

**HOUSE BILL NO. 245**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE TAMMIE WILSON

Introduced: 1/10/14

Referred: Prefiled

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act repealing the required local contribution to school funding; making  
2 conforming changes; and providing for an effective date."

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

4 \* **Section 1.** AS 14.12.020(c) is amended to read:

5 (c) The legislature shall provide the state money necessary to maintain and  
6 operate **districts of the state public school system described in AS 14.12.010** [THE  
7 REGIONAL EDUCATIONAL ATTENDANCE AREAS]. The borough assembly for  
8 a borough school district, and the city council for a city school district, **may** [SHALL]  
9 provide [THE] money **for a local contribution under AS 14.17.410(c)** [THAT  
10 MUST BE RAISED] from local sources to maintain and operate the district.

11 \* **Sec. 2.** AS 14.17.410(b) is amended to read:

12 (b) Public school funding consists of state aid [, A REQUIRED LOCAL  
13 CONTRIBUTION,] and eligible federal impact aid determined as follows:

14 (1) state aid equals basic need minus [A REQUIRED LOCAL

1 CONTRIBUTION AND] 90 percent of eligible federal impact aid for that fiscal year;  
2 basic need equals the sum obtained under (D) of this paragraph, multiplied by the base  
3 student allocation set out in AS 14.17.470; district adjusted ADM is calculated as  
4 follows:

5 (A) the ADM of each school in the district is calculated by  
6 applying the school size factor to the student count as set out in AS 14.17.450;

7 (B) the number obtained under (A) of this paragraph is  
8 multiplied by the district cost factor described in AS 14.17.460;

9 (C) the ADMs of each school in a district, as adjusted  
10 according to (A) and (B) of this paragraph, are added; the sum is then  
11 multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the  
12 secondary school vocational and technical instruction funding factor set out in  
13 AS 14.17.420(a)(3);

14 (D) the number obtained for intensive services under  
15 AS 14.17.420(a)(2) and the number obtained for correspondence study under  
16 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

17 (E) notwithstanding (A) - (C) of this paragraph, if a school  
18 district's ADM adjusted for school size under (A) of this paragraph decreases  
19 by five percent or more from one fiscal year to the next fiscal year, the school  
20 district may use the last fiscal year before the decrease as a base fiscal year to  
21 offset the decrease, according to the following method:

22 (i) for the first fiscal year after the base fiscal year  
23 determined under this subparagraph, the school district's ADM adjusted  
24 for school size determined under (A) of this paragraph is calculated as  
25 the district's ADM adjusted for school size, plus 75 percent of the  
26 difference in the district's ADM adjusted for school size between the  
27 base fiscal year and the first fiscal year after the base fiscal year;

28 (ii) for the second fiscal year after the base fiscal year  
29 determined under this subparagraph, the school district's ADM adjusted  
30 for school size determined under (A) of this paragraph is calculated as  
31 the district's ADM adjusted for school size, plus 50 percent of the

1 difference in the district's ADM adjusted for school size between the  
2 base fiscal year and the second fiscal year after the base fiscal year;

3 (iii) for the third fiscal year after the base fiscal year  
4 determined under this subparagraph, the school district's ADM adjusted  
5 for school size determined under (A) of this paragraph is calculated as  
6 the district's ADM adjusted for school size, plus 25 percent of the  
7 difference in the district's ADM adjusted for school size between the  
8 base fiscal year and the third fiscal year after the base fiscal year;

9 (F) the method established in (E) of this paragraph is available  
10 to a school district for the three fiscal years following the base fiscal year  
11 determined under (E) of this paragraph only if the district's ADM adjusted for  
12 school size determined under (A) of this paragraph for each fiscal year is less  
13 than the district's ADM adjusted for school size in the base fiscal year;

14 (G) the method established in (E) of this paragraph does not  
15 apply to a decrease in the district's ADM adjusted for school size resulting  
16 from a loss of enrollment that occurs as a result of a boundary change under  
17 AS 29;

18 (2) the required local contribution of a city or borough school district is  
19 the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and  
20 personal property in the district as of January 1 of the second preceding fiscal year, as  
21 determined by the Department of Commerce, Community, and Economic  
22 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a  
23 district's basic need for the preceding fiscal year as determined under (1) of this  
24 subsection.

