

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 150, CSSB 150 . . . . . 61

SR

150



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST \_\_\_\_\_

Bill Version: SB 150  
Publish Date: \_\_\_\_\_

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

Agency Affected: \_\_\_\_\_

Title: Relating to Bonds Issued for  
School Construction

BRU: \_\_\_\_\_

Sponsor: Sen. Fischer

Components: \_\_\_\_\_

Requestor: (S) Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

The fiscal impact of this measure cannot be determined because we do not know how many school districts will be restructuring their debt, in what manner or for how long it will be restructured, and what level of commitment the state would provide.

Prepared By: Royce Weller Phone: 465-2300  
Division: Office of the Commissioner/Revenue Date: April 27, 1987

Approved by Commissioner: Hugh Malone Date: April 27, 1987  
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

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

Original sponsors: Fischer, Bennett  
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 150 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

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

10 (c) The school construction account is established. Funds to  
11 carry out the provisions of this section may be appropriated annually  
12 by the legislature to the account. If amounts in the account are  
13 insufficient for the purpose of providing the share to which a borough  
14 or city is entitled under this section, those funds that are available  
15 shall be distributed pro rata among the eligible local governments  
16 except that the legislature may direct that additional debt service on  
17 refunding bonds that exceeds the total debt service on the refunded  
18 bonds be disregarded in whole or in part.

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

20 (j) The state may not allocate money to a municipality for a  
21 school construction project under (a)(5) of this section unless the  
22 municipality complies with the requirements of (1) and (2) [(1) - (4)]  
23 of this subsection and the project is approved by the commissioner  
24 before the local vote on the bond issue for the project. In approving  
25 a project under this subsection, the commissioner shall 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; and

1 (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL  
2 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL  
3 DEBT SERVICE ON THE ORIGINAL ISSUE;

4 (3) THAT THE BONDS MUST BE REPAID IN APPROXIMATELY EQUAL  
5 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS  
6 OVER A PERIOD OF AT LEAST 10 YEARS;

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

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

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

15 \* Sec. 3. AS 14.11.100 is amended by adding a new subsection to read:

16 (1) In this section, "outstanding bonds, notes, or other indebt-  
17 edness" includes bonds issued to refund bonds, notes, or other indebt-  
18 edness issued to pay costs of school construction or to refund the  
19 bonds. Bonds may not be refunded if the time remaining for repayment  
20 on the original bonds is less than five years. The repayment term on  
21 refunding bonds may not exceed 20 years. For the purposes of deter-  
22 mining the level of reimbursement, refunding bonds are considered to  
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24 indebtedness or of the bonds that refund the bonds, whichever is  
25 later. Refunded bonds, notes, or other indebtedness are not consid-  
26 ered outstanding.

27 \* Sec. 4. This Act is retroactive to July 1, 1983.

28 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

29

5-0568B ✓  
Levy  
4/27/87

Adopted  
4/28/87

24

H. Bennett, Zharoff,  
Hansley, Fischer  
Against - Binkley & Helling  
Absent - Duncan

Original sponsors: Fischer, Bennett  
and Szymanski

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5-0568B  
Levy  
4/23/87

Original sponsors: Fischer, Bennett  
and Szymanski

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25 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).  
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5-0568B  
Levy  
4/22/87

Original sponsors: Fischer, Bennett  
and Szymanski

*del. to Fischer*

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25 over a period of at least 10 years;

26 (3) [(4)] the municipality to demonstrate need for the  
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28 (A) projected long-term student enrollment that indi-  
29 cates the district has inadequate facilities to meet present or

1 projected enrollment; or

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

5 \* Sec. 2. AS 14.11.100 is amended by adding a new subsection to read:

6 (1) An indebtedness authorized to be reimbursed under this  
7 section may be refunded only if, after the refunding, the total debt  
8 service of a municipality in a fiscal year on indebtedness authorized  
9 to be reimbursed under this section is not less than the amount of  
10 reimbursement authorized under this section before the refunding. If  
11 an indebtedness authorized to be reimbursed under this section is  
12 refinanced or restructured, the amount of reimbursement in a fiscal  
13 year is the amount of reimbursement payable under this section on the  
14 original issue.

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5-0568B  
Levy  
4/14/87

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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 only if [UNLESS]  
21 the [ANNUAL] debt service on the refunding bonds in a fiscal year  
22 [ISSUE] is not less [GREATER] than the amount of reimbursement au-  
23 thorized under (1) of this section [ANNUAL DEBT SERVICE ON THE ORIGI-  
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8 (1) If an indebtedness authorized to be reimbursed under (a) of  
9 this section is refinanced or restructured, the amount of reimburse-  
10 ment in a fiscal year is the amount that would have been reimbursable  
11 on the refunded indebtedness in the year for which reimbursement is  
12 claimed if the indebtedness had not been refinanced or restructured.

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**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

Bill Version : SB 150  
Publish Date : \_\_\_\_\_

**REQUEST:** \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Bonds issued for school  
construction  
Sponsor: Senator Fischer . . .  
Requestor: \_\_\_\_\_

Agency Affected: Dept of Education  
BRU: \_\_\_\_\_  
Components : \_\_\_\_\_

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: \_\_\_\_\_ Phone: 465-4985  
Division: Senator John Binkley, Co-chairman Date: 4/16/87  
Senate Finance Committee

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

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)  
 Senate Secretary

page \_\_\_\_\_ of \_\_\_\_\_

*Super "CS" & "Fin"  
on FN*

*SB 150*

GOVERNOR'S TASK FORCE ON LOCAL GOVERNMENT  
Dorothy Jones, Chairperson  
P.O. Box 1608  
Palmer, Alaska 99645

April 15, 1987

The Honorable Steve Cowper  
Alaska State Legislators

We, the Mayors of Alaskan Municipalities after many meetings and considerable investigation and work, have agreed upon the following points:

1. The legislature should act as quickly as possible to allow municipalities to refinance their existing school bond indebtedness. HB 204 represents the best approach. To avoid large impacts to local property taxes in most boroughs, the bill must be passed by May 1, 1987. Over 80% of the annual savings would accrue to the State.

2. SB 119, changes to the Education Foundation Formula should be passed as originally introduced, without amendments.

3. The state must continue adequate maintenance of state roads. The \$.08 increase in the motor fuel tax should be enacted and the funds targeted for operations and maintenance. Recent layoffs of maintenance personnel throughout the system indicate that FY '87 revised levels of appropriation are inadequate, even in a year when weather was not severe.

4. The senior citizens property tax exemption should be funded at \$3.0 million. Even if the legislature enacts HB 159, making the exemption a local option, this will not aid municipalities this year. Most municipalities have already granted the state mandated exemption for 1987.

5. Reductions to Municipal Assistance and Revenue Sharing should be the same as reduction to the overall state general programs--approximately 8.4%, not 20%. At least \$7.5 million, \$5.5 million and \$23 million respectively should be added to the current proposal levels of appropriations to meet this "fairness test."

Long Knave  
Mayor of Anchorage

Dorothy A. Jones  
Mayor, Mat-Su

Juanita Helms, (dy)  
Mayor, Fairbanks  
North Star

David Thompson  
Mayor - Kenai Boro

John R. Pugh, (dy)  
Mayor - City of Kodiak

4/16/87

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3. The state must continue adequate maintenance of state roads. The \$.08 increase in the motor fuel tax should be enacted and the funds targeted for operations and maintenance. Recent layoffs of maintenance personnel throughout the system indicate that FY '87 revised levels of appropriation are inadequate, even in a year when weather was not severe.
4. The senior citizens property tax exemption should be funded at \$3.0 million. Even if the legislature enacts HB 159, making the exemption a local option, this will not aid municipalities this year. Most municipalities have already granted the state mandated exemption for 1987.
5. Municipal assistance, revenue sharing and debt retirement for FY '88 should be increased, over the Governor's recommended budget for FY '88, at least \$7.5 million, \$5.5 million and \$23 million respectively. These increases are warranted in light of the approximately 20 per cent cut these programs have suffered. This is not to imply that further cuts are warranted in specific agency budgets or entitlement programs where reduced funding has and will jeopardize essential services or threaten the stability of local economies.

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4/16/87

## GOVERNOR'S TASK FORCE ON LOCAL GOVERNMENT

Dorothy Jones, Chairperson  
 P.O. Box 1608  
 Palmer, Alaska 99645

April 10, 1987

The Honorable Steve Cowper  
 Alaska State Legislators

We, the Mayors of Alaskan Municipalities after many meetings and considerable investigation and work, have agreed upon the following points:

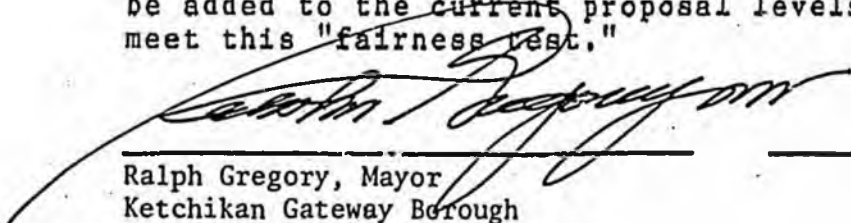
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 \_\_\_\_\_  
 Ralph Gregory, Mayor  
 Ketchikan Gateway Borough

\_\_\_\_\_

\_\_\_\_\_

4/16/87

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of \_\_\_\_\_ 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED \_\_\_\_\_ \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

HESS

Committee considered SB 150

bonds issued for school construction; efd.

and recommended:

[ ] replace with CS \_\_\_\_\_ [ ] same title  
[ ] attached amendment(s) and [ ] new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral

[ ] letter of \_\_\_\_\_

\*\* Com \_\_\_\_\_

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SCHOOL CONSTRUCTION DEBT RETIREMENT - FY88 ESTIMATED STATE AID

4/28/87  
SFC-87  
# 36 22

UPDATED 3/31/87

SCHOOL DISTRICTS	100% BOND SALES PRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/82 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	80% BOND SALES 7/1/83 TO PRESENT CURRENT PAY	80% FY86 BOND ISSUES SOLD FY88 STATE AID EST.	LESS CIG. TAX PAID IN FY86	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY-88
ANCHORAGE	\$8,998,623	\$1,420,866	\$614,451	\$9,281,138	\$3,808,508	\$2,688,000	(\$1,034,514) !	\$25,777,072
BRISTOL BAY	\$0	\$380,520	\$241,254	\$0	\$0	\$0	(\$12,112) !	\$609,662
CORDOVA	\$0	\$0	\$51,093	\$0	\$0	\$0	(\$16,071) !	\$35,022
DILLINGHAM	\$0	\$0	\$27,302	\$0	\$0	\$0	(\$20,341) !	\$6,961
FAIRBANKS	\$3,826,350	\$0	\$163,876	\$10,441,440	\$842,080	\$800,000	(\$314,810) !	\$15,758,936
GALENA	\$0	\$0	\$61,626	\$0	\$0	\$0	(\$10,673) !	\$50,953
HAINES	\$93,398	\$0	\$0	\$0	\$0	\$0	(\$17,540) !	\$75,858
JUNEAU	\$615,914	\$369,960	\$257,672	\$5,706,803	\$65,418	\$0	(\$133,055) !	\$6,882,712
KENAI	\$2,544,655	\$0	\$1,228,856	\$11,651,791	\$8,595,584	\$0	(\$236,525) !	\$23,784,361
KETCHIKAN	\$403,192	\$0	\$527,309	\$2,381,778	\$0	\$0	(\$75,872) !	\$3,236,407
KODIAK	\$428,258	\$1,174,417	\$0	\$2,111,121	\$1,316,500	\$0	(\$72,820) !	\$4,957,476
MAT-SU	\$1,982,675	\$2,657,784	\$0	\$7,379,386	\$9,234,814	\$0	(\$230,361) !	\$21,024,298
NENANA	\$199,369	\$0	\$0	\$0	\$0	\$0	(\$9,425) !	\$189,944
NOME	\$0	\$0	\$0	\$150,758	\$759,371	\$0	(\$28,391) !	\$881,738
NORTH SLOPE	\$737,375	\$1,597,588	\$0	\$8,136,553	\$0	\$0	(\$53,311) !	\$10,418,205
PETERSBURG	\$305,675	\$0	\$0	\$348,318	\$0	\$0	(\$21,641) !	\$632,352
SITKA	\$357,558	\$0	\$137,916	\$0	\$2,137,600	\$0	(\$51,487) !	\$2,581,587
UNALASKA	\$0	\$238,829	\$0	\$0	\$0	\$0	(\$8,675) !	\$230,154
VALDEZ	\$1,231,039	\$1,683,202	\$212,204	\$0	\$0	\$0	(\$30,733) !	\$3,095,712
WRANGELL	\$0	\$126,885	\$0	\$107,313	\$694,226	\$0	(\$18,589) !	\$909,835
YAKUTAT	\$0	\$0	\$78,425	\$0	\$0	\$0	(\$9,513) !	\$68,912
TOTALS	\$21,724,081	\$9,650,051	\$3,601,984	\$57,696,399	\$27,454,101	\$3,488,000	(\$2,406,459)	\$121,208,157

