7. AS 14.11.100(b) is amended to read:

25 (b) The commissioner shall administer the program of reimburse-  
26 ment authorized under this section and shall provide by regulation for  
27 the filing of applications for reimbursement, the form of proof of  
28 costs for which application for reimbursement is made, and other  
29 regulations necessary to administer the program. The commissioner

1 shall exclude from the total school construction cost of the local  
2 district all state and federal funds included in these costs except  
3 funds provided under this section and AS 43.50.140. In approving  
4 applications for reimbursement, the commissioner shall

5 [(1)] offset against the amount of reimbursement authorized  
6 the amount of any funds distributed to the borough or city in the  
7 second preceding fiscal year from the school fund provided for in  
8 AS 43.50.140. [;

9 (2) Repealed]

10 \* Sec. 8. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
12 (6) of this section for school construction begun after July 1, 1982,  
13 the costs of school construction must [SHALL] be reduced by the amount  
14 of money used for the construction of residential space, hockey rinks,  
15 planetariums, saunas, and other facilities for single purpose sporting  
16 or recreational uses that are not suitable for other activities and by  
17 the money used for construction that exceeds the amount needed for  
18 construction of a facility of efficient design as determined by the  
19 department. The costs of school construction [AN ALLOCATION UNDER (a)  
20 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money  
21 used for construction of a small swimming pool, tank, or water storage  
22 facility used for water sports. However, an allocation shall be  
23 reduced by the difference between the amount of money used to con-  
24 struct a swimming pool that exceeds the standards adopted by the  
25 department and the amount of money that would have been used to con-  
26 struct a small swimming pool, tank, or water storage facility, as  
27 determined by the commissioner.

28 \* Sec. 9. AS 14.11.100(i) is amended to read:

29 (i) For the purposes of (a)(4), [AND] (5), and (6) of this

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

1 shall exclude from the total school construction cost of the local  
2 district all state and federal funds included in these costs except  
3 funds provided under this section and AS 43.50.140. In approving  
4 applications for reimbursement, the commissioner shall

5 [(1)] offset against the amount of reimbursement authorized  
6 the amount of any funds distributed to the borough or city in the  
7 second preceding fiscal year from the school fund provided for in  
8 AS 43.50.140. [;

9 (2) Repealed]

10 \* Sec. 8. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
12 (6) of this section for school construction begun after July 1, 1982,  
13 the costs of school construction must [SHALL] be reduced by the amount  
14 of money used for the construction of residential space, hockey rinks,  
15 planetariums, saunas, and other facilities for single purpose sporting  
16 or recreational uses that are not suitable for other activities and by  
17 the money used for construction that exceeds the amount needed for  
18 construction of a facility of efficient design as determined by the  
19 department. The costs of school construction [AN ALLOCATION UNDER (a)  
20 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money  
21 used for construction of a small swimming pool, tank, or water storage  
22 facility used for water sports. However, an allocation shall be  
23 reduced by the difference between the amount of money used to con-  
24 struct a swimming pool that exceeds the standards adopted by the  
25 department and the amount of money that would have been used to con-  
26 struct a small swimming pool, tank, or water storage facility, as  
27 determined by the commissioner.

28 \* Sec. 9. AS 14.11.100(i) is amended to read:

29 (i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

2 (1) an indebtedness for bonds is incurred after the bonds  
3 are sold;

4 (2) reimbursement for a cash payment may only be made after  
5 the payment is made to a vendor; and

6 (3) payments may not be made for costs that are incurred  
7 under a contract after the contract has been released.

8 \* Sec. 10. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a  
10 school construction project under (a)(5) or (6) of this section unless  
11 the municipality complies with the requirements of (1) - (4) of this  
12 subsection and the project is approved under AS 14.11.102 [BY THE  
13 COMMISSIONER] before the local vote on the bond issue for the project.  
14 In approving a project under this subsection, the commissioner shall  
15 require

16 (1) the municipality to include on the ballot for the bond  
17 issue the estimated total cost of each project including estimated  
18 annual operation and maintenance costs and the estimated amounts that  
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present  
21 value of the annual debt service on the refunding issue is not greater  
22 than 95 percent of the present value of the annual debt service on the  
23 original issue;

24 (3) that the bonds must be repaid in approximately equal  
25 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]  
26 over a period of [AT LEAST] 10 years or a different term that may be  
27 established by the state bond committee under AS 37.15.790;

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

1 (A) projected long-term student enrollment that indi-  
2 cates the district has inadequate facilities to meet present or  
3 projected enrollment; or

4 (B) facilities that require repair or replacement in  
5 order to meet health and safety laws or regulations or building  
6 codes.

7 \* Sec. 11. AS 14.11 is amended by adding a new section to read:

8 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school  
9 debt subject to reimbursement by the state is not subject to a munici-  
10 pal debt limit unless the debt limit is adopted by the municipality  
11 and expressly applies to reimbursable portions of school debt.

12 \* Sec. 12. AS 14.11.102 is amended to read:

13 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
14 evaluate projects for which retirement of school construction debt  
15 under AS 14.11.100(a)(6) is requested by school districts in accor-  
16 dance with the procedures set out in AS 14.11.010 and criteria set out  
17 in AS 14.11.100(j)(4). [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER  
18 AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL  
19 DISTRICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL  
20 YEAR FOR WHICH THE REQUEST IS MADE.]

21 \* Sec. 13. AS 14.11.102 is amended by adding new subsections to read:

22 (b) After reviewing all projects for which retirement of school  
23 construction debt is requested, the department shall rank the projects  
24 approved under this section in the order in which each serves the best  
25 interests of the state. All projects approved, but for which no  
26 allocation of money has been made under AS 14.11.103, shall be in-  
27 cluded in the same ranking.

28 (c) In considering requests under this section, the department  
29 may reject requests due to

1           (1) incomplete information or documentation provided by the  
2 school district;

3           (2) a determination that existing facilities can adequately  
4 serve the program requirements or that alternative projects are in the  
5 best interests of the state;

6           (3) a determination that the project is inappropriate for  
7 education construction and should be a district maintenance and opera-  
8 tion expenditure; or

9           (4) a determination that the project is not in the best  
10 interest of the state.

