



January 26, 2010

**Certificates of Participation
Crime Laboratory and University Life Science Building
HB299 / SB226**

Sponsor Statement

Introduced January 19, 2010

This legislation would authorize the Department of Revenue to issue certificates of participation for the construction, acquisition and equipping of two facilities; the Alaska Scientific Crime Detection Laboratory in Anchorage and the University of Alaska Fairbanks Life Sciences Building in Fairbanks.

Bonding:

It is time to finance these projects. The Department of Revenue has based the payback estimate on 20 year financing with the State's AA credit rating for appropriation based credit. In the current market, the Department of Revenue estimates that the State will be able to achieve a total interest cost of approximately 4.2 % using tax exempt securities. However, through a combination of tax exempt securities for shorter maturities and Build America Bonds or BABs (Taxable securities with a 35% federal subsidy) for the longer term maturities, the State could achieve a rate as low as 3.5%. The final structure will be designed to result in the lowest cost at the time of issuance. Authorization to participate in BAB's will close at the end of 2010.

Crime Laboratory:

Alaska needs a crime laboratory to prevent crime and protect Alaskans. The proposed laboratory is the right size, the right cost and it will benefit Alaskans now and long into the future. The benefits from this project include: 1) convicting the guilty before they commit other crimes; 2) protect the innocent from false accusation; 3) reduce rape; 4) reduce violent crime; 5) process evidence from home burglaries; 6) solve more cases with new techniques and faster output; and more.

Building the crime lab will provide an economic boost to Anchorage by providing for 170,000 labor hours in 250 jobs for Alaskans. \$12 million in Alaska wages, \$20 million to materials supplied by local vendors and business for approximately 15 Alaska subcontractors. The facility will be 84,000 SF on Tudor Road in Anchorage. \$16.8 million spent to date on design and site work on 15 acres leased from the Municipality of Anchorage at \$1 per year for 50 years with an option to extend. The crime lab is planned to meet the state's needs for growth beyond 75 years.

University Life Science Building:

The UA Life Science Facility is Important to Alaska and Alaskans. This facility (approximately 97,700 square feet) will meet critical needs for modern classrooms and teaching laboratories and provide critical research space to allow for continued growth in many successful life sciences programs. The proposal includes approximately 40,000 SF of teaching space and 57,700 SF of research space in one centralized location.

The investment of \$108.4 million (\$87.9 m state/\$20.6 m UA revenue bonds) yields long-term dividends; 1) short-term--Construction will inject new dollars into the statewide economy and provide approximately 370 jobs during construction, infusing approximately \$170 million in direct and indirect economic output, including \$80 million in labor income; and 2) long-term--Life Sciences research attracts 'new' money, since research revenue comes mostly from federal science agencies. Every \$1 in state funds invested in UA research yields \$6 in research funding from other sources.

The Governor urges your prompt and favorable action on this bill.