TOTAL BOND OUTLAYS	\$116,524,632
PLUS: CASH PAYMENTS	\$3,601,984
SUB TOTAL	\$120,126,616
NEW &: FY88 EST.	\$3,488,000
SUB TOTAL	\$123,614,616
LESS: CIG. TAX	(\$2,406,459)
EST. STATE AID-FY88	\$121,208,157

FY 1988 ESTIMATE	\$121,208,157
FY 1987 AUTHORIZATION	\$115,845,000
PER ADMIN. ORDER 91	
ESTIMATED INCREASE )))	\$5,363,157

1 IN THE SENATE

BY FISCHER, BENNETT  
AND SZYMANSKI

2

SENATE BILL NO. 150

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

9 \* Section 1. AS 14.11 is amended by adding a new section to read:

10 Sec. 14.11.090. REFINANCING OF SCHOOL CONSTRUCTION DEBT. A  
11 municipality may not refinance school construction debt if the refi-  
12 nancing issue increases the amount of the debt unless the refinancing  
13 issue is placed on the ballot and approved by a majority of the  
14 voters. The ballot proposition must state the amount by which the  
15 refinancing issue will increase the school construction debt.

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

17 (j) The state may not allocate money to a municipality for a  
18 school construction project under (a)(5) of this section unless the  
19 municipality complies with the requirements of (1) and (2) [(1) - (4)]  
20 of this subsection and the project is approved by the commissioner  
21 before the local vote on the bond issue for the project. In approving  
22 a project under this subsection, the commissioner shall require

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

27 (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL  
28 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL  
29 DEBT SERVICE ON THE ORIGINAL ISSUE;

1                   (3) THAT THE BONDS MUST BE REPAYED IN APPROXIMATELY EQUAL  
2 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS  
3 OVER A PERIOD OF AT LEAST 10 YEARS;

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

6                   (A) projected long-term student enrollment that indi-  
7 cates the district has inadequate facilities to meet present or  
8 projected enrollment; or

9                   (B) facilities that require repair or replacement in  
10 order to meet health and safety laws or regulations or building  
11 codes.

12 \* Sec. 3. Section 2 of this Act is retroactive to July 1, 1983.

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

CSSB

150

# HOUSE COMMITTEE REPORT

(11)

Date referred: 5/4/87

FURTHER REFERRALS:

DATE: 5-13-87

The Finance Committee has considered CSSB 150(Fin)

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

**RECOMMENDS:**

- replace with HCS CSSB 150(Fin)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  Finance letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

ARSON Richard J. Larson

SWACK-HAMMER Charles

BOYER Mark Boyer

BROWN Ray Foran

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ADAMS Al Adams no rec

POURCHOT Paul Pourchot no rec

RIEGER Steve Rieger No Recommendation

FRANK Frank no rec.

DAVIS Mike Davis NO REC.

Albert Adams  
Chairman's signature

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
HCS CSSB 150 (Finance)


It is the intent of the Legislature that AS 14.11.100, providing for reimbursement for school construction, be revised to reflect an appropriate balance between future local school construction requirements and the ability of the state to reimburse such school costs on a long term basis.

The Legislature recognizes the obligations of the State to provide financial assistance for local school construction, and the need for municipalities to be assured of a consistent funding level over a long term.

The Legislature also recognizes that severe reductions in present and projected State revenues have made it impractical for the State to meet the commitment currently stated in AS 14.11.100.

The Legislature requests the Governor, interested municipalities and members of the appropriate committees of the Legislature to form a committee for the purpose of recommending statutory revisions to AS 14.11.100 to the Second Session of the Fifteenth Legislature. The report shall take into consideration the following:

1. The ability of the state to provide consistent reimbursement on a long term basis taking into account projected revenues.
2. The affect of school construction reimbursement on State debt capacity.
3. The extent of future local school construction.
4. The need to refinance existing school debt.
5. Equity between grant funding of schools and school debt reimbursement.



Al Adams, Chairman  
House Finance Committee

No 301

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

SENATE  
BILL VERSION: CSSB 150(Fin)  
PUBLISH DATE: 4/29/87

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Relating to Bonds Issued for  
School Construction  
Sponsor: Sen. Fischer  
Requestor: (S) Finance

Agency Affected: \_\_\_\_\_  
BRU: \_\_\_\_\_

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS:

The fiscal impact of this measure cannot be determined because we do not know how many school districts will be restructuring their debt, in what manner or for how long it will be restructured, and what level of commitment the state would provide.

Prepared By: Royce Weller Phone: 465-2300  
Division: Office of the Commissioner/Revenue Date: April 27, 1987

Approved by Commissioner: Hugh Malone Date: April 27, 1987  
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

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

Original sponsors: Fischer, Bennett  
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 150 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

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

10 (c) The school construction account is established. Funds to  
11 carry out the provisions of this section may be appropriated annually  
12 by the legislature to the account. If amounts in the account are  
13 insufficient for the purpose of providing the share to which a borough  
14 or city is entitled under this section, those funds that are available  
15 shall be distributed pro rata among the eligible local governments  
16 except that the legislature may direct that additional debt service on  
17 refunding bonds that exceeds the total debt service on the refunded  
18 bonds be disregarded in whole or in part.

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

20 (j) Except as provided in (1) of this section, the [THE] state  
21 may not allocate money to a municipality for a school construction  
22 project under (a)(5) of this section unless the municipality complies  
23 with the requirements of (1) - (4) of this subsection, [AND] the  
24 project is approved by the commissioner before the local vote on the  
25 bond issue for the project, and the local vote occurs before July 1,  
26 1987, or after June 30, 1988. In approving a project under this  
27 subsection, the commissioner shall require

28 (1) the municipality to include on the ballot for the bond  
29 issue the estimated total cost of each project including estimated

1 total interest, estimated annual operation and maintenance costs,  
2 [AND] the estimated amounts that will be paid by the state and by the  
3 municipality, and the approximate amount that would be due in annual  
4 taxes on \$100,000 in assessed value to retire the debt;

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

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

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

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

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

19 \* Sec. 3. AS 14.11.100 is amended by adding a new subsection to read:

20 (1) In this section, "outstanding bonds, notes, or other indebt-  
21 edness" includes bonds issued to refund bonds, notes, or other indebt-  
22 edness issued to pay costs of school construction or to refund the  
23 bonds. Refunded bonds, notes, or other indebtedness are not consid-  
24 ered outstanding. Bonds may be refunded without compliance with  
25 (j)(2) and (3) of this section if the refunding bonds are issued after  
26 June 30, 1987, and before January 1, 1989, and the time remaining for  
27 repayment on the original bonds is more than five years. The repay-  
28 ment term on refunding bonds may not exceed 20 years. For the pur-  
29 poses of determining the level of reimbursement, refunding bonds are

1 considered to be issued as of the date of the first issue of bonds,  
2 notes, or other indebtedness or of the bonds that refund the bonds,  
3 whichever is later.

4 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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REPRESENTATIVE  
C.E. "SWACK" SWACKHAMMER

## Alaska State Legislature



House of Representatives

SOLDOTNA  
PO. BOX 417  
SOLDOTNA, ALASKA 99669  
(907) 262-7663  
JUNEAU  
BOX V  
JUNEAU, ALASKA 99811  
(907) 465-2689

### PROPOSED INTENT LANGUAGE FOR CSSB 150

It is the intent of the Legislature that AS 14.11.100, providing for reimbursement for school construction, be revised to reflect an appropriate balance between future local school construction requirements and the ability of the state to reimburse such school costs on a long term basis.

The Legislature recognizes the obligations of the State to provide financial assistance for local school construction, and the need for municipalities to be assured of a consistent funding level over a long term.

The Legislature also recognizes that severe reductions in present and projected State revenues have made it impractical for the State to meet the commitment currently stated in AS 14.11.100. *difficult?*

The Legislature requests the Governor, interested municipalities and members of the appropriate committees of the Legislature to form a committee for the purpose of recommending statutory revisions to AS 14.11.100 to the Second Session of the Fifteenth Legislature. The report shall take into consideration the following:

1. The ability of the state to provide consistent reimbursement on a long term basis taking into account projected revenues.
2. The affect of school construction reimbursement on State debt capacity.
3. The extent of future local school construction.
4. The need to refinance existing school debt.
5. ~~Equity between~~ *Equity between grant funding of schools and school debt reimbursement.*

*Objection with this bill we can meet 14.11.100*

CS SB 150

AMENDMENT 1: INSERT ON PAGE ONE, LINE 26, AFTER THE YEAR  
1987:

OR AFTER JUNE 30, 1988.

AMENDMENT 2: INSERT ON PAGE ONE, BEFORE THE SECOND ESTIMATED  
IN SENTENCE:

ESTIMATED TOTAL INTEREST,

*adopted 5-13-87  
amdt. to amdt.*

CS SB 150

AMENDMENT 1: INSERT ON PAGE ONE, LINE 26, AFTER THE YEAR  
1987:

OR AFTER JUNE 30, 1988.

AMENDMENT 2: INSERT ON PAGE ONE, BEFORE THE SECOND ESTIMATED  
IN SENTENCE:

ESTIMATED TOTAL INTEREST, AND THE APPROXIMATE  
AMOUNT THAT WOULD BE DUE IN ANNUAL TAXES ON \$100,000  
IN ASSESSED VALUE TO RETIRE THIS DEBT.

