

CS FOR HOUSE BILL NO. 281(FIN) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/25/00

Offered: 4/19/00

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. (a) In connection with the authorization contained in sec. 4(b) of this Act,
5 the legislature restates and reaffirms its intent as expressed in sec. 1, ch. 129, SLA 1998, that
6 the sum of withdrawals for repayment of bonds under sec. 4(b) of this Act and for all other
7 purposes described in sec. 1, ch. 129, SLA 1998, should not exceed the Alaska Housing
8 Finance Corporation's net income for the preceding fiscal year, which the Alaska Housing
9 Finance Corporation projects to be \$103,000,000 for each of the fiscal years beginning with
10 2000 through 2008, for a total during that nine-year period of \$927,000,000.

11 (b) It is the intent of the legislature that the sale of a portion of the revenue derived
12 from tobacco settlement litigation described under sec. 3(a) of this Act result in funding of
13 \$1,400,000 annually for smoking education and cessation programs administered by the state.
14 It is also the intent of the legislature that tobacco settlement revenues that are determined by
15 the commissioner of revenue to be in excess of those needed to pay planned debt service on
16 tobacco bonds be deposited into the general fund.

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

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

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

31 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The

1 commissioner of revenue is authorized to sell to the Alaska Housing Finance Corporation the
2 right to receive all but \$1,400,000 annually of the revenue derived from the settlement of State
3 of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915CI (Alaska Super. 1997) up to
4 the amount needed to yield \$269,000,000 in proceeds from bonds sold at investment grade
5 rates. In this subsection, "investment grade rates" means a Moody's Investor Service rating
6 of Baa3 or better or a Standard and Poors and Fitch IBCA rating of BBB- or better.

7 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this
8 section are anticipated to be \$269,000,000.

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

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

22 (b) In addition to the authorization provided by (a) of this section, and notwithstanding
23 the limitation contained in AS 18.56.090 or other provisions of law, the Alaska Housing
24 Finance Corporation is authorized to issue an amount of bonds sufficient to finance
25 construction of public school facilities, facilities for the University of Alaska, public housing
26 facilities of the Alaska Housing Finance Corporation, and facilities for ports and harbors
27 described under 4(e) of this section. The bonds issued under this subsection are secured solely
28 by the revenue of the Alaska Housing Finance Corporation.

29 (c) Bonds issued under this section may be further secured by a capital reserve fund
30 described in AS 18.56.125. AS 18.56.110 - 18.56.190 apply to bonds issued under this
31 section.

1 (d) Subject to agreements with bondholders and appropriation as described in (e) of
 2 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
 3 issued under (a) of this section available to the

4 (1) Department of Education and Early Development to pay for expenditures
 5 described in (e)(1) of this section, including reimbursement to the Department of Education
 6 and Early Development for the expenditures;

7 (2) University of Alaska to pay for expenditures described in (e)(2) of this
 8 section, including reimbursement to the University of Alaska for the expenditures; and

9 (3) Department of Transportation and Public Facilities to pay for expenditures
 10 described in (e)(3) of this section, including reimbursement to the Department of
 11 Transportation and Public Facilities for the expenditures.

12 (e) Subject to appropriation and (f) of this section, the proceeds of bonds issued under
 13 (a) of this section shall be used by the

