

**CS FOR HOUSE BILL NO. 234(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Amended: 4/29/01**

**Offered: 4/27/01**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the tobacco use education and cessation fund and to smoking**  
2 **education and cessation programs; relating to funding the tobacco use education and**  
3 **cessation fund; relating to financing of construction and major maintenance of public**  
4 **school facilities, facilities for the University of Alaska, and facilities for ports and**  
5 **harbors; authorizing the commissioner of revenue to sell the right to receive a portion of**  
6 **the anticipated revenue from a tobacco litigation settlement to the Northern Tobacco**  
7 **Securitization Corporation; relating to the deposit of certain anticipated revenue from a**  
8 **tobacco litigation settlement; authorizing the issuance of bonds by the Northern**  
9 **Tobacco Securitization Corporation with proceeds to finance public school construction**  
10 **and major maintenance, facilities for the University of Alaska, and facilities for ports**  
11 **and harbors; and providing for an effective date."**

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

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

3           FINDINGS; INTENT. (a) Except for the harbors and docks in Nome and Adak, the  
4 facilities described in sec. 4(c)(3) of this Act are currently owned by the state and are in need  
5 of substantial investment in capital maintenance and upgrades. The City of Nome is in need  
6 of additional money for a capital project at the Nome harbor and dock. The Adak harbor and  
7 dock facilities are currently in federal ownership but will pass to Adak interests in the fall of  
8 2001.

9           (b) The legislature intends to provide for the required investment, and intends transfer  
10 of ultimate ownership of and responsibility for the state-owned harbor facilities to local  
11 municipalities.

12           (c) The legislature intends to provide public investment in the Adak harbor and dock  
13 facilities under this Act if the ownership of the harbor and dock facilities is ultimately vested  
14 in the City of Adak.

15     \* **Sec. 2.** AS 37.05 is amended by adding a new section to read:

16           **Sec. 37.05.580. Tobacco use education and cessation fund.** (a) There is  
17 created as a special account in the general fund the tobacco use education and  
18 cessation fund into which shall be deposited 20 percent annually of the revenue  
19 derived from the settlement of State v. Philip Morris, Incorporated, et al, No. 1JU-97-  
20 915 CI (Alaska Super. 1997). The purpose of the tobacco use education and cessation  
21 fund is to provide a source to finance the comprehensive smoking education, tobacco  
22 use prevention, and tobacco control program authorized by AS 44.29.020(a)(15).

23           (b) The legislature may make appropriations from the tobacco use education  
24 and cessation fund for the comprehensive smoking education, tobacco use prevention,  
25 and tobacco control program established under AS 44.29.020(a)(15).-----

26           (c) Nothing in this section creates a dedicated fund.

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

29           **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The  
30 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization  
31 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created

1 under AS 18.56.086, the right to receive 40 percent annually of the revenue derived from the  
 2 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska  
 3 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to  
 4 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

5 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of  
 6 this section are anticipated to be at least \$127,529,127.

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

9 BOND AUTHORIZATION AND PROVISIONS. (a) The Northern Tobacco  
 10 Securitization Corporation is authorized to issue revenue bonds in principal amounts  
 11 sufficient to acquire the right to receive revenue described in sec. 3 of this Act from the  
 12 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization  
 13 Corporation and the commissioner of revenue. The bonds may be special, limited obligations  
 14 of the Northern Tobacco Securitization Corporation secured solely by the right to receive  
 15 revenue sold to the Northern Tobacco Securitization Corporation under sec. 3 of this Act, and  
 16 the Northern Tobacco Securitization Corporation may include in agreements with the  
 17 bondholders a pledge of the right to receive that revenue and the promise of the state to honor  
 18 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,  
 19 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case  
 20 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization  
 21 Corporation.