11           (d) The department shall develop, with technical assistance that  
12 may be provided by other state agencies, an estimate, under appropri-  
13 ate design standards for its geographic location, of the amount needed  
14 to construct each project under (b) of this section for which it  
15 appears approval for reimbursement will be granted.

16           (e) The department may, based upon the estimate prepared, either  
17 approve the project in the amount requested or approve the school  
18 district's request in a lesser amount.

19 \* Sec. 14. AS 14.11 is amended by adding a new section to read:

20           Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

21           (a) A request for an allocation of money under AS 14.11.100 for  
22 school construction debt retirement shall be submitted to the depart-  
23 ment by the school district no later than October 15 of the fiscal  
24 year before the fiscal year for which the request is made.

25           (b) Before a request for an allocation of money for retirement  
26 of school construction debt under AS 14.11.100(a)(6) is submitted, the  
27 project must have been approved and ranked under the provisions of  
28 AS 14.11.102.

29           (c) The department shall approve requests for allocations for

1 debt retirement for which no previous allocation has been made in the  
2 order of the priority established under AS 14.11.102,

3 (1) if state allocations under AS 14.11.100(a)(6), when  
4 combined with all existing state allocations under AS 14.11.100(a)(6),  
5 (A) result in total state allocations for retirement of principal that  
6 do not exceed \$10,000,000, or a lesser amount determined by the state  
7 bond committee under AS 37.15.790, or (B) result in total state allo-  
8 cations for cash payments that do not exceed \$5,000,000, in any year  
9 before the retirement of all debt entitled to an allocation under  
10 AS 14.11.100(a)(6); and

11 (2) if the requests meet the requirements of AS 14.11.100.

12 \* Sec. 15. AS 14.11 is amended by adding a new section to read:

13 Sec. 14.11.131. OTHER AID. This chapter does not limit the  
14 authority of municipalities to acquire or construct schools or associ-  
15 ated facilities by

16 (1) cash payment not subject to reimbursement by the state  
17 under AS 14.11.100;

18 (2) debt authorized by local voters and falling under a  
19 municipal debt limit but not subject to reimbursement by the state  
20 under AS 14.11.100;

21 (3) lease-purchase duly authorized, when the lease-purchase  
22 contract is with the Alaska State Housing Authority acting as the  
23 Alaska State Building Authority;

24 (4) gift, bequest, grant, or deed; or

25 (5) acquisition of federal, state, or other surplus proper-  
26 ty.

27 \* Sec. 16. AS 37.15 is amended by adding a new section to read:

28 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the  
29 state bond committee, in its judgment, determines that the amount or

1 retirement of debt issued by municipalities subject to reimbursement  
2 by the state under AS 14.11.100 is not in the best interests of the  
3 state, the committee may

4 (1) establish an amount or amounts, for any or all years  
5 before the maturity of all of that municipal debt, that may not be  
6 exceeded by the Department of Education in approving requests for  
7 allocations under AS 14.11.103; or

8 (2) establish, under AS 14.11.100(j)(3), a term required  
9 for the maturities of municipal debt authorized by local voters after  
10 March 31, 1986.

11 \* Sec. 17. The Department of Education and the Department of Transpor-  
12 tation and Public Facilities shall study and evaluate school construction  
13 requirements based upon projected enrollments and facility needs and recom-  
14 mend to the legislature by January 25, 1988, a plan of school construction  
15 to meet the enrollment demands and its estimated costs through the year  
16 2001.

17 \* Sec. 18. This Act takes effect July 1, 1986.

Introduced: 1/27/86  
Referred: Health, Education &  
Social Services, Community &  
Regional Affairs and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."

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

9 \* Section 1. AS 14.08.151 is amended by adding new subsections to read:

10 (c) The interest conveyed to the regional school board under  
11 this section is subject to (1) all the limitations imposed by the  
12 state's predecessors in interest; (2) the rights of municipalities  
13 established after the effective date of this Act that are authorized  
14 by AS 29 to operate schools in the community; and (3) other terms,  
15 including possibilities of reverter and reversions, that the depart-  
16 ment holding title imposes.

17 (d) If a school facility constructed by a regional educational  
18 attendance area under authority assumed under AS 14.11.020, in which  
19 the state retains an interest, ceases to be used for school purposes,  
20 the department shall dispose of the facility in accordance with law.

21 \* Sec. 2. AS 14.11.010(b) is amended to read:

22 (b) With regard to projects requested under (a) of this section  
23 the department shall

24 (1) rank each project in the order of priority that serves  
25 the best interests of the state;

26 (2) request [PREPARE] an estimate from the Department of  
27 Transportation and Public Facilities of the amount of money needed to  
28 finance each project approved by the department and recommend to the  
29 governor appropriations, based upon the estimates prepared under

1 AS 35.15.210, for projects to be included in the budget submitted to  
2 the legislature;

3 (3) provide the governor with a copy of the report of the  
4 assembly, council, or regional school board that requested each proj-  
5 ect approved by the department;

6 (4) provide to the legislature within the first 10 days of  
7 each regular session a summary of the projects requested by each  
8 assembly, council, or regional school board.

9 \* Sec. 3. AS 14.11.010(c) is amended to read:

10 (c) In establishing priorities among requested projects the  
11 department shall evaluate at least the following factors:

12 (1) priorities assigned by the assembly, council, or school  
13 board to the projects requested;

14 (2) emergency requirements;

15 (3) the number of students without classroom space;

16 (4) new local elementary or secondary programs;

17 (5) existing regional, community, and school facilities and  
18 the condition of the facilities;

19 (6) the economic and social stability of the municipality  
20 or region;

21 (7) demographic data indicating present and projected  
22 enrollment, and population trends in the municipality or region; and

23 (8) after December 31, 1988, the condition of existing  
24 school facilities in the community in comparison to all other schools  
25 in the state.

