



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

COMMISSIONER'S OFFICE

PO Box 110400  
Juneau, Alaska 99811-0400  
Main: 907.465.2300

February 6, 2023

The Honorable Lyman Hoffman  
Senate Finance Committee, Co-Chair  
Alaska State Legislature  
State Capitol, Room 518  
Juneau, AK 99801

The Honorable Donald Olson  
Senate Finance Committee, Co-Chair  
Alaska State Legislature  
State Capitol, Room 516  
Juneau, AK 99801

The Honorable Bert Stedman  
Senate Finance Committee, Co-Chair  
Alaska State Legislature  
State Capitol, Rooms 508  
Juneau, AK 99801

Dear Co-Chairs Hoffman, Olson, and Stedman,

Thank you for allowing us the opportunity to address some of the questions that were raised during the Department of Revenue's (DOR) presentation with respect to the State Debt and Credit Review, to the Senate Finance Committee on February 1, 2023. Please find below the questions and corresponding responses.

**1. Slide 18, Providing the January 2023 Debt Affordability Report to the Committee.**

Please find enclosed an electronic copy of the January 2023 Final Debt Affordability Report. Both the Alaska Public Debt Book, and the Debt Affordability Report have been enclosed for reference.

**2. Senator Kiehl asked a question on Slide 16, footnote 2, regarding the accreted interest due at maturity of \$335.7 million, with respect to the Northern Tobacco Securitization Corporation ("NTSC"), 2021 Tobacco Settlement Asset-Backed Bonds.**

Please find enclosed an electronic copy of the NTSC financial statements as of 6/30/2022, on page 15-16, there is structural information on outstanding debt. A portion of the bonds, the Series 2021B-2, are structured as Capital Appreciation Bonds ("CABs"). CABs are long-term securities sold at a discount. The yield, or accretion, is reinvested at a stated rate until maturity at which time the investor receives total payment. These accrete interest at 4.000%, compounded semi-annually, to become part of the accreted value until the principal is redeemed. These Series B-2 bonds have a scheduled final maturity of June 1, 2066, with accreted interest to maturity as of 6/30/2022 of \$335.7 million.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Adam Crum', with a stylized flourish at the end.

Adam Crum

Commissioner-Designee

Enclosures:

Attachment 1 – Debt Affordability Report, January 2023

Attachment 2 – Alaska Public Debt, January 2023

Attachment 3 – NTSC Financial Statements as of 6/30/2022