

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 259
 (S) Publish Date: 1/28/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title School Construction BRU Revenue Operations
and Major Maintenance Component Treasury Division
 Sponsor Rules Committee
 Requester Governor Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel	15.0	10.0				
Contractual	600.0	600.0	15.0	15.0	15.0	15.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		10,047.9	20,904.1	20,904.8	20,903.9	20,906.8
TOTAL OPERATING	615.0	10,657.9	20,919.1	20,919.8	20,918.9	20,921.8

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		10,047.9	20,919.1	20,919.8	20,918.9	20,921.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Bond Proceeds	615.0	610.0				
TOTAL	615.0	10,657.9	20,919.1	20,919.8	20,918.9	20,921.8

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 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 1/24/02 8:35 AM
 Approved by: Larry Persily, Deputy Commissioner Date 01/24/2002
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. SB 259 #1

ANALYSIS CONTINUATION

This legislation authorizes the issuance of \$212 million in general obligation bonds to pay for public school facilities.

If the bill is passed by the legislature, the proposal would be included on the ballot for voter authorization in the fall of 2002. Assuming voter approval, the intent is to issue the first \$101,615,000 of bonds in the spring of 2003, and the second \$109,130,000 in the spring of 2004. However, the State Bond Committee, with advice on project needs from the Department of Education and Early Development, would determine the actual timing, amount and term of the bond sales based on project demand and market conditions. As much as \$2 million of bond issue proceeds will be used to pay the costs of issuing the bonds, including rating agency fees, printing, public notice, travel, financial adviser and bond counsel fees.

With the proposed bond structure and current market conditions, total costs of issuing the bonds are expected to be \$1,225,000 -- which would be split between Fiscal Years 2003 and 2004.

It is anticipated that these bonds will be sold on a competitive basis, with the bonds being awarded to the bidder with the lowest true interest cost. The bidder will be given the option of purchasing bond insurance. As this structure almost always results in a net premium bond position, it is expected the bonds will be remarketed and the premium used to pay the underwriter's sales force and expenses.

Assuming an interest rate of 5.41% (approximately 75 basis points higher than current rates), and a 15-year term, annual debt service would be approximately \$10 million per year in FY 2004 and \$20.9 million per year through FY2018.