26 \* Sec. 4. AS 14.11 is amended by adding a new section to read:

27 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school  
28 district requesting project approval under AS 14.11.010 or AS 14.11.-  
29 102 shall inspect and inventory each of its schools and education

1 related facilities, under standards adopted by the department in  
2 compliance with AS 44.62, noting their age condition, compliance with  
3 laws and regulations relating to health and safety, building codes,  
4 and annual maintenance and operations costs. The inventory shall be  
5 submitted to the department for review and analysis.

6 (b) The department may inspect and inventory the schools and  
7 education related facilities in the state under standards adopted  
8 under the Administrative Procedure Act (AS 44.62).

9 (c) Each school district shall annually revise its inventory by  
10 including new schools constructed, rehabilitations or additions to  
11 existing schools, and major maintenance and repairs paid for with  
12 local money, state municipal grants, appropriations under AS 14.11.020  
13 and debt reimbursed under AS 14.11.100. Each school district shall  
14 also annually report the amount of money spent in the previous fiscal  
15 year for maintenance and operations costs. The annual revisions must  
16 be submitted to the department for review and analysis.

17 (d) After December 31, 1988, the condition of the school dis-  
18 trict's schools and education related facilities in comparison to all  
19 other schools in the state must be a factor in evaluation of projects  
20 under AS 14.11.010 and 14.11.102.

21 \* Sec. 5. AS 14.11.100(a)(5) is amended to read:

22 (5) subject to (h), (i), and (j) of this section, 80 per-  
23 cent of

24 (A) payments made by the municipality during the  
25 fiscal year for the retirement of principal and interest on  
26 outstanding bonds, notes or other indebtedness authorized by the  
27 qualified voters of the municipality after June 30, 1983, and  
28 before April 1, 1986, to pay costs of school construction, addi-  
29 tions to schools, and major rehabilitation projects that exceed

1           \$25,000 and are approved under AS 14.07.020(11); and

2                   (B) cash payments made after June 30, 1983, and before  
3           July 1, 1986, by the municipality during the fiscal year two  
4           years earlier to pay costs of school construction, additions to  
5           schools, and major rehabilitation projects that exceed \$25,000  
6           and are approved under AS 14.07.020(11).

7 \* Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

8                   (6) subject to (h), (i), and (j) of this section, payments  
9           made by a municipality during the fiscal year two years earlier for  
10          the retirement of principal on outstanding bonds, notes, or other  
11          indebtedness, authorized after March 31, 1986, to pay costs of school  
12          construction, additions to schools, and major rehabilitation projects  
13          that exceed \$25,000 and that are approved under AS 14.11.102.

14 \* Sec. 7. AS 14.11.100(b) is amended to read:

15                   (b) The commissioner shall administer the program of reimburse-  
16          ment authorized under this section and shall provide by regulation for  
17          the filing of applications for reimbursement, the form of proof of  
18          costs for which application for reimbursement is made, and other  
19          regulations necessary to administer the program. The commissioner  
20          shall exclude from the total school construction cost of the local  
21          district all state and federal funds included in these costs except  
22          funds provided under this section and AS 43.50.140. In approving  
23          applications for reimbursement, the commissioner shall offset against  
24          the amount of the reimbursement authorized

25                   (1) [OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED]  
26          the amount of any funds distributed to the borough or city in the  
27          second preceding fiscal year from the school fund provided for in  
28          AS 43.50.140; and

29                   (2) [Repealed, sec. 10, ch. 92, SLA 1982.]

1                   (3) an amount equal to the interest earned, which is not  
2                   considered arbitrage, on the investment of the proceeds of bonds  
3                   issued for a school construction project.

4 \* Sec. 8. AS 14.11.100(h) is amended to read:

5                   (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
6                   (6) of this section for school construction begun after July 1, 1982,  
7                   the costs of school construction must [SHALL] be reduced by the amount  
8                   of money used for the construction of residential space, hockey rinks,  
9                   planetariums, saunas, and other facilities for single purpose sporting  
10                   or recreational uses that are not suitable for other activities and by  
11                   the money used for construction that exceeds the amount needed for  
12                   construction of a facility of efficient design as determined by the  
13                   Department of Transportation and Public Facilities [DEPARTMENT] under  
14                   AS 35.15.220. The costs of school construction [AN ALLOCATION UNDER  
15                   (u)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of  
16                   money used for construction of a small swimming pool, tank, or water  
17                   storage facility used for water sports. However, an allocation shall  
18                   be reduced by the difference between the amount of money used to  
19                   construct a swimming pool that exceeds the standards adopted by the  
20                   Department of Transportation and Public Facilities under AS 35.15.230  
21                   [DEPARTMENT] and the amount of money that would have been used to  
22                   construct a small swimming pool, tank, or water storage facility, as  
23                   determined by the commissioner.

24 \* Sec. 9. AS 14.11.100(i) is amended to read:

25                   (i) For the purposes of (a)(4), [AND] (5), and (6) of this  
26                   section

27                   (1) an indebtedness for bonds is incurred after the bonds  
28                   are sold;

29                   (2) reimbursement for a cash payment may only be made after

1 the payment is made to a vendor; and

2 (3) payments may not be made for costs that are incurred  
3 under a contract after the contract has been released.

4 \* Sec. 10. AS 14.11.100(j) is amended to read:

5 (j) The state may not allocate money to a municipality for a  
6 school construction project under (a)(5) or (6) of this section unless  
7 the municipality complies with the requirements of (1) -- (4) of this  
8 subsection and the project is approved under AS 14.11.102 [BY THE  
9 COMMISSIONER] before the local vote on the bond issue for the project.  
10 In approving a project under this subsection, the commissioner shall  
11 require

12 (1) the municipality to include on the ballot for the bond  
13 issue the estimated total cost of each project including estimated  
14 annual operation and maintenance costs and the estimated amounts that  
15 will be paid by the state and by the municipality;

16 (2) that the bonds may not be refunded unless the present  
17 value of the annual debt service on the refunding issue is not greater  
18 than 95 percent of the present value of the annual debt service on the  
19 original issue;

20 (3) that the bonds must be repaid in approximately equal  
21 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]  
22 over a period of [AT LEAST] 10 years or a different term that may be  
23 established by the state bond committee under AS 37.15.790;

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

26 (A) projected long-term student enrollment that indi-  
27 cates the district has inadequate facilities to meet present or  
28 projected enrollment; or

29 (B) facilities that require repair or replacement in

1           order to meet health and safety laws or regulations or building  
2           codes.

