

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1339 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86



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ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

January 21, 1986

MEMORANDUM

TO: Representative John Sund
ATTN: John Hartle
FROM: Mary Jennings *mg*
Legislative Analyst
RE: Bonded Indebtedness of Schools in Alaska
Research Request 86-063

You requested a short history of the State program which reimburses construction costs incurred by schools in Alaska. You also requested a tabulation of debt by election district and the amount of the debt covered by the State.

History

Under AS 14.11.100 (originally enacted in 1970 as AS 43.18.100), the State reimburses municipalities 50, 80, 90, or 100 percent of cash expenditures on school construction and debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs were incurred or the debt was issued. School construction costs in Regional Education Attendance Areas (REAA's) are paid by the State and are not included in the reimbursement program.

Although the statute specifies reimbursement rates, the actual amount reimbursed through the program is dependent on annual legislative appropriations to the school construction account and on the amount of cigarette tax receipts allocated to the districts. Historically, appropriations have usually been sufficient to fully fund the level of payments authorized by statute. When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible districts. This was done in FY 79, FY 80, and FY 83.

The 1970 statute provided for a two-year lag between the debt service payment by the municipality and reimbursement by the State. This lag does not apply to debt authorized by the voters after June 30, 1983,

but it still applies to all cash payments. The 1970 statute also stated that reimbursement of debt service is "exclusive of any funds from state or federal sources", which includes cigarette tax receipts. This language continues to be applied.

Table 1 contains a chronology of changes in the percentage of school construction costs reimbursed by the State. The first column lists the percentage of coverage for bonds, notes, or other indebtedness. The second column lists the coverage for cash payments made by the municipality to pay the costs of school construction, additions to schools, and major rehabilitation projects.

For municipalities that constructed schools with cash prior to the enactment of the reimbursement law, the State bases payments on the debt service costs that would have been incurred if the municipality had issued debt securities of 10 years' duration bearing interest at the rate of six percent per year.

Debt

Table 2 shows the amount of school debt outstanding at the end of FY 84 and 85. The percentage of school debt covered by the State is a blending of reimbursement rates in effect for the years in which the debt was incurred.¹ The figures represent maximum potential coverage; they will be realized only if full funding is available every year and there are no cigarette tax receipts.

¹The Department of Revenue has not yet compiled debt coverage figures for FY 85. The information is expected to be available in March.

Table 1

History of Changes in the Percentage of School Construction Costs
Reimbursed by the State of Alaska

	<u>Percentage Reimbursement by the State on Debt Service of the Municipality</u>	<u>Percentage Reimbursement by the State for Cash Payments made by the Municipality</u>
1970	50 percent	0 percent
1971		50 percent*
1972	75 percent (Vocational Education)	
1973		50 percent
1977	100 percent before 7-1-77 50 percent After 7-1-77	100 percent Before 7-1-76 50 percent After 7-1-77
1978	80 percent After 6-30-77	80 percent After 6-30-76
1982	90 percent After 6-30-77	90 percent After 6-30-76
1983	50 percent After 6-30-83	50 percent After 6-30-83
1985	80 percent After 6-30-83	80 percent After 6-30-83

*For municipalities that constructed schools with cash prior to 1973, the State bases payments on the debt service cost that would have been incurred if the municipality had issued debt securities of 10 years duration bearing interest at the rate of six percent per year. The 1973 amendments allowed recovery of the entire amount of cash payments made two years prior to the current year.

Prepared by the House Research Agency, January 1986.

School Debt Outstanding

State and Local Shares of School District Debt Service FY 1979-1985

House Election District	School District	Marine 1 of School		1 of Statewide		Sum of FY 1979-1985 School Debt Service	Cigarette Tax	Percent of Debt Service Covered by Cigarette Tax	Calculated State Share Before Deducting Cig Tax		Actual State Reimbursement (Cigarette Tax Deducted)		Calculated Local Share		Actual Local Share (Cig Tax Deducted)	
		School Debt Outstanding 4-30-84	Debt Paid by State 4-30-84	School Debt Outstanding 4-30-85	School Debt Outstanding 4-30-85				Amount Cig Tax	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1	Ketchikan	128,630,000	921	131,800,000	41	815,492,049	11,091,044	71	613,733,890	612,642,054	821	61,758,951	61,758,951	111		
	Ketchikan	28,450,000	92	19,175,000	3	9,990,952	720,340	7	9,030,131	8,369,783	83	960,821	960,821	10		
	Petersburg	5,225,000	93	2,440,000	0	4,231,617	199,686	5	3,842,964	3,643,278	86	408,653	408,653	10		
	Wrangell	2,355,000	90	9,305,000	1	1,242,200	171,010	14	868,803	688,993	55	381,477	381,477	31		
2	Inside Passage	555,000	100	500,000	0	1,042,826	653,447	63	956,719	593,083	57	86,107	58,790	6		
	Craig	0	0	0	0	0	46,231	0	0	0	0	0	0	0	0	
	Haines	555,000	100	500,000	0	663,892	158,662	24	623,330	464,668	78	48,562	40,562	6		
	Heenah	0	0	0	0	0	79,659	0	0	0	0	0	0	0	0	
	Hydaburg	0	0	0	0	0	43,500	0	0	0	0	0	0	0	0	
	Kake	0	0	0	0	86,202	91,768	106	58,005	0	0	27,317	0	0	0	
	Klawock	0	0	0	0	0	29,392	0	0	0	0	0	0	0	0	
	Palican	0	0	0	0	0	20,146	0	0	0	0	0	0	0	0	
	Stapogay	0	0	0	0	209,175	89,116	43	199,303	110,187	53	9,872	9,872	5		
	Takotna	0	0	0	0	83,557	34,973	60	75,201	18,228	22	8,356	8,356	10		
3	Baranof-Chichagof (Sitka)	2,129,000	100	2,852,250	0	4,793,276	588,294	10	4,249,059	3,740,765	78	544,217	544,217	11		
4	Juneau	41,406,350	60	42,009,010	6	29,490,873	1,144,604	6	18,306,610	17,242,014	84	2,111,455	2,111,455	10		
5	Kenai Coast Inlet (Kenai)	186,615,000	94	188,000,000	13	68,149,260	1,668,454	3	51,755,513	50,095,059	83	8,393,755	8,393,755	14		
6	Prince of Wales Sound	24,305,000	93	22,153,000	3	17,034,662	454,760	3	16,207,760	15,753,000	88	1,626,902	1,626,902	9		
	Cordova	445,000	100	268,000	0	912,904	174,214	19	851,212	676,998	74	61,692	61,692	7		
	Valdez	23,940,000	93	21,885,000	3	16,921,758	280,546	2	15,356,540	15,076,002	89	1,565,210	1,565,210	9		
7-15	Anchorage	212,275,000	91	216,390,000	29	186,556,696	8,805,246	8	96,371,897	87,566,651	82	10,184,799	10,184,799	10		
16	Mat-Su	78,340,000	93	103,360,000	14	48,346,136	1,161,724	3	36,230,086	35,077,160	87	4,107,250	4,107,250	10		
17	Interior Highways (Hoonah)	0	0	190,000	0	214,376	88,974	42	187,952	98,978	46	26,424	26,424	12		
18-21	Fairbanks	82,115,516	94	134,731,120	18	48,863,430	2,410,822	5	44,497,754	42,086,934	86	4,365,674	4,365,674	9		
22	North Slope-Kotzebue	143,822,000	91	67,900,000	9	76,921,075	441,674	1	67,646,412	67,204,738	87	9,274,663	9,274,663	12		
23	Norton Sound (Hoonah)	0	0	0	0	97,475	239,095	246	81,230	0	0	16,245	0	0	0	
24	Interior Rivers	0	0	0	0	807,257	141,774	18	662,891	521,117	65	144,366	144,366	18		
	Galena	0	0	0	0	615,105	79,042	13	528,401	448,559	73	86,784	86,784	14		
	St. Mary's	0	0	0	0	192,152	61,932	32	134,490	72,558	38	57,662	57,662	30		
	Tanana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
26	Bristol Bay-Aleutian Is	7,032,472	90	4,455,000	1	2,993,960	419,128	14	2,531,897	2,163,988	72	462,063	454,975	15		
	Bristol Bay	3,665,000	90	3,535,000	0	1,576,869	101,005	6	1,352,253	1,251,248	79	224,616	224,616	14		
	Dillingham	0	0	0	0	878,684	139,639	16	717,524	577,885	66	141,160	161,160	18		
	King Cove	0	0	0	0	85,397	63,082	74	55,914	0	0	29,483	22,395	26		
	Sand Point	0	0	0	0	0	44,051	0	0	0	0	0	0	0	0	
	Unalaska	3,367,472	90	920,000	0	453,810	71,431	16	486,207	334,776	74	46,803	46,803	10		
27	Kodiak-E Ale Peninsula	29,725,000	83	25,515,000	3	12,823,773	617,694	5	11,548,664	10,922,970	85	1,283,109	1,283,109	10		
Total		8756,430,346	906	8750,256,285	1001	6409,435,132	619,832,336	51	6365,049,152	6345,716,431	841	644,385,980	644,335,330	111		

8Parts of the Kenai school district are in four different election districts. Because the majority of the school district is in election district five, we have attributed all Kenai school district debts to election district five.

Note: Election District 25 contains Rural Education Attendance Areas. There is no debt outstanding because construction costs are paid by the State.

Representative Sund
January 21, 1986
Page Five

Table 2 also shows the State and local shares of school district debt service for the period FY 79 through FY 85.² The column labeled "Cigarette Tax" refers to the school district's share of cigarette tax receipts.³ The cigarette tax is an excise tax of two and one-half mills on the value of all cigarettes imported or acquired in the state. These proceeds and those derived from manufacturer, retailer, and vendor machine license fees are paid into a State fund entitled "School Fund" and are used exclusively to rehabilitate, construct, and repair the State's school facilities and for the insurance to cover these activities. The allocation of this tax is independent of the amount of debt service and/or construction activity of school districts.

The "Calculated State Share" indicates the amount of debt service the State would have reimbursed if cigarette tax allocations were not deducted from the State's share. The "Actual State Reimbursement" is payments net of the cigarette tax allocations. The "Calculated Local Share" and the "Actual Local Share" are the municipalities' shares of debt service before and after deducting cigarette tax, respectively.

Generally, the cigarette tax allocations, actual State reimbursement, and actual local share add up to 100 percent of debt service costs. However, there are some cases where cigarette tax allocations exceed the State and/or State plus local share of debt service. Kake, Norton Sound and King Cove had the local share of debt service reduced by "surplus" cigarette tax allocations.

The average actual State reimbursement of debt service was 84 percent, the average local share was 11 percent, and cigarette tax allocations covered the remaining five percent.

I have attached AS 14.11.100, giving the current percentages of reimbursement and years to which the two-year lag applies. Also attached are amendments to this statute. If you have any questions about this memorandum, or if we can be of further assistance, please contact us.

MJ

Attachments

²Although data for earlier years may be available from the Department of Education, FY 79 is the earliest data we have on file.

³In a given year, the Cigarette tax allocation made two years prior is deducted from the State's share of debt service. Table 2 shows the cigarette tax receipts distributed between 1977 and 1983.

Sec. 14.11.100 State aid for retirement of school construction debt. (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 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 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 amount 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, 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)

(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 capital 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)

(g) Repealed. (Sec. 47 ch 6 SLA 1984)

(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 the single purpose of sporting or recreational uses that are not suitable for other activities and 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 purpose 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 repaid in approximately equal annual principal payments or approximate equal debt service payments over a period of at least 10 years.

(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;

(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.

Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall evaluate projects for which retirement of school construction debt is requested by school districts in accordance with the procedures set out in AS 14.11.010. A request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made.

Sec. 14.11.105. Public School facilities construction advance account. The public school facilities construction advance account is established. The account consists of appropriations for distribution under AS 14.11.105-14.11.135 to boroughs and cities which are school districts to assist in paying the costs of the public school facilities projects approved under AS 14.07.020(1) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978. (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.110. Eligibility. Eligibility of a proposed construction project for funding assistance under AS 14.11.105-14.11.135 shall be determined by the department based on standards and criteria established by regulation. The standard and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;

(4) existing community and school facilities and their condition;
and

(5) economic and social stability of the community. (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.115. State Aid. (a) The amount of state aid payable in advance under AS 14.11.105-14.11.135 is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 percent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under AS 14.11.100(a)(1) or (2) or for an approved school construction project for which payment is made under AS 14.11.100(a)(3), does not exceed 80 percent of the cost of the school construction project.

(c) For purposes of this section,

(1) "debt" means the principal amount of the direct and general obligation indebtedness of the municipality for which all taxable property is subject to taxation to pay the bond, note or other evidence of the debt, determined and reported in accordance with AS 14.17.140(c);

(2) "valuation" means the full and true value of the real and personal property of the municipality determined in accordance with AS 14.17.140(a). (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.120. Application for Aid. (a) The commissioner shall prescribe the necessary forms and procedures to be used in applying for construction cost assistance under AS 14.11.105-14.11.135.

(b) A borough or city which is a school district seeking construction cost aid shall apply to the department by October 15 prior to fiscal year.

(c) Based on the commissioner's review of applications and determination of project eligibility, the commissioner shall recommend to the governor an appropriation of funds for state aid for those projects under AS 14.11.105-14.11.135. (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.125. Conditions of state aid. (a) Funds distributed to a borough or city which is a school district during a school year under AS 14.11.105-14.11.135 shall be received, held, and expended by the district in accordance with the applicable provisions of law and of regulations adopted by the department. Funds provided under AS 14.11.105-14.11.135, but which are not required for the project for which they were granted or which are in excess of that borough's or city which is a district's entitlement for aid under AS 14.11.115 shall be returned to the department and deposited in the general fund.

(b) Each borough or city which is a school district shall maintain financial records of the receipt and disbursement of state funds received under AS 14.11.105-14.11.135 and money provided toward local effort. The records shall be in the form prescribed by the department and are subject to audit by it at any time.

(c) Upon completion of the construction project, the chief school administrator of the district shall report the total cost of the project and means of financing it to the commissioner.

(d) Boroughs and cities that are school district shall secure and maintain in full force and effect adequate property loss insurance for the replacement cost of all facilities constructed after July 1, 1978 and for which state funds are available under AS 14.11.100-14.11.135. (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.130. Construction and Implementation. (a) AS 14.11.105-14.11.135 may not be construed so as to create a debt to the state.