) *Frank  
am. to am.*

AMENDMENT TO: \_\_\_\_\_

Section 2:

- (1) *the municipality to include on the ballot for the bond issue the estimated total cost of each project including estimated total interest, estimated annual operation and maintenance costs, and the estimated amounts that will be paid by the state and by the municipality, and*

SENATE BILL 150

HOUSE BILL 150  
INDEX

1. CSSB 150 (FINANCE)
2. FISCAL NOTE
3. SCHOOL CONSTRUCTION COSTS FY79-FY86
4. SCHOOL CONSTRUCTION FUNDING-OTHER STATES
5. CURRENT STATUTES

Original sponsors: Fischer, Bennett  
and Szymanski

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 150 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

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

10 (c) The school construction account is established. Funds to  
11 carry out the provisions of this section may be appropriated annually  
12 by the legislature to the account. If amounts in the account are  
13 insufficient for the purpose of providing the share to which a borough  
14 or city is entitled under this section, those funds that are available  
15 shall be distributed pro rata among the eligible local governments  
16 except that the legislature may direct that additional debt service on  
17 refunding bonds that exceeds the total debt service on the refunded  
18 bonds be disregarded in whole or in part.

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

20 (j) The state may not allocate money to a municipality for a  
21 school construction project under (a)(5) of this section unless the  
22 municipality complies with the requirements of (1) and (2) [(1) - (4)]  
23 of this subsection and the project is approved by the commissioner  
24 before the local vote on the bond issue for the project. In approving  
25 a project under this subsection, the commissioner shall 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; and

1           (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL  
2 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL  
3 DEBT SERVICE ON THE ORIGINAL ISSUE;

4           (3) THAT THE BONDS MUST BE REPAID IN APPROXIMATELY EQUAL  
5 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS  
6 OVER A PERIOD OF AT LEAST 10 YEARS;

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

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

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

15 \* Sec. 3. AS 14.11.100 is amended by adding a new subsection to read:

16           (1) In this section, "outstanding bonds, notes, or other indebt-  
17 edness" includes bonds issued to refund bonds, notes, or other indebt-  
18 edness issued to pay costs of school construction or to refund the  
19 bonds. Bonds may not be refunded if the time remaining for repayment  
20 on the original bonds is less than five years. The repayment term on  
21 refunding bonds may not exceed 20 years. For the purposes of deter-  
22 mining the level of reimbursement, refunding bonds are considered to  
23 be issued as of the date of the first issue of bonds, notes, or other  
24 indebtedness or of the bonds that refund the bonds, whichever is  
25 later. Refunded bonds, notes, or other indebtedness are not consid-  
26 ered outstanding.

27 \* Sec. 4. This Act is retroactive to July 1, 1983.

28 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).



No 301

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

SENATE  
BILL VERSION: CSSB 150(Fin)  
PUBLISH DATE: 4/29/87

REQUEST

Revision Date: \_\_\_\_\_  
Title: Relating to Bonds Issued for  
School Construction  
Sponsor: Sen. Fischer  
Requestor: (S) Finance

Agency Affected: \_\_\_\_\_  
BRU: \_\_\_\_\_

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<u>OPERATING</u>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS:

The fiscal impact of this measure cannot be determined because we do not know how many school districts will be restructuring their debt, in what manner or for how long it will be restructured, and what level of commitment the state would provide.

Prepared By: Royce Weller Phone: 465-2300  
Division: Office of the Commissioner/Revenue Date: April 27, 1987

Approved by Commissioner: Hugh Malone Date: April 27, 1987  
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA  
DEPARTMENT OF REVENUE

M E M O R A N D U M

TO: The Honorable Hugh Malone  
Commissioner

FROM: Milt Barker *MB*  
Deputy Commissioner

DATE: April 24, 1987

RE: School Debt Refinancing

Based on the April 14, 1987 analysis of House Research, refinancing school debt with more than five years of State reimbursement remaining (61 bond issues) over 20 years at 7 percent interest would increase total debt service to maturity by \$261.7 million. If this increased cost is reimbursed by the State based on the percentage reimbursement for the original issues (as proposed by the Governor's Task Force on Local Government--CS HB 204 (HESS)), the State would pick up \$213.6 million of the additional interest cost and the municipalities would pay \$48.1 million additional. Under the administration proposal, the amount of refinancing would be limited to roughly 20 percent of debt outstanding, which means the additional interest cost would be about \$50.3 million, approximately the same increase in municipal debt service burden that might occur under the Task Force proposal.

The attached table analyzes the effect on State reimbursement of the administration's and Task Force's proposals, using the House Research refinancing numbers for the Task Force proposal. The Task Force proposal would result in continued State obligations for debt service that utilize much of the 5 percent of revenue guideline that has been used as the measure of the State's debt capacity. Each \$1 million within the 5 percent limit would otherwise support the issuance of approximately \$10 million of debt for State capital improvements or additional municipal school needs. Thus, the table indicates approximately \$550 million more debt could be incurred after FY 96 under the administration's proposal than under the Task Force proposal.

MB/gb

Attachment

Page 2 of 3

Ratio of Debt Service to Unrestricted Revenues  
(\$ Millions)

Year	School Debt Entitlements (Authorized State Reimbursement)				GO, U of A, and Lease Financing Debt Service	GO & All State-Supported Debt Service	
	Administration Proposal		Task Force Proposal (CS HB 204 (HESS))			Administration Proposal	Task Force Proposal (CS HB 204 (HESS))
	\$	%	\$	%			
1988	\$115.1	7.5%	\$ 98.2	6.4%	10.5%	18.0%	16.9%
1989	112.2	7.1	94.9	6.0	9.4	16.5	15.4
1990	108.4	6.4	71.7	4.2	8.0	14.4	12.2
1991	104.8	6.6	66.1	4.2	6.8	13.4	11.0
1992	102.1	6.0	57.4	3.4	4.9	10.9	8.3
1993	92.7	5.3	54.9	3.1	4.1	9.4	7.2
1994	79.7	4.4	54.9	3.0	2.4	6.8	5.4
1995	69.3	3.9	54.9	3.1	1.7	5.6	4.8
1996	58.5	3.3	54.9	3.1	1.7	5.0	4.8
1997	33.6	1.9	54.9	3.1	1.4	3.3	4.5
1998	31.5	1.8	54.9	3.1	1.2	3.0	4.3
1999	30.9	1.8	54.9	3.2	1.0	2.8	4.2
2000	22.2	1.3	54.9	3.2	.6	1.9	3.8
2001	19.1	1.1	54.9	3.2	.4	1.5	3.6
2002	7.6	.5	54.9	3.6	.4	.9	4.0
2003	3.9	.2	54.9	2.8	.3	.5	3.1
2004	2.7	.2	54.9	4.1	.4	.6	4.5
2005	2.6	.2	54.9	4.2	.4	.6	4.6
2006	2.0	NA	54.9	NA	NA	NA	
2007			54.9	NA			
Total	\$999.0		\$1,212.6				





ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100

You asked that we update House Research Agency memorandum 85-233, "School Construction Costs FY 79 - FY 85," to include fiscal years 1986 and 1987. The following tables, 8 through 15, contain the updated information that you requested. (Tables 1 through 7 in the original memorandum are unchanged by the addition of this information so are not included in this memorandum.) Tables 8 and 9 are new tables and provide State payments for debt service reimbursement to the city and borough districts for fiscal years 1986 and 1987. Tables 10 through 15 use the same format as used in tables 8 through 13 in the original memorandum except that fiscal years 1986 and 1987 have been included.

Tables 8 and 9. Table 8 contains FY 86 State payments to reimburse city and borough districts for school bond debt service payments. Table 9 projects the State payments to city and borough districts for FY 87. Each district's entitlement is reduced by its cigarette tax payment. If a district's debt service is insufficient to offset its cigarette tax payment, the cigarette tax payment is included as a State payment to the district.

Table 10. This table provides a summary of State payments for reimbursement of city and borough debt service payments for fiscal years 1979 through 1987.

Tables 11 and 12. These tables contain capital appropriations for school repair and construction for fiscal years 1979 through 1987. Fiscal Year 1987 appropriations have been adjusted to reflect budget restrictions imposed by Governor Sheffield.

Table 13. Table 13 contains municipal grants to city and borough districts for FY 81 (the first year grants to municipalities were authorized) through FY 87. As with capital appropriations, the FY 87 municipal grant appropriations have been adjusted to reflect Governor Sheffield's budget restrictions.

TABLE 8  
School District Debt Retirement FY 86

School District	Total District Entitlement	Less FY 84 Cigarette Tax	District Entitlement Pro Rata @ 96.9078
Anchorage	\$24,777,370	\$1,069,038	\$22,975,223
Bristol Bay	676,839	11,959	644,321
Cordova	282,379	18,651	255,573
Craig	0	9,784	9,784
Dillingham	258,549	19,203	231,945
Fairbanks	13,763,500	306,306	13,041,071
Galena	53,116	10,247	41,543
Haines	146,989	18,480	124,535
Hoonah	0	12,136	12,136
Hydaburg	0	7,268	7,268
Juneau	6,750,865	134,083	6,412,178
Kake	0	11,205	11,205
Kenai	16,014,986	225,209	15,301,526
Ketchikan	3,238,163	84,391	3,056,251
King Cove	78,837	9,038	67,641
Klawock	0	9,968	9,968
Kodiak	6,415,689	74,996	6,144,626
Mat-Su	14,489,254	178,290	13,868,440
Nenana	223,702	10,544	206,567
Nome	0	29,540	29,540
North Slope	19,037,435	53,934	18,396,493
Pelican	0	5,733	5,733
Petersburg	1,039,061	23,027	984,616
Sand Point	0	8,461	8,461
Sitka	643,113	56,326	568,642
Skagway	11,146	10,387	736
St. Mary's	0	9,677	9,677
Tanana	0	7,333	7,333
Unalaska	238,986	10,543	221,379
Valdez	3,030,321	33,917	2,903,749
Wrangell	916,409	20,222	868,475
Yakutat	0	10,113	10,113

Source: Department of Education, Division of Management, Law and Finance.

Note: If the school district has insufficient local debt with which to offset the cigarette tax, the cigarette tax payment made two years previously is included in the pro-rata district entitlement column.

Prepared by the House Research Agency, February 1987 (debt86;010787-08).

Representative Larson  
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Table 14. Table 14 summarizes the debt retirement payments, capital appropriations and municipal grants for school construction made to city and borough school districts from FY 79 through FY 87.

Table 15. This table ranks Alaska's school districts according to the State's contribution to construction funding per average ADM for the period FY 79 through FY 87.

I hope you find this information useful. Should you need additional research, please contact the agency.

JL

Attachments

TABLE 8  
School District Debt Retirement FY 86

School District	Total District Entitlement	Less FY 84 Cigarette Tax	District Entitlement Pro Rata @ 96.9078
Anchorage	\$24,777,370	\$1,069,038	\$22,975,223
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Dillingham	258,549	19,203	231,945
Fairbanks	13,763,500	306,306	13,041,071
Galena	53,116	10,247	41,543
Haines	146,989	18,480	124,535
Hoonah	0	12,136	12,136
Hydaburg	0	7,268	7,268
Juneau	6,750,865	134,083	6,412,178
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King Cove	78,837	9,038	67,641
Klawock	0	9,968	9,968
Kodiak	6,415,689	74,996	6,144,626
Mat-Su	14,489,254	178,290	13,868,440
Nenana	223,702	10,544	206,567
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North Slope	19,037,435	53,934	18,396,493
Pelican	0	5,733	5,733
Petersburg	1,039,061	23,027	984,616
Sand Point	0	8,461	8,461
Sitka	643,113	56,326	568,642
Skagway	11,146	10,387	736
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Valdez	3,030,321	33,917	2,903,749
Wrangell	916,409	20,222	868,475
Yakutat	0	10,113	10,113

Source: Department of Education, Division of Management, Law and Finance.

