

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 124  
 (S) Publish Date: 3/1/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: School Construction BRU: Revenue Operations  
 Component: Treasury Division  
 Sponsor: Rules Committee  
 Requester: Governor 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						
Contractual	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation authorizes the sale of 40% of the state's portion of the Master Tobacco Settlement 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 costs of issuing the bonds and funding of a debt service reserve).

This would be the second sale of the state's portion of the Master Tobacco Settlement. The first sale was also for 40% of the settlement, which secured an issuance of \$116,050,000 in asset-backed bonds in October 2000. After funding a debt service reserve, a capitalized interest account, costs of issuance, and costs of operation for two years, the October 2000 issuance made \$93 million available for capital projects.

The anticipated term of this issuance is approximately 15 years, with the ability to extend term to a maximum of 30 years if revenues are lower than forecast. The second sale is expected to yield at least \$127,270,151 for capital projects. The increased issuance amount is expected to fully utilize the settlement revenues for a 30-year term. However, to the extent there are residual settlement revenues, they will revert to the state upon final payment of the bonds.

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

Prepared by: Deven Mitchell, Debt Manager Phone 465-3409  
 Division: Treasury Division Date/Time 02/27/2001 8 a.m.  
 Approved by: Larry Persily, Deputy Commissioner Date 02/27/2001  
 Agency: Department of Revenue

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