(b) Funds to carry out the provisions of AS 14.11.105-14.11.135 may be appropriated annually by the legislature into the public school facilities construction advance account. If amounts in the account are insufficient to meet the allocations authorized by the commissioner under AS 14.11.105-14.11.135, such funds as are available shall be distributed pro rata among each borough and city which is a school based upon its computed entitlement. (Sec. 13 ch 147 SLA 1978)

Sec. 14.11.135. Definitions. In this chapter, unless the context requires otherwise.

(1) "approved school construction project" means the plan for a new school or an addition to or major rehabilitation of an existing school to the extent to which approved by the commissioner in accordance with AS 14.07.020(11);

(2) "commissioner" means the commissioner of education;

(3) "costs of school construction" means the cost of acquiring, construction, enlarging, repairing, remodeling, equipping or furnishing of public elementary secondary school buildings and includes the sum total of all costs of financing or carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special service, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary;

(4) "department" means the Department of Education.

Sec. 14.11.140. REGULATIONS. The department shall adopt regulations to carry out the purpose of this chapter.

Sec. 9 LEGISLATIVE REVIEW. Proposed permanent regulations under AS 14.11.140 as enacted in sec. 8 of this Act shall be submitted to the legislature no later than the 10th day of the Second Session of the Fourteenth Alaska State Legislature. Notwithstanding AS 44.62, permanent regulations adopted under AS 14.11.140 take effect the 90th day of the Second Session of the Fourteenth Alaska State Legislature, unless a law is enacted disapproving the regulations.

Ch



LAWS OF ALASKA

1970

Chapter No.

249

AN ACT

relating state aid to organized boroughs and cities for payment of school construction debt; and providing for an effective date.

ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA

Section 1. AS 43.18 is amended by adding:

ARTICLE 2. STATE AID FOR SCHOOL CONSTRUCTION DEBT.

Sec. 43.18.100. STATE AID FOR PAYMENT OF SCHOOL CONSTRUCTION DEBT. (a) During each fiscal year the state shall allocate to an organized borough or city which is a school district one-half the sum, exclusive of any funds from state or federal sources, which the state government pays during the fiscal year two years prior for the payment of principal and interest on bonds, notes, or other indebtedness issued or incurred to pay for school construction.

(b) The commissioner shall administer the program of reimbursement authorized under this section. He shall provide by regulation for the filing of applications for reimbursement, the form of proof of cost, the information for reimbursement is made, and the conditions necessary to administer the program. He shall also maintain for reimbursement, the commissioner shall maintain against the amount of reimbursement authorized. Any funds distributed to the borough or city during the preceding fiscal year from the school construction fund in AS 43.50.140.

(c) The school construction account shall be established to carry out the provisions of this section. Funds appropriated annually by the legislature shall be deposited in the account. If amounts in the account are insufficient to carry out the provisions of providing the share to which a borough or city is entitled, the commissioner shall advise the legislature.

(1) 70 Car
(2) 70 Car
(3) Car Permit



Summary:

39

Chapter 14

1

AN ACT

link to state aid for school
and cities which are
effective date.

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

* Section 1. AS 43.18.100(a) to (c)

(a) During each fiscal year (1) the State shall allocate to an organized borough or a city or village not less than one-half of the following:

- (A) the amount of the State's share of the cost of the construction of the following:

(1) payments made by the X
the fiscal year two years prior to
principal and interest on the
year incurred to pay costs

(2) the amount expended by a borough or retirement of principal or other indebtedness incurred by the borough. If the borough had the principal indebtedness of 10% at the rate of six per cent rather than paying these local sources.

* Sec. 2. This Act takes effect upon approval or veto by the Governor.

The Board Governor, effective date

1. While this section, such funds as are available to the district shall be paid among the eligible local governments.

(d) "Funds" 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 all-allocation and in this case, 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.

(f) In this section, unless the context requires otherwise,

(1) "commissioner" means the commissioner of education;

(2) "costs of school construction" means the costs of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes but is not limited to the cost of acquisition of sites, legal, engineering, fiscal, architectural and other fees of specialists or consultants, costs of labor, materials, equipment and supplies, costs of authorization, issuance and sale of bonds, notes, or other evidences of debt.

Sec. 2. This Act takes effect July 1, 1970.



LAWS OF ALASKA

1970

Source

Chapter 100

PCCS SCS CSHB 452

200

AN ACT

Appropriating for the operating and capital expenses of departments, offices and agencies of state government; and providing for an effective date.

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

Section 1. The sum of \$314,120,500 is hereby appropriated from the general fund and from the unreserved special accounts in the general fund for the period beginning July 1, 1970, to be apportioned according to the schedules in secs. 8, 9 and 10 of this Act.

General Fund
Highway Fuel Tax Account
Aviation Fuel Tax Account
Watercraft Fuel Tax Account

\$302,000,000

7,000,000

2,000,000

Sec. 2. The sum of \$915,100 is appropriated from special fund reserve accounts in the general fund for the period beginning July 1, 1970, to be apportioned according to the schedules in secs. 8, 9 and 10 of this Act.

FICA Administration Fund Reserve Account
Special Surplus Property Revolving Fund Reserve Account
Small Business Enterprise Revolving Fund Reserve Account
Second Injury Fund Reserve Account
Sick and Disabled Fishermen's Fund Reserve Account
Oil and Gas Conservation Fund Reserve Account

Sec. 3. The sum of \$18,903,900 is appropriated from the funds of the state for the period beginning July 1, 1970, to be apportioned according to the schedules in secs. 8, 9 and 10 of this Act.



LAWS OF ALASKA

1972

Source

ASMB 441

Chapter No.

137

AN ACT

Relating to state support for vocational education; and providing for an effective date.

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

Section 1. AS 14.17.041(c) is repealed and re-enacted to read:

(c) Vocational education schedule:

ADM Full-Time Equivalent	No Instructional Units
5 - 10	1
11 - 25	2
26 - 40	3
41 and over	3 plus 1 for each 20 pupils or fraction of 20 pupils in Full- Time Equivalent ADM

Sec. 2. AS 43.18.100(a) is amended to read:

(a) During each fiscal year the state shall allocate to an organized borough or a city which is a school district one-half, or if school construction is for vocational education facilities as determined by the commissioner, three-quarters of the following sums, exclusive of any funds received from state or federal sources for school construction costs:

(1) payments made by the borough or city during the fiscal year two years prior for the retirement of

principal and interest on bonds, notes, or other indebtedness incurred to pay costs of school construction;

(2) the amount of payments that would have been expended by a borough or city two years prior for the retirement of principal and interest on bonds, notes, or other indebtedness incurred to pay costs of school construction had the borough or city issued bonds, notes, or other indebtedness of 10 years duration bearing interest at the rate of six per cent a year to finance the costs rather than paying those costs through taxes or other local sources.

• Sec. 3. This Act takes effect on July 1, 1972.



LAWS OF ALASKA

Source

Chapter

AS 43.18

AN ACT

relating to state school building construction;
effective date.

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

• Section 1. AS 43.18.100 is amended to read:

Sec. 43.18.100. STATE DEBT. (a) The state shall allocate to an organization, a city, a school district one-half, or if the organization, vocational education facilities and equipment, the commissioner, three-quarters of the amount of the

(1) payments made by the state for the fiscal year two years prior to the retirement of principal and interest on bonds, or the amount incurred to pay costs of construction.

(2) the amount of payments made by the state for the retirement of principal and interest on bonds, or the indebtedness incurred to pay costs of construction, had the borough or city, indebtedness, or the indebtedness of 10 years duration to the state, of six per cent a year to the state, or the state paying those costs through the state.

(3) cash payments made by the state for the fiscal year two years prior to the school construction.

(b) The commissioner shall allocate the reimbursement authorized by the state, and provide by regulation for the reimbursement, the form of payment, and the amount of

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 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.

(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.

(f) The provisions of (a)(2) of this section apply only to payments made before July 1, 1971. The provisions of (a)(3) of this section apply to payments made after July 1, 1971.

(g) In this section

(1) "commissioner" means the commissioner of education;

(2) "costs of school construction" means the costs of acquiring, constructing, enlarging, repairing, maintaining, equipping, or furnishing, including but not limited to the cost of acquisition of sites, legal, engineering, fiscal, architectural and other fees of specialist consultants, costs of labor, materials, equipment and supplies, costs of authorization, issuance and sale of bonds, notes, or other evidences of debt.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.



LAWS OF ALASKA

1973

Source

HCSSB 11

Chapter No.

29

AN ACT

Extending workmen's compensation benefits to firemen in certain situations where they would not otherwise be covered.

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

* Section 1. AS 23.30 is amended by adding a new section to read:

Sec. 23.30.243. EXTENDING COVERAGE TO CERTAIN FIREMEN.

(a) For the purposes of workmen's compensation, any injury, disability or death incurred by a fireman by reason of his proceeding to or engaging in a fire suppression or rescue operation, or the protection or preservation of life or property, anywhere in the state shall be considered to have arisen out of and been sustained in the course of employment, and the fire department or regularly organized volunteer fire department of his primary employment or registration is considered to be the employer, except when the injured, at the time of injury or death, is acting for compensation from another.

(b) Nothing in this section requires the extension of benefits to a fireman employed by a home rule or general law municipality which by law or regulation expressly prohibits the activity giving rise to the injury, disability or death.

Approved by governor: March 29, 1973
 Official effective date: June 27, 1973

Approved by governor: March 29, 1973
 Official effective date: March 30, 1973

quantities, shall be made by the commissioner upon recommendations of the director, the state geologist or the United States Geological Survey under AS 41.08.060.

* Sec. 41. AS 38.05.181(a) is amended to read:

(a) Short title. This section may be cited as the Geothermal Resources Act.

* Sec. 42. AS 39.25.110 is amended by adding a new section to read:

(14) commissioners and employees of the Alaska Commercial Fisheries Entry Commission.

* Sec. 43. AS 42.05.351 is amended to read:

Sec. 42.05.351. TESTING OF APPLIANCES. The commissioner shall provide for the examination and testing of appliances used for the measuring of a service of a public utility, and may purchase equipment, apparatus, and standards required for this purpose. The commissioner of commerce may conduct the examination and testing function to the section of weights and measures. Upon the payment of a reasonable fee established by the commissioner, a consumer may have an appliance, which is used by him, tested. The commissioner shall establish by regulation allowable tolerances with respect to the functioning or operation of the appliance. If the measuring appliance does not perform within those tolerances, the utility concerned shall pay the cost of the test by reimbursing the person requesting the test for the fee paid by him. This reimbursement shall be made no later than at the time of the next regular billing following the test.

* Sec. 44. AS 43.18.010(h)(4) is amended to read:

(4) funds received by a local government under (1), (2) or (3) of this subsection shall be used for the operation, maintenance, or health services or facilities, as the local government or hospital outside a municipality determines;

* Sec. 45. AS 43.18.040 is amended to read:

Sec. 43.18.040. REGULATIONS. The Department of Community and Regional Affairs shall adopt regulations necessary to carry out the purposes of secs. 10 - 99 of this chapter.

* Sec. 46. AS 43.18.050 is amended to read:

Sec. 43.18.050. SPECIFIC EXPENDITURES. A municipality shall expend funds received for the operation and maintenance of hospitals and health facilities and services under secs. 10 - 99 of this chapter only for those specific facilities and services.

* Sec. 47. AS 43.18.100(g) is amended to read:

(g) In this section, unless the context requires otherwise,

(1) "commissioner" means the commissioner of education;

(2) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes but is not limited to the cost of acquisition of sites, legal, engineering, fiscal, architectural and other fees of specialists or consultants, costs of labor, materials, equipment and supplies, costs of authorization, issuance and sale of bonds, notes, or other evidences of debt.

* Sec. 48. AS 43.20.335(a) - (e) are amended to read:

(a) A person who wilfully attempts to evade the tax imposed by this chapter is, in addition to other penalties provided by this chapter, guilty of a felony and, upon conviction, shall be fined not more than \$5,000, or imprisoned for not more than five years, or both.

(b) A person required under this chapter to collect, account for, and pay over the tax imposed by this chapter who wilfully fails to collect or truthfully account for and pay over the tax is, in addition to other penalties provided by this chapter, guilty of a felony and, upon conviction, shall be fined not more than \$10,000, or imprisoned for not more than five years, or both.

(c) A person required under this chapter to pay a tax, make a return, keep records, or supply information, who wilfully fails to pay the tax or estimated tax, make the return, keep the records, or supply the information, is, in addition to other penalties provided by this chapter, guilty of a misdemeanor and, upon conviction, shall be fined not more than \$5,000, or imprisoned for not more than one year, or both.

(d) A person who wilfully makes and subscribes a return, statement, or other document required under this chapter which contains or is verified by a written declaration that it is made under the penalties of perjury which he does not believe to be true and correct as to every material matter is, in addition to other penalties provided by this chapter, guilty of a felony and, upon conviction, shall be fined not more than \$5,000, or imprisoned for not more than three years, or by both.

(e) A person who wilfully and knowingly aids or assists in, or procures, or counsels the preparation or presentation in connection with any matter arising under this chapter of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter is guilty of a felony whether or not the falsity or fraud is with the knowledge or consent of the person required to present the return, affidavit, claim, or document, and, upon conviction, shall be fined not more than \$5,000, or imprisoned for not more than three years, or both.

* Sec. 49. AS 44.62.150 is repealed.

* Sec. 50. AS 44.68.020 is amended to read:

* Sec. 24. AS 43.18.010 is amended by adding a new subsection to read:

(1) For the purposes of (j) of this section, "total project cost" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 25. AS 43.18.100(g)(2) is repealed and re-enacted to read:

(2) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 26. AS 43.18.300(h) is amended by adding a new paragraph to read:

(3) "costs of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of

other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; it does not include the cost of feasibility studies.

* Sec. 27. AS 43.18.460() is repealed and re-enacted to read:

(2) "cost of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; it does not include the cost of promotion, travel, or feasibility studies;

* Sec. 28. AS 44.33.150 is amended to read:

Sec. 44.33.150. QUALIFYING FOR MATCHING MONEY. In order to qualify for tourist attraction development matching money, the applicant shall submit and have approved by the director of tourism, a feasibility study of the program to be used for carrying out the development of the tourist attraction. Subject to the provisions of sec. 120(8) of this chapter, matching money may also be secured by an applicant for the cost of construction, improvement or operation of a visitor information center established for the intent of providing Alaska visitors and residents with tourist travel information on a local and statewide basis. This may include printing and distributing travel promotion material about Alaska. In order to qualify for visitor information center matching money, the applicant must first submit and have approved by the director of tourism a feasibility study of the construction, improvement or operation of the visitor information center.

* Sec. 29. AS 44.33.150 is amended by adding a new subsection to read:

(b) For purposes of (a) of this section, "cost of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the



LAWS OF ALASKA

1977

Source

Chapter No.