Note: If the school district has insufficient local debt with which to offset the cigarette tax, the cigarette tax payment made two years previously is included in the pro-rata district entitlement column.

Prepared by the House Research Agency, February 1987 (debt86;010787-08).

TABLE 9  
Projected School District Debt Retirement FY 87

School District	Total District Entitlement	Less FY 84 Cigarette Tax	District Entitlement Pro Rata @ 89.0
Anchorage	\$29,176,969	\$1,079,068	\$25,007,132
Bristol Bay	445,859	11,389	386,678
Cordova	637,288	17,524	551,590
Craig	0	9,211	9,211
Dillingham	228,818	20,132	185,731
Fairbanks	15,065,339	307,232	13,134,715
Galena	200,145	10,101	169,139
Haines	183,323	17,287	147,772
Hoonah	0	11,488	11,488
Hydaburg	0	7,776	7,776
Juneau	6,929,048	130,529	6,050,682
Kenai	0	11,479	11,479
Kenai	24,973,664	224,383	22,026,860
Ketchikan	4,243,394	77,678	3,707,487
King Cove	26,313	8,587	15,776
Klawock	0	9,180	9,180
Kodiak	5,838,344	72,057	5,131,995
Mat-Su	21,693,292	202,659	19,126,663
Nenana	27,700	9,404	16,283
Nome	883,990	29,122	760,833
North Slope	12,934,404	52,718	11,464,701
Pelican	0	5,344	5,344
Petersburg	755,520	21,977	652,853
Sand Point	0	7,457	7,457
Sitka	2,911,075	52,770	2,543,891
Skagway	0	8,587	8,587
St. Mary's	0	8,345	8,345
Tanana	0	7,171	7,171
Unalaska	241,258	9,749	206,043
Valdez	3,186,960	31,198	2,808,628
Wrangell	909,154	18,966	792,267
Yakutat	0	9,432	9,432

Source: Department of Education, Division of Management, Law and Finance.

Note: If the school district has insufficient local debt with which to offset the cigarette tax, the cigarette tax payment made two years previously is included in the pro-rata district entitlement column.

Prepared by the House Research Agency, February 1987 (debt87;010787-08).

TABLE 10

Summary of School Debt Reimbursement  
City and Borough School Districts  
FY 1979- FY 1987

School District	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	Total Debt Service Reimbursement
Anchorage	\$9,944,228	\$9,739,145	\$11,446,809	\$9,914,812	\$10,600,508	\$18,552,237	\$17,368,912	\$22,975,223	\$25,007,132	\$135,549,006
Bristol Bay	115,702	66,666	83,934	18,033	248,427	369,613	348,873	644,321	386,678	2,282,247
Cordova	88,853	79,773	100,172	107,594	92,023	105,881	102,702	255,573	551,590	1,484,161
Craig	0	0	8,870	9,615	9,494	10,673	27,579	9,784	9,211	85,226
Dillingham	0	52,527	25,773	56,244	289,767	19,752	171,456	231,945	185,731	1,033,194
Fairbanks	3,423,535	2,950,046	4,682,779	4,264,639	3,957,939	10,572,624	12,235,372	13,041,071	13,134,715	68,262,720
Galena	41,472	8,900	19,591	8,861	38,899	45,998	310,177	41,543	169,139	684,581
Haines	59,180	62,281	79,347	76,815	70,287	71,383	45,375	124,535	147,772	736,975
Hoonah	0	0	12,648	11,940	11,480	13,013	30,578	12,136	11,488	103,283
Hydaburg	0	0	6,641	7,234	6,451	7,589	15,585	7,268	7,776	58,544
Juneau	951,494	906,071	750,591	716,130	596,430	6,862,038	6,459,259	6,412,178	6,050,682	29,704,873
Kenai	20,226	17,842	10,044	10,243	10,047	12,037	28,579	11,205	11,479	131,702
Kenai	2,935,930	2,752,344	5,137,595	5,305,047	4,976,771	14,689,874	14,297,498	15,301,526	22,026,860	87,423,445
Ketchikan	445,871	474,445	633,000	829,553	579,141	2,497,585	2,850,188	3,056,251	3,707,487	15,073,521
King Cove	0	45,686	8,032	7,904	8,147	9,412	21,189	67,641	15,776	183,787
Klawock	0	0	5,250	5,517	5,793	7,149	15,683	9,968	9,180	58,540
Kodiak	283,969	317,600	616,090	634,491	409,500	3,080,245	5,581,074	6,144,626	5,131,995	22,199,591
Mat-Su	1,702,368	2,013,834	3,366,634	3,886,096	3,649,216	10,130,371	10,328,641	13,868,440	19,126,663	68,072,264
Nenana	17,644	16,569	37,045	12,520	10,231	9,956	26,007	206,567	16,283	352,822
Nome	0	223	28,617	28,100	22,872	34,787	90,256	29,540	760,833	995,228
North Slope	1,427,577	2,385,356	8,874,459	9,197,724	9,635,035	18,269,302	17,415,286	18,396,493	11,464,701	97,065,933
Pelican	0	0	4,539	4,535	4,779	5,000	9,293	5,733	5,344	39,223
Petersburg	272,194	268,710	417,198	491,695	539,307	874,758	779,415	984,616	652,853	5,280,746
Sand Point	0	0	0	8,081	7,684	9,064	19,222	8,461	7,457	59,969
Sitka	339,460	430,335	400,861	657,758	658,421	1,019,581	242,348	568,642	2,543,891	6,861,298
Skagway	12,142	14,700	14,588	16,219	23,035	21,530	7,972	736	8,587	119,509
St. Mary's	76,559	0	43,963	8,486	8,424	9,522	21,532	9,677	8,345	186,508
Tanana	0	0	0	0	0	0	0	7,333	7,171	14,504
Unalaska	1,103	0	8,364	8,203	9,145	144,184	215,201	221,379	206,043	813,622
Valdez	103,004	1,484,242	1,604,466	1,993,931	2,716,220	3,117,975	4,056,164	2,903,749	2,808,628	20,788,379
Wrangell	10,799	2,485	45,261	82,855	63,803	161,514	322,277	868,475	792,267	2,349,736
Yakutat	0	0	8,165	8,049	8,473	28,130	14,785	10,113	9,432	87,147

Source: Department of Education, Division of Management, Law and Finance.

Notes: FY 1987 debt service reimbursements are estimated.

Prepared by the House Research Agency, February 1987 (sundre; 010787-08).

TABLE 11

## Capital Appropriations For School Construction

## Regional Educational Attendance Areas

FY 1979-1987

School District	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	Total App. FY 79-87	Average ADM FY 79-87	Total Approp. Per ADM	
Adak	\$2,000,000	\$0	\$0	\$0	\$480,800	\$0	\$0	\$0	\$50,000	\$2,530,800	585	\$4,326	
Alaska Gateway	2,615,000	144,000	1,529,200	3,610,300	145,000	2,250,000	7,900,000	0	200,000	18,393,500	453	40,584	
Aleutian	2,417,400	0	0	2,630,600	1,800,000	0	1,462,000	600,000	0	8,910,000	124	72,113	
Annette	0	0	4,392,500	1,100,000	120,000	0	0	1,000,000	0	6,612,500	364	18,144	
Bering Strait	13,310,700	0	4,666,000	8,934,300	2,200,000	2,340,000	4,300,000	0	0	35,751,000	821	43,552	
Chatham	1,900,000	0	1,251,000	1,216,000	435,500	1,950,000	1,450,000	493,700	0	8,696,200	257	33,779	
Chugach	0	1,600,000	0	0	0	160,000	2,170,000	325,000	0	4,255,000	83	51,541	
Copper River	0	81,500	1,200,000	75,000	1,134,600	0	1,400,000	3,000,000	575,000	7,466,100	547	13,652	
Delta/Greely	40,000	865,100	0	3,800,000	85,000	0	3,460,000	734,600	0	8,984,700	901	9,974	
Iditarod	3,693,500	829,300	2,711,000	2,357,500	250,000	3,200,000	4,300,000	50,000	856,300	18,247,600	325	56,089	
Kuspuk	4,656,500	605,000	8,438,700	5,630,000	230,000	1,000,000	1,640,000	0	0	22,200,200	334	66,401	
Lake & Peninsula	5,252,700	406,900	4,305,900	2,594,800	3,983,400	0	420,000	0	900,000	17,863,700	351	50,878	
Lower Kuskokwim	24,815,700	1,151,100	12,432,000	7,331,000	300,000	6,149,000	8,785,000	3,000,000	200,000	64,163,800	2,143	29,947	
Lower Yukon	5,770,500	1,670,800	3,741,000	5,012,200	1,631,800	0	3,421,000	200,000	0	21,447,300	1,214	17,660	
Northwest Arctic	12,211,400	542,900	10,658,700	10,091,500	0	2,550,000	0	2,000,000	4,400,000	42,454,500	1,466	28,966	
Pribilof	1,000,000	0	445,000	115,000	200,000	0	0	0	0	1,760,000	163	10,768	
Railbelt	3,400,000	401,000	2,735,000	0	100,000	500,000	2,500,000	0	0	9,636,000	338	28,528	
Southeast Island	571,000	0	856,000	776,000	0	1,590,000	1,353,000	635,000	105,600	5,886,600	378	15,568	
Southwest Region	6,420,900	0	2,392,000	5,523,200	1,000,000	2,035,000	1,750,000	0	50,000	19,171,100	486	39,474	
Yukon Flats	2,485,100	1,665,000	2,672,500	3,148,500	1,070,000	500,000	6,155,000	2,400,000	0	20,096,100	321	62,583	
Yukon Koyukuk	7,536,000	400,000	1,575,000	1,339,000	3,420,000	1,000,000	2,739,000	100,000	55,800	18,164,800	541	33,597	
Kashunamiut									0	0	0	162	0
Yupit									0	0	0	288	0

Notes: FY 81 appropriations include a \$75,000 municipal grant to Stebbins (Bering Strait) and a \$75,000 municipal grant to Ruby (Yukon-Koyukuk)

FY 82 appropriations includes municipal grants totaling \$71,000 to Eagle and Tanacross (Alaska Gateway), a grant of \$8,840,000 to Kotzebue (Northwest Arctic) and a \$35,000 municipal grant to Nulatto (Yukon-Koyukuk).

FY 83 appropriations include municipal grants totaling \$200,000 awarded to Stebbins and Koyuk (Bering Straits).

FY 85 appropriations include an \$808,300 municipal grant to Teller (Northwest Arctic).

FY 87 appropriations reflect Governor's budget restrictions imposed September 1986.

Kashunamiut and Yupit became school districts in FY 86.

Source: Department of Transportation and Public Facilities, Central Regional Office; Department of Education, Division of Management, Law and Finance; Summaries of Legislative Appropriations, FY 79-FY 87.

Prepared by the House Research Agency, February 1987 (reacap87;010787-08).