3           \* Sec. 11. AS 14.11.102 is amended to read:

4           Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department  
5           shall evaluate projects for which retirement of school construction  
6           debt under AS 14.11.100(a)(6) is requested by school districts in  
7           accordance with the procedures and criteria set out in AS 14.11.010.  
8           [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER AS 14.11.100 MUST BE  
9           SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DISTRICT NO LATER THAN  
10          OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL YEAR FOR WHICH THE  
11          REQUEST IS MADE.]

12          (b) The department shall request from the Department of Trans-  
13          portation and Public Facilities an estimate of the amount needed to  
14          construct each project for which retirement of school construction  
15          debt is requested by a school district under appropriate design stan-  
16          dards for its geographic location.

17          (c) After reviewing all projects for which retirement of school  
18          construction debt is requested, the department shall rank the projects  
19          approved under this section in the order that which each serves the  
20          best interests of the state. All projects approved, but for which no  
21          allocation of money has been made under AS 14.11.103, must be included  
22          in the same ranking.

23          (d) In considering requests under this section, the department  
24          may reject requests due to

25                  (1) incomplete information or documentation provided by the  
26                  school district;

27                  (2) a determination that existing facilities can adequately  
28                  serve the program requirements or that alternative projects are in the  
29                  best interests of the state;

1           (3) a determination that the project is inappropriate for  
2 education construction and should be a district maintenance and opera-  
3 tion expenditure; or

4           (4) a determination that the project is not in the best  
5 interest of the state.

6           (e) The department may, based upon the estimate prepared by the  
7 Department of Transportation and Public Facilities under AS 35.15.220,  
8 either approve the project in the amount requested or approve the  
9 school district's request in a lesser amount.

10 \* Sec. 12. AS 14.11 is amended by adding a new section to read:

11           Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

12           (a) A request for an allocation of money under AS 14.11.100 for  
13 school construction debt retirement must be submitted to the  
14 department by the school district no later than October 15 of the  
15 fiscal year before the fiscal year for which the request is made.

16           (b) Before a request for an allocation of money for retirement  
17 of school construction debt under AS 14.11.100(a)(6) is submitted, the  
18 project must have been approved and ranked under the provisions of  
19 AS 14.11.102.

20           (c) The department shall approve requests for allocations for  
21 debt retirement, for which no previous allocation has been made, in  
22 the order of the priority established under AS 14.11.102,

23           (1) if state allocations under AS 14.11.100(a)(6), when  
24 combined with all existing state allocations under AS 14.11.100(a)(6),  
25 result in total state allocations for retirement of principal which do  
26 not exceed (A) \$10,000,000, or (B) an amount determined by the state  
27 bond committee under AS 37.15.790, in any year before the retirement  
28 of all debt entitled to an allocation under AS 14.11.100(a)(6); and

29           (2) which meet the requirements of AS 14.11.100.

1 \* Sec. 13. AS 14.11.135(3) is amended to read:

2 (3) "costs of school construction" means the cost of  
3 acquiring, constructing, enlarging, repairing, remodeling, equipping  
4 or furnishing of public elementary and secondary school buildings and  
5 includes the sum total of all costs of financing and carrying out the  
6 project; these include, but are not limited to, the costs of all  
7 necessary studies, surveys, plans and specifications, architectural,  
8 engineering or other special services, acquisition of real property,  
9 site preparation and development, purchase, construction, reconstruc-  
10 tion and improvement of real property and the acquisition of machinery  
11 and equipment as may be necessary in connection with the project; an  
12 allocable portion of the administrative and operating expenses of the  
13 grantee; the cost of financing the project, including interest on  
14 bonds issued to finance the project; and the cost of other items,  
15 including any indemnity and surety bonds and premiums on insurance,  
16 legal fees, fees and expenses of trustees, depositaries, financial  
17 advisors, and paying agents for the bonds issued as the issuer consid-  
18 ers necessary; however, for the purposes of AS 14.11.100(a)(6), "costs  
19 of school construction" does not include the costs of financing the  
20 project, such as interest on bonds, reserve funds for bonds, or fees  
21 and expenses of trustees, depositaries, financial advisors, bond  
22 counsel, and paying agents for bonds issued to finance the project;

23 \* Sec. 14. AS 35.15 is amended by adding new sections to read:

24 ARTICLE 2. PUBLIC SCHOOL CONSTRUCTION.

25 Sec. 35.15.210. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS  
26 FINANCED BY APPROPRIATION. (a) The department shall prepare an  
27 estimate of the amount of money needed to construct each school con-  
28 struction project, under appropriate design standards for its geo-  
29 graphic location, for which an appropriation has been requested under

1 AS 14.11.010.

2 (b) The department shall consider the following when making  
3 project estimates under this section:

4 (1) existing plant maintenance and operation costs;

5 (2) a technical evaluation of the proposed project;

6 (3) educational program requirements established by the  
7 Department of Education under AS 14.07.020 and adopted in compliance  
8 with the Administrative Procedure Act (AS 44.62);

9 (4) preliminary cost estimates provided by the school  
10 district under AS 14.11.010; and

11 (5) alternative means, if any, to provide an adequate  
12 facility to correct any deficiencies which arise under health or  
13 safety laws or regulations, and under building codes.

14 Sec. 35.15.220. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS  
15 FINANCED WITH MUNICIPAL DEBT. (a) The department shall prepare an  
16 estimate of the amount of money needed to construct each school con-  
17 struction project submitted to it for review and analysis by the  
18 Department of Education for which a municipality may seek reimburse-  
19 ment under AS 14.11.100.