FCCS SCS CSMB 89

126

AN ACT

Relating to state aid for school construction; and providing for an effective date.

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

* Section 1. AS 43.18.100(a) is repealed and re-enacted to read:

(a) During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

(1) payments made by the borough or city 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, and cash payments made by the borough or city before July 1, 1976 to pay the cost of school construction;

(2) 50 per cent of

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

(B) cash payments made after July 1, 1977 by the borough or city during the fiscal year two years earlier to pay costs of school construction.

* Sec. 2. AS 43.18.100(b) is amended to read:

(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) require the borough or city to provide, with its application, a certified copy of the notice to taxpayers required by sec. 30 of this chapter.

* Sec. 3. AS 43.18.100(e) is amended to read:

(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.

* Sec. 4. AS 43.18.030 is amended to read:

Sec. 43.18.030. LOCAL TAX LEVY REDUCTION. (a) The intent of secs. 10 - 100 of this chapter in authorizing state aid for educational purposes and municipal services is that municipalities which levy taxes reduce those levies in reasonable proportion to the amount of state aid received by the municipality for a given fiscal year.

(b) If the municipality levies and collects real or personal property taxes, the governing body shall furnish the following notice with tax statements mailed for the fiscal year for which aid is received under AS 14.17 and secs. 10 - 100 of this chapter:

"NOTICE TO TAXPAYER"

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the public school foundation program (Alaska Statutes 14.17), the municipal services revenue sharing program of Alaska Statutes 43.18.010 - 43.18.050, and the program of state aid for retirement of school construction debt (Alaska Statute 43.18.100):

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	\$
AID BASED ON MUNICIPAL SERVICES FURNISHED (fire protection,	\$

police protection, air or water pollution control, land use planning, road maintenance, and recreation, transportation facilities and services, hospital operation)

Total Aid

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality for the current assessment year and for the preceding year, is:

	MILLAGE EQUIVALENT PREVIOUS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	... MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	... MILLS
AID BASED ON MUNICIPAL SERVICES FURNISHED	... MILLS
TOTAL MILLAGE EQUIVALENT	... MILLS

* Sec. 5. AS 43.18.030 is amended by adding a new section to read:

(c) If the municipality levies and collects sales tax, the governing body shall provide a notice substantially in the form set out in (b) of this section. In providing notice under this subsection, the governing assembly shall substitute for the millage equivalent estimate of the equivalent sales tax rate for all categories of financial assistance set out in this section. Notice shall be provided

(1) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks with first publication to occur not earlier than 30 days before the first day of the municipality's fiscal year.

(2) if there is no newspaper of general circulation in the municipality, by posting a copy of the notice for at least 20 days in at least two public places within the municipality, with posting to occur not less than 45 days before the first day of the municipality's fiscal year.

* Sec. 6. This Act takes effect July 1, 1978.

Approved by the Governor: June 14, 1977
Actual Effective Date: July 1, 1978

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necessary, the commissioner may require as a condition of agreement approval of the agreement by the federal government. Regulations adopted, amended or repealed by the department under this section which relate to educational facilities shall be developed in conjunction with the Alaska Association of School Boards and the Alaska Association of School Administrators and reviewed by those associations before final action on the regulations is taken by the department.

* Sec. 8. AS 35.15.090 is amended to read:

Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon assumption by a municipality or regional educational attendance area of the department's responsibilities under sec. 80(a)(1) of this chapter, or upon execution of an agreement under sec. 80(a)(2) of this chapter, state funds appropriated for a public works project which is the subject of the assumption or the agreement shall be transferred to a special account in the state treasury. A municipality or regional educational attendance area administering the project under the assumption or agreement may draw on the account for costs of the project, under fiscal control of the department. If an agreement provides for joint or cooperative administration of the project, payment of costs shall be made to the party incurring the costs.

* Sec. 9. AS 35.15.110(a) is amended to read:

(a) Title acceptable to the department to a suitable project site shall be vested in the state before work is begun on the site, except that, if the project involves construction of an educational facility, title or sufficient interest determined acceptable by the department to an approved site for a school building shall be vested in the municipality, the regional educational attendance area or the state before advertisement for bids or initiation of construction contract negotiations.

* Sec. 10. AS 14.07.020 is amended by adding a new paragraph to read:

(10) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine the extent of eligibility for state aid of a school construction project begun after the effective date of this Act; for purposes of this paragraph, a "plan" includes educational specifications, schematic designs, and final contract documents.

* Sec. 11. AS 14.14.060(e) is amended to read:

(e) The borough school board is responsible for the design criteria of school buildings. To the maximum extent consistent with education needs, a design of a school building shall provide for multiple use of the building for community purposes. Subject to the approval of the assembly, the school board shall select the appropriate professional personnel to develop the designs. The school board shall submit preliminary and subsequent designs for a school building to the assembly for approval or disapproval;

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if the design is disapproved, a revised design shall be prepared and presented to the assembly. A design or revised design approved by the assembly shall be submitted by the board to the department in accordance with AS 14.07.020(10).

* Sec. 12. AS 43.18.100(a) is repealed and re-enacted to read:

(a) During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

(1) payments made by the borough or city 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) 80 per cent of

(A) payments made by the borough or city 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 borough or city during the fiscal year two years earlier to pay costs of school construction;

(3) 80 per cent of

(A) payments made by the borough or city 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 to pay costs of school construction projects approved under AS 14.07.020(10);

(B) cash payments made after June 30, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(10).

* Sec. 13. AS 43.18 is amended by adding new sections to read:

Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT. The public school facilities construction advance account is established. The account consists of appropriations for distribution under secs. 105 - 135 of this chapter to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978.

Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construction project for funding assistance under secs. 105 - 135 of this chapter shall be determined by the

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* Sec. 7. AS 35.15.090 is amended to read:

Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon [ASSUMPTION OF MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA OF THE DEPARTMENT'S RESPONSIBILITIES UNDER AS 35.15.080(a)(1), OR UPON] execution of an agreement under AS 35.15.080(a) [AS 35.15.080(a)(2)], state funds appropriated for a public works project which is the subject of the [ASSUMPTION OR THE] agreement shall be transferred to a special account in the state treasury. A municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] administering the project under the [ASSUMPTION OR] agreement shall draw on the account for costs of the project, under fiscal control of the department. If an agreement provides for joint or cooperative administration of the project, payment of costs shall be made to the party incurring the costs.

* Sec. 8. AS 43.18.100(a) is amended to read:

(a) During each fiscal year, the state shall allocate to a municipality that [AN ORGANIZED BOROUGH OR A CITY WHICH] is a school district the following sums:

(1) payments made by the municipality [BOROUGH OR CITY] 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 [80] percent of

(A) payments made by the municipality [BOROUGH OR CITY] 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 [BOROUGH OR CITY] during

fiscal year two years earlier to pay costs of school construction

(3) 90 [80] percent of

(A) payments made by the municipality [BOROUGH OR CITY] 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 [BOROUGH OR CITY] 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 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 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 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).

Sec. 9. AS 43.18.100 is amended by adding new subsections (h) and (i).
(h) An allocation under (a)(4) of this section for school construction begun after July 1, 1982, shall be reduced by the amount allocated for the construction of residential space, hockey rinks, skating rinks, saunas, and other facilities for single purpose recreation or recreation.

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tional uses that are not suitable for other activities. An allocation under (a)(4) 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 is competition size or larger 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.

(1) For the purposes of (a)(4) 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 if 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.

* Sec. 10, AS 14.08.161 and AS 43.18.100(b)(2) are repealed.

* Sec. 11. This Act takes effect July 1, 1982.



LAWS OF ALASKA

1982

Source

SCS CSHB 159(L&C)

Chapter No.

93

AN ACT

Relating to workers' compensation, and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 14, 1982
Actual Effective Date: July 1, 1982



LAWS OF ALASKA

1983

Source

CCSHB 251

Chapter No.

82

AN ACT

Relating to state support for education; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: July 19, 1983
Actual Effective Date: July 20, 1983

AN ACT

Relating to state support for education; and providing
for an effective date.

* Section 1. AS 43.18.100(a)(4) is amended to read:

(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

63

Chapter 82

Department of Education for approval under AS 14.07 before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than 12 percent but less than 12 percent, or (ii) \$20,000,000 if the annual 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.

- * Sec. 2. AS 43.18.100(a) is amended by adding a new paragraph to read:
- (5) subject to (h) and (i) of this section, 50 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 for the costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).

- * Sec. 3. AS 43.18.100 is amended by adding a new subsection to read:

1) The state may not allocate money to a municipality for a school construction project under (a)(5) of this section unless the project is approved by the commissioner before the local vote on

Chapter 82

and 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 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 repaid in 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 factors such as increased enrollment in the school district; the health and safety of the students; and the factors listed in AS 14.11.010(c).

* Sec. 4. FINDINGS. The legislature finds that the present system of providing assistance to school systems should be studied for modification and improvement. The legislature further finds that during the period of study an alternative mechanism to the existing foundation support system is desirable.

* Sec. 5. The operation of AS 14.17.021(a), 14.17.022, 14.17.023, 14.17.031(a), (b), (c), and (e), 14.17.041, 14.17.051, 14.17.056, 14.17.057, 14.17.160, 14.17.180, 14.17.225(b), and the provision of 14.17.170 requires the withholding of one-half of the June payment of state aid pending a final determination of each school district's state aid is suspended from July 1, 1983, through June 30, 1984. During the period of suspension, the provisions of AS 14.17.031(d) remain in effect except that the number of students in average daily membership in each school district shall be used instead of instructional units to calculate reductions in

Chapter 82

state aid. During the period of suspension, funding for the basic aid and supplemental equalization aid that otherwise would have been provided under the provisions of AS 14.17.021(a), 14.17.022, and 14.17.023 shall be provided to school districts and for centralized correspondence study in accordance with the provisions of sec. 6 of this Act.

* Sec. 6. For fiscal year 1984 the amount of state aid for each school district and for centralized correspondence study is the following amount subject to adjustment under AS 14.17.021(b), for each pupil in average daily membership less any aid overpaid as determined by the commissioner of education:

Anchorage School District	\$ 3,300
Bristol Bay Borough School District	9,000
Cordova City School District	5,000
Craig City School District	6,000
Dillingham City School District	8,000
Fairbanks North Star Borough School District	10,000
Galena City School District	4,000
Haines Borough School District	6,000
Hoonah City School District	6,000
Hydaburg City School District	6,000
City and Borough of Juneau School District	10,000
Kake City School District	4,000
Kenai Peninsula Borough School District	10,000
Ketchikan Gateway Borough School District	10,000
King Cove City School District	6,000
Klawock City School District	6,000
Kodiak Island School District	6,000
Matanuska-Susitna Borough School District	10,000
Tanana City School District	10,000

Chapter 82

City School District	7,165
North Slope Borough School District	9,202
Pelican City School District	12,438
Petersburg City School District	4,049
Sand Point City School District	8,283
Sitka Borough School District	3,711
Shagway City School District	1,379
St. Mary's City School District	14,946
Tanana School District	13,361
Unalaska City School District	8,210
Valdez City School District	4,786
Wrangell City School District	4,726
Yakutat City School District	7,749
Adak Regional School District	6,643
Alaska Gateway School District	8,639
Aleutian Chain School District	16,674
Annette Island School District	6,572
Bering Straits School District	12,197
Chatham School District	8,682
Chugach School District	11,758
Copper River School District	7,178
Delta School District	5,915
Iditarod Area School District	14,972
Kuspuk School District	16,376
Lake and Peninsula School District	15,476
Lower Kuskokwim School District	11,033
Lower Yukon School District	9,864
Northwest Arctic School District	10,387
Pribilof Islands School District	11,475

Chapter 82

Upper Railbelt Regional School District
Southeast Island School District
Southwest Regional School District
Yukon Flats School District
Yukon Koyukuk School District
Central Correspondence

* Sec. 7. The commissioner shall determine the state aid for each school district on the basis of the reports submitted under AS 14.17.061 for fiscal year 1983. Beginning July 15 of the fiscal year, and on the 15th of each month, for seven successive months, 1/12th of each district's state aid shall be distributed.

* Sec. 8. Appropriations made for fiscal year 1984 for supplementary programs under AS 14.17.061(a) may be used only for average daily membership increases beyond the average daily membership reported by school districts under AS 14.17.170 for fiscal year 1983. If the amount appropriated for fiscal year 1984 is insufficient to meet the average daily membership allocations authorized under sec. 6 of this Act with respect to the increased average daily membership, the available funds shall be distributed on a pro rata basis among the school districts with increased average daily membership.

Sec. 9. During the period of suspension under sec. 5 of this Act, each school district shall continue to provide services to students in need of bilingual, special, and vocational education commensurate with the needs of the students and in strict accordance with applicable state and federal laws and regulations.

* Sec. 10. The commissioner of education shall recommend to the legislature a method of revising and improving the public school foundation program no later than January 9, 1984. If the commissioner of education has not made recommendations to the legislature by January 9, 1984,

Chapter 82

notwithstanding, the amount of basic state aid to each school district and regional educational attendance area under the public school foundation program as calculated by fiscal year 1984 revised average daily membership calculations, beginning in fiscal year 1985, shall be adjusted and identified in January 1984 to reflect the changes in the Consumer Price Index for all Urban Consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor in January 1984, for the preceding twelve-month period. The index for January 1983 is the reference base index.

* Sec. 11. Sections 4 - 10 of this Act are repealed June 30, 1985.

* Sec. 12. Sections 1 - 3 of this Act take effect July 1, 1983.

* Sec. 13. Sections 4 - 13 of this Act take effect immediately in accordance with AS 01.10.070(c).

Chapter 77

1 right-of-way of the highway to gain access to the [HIS] mining

2 * Sec. 3. This Act is retroactive to October 5, 1980.

3 * Sec. 4. This Act takes effect immediately in accordance with
4 (C.C.T.C.).

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PCS CSSB 115(R1s)



LAWS OF ALASKA

1985

Source

CCFSB 51

Chapter No.

79

AN ACT

Relating to state aid for school construction; and providing
for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO
THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES
DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL
REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY
LINE OF EACH BILL SECTION.

Approved by the Governor June 2, 1985
Actual Effective Date July 1, 1985

AN ACT

Relating to state aid for school construction; and providing for an effective date.

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

(5) subject to (h), AND (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, 1981, 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, 1981, 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).

2. AS 14.11.100(h) is amended to read:

(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 used for the construction of residential space, health centers, 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 be reduced by the amount of money used for construction of a 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 standards adopted by the department [IS COMPETITION SIZE OR LARGER] and the amount of money that would have been used to construct a swimming pool, tank, or water storage facility, as determined by the commissioner.