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

16 PROJECT

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

18 Kake City - Kake Elementary School Addition 2,237,460

19 Juneau Schools

20 Auke Bay Elementary Roof Replacement 653,842

21 Marie Drake Roof Replacement 599,501

22 Harborview Elementary Gym Roof Replacement 106,604

23 High School Heating/Ventilation 65,303

24 High School Auxiliary Gym Floor Replacement 109,386

25 Floyd Dryden School Gym Floor 108,236

26 Gastineau Elementary Heating Coil Replacement 133,053

27 Floyd Dryden Middle School Renovation 3,629,683

28 Kodiak Island Schools

29 Peterson Elementary Addition 756,000

30 Kodiak High School 1,106,875

31 Kenai/Soldotna Schools

1	McNeil Elementary Wastewater Plant	225,300
2	Kenai Central High School Reinsulate Exterior Walls	367,648
3	Anchorage Schools	
4	Bartlett High School, Phase I	3,500,000
5	Eagle River/Chugiak High School	14,563,500
6	East High School, Phase I	7,295,400
7	Service High School, Phase I	4,998,000
8	Wendler Middle School, Phase I	4,231,500
9	Denali Elementary, Replacement	8,211,000
10	District Wide Projects/Major Maintenance	11,730,600
11	Matanuska-Susitna Schools	
12	Matanuska-Susitna - Fire Alarm System - Five Schools	620,648
13	Matanuska-Susitna - Colony High School Septic System	159,416
14	Matanuska-Susitna - Fuel Tank Replacement	126,261
15	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
16	Matanuska-Susitna - Boiler/Heater Replacement	221,051
17	- Four Schools	
18	Matanuska-Susitna - Carpet Replacement - six schools	423,507
19	Fairbanks North Star Borough Schools	
20	District Wide Projects/Major Maintenance	750,000
21	Lower Yukon - Pilot Station School Replacement	17,654,003
22	Lower Yukon - Kotlik School Replacement	17,910,901
23	Kashunamiut - Chevak School Replacement	28,272,551
24	Northwest Arctic Schools	
25	Ambler K-12 Improvements	924,586
26	Kiana K-12 Improvements	1,395,000
27	Noorvik K-12 Improvements	17,528,378
28	Bering Strait Schools	
29	Elim School, Phase III	12,146,788
30	Southwest Region Schools	
31	Manokotak School Replacement	14,689,464

1	Pribilof Island - St. George School Remodel	4,385,970
2	Lake and Peninsula - Pedro Bay School	1,557,714
3	Renovation/Relocation/Reconstruction	_____
4	TOTAL	\$184,889,859
5	(2) University of Alaska to pay for construction and renovation of university	
6	facilities as follows:	
7	PROJECT	
8	University of Alaska - Southeast	
9	Deferred Maintenance, Renewal and Replacement,	\$1,687,854
10	Code Compliance	
11	Classroom Building	7,600,000
12	University of Alaska - AVTEC Seward	
13	Student Housing	4,200,000
14	University of Alaska - Anchorage	
15	Consortium Library	36,000,000
16	Deferred Maintenance, Renewal and Replacement,	4,220,000
17	Code Compliance	
18	Matanuska-Susitna Ortner Building Replacement	685,000
19	University of Alaska - Fairbanks	
20	Deferred Maintenance, Renewal and Replacement,	25,199,054
21	Code Compliance	_____
22	TOTAL	\$79,591,908
23	(3) Department of Transportation and Public Facilities to pay for construction	
24	and renovation of port and harbor facilities as follows:	
25	PROJECT	
26	Ketchikan	\$ 7,000,000
27	Petersburg	3,300,000
28	Sitka	4,038,900
29	Juneau Area Harbors	
30	Auke Bay Harbor	492,325
31	Douglas Dock/Harbor	1,241,421

1	Taku Harbor	38,566
2	Klawock	860,000
3	Seldovia	2,500,000
4	Whittier	1,835,600
5	Valdez	3,013,500
6	Cordova	4,337,800
7	Nome	1,000,000
8	CORPS OF ENGINEERS MATCH	
9	Program Formulation	100,000
10	Ketchikan Harbor Study	200,000
11	Wrangell	500,000
12	Kake	404,000
13	Metlakatla - Tamgass	850,000
14	Ouzinkie	1,300,000
15	Seward Harbor Expansion	2,925,000
16	Perryville Harbor Feasibility	<u>102,100</u>
17	TOTAL	\$36,039,212
18	GRAND TOTAL	\$300,520,979

19 (f) Funds may not be expended for a port or harbor facility described in (e)(3) of this
20 section unless

21 (1) the port or harbor facility is located in a municipality in which the port or
22 harbor facility is owned and operated by the municipality;

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

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

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