20 (b) The amount requested for project approval for school con-  
21 struction debt must be reduced by the amount of money used for the  
22 construction of residential space, hockey rinks, planetariums, saunas,  
23 and other facilities for single purpose sporting or recreational uses  
24 that are not suitable for other activities and by the money used for  
25 construction that exceeds the amount needed for construction of a  
26 facility of efficient design as determined by the department. A  
27 project approval under this section may not be reduced by the amount  
28 of money used for construction of a small swimming pool, tank, or  
29 water storage facility used for water sports. However, a project

1 approval must be reduced by the difference between the amount of money  
2 used to construct a swimming pool that exceeds the standards adopted  
3 by the department and the amount of money that would have been used to  
4 construct a small swimming pool, tank, or water storage facility, as  
5 determined by the commissioner.

6 (c) The department shall also consider, when estimating con-  
7 struction costs,

8 (1) educational program requirements established by the  
9 Department of Education under AS 14.07.020 and adopted in compliance  
10 with AS 44.62;

11 (2) preliminary cost estimates submitted by the school  
12 district;

13 (3) construction costs for the proposed project under  
14 appropriate design standards for its geographic location;

15 (4) maintenance and operation costs arising from the phys-  
16 ical operation of the facility; and

17 (5) alternative means, if any, to provide an adequate  
18 facility to correct any deficiencies that arise under health safety  
19 laws or regulations, and under building codes.

20 Sec. 35.15.230. DESIGN STANDARDS. (a) The department shall  
21 develop design standards for school construction projects for each  
22 geographic region of the state which must be applied to cost estimates  
23 prepared under AS 35.15.210 and 35.15.220.

24 (b) The standards developed under this section must incorporate  
25 common design features, consistent with educational program standards  
26 established by the Department of Education, to achieve

27 (1) reduced design and construction costs;

28 (2) reduced maintenance and operation costs;

29 (3) energy efficiency;

1 (4) compliance with safety and health laws and regulations;  
2 (5) compliance with building codes; and  
3 (6) maximum use of the facility in support of the education  
4 program.

5 \* Sec. 15. AS 37.15 is amended by adding a new section to read:

6 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the  
7 state bond committee, in its judgment, determines that the amount or  
8 retirement of debt issued by municipalities subject to reimbursement  
9 by the state under AS 14.11.100 is not in the best interests of the  
10 state, the committee may

11 (1) establish an amount or amounts, for any or all years  
12 before the maturity of all of that municipal debt, which may not be  
13 exceeded by the Department of Education in approving requests for  
14 allocations under AS 14.11.103; or

15 (2) establish, under AS 14.11.100(j)(3), a term required  
16 for the maturities of municipal debt authorized by local voters after  
17 March 31, 1986.

18 \* Sec. 16. AS 14.11.100(k) is repealed.

19 \* Sec. 17. The Department of Education and the Department of Transpor-  
20 tation and Public Facilities shall study and evaluate school construction  
21 requirements based upon projected enrollments and facility needs and recom-  
22 mend to the legislature by January 25, 1988, a plan of school construction  
23 to meet the enrollment demands and its estimated costs through the year  
24 2001.

25 \* Sec. 18. This Act takes effect July 1, 1986.

COMMITTEE REPORT  
SENATE

FURTHER:

4/30/86

Date 5/12/86

Mr. President

The Committee on FINANCE considered CSHB 520(Fin)  
relating to public school construction; efd.

and (a majority of the committee) (the committee) reports it back with  
the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt 5 CS for (10/1) CSHB 520(Fin)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
Paul Fuchs  
John Schott  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

Do not Pass  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman  
do not pass  
Chairman recommendation

Original sponsor: Rules/Governor

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 520 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."

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

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

10 (5) subject to (h), (i), and (j) of this section, 80 per-  
11 cent of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness authorized by the  
15 qualified voters of the municipality after June 30, 1983, and  
16 before July 1, 1986, to pay costs of school construction, addi-  
17 tions to schools, and major rehabilitation projects that exceed  
18 \$25,000 and are approved under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1983, and before  
20 July 1, 1986, by the municipality during the fiscal year two  
21 years earlier to pay costs of school construction, additions to  
22 schools, and major rehabilitation projects that exceed \$25,000  
23 and are approved under AS 14.07.020(11).

24 \* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

25 (6) subject to (h), (i), and (j) of this section 75 percent  
26 of

27 (A) payments made by the municipality during the  
28 fiscal year for the retirement of principal and interest on  
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1986, to pay  
2 costs of school construction, additions to schools, and major  
3 rehabilitation projects that exceed \$25,000 and that are approved  
4 under AS 14.11.102; and

5 (B) cash payments made after June 30, 1986, by the  
6 municipality during the fiscal year two years earlier to pay  
7 costs of school construction, additions to schools, and major  
8 rehabilitation projects that exceed \$25,000 and are approved  
9 under AS 14.11.102.

10 \* Sec. 3. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
12 (6) of this section for school construction begun after July 1, 1982,  
13 the costs of school construction must [SHALL] be reduced by the amount  
14 of money used for the construction of residential space, hockey rinks,  
15 planetariums, saunas, and other facilities for single purpose sporting  
16 or recreational uses that are not suitable for other activities and by  
17 the money used for construction that exceeds the amount needed for  
18 construction of a facility of efficient design as determined by the  
19 department. The costs of school construction [AN ALLOCATION UNDER  
20 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of  
21 money used for construction of a small swimming pool, tank, or water  
22 storage facility used for water sports. However, an allocation shall  
23 be reduced by the difference between the amount of money used to con-  
24 struct a swimming pool that exceeds the standards adopted by the  
25 department and the amount of money that would have been used to con-  
26 struct a small swimming pool, tank, or water storage facility, as  
27 determined by the commissioner.

28 \* Sec. 4. AS 14.11.100(i) is amended to read:

29 (i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

2 (1) an indebtedness for bonds is incurred after the bonds  
3 are sold;

4 (2) reimbursement for a cash payment may only be made after  
5 the payment is made to a vendor; and

6 (3) payments may not be made for costs that are incurred  
7 under a contract after the contract has been released.