* Sec. 3. AS 14.11.100(1) is amended to read:

(1) 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 if 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.

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

(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 a 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 annual operation and maintenance costs and the estimated amount

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 repaid in 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 (FACTORS SUCH AS INCREASED ENROLLMENT IN THE DISTRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS LISTED IN AS 14.11.010(c)).

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

(k) An amount equal to the interest earned on the interest of the proceeds of bonds issued for a school construction project may 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.

* Sec. 6. AS 14.11 is amended by adding a new section to read:

Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall evaluate projects for which retirement of school construction bonds is requested by school districts in accordance with the provisions of

out in AS 14.11.010. A request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made.

* Sec. 7. AS 14.11.135 is amended to read:

Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.135], unless the context requires otherwise,

(1) "approved school construction project" means the project for a new school or an addition to or major rehabilitation of existing school to the extent to which approved by the commissioner in accordance with AS 14.07.020(1);

(2) "commissioner" means the commissioner of education;

(3) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping, furnishing of public elementary and secondary school buildings includes the sum total of all costs of financing and carrying out project; these include, but are not limited to, the costs of necessary studies, surveys, plans and specifications, architectural engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; allocable portion of the administrative and operating expenses of grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, auditors, advisors, and paying agents for the bonds issued as the issuer considers necessary;

(4) "department" means the Department of Education.

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

Sec. 14.11.140. REGULATIONS. The department shall adopt regulations to carry out the purposes of this chapter.

* Sec. 9. LEGISLATIVE REVIEW. Proposed permanent regulations under AS 14.11.140 as enacted in sec. 8 of this Act shall be submitted to the legislature no later than the 10th day of the Second Session of the Fourteenth Alaska State Legislature. Notwithstanding AS 44.62, permanent regulations adopted under AS 14.11.140 take effect the 90th day of the Second Session of the Fourteenth Alaska State Legislature, unless a law is enacted disapproving the regulations.

* Sec. 10. (a) The amendments to AS 14.11.100(j) provided for in sec. 4 of this Act apply only to school construction projects approved by the commissioner of education after the effective date of this Act.

(b) The requirement of AS 14.11.102, added by sec. 6 of this Act, that requests for an allocation of funds under AS 14.11.100 be submitted by October 15 of the fiscal year before the fiscal year for which the request is made, does not apply to requests for fiscal year 1987.

* Sec. 11. This Act takes effect July 1, 1985.

Moody's **Municipal** Department

1985 Medians

Selected Indicators of Municipal Performance

State Indicators and Rankings

City and County Debt Medians

Enterprise Performance Medians

As a measure of a government's burden of debt, a ratio is calculated between its net debt and the estimated full value of taxable property. The estimated full value serves as a direct measure of local government wealth and, therefore, is reflective of the government's capacity to service its debt. Taxable valuation is utilized as a wealth measure because it tends to be up-to-date and readily available for all sizes of municipal government.

Ratio of Net Debt to E.F.V. (%) ¹

Population Range	Direct Net Debt	Overall Net Debt		
	Median	Low	Median	High
Under 250	1.5	1.0	4.2	5.9
250 to 499	2.1	1.1	3.1	10.4
500 to 999	2.2	1.5	2.6	9.0
1,000 to 199,999	1.8	0.3	2.5	9.3
200,000 to 499,999	1.7	1.0	2.8	16.1
500,000 to 999,999	1.5	0.1	2.9	15.0
1,000,000 to 1,999,999	2.1	0.2	3.3	24.5
2,000,000 and over	2.4	0.1	3.6	20.0

Ratio of Net Debt to E.F.V. (%) ²

Population Range	Direct Net Debt	Overall Net Debt		
	Median	Low	Median	High
Under 250	1.4	0.2	4.2	4.1
250 to 499	1.5	0.7	2.5	5.2
500 to 999	1.4	0.5	2.5	5.5
1,000 to 1,999	1.7	0.4	2.1	12.2

¹ Data for this table is based on the observations that have been obtained according to the following methodology:

² This table is based on the observations that have been obtained according to the following methodology:



Amendments to HB 519

1. Page 2, lines 5-7: delete

"until the state bond committee has approved the proposal for the issuance of debt under AS 37.15.770"

and ~~insert~~ add

"unless the ~~public~~ public building to be provided has been specifically approved by law"

~~2. ~~Page 3, lines 27-28: delete~~~~

2. Page 3, lines 27-28: delete

ditto #1

3. Page 4, lines 22-23: delete

ditto #1

~~5. Page 4, lines 25-29 and~~

~~Page 5, lines 1-7: delete amend to delete~~

~~AS 37.05.280 (a) in its entirety~~

~~5. Page 5, 1~~

4. Page 4, line 24: amend to read

"Sec. 8. AS 37.05 ~~is amended~~ is amended by adding a new section to read"

4. Page 4, line 25: delete

"(a)"

5. Page 5, after line 7: insert

" * Sec. 9. AS 37.05 is amended by adding
a new section to read

Sec. 37.05.285 " ,

~~Page~~ and continue with ~~section~~ line 8, and
renumber succeeding bill sections.

6. Page 5, line 8: delete

"(b)"

7. Page 5, lines 18-19: delete

Ditto # 1

8. Page 7, lines 28-29 and

Page 8, lines 1-6: ~~delete~~ delete and insert

at either
public or
private sale

~~Sec. 37.15.150. Bond terms~~ (a) The bonds shall be sold in [such]
amounts or series, and at such time or times as determined by the
committee. [Before selling a series of bonds, the committee shall give
notice inviting sealed bids in such manner as it may prescribe. If
satisfactory bids are received, the bonds offered for sale shall be
awarded to the highest responsible bidder. If the committee determines
that the bids received are not satisfactory as to price or responsibility
of the bidders, it may reject all bids received.]

the manner, and price or prices,

9. Page 8, after line 13: insert

" Sec. 16. AS 37.15.460 is amended to read:

Sec. 37.15.460. Bond resolution. The committee is authorized and directed to adopt the bond resolution and prepare all other documents and proceedings necessary for the issuance, sale and delivery of the bonds or any part or series of them. The bond resolution shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of the bonds or each series of them. The committee shall also determine and provide for the date and manner of sale of the bonds, and shall provide ~~whether the~~ ^{if any} notice of sale is to be published ~~elsewhere~~ in addition to the publication required by AS 37.15.450.]

Sec. 17. AS 37.15.650 (a) is amended to read.

~~at either~~ manner, price or
Prices

at either
public or
private sale

Sec. 37.15.650. Bond terms. (a) The toll facilities bonds are sold in the amounts or series, and at the time as determined by the committee. Before selling a series of bonds, the committee shall give notice inviting sealed bids. If satisfactory bids are received, the bonds offered for sale are awarded to the highest responsible bidder. If the committee determines that a bid received is not satisfactory as to price or responsibility of the bidder, the committee may reject the bid received. Bonds, or a series of bonds, may not be sold if the effective interest rate over the life of the bonds exceeds 11 percent per year or that rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of sale of the bonds, whichever is higher. Interest is payable annually or semiannually.

Sec. 18. AS 37.15.660 is amended to read:

Sec. 37.15.660. Bond resolution. The committee is authorized and directed to adopt the bond resolution and prepare all other documents and proceedings necessary for the issuance, sale, and delivery of the bonds or any part or series of them. The bond resolution shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions, and covenants of the bonds or each series of them. The committee shall also determine and provide for the date and manner of sale of the bonds, and shall provide ~~whether the~~ ^{if any} notice of sale is to be published ~~elsewhere~~ in addition to the publication required by AS 37.15.650.]

HB 519
No State Agency or quasi State Agency may incur long-term debt except in accordance with the provisions of this chapter.

State Agency or quasi State Agency includes but is not limited to the following:

- All Operating Departments of the Executive Branch
- All Agencies of the Judicial Branch
- All Agencies of the Legislative Branch
- The University of Alaska
- The Alaska State Housing (Building) Authority
- The Alaska Municipal Bond Bank Authority
- The Alaska Power Authority
- The Alaska Industrial Development Authority

Long-term debt is defined as any debt with a payment period that extends beyond the end of the fiscal year in which the debt is incurred.

So called "lease financing" contracts where the object is for the state to acquire the attributes of ownership of real property after making "rent" payments for a number of years are considered long-term debt and are subject to the provisions of this chapter.

Leases that are cancellable at the end of each fiscal year without penalty to the State are not considered long-term debt for purposes of this chapter.

A State Agency or quasi State Agency with the authority by statute or regulation to incur long-term debt shall do so in accordance with the terms of legislation signed into law by the Governor and approved by a vote of the people in a general election.

No State Agency or quasi State Agency may issue bonds or sign contracts for long-term debt until the state bond committee has approved the proposal for the issuance of debt in accordance with the terms of this chapter.



ADOPTED AUGUST 1972

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929

(907) 874-2381

February 26, 1986

Senator Robert H. Ziegler, Sr.
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: Alaska Legal Services Funding

Dear Senator Ziegler:

The Wrangell City Council has been informed that the Ketchikan office of Alaska Legal Services is closing due to a cutback in State funding. Although we do not know the actual number of cases in Wrangell, we do know that Alaska Legal Services has provided the assistance necessary to some of our senior citizens to resolve problems on their property descriptions and/or title. From all reports, many persons receive assistance from Alaska Legal Services that they would otherwise be unable to afford.

The City Council request your support for the funding necessary to maintain the office in Ketchikan to at least continue the level of service previously provided to the area.

Sincerely,

Joyce Rasler
City Manager

cc: Representative John Sund
Representative Robin Taylor



City of Ketchikan

334 Front Street
Ketchikan, Alaska 99901
907 225 3111

February 25, 1986

The Honorable John Sund
Representative
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Mr. Sund:

This letter is a followup to your conversation with Councilmember Tom Friesen regarding House Bill 521. As you know, House Bill 521 would establish a limit on general obligations indebtedness that a municipality could maintain. Although a limit on such borrowing may be appropriate, I have the following concerns.

A summary of the bill shows that the bill limits general obligation bond debt to seven percent of the full property value of the municipality. A municipality is defined as "a municipality or a combination of municipalities that occupy, in whole or in part, the same geographic area." G.O. bonded debt does not include refunding bonds or "self supporting debt".

I have discussed this bill with Al Learned, Finance Director, and we suggest that based on our brief review there are two areas of concern.

1. The seven percent limitation may be too low (based on our interpretation of self-supporting debt). Currently, our debt ratio is approximately 3%. However, with the potential decline in state money available for local projects, including school projects, and the need in the future for various capital projects in the City, including those of the school district, we may find ourselves close to or over the 7% limitation even with our excellent debt ratio.
2. The definition of self supporting debt is not clear. If self supporting debt includes the state's portion of school construction debt and debt supported by sales tax (for example), then the impact of this bill may be lessened. In any case, we (municipality as defined above) can issue approximately \$14 million additional bonds not considered to be self-supporting [there is currently approximately \$20 million outstanding]. This could easily be achieved by a combination of school, borough and city bond issues over the next few years.

The Honorable John Sund
February 25, 1986
Page 2

In order to cushion the effects of this bill on this municipality, I would recommend an increase of the limit to a higher level [15% for example] and a clear definition of debt that is included in self supporting debt.

Sincerely,



Dan Allen
Assistant City Manager

DA:lm

c.c. Tom Friesen, Council Member
Al Learned, Finance Director

STATE OF ALASKA
DEPARTMENT OF REVENUE

TREASURY DIVISION

BILL SHEFFIELD, GOVERNOR

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SB
JUNEAU, ALASKA 99811
PHONE:

February 11, 1986

The Honorable John Sund
Chairman
House Special Committee on Loans
P.O. Box V
Juneau, AK 99811

Dear Representative Sund:

Enclosed is information requested by your committee at hearings on HB 519 and HB 521 on February 3 and 4, 1986.

Included are excerpts from various official statements for municipal bonds containing statements regarding State reimbursement for municipal school debt. Also included are Merrill Lynch's comparative tables on State general obligation bonds dating from January 6, 1982, their first publication.

Sincerely,



Milt Barker
Deputy Commissioner

MB/gb
86-46

Enclosures

Matanuska — Susitna Borough Alaska

\$8,460,000

**General Obligation School Construction Bonds
1977 Series A**



Selling Tuesday, April 4, 1978 at 10:00 AM, Alaska Standard Time

PROCEEDS DUE BOROUGH FROM LAND SALES

Fiscal Year Ending June 30,	Principal	Interest	Total
1979	\$ 560,757	\$ 316,850	\$ 877,607
1980	560,757	275,790	836,547
1981	546,182	234,731	780,913
1982	428,684	194,545	623,229
1983	325,956	161,407	487,363
1984	258,926	134,845	393,771
	<u>\$2,681,262</u>	<u>\$1,318,168</u>	<u>\$3,999,430</u>

STATE AID TO EDUCATION

Subject to annual legislative appropriations, the State of Alaska Department of Education makes direct payments to the Borough and other governmental units which operate schools under the following major education aid programs:

1. *Reimbursement of Debt Service and Cash Payments on School Facilities.* Except as noted below, the State reimburses 50% of debt service payments on bonds sold, or of cash payments made, for school construction. For some facilities, such as vocational classrooms and equipment, the State's share is 75%. Beginning July 1, 1978, the State law provides for reimbursement of 100% of debt service payments for debt incurred prior to July 1, 1977 and 100% of local cash payments made prior to July 1, 1976, for school construction. These payments lag two years behind the actual debt service or cash payments. The State makes such payments in two installments during the fiscal year.

2. *Construction Funds.* A portion of the cigarette taxes levied by the State and collected within a Governmental Unit's jurisdiction are returned to the Governmental Unit. These funds are designated for new construction, rehabilitation or maintenance and insurance of schools or for the payment of debt service on bonds issued for such purposes. Payments are generally made in December.

3. *Education Operation Expenses.* The State reimburses Governmental Units for 95% (increased from 93% for fiscal years prior to 1976/1977) of their "basic education" operating expenses as defined by the State, calculated on the basis of the pre-fiscal year computations. Beginning July 1, 1978, the State will increase the reimbursement to 97%. The State applies differential adjustments based on area.

4. *Pupil Transportation.* The State reimburses local school districts for 100% of the costs of transporting pupils to and from school for distances greater than one and a half miles.

5. *State Impact.* This program offers financial relief to schools providing free public education to students whose parents work and/or live on State property.

6. *Additional Support.* The State provides additional support to schools for food service, community schools and boarding school home grants.

DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS

Fiscal Year Ending 6-30,	Outstanding Bonds			The Bonds			Grand Total Requirements	Estimated State Debt Service Reimbursement (2)	Estimated Net Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest (1)	Total				
1978	\$ 1,055,000	\$ 1,460,538	\$ 2,515,538	\$ —	\$ —	\$ —	\$ 2,515,538	\$ 905,928	\$1,609,610	
1979	1,355,000	1,401,994	2,756,994	260,000	507,600	767,600	3,524,594	2,192,266	1,332,328	
1980	1,350,000	1,322,700	2,672,700	300,000	492,000	792,000	3,464,700	2,553,985	910,715	
1981	1,555,000	1,240,038	2,795,038	300,000	474,000	774,000	3,569,038	3,129,055	439,983	
1982	1,355,000	1,146,312	2,501,312	300,000	456,000	756,000	3,257,312	3,057,238	200,074	24.54%
1983	1,310,000	1,064,375	2,374,375	300,000	438,000	738,000	3,112,375	3,170,850	(58,475)	
1984	1,115,000	981,488	2,096,488	400,000	420,000	820,000	2,916,488	2,868,400	48,088	
1985	1,220,000	910,700	2,130,700	400,000	396,000	796,000	2,926,700	2,732,738	193,962	
1986	1,160,000	836,800	1,996,800	400,000	372,000	772,000	2,768,800	2,491,263	277,537	
1987	1,160,000	765,475	1,925,475	400,000	348,000	748,000	2,673,475	2,514,025	159,450	49.29%
1988	1,260,000	692,800	1,952,800	400,000	324,000	724,000	2,676,800	2,368,675	308,125	
1989	1,260,000	616,138	1,876,138	500,000	300,000	800,000	2,676,138	2,285,900	390,238	
1990	1,360,000	535,088	1,895,088	500,000	270,000	770,000	2,665,088	2,301,775	363,313	
1991	1,410,000	449,475	1,859,475	500,000	240,000	740,000	2,599,475	2,263,663	335,812	
1992	1,210,000	358,975	1,568,975	500,000	210,000	710,000	2,278,975	2,268,163	10,812	77.18%
1993	1,110,000	279,000	1,389,000	500,000	180,000	680,000	2,069,000	2,218,100	(149,100)	
1994	1,100,000	203,350	1,303,350	500,000	150,000	650,000	1,953,350	1,913,150	40,200	
1995	1,100,000	127,125	1,227,125	500,000	120,000	620,000	1,847,125	1,718,725	128,400	
1996	500,000	50,625	550,625	500,000	90,000	590,000	1,140,625	1,618,625	(478,000)	
1997	500,000	16,875	516,875	500,000	60,000	560,000	1,076,875	1,527,950	(451,075)	
1998	—	—	—	500,000	30,000	530,000	530,000	837,000	(307,000)	100.00%
	<u>\$23,445,000</u>	<u>\$14,459,871</u>	<u>\$37,904,871</u>	<u>\$8,460,000</u>	<u>\$5,877,600</u>	<u>\$14,337,600</u>	<u>\$52,242,471</u>	<u>\$46,937,474</u>	<u>\$5,304,997</u>	

(1) Interest on the Bonds has been calculated at the rate of 6% for purposes of illustration.

(2) See "State Aid to Education".

OFFICIAL STATEMENT DATED: January 3, 1978

RATING: Moody's

NEW ISSUE

SALE DATE: January 17, 1978

S & P

SALE TIME: 9:00 a.m., Alaska Standard Time (11:00 a.m., Pacific Standard Time)

In the opinion of Counsel, interest on the bonds is exempt from federal income tax under present statutes, regulations and court decisions.

KENAI PENINSULA BOROUGH
\$25,970,000
1978 GENERAL OBLIGATION SCHOOL BONDS



FINANCIAL CONSULTANTS



FOSTER & MARSHALL INC.

MEMBERS NEW YORK STOCK EXCHANGE, INC., AMERICAN STOCK EXCHANGE, INC.,
PACIFIC STOCK EXCHANGE, INC., MIDWEST STOCK EXCHANGE, INC.,
CHICAGO BOARD OPTION EXCHANGE

205 COLUMBIA, SEATTLE, WASHINGTON 98104 • AREA CODE 206-344-3500
OFFICES IN ALL THE PRINCIPAL CITIES OF THE PACIFIC NORTHWEST AND ALASKA

ANTICIPATED FUTURE FINANCING

In addition to the improvements to be financed by proceeds of this bond issue, Borough officials indicate a need for additional major capital projects, all of which are for school purposes (primarily new facilities and additions to existing facilities). The combined total costs of needed projects is estimated at approximately \$20 million. The timing of and funding for these projects have not been established nor have bonds been authorized by the voters.

KENAI PENINSULA BOROUGH SCHEDULE OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT (1) June 30, 1977

Outstanding General Obligation Debt:	
Kenai Peninsula Borough: School Purposes (2)	\$21,822,000
Service Areas: Fire, Recreation and Hospital Purposes (3)	1,870,097
This Issue (4)	25,970,000
Total Direct Debt, Including This Issue	<u>\$49,662,097</u>
Estimated Overlapping Debt (100%):	
Cities of:	
Seldovia	\$ 505,000
Homer	2,381,000
Kenai	4,690,000
Seward	1,489,000
Soldotna	1,648,000
Total Overlapping Debt	<u>\$10,713,000</u>
Direct and Overlapping Debt, Including This Issue	<u>\$60,375,097</u>

- (1) Source: Kenai Peninsula Borough; the Borough has no authorized but unissued general obligation debt.
- (2) Excludes refunded issues; 100% of the debt service requirements on these bonds will be reimbursed by the State of Alaska (see page 14) for payments made in 1976 and after.
- (3) Includes \$334,597 Central Hospital Service Area Small Business Administration Loan (see page 30, Appendix B).
- (4) Approximately 50% of the debt service requirements on these bonds will be reimbursed by the State of Alaska (see page 14).

BONDED DEBT RATIOS* June 30, 1977

Assessed Value (100% of Actual Value)	\$1,188,172,242
Estimated Borough Population (see page 10)	24,611
Ratio of:	
Direct Debt to Assessed Value	4.18%
Direct and Overlapping Debt to Assessed Value	5.08%
Per Capita:	
Assessed Value	\$48,278
Direct Debt	2,018
Direct and Overlapping Debt	2,453

*Includes this \$25,970,000 issue.

Major industrial growth is occurring within the Borough, most notably, expansion of petrochemical industries and petroleum and natural gas exploration in the Gulf of Alaska and Cook Inlet (see page 16). However, District officials predict normal permanent growth (excluding any growth due to major oil related industrial expansion) as follows:

1977-78 Actual Enrollment	1978-79 Projected	1979-80 Projected	1980-81 Projected	% Increase 1977-78 to 1980-81
5,708	6,189	6,531	6,934	21.5%

Any significant additional growth prompted by major industrial expansion is expected to occur after 1980 and much of that growth would have a temporary effect. District officials expect to accommodate any such temporary growth in portable classrooms or rented spaces.

BOROUGH FINANCES

Major sources of revenue for the Borough include contributions from the state and federal governments and levy of property and sales taxes. The largest expenditures are for education, general administration and capital projects.

The State Department of Revenue collects the following taxes at the local level and returns all or a portion of the tax revenues to the local governments: general business license tax, amusement and gaming tax, aviation fuel tax, electric and telephone tax, liquor license tax and raw fish tax.

SCHOOL FINANCES

ESTIMATED REVENUE RECEIPTS FOR PUBLIC SCHOOLS, 1975-76 (1)

	Amount (millions)				Source: Percent of Total		
	Total	Federal	State	Local & Other	Federal	State	Local & Other
Average, All States	\$67,136.9	\$5,345.9	\$29,321.6	\$32,469.4	8.0	43.7	48.3
State of Alaska	\$ 232.9	\$ 35.2	\$ 151.2	\$ 46.5	15.1	64.9*	20.0

*% contribution by State of Alaska exceeded only by Hawaii and North Carolina; "Revenue Receipts" include receipts for: current expenditures, capital outlay and interest, and for summer school, adult programs and community services.

(1) Source: Tax Foundation, Inc.

STATE AID TO EDUCATION

The State of Alaska Department of Education makes direct payments to the Borough and other governmental units which operate schools under the following education aid programs: construction funds, reimbursements for debt service and cash payments on school facilities; general fund operation expenses; state impact; non-resident tuition; and pupil transportation.

None of these programs creates a debt or liability of the State, and each is subject to annual legislative appropriations. The following descriptions are based on Alaska Statutes as amended through the First Session of the Tenth Legislature (1977) and on records and documents of the Department of Education.

1. **Construction Funds** — A portion of the cigarette taxes levied by the State and collected within a Governmental Unit's jurisdiction are returned to the Governmental Unit. These funds are designated for new construction or major rehabilitation of schools or for the payment of debt service on bonds issued for such purposes. Moneys can be accumulated over a period of years as long as they are used only for the designated purposes. Payments are generally made in December following November 15 audits of the prior fiscal year.

2. **Reimbursement of Debt Service and Cash Payments on School Facilities** — Except as noted below, the State reimburses 50% of debt service payments on bonds sold, or of cash payments made, for school construction. For some facilities, such as vocational classrooms and equipment, the State's share is 75%. Beginning July 1, 1978, the State will reimburse 100% of debt service payments for debt incurred prior to July 1, 1977 and 100% of cash payments made prior to July 1, 1976, for school construction. These payments lag two years behind the actual debt service or cash payments. The calculation of school construction costs excludes all state and federal funds included in these costs except funds provided under the Construction Funds Program (described in the preceding paragraph) which are offset against the amount of reimbursement under this program. The State makes such payments in two installments, one in the late fall and one in the early spring of the fiscal year.

3. **General Fund Operation Expenses ("Public School Foundation Act")** — The State reimburses Governmental Units for 95% (increased from 93% for fiscal years prior to 1976/77) of their "basic needs" operating expenses as defined by the State, calculated on the basis of the pre-fiscal year computations. Beginning July 1, 1978, the State will increase the reimbursement to 97% of "basic needs." This money, prorated according to its availability, is generally paid monthly. A formula is used to adjust payments to schools based upon factors such as assessed valuations per pupil for the school district as compared to the Statewide average, location of the schools and the like.

4. **State Impact** — This program offers financial relief to schools providing free public education to students whose parents work and/or live on State property. The amount of State aid is based on the State average cost of education per student, as reflected in the audit report of district schools for the prior fiscal year, times the number of qualifying students in average daily membership. The State pays 50% of this amount to schools for each pupil with a parent who lives on and works on State property, and 25% for each pupil with a parent who lives on or works on State property. This money is also prorated according to its availability and generally paid in December based on the prior fiscal year. The Governor line-item vetoed a portion of the legislative appropriation for this program for fiscal year 1977/78 to reduce the amount to approximately 50% of entitlement for fiscal year 1976/77, as the first step of an expected two year phase-out of the program.

5. **Non-Resident Tuition** — When pupils residing outside of a city or borough, where the State is responsible for operating schools, attend a school operated by a city or borough, the State makes tuition payments to the Governmental Unit operating the school.

6. **Pupil Transportation** — The State reimburses local school districts for 100% of the costs of transporting pupils to and from school for distances greater than one and a half miles.

SALES TAX

Alaska Statutes allow boroughs to levy and collect sales tax not exceeding 3%, on sales and rents and on services performed within the borough. The Borough levies a sales tax which is dedicated to school purposes including debt service on school construction bonds. Total annual sales taxes have been collected by the Borough as follows:

Fiscal Year Ending June 30:	Tax Rate % of Sales	Sales Tax Collection*
1978	2	\$2,600,000
1977	2	2,243,065
1976	2**	2,349,342
1975	3	2,144,923
1974	3	1,644,363
1973	3	1,423,111
1972	3	1,304,990
1971	3	1,277,148
1970	3	1,385,452

*Source: Kenai Peninsula Borough.

**The rate was changed from 3% to 2% in October, 1975; Borough officials anticipate maintaining the rate at 2%.

**KENAI PENINSULA BOROUGH
GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE (1)**

Year	Existing Debt						This \$25,970,000 Issue			Total General Obligation Bond Debt Service	Estimated State Reim- bursement(2)(3)	Estimated Net Debt Service
	General Obligation School Bonds			Total General Obligation Bonds			(Approx. 50% Funded by the State) (3)					
	(100% Funded by the State) (2)			School and Service Area Bonds			(assuming 5.5%)					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
1978-79	\$ 1,290,000	\$ 1,233,963	\$ 2,523,963	\$ 1,316,500	\$ 1,330,673	\$ 2,647,173	\$ 1,150,000	\$ 1,396,725	\$ 2,546,725	\$ 5,193,898	\$ 2,422,485	\$ 2,771,413
1979-80	1,365,000	1,153,182	2,518,182	1,391,500	1,248,300	2,639,800	1,210,000	1,331,825	2,541,825	5,181,625	2,542,586	2,639,039
1980-81	1,485,000	1,065,949	2,550,949	1,571,500	1,157,753	2,729,253	1,275,000	1,263,488	2,538,488	5,267,741	3,797,325	1,470,416
1981-82	1,575,000	972,237	2,547,237	1,606,500	1,060,411	2,666,911	1,350,000	1,191,300	2,541,300	5,208,211	3,789,095	1,419,116
1982-83	1,675,000	872,421	2,547,421	1,700,000	958,683	2,658,683	1,425,000	1,114,988	2,539,988	5,198,671	3,820,193	1,378,478
1983-84	1,770,000	771,173	2,541,173	1,795,000	855,850	2,650,850	1,500,000	1,034,550	2,534,550	5,185,400	3,817,887	1,367,513
1984-85	1,875,000	663,974	2,538,974	2,605,000	747,063	3,352,063	1,600,000	949,300	2,549,300	5,901,363	3,817,415	2,083,948
1985-86	2,005,000	539,835	2,544,835	2,030,000	575,507	2,605,507	1,685,000	858,963	2,543,963	5,149,470	3,808,448	1,341,022
1986-87	2,150,000	401,310	2,551,310	2,175,000	435,390	2,610,390	1,775,000	763,813	2,538,813	5,149,203	3,813,624	1,335,579
1987-88	2,290,000	271,770	2,561,770	2,320,000	304,257	2,624,257	1,875,000	663,438	2,538,438	5,162,695	3,816,816	1,345,879
1988-89	2,445,000	132,695	2,577,695	2,475,000	163,271	2,638,271	1,975,000	557,563	2,532,563	5,170,834	3,820,717	1,350,117
1989-90	670,000	29,185	699,185	705,000	57,850	762,850	2,100,000	445,500	2,545,500	3,308,350	3,830,989	(522,639)
1990-91				35,000	26,435	61,435	2,225,000	326,563	2,551,563	2,612,998	3,843,976	(1,230,978)
1991-92				35,000	24,206	59,206	2,350,000	200,750	2,550,750	2,609,956	1,971,935	638,021
1992-93				40,000	21,977	61,977	2,475,000	68,063	2,543,063	2,605,040	1,275,781	1,329,259
1993-94				45,000	19,428	64,428				64,428	1,275,375	(1,210,947)
1994-95				45,000	16,562	61,562				61,562	1,271,531	(1,209,969)
1995-96				50,000	13,696	63,696				63,696		63,696
1996-97				50,000	10,511	60,511				60,511		60,511
1997-98				55,000	7,325	62,325				62,325		62,325
1998-99				60,000	3,822	63,822				63,822		63,822
	\$20,595,000	\$ 8,107,694	\$28,702,694	\$22,106,000	\$ 9,038,970	\$31,144,970	\$25,970,000	\$12,166,829	\$38,136,829	\$69,281,799	\$52,616,077	\$16,665,722

- (1) Includes all Kenai Peninsula-Borough General Obligation Bonds as listed in Appendix B, page 30. Excludes a Small Business Administration loan for the Central Hospital Service Area with an outstanding principal balance due of \$334,597 at June 30, 1977.
- (2) Beginning July 1, 1978, the State of Alaska will reimburse 100% of debt service payments issued for school construction for general obligation bonds issued prior to July 1, 1977.
- (3) The State will reimburse 50% of debt service payments on bonds sold for school construction (where bonds were issued subsequent to July 1, 1977) except for vocational classrooms (75% reimbursement); reimbursement will lag two years behind actual debt service payments.