TABLE 12

Capital Appropriations FY 1979-FY 1987  
City and Borough School Districts

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	Total App. FY 79-FY 87
Anchorage	\$0	\$150,000	\$3,180,000	\$0	\$0	\$17,121,500	\$0	\$0	\$0	\$20,451,500
Bristol Bay	0	600,000	0	0	0	0	0	0	0	600,000
Cordova	0	0	0	0	0	0	0	0	400,000	400,000
Craig	1,250,000	0	2,949,000	0	0	0	0	941,000	100,000	5,240,000
Dillingham	0	4,135,000	0	1,984,000	0	190,000	2,800,000	0	0	9,109,000
Fairbanks	0	0	10,000	0	1,859,900	2,691,600	0	0	0	4,561,500
Galena	0	65,000	0	0	0	0	3,000,000	0	0	3,065,000
Haines	245,000	250,000	1,332,000	1,089,200	0	0	34,000	0	0	2,950,200
Hoonah	0	0	0	0	0	0	0	0	0	0
Hydaburg	0	0	0	0	0	0	90,000	15,000	0	105,000
Juneau	0	0	2,500,000	0	0	0	2,250,000	0	0	4,750,000
Kake	500,000	20,000	0	0	0	0	2,516,000	0	0	3,036,000
Kenai	0	0	0	0	0	0	0	0	0	0
Ketchikan	0	0	0	1,250,000	500,000	0	0	545,000	0	2,295,000
King Cove	0	0	0	0	0	0	3,200,000	0	0	3,200,000
Klawock	0	150,000	1,628,000	1,628,000	0	0	0	800,000	50,000	4,256,000
Kodiak	2,638,100	118,600	1,460,000	2,000,000	0	0	0	100,000	0	6,316,700
Mat-Su	0	340,000	225,000	0	106,705	2,000,000	30,000	0	0	2,701,705
Nenana	0	0	102,000	1,400,000	900,000	1,300,000	5,800,000	0	0	9,502,000
Nome	500,000	100,000	1,850,000	1,500,000	0	0	5,000,000	0	2,500,000	11,450,000
North Slope	400,000	0	0	0	0	0	0	0	0	400,000
Pelican	0	0	0	0	0	0	0	0	0	0
Petersburg	0	0	0	0	610,000	0	3,500,000	0	0	4,110,000
Sand Point	0	0	0	8,000,000	0	0	0	0	0	8,000,000
Sitka	0	0	0	0	0	0	0	0	0	0
Skagway	2,500,000	0	0	2,230,000	0	1,500,000	1,500,000	0	0	7,730,000
St. Mary's	0	208,000	2,035,000	2,000,000	200,000	200,000	750,000	0	0	5,393,000
Tanana	0	0	0	0	0	0	150,000	0	0	150,000
Unalaska	0	0	0	0	318,000	0	0	0	0	318,000
Valdez	0	0	0	0	0	0	0	0	0	0
Wrangell	3,000,000	250,000	1,500,000	0	0	6,300,000	0	0	0	10,750,000
Yakutat	0	0	0	0	400,000	0	2,250,000	300,000	0	2,950,000

Source: Department of Transportation and Public Facilities, Central Regional Offices; Department of Education, Division of Management, Law and Finance; Summaries of Legislative Appropriations FY 79 - FY 87. FY 87 appropriations have been revised to reflect the budget revisions of 9/86.

Prepared by the House Research Agency, February 1987. (approp87; 010787-08).

TABLE 13

## Municipal Grants FY 1981-FY 1987

## School Construction

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	Total Grants FY 81-FY 87
Anchorage	\$8,048,000	\$28,618,500	\$29,335,100	\$50,000	\$50,407,300	\$22,467,000	\$35,000	\$138,960,900
Bristol Bay	0	0	0	0	300,000	0	70,000	370,000
Cordova	0	130,000	0	0	0	100,000	0	230,000
Craig	0	600,000	50,000	85,000	0	0	0	735,000
Dillingham	1,620,000	0	0	0	0	0	0	1,620,000
Fairbanks	0	2,626,000	3,156,200	1,875,000	7,617,000	1,876,200	224,000	17,374,400
Galena	100,000	0	0	0	0	0	0	100,000
Haines	0	0	0	186,000	0	30,000	0	216,000
Hoonah	600,000	0	295,500	1,500,000	2,012,500	0	0	4,408,000
Hydaburg	0	3,829,200	0	0	0	0	0	3,829,200
Juneau	0	0	0	3,500,000	0	0	0	3,500,000
Kake	0	0	0	0	0	0	0	0
Kenai	0	0	0	0	10,000	100,000	32,000	142,000
Ketchikan	0	0	0	250,000	750,000	0	0	1,000,000
King Cove	0	0	0	0	0	0	0	0
Klawock	0	0	0	0	0	0	0	0
Kodiak	0	0	450,000	463,000	900,000	2,000,000	0	3,813,000
Mat-Su	0	7,860,300	4,233,000	125,000	8,678,100	1,010,000	0	21,906,400
Menana	0	0	25,000	0	0	0	0	25,000
Nome	0	0	0	496,500	0	0	0	496,500
North Slope	0	0	0	0	463,500	0	0	463,500
Pelican	0	0	533,000	0	0	0	0	533,000
Petersburg	0	2,100,000	0	287,000	23,874	0	0	2,410,874
Sand Point	0	0	0	0	0	0	0	0
Sitka	0	2,905,178	1,923,000	0	1,587,000	70,000	0	6,485,178
Skagway	0	0	0	0	0	0	0	0
St. Mary's	165,000	0	0	0	0	150,000	0	315,000
Tanana	0	0	0	0	0	0	0	0
Unalaska	0	0	0	0	0	0	0	0
Valdez	0	0	0	0	0	0	0	0
Wrangell	0	530,000	0	0	0	0	0	530,000
Yakutat	0	160,000	0	0	0	0	0	160,000

Source: Department of Administration, Division of Administrative Services; Summaries of Legislative Appropriations FY 79-FY 87.  
FY 1987 grants have been adjusted to reflect the Governors budget restrictions imposed 9/86.

TABLE 14

Summary of Municipal Grants, Capital Appropriations and Debt Service  
City and Borough School District  
FY 1979-FY 1987

	Total Grants FY 81-FY 87	Total App. FY 79-FY 87	Debt Service Reimbursement FY 79- FY 87	Total State Contributions FY 79-FY 87	Av. ADM FY 79-FY 87	State Contributions Per Ave. ADM
Anchorage	\$138,960,900	\$20,451,500	\$135,549,006	\$294,961,406	37,310	\$7,906
Bristol Bay	370,000	600,000	2,282,247	3,252,247	213	15,245
Cordova	230,000	400,000	1,484,161	2,114,161	427	4,949
Craig	735,000	5,240,000	85,226	6,060,226	163	37,154
Dillingham	1,620,000	9,109,000	1,033,194	11,762,194	403	29,187
Fairbanks	17,374,400	4,561,500	68,262,720	90,198,620	11,672	7,728
Galena	100,000	3,065,000	684,581	3,849,581	149	25,778
Haines	216,000	2,950,200	736,975	3,903,175	376	10,372
Hoonah	4,408,000	0	103,283	4,511,283	228	19,815
Hydaburg	3,829,200	105,000	58,544	3,992,744	94	42,376
Juneau	3,500,000	4,750,000	29,704,873	37,954,873	4,263	8,904
Kake	0	3,036,000	131,702	3,167,702	198	15,998
Kenai	142,000	0	87,423,445	87,565,445	6,809	12,861
Ketchikan	1,000,000	2,295,000	15,073,521	18,368,521	2,355	7,801
King Cove	0	3,200,000	183,787	3,383,787	118	28,622
Klawock	0	4,256,000	58,540	4,314,540	123	34,983
Kodiak	3,813,000	6,316,700	22,199,591	32,329,291	2,109	15,327
Mat-Su	21,906,400	2,701,705	68,072,264	92,680,369	6,069	15,271
Nonana	25,000	9,502,000	352,822	9,879,822	158	62,707
Nome	496,500	11,450,000	995,228	12,941,728	752	17,202
North Slope	463,500	400,000	97,065,933	97,929,433	1,061	92,280
Pelican	533,000	0	39,223	572,223	46	12,350
Petersburg	2,410,874	4,110,000	5,280,746	11,801,620	570	20,721
Sand Point	0	8,000,000	59,969	8,059,969	113	71,609
Sitka	6,485,178	0	6,861,298	13,346,476	1,621	8,233
Skagway	0	7,730,000	119,509	7,849,509	164	47,960
St. Mary's	315,000	5,393,000	186,508	5,894,508	101	58,490
Tanana	0	150,000	14,504	164,504	77	2,143
Unalaska	0	318,000	813,622	1,131,622	158	7,182
Valdez	0	0	20,788,379	20,788,379	802	25,921
Wrangell	530,000	10,750,000	2,349,736	13,629,736	471	28,938
Yakutat	160,000	2,950,000	87,147	3,197,147	156	20,436

Source: Tables 10, 12 and 13.

Prepared by the House Research Agency, February 1987 (sumgapp; 010787-08).

TABLE 15

Ranking of State Contributions for School Construction  
City and Borough School Districts and REAA'S  
FY 1979 - FY 1987

Rank	Type of District	District	State Contributions Per Ave. ADM	Rank	Type of District	District	State Contributions Per Ave. ADM
1	C&B	North Slope	\$92,280	32	REAA	Lower Yukon	\$17,660
2	REAA	Aleutian	72,113	33	C&B	Nome	17,202
3	C&B	Sand Point	71,609	34	C&B	Kake	15,998
4	REAA	Kuspuk	66,401	35	REAA	Southeast Island	15,568
5	C&B	Nenana	62,707	36	C&B	Kodiak	15,327
6	REAA	Yukon Flats	62,583	37	C&B	Mat-Su	15,271
7	C&B	St. Mary's	58,490	38	C&B	Bristol Bay	15,245
8	REAA	Iditarod	56,089	39	REAA	Copper River	13,652
9	REAA	Chugach	51,541	40	C&B	Kenai	12,861
10	REAA	Lake & Peninsula	50,878	41	C&B	Pelican	12,350
11	C&B	Skagway	47,960	42	REAA	Pribilof	10,768
12	REAA	Bering Strait	43,552	43	C&B	Haines	10,372
13	C&B	Hydaburg	42,376	44	REAA	Delta/Greely	9,974
14	REAA	Alaska Gateway	40,584	45	C&B	Juneau	8,904
15	REAA	Southwest Region	39,474	46	C&B	Sitka	8,233
16	C&B	Craig	37,154	47	C&B	Anchorage	7,906
17	C&B	Klawock	34,983	48	C&B	Ketchikan	7,801
18	REAA	Chatham	33,779	49	C&B	Fairbanks	7,728
19	REAA	Yukon Koyukuk	33,597	50	C&B	Unalaska	7,182
20	REAA	Lower Kuskokwim	29,947	51	C&B	Cordova	4,949
21	C&B	Dillingham	29,187	52	REAA	Adak	4,326
22	REAA	Northwest Arctic	28,966	53	C&B	Tanana	2,143
23	C&B	Wrangell	28,938	54	REAA	Kashunamiut	0
24	C&B	King Cove	28,622	55	REAA	Yupit	0
25	REAA	Railbelt	28,528				
26	C&B	Valdez	25,921				
27	C&B	Galena	25,778				
28	C&B	Petersburg	20,721				
29	C&B	Yakutat	20,436				
30	C&B	Hoonah	19,815				
31	REAA	Annette	18,144				

Prepared by the House Research Agency, February 1987 (ranking;010787-08).





ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

April 27, 1987

MEMORANDUM

TO: Representative C.E. Swackhammer

ATTN: Tom Wright

FROM: Mary Jennings *MJ*  
Legislative Analyst

RE: School Construction Funding In Other States  
Research Request 87.240

You requested that we provide information concerning school construction funding in Arkansas, Florida, Indiana, Minnesota, South Carolina, Vermont and Washington--specifically addressing the issue of whether or not these states allow refinancing of bonds and if municipalities help with school construction financing.