8 \* Sec. 5. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a  
10 school construction project under (a)(5) or (6) of this section unless  
11 the municipality complies with the requirements of (1) - (4) of this  
12 subsection and the project is approved under AS 14.11.102 [BY THE  
13 COMMISSIONER] before the local vote on the bond issue for the project.  
14 In approving a project under this subsection, the commissioner shall  
15 require

16 (1) the municipality to include on the ballot for the bond  
17 issue the estimated total cost of each project including estimated  
18 annual operation and maintenance costs and the estimated amounts that  
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present  
21 value of the aggregate [ANNUAL] debt service on the refunding issue is  
22 not greater than the present value of the aggregate [ANNUAL] debt  
23 service remaining on the original issues; for purposes of this para-  
24 graph the present value of debt service shall be determined by using  
25 the yield on the refunding issue as the discount rate [ISSUE];

26 (3) that the bonds must be repaid in approximately equal  
27 annual principal payments or approximate equal debt service payments  
28 over a period of at least 10 years;

29 (4) the municipality to demonstrate need for the project by

1 establishing that the school district has

2 (A) projected long-term student enrollment that indi-  
3 cates the district has inadequate facilities to meet present or  
4 projected enrollment within reasonably drawn attendance areas; or

5 (B) facilities that require repair or replacement in  
6 order to meet health and safety laws or regulations or building  
7 codes.

8 \* Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

9 (1) An allocation under (a)(6) of this section may not be re-  
10 duced due to amounts expended by a municipality under (k) of this  
11 section.

12 \* Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

13 (b) After reviewing all projects for which retirement of school  
14 construction debt is requested, the department shall rank the projects  
15 that have been determined eligible for debt retirement under AS 14.-  
16 11.100(j)(4) in accordance with the procedures set out in AS 14.11.-  
17 010. All projects determined eligible, but for which no approval for  
18 debt retirement has been made under AS 14.11.103, shall be included in  
19 the same ranking.

20 \* Sec. 8. AS 14.11 is amended by adding a new section to read:

21 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

22 (a) A request for an allocation of money under AS 14.11.100 for  
23 school construction debt retirement shall be submitted to the depart-  
24 ment by the school district no later than October 15 of the fiscal  
25 year before the fiscal year for which the request is made.

26 (b) Before a project is approved for retirement of school con-  
27 struction debt under AS 14.11.100(a)(6), the project must have been  
28 determined eligible under the provisions of AS 14.11.102.

29 (c) The department shall approve eligible projects for debt

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retirement in the order of the priority established under AS 14.11.-  
102, if the requests meet the requirements of AS 14.11.100, and sub-  
ject to the provisions of (d) - (e) of this section.

(d) Total outstanding state obligation for reimbursement under  
AS 14.11.100(a)(6)(A) may not exceed \$25,000,000 in a single year.

(e) Total outstanding state obligation to reimburse cash pay-  
ments under AS 14.11.100(a)(6)(B) may not exceed \$5,000,000 in a  
single year.

\* Sec. 9. This Act takes effect July 1, 1986.

STATE OF ALASKA 1988 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CSHB 520 (Fin)  
 Title: An act relatig to public  
school construction and providing  
 Sponsor: \_\_\_\_\_  
 Requestor: Rep. Frank  
 Date of Request: 4/22/86

FISCAL DETAIL

Agency Affected: Department of Education  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	Fi 86	Fi 87	Fi 88	FY 89	FY 90	Fi 91
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

**CAPITAL** \*1 Up to: 15,000,000 15,000,000 20,000,000 20,000,000 20,000,000

**REVENUE**

FUNDING: (Thousands of Dollars)

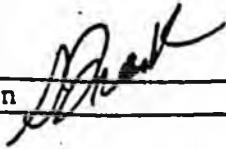
GENERAL FUND					
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary

\* Debt reimbursement under this bill may not exceed \$15,000,000 for all debts authorized after 7/1/86. Reimbursement of cash payments will be made in the second fiscal year after the cash payment is made by the districts. Reimbursement of cash payments may not exceed \$5,000,000 per year. No additional operating funds are required by the provisions of the Finance Committee Substitute.

Prepared By: Representative Frank  Phone: 465-3709  
 Division: Subcommittee Chairman Date: 4/23/86

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

CSHB 520 (FINANCE)  
SECTIONAL ANALYSIS

SECTION 1. Reimbursement for payments for principal, interest and financing cost payments made during the year on debt authorized between 6/30/83 and 6/30/86 will be made at the rate of 80%.

Reimbursement for cash payments made two years earlier and between 6/30/83 and 6/30/86 will be made at the rate of 80%.

SECTION 2. Reimbursement for principal, interest and financing cost payments made during the year for retirement of principal and interest on debt authorized after 6/30/86 will be made at the rate of 70%.

SECTION 3. Technical changes to existing statutory language which specifies that residential space, hockey rinks, planetariums, saunas, etc. are not eligible for reimbursement.

SECTION 4. Technical change referencing the new reimbursement provisions in AS 14.11.100(i)(Section 2) for projects eligible after 6/30/86.

SECTION 5. New language in AS 14.11.100(j)(2) says bonds may be refunded provided that the present value of the aggregate debt service on the refunding issue is not greater than the present value of the aggregate debt service remaining on the original issue. The present value of debt service is to be determined by using the yield on the refunding issue as the discount rate. Additional new language adds a provision which would permit municipalities to refund bonds, extend payment schedule, and reduce annual payments in the event state reimbursement under this chapter is prorated less than 85 percent of eligibility.

SECTION 6. The effect of section 6 is that interest earned by municipalities from investment of bond proceeds may not be used by the department to offset the amount of debt retirement to be reimbursed by the state.

SECTION 7. Requires that the department rank all eligible projects in accordance with the procedures in existing language in AS 14.11.010.

SECTION 8. Requires that requests for allocations be submitted to the department by October 15 of the preceding fiscal year.

Total annual appropriation for reimbursement of debt service approved after 6/30/86 may not exceed \$15 million.

Total annual appropriation for reimbursement of cash payments approved after 6/30/86 may not exceed \$5 million.