Interest exempt, in the opinion of bond counsel, from present federal income taxes under existing statutes, regulations, rulings and court decisions.

OFFICIAL STATEMENT

\$48,000,000

CITY OF VALDEZ, ALASKA

City General Obligation Bonds, Series 1979

Dated: June 1, 1979

Dated: June 1, as shown below

Principal and semi-annual interest (June 1 and December 1) payable at the Seattle-First National Bank, Seattle, Washington, or, at the option of the holder, at The Chase Manhattan Bank, N.A., New York, New York. First interest coupon due December 1, 1979. Coupon bearer bonds, not registrable.

These bonds (the "Bonds") constitute direct and voted general obligations of the City, payable from ad valorem taxes levied, *without limitation as to rate and amount*, on taxable property located within the City. The City has never defaulted.

The Bonds maturing on and after June 1, 1990, will be subject to redemption prior to maturity, at the option of the City, on or after June 1, 1989 at the redemption prices set forth herein.

MATURITY SCHEDULE

<u>Amount</u>	<u>Due June 1</u>	<u>Rate</u>	<u>Yield</u>	<u>Amount</u>	<u>Due June 1</u>	<u>Rate</u>	<u>Yield</u>
\$ 700,000	1983			\$1,700,000	1997		
800,000	1984			1,800,000	1998		
800,000	1985			1,900,000	1999		
900,000	1986			2,000,000	2000		
1,000,000	1987			2,200,000	2001		
1,000,000	1988			2,300,000	2002		
1,100,000	1989			2,400,000	2003		
1,100,000	1990			2,600,000	2004		
1,300,000	1991			2,700,000	2005		
1,300,000	1992			2,900,000	2006		
1,400,000	1993			3,100,000	2007		
1,400,000	1994			3,200,000	2008		
1,500,000	1995			3,400,000	2009		
1,600,000	1996						

(Accrued Interest from June 1, 1979, to be added)

The Bonds are offered for delivery when, as and if issued, and subject to the approving opinion of Wohlforth & Flint, Anchorage, Alaska, Bond Counsel, whose approving opinion will be printed on the Bonds. It is expected that the Bonds will be delivered on or about June 12, 1979.

May 7, 1979

REVENUES FROM OTHER GOVERNMENTAL AGENCIES

Education—Operating

The principal source of aid is the State's basic Foundation Program for support of education operating activities. The formula of the 1976 Legislature according to the State Department of Education would provide support for the operating school budget of \$4,002,468.75 for FY 1976-77, and \$4,402,715.52 for FY 1977-78.

The revisions of the 1977 Legislature resulted in the FY 1977-78 amount being increased to \$4,859,250, and an amount of \$5,232,180 for FY 1978-79.

Education—Construction

The 1977 Legislature passed legislation which as of July 1, 1978 revises the aid program to provide for 100% of the debt service incurred before July 1, 1977 and thereafter reverts back to the 50% formula for debt service incurred after July 1, 1977 or cash payments. The specific statute is as follows:

AS 43.18.100(a): "During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

(1) payments made by the borough or city 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, and cash payments made by the borough or city before July 1, 1976 to pay the cost of school construction;

(2) 50 percent of

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

(B) cash payments made after July 1, 1977 by the borough or city during the fiscal year two years earlier to pay costs of school construction."

(See Table A-3, Appendix A, Projections of Debt Service—State Aid—School Bonds.) This table reflects the aid at 50%. However, those principal and interest payments after July 1, 1978 will result in 100% aid authorization. This additional aid is projected at \$22,670,500 for those projected disbursements from FY 1978/79 above the projected \$12,014,000 outlined for those bonds outstanding as of June 30, 1976 and the \$15,315,000 projected for the \$23,000,000 of this issue for a total aid of \$49,999,500 over the life of the \$40,000,000 in school bonds issued by the Borough.

Other Intergovernmental Receipts

Table IV illustrates the detailed receipts of Revenues from Other Governmental Agencies.

OTHER RECEIPTS

Table V contains details concerning Miscellaneous Revenues of the Borough.

OTHER MISCELLANEOUS DATA

Retirement

As of December 31, 1975, an actuarial study indicated unfunded accrued benefits at \$246,690 to the State Public Employees' Retirement System. The consolidated employer rate is 9.43% of salaries of which 3.10% is for prior service benefits to be amortized over a 40-year period at \$14,382 per year.

TABLE XII
DEBT SERVICE REQUIREMENTS TO MATURITY—ACTUAL AND ESTIMATED
GENERAL OBLIGATION BONDS
(In \$000's to nearest \$1,000)

June 30	Bonds Outstanding		This Issue*—Series H		Estimated Total Debt Service
	Principal	Interest	Principal	Interest—7.00%	
1978	\$ 2,600	\$ 2,218.5	\$ —	\$ — **	\$ 4,818.5
1979	3,100	2,011.5	4,000	7,154	16,265.5
1980	3,600	1,785.5	4,500	3,297	13,182.5
1981	3,300	1,558.6	4,500	2,982	12,340.6
1982	2,800	1,340.9	5,000	2,667	11,807.9
1983	2,200	1,154.8	5,500	2,317	11,171.8
1984	2,100	1,003.7	7,500	1,932	12,535.7
1985	1,800	868.3	5,000	1,407	9,075.3
1986	1,600	742.0	4,500	1,057	7,899.0
1987	2,400	627.3	4,000	742	7,769.3
1988	2,900	437.0	3,000	462	6,799.0
1989	2,900	228.8	2,600	252	5,980.8
1990	1,200	44.8	1,000	70	2,314.8
TOTALS	<u>\$32,500</u>	<u>\$14,021.7</u>	<u>\$51,100</u>	<u>\$24,339</u>	<u>\$121,960.7</u>

*Memo — School Facilities	\$23,000,000	\$3,000,000 1979; \$3,500,000 1980-81; \$4,000,000 1982; \$4,500,000 1983-84
Housing	7,600,000	\$2,000,000 1985-87; \$1,000,000 1988; \$600,000 1989
Roads	7,800,000	\$1,000,000 1979-83; \$800,000 1984; \$1,000,000 1989-90
Light, Power & Heating Systems ...	5,500,000	\$500,000 1984; \$1,000,000 1985; \$2,000,000 1986; \$1,000,000 1987-88
Sanitary Fac.—Prudhoe Bay	5,500,000	\$1,500,000 1985; \$1,000,000 1986-1989
Water Facilities	75,000	\$75,000 1984
Sewer Facilities	350,000	\$350,000 1984
Airport Facilities	175,000	\$175,000 1984
Urban Development	830,000	\$830,000 1984
Sanitary Facilities	270,000	\$270,000 1984
TOTAL	<u>\$51,100,000</u>	

**Included in an 18-month coupon is \$3,577,000 for the 12-month period.

OFFICIAL STATEMENT DATED: August 21, 1980

NEW ISSUE
RATINGS: Moody's A
S & P A

In the opinion of Counsel, interest on the Bonds is exempt from Federal income tax under present statutes, regulations and court decisions.

ALASKA MUNICIPAL BOND BANK

\$16,170,000

1980 SERIES A BONDS GENERAL OBLIGATION SERIES

DATED: August 1, 1980

DUE: August 1, 1982-2000

The Bonds will be general obligations of the Alaska Municipal Bond Bank (the "Bank") issued in the denomination of \$5,000 either in coupon form, payable to bearer and registrable as to principal alone, or in fully registered form without coupons. Both principal of and interest on the Bonds will be payable at the offices of the Trustee, Rainier National Bank, Seattle, Washington, or, in the case of coupon bonds only, coupons and unregistered principal are also payable at Chemical Bank, New York, New York. The Bonds will pay interest semi-annually on the first days of August and February commencing August 1, 1981.

MATURITY SCHEDULE

Amount	Due August 1,	Coupon	Yield or Price	Amount	Due August 1,	Coupon	Yield or Price
\$370,000	1982	9.00%	5.50%	\$ 800,000	1992	7.45%	7.60%
395,000	1983	9.00	5.75	865,000	1993	7.60	7.75
430,000	1984	9.00	6.00	935,000	1994	7.75	7.90
470,000	1985	9.00	6.20	1,010,000	1995	8.00	8.10
510,000	1986	9.00	6.40	1,095,000	1996	8.00	8.20
550,000	1987	9.00	6.70	1,175,000	1997	8.00	8.30
595,000	1988	9.00	6.90	1,275,000	1998	8.00	8.40
635,000	1989	9.00	7.10	1,370,000	1999	8.00	8.50
690,000	1990	7.30	7.25	2,255,000	2000	8.00	8.50
745,000	1991	7.30	7.40				

See Redemption Provision

(Accrued Interest to be Added)

Redemption Provision — The Bank reserves the right to redeem any or all of the Bonds outstanding, in whole or in part, on or after August 1, 1990 at par plus accrued interest to the date of redemption. Notice will be given by publication once a week for two successive weeks, the first such publication not less than 30 days nor more than 60 days prior to date of redemption, in a newspaper of general circulation publishing financial news in New York, New York. A like notice will be mailed to registered owners of any Bonds. Interest on any Bonds called for redemption will cease on such redemption date.

Legal Opinion and No Litigation Certificate — These Bonds are offered when, as and if issued, subject to the approval of legality by Wohlforth & Flint, Bond Counsel, Anchorage, Alaska. The Bank will furnish the unqualified approving legal opinion of Wohlforth & Flint, to the effect that the Bonds are valid and legally binding obligations of the Bank and to the effect that the interest on the Bonds is exempt from Federal income taxation under existing statutes, regulations, rulings and court decisions. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of said Bonds or the coupons appertaining thereto, will also be furnished.

It is anticipated that these Bonds in definitive form will be ready for delivery on or about August 21, 1980.

nuveen

John Nueven & Co. Incorporated

State Payments to Government Units

The State of Alaska disburses funds to the Government Units (as described below) which generally are available for uses other than paying Municipal Bond debt service. However, in event of default by the Government Units, the Bank can cause such funds, held in custody by the State, to be paid over to the Bank.

Three State Departments disburse moneys to Government Units as follows:

(1) *Department of Education* — State appropriations and cigarette taxes earmarked for education, including reimbursements (at rates of 50-100%) of both debt service and cash payments on school facilities.

(2) *Department of Revenue* — Local share of various taxes collected by the State within the jurisdiction of the local governments including corporate income, amusement, aviation fuel, electric, telephone, liquor and raw fish taxes.

(3) *Department of Community and Regional Affairs* — State Aid to local governments includes direct grants and contributions for roads, health facilities, and hospitals under 1980 legislation.

During the year 1979 State payments totalling approximately \$50.1 million for the three categories of payments outlined above were made to Government Units which currently have general obligation Municipal Bonds outstanding (owned by the Bank) under the General Resolution and the 1980 Bond Resolution.

Government Unit	Education Aid (1)	Shared Taxes (2)	State Aid (3)	Totals	Future Average Annual Debt Service (5)	State Payments Ratio (6)
City and Borough of Sitka (4)	\$ 4,150,546	\$ 197,315	\$ 375,960	\$ 4,723,821	\$ 924,804	5.11
Bristol Bay Borough (4)	1,103,482	203,202	34,970	1,341,654	408,360	3.29
City of Kodiak	—	376,621	193,850	570,471	160,314	1.40
City of Seward	—	102,701	218,723	321,424	110,014	2.92
Matanuska-Susitna Borough	12,712,605	229,379	277,661	13,219,645	829,760	15.93
City of Homer	—	109,693	77,893	187,586	225,225	.83
City of Nome	3,430,334	57,669	348,267	3,836,270	46,651	82.14
City of Soldotna	—	135,756	108,066	243,822	171,779	1.42
City and Borough of Juneau	9,872,298	500,371	755,106	11,127,775	374,988	29.67
City of Ketchikan	—	250,278	360,286	610,564	507,376	1.21
City of Bethel	—	93,504	253,997	347,501	86,472	4.05
City of Wrangell	1,310,221	54,159	191,071	1,555,451	135,375	11.52
City of Fairbanks	—	1,307,405	1,533,375	2,840,780	161,506	17.54
City of Palmer	—	91,013	149,820	240,833	183,186	1.32
City of Kenai	—	231,166	223,633	454,799	41,280	11.09
City of Unalaska	743,506	267,447	92,731	1,103,684	102,780	10.71
Kodiak Island Borough	6,843,336	382,864	194,481	7,420,681	1,245,360	5.96
Total	<u>\$40,166,328</u>	<u>\$4,590,543</u>	<u>\$5,389,890</u>	<u>\$50,146,761</u>		

Sources:

- (1) State of Alaska Department of Education, Fiscal Year 1979/80, the Cities of Kodiak, Seward, Homer, Soldotna, Ketchikan, Bethel, Palmer and Fairbanks do not operate schools.
- (2) State of Alaska Department of Revenue, Fiscal Year 1978/79.
- (3) State of Alaska Department of Community and Regional Affairs, Fiscal Year 1978/79.
- (4) Only State payments payable to Bristol Bay Borough and the City and Borough of Sitka after May 1, 1980 may be withheld in the event of default on the general obligation Municipal Bonds which secure the 1980 First Special Issue bonds. These bonds together with Reserve Fund Obligations comprised the 1980 First Special Issue dated April 1, 1980.
- (5) This column shows the future average annual debt service due on Municipal Bonds purchased by the Bank.
- (6) This column represents the ratio of State Payments to Government Units versus future average annual debt service for the respective municipalities on one or more bond issues including this Bond issue. Debt service for this Bond issue was calculated assuming an interest rate of 8% per annum. State aid in future years is subject to legislative appropriation.



