

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 336
 (S) Publish Date: 2/20/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Certificates of Participation BRU Revenue Operations
for Correctional Facilities and Jails 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					
Contractual	1,528.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		11,439.2	11,439.0	11,440.0	11,438.7	11,440.8
TOTAL OPERATING	1,543.0	11,439.2	11,439.0	11,440.0	11,438.7	11,440.8

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		11,439.2	11,439.0	11,440.0	11,438.7	11,440.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Bond Proceeds	1,543.0					
TOTAL	1,543.0	11,439.2	11,439.0	11,440.0	11,438.7	11,440.8

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 2/15/02 3:48 PM
 Approved by: Larry Persily, Deputy Commissioner Date 02/15/2002
 Agency Department of Revenue

Department of Revenue

Certificates of Participation for Correctional Facilities and Jails

The legislation authorizes the issuance of \$116,952,800, plus costs of issuance, in certificates of participation (COPs) to pay for improvements to state-owned correctional facilities, improvements to community jails, and design work on additional improvements of state-owned correctional facilities. The total amount required for projects and issuing the bonds is estimated at \$118,480,000.

The COPs would be secured by leases entered into by the Department of Administration on the four state-owned facilities in Section 3(a) of the bill. All of the projects in Sections 3(a), 3(b) and 3(c) will be paid for by the COPs' proceeds.

Assuming an interest rate of 4.84% (about 40 basis points above current rates), and a 15-year term, the annual debt service would be approximately \$11.4 million. The intent is to issue the COPs all at once. However, the State Bond Committee would determine the actual timing, amount and term of the bond sales based on project demand and market conditions. In the case of the community jails, the ability to provide matching funds would also have to be met prior to issuing COPs for those projects.

Based on current estimates \$1,528,000 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.