

CS FOR HOUSE BILL NO. 281(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/19/00

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

**1 "An Act relating to the financing of construction of public school facilities,
2 facilities for the University of Alaska, and facilities for ports and harbors;
3 authorizing the commissioner of revenue to sell the right to receive a portion of
4 the anticipated revenue from a certain tobacco litigation settlement to the Alaska
5 Housing Finance Corporation; relating to the deposit of certain anticipated revenue
6 from a certain tobacco litigation settlement; authorizing the issuance of bonds by
7 the Alaska Housing Finance Corporation with proceeds to finance public school
8 construction, facilities for the University of Alaska, and facilities for ports and
9 harbors; providing for the creation of subsidiary corporations of the Alaska
10 Housing Finance Corporation for the purpose of financing or facilitating the
11 financing of public school construction, facilities for the University of Alaska, and
12 facilities for ports and harbors; and providing for an effective date."**

1 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

2 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
3 section to read:

4 INTENT. It is the intent of the legislature that the sale of a portion of the revenue
5 derived from tobacco settlement litigation described under sec. 3(a) of this Act result in
6 funding of \$1,400,000 annually for smoking education and cessation programs administered
7 by the state. It is also the intent of the legislature that tobacco settlement revenues that are
8 determined by the commissioner of revenue to be in excess of those needed to pay planned
9 debt service on tobacco bonds be deposited into the general fund.

10 * **Sec. 2.** AS 18.56 is amended by adding a new section to read:

11 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
12 subsidiary corporations for the purpose of financing or facilitating the financing of
13 school construction, facilities for the University of Alaska, or facilities for ports and
14 harbors. A subsidiary corporation created under this section may be incorporated
15 under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the
16 corporation to a subsidiary created under this section. A subsidiary created under this
17 section may borrow money and issue bonds as evidence of that borrowing and has all
18 the powers of the corporation that the corporation grants to it. Unless otherwise
19 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
20 corporation created under this section are not the debts, liabilities, or obligations of the
21 corporation.

22 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
23 to read:

24 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
25 commissioner of revenue is authorized to sell to the Alaska Housing Finance Corporation the
26 right to receive all but \$1,400,000 annually of the revenue derived from the settlement of State
27 of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915CI (Alaska Super. 1997) up to
28 the amount needed to yield \$269,000,000 in proceeds from bonds sold at investment grade
29 rates. In this subsection, "investment grade rates" means a Moody's Investor Service rating
30 of Baa3 or better or a Standard and Poors and Fitch IBCA rating of BBB- or better.

31 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this

1 section are anticipated to be \$269,000,000.

2 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
3 to read:

4 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
5 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation or a
6 subsidiary corporation created under AS 18.56.086 is authorized to issue revenue bonds in
7 principal amounts sufficient to acquire the right to receive revenue described in sec. 3 of this
8 Act from the commissioner of revenue at a price agreed upon by the Alaska Housing Finance
9 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
10 of the Alaska Housing Finance Corporation or of the subsidiary corporation secured solely by
11 the right to receive revenue sold to the Alaska Housing Finance Corporation under sec. 3 of
12 this Act, and the Alaska Housing Finance Corporation or the subsidiary corporation may
13 include in agreements with the bondholders a pledge of the right to receive that revenue and
14 the promise of the state to honor that pledge.

15 (b) Subject to agreements with bondholders and appropriation as described in (c) of
16 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
17 issued under (a) of this section available to the

18 (1) Department of Education and Early Development to pay for expenditures
19 described in (c)(1) of this section, including reimbursement to the Department of Education
20 and Early Development for the expenditures;

21 (2) University of Alaska to pay for expenditures described in (c)(2) of this
22 section, including reimbursement to the University of Alaska for the expenditures; and

23 (3) Department of Transportation and Public Facilities to pay for expenditures
24 described in (c)(3) of this section, including reimbursement to the Department of
25 Transportation and Public Facilities for the expenditures.

26 (c) Subject to appropriation and (d) of this section, the proceeds of bonds issued under
27 (a) of this section shall be used by the

28 (1) Department of Education and Early Development to pay for construction,
29 renovation, and improvement of public elementary and secondary schools as follows:

30 PROJECT

31 Petersburg - Fascia/Soffit Repair/Replacement \$ 112,960

1	Kake City - Kake Elementary School Addition	2,237,460
2	Juneau Schools	
3	Auke Bay Elementary Roof Replacement	653,842
4	Marie Drake Roof Replacement	599,501
5	Harborview Elementary Gym Roof Replacement	106,604
6	High School Heating/Ventilation	65,303
7	High School Auxiliary Gym Floor Replacement	109,386
8	Floyd Dryden School Gym Floor	108,236
9	Gastineau Elementary Heating Coil Replacement	133,053
10	Floyd Dryden Middle School Renovation	3,629,683
11	Kodiak Island Schools	
12	Peterson Elementary Addition	756,000
13	Kodiak High School	1,106,875
14	Kenai/Soldotna Schools	
15	McNeil Elementary Wastewater Plant	225,300
16	Kenai Central High School Reinsulate Exterior Walls	367,648
17	Anchorage Schools	
18	Bartlett High School, Phase I	3,500,000
19	Eagle River/Chugiak High School	14,563,500
20	East High School, Phase I	7,295,400
21	Service High School, Phase I	4,998,000
22	Wendler Middle School, Phase I	4,231,500
23	Denali Elementary, Replacement	8,211,000
24	District Wide Projects/Major Maintenance	11,730,600
25	Matanuska-Susitna Schools	
26	Matanuska-Susitna - Fire Alarm System - Five Schools	620,648
27	Matanuska-Susitna - Colony High School Septic System	159,416
28	Matanuska-Susitna - Fuel Tank Replacement	126,261
29	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
30	Matanuska-Susitna - Boiler/Heater Replacement	221,051
31	- Four Schools	

1 TOTAL \$71,991,908
 2 (3) Department of Transportation and Public Facilities to pay for construction
 3 and renovation of port and harbor facilities as follows:

4	PROJECT	
5	Ketchikan	\$ 7,000,000
6	Petersburg	3,300,000
7	Juneau Area Harbors	
8	Auke Bay Harbor	492,325
9	Douglas Dock/Harbor	1,241,421
10	Taku Harbor	38,566
11	Klawock	860,000
12	Seldovia	2,500,000
13	Whittier	1,835,600
14	Valdez	3,013,500
15	Cordova	4,337,800
16	Nome	1,000,000
17	CORPS OF ENGINEERS MATCH	
18	Program Formulation	100,000
19	Ketchikan Harbor Study	200,000
20	Wrangell	500,000
21	Kake	404,000
22	Metlakatla - Tamgass	850,000
23	Ouzinkie	1,300,000
24	Seward Harbor Expansion	2,925,000
25	Perryville Harbor Feasibility	<u>102,100</u>
26	TOTAL	\$32,000,312
27	GRAND TOTAL	\$269,795,987

28 (d) Funds may not be expended for a port or harbor facility described in sec. 4(c)(3)
 29 of this section unless

30 (1) the port or harbor facility is located in a municipality in which the port or

1 harbor facility is owned and operated by the municipality;

2 (2) ownership of the port or harbor facility that is being funded has been
3 transferred from the state to the municipality by a transfer agreement under AS 35.10.120; and

4 (3) the state completes a bill of sale transferring the port or harbor facility from
5 the state to the municipality.

6 * **Sec. 5.** This Act takes effect July 1, 2000.