

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1 CORRECTED
 Bill Version: SB 261
 (S) Publish Date: 2/4/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Deferred Maintenance BRU Revenue Operations
Certificates of Participation Component Treasury Division
 Sponsor Rules
 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					
Contractual	1,910.0	15.0	15.0	15.0	15.0	15.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		13,216.7	13,216.5	13,215.0	13,217.0	13,218.2
TOTAL OPERATING	1,925.0	13,231.7	13,231.5	13,230.0	13,232.0	13,233.2

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		13,231.7	13,231.5	13,230.0	13,232.0	13,233.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
COP Proceeds	1,925.0					
TOTAL	1,925.0	13,231.7	13,231.5	13,230.0	13,232.0	13,233.2

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 for analysis.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division Treasury Division Date/Time 1/31/02 6:18 PM
 Approved by: Larry Persily, Deputy Commissioner Date 01/31/2002
 Agency Department of Revenue

**Department of Revenue
Fiscal Note Analysis**

Deferred Maintenance Certificates of Participation

This legislation authorizes the issuance of \$135,605,000 plus costs of required reserves and costs of issuance in certificates of participation (COPs) to pay for maintenance projects on state facilities. The total amount required for projects and issuing the bonds is estimated at \$137,639,000.

As the legislation also provides for using investment earnings on the construction fund, it is currently anticipated that the issuance size will be \$135,605,000, with the additional \$2 million derived through investment earnings.

The bonds would be secured by leases on certain key facilities from the project group.

Assuming an issuance date of July 10, 2002, an interest rate of 4.82% (about 40 basis points above current rates), and a 15-year term, the annual debt service would be approximately \$13.2 million per year beginning in Fiscal 2004. In the event the earnings of the construction fund diminished and the full authorized amount of \$137,639,000 were required, the annual debt service would increase by approximately \$200,000 a year over the 15-year life of the bonds.

The intent is to issue the COPs as quickly as possible to begin funding projects, however, the State Bond Committee would determine the actual timing, amount and term of the bond sales based on project demands and market conditions. Based on current estimates, \$1,925,000 will pay all issuance costs, including rating agency, trustee and paying agent, printing, public notice, travel, financial adviser, bond counsel, underwriting and bond insurance fees.