25 \* **Sec. 3.** AS 14.17.410(c) is amended to read:

26 (c) A [IN ADDITION TO THE LOCAL CONTRIBUTION REQUIRED  
27 UNDER (b)(2) OF THIS SECTION, A] city or borough school district in a fiscal year  
28 may make a local contribution of not more than the greater of

29 (1) the equivalent of a two mill tax levy on the full and true value of  
30 the taxable real and personal property in the district as of January 1 of the second  
31 preceding fiscal year, as determined by the Department of Commerce, Community,

1 and Economic Development under AS 14.17.510 and AS 29.45.110; or

2 (2) 23 percent of the district's basic need for the fiscal year under  
3 (b)(1) of this section.

4 \* **Sec. 4.** AS 14.17.490(a) is amended to read:

5 (a) Except as provided in (c) - (e) [(b) - (e)] of this section, if, in fiscal year  
6 1999, a city or borough school district or a regional educational attendance area would  
7 receive less public school funding under AS 14.17.410 than the district or area would  
8 have received as state aid, the district or area is, in each fiscal year, eligible to receive  
9 additional public school funding equal to the difference between the public school  
10 funding the district or area was eligible to receive under AS 14.17.410 in fiscal year  
11 1999 and the state aid the district or area would have received in fiscal year 1999.

12 \* **Sec. 5.** AS 14.17.510(a) is amended to read:

13 (a) To determine the maximum [AMOUNT OF REQUIRED] local  
14 contribution under AS 14.17.410(c) [AS 14.17.410(b)(2)] and to aid the department  
15 and the legislature in planning, the Department of Commerce, Community, and  
16 Economic Development, in consultation with the assessor for each district in a city or  
17 borough, shall determine the full and true value of the taxable real and personal  
18 property in each district in a city or borough. If there is no local assessor or current  
19 local assessment for a city or borough school district, then the Department of  
20 Commerce, Community, and Economic Development shall make the determination of  
21 full and true value guided by AS 29.45.110 and based on a determination of full and  
22 true value made by the state assessor at least every two years using the best  
23 information available, including on-site inspections made by the state assessor in each  
24 of those districts at least once every four years. For purposes of this subsection, the  
25 full and true value of taxable real and personal property in any area detached shall be  
26 excluded from the determination of the full and true value of the municipality from  
27 which the property was detached for the two years immediately preceding the  
28 effective date of the detachment. Also, in making the determination for a municipality  
29 that is a school district, or for a city that is within a borough school district, the  
30 assessed value of property taxable under AS 43.56 shall be excluded if a tax is not  
31 levied under AS 29.45.080 by the municipality that is the school district. The

1 determination of full and true value shall be made by October 1 and sent by certified  
2 mail, return receipt requested, on or before that date to the president of the school  
3 board in each city or borough school district. Duplicate copies shall be sent to the  
4 commissioner. The governing body of a city or borough that is a school district may  
5 obtain judicial review of the determination. The superior court may modify the  
6 determination of the Department of Commerce, Community, and Economic  
7 Development only upon a finding of abuse of discretion or upon a finding that there is  
8 no substantial evidence to support the determination.

9 \* **Sec. 6.** AS 14.17.410(b)(2), 14.17.410(d), 14.17.410(e), 14.17.410(f), and 14.17.490(b)  
10 are repealed.

11 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
12 read:

13 **RETROACTIVITY EFFECT.** If this Act takes effect after July 1, 2014, it is  
14 retroactive to July 1, 2014.

15 \* **Sec. 8.** This Act takes effect July 1, 2014.