

CS FOR HOUSE BILL NO. 234(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/27/01

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

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

1 **effective date."**

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

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

5 FINDINGS; INTENT. (a) Except for the harbors and docks in Nome and Adak, the
6 facilities described in sec. 5(c)(3) of this Act are currently owned by the state and are in need
7 of substantial investment in capital maintenance and upgrades. The City of Nome is in need
8 of additional money for a capital project at the Nome harbor and dock. The Adak harbor and
9 dock facilities are currently in federal ownership but will pass to Adak interests in the fall of
10 2001.

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

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

17 * **Sec. 2.** AS 18.56.086 is amended 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, or for the purpose of managing the smoking education and cessation
22 account established under AS 37.05.580. A subsidiary corporation created under
23 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation
24 may transfer assets of the corporation to a subsidiary created under this section. A
25 subsidiary created under this section may borrow money and issue bonds as evidence
26 of that borrowing and has all the powers of the corporation that the corporation grants
27 to it. Unless otherwise provided by the corporation, the debts, liabilities, and
28 obligations of a subsidiary corporation created under this section are not the debts,
29 liabilities, or obligations of the corporation.

30 * **Sec. 3.** AS 37.05 is amended by adding a new section to read:

1 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
 2 created as a special account in the Northern Tobacco Securitization Corporation the
 3 smoking education and cessation account. The corporation shall manage the account
 4 and income earned on money in the account shall be retained in the account until it is
 5 appropriated.

6 (b) The legislature may make appropriations from the smoking education and
 7 cessation account under AS 37.05.315 - 37.05.325 for grants for smoking education,
 8 tobacco use prevention, and tobacco control or cessation programs.

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

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

12 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
 13 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
 14 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
 15 under AS 18.56.086, the right to receive 40 percent annually of the revenue derived from the
 16 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
 17 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
 18 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

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

21 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 **BOND AUTHORIZATION AND PROVISIONS.** (a) The Northern Tobacco
 24 Securitization Corporation is authorized to issue revenue bonds in principal amounts
 25 sufficient to acquire the right to receive revenue described in sec. 4 of this Act from the
 26 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
 27 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
 28 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
 29 revenue sold to the Northern Tobacco Securitization Corporation under sec. 4 of this Act, and
 30 the Northern Tobacco Securitization Corporation may include in agreements with the
 31 bondholders a pledge of the right to receive that revenue and the promise of the state to honor

1 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
 2 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
 3 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
 4 Corporation.

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

8 (1) Department of Education and Early Development to pay for expenditures
 9 described in (c)(1) of this section, including reimbursement to the Department of Education
 10 and Early Development for the expenditures;

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

13 (3) Department of Transportation and Public Facilities to pay for expenditures
 14 described in (c)(3) of this section, including reimbursement to the Department of
 15 Transportation and Public Facilities for the expenditures.

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

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

19 PROJECT

20 Southwest Region - Togiak School Replacement	\$29,182,163
21 Bering Strait - Golovin School Phase III	9,888,192
22 Petersburg City - Fascia/Soffit Repair and Replacement	116,236
23 Yukon-Koyukuk - Nulato Structural Repairs	314,387
24 Bering Strait - Shishmaref School Roof Replacement/ 25 Renovate, Phase III	8,342,525
26 Iditarod Area - Blackwell School Heating Renovation/ 27 Site Repair	173,754
28 Sitka City Borough - Blatchley Exterior Renovation/Repair	346,500
29 Chatham - Angoon Elementary School Major Maintenance	2,066,257
30 Skagway City - Skagway Major Maintenance	35,598
31 Yupiit - Akiak School Repairs	177,571

1	Pribilof Island - St. George School Remodel	4,513,164
2	Galena - Project Education Food Service Renovation	261,806
3	Southwest Region - Clarks Point School Generator Building	35,989
4	Ketchikan - Schoenbar Renovation	4,891,992
5	Southwest Region - Koliganek School Improvement	451,993
6	Juneau City Borough - Juneau-Douglas High School	7,000,000
7	Renovation/ADA Upgrade	
8	TOTAL	<u>\$67,798,127</u>

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

11	PROJECT	
12	University of Alaska - Southeast	
13	Egan Classroom	\$ 2,000,000
14	Robertson/Hamilton Technical Education Complex Remodel	1,500,000
15	University of Alaska - Anchorage	
16	University Center Facility Acquisition and Renovation	13,000,000
17	University of Alaska - Fairbanks	
18	Museum Expansion	8,000,000
19		
20	TOTAL	<u>\$ 24,500,000</u>

21 (3) Department of Transportation and Public Facilities to pay for construction
22 and renovation of port and harbor facilities as follows:

23	PROJECT	
24	Whittier - Whittier Small Boat Harbor	\$ 2,449,000
25	Valdez - Valdez Small Boat Harbor	3,212,000
26	Seldovia - Seldovia Small Boat Harbor	2,628,000
27	Petersburg - North Harbor, Middle Harbor, South Harbor	3,729,000
28	Ketchikan - Thomas Basin, Ryus Float, Bar Harbor South,	7,876,000
29	Bar Harbor North, Hole-in-the-Wall Harbor, Knudson	
30	Cove Harbor	
31	Sitka - Thomsen Harbor, Crescent Harbor, Sealing	4,469,000

1	Cove Harbor	
2	Cordova - Cordova Harbor	4,876,000
3	Wrangell - Standard Harbor, Reliance Harbor, Inner	3,492,000
4	Harbor Fish and Game Dock, Shoemaker Harbor	
5	Nome - Nome Harbor and Dock	2,000,000
6	Adak - Adak Boat Harbor	500,000
7		
8	TOTAL	\$ 35,231,000

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

12 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE. (a) The
15 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
16 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
17 under AS 18.56.086, the right to receive 20 percent annually of the revenue derived from the
18 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
19 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
20 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

21 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
22 this section are anticipated to be at least \$63,635,075.

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

25 BOND AUTHORIZATION AND PROVISIONS. (a) The Northern Tobacco
26 Securitization Corporation is authorized to issue revenue bonds in principal amounts
27 sufficient to acquire the right to receive revenue described in sec. 6 of this Act from the
28 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
29 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
30 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
31 revenue sold to the Northern Tobacco Securitization Corporation under sec. 6 of this Act, and

1 the Northern Tobacco Securitization Corporation may include in agreements with the
2 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
3 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
4 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
5 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
6 Corporation.

7 (b) Subject to agreements with bondholders, the Northern Tobacco Securitization
8 Corporation shall deposit the proceeds of the bonds issued under (a) of this section into the
9 smoking education and cessation account established in AS 37.05.580.

10 * **Sec. 8.** Section 1(b), ch. 130, SLA 2000, is repealed.

11 * **Sec. 9.** This Act takes effect July 1, 2001.