

Alaska State Legislature

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REPRESENTATIVE BART LEBON

Sponsor Statement

House Bill 127 – Alaska Municipal Bond Bank Authority

This bill expands the authority of the Alaska Municipal Bond Bank Authority regarding bonding capacity to the University of Alaska and regional health organizations.

Regarding the University of Alaska (UA), the bill proposes two changes:

- Removes the project scope limiting Alaska Municipal Bond Bank Authority participation to only heating or energy projects
- Raises the UA project participation cap from \$87,500,000 to \$500,000,000

Previously the University used Municipal Bond Bank participation for funding of the combined heat and power plant at the University of Alaska Fairbanks. This change is intended to provide the University with expanded tools for financing or refinancing, allowing the University to leverage the bond ratings of the Alaska Municipal Bond Bank Authority if advantageous. This additional financing tool is not intended to be a substitute for capital appropriations through the legislature.

Regarding regional health organizations, the bill proposes these changes:

- Removes the 49% Alaska Municipal Bond Bank Authority single-project participation cap
- Raises the cap for all regional health organization projects from \$205,000,000 to \$500,000,000

This change is intended to expand opportunities for regional health organizations to use the Alaska Municipal Bond Bank Authority. In accordance with existing statute AS 44.85.010, the Bond Bank provides capital funds through loans to regional health organizations “when the commissioner of health and human services anticipates a state financial benefit and an increase in regional quality of care.” The financial benefit is realized by the state by capturing additional Federal Medicaid reimbursement, assisting the State in reducing Medicaid expenditures.

I would appreciate your support in expanding opportunities for the University of Alaska and Alaska’s regional health organizations to utilize the Alaska Municipal Bond Bank Authority.

January 18, 2022

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