

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 142
 (S) Publish Date: 4/26/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Lease-Purchase Spring Creek BRU: Revenue Operations
 Component: Treasury
 Sponsor: Senator Torgerson
 Requester: Senate Judiciary 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)	10.0					
Contractual	8.0	7.0	7.0	7.0	7.0	7.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,368.8	1,365.7	1,365.4	1,368.3	1,369.0
TOTAL OPERATING	18.0	1,375.8	1,372.7	1,372.4	1,375.3	1,376.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0	1,375.8	1,372.7	1,372.4	1,375.3	1,376.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Project Fund Investment Earnings						
TOTAL	18.0	1,375.8	1,372.7	1,372.4	1,375.3	1,376.0

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)

This legislation authorizes a lease-purchase agreement with the City of Seward for the construction of an addition to the Spring Creek Correctional Center. As with earlier financings for the Spring Creek Correctional Center, the State Bond Committee would issue State of Alaska Certificates of Participation in conjunction with the City of Seward to fund the construction.

Assuming an interest cost of 6.05% (approximately 100 basis points above current rates), and a 20-year term, annual debt service would be approximately \$1.38 million beginning in fiscal year 2003, with a total repayment of approximately \$26 million.

Due to the uncertainty in predicting future interest rates, the above-market rate of 6.05% is used for purposes of establishing a maximum payment amount. It is anticipated, however, that the actual payments would be somewhat less than the amounts in this fiscal note. If bonds were issued at today's interest rate, the annual debt service payments would be approximately \$110,000 less per year and total payments would be \$2.2 million less over the 20-year term.

Prepared by: Deven Mitchell Phone 465-3750
 Division: Treasury Date/Time March 16, 2001, 2 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date 03/16/2001
 Agency: Department of Revenue

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