

SENATE CS FOR CS FOR HOUSE BILL NO. 234(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 5/4/01

Referred: Finance

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 consisting of appropriations made to the tobacco use education and
19 cessation fund. The purpose of the tobacco use education and cessation fund is to
20 provide a source to finance the comprehensive smoking education, tobacco use
21 prevention, and tobacco control program authorized by AS 44.29.020(a)(15).

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

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

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

28 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
29 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
30 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
31 under AS 18.56.086, the right to receive 40 percent annually of the revenue derived from the

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

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

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

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

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

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

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

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

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

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

4 PROJECT

5	Southwest Region - Togiak School Replacement	\$29,182,163
6	Bering Strait - Golovin School Phase III	9,888,192
7	Petersburg City - Fascia/Soffit Repair and Replacement	116,236
8	Yukon-Koyukuk - Nulato Structural Repairs	314,387
9	Bering Strait - Shishmaref School Roof Replacement/ 10 Renovate, Phase III	8,342,525
11	Iditarod Area - Blackwell School Heating Renovation/ 12 Site Repair	173,754
13	Sitka City Borough - Blatchley Exterior Renovation/Repair	346,500
14	Chatham - Angoon Elementary School Major Maintenance	2,066,257
15	Skagway City - Skagway Major Maintenance	35,598
16	Yupiit - Akiak School Repairs	177,571
17	Pribilof Island - St. George School Remodel	4,513,164
18	Galena - Project Education Food Service Renovation	261,806
19	Southwest Region - Clarks Point School Generator Building	35,989
20	Ketchikan - Schoenbar Renovation	4,891,992
21	Southwest Region - Koliganek School Improvement	451,993
22	Juneau City Borough - Juneau-Douglas High School 23 Renovation/ADA Upgrade	9,097,138
24	Southwest Region - Ekwok, Koliganek, Togiak Schools 25 Heating System Upgrade	122,256
26	Hoonah City - Hoonah Swimming Pool Sprinkler System	220,476
27	Galena - High School Remodel	167,846
28	Kenai Peninsula - McNeil Canyon Replace Septic System	171,500
29	Kake City - Kake High School Renovation Phase II	175,065
30	Chatham - Angoon High School Major Maintenance	1,730,507
31	North Slope Borough - Tikigaq School Renovation	3,675,502

1	Tanana City - Tanana Kitchen Renovation	438,539
2	Wrangell City - Wrangell Elementary Schools Renovation	1,129,238
3	Lower Yukon - Emmonak Mechanical System Upgrade	574,885
4	Lower Yukon - Alakanuk Mechanical System Upgrade	899,740
5	Iditarod Area - Takotna Community School Water Project	192,374
6	Anchorage - Service High School Phase I Renovation	750,934
7		
8	TOTAL	<u>\$80,144,127</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	Matanuska-Susitna Ortner Warehouse Replacement	654,000
16	University of Alaska - Fairbanks	
17	Museum Expansion	8,000,000
18		
19	TOTAL	<u>\$ 12,154,000</u>

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

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

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

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

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

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