KODIAK ISLAND BOROUGH

Kodiak, Alaska

May, 1983

FINANCIAL AND FISCAL MATTERS

Debt Structure

Neither state law nor the Kodiak Island Borough Code imposes any debt limit on Alaskan municipalities. The Borough Code does, however, require general obligation bond issues, except refunding bonds, to be authorized by a majority vote of the electorate voting on the question.

The following statement of direct and overlapping bonded debt relates to the outstanding general obligation bonds of the Borough, including the \$7,400,000 of general obligation bonds sold in May 1983.

Outstanding General Obligation Bonds:

School Bonds	\$ 22,000,000	
Other Bonds	300,000	
Gross Debt	\$ —	\$ 22,300,000
Less: Self-Supporting Bonds	—	—
Special Assessments	—	—
Total Net Direct Debt		<u>\$ 22,300,000</u>

Assessed Valuation, 1982^①

Real Property	\$370,439,377	
Personal Property	67,606,123	
		<u>\$438,045,500</u>

Ratios to 1982 Assessed Valuation^①

Net Direct Debt	5.1%
Total Debt	5.1%

Per Capita^②

Net Direct Debt	\$ 1,754
Total Debt	1,754
1982 Assessed Valuation ^①	34,454

① Valuations are at 100% of estimated full value.

② Population of 12,714 as of August 1, 1982 per Special Census and accepted by the State Demographer.

Including the recent sale of the \$7,400,000 general obligation bonds, the Borough will have a total of general obligation bonds authorized but unissued of \$9,500,000, all for school purposes. The Borough presently has no other types of bonds authorized.

State Contribution Toward School Bond Debt Service

The State of Alaska contributes to local school construction and debt retirement primarily through two programs. The first involves a share of State tobacco tax revenues, which share the District has dedicated to debt service on school bonds and the amounts of which are included in Table 3 below.

The second program was created by the State Legislature in 1970 and provides a system under which the State, subject to annual appropriation by the Legislature, will reimburse local school districts part of the cost of debt service on school construction bonds and a share of the cost of construction of school plant not financed by bonds. About 90% of the State's revenue comes from oil and gas production in the form of royalties and taxes. A decrease in the world market price of crude oil has had an adverse impact on the State's ability to fund this program. Under the statute (AS 43.18.100), which created the second program, the amount of the tobacco tax allocation received by a school district is offset against the amount of the reimbursement. The reimbursement each year is based upon the amount of debt service on school debt and/or the amount paid for school construction from funds other than bond proceeds during the fiscal year two years prior to the year of the reimbursement. The allocations pursuant to this program received by the School District are shown below and are available for debt service on school bonds, although such allocations are unrestricted revenue and can be used to fund general education expenditures as well.

TABLE 17
STATE CONTRIBUTION TO KODIAK ISLAND BOROUGH SCHOOL DISTRICT CONSTRUCTION

Year Ended June 30	Tobacco Tax Allocation	State Aid Allocation	Total
1982	\$79,326	\$634,491	\$713,817
1981	65,784	616,108	681,892
1980	62,086	317,602	379,688
1979	59,891	283,969	343,860
1978	61,969	173,701	235,670
1977	73,508	157,424	230,932
1976	59,628	215,693	275,321
1975	63,835	223,000	286,835
1974	62,659	168,578	231,237
1973	67,427	8,462	75,889

Source: Kodiak Island Borough.

Legislation entitled "Senate Committee Substitute for Committee Substitute for House Bill No. 279 (Finance)" was enacted in 1982. Such legislation provides generally that for debt issued prior to 1977, the State will reimburse the Borough at 100% of annual costs, but with a two-year lag. Debt incurred after June 30, 1977 and before December 31, 1981 would have the State reimburse 90% of annual costs with a two-year lag. Debt issued after December 31, 1981 (the Bonds would apply) would have the State reimburse 90% debt service in the fiscal year paid. As noted previously, this reimbursement is subject to annual appropriations and could be adversely impacted by a decrease in state revenues due to a decline in crude oil prices.

Revenues and Expenditures

Each year the Borough must approve a budget and a tax levy ordinance. Budget hearings are held during the months of March and April and individual budget sessions follow with departments and agencies. The total 1982/83 budget called for expenditures of \$5,030,760 compared to revenues received in 1981/82 of \$5,964,088.

In fiscal year ended June 30, 1982, General Fund revenues generated locally totalled \$3,260,827 of which 69%—or \$2,236,368—was from property taxes. Receipts from State and Federal governments increased revenues by \$2,703,261 to a total of \$5,964,088 of which only 37% was represented by local property taxes. Total expenditures for the period equalled \$3,893,139.

The Marching Band during the annual Crab Festival



This is a Preliminary Official Statement and is subject to change and correction. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 1983

NEW ISSUE

Ratings: Fitch's:
Moody's:
Standard & Poor's:

OFFICIAL STATEMENT
Relating to the Original Issuance of
\$90,800,000
North Slope Borough, Alaska

General Obligation Refunding Bonds of 1983
Series B

Dated: November 15, 1983

Due: June 30, As Shown Below

The General Obligation Refunding Bonds of 1983, Series B will be issued only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. These Bonds are not subject to redemption prior to maturity.

Interest from the date of the Bonds will be payable annually at the rates specified below on June 30, commencing June 30, 1984, by check or draft mailed to the owner in whose name the Bond is registered upon the Books of Registry as of the close of business on the fifteenth day of June in each year at his address appearing upon such Books of Registry to be kept by Rainier National Bank, Registrar, at its principal office in Seattle, Washington, and by Chemical Bank, Co-Registrar, at its principal office in New York, New York. Principal payable at Rainier National Bank, Paying Agent, in Seattle, Washington.

The Bonds are general obligations of the Borough, and the full faith and credit of the Borough are pledged to the payment of the principal of and interest on the Bonds. The Borough has the power and is obligated to levy ad valorem taxes on all property within the Borough, subject to taxation by the Borough, without limitation as to rate or amount, for the payment of the principal of and interest on the Bonds. The Bonds are issued for the purpose of refunding certain outstanding bonds of the Borough. The proceeds of the Bonds, together with other funds of the Borough, will be applied to the purchase of direct obligations of the United States the principal of and interest on which will be used to pay the interest on and principal of such outstanding bonds as they become due.

MATURITIES

Year	Amount	Interest Rate	Yield or Price
1987	\$18,200,000	8.25 %	%
1988	31,200,000	8.75	
1989	25,500,000	9.25	
1990	15,900,000	9.50	

(Plus accrued interest from November 15, 1983.)

The Bonds are offered when, as and if issued by the Borough, and accepted by the Underwriter named below, subject to prior sale and subject to the approval as to their validity by Wood & Dawson, New York, New York, Bond Counsel. Certain legal matters will be passed upon by Counsel to the Underwriter, Willkie Farr & Gallagher, New York, New York. It is expected that the Bonds will be available for delivery in definitive form on or about November 15, 1983. In the opinion of Bond Counsel interest on the Bonds is exempt from federal income taxation under existing law and regulations. See "Opinion of Bond Counsel."

E. F. Hutton & Company Inc.

Dated: , 1983

FEDERAL AND STATE GRANTS AND DISTRIBUTIONS

State Aid for Education—Operations

The Foundation Program of the State is the principal source of aid to education. The formula is as follows:

FY	Amount Per Instructional Unit	District Multiplier	State Share	Total No. of Units	Total Aid
80-81	\$34,935	X 1.55 =	\$54,149 X 97% X	142 =	\$7,458,483
81-82	\$38,590	X 1.55 =	\$59,815 X 100% X	144 =	\$8,613,360
82-83	\$42,450	X 1.55 =	\$65,797 X 100% X	149 =	\$9,803,753*
83-84	\$42,450	X 1.55 =	\$65,797 X 100% X	149 =	\$9,803,753

	Fiscal Year 1977-78	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Fiscal Year 1981-82	Fiscal Year 1982-83
Community Education	1	—	—	—	—	—
Reg. Instruct. Units	83	93	92	100	101	106
Vocational Education	14	15	21	18	15	18
Special Education	19	17	16	11	11	12
Correspondence	3	2	3	3	3	3
Bilingual Education	—	—	7	10	14	13
TOTALS	120	127	139	142	144	152

*Note: The Legislature underfunded this program by 4% to date.

State Aid for Education—Construction

Pursuant to Alaska Statutes 43.18.100, State aid is authorized for the payment of 100% of the debt service incurred prior to July 1, 1977 by a municipality for school construction, and 90% of the debt service so incurred or cash payments made subsequent to June 30, 1978 by an organized borough or city for school construction projects, as approved by the State. Alaska Statutes provide as follows:

“(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 or 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 per cent 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; and

(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 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 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 1407.020(11); and

(B) cash payments made after June 30, 1982 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 14.07.010(11).

Alaska Statutes 14.07.020(11) requires the approval by the State Department of Education of plans for construction and the extent of eligibility for State aid of school construction projects. The critical effect of the preceding statutory requirements on the Borough is the consequent statutory diminution of the financial participation in school construction by the State after July 1, 1978, to 90% of the approved costs of basic educational facilities, as defined by regulation. The remaining 10% of such costs will not be funded by the State. To the extent that such costs for the additional facilities exceed regulatory standards set by the Department of Education, such costs will not be funded by the State.

State aid for construction of educational facilities is projected as follows:

	Aggregate Principal Amount Outstanding	Total Debt Service	State Aid*
	(\$000)	(\$000)	(\$000)
Bonds Issued Prior to June 30, 1978	\$ 40,000	\$ 53,838	\$ 49,985
Gen. Obligation Bonds, Series I-K,N,O,P	131,100	205,743	126,398
Bonds Authorized and to be Issued**	36,120	55,338	27,669
	<u>\$207,220</u>	<u>\$314,919</u>	<u>\$204,052</u>

*State Aid is projected at approximately 50% of debt service on bonds issued subsequent to June 30, 1978 to pay the costs of school construction, thereby assuming, among other factors, appropriations by the State Legislature at a level below that authorized by statute.

**Pursuant to Ordinance 82-10A, bonds authorized but unused \$34,555,000 and \$1,565,000 to be authorized (see "Operating and Capital Budget Procedures").

See Table II-8, Code 50-507 Debt Service, for past receipts and budget estimate FY 1982/83.

Federal Aid—Operations

Table II-10 provides a summary of federal aid in prior years as well as budgetary estimates; while Table II-8 outlines the detailed receipt code (asterisked) for aid. The principal single source is Public Law 874 reimbursement for certain children whose parents live or work on federal property. The next major source is in the area of health and social services for various contract work performed throughout the Borough's eight communities.

Federal Aid—Construction

There has been little federal aid for construction directly to the Borough; the exception being for construction of the Point Lay school of \$4,542,000.

**NEW ISSUE
CITIZEN BONDS™**

**RATINGS: Moody's: A1
Standard & Poors: A**

In the opinion of Bond Counsel, interest on the Bonds is exempt from all present Federal income taxes under existing statutes, regulations, court decisions and rulings.

**\$14,000,000
MUNICIPALITY OF ANCHORAGE, ALASKA
1985B GENERAL OBLIGATION GENERAL PURPOSE BONDS**

Dated: June 1, 1985

Due: August 1, 1986-2005

The Bonds are to be issued only as fully registered bonds without coupons and when issued will be registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York, which will act as depository. Individual purchases of Bonds will be made in the principal amount of \$1,000 or integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial-transaction statement stating the details of the Bonds purchased. Certain concepts and procedures employed in the issuance of, and the registration program for, the Bonds are embraced by the CITIZEN BONDSTM program developed by Prudential-Bache Securities Inc. (See "CITIZEN BONDS™" hereinafter.)

Principal of and interest (February 1, 1986, and semiannually thereafter February 1 and August 1) on the Bonds are payable to Cede & Co., and such principal and interest payments will in turn be disbursed to the owners of the Bonds through their nominees. Transfer of ownership interests in the Bonds will be accomplished by book entries made by the depository and the nominees of Bond owners so that a new Bond owner will receive a credit balance on the books of its nominee and a confirming statement in the same manner as an initial purchaser of an ownership interest in the Bonds. The Bonds are subject to redemption prior to maturity on any interest payment date on and after August 1, 1995, at the redemption prices set forth herein.

The Bonds are general obligations of the Municipality of Anchorage, and the full faith, credit and taxing power of the Municipality are pledged for the payment of the principal of and interest on the Bonds when due. The Municipality has irrevocably pledged and covenanted to levy and collect taxes upon all taxable property within the Municipality, without limitation as to rate or amount, in amounts sufficient together with other funds available therefor to pay the principal of and interest on the Bonds when due.

MATURITIES, AMOUNTS, RATES AND PRICES OR YIELDS

<u>Due</u> <u>August 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Due</u> <u>August 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>
1986	\$340,000	5.50%	100%	1996	\$ 885,000	8.50%	100%
1987	355,000	6.00	100	1997	990,000	8.70	100
1988	395,000	6.50	100	1998	865,000	8.80	100
1989	410,000	7.00	100	1999	945,000	8.90	100
1990	105,000	7.20	100	2000	635,000	9.00	100
1991	560,000	7.40	100	2001	990,000	9.00	100
1992	605,000	7.60	100	2002	1,025,000	9.05	100
1993	425,000	7.80	100	2003	1,040,000	9.10	100
1994	345,000	8.00	100	2004	1,210,000	9.10	100
1995	595,000	8.25	100	2005	1,280,000	9.10	100

(Accrued interest from June 1, 1985 to be added)

The Bonds are offered in book-entry form when, as and if issued and received by the Underwriters and subject to the approving legal opinion of Wohlforth & Flint, Bond Counsel, of Anchorage, Alaska, as to validity and the exemption of interest thereon from Federal income taxation. Certain legal matters will be passed upon for the Underwriters by Preston, Thorgrimson, Ellis & Holman, Underwriters' Counsel, of Seattle, Washington.

