

# Sectional Analysis

SB 163

## General Obligation Bond for Alaska Port Projects

*"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of municipal port projects; and providing for an effective date."*

Section 1: This section describes the amount and the purpose of the general obligation bonds. The purpose is to provide funding to pay for the cost of design and construction of identified municipal port projects. The principal amount of the bonds to be sold is not to exceed \$350,000,000 and must be ratified by a majority of voters in the state. The bonds shall be issued under the provisions of AS 37.15.

Section 2: This section establishes the Port Project Fund. If the voters approve the bonds, a special fund for the state shall be established that will be known as the *2012 Port Project Fund*. The fund shall include the proceeds from the sale of the bonds, but will not include the accrued interest and premiums.

Section 3: This section establishes how the funds will be awarded to the individually identified projects. The amount of \$350,000,000 will be appropriated from the 2012 Port Project Fund to the Department of Commerce Community and Economic Development to be awarded as grants under AS 37.05.315 (Grants to Municipalities).

Section 4: This section appropriates \$2,965,000 from the General Fund to the state bond committee to pay expenses associated with the issuance of the bonds. The amount authorized and expended in this section will be reimbursed to the state General Fund from the proceeds of the sale of the bonds. (Estimate \$900.0 in bond issuance cost in FY2013 – see fiscal note)

Section 5: This section establishes the lapse, redemption, and reimbursement of the appropriations in Section 3. Unexpended and unobligated balances of the appropriations are appropriated to the state

bond committee to redeem bonds sold. Amounts expended from the state General Fund related to pay redemption costs shall be reimbursed to the General Fund to the extent the money is not needed to redeem the bonds.

Section 6: This section establishes the ballot question that will be asked of voters to approve the general obligation bonds for the specified purpose.

Section 7: This section establishes an immediate effective date.