

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SCS CSHB 234(HES)
 (S) Publish Date: 5/7/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Bonds to Fund Public Facilities BRU: Revenue Operations
 Component: Treasury
 Sponsor: House Finance Committee
 Requester: Senate Finance Committee Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel (Marketing & Selling Bonds)						
Contractual (Trustee/Paying Agent)	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service						
TOTAL OPERATING	50.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts (FHWA)						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Project Fund Investment Earnings						
TOTAL	50.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached page.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Division Date/Time 05/04/2001, 9 a.m.
 Approved by: Larry Persily, Deputy Commissioner Date 05/05/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Department of Revenue Fiscal Note and Bill Analysis

SCS CSHB 234 (HES) #2 – May 4, 2001

BOND ISSUE

This legislation authorizes the Department of Revenue to sell 40% of the state's portion of the Master Tobacco Settlement Agreement to the Northern Tobacco Securitization Corporation (a subsidiary of the Alaska Housing Finance Corporation) in exchange for the bond proceeds NTSC is able to generate (less the costs of issuing the bonds and funding the debt service reserve).

Proceeds to the state from the sale to the NTSC of 40% of the state's share of the tobacco settlement will provide funding of at least \$127,529,127 for capital projects after funding a debt service reserve and costs of issuance. This portion of the sale will be a tax-exempt issuance, with an anticipated term of approximately 22 years but with the ability to extend the term to a maximum of over 30 years if revenues are lower than forecast. To the extent that there are residual settlement revenues following the repayment of these bonds, those revenues will revert to the state upon final payment of the bonds.

NEW GENERAL FUND ACCOUNT

This legislation (in Section 2, AS 37.05.580) creates a new special account in the state General Fund called the Tobacco Use Education and Cessation Fund. The fund would be available for legislative appropriation.

FISCAL NOTE COSTS

The \$50,000 in contractual expenses will cover legal and financial services for negotiating the sale of the settlement proceeds.

There would be no additional cost to the Treasury Division for the new special account within the General Fund (the Tobacco Use Education and Cessation Fund).