Arkansas does not provide state grants for school construction. Each school district has taxing authority and may issue general obligation bonds with voter approval. Bonds may be refinanced with approval from the state. According to Jim Albright of the state Department of Education, several districts refinanced bonds last year. The state offers a revolving loan program to school districts for construction. Districts with less than 2,000 pupils may borrow up to \$150,000 annually; districts with between 2,000 and 4,000 pupils may borrow up to \$200,000 annually; and districts with over 4,000 may borrow \$300,000 annually. Municipalities are not involved with school construction funding.

In Florida, state school construction funds are distributed based upon the percentage of students, growth in membership, and the size and age of existing buildings within a district. State funds account for approximately 25 percent of construction costs. Each school district has taxing authority and may issue general obligation bonds with voter approval. Bond levies may not exceed six mills without state board of education approval. Districts may refinance bonds, with state approval. Local governments do not help fund school construction.

Indiana funds school construction on the state level with a flat grant of \$40 per pupil for debt service. Municipalities are not involved in funding. Each school corporation has taxing authority and may issue general

obligation bonds. Bonded indebtedness is limited to two percent of assessed value. School corporations may refinance bonds without state approval. School corporations may also enter into lease-rental agreements funded either publicly or privately.

The state has two loans programs for school construction; a total of \$1.75 million was available for loans during FY 86. According to Sandra Hawkins of the Department of Public Instruction, during the last few years, the state has become more flexible in the funding of school construction. She explained that many restrictions have been eased, and school districts are now able to use state construction funds for some repair work, as well as initial capital outlay.

Minnesota school districts have the authority to issue general obligation bonds with voter approval. At the discretion of a district, bonds may be refinanced. School districts may levy the lesser of seven mills or \$90 per pupil unit for general capital outlay.<sup>1</sup> The allowance is increased by \$5 per pupil unit for districts with growing student population and by \$5 per pupil unit for districts with approved secondary vocational or senior industrial arts programs. Districts may also levy the lesser of two mills or \$25 per pupil unit for special purpose capital outlay (energy conservation, handicapped access, fire code compliance). In addition, districts may levy the lesser of two mills or \$25 per pupil unit for hazardous substance capital outlay (asbestos, PCBs). State aid is provided for the difference between the allowance and the amounts raised by the levies. Local governments do not fund school construction. A limited loan program exists to assist school districts with low property valuations. During the last five years, only one loan has been made under this program. According to Floyd Erickson of the state Department of Education, the eligibility criteria for the program has been restricted greatly during the last few years and it has become a diminishing source for capital funds.

South Carolina utilizes a flat rate method for payment of school construction. The current rate is \$30 per pupil in grades 1 - 12 and \$15 per pupil enrolled in kindergarten. The rate will be increased to \$80 per pupil during 1989 as part of the state's Education Improvement Act. Mr. Tupper, of the state Department of Education, stated that another construction fund, which distributes money on the basis of a district's percentage of students, is also utilized. Mr. Tupper added that the legislative appropriations to this fund have been minimal during the past few years. School districts have the authority to issue general obligation bonds, and refinancing is allowed at the district's discretion. The bonding limit varies among school districts. District financing represents approximately 80 percent of total school construction costs. Municipalities are not involved in financing school construction.

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<sup>1</sup>One pupil unit equals one full-time elementary student, counted in the daily membership for the entire school year. A secondary student is weighted as 1.4 pupil units.

Representative Swacknammer  
April 27, 1987  
Page 3

In Vermont, the state pays 30 percent of approved construction costs and 20 percent of debt service on bonds. The state also pays 75 percent of construction costs of special education classrooms. The majority of school districts have the authority to issue bonds, and refinancing of bonds is allowed with state approval. The debt limit is one percent of the assessed property value within a district. According to Ed Ryan of the Virginia Department of Education, a few rural school districts are without taxing authority. Mr. Ryan stated that these districts work with the local municipality in order to gain school construction funds.

Washington funds approved school construction projects on a percentage equalizing basis, with 50 percent aid in average wealth districts--the minimum funding level is 20 percent and the maximum is 90 percent. The board of directors of any school district may issue negotiable bonds with voter approval for school construction purposes. These bonds may be refinanced with state approval. The total debt limit is five percent on assessed property--two percent of which is for capital outlay. Municipalities do not participate in school construction funding.

I hope you find this information useful. I have attached a table prepared by the Education Commission of the States which summarizes state aid for capital outlay or debt service in the fifty states. I have also requested a report from the Florida Department of Education which provides in-depth information concerning school construction funding in 27 states. I will send this to you upon receipt. If you have any questions please feel free to contact me.

Attachment

STATE AID FOR CAPITAL OUTLAY AND/OR DEBT SERVICE  
1985-86

Alabama

\$65 per teacher unit plus bond issue distributed on basis of teacher units and flat grant. Bonded indebtedness may not exceed 80% of estimated annual tax receipts in a given year for a district.

Alaska

80% reimbursement of local debt service for cost of school construction and additions, and other approved projects that exceed \$25,000.

Arizona

Equalizes the effects of .30/.60 on assessed valuation by using per student funding with assessed valuation not having an effect on monies levied as in previous years.

Arkansas

California

A state general obligation bond authorization of \$450 million (secured by the state) was approved by voters in November 1984 for school construction and modernization; funds are distributed by application to the state allocation board based on a priority point system designed to account for various need factors. Excess bond repayments from local education agencies (totaling approximately \$82 million) are used to fund a state/local matching program for deferred maintenance (\$65 million), with the remainder used for school construction.

Colorado

Bonding limit is 20% of assessed valuation. In rapidly growing enrollment districts, 25% of assessed valuation is the limit.

Connecticut

40% - 80% of approved projects, inversely related to district wealth. In regional districts the state pays up to 10% more on an equalized basis but such districts may not receive more than 85% reimbursement. Bonded indebtedness may not exceed 450% of the annual receipts of taxes for the fiscal year preceding the issue.

Delaware

60% of approved projects. 100% for special schools and for vocational schools. Bond issue must be approved by the state. Bonded indebtedness is limited to 10% of the assessed valuation of the district.

Florida

State allocates capital outlay funds based on percentage of FTE membership and growth in FTE membership. Bond levies may not exceed 6 mills without state board of education approval.

<u>Georgia</u>	Grants based on increased growth and consolidation. Bonded indebtedness may not exceed 10% of a school district's total assessed property valuation.
<u>Hawaii</u>	Legislature appropriates funds for entire capital improvements program on a project by project basis.
<u>Idaho</u>	Bonded indebtedness may not exceed 5% of total assessed market value of property.
<u>Illinois</u>	Authorizing legislation exists in capital outlay and debt service. Approximately \$42 million in capital outlay funds was appropriated for FY86.
<u>Indiana</u>	Flat grant of \$40 per pupil for debt service. Bonded indebtedness is limited to 2% of assessed property valuation.
<u>Iowa</u>	Bonded indebtedness is limited to 5% of assessed property value.
<u>Kansas</u>	Districts budgeting a capital outlay levy of at least 3.5 mills may transfer additional monies from their current operating budgets to special capital outlay budgets. Expenditures for acquisition of equipment and building repair may come directly from current operating budgets. Bonded debt limit is 14% of assessed property valuation.
<u>Kentucky</u>	\$1,800 per classroom unit. School Facilities Construction Commission issues and shares cost of bonds and interest with qualifying school districts. Limit on bonded debt set by department of education.
<u>Louisiana</u>	Limit for bonded indebtedness is 25% of assessed property valuation in the district.
<u>Maine</u>	All approved expenditures are eligible for reimbursement on previous projects. Local share of new projects is 1 mill or 5% of cost of project, whichever is less. Bonded debt limit is 15% of assessed property valuation for municipalities.
<u>Maryland</u>	All costs except land and local debt service prior to 1971. There is no debt limit except in charter counties where the debt limit is 10% of the assessed property valuation of the district.
<u>Massachusetts</u>	Aid is distributed on a percentage equalizing basis. Districts receive a percentage of the total expenditures per school-attending child. These percentages vary according to the property wealth of each district. The state also aids 50% of debt service. Bonding limit is 2.5% of equalized assessed property value in cities and 5% in towns.
<u>Michigan</u>	

Minnesota

Districts may levy the lesser of 7 mills or \$90 per pupil unit for general capital outlay. The allowance is increased by \$5 per pupil unit for districts with growing pupil units, and by \$5 per pupil unit for districts with approved secondary vocational or senior industrial arts programs. Districts may also levy the lesser of 2 mills or \$25 per pupil unit for special purpose capital outlay (energy conservation, handicapped access, fire code compliance). In addition, districts may levy the lesser of 2 mills or \$25 per pupil unit for hazardous substance capital outlay (asbestos, PCB's). State aids are provided for the difference between the allowances and the amounts raised by the levies. There is also a limited loan program to assist districts with high debt service effort.

Mississippi

State provides \$18 per year per pupil in ADA. Debt limit is 15% of assessed property valuation.

Missouri

Montana

Bonded indebtedness may not exceed 29% of taxable property value of district.

Nebraska

Bonding limit is 40% of assessed property value.

Nevada

Bonded indebtedness may not exceed 15% of assessed valuation.

New Hampshire

30% - 50% of annual payment of bonded principal for approved projects. Debt limit varies for cities and regional districts. town school districts are limited to 7% of local assessed valuation.

New Jersey

Equalized to wealth of district for debt service and capital outlay of previous year. Bonding debt limit varies according to district type. Type II districts are limited to 4% of total average equalized value of real property. Regional districts (K-8) limited to 3%, (K-6) 2.5%, (7-12) 3.5%, and first class cities 8%.

New Mexico

Guarantee of \$35 per mill per program unit less 2 mills, other by application. Bonding limit of 6% of net assessed property valuation.

New York

Aid is provided for approved building expenses including both debt service and capital outlay. Formula "equalizes" based on real property wealth of district. Limits for bonded indebtedness are based on relationship of debt to full value of district. Limit is 10% of property valuation for noncity school districts and New York City; 5% for city schools under 125,000 population and 9% for city school districts over 125,000.

North Carolina

State Literary Loan Fund provides maximum \$100,000 loan to districts at 8% interest. Bonded indebtedness is limited to 8% of total assessed valuation of county.

North Dakota

Bonds may be issued by districts to purchase, enlarge, erect and improve school buildings. 60% majority vote required. State school construction fund also created. Qualifying districts can receive up to 30% of taxable assessed valuation not to exceed \$1 million. Bonding limit is 15% of taxable assessed valuation.

Ohio

Permissible local bonded indebtedness is 9% of assessed property valuation. State helps subsidize school bus purchases, vocational education equipment replacement, and vocational construction.

Oklahoma

Bonded indebtedness cannot exceed 10% of total assessed valuation.

Oregon

Bonding limit is .55% of total assessed property valuation per grade for grades K-8. The limit is .75% per grade for grades 9-12.

Pennsylvania

Approved cost of project; also for rental of facility. The limit for school district indebtedness is based on the level of the borrowing base which is the average of a district's total revenues for the 3 years preceding the year in which such debt will be incurred. Nonvoted debt cannot exceed 250% of the borrowing base, except in Philadelphia where the limitation is 100%. The limitation goes to 300% of the base when new lease rental debt is included (150% in Philadelphia).

Rhode Island

Minimum of 30% of capital outlay expenditures, depending on housing aid ratio plus 75% of difference between debt service costs and yield of a 3 mill tax. Municipal limit for bonded indebtedness is 3% of assessed valuation and this requires voter approval. Beyond that limit, approval of legislature and board of regents is required. All new projects under formula similar to operations aid. Incentive bonus for energy conservation, handicapped access and asbestos removal.