22 (b) Subject to agreements with bondholders and appropriation, the Northern Tobacco  
 23 Securitization Corporation shall make the proceeds of the bonds issued under (a) of this  
 24 section available to the

25 (1) Department of Education and Early Development to pay for expenditures  
 26 described in (c)(1) of this section, including reimbursement to the Department of Education  
 27 and Early Development for the expenditures;

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

30 (3) Department of Transportation and Public Facilities to pay for expenditures  
 31 described in (c)(3) of this section, including reimbursement to the Department of

1 Transportation and Public Facilities for the expenditures.

2 (c) The proceeds of bonds issued under (a) of this section shall be used by the

3 (1) Department of Education and Early Development to pay for construction,  
4 renovation, and improvement of public schools as follows:

5 PROJECT

6	Southwest Region - Togiak School Replacement	\$29,182,163
7	Bering Strait - Golovin School Phase III	9,888,192
8	Petersburg City - Fascia/Soffit Repair and Replacement	116,236
9	Yukon-Koyukuk - Nulato Structural Repairs	314,387
10	Bering Strait - Shishmaref School Roof Replacement/ 11 Renovate, Phase III	8,342,525
12	Iditarod Area - Blackwell School Heating Renovation/ 13 Site Repair	173,754
14	Sitka City Borough - Blatchley Exterior Renovation/Repair	346,500
15	Chatham - Angoon Elementary School Major Maintenance	2,066,257
16	Skagway City - Skagway Major Maintenance	35,598
17	Yupiit - Akiak School Repairs	177,571
18	Pribilof Island - St. George School Remodel	4,513,164
19	Galena - Project Education Food Service Renovation	261,806
20	Southwest Region - Clarks Point School Generator Building	35,989
21	Ketchikan - Schoenbar Renovation	4,891,992
22	Southwest Region - Koliganek School Improvement	451,993
23	Juneau City Borough - Juneau-Douglas High School 24 Renovation/ADA Upgrade	7,000,000
25	TOTAL	<u>\$67,798,127</u>

26 (2) University of Alaska to pay for construction and renovation of university  
27 facilities as follows:

28 PROJECT

29 University of Alaska - Southeast

30	Egan Classroom	\$ 2,000,000
31	Robertson/Hamilton Technical Education Complex Remodel	1,500,000

1	University of Alaska - Anchorage	
2	Facility Acquisition and Renovation	13,000,000
3	University of Alaska - Fairbanks	
4	Museum Expansion	8,000,000
5		<hr/>
6	TOTAL	\$ 24,500,000
7	(3) Department of Transportation and Public Facilities to pay for construction	
8	and renovation of port and harbor facilities as follows:	
9	PROJECT	
10	Whittier - Whittier Small Boat Harbor	\$ 2,449,000
11	Valdez - Valdez Small Boat Harbor	3,212,000
12	Seldovia - Seldovia Small Boat Harbor	2,628,000
13	Petersburg - North Harbor, Middle Harbor, South Harbor	3,729,000
14	Ketchikan - Thomas Basin, Ryus Float, Bar Harbor South,	7,876,000
15	Bar Harbor North, Hole-in-the-Wall Harbor, Knudson	
16	Cove Harbor	
17	Sitka - Thomsen Harbor, Crescent Harbor, Sealing	4,469,000
18	Cove Harbor	
19	Cordova - Cordova Harbor	4,876,000
20	Wrangell - Standard Harbor, Reliance Harbor, Inner	3,492,000
21	Harbor Fish and Game Dock, Shoemaker Harbor	
22	Nome - Nome Harbor and Dock	2,000,000
23	Adak - Adak Boat Harbor	500,000
24		<hr/>
25	TOTAL	\$ 35,231,000

26 (d) In this section, "Northern Tobacco Securitization Corporation" means the  
 27 subsidiary corporation of the Alaska Housing Finance Corporation created under  
 28 AS 18.56.086.

29 \* **Sec. 5.** Section 1(b), ch. 130, SLA 2000, is repealed.

30 \* **Sec. 6.** This Act takes effect July 1, 2001.