



# Representative Harriet Drummond

Alaska State Legislature

## Sponsor Statement

### **HB 350 An Act relating to school bond debt reimbursement; and providing for an effective date**

As a result of the passage of Senate Bill 64 in April 2015, the state of Alaska stopped reimbursing new school bond debt that could have been put before the voters of at least 21 school districts, because the state was suffering serious revenue shortfalls. The state has, however, continued to pay down the debt from school bonds passed prior to 2015. SB64 passed just a few days before Anchorage's spring election day with a retroactive date of January 1, 2015. So starting in the spring of 2015, Anchorage taxpayers have been paying more for new school bonds presented to the voters than they would have had the moratorium not been set by the legislature. And in 2020, since the state was still having serious revenue issues, HB 106 extended the moratorium to 2025.

School bonds are critically important to school districts, to build new schools and keep older facilities running. Bonds pay for a variety of construction and maintenance projects, such as new boilers, roof replacements, security improvements, and more. School districts spend a substantial amount on regular maintenance out of their operating budgets to keep their buildings in good repair and their students and staff in safe and healthy schools. But as schools age, and thousands of kids and staff troop in and out of them every day, things wear out and day to day maintenance just can't cover the needs adequately, and so districts have to bring forward carefully considered bond issues, developed in consultation with their school communities as well as with their local governments.

Currently the school bond debt moratorium is set to end July 1, 2025. HB 350 would change that to end on July 1, 2022, and school districts could again count on help from the state to help pay for school bond debt and save their taxpayers money.

The 2015 legislation also decreased the rate that the state reimbursed communities to 40% or 50%, depending on whether the bonds covered new construction or major maintenance. HB 350 seeks to increase the reimbursable school bond debt back to the original 60% or 70% from the state.

Alaska taxpayers and school districts can no longer afford to pay the full price for essential maintenance and construction of public schools in our state. There are over 500 school facilities among the 54 school districts in our state, and they all suffer from similar maintenance issues, and some need to be replaced with new schools as some older schools are simply uneconomic to keep repairing.

The Institute of Social and Economic Research at UA studied this issue in 2021. They found that Alaska is underfunding school maintenance and school districts are falling behind big time in addressing maintenance problems. ISER noted that since the moratorium started in 2015, only Anchorage and the North Slope Borough have approved new school bonds.

The Legislature is mandated to spend a certain amount of funding on rural schools in communities that don't have taxing authority, so those schools are guaranteed a certain minimum amount of funding. But municipalities don't have that kind of guarantee and so are falling behind.

I urge your support of this legislation and ask that you please reach out to my office with any questions or concerns.