SECTION 9. Effective date is 7/1/86.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 520 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."

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

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

10 (5) subject to (h), (i), and (j) of this section, 80 per-  
11 cent of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal, [AND] interest and  
14 other annual financing costs on outstanding bonds, notes or other  
15 indebtedness authorized by the qualified voters of the municipal-  
16 ity after June 30, 1983, and before July 1, 1986, to pay costs of  
17 school construction, additions to schools, and major rehabilita-  
18 tion projects that exceed \$25,000 and are approved under AS 14.07.-  
19 020(11); and

20 (B) cash payments unrelated to payments under (A) made  
21 after June 30, 1983, and before July 1, 1986, by the municipality  
22 during the fiscal year two years earlier to pay costs of school  
23 construction, additions to schools, and major rehabilitation  
24 projects that exceed \$25,000 and are approved under AS 14.07.-  
25 020(11).

26 \* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

27 (6) subject to (h), (i), and (j) of this section 70 percent  
28 of

29 (A) payments made by the municipality during the

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1 fiscal year for the retirement of principal, [AND] interest and  
 2 other annual financing costs on outstanding bonds, notes or other  
 3 indebtedness authorized by the qualified voters of the municipal-  
 4 ity after June 30, 1986, to pay costs of school construction,  
 5 additions to schools, and major rehabilitation projects that  
 6 exceed \$25,000 and that are approved under AS 14.11.102; and

7 (B) cash payments unrelated to payments under (A) made  
 8 after June 30, 1986, by the municipality during the fiscal year  
 9 two years earlier to pay costs of school construction, additions  
 10 to schools, and major rehabilitation projects that exceed \$25 000  
 11 and are approved under AS 14.11.102.

12 \* Sec. 3. AS 14.11.100(h) is amended to read:

13 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
 14 (6) of this section for school construction begun after July 1, 1982,  
 15 the costs of school construction must [SHALL] be reduced by the amount  
 16 of money used for the construction of residential space, hockey rinks,  
 17 planetariums, saunas, and other facilities for single purpose sporting  
 18 or recreational uses that are not suitable for other activities and by  
 19 the money used for construction that exceeds the amount needed for  
 20 construction of a facility of efficient design as determined by the  
 21 department. The costs of school construction [AN ALLOCATION UNDER  
 22 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of  
 23 money used for construction of a small swimming pool, tank, or water  
 24 storage facility used for water sports. However, an allocation shall  
 25 be reduced by the difference between the amount of money used to con-  
 26 struct a swimming pool that exceeds the standards adopted by the  
 27 department and the amount of money that would have been used to con-  
 28 struct a small swimming pool, tank, or water storage facility, as  
 29 determined by the commissioner.

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1 \* Sec. 4. AS 14.11.100(i) is amended to read:

2 (i) For the purposes of (a)(4), [AND] (5), and (6) of this  
3 section

4 (1) an indebtedness for bonds is incurred after the bonds  
5 are sold;

6 (2) reimbursement for a cash payment may only be made after  
7 the payment is made to a vendor; and

8 (3) payments may not be made for costs that are incurred  
9 under a contract after the contract has been released.

10 \* Sec. 5. AS 14.11.100(j) is amended to read:

11 (j) The state may not allocate money to a municipality for a  
12 school construction project under (a)(5) or (6) of this section unless  
13 the municipality complies with the requirements of (1) - (4) of this  
14 subsection and the project is approved under AS 14.11.102 [BY THE  
15 COMMISSIONER] before the local vote on the bond issue for the project.  
16 In approving a project under this subsection, the commissioner shall  
17 require

18 (1) the municipality to include on the ballot for the bond  
19 issue the estimated total cost of each project including estimated  
20 annual operation and maintenance costs and the estimated amounts that  
21 will be paid by the state and by the municipality;

22 (2) that the bonds may not be refunded unless

23 (A) the present value of the aggregate [ANNUAL] debt  
24 service on the refunding issue is not greater than the present value  
25 of the aggregate [ANNUAL] debt service remaining on the original  
26 issues; for purposes of this paragraph the present value of debt  
27 service shall be determined by using the yield on the refunding issue  
28 as the discount rate [ISSUE]; or

29 (B) the actual appropriation in any year is less

1 than 85 percent of the amount required to be allocated under this  
 2 section and the actual debt service in each year is reduced and the  
 3 maturity of the refunding bonds is extended beyond the maturity of the  
 4 original bond issue.

5 (3) that the bonds must be repaid in approximately equal  
 6 annual principal payments or approximate equal debt service payments  
 7 over a period of at least 10 years;

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

10 (A) projected long-term student enrollment that indi-  
 11 cates the district has inadequate facilities to meet present or  
 12 projected enrollment; or

13 (B) facilities that require repair or replacement in  
 14 order to meet health and safety laws or regulations or building  
 15 codes.

16 \* Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

17 (1) An allocation under (a)(6) of this section may not be re-  
 18 duced due to amounts expended by a municipality under (k) of this  
 19 section.

20 \* Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

21 (b) After reviewing all projects for which retirement of school  
 22 construction debt is requested, the department shall rank the projects  
 23 that have been determined eligible for debt retirement under AS 14.-  
 24 11.100(j)(4) in accordance with the procedures set out in AS 14.11.-  
 25 010. All projects determined eligible, but for which no approval for  
 26 debt retirement has been made under AS 14.11.103, shall be included in  
 27 the same ranking.

28 \* Sec. 8. AS 14.11 is amended by adding a new section to read:

29 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

1 (a) A request for an allocation of money under AS 14.11.100 for  
 2 school construction debt retirement shall be submitted to the depart-  
 3 ment by the school district no later than October 15 of the fiscal  
 4 year before the fiscal year for which the request is made.

5 (b) Before a project is approved for retirement of school con-  
 6 struction debt under AS 14.11.100(a)(6), the project must have been  
 7 determined eligible under the provisions of AS 14.11.102.

8 (c) The department shall approve eligible projects for debt  
 9 retirement in the order of the priority established under AS 14.11.-  
 10 102, if the requests meet the requirements of AS 14.11.100, and sub-  
 11 ject to the provisions of (d) - (e) of this section.

