

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 269
(S) Publish Date: 2/10/10

Identifier (file name): LL 0880-REV-MBBA-2-9-10

Title: Recovery Zone Volume Cap
Dept. Affected: Revenue
RDU: Taxation and Treasury
Component: Alaska Municipal Bond Bank Auth
Sponsor: Rules by request of the Governor
Requester: _____
Component Number: 44

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel	20.0						
Contractual	60.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	80.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Bond Bank retained earnings	80.0						
TOTAL	80.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 15.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The Bill authorizes the Alaska Municipal Bond Bank Authority to reallocate waived recovery zone economic development bond volume cap. The allocations provide issuers a 45% subsidy from the US Treasury on qualified taxable debt of the issuer. In some markets this structure results in a 1.5% reduction in the cost of capital, and up to .5% more reduction than the Build America Bond structure with its 35% subsidy.

The allocation process would be conducted within the normal course of business of the Bond Bank. There will be legal counsel and financial advisory service costs to prepare the legal documents required to allocate the economic development bond volume cap. Travel costs will be incurred providing training and advice to municipalities as well as for additional board meetings of the five member Bond Bank board that will be required to ensure timely delivery of the allocations.

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Administrative Services Division

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