South Carolina

\$30 per pupil enrolled in grades 1-12, \$15 per pupil enrolled in kindergarten. Bonding limit varies among counties and school districts.

South Dakota

Bonding limit is 10% of a district's taxable property value less outstanding bonds.

Tennessee

The cost of capital outlay for the state as a whole is computed on the basis of a per capita amount per pupil in average daily attendance during the preceding school year. It is assumed but not required that 42.5% of the aggregate cost of the program for the state will be available locally for capital outlay. The

law provides that no county shall receive less state capital outlay funds than it received during the 1950-51 school year. Approximately 50% of this amount can be used for debt service.

Texas

Bonding limit is 10% of assessed property value.

Utah

State pays greater of unmet critical needs or eligible amount under continuing school building formula once revenue from 13.5 mills has been applied against district need. In order to qualify for critical building program, districts must levy 17.55 mills. Debt limit is 20% of assessed property value of school district.

Vermont

30% of approved construction costs. 20% of debt service on bonds. No debt limit.

Virginia

Washington

Approved projects on percentage equalizing basis, with 50% aid in average wealth district; minimum 20%, maximum 90%; uniform space criteria is basis of need. Total debt limit is 5% on assessed property, 2% of which is for capital construction.

West Virginia

Approved projects with a flat grant, an amount per student, plus the amount per student times an assistance ratio comparing the bond potential of a district to the state. Bonding limit is 5% of school district assessed valuation.

Wisconsin

Capital outlay financed directly from taxes is included in shared costs, as is up to \$90 per pupil for long-term debt service. Debt is limited to 10% of equalized valuation in K-12 districts, 5% in other districts and 2% in Milwaukee.

Wyoming

Foundation program under which the state provides the difference between \$5,000 per classroom and the yield of a 4 mill district tax effort. Emergency loans available when bonded debt is at least 75% of bonding capacity. Debt limit is 10% of assessed property valuation.

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Prepared by:

Education Commission of the States  
1860 Lincoln Street, Suite 300  
Denver, Colorado 80295

February 1986



SELECT - QUERY  
00001 ALL SECTION EQ 14.11.100

AS14.11.100 DOCUMENT= 1 OF 1

CHAPTER = 14.11  
SECTION = 14.11.100  
TITLE = 14

HEADINGS TITLE 14.  
EDUCATION.  
CHAPTER 11.  
CONSTRUCTION, REHABILITATION, AND IMPROVEMENT OF SCHOOLS AND  
EDUCATION-RELATED FACILITIES.

CITATION SEC. 14.11.100.

CATCH LINE

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT.

TEXT

(A) DURING EACH FISCAL YEAR, THE STATE SHALL ALLOCATE TO A MUNICIPALITY THAT IS A SCHOOL DISTRICT, THE FOLLOWING SUMS:

(1) PAYMENTS MADE BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED BEFORE JULY 1, 1977 TO PAY COSTS OF SCHOOL CONSTRUCTION;

(2) 90 PERCENT OF

(A) PAYMENTS MADE BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED AFTER JUNE 30, 1977 AND BEFORE JULY 1, 1978 TO PAY COSTS OF SCHOOL CONSTRUCTION;

(B) CASH PAYMENTS MADE AFTER JUNE 30, 1976 AND BEFORE JULY 1, 1978 BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION;

(3) 90 PERCENT OF

(A) PAYMENTS MADE BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED AFTER JUNE 30, 1978 AND BEFORE JANUARY 1, 1982 TO PAY COSTS OF SCHOOL CONSTRUCTION PROJECTS APPROVED UNDER AS 14.07.020(11);

(B) CASH PAYMENTS MADE AFTER JUNE 30, 1978 AND BEFORE JULY 1, 1982 BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION PROJECTS APPROVED UNDER AS 14.07.020(11);

(4) SUBJECT TO (H) AND (I) OF THIS SECTION UP TO 90 PERCENT OF

(A) PAYMENTS MADE BY THE MUNICIPALITY DURING THE CURRENT FISCAL YEAR FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS INCURRED AFTER DECEMBER 31, 1981, AND AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY BEFORE JULY 1, 1983, TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS THAT EXCEED \$25,000 AND ARE APPROVED UNDER AS 14.07.020(11); AND

(B) CASH PAYMENTS MADE AFTER JUNE 30, 1982, AND

BEFORE JULY 1, 1983, BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS THAT EXCEED \$25,000 AND ARE APPROVED UNDER AS 14.07.020(11); AND

(C) PAYMENTS MADE BY THE MUNICIPALITY DURING THE CURRENT FISCAL YEAR FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES, OR OTHER INDEBTEDNESS TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS THAT EXCEED \$25,000 AND ARE SUBMITTED TO THE DEPARTMENT OF EDUCATION FOR APPROVAL UNDER AS 14.07.020(11) BEFORE JULY 1, 1983, AND APPROVED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY BEFORE OCTOBER 15, 1983, NOT TO EXCEED A TOTAL PROJECT COST OF (I) \$6,600,000 IF THE ANNUAL GROWTH RATE OF AVERAGE DAILY MEMBERSHIP OF THE MUNICIPALITY IS MORE THAN 7 PERCENT BUT LESS THAN 12 PERCENT, OR (II) \$20,000,000 IF THE ANNUAL A GROWTH RATE OF AVERAGE DAILY MEMBERSHIP OF THE MUNICIPALITY IS 12 PERCENT OR MORE; PAYMENTS MADE BY A MUNICIPALITY UNDER THIS PARAGRAPH ON TOTAL PROJECT COSTS THAT EXCEED THE AMOUNTS SET OUT IN (I) AND (II) OF THIS PARAGRAPH ARE SUBJECT TO (A)(5)(A) OF THIS SECTION.

(5) SUBJECT TO (H), (I), AND (J) OF THIS SECTION, 80 PERCENT OF

(A) PAYMENTS MADE BY THE MUNICIPALITY DURING THE FISCAL YEAR FOR THE RETIREMENT OF PRINCIPAL AND INTEREST ON OUTSTANDING BONDS, NOTES OR OTHER INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983, TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS THAT EXCEED \$25,000 AND ARE APPROVED UNDER AS 14.07.020(11); AND

(B) CASH PAYMENTS MADE AFTER JUNE 30, 1983, BY THE MUNICIPALITY DURING THE FISCAL YEAR TWO YEARS EARLIER TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS THAT EXCEED \$25,000 AND ARE APPROVED UNDER AS 14.07.020(11).

(B) THE COMMISSIONER SHALL ADMINISTER THE PROGRAM OF REIMBURSEMENT AUTHORIZED UNDER THIS SECTION AND SHALL PROVIDE BY REGULATION FOR THE FILING OF APPLICATIONS FOR REIMBURSEMENT, THE FORM OF PROOF OF COSTS FOR WHICH APPLICATION FOR REIMBURSEMENT IS MADE, AND OTHER REGULATIONS NECESSARY TO ADMINISTER THE PROGRAM. THE COMMISSIONER SHALL EXCLUDE FROM THE TOTAL SCHOOL CONSTRUCTION COST OF THE LOCAL DISTRICT ALL STATE AND FEDERAL FUNDS INCLUDED IN THESE COSTS EXCEPT FUNDS PROVIDED UNDER THIS SECTION AND AS 43.50.140. IN APPROVING APPLICATIONS FOR REIMBURSEMENT, THE COMMISSIONER SHALL

(1) OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED THE AMOUNT OF ANY FUNDS DISTRIBUTED TO THE BOROUGH OR CITY IN THE SECOND PRECEDING FISCAL YEAR FROM THE SCHOOL FUND PROVIDED FOR IN AS 43.50.140;

(2) REPEALED, SEC. 10 CH 92 SLA 1982.E

(C) THE SCHOOL CONSTRUCTION ACCOUNT IS ESTABLISHED. FUNDS TO CARRY OUT THE PROVISIONS OF THIS SECTION MAY BE APPROPRIATED ANNUALLY BY THE LEGISLATURE TO THE ACCOUNT. IF AMOUNTS IN THE

ACCOUNT ARE INSUFFICIENT FOR THE PURPOSE OF PROVIDING THE SHARE TO WHICH A BOROUGH OR CITY IS ENTITLED UNDER THIS SECTION. THOSE FUNDS THAT ARE AVAILABLE SHALL BE DISTRIBUTED PRO RATA AMONG THE ELIGIBLE LOCAL GOVERNMENTS.

(D) MONEY IN THE SCHOOL CONSTRUCTION ACCOUNT WHICH, AT THE END OF THE FISCAL YEAR FOR WHICH THE MONEY IS APPROPRIATED, EXCEEDS THE AMOUNT REQUIRED FOR THE ALLOCATIONS AUTHORIZED IN THIS SECTION REVERTS TO THE GENERAL FUND.

(E) THE COMMISSIONER SHALL ANNUALLY PROVIDE A REPORT TO THE LEGISLATURE ON ALLOCATIONS OF STATE AID MADE UNDER THIS SECTION, INCLUDING BUT NOT LIMITED TO, THE AMOUNT OF STATE AID PAID ON A PER CAPITA AND PER STUDENT BASIS AND THE RESULTANT EFFECT ON THE RATE OF LEVY OF TAXES BY THE MUNICIPALITY FOR EDUCATIONAL PURPOSES.

(F) ~~REPEALED, SEC. 17 CH 147 SLA 1978.E~~

(G) ~~REPEALED, SEC. 47 CH 6 SLA 1984.E~~

(H) AN ALLOCATION UNDER (A)(4) OR (5) OF THIS SECTION FOR SCHOOL CONSTRUCTION BEGUN AFTER JULY 1, 1982, SHALL BE REDUCED BY THE AMOUNT OF MONEY USED FOR THE CONSTRUCTION OF RESIDENTIAL SPACE, HOCKEY RINKS, PLANETARIUMS, SAUNAS, AND OTHER FACILITIES FOR SINGLE PURPOSE SPORTING OR RECREATIONAL USES THAT ARE NOT SUITABLE FOR OTHER ACTIVITIES AND BY THE MONEY USED FOR CONSTRUCTION THAT EXCEEDS THE AMOUNT NEEDED FOR CONSTRUCTION OF A FACILITY OF EFFICIENT DESIGN AS DETERMINED BY THE DEPARTMENT. AN ALLOCATION UNDER (A) (4) OR (5) OF THIS SECTION MAY NOT BE REDUCED BY THE AMOUNT OF MONEY USED FOR CONSTRUCTION OF A SMALL SWIMMING POOL, TANK, OR WATER STORAGE FACILITY USED FOR WATER SPORTS. HOWEVER, AN ALLOCATION SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE AMOUNT OF MONEY USED TO CONSTRUCT A SWIMMING POOL THAT EXCEEDS THE STANDARDS ADOPTED BY THE DEPARTMENT AND THE AMOUNT OF MONEY THAT WOULD HAVE BEEN USED TO CONSTRUCT A SMALL SWIMMING POOL, TANK, OR WATER STORAGE FACILITY, AS DETERMINED BY THE COMMISSIONER.

(I) FOR THE PURPOSES OF (A)(4) AND (5) OF THIS SECTION

(1) AN INDEBTEDNESS FOR BONDS IS INCURRED AFTER THE BONDS ARE SOLD;

(2) REIMBURSEMENT FOR A CASH PAYMENT MAY ONLY BE MADE AFTER THE PAYMENT IS MADE TO A VENDOR; AND

(3) PAYMENTS MAY NOT BE MADE FOR COSTS THAT ARE INCURRED UNDER A CONTRACT AFTER THE CONTRACT HAS BEEN RELEASED.