12 (d) Total outstanding state obligation for reimbursement under  
 13 AS 14.11.100(a)(6)(A) may not exceed \$15,000,000 in a single year.

14 (e) Total outstanding state obligation to reimburse cash pay-  
 15 ments under AS 14.11.100(a)(6)(B) may not exceed \$5,000,000 in a  
 16 single year.

17 \* Sec. 9. This Act takes effect July 1, 1986.

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Original sponsor: Rules/Governor

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 520 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and  
7 providing for an effective date."

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

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

10 (5) subject to (h), (i), and (j) of this section, 80 per-  
11 cent of

12 (A) payments made by the municipality during the  
13 fiscal year for the retirement of principal, [AND] interest and  
14 other annual financing costs on outstanding bonds, notes or other  
15 indebtedness authorized by the qualified voters of the municipal-  
16 ity after June 30, 1983, and before July 1, 1986, to pay costs of  
17 school construction, additions to schools, and major rehabilita-  
18 tion projects that exceed \$25,000 and are approved under AS 14.-  
19 07.020(11); and

20 (B) cash payments unrelated to payments under (A) of  
21 this paragraph made after June 30, 1983, and before July 1, 1986,  
22 by the municipality during the fiscal year two years earlier to  
23 pay costs of school construction, additions to schools, and major  
24 rehabilitation projects that exceed \$25,000 and are approved  
25 under AS 14.07.020(11).

26 \* Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

27 (6) subject to (h), (i), and (j) of this section 75 percent  
28 of

29 (A) payments made by the municipality during the

1 fiscal year for the retirement of principal, interest and other  
2 annual financing costs on outstanding bonds, notes or other  
3 indebtedness authorized by the qualified voters of the municipal-  
4 ity after June 30, 1986, to pay costs of school construction,  
5 additions to schools, and major rehabilitation projects that  
6 exceed \$25,000 and that are approved under AS 14.11.102; and

7 (B) cash payments unrelated to payments under (A) of  
8 this paragraph made after June 30, 1986, by the municipality  
9 during the fiscal year two years earlier to pay costs of school  
10 construction, additions to schools, and major rehabilitation  
11 projects that exceed \$25,000 and are approved under AS 14.11.102.

12 \* Sec. 3. AS 14.11.100(h) is amended to read:

13 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or  
14 (6) of this section for school construction begun after July 1, 1982,  
15 the costs of school construction must [SHALL] be reduced by the amount  
16 of money used for the construction of residential space, hockey rinks,  
17 planetariums, saunas, and other facilities for single purpose sporting  
18 or recreational uses that are not suitable for other activities and by  
19 the money used for construction that exceeds the amount needed for  
20 construction of a facility of efficient design as determined by the  
21 department. The costs of school construction [AN ALLOCATION UNDER  
22 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of  
23 money used for construction of a small swimming pool, tank, or water  
24 storage facility used for water sports. However, an allocation shall  
25 be reduced by the difference between the amount of money used to con-  
26 struct a swimming pool that exceeds the standards adopted by the  
27 department and the amount of money that would have been used to con-  
28 struct a small swimming pool, tank, or water storage facility, as  
29 determined by the commissioner.

1 \* Sec. 4. AS 14.11.100(i) is amended to read:

2 (i) For the purposes of (a)(4), [AND] (5), and (6) of this  
3 section

4 (1) an indebtedness for bonds is incurred after the bonds  
5 are sold;

6 (2) reimbursement for a cash payment may only be made after  
7 the payment is made to a vendor; and

8 (3) payments may not be made for costs that are incurred  
9 under a contract after the contract has been released.

10 \* Sec. 5. AS 14.11.100(j) is amended to read:

11 (j) The state may not allocate money to a municipality for a  
12 school construction project under (a)(5) or (6) of this section unless  
13 the municipality complies with the requirements of (1) - (4) of this  
14 subsection and the project is approved under AS 14.11.102 [BY THE  
15 COMMISSIONER] before the local vote on the bond issue for the project.  
16 In approving a project under this subsection, the commissioner shall  
17 require

18 (1) the municipality to include on the ballot for the bond  
19 issue the estimated total cost of each project including estimated  
20 annual operation and maintenance costs and the estimated amounts that  
21 will be paid by the state and by the municipality;

22 (2) that the bonds may not be refunded unless

23 (A) the present value of the aggregate [ANNUAL] debt  
24 service on the refunding issue is not greater than the present  
25 value of the aggregate [ANNUAL] debt service remaining on the  
26 original issues; for purposes of this paragraph the present value  
27 of debt service shall be determined by using the yield on the  
28 refunding issue as the discount rate [ISSUE]; or

29 (B) the actual appropriation in any year is less than

1           85 percent of the amount required to be allocated under this  
2           section, the actual debt service in each year is reduced, and the  
3           maturity of the refunding bonds is extended beyond the maturity  
4           of the original bond issue;

5           (3) that the bonds must be repaid in approximately equal  
6           annual principal payments or approximate equal debt service payments  
7           over a period of at least 10 years;

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

10           (A) projected long-term student enrollment that indi-  
11           cates the district has inadequate facilities to meet present or  
12           projected enrollment within reasonably drawn attendance areas; or

13           (B) facilities that require repair or replacement in  
14           order to meet health and safety laws or regulations or building  
15           codes.

16 \* Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

17           (1) An allocation under (a)(6) of this section may not be  
18           reduced due to amounts expended by a municipality under (k) of this  
19           section.

20 \* Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

21           (b) After reviewing all projects for which retirement of school  
22           construction debt is requested, the department shall rank the projects  
23           that have been determined eligible for debt retirement under AS 14.-  
24           11.100(j)(4) in accordance with the procedures set out in AS 14.11.-  
25           010. All projects determined eligible, but for which no approval for  
26           debt retirement has been made under AS 14.11.103, shall be included in  
27           the same ranking.

28 \* Sec. 8. AS 14.11 is amended by adding a new section to read:

29           Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.