It is expected the Bonds will be delivered to the Underwriters for deposit with The Depository Trust Company in New York, New York, on or about June 27, 1985.

June 4, 1985

Prudential-Bache
Securities

Boettcher & Company
Merrill Lynch Capital Markets
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Wedbush, Noble, Cooke, Inc.

E.F. Hutton & Company Inc.
Shearson Lehman Brothers Inc.
Foster & Marshall Division
Dean Witter Reynolds Inc.

Taxes levied by a municipality for purposes other than debt service on general obligation bonds are limited by Alaska Statutes 29.53.050(a) to an amount equal to 3 percent of the assessed valuation of taxable property. Certain types of property related to oil and gas production and transmission, as defined by AS 43.56, are assessed by the State Department of Revenue and, except for taxes levied for debt service on general obligation bonds, taxes against such properties are limited to a State levy maximum rate of 20 mills (2%) on the true value, and levies by municipalities against such properties are treated as credits against the State levy and are subject to certain limitations designed to restrict taxation of such properties by sparsely settled municipalities which have disproportionately large installations of oil and gas facilities within their boundaries. These limitations appear to have no foreseeable material effect upon the financial position or resources of the Municipality, the assessed valuation of such oil and gas properties within the Municipality being only \$85,796,600 for 1984 taxes.

At the October 4, 1983 election, voters of the Municipality approved an initiative measure amending the Municipal Charter effective with the 1984 municipal budget (and the 1984-85 School District budget) which provides that the total amount of municipal tax that can be levied during a fiscal year shall not exceed the total amount approved by the Assembly for the preceding year by more than a percentage determined by multiplying the percentage increase in the Federal Consumer Price Index for Anchorage from the preceding fiscal year times the average percentage growth or loss in the Anchorage municipal population over the preceding five fiscal years as determined by the State Department of Community and Regional Affairs. This tax limitation does not apply to:

1. Taxes on new construction or property improvements which occur during the current fiscal year.
2. Taxes required to fund additional services mandated by voter-approved ballot issues.
3. Special taxes authorized by voter-approved ballot issues.
4. Taxes required to fund the costs of judgments entered against the Municipality.
5. Taxes required to pay principal or interest on bonds, including revenue bonds.
6. Taxes required to fund the cost of an emergency ordinance enacted pursuant to the Municipal Charter.

Any tax increases which result from exceptions 1 through 3 set forth above will be added to the base amount which is used for the calculation of the subsequent year tax increase limit.

STATE CONTRIBUTIONS TOWARD SCHOOL BOND DEBT SERVICE

The outstanding general obligation debt of the Municipality included \$150,235,000 School Bonds, as of December 31, 1984, issued by the Municipality and its predecessor, the Greater Anchorage Area Borough. The Anchorage School District does not have the authority to issue bonds.

The State of Alaska contributes to local school construction and debt retirement primarily through two programs. Under the first program, the State distributes a share of State tobacco tax revenues among local school districts. The Anchorage School District has dedicated its share of these revenues to debt service on school bonds although it is not required to do so.

The second program was created by the State Legislature in 1970 and provides a system under which the State, subject to annual appropriation, will reimburse local school districts part of the cost of debt service on school construction bonds and a share of the cost of construction of school plant not financed by bonds. Under the statute (AS 43.18.100), the amount of the tobacco tax allocation received by a school district is an offset against the amount of the reimbursement. The reimbursement formula has been revised by the State Legislature several times. Under the current formula, the reimbursement for school bond debt service will be calculated as follows:

1. For debt issued prior to July 1, 1977, the amount of the reimbursement will be 100 percent of debt service

during the fiscal year two years prior to the year of reimbursement (in other words, there is a two-year lag between the year of payment of debt service and the year of reimbursement).

2. For debt issued between July 1, 1977, and December 31, 1981, the amount of the reimbursement will be 90 percent of debt service during the fiscal year two years prior to the year of reimbursement.

3. For debt issued on or after January 1, 1982, and authorized on or before June 30, 1983, the amount of the reimbursement will also be 90 percent of debt service, but the reimbursement will be made in the fiscal year in which the debt service is paid.

4. For debt authorized after June 30, 1983, the amount of the reimbursement will be 80 percent of debt service, and the reimbursement will be made in the fiscal year in which the debt service is paid. None of the outstanding school bonds of the Municipality fall within this category.

Approximately 90 percent of the State of Alaska's revenue is derived from oil and gas production in the form of royalties and taxes. A decrease in the world market price of crude oil has an adverse impact on the State's financial position and, consequently, its ability to fund this program.

Under the statute, if the event funds are not available to fully fund the program, the funds that are available will be distributed pro rata among the eligible local governments. State appropriations are also subject to a Constitutional amendment passed in 1982 which limits State appropriations.

The allocations pursuant to the tobacco tax and State aid programs received by the Anchorage School District the past 10 years have been as follows:

<u>Year Ended June 30</u>	<u>Tobacco Tax Allocation</u>	<u>State Aid Allocation</u>	<u>Total</u>
1985 (Preliminary)	\$1,079,068	\$17,368,913	\$18,447,981
1984	1,069,038	18,552,237	19,621,275
1983	3,075,365	14,272,757	17,348,122
1982	1,061,903	9,914,812	10,976,715
1981	855,623	11,446,809	12,302,432
1980	869,367	9,739,183	10,608,550
1979	894,332	9,944,227	10,838,559
1978	957,931	5,598,798	6,556,729
1977	1,090,725	4,866,856	5,957,581
1976	802,369	4,649,923	5,452,292

MUNICIPALITY OF ANCHORAGE

Anchorage, situated on a broad plain at the head of Cook Inlet in southcentral Alaska, was settled in 1915 as a construction base of the Alaska Railroad built by the Federal Government from the Gulf of Alaska to Fairbanks in interior Alaska. The largest of Alaska's cities, Anchorage is a modern, progressive and dynamic metropolitan center with a population, estimated by the Community Planning Department of the Municipality, of 244,030, as of July 1, 1984.

In 1975, the citizens of the Anchorage area ratified a Home Rule Charter for a unified municipal government, and under the Charter the former governments (the City of Anchorage (the "City"), incorporated in 1920; the Greater Anchorage Area Borough (the "Borough"), incorporated in 1964; and two small incorporated communities, Girdwood and Glen Alps) were dissolved as of September 15, 1975, and the Municipality became their legal successor for all rights, titles, actions, suits, franchises, contracts and liabilities and all civil, criminal or administrative proceedings. The area of the Municipality is coterminous with the area of the former Borough and totals approximately 2,006 square miles (approximately 1,717 square miles of land area).

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(1) Outstanding at beginning of year plus, for 1985, the Bonds and the \$21,220,000 1985 General Obligation General Purpose Bonds sold January 8, 1985.

NOTE: School Bonds are shown separately because they are substantially supported by State sources as described under "State Contributions Toward School Bond Debt Service."

Merrill Lynch
State General Obligation Bonds
Comparative Value Trading Table
As of 01/22/86

	Moody's	S&P		5 Years	10 Years	15 Years	20 Years
<u>Group 1</u>	Aa1	AA	Connecticut	-.10	-.10	-.10	-.10
	Aaa	AA	Georgia	-.10	-.10	-.10	-.10
	Aaa	AAA	Maryland	-.10	-.10	-.10	-.10
	Aaa	AAA	New Jersey	-.10	-.10	-.10	-.10
	Aaa	AAA	North Carolina	-.10	-.10	-.10	-.10
	Aaa	AAA	South Carolina	-.10	-.10	-.10	-.10
	Aaa	AAA	Utah	-.10	-.10	-.10	-.10
	Aaa	AAA	Virginia	-.10	-.10	-.10	-.10
<u>Group 2</u> <u>(BASE GROUP)</u>	Aa	AA+	California	6.10	7.00	7.50	7.70
	Aaa	AAA	Missouri*	6.10	7.00	7.50	7.70
	Aaa	NR	Oklahoma*	6.10	7.00	7.50	7.70
	Aaa	AA+	Tennessee	6.10	7.00	7.50	7.70
	Aaa	AAA	Texas	6.10	7.00	7.50	7.70
<u>Group 3</u>	Aa	AA	Alabama	+.05	+.05	+.10	+.10
	Aa	AA	Delaware	+.05	+.05	+.10	+.10
	Aa	AA	Montana*	+.05	+.05	+.10	+.10
<u>Group 4</u>	A	A+	New York	6.20	7.20	7.70	7.90
	Aa	AA	Kentucky	+.10	+.10	+.10	+.20
	Aa1	AAA	Maine	+.10	+.10	+.10	+.20
	A1	AA	Massachusetts	+.10	+.10	+.10	+.20
	Aa	AA+	Minnesota	+.10	+.10	+.10	+.20
	Aa	AA-	Mississippi*	+.10	+.10	+.10	+.20
	Aa	AA	New Mexico*	+.10	+.10	+.10	+.20
	Aa	AA	Ohio	+.10	+.10	+.10	+.20
<u>Group 5</u>	Aa	AA	Florida	+.15	+.15	+.20	+.25
	Aa	AA	Hawaii	+.15	+.15	+.20	+.25
	Aaa	AA+	Illinois	+.15	+.15	+.20	+.25
	Aa	AA	Nevada	+.15	+.15	+.20	+.25
	Aa	AA-	Rhode Island	+.15	+.15	+.20	+.25
	Aa	AA	Wisconsin	+.15	+.15	+.20	+.25
<u>Group 6</u>	Aa	AA-	Alaska	+.20	+.20	+.40	+.35
	Aa	AA	New Hampshire*	+.20	+.20	+.40	+.35
	A	AA-	Pennsylvania	+.20	+.20	+.40	+.35
	Aa	NR	Vermont	+.20	+.20	+.40	+.35
<u>Group 7</u>	A1	AA-	Louisiana	+.25	+.30	+.50	+.50
	Aa	AA	North Dakota*	+.25	+.30	+.50	+.50
	A1	A+	Oregon	+.25	+.30	+.50	+.50
	A1	AA-	West Virginia	+.25	+.30	+.50	+.50
<u>Group 8</u>	A	AA-	Washington	+.30	+.40	+.60	+.60
<u>Group 9</u>	A	A+	Michigan	+.40	+.60	+.60	+.65
<u>Group 10</u>	Baa1	A	Puerto Rico	+.60	+.80	+.85	+.75

* Yield is estimated because of thin secondary market supply. Estimate is based on previous trading characteristics.

** Arizona, Arkansas, Colorado, Idaho, Indiana, Iowa, Kansas, Nebraska, South Dakota, and Wyoming have little or no outstanding state general obligation debt.

*** NR = not rated.

**** State comparative trading relationships are subject to change at any moment due to extreme market volatility and heavy supply of new issue state general obligation debt in the primary market.

Merrill Lynch
State General Obligation Bonds
Comparative Value Trading Chart
A/O 1/2/85

	<u>Moody's</u>	<u>S&P</u>		<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>
<u>Group 1</u>	Aaa	AA	Georgia	-.10	-.10	-.10	-.10
	Aaa	AAA	North Carolina	-.10	-.10	-.10	-.10
	Aaa	NR	Oklahoma*	-.10	-.10	-.10	-.10
	Aaa	AAA	South Carolina	-.10	-.10	-.10	-.10
	Aaa	AAA	Utah	-.10	-.10	-.10	-.10
	Aaa	AAA	Virginia	-.10	-.10	-.10	-.10
<u>Group 2</u> <u>(BASE GROUP)</u>	Aa	AA	Connecticut	7.25	8.40	9.10	9.35
	Aaa	AAA	Missouri*	7.25	8.40	9.10	9.35
	Aa1	AA	Montana*	7.25	8.40	9.10	9.35
	Aaa	AAA	Maryland	7.25	8.40	9.10	9.35
	Aaa	AAA	New Jersey	7.25	8.40	9.10	9.35
	Aaa	AA+	Tennessee	7.25	8.40	9.10	9.35
	Aaa	AAA	Texas	7.25	8.40	9.10	9.35
<u>Group 3</u>	Aa	AA	Alabama	+.10	+.10	+.20	+.10
	Aa	AA	California	+.10	+.10	+.20	+.10
	Aa	AA	Delaware	+.10	+.10	+.20	+.10
	Aa	AA	Florida	+.10	+.10	+.20	+.10
	Aa	AA	Kentucky	+.10	+.10	+.20	+.10
	Aa	AA-	Mississippi*	+.10	+.10	+.20	+.10
	Aa1	AA	New Mexico*	+.10	+.10	+.20	+.10
<u>Group 4</u>	Aa	AA	Louisiana	+.15	+.15	+.30	+.20
	Aa1	AAA	Maine	+.15	+.15	+.30	+.20
	Aa	AA	Minnesota	+.15	+.15	+.30	+.20
	Aa	AA	Nevada	+.15	+.15	+.30	+.20
	Aa	AA-	Rhode Island	+.15	+.15	+.30	+.20
	Aa	AA	Ohio	+.15	+.15	+.30	+.20
	Aa	AA	Wisconsin	+.15	+.15	+.30	+.20
<u>Group 5</u>	A	A+	New York	7.50	8.40	9.40	9.60
<u>Group 6</u>	Aa	AA-	Alaska	+.20	+.20	+.40	+.30
	Aa	AA	Hawaii	+.20	+.20	+.40	+.30
	Aaa	AA+	Illinois	+.20	+.20	+.40	+.30
	Al	AA	Massachusetts	+.20	+.20	+.40	+.30
	Al	AA-	New Hampshire*	+.20	+.20	+.40	+.30
	Aa	AA	North Dakota*	+.20	+.20	+.40	+.30
	A	A+	Pennsylvania	+.20	+.20	+.40	+.30
	Aa	NR	Vermont	+.20	+.20	+.40	+.30
	Al	AA+	West Virginia	+.20	+.20	+.40	+.30
<u>Group 7</u>	Al	AA	Oregon	+.25	+.35	+.55	+.50
<u>Group 8</u>	A	AA-	Washington	+.30	+.45	+.65	+.65
<u>Group 9</u>	Baal	A	Puerto Rico	+.75	+.90	+.90	+.90
<u>Group 10</u>	A	A+	Michigan	+.75	+1.00	+1.00	+1.00

* Yield is estimated because of thin secondary market supply. Estimate is based on previous trading characteristics.

** Arizona, Arkansas, Colorado, Idaho, Indiana, Iowa, Kansas, Nebraska, South Dakota, and Wyoming have little or no outstanding state general obligation debt.

*** NR = not rated.

**** State comparative trading relationships are subject to change at any moment due to extreme market volatility and heavy supply of new issue state general obligation debt in the primary market.