(J) THE STATE MAY NOT ALLOCATE MONEY TO A MUNICIPALITY FOR A SCHOOL CONSTRUCTION PROJECT UNDER (A)(5) OF THIS SECTION UNLESS THE MUNICIPALITY COMPLIES WITH THE REQUIREMENTS OF (1) - (4) OF THIS SUBSECTION AND THE PROJECT IS APPROVED BY THE COMMISSIONER BEFORE THE LOCAL VOTE ON THE BOND ISSUE FOR THE PROJECT. IN APPROVING A PROJECT UNDER THIS SUBSECTION, THE COMMISSIONER SHALL REQUIRE

(1) THE MUNICIPALITY TO INCLUDE ON THE BALLOT FOR THE BOND ISSUE THE ESTIMATED TOTAL COST OF EACH PROJECT INCLUDING ESTIMATED ANNUAL OPERATION AND MAINTENANCE COSTS AND THE ESTIMATED AMOUNTS THAT WILL BE PAID BY THE STATE AND BY THE MUNICIPALITY;

(2) THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL DEBT SERVICE ON THE ORIGINAL ISSUE;

(3) THAT THE BONDS MUST BE REPAYED BY APPROXIMATELY EQUAL ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS OVER A PERIOD OF AT LEAST 10 YEARS;

(4) THE MUNICIPALITY TO DEMONSTRATE NEED FOR THE PROJECT BY ESTABLISHING THAT THE SCHOOL DISTRICT HAS

(A) PROJECTED LONG-TERM STUDENT ENROLLMENT THAT INDICATES THE DISTRICT HAS INADEQUATE FACILITIES TO MEET PRESENT OR PROJECTED ENROLLMENT; OR

(B) FACILITIES THAT REQUIRE REPAIR OR REPLACEMENT IN ORDER TO MEET HEALTH AND SAFETY LAWS OR REGULATIONS OR BUILDING CODES.

(K) AN AMOUNT EQUAL TO THE INTEREST EARNED ON THE INVESTMENT OF THE PROCEEDS OF BONDS ISSUED FOR A SCHOOL CONSTRUCTION PROJECT SHALL BE USED BY THE MUNICIPALITY TO

(1) PAY THE COSTS OF THE PROJECT;

(2) PAY ACCRUED INTEREST ON THE BOND ISSUE;

(3) REDEEM ALL OR PART OF THE BONDS; OR

(4) PAY THE COSTS OF ISSUING THE BONDS.

HISTORY (SEC. 1 CH 249 SLA 1970; AM SEC. 1 CH 93 SLA 1971; AM SEC. 2 CH 137 SLA 1972; AM SEC. 1 CH 28 SLA 1973; AM SEC. 47 CH 127 SLA 1974; AM SECS. 1 - 3 CH 120 SLA 1977; AM SECS. 12, 17 CH 147 SLA 1978; AM SEC. 25 CH 168 SLA 1978; AM SECS. 8 - 10 CH 92 SLA 1982; AM SECS. 1 - 3 CH 82 SLA 1983; AM SEC. 47 CH 6 SLA 1984; AM SEC. 1-5 CH 78 SLA 1985)

#### ANNOTATIONS

CROSS REFERENCES FOR PRESENT PROVISIONS OF FORMER SUBSECTION (G) OF THIS SECTION, SEE AS 14.11.135(3).

REVISOR'S NOTES ENACTED AS AS 43.18.100. RENUMBERED IN 1983.

#### AMENDMENT NOTES

EFFECT OF AMENDMENTS THE 1982 AMENDMENT, SUBSTITUTED "A MUNICIPALITY THAT" FOR "AN ORGANIZED BOROUGH OR A CITY WHICH" IN THE INTRODUCTORY LANGUAGE OF SUBSECTION (A), SUBSTITUTED "THE MUNICIPALITY" FOR "THE BOROUGH OR CITY" IN PARAGRAPHS (1), (2)(A) AND (B), AND (3)(A) AND (B), SUBSTITUTED "90 PERCENT" FOR "80 PERCENT" IN THE INTRODUCTORY LANGUAGE OF PARAGRAPHS (2) AND (3), INSERTED "AND BEFORE JANUARY 1, 1982" IN PARAGRAPH (3)(A) AND (B), AND ADDED PARAGRAPH (4). THE AMENDMENT ALSO REPEALED PARAGRAPH (2) OF SUBSECTION (B), WHICH READ "REQUIRED THE BOROUGH OR CITY TO PROVIDE, WITH ITS APPLICATION, A CERTIFIED COPY OF THE NOTICE TO TAXPAYERS REQUIRED BY AS 43.18.030," AND ADDED SUBSECTIONS (H) AND (I).

THE 1983 AMENDMENT I, IN PARAGRAPH (A)(4), INSERTED "UP TO" IN THE INTRODUCTORY LANGUAGE, INSERTED "AND AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY BEFORE JULY 1, 1983" IN (A), INSERTED "AND BEFORE JULY 1, 1983" IN (B), ADDED "AND" TO THE END OF (B), AND ADDED (C). THE AMENDMENT ALSO ADDED PARAGRAPH (A)(5) AND SUBSECTION (J).

THE 1984 AMENDMENT REPEALED FORMER SUBSECTION (G), WHICH DEFINED "COMMISSIONER" AND "COST OF SCHOOL CONSTRUCTION."

THE 1985 AMENDMENT, EFFECTIVE JULY 1, 1985, IN THE INTRODUCTORY LANGUAGE OF PARAGRAPH (5) OF SUBSECTION (A) INSERTED "AND (J)" AND MADE RELATED STYLISTIC CHANGES AND SUBSTITUTED "80" FOR "50"; IN SUBSECTION (H) IN THE FIRST SENTENCE INSERTED "OR (5)" NEAR THE BEGINNING OF THE SENTENCE AND AT THE END OF THE SENTENCE ADDED THE LANGUAGE BEGINNING "AND BY THE MONEY USED," INSERTED "OR (5)" IN THE SECOND SENTENCE, AND IN THE LAST SENTENCE

SUBSTITUTED "EXC ( )S THE STANDARDS ADOPTED BY THE DEPARTMENT" FOR  
"IS COMPETITION SIZE OR LARGER"; INSERTED "AND (5)" IN THE  
INTRODUCTORY LANGUAGE OF (I); IN SUBSECTION (J) INSERTED  
"MUNICIPALITY COMPLIES WITH THE REQUIREMENTS OF (1) - (4) OF  
THIS SUBSECTION AND THE," INSERTED "INCLUDING ESTIMATED ANNUAL  
OPERATION AND MAINTENANCE COSTS" IN PARAGRAPH (1), AND REWROTE  
PARAGRAPH (4); AND ADDED SUBSECTION (K).

EDITORS NOTES

EDITOR'S NOTES SECTION 10(A), CH. 78, SLA 1985 PROVIDES THAT THE  
1985 AMENDMENT TO (J) OF THIS SECTION APPLY ONLY TO SCHOOL  
CONSTRUCTION PROJECTS APPROVED BY THE COMMISSIONER OF EDUCATION  
AFTER JULY 1, 1985. LEGISLATIVE HISTORY REPORTS FOR REPORT ON  
CH. 28, SLA 1973 (HCSSB 114), SEE 1973 SENATE JOURNAL, P. 312.  
FOR REPORT ON CH. 127, SLA 1974 (SCSHB 817 AM S), SEE 1974 HOUSE  
JOURNAL, P. 657.

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

Original sponsors: Fischer, Bennett  
and Szymanski

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 150 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

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

10 (c) The school construction account is established. Funds to  
11 carry out the provisions of this section may be appropriated annually  
12 by the legislature to the account. If amounts in the account are  
13 insufficient for the purpose of providing the share to which a borough  
14 or city is entitled under this section, those funds that are available  
15 shall be distributed pro rata among the eligible local governments  
16 except that the legislature may direct that additional debt service on  
17 refunding bonds that exceeds the total debt service on the refunded  
18 bonds be disregarded in whole or in part.

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

20 (j) The state may not allocate money to a municipality for a  
21 school construction project under (a)(5) of this section unless the  
22 municipality complies with the requirements of (1) and (2) [(1) - (4)]  
23 of this subsection and the project is approved by the commissioner  
24 before the local vote on the bond issue for the project. In approving  
25 a project under this subsection, the commissioner shall 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; and

1           (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL  
2 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL  
3 DEBT SERVICE ON THE ORIGINAL ISSUE;

4           (3) THAT THE BONDS MUST BE REPAID IN APPROXIMATELY EQUAL  
5 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS  
6 OVER A PERIOD OF AT LEAST 10 YEARS;

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

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

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

15 \* Sec. 3. AS 14.11.100 is amended by adding a new subsection to read:

16           (1) In this section, "outstanding bonds, notes, or other indebt-  
17 edness" includes bonds issued to refund bonds, notes, or other indebt-  
18 edness issued to pay costs of school construction or to refund the  
19 bonds. Bonds may not be refunded if the time remaining for repayment  
20 on the original bonds is less than five years. The repayment term on  
21 refunding bonds may not exceed 20 years. For the purposes of deter-  
22 mining the level of reimbursement, refunding bonds are considered to  
23 be issued as of the date of the first issue of bonds, notes, or other  
24 indebtedness or of the bonds that refund the bonds, whichever is  
25 later. Refunded bonds, notes, or other indebtedness are not consid-  
26 ered outstanding.

27 \* Sec. 4. This Act is retroactive to July 1, 1983.

28 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY FISCHER, BENNETT  
AND SZYMANSKI

2

SENATE BILL NO. 150

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to bonds issued for school construc-  
7 tion; and providing for an effective date."

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

9 \* Section 1. AS 14.11 is amended by adding a new section to read:

10 Sec. 14.11.090. REFINANCING OF SCHOOL CONSTRUCTION DEBT. A  
11 municipality may not refinance school construction debt if the refi-  
12 nancing issue increases the amount of the debt unless the refinancing  
13 issue is placed on the ballot and approved by a majority of the  
14 voters. The ballot proposition must state the amount by which the  
15 refinancing issue will increase the school construction debt.

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

17 (j) The state may not allocate money to a municipality for a  
18 school construction project under (a)(5) of this section unless the  
19 municipality complies with the requirements of (1) and (2) [(1) - (4)]  
20 of this subsection and the project is approved by the commissioner  
21 before the local vote on the bond issue for the project. In approving  
22 a project under this subsection, the commissioner shall require

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

27 (2) [THAT THE BONDS MAY NOT BE REFUNDED UNLESS THE ANNUAL  
28 DEBT SERVICE ON THE REFUNDING ISSUE IS NOT GREATER THAN THE ANNUAL  
29 DEBT SERVICE ON THE ORIGINAL ISSUE;

1                   (3) THAT THE BONDS MUST BE REPAYED IN APPROXIMATELY EQUAL  
2 ANNUAL PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS  
3 OVER A PERIOD OF AT LEAST 10 YEARS;

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

6                   (A) projected long-term student enrollment that indi-  
7 cates the district has inadequate facilities to meet present or  
8 projected enrollment; or

9                   (B) facilities that require repair or replacement in  
10 order to meet health and safety laws or regulations or building  
11 codes.

12 \* Sec. 3. Section 2 of this Act is retroactive to July 1, 1983.

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