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Alaska House Finance Committee Kills School Bond Debt Reimbursement.

JUNEAU — The House Finance Committee began wading through proposed amendments to the fiscal 2020 operation budget Monday.

One of the more contentious amendments passed Monday would eliminate \$100 million in funding for school bond debt reimbursement. This funding is designed to help schools manage construction and capital improvement costs.

This shifts the costs of school construction onto municipalities and boroughs, rather than the state. Rep. Dan Ortiz, I-Ketchikan, was one of four representatives to vote against the amendment, saying the legislation simply shifts the burden to local governments rather than save money.

Fairbanks North Star Borough Mayor Bryce Ward warned borough residents Tuesday during a Fairbanks Chamber of Commerce luncheon that the elimination of school bond debt reimbursement would likely increase property taxes by 1.1 mills. One mill is the equivalent \$100 of tax per \$100,000 of assessed property value.

The bonding program was suspended in 2015 but had been scheduled to restart in fiscal 2020. Previously, the state would reimburse 60 to 70 percent of debt taken on by local governments to work on schools.

"This is really, I think, the big touching point for our community and the local tax base. ... That is something that has to be paid," Ward said Tuesday, adding that debt falls outside of the borough's revenue cap.

Nils Andreassen, executive director of the Alaska Municipal League, issued a news release Wednesday afternoon, assailing the amendment on similar grounds.

"The Governor has been successful in convincing many that their Constitutional obligations matter less when it comes to funding schools," Andreassen wrote in a statement. "At the same time, the Governor's pledge of 'no new taxes' applies only at the State level — increased and new taxes at the local level will be the direct result of the vote today, even as taxpayers come to grips with fewer services."

Oil and gas tax credit repayment

Another debate-ridden amendment passed Wednesday morning would use funding from the Alaska Industrial Development and Export Authority to pay \$70 million in oil and gas tax credits this upcoming fiscal year, rather than paying them from the state's general funds.

North Pole Republican Rep. Tammie Wilson objected to the amendment, saying that taking the funds from AIDEA could hamper some of their other projects, including Fairbanks natural gas projects.

Ultimately, the amendment passed, 6-5. Wilson and Fairbanks Republican Rep. Bart LeBon voted against the amendment.

The amendments approved Wednesday will go on to be discussed by the full House. The operating budget is set to be taken up on the House floor next week.

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