

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 195
 (S) Publish Date: 5/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Certificates of Participation for Jails BRU Revenue Operations
 Component Treasury Division
 Sponsor Senator Gary Stevens
 Requester Senate State Affairs Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	10.0					
Contractual	6.0	5.0	5.0	5.0	5.0	5.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,570.4	1,571.2	1,570.8	1,568.6	1,571.1
TOTAL OPERATING	16.0	1,575.4	1,576.2	1,575.8	1,573.6	1,576.1

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	16.0	1,575.4	1,576.2	1,575.8	1,573.6	1,576.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	16.0	1,575.4	1,576.2	1,575.8	1,573.6	1,576.1

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the issuance of \$16,000,000 in Certificates of Participation (COPs) for the upgrade, expansion or replacement of community jails in Dillingham, Kodiak, Kotzebue and the North Slope Borough. The bill also authorizes the issuance of COPs in an amount required to pay costs of issuance. As the legislation allows up to four series of COPs, the cost of issuance could be \$160,000 for one series of COPs or about \$600,000 total for four series of COPs

Assuming an interest cost of 4.9% (about 50 basis points above current rates), and a 15-year term, the annual debt service would be approximately \$1.6 million beginning in Fiscal Year 2005 with a total repayment of approximately \$24 million.

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 Division Treasury Division Date/Time 4/30/03 2:21 PM
 Approved by: Larry Persily, Deputy Commissioner Date 4/30/2003
 Agency Department of Revenue

FISCAL NOTE #1

**STATE OF ALASKA
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BILL NO. SB 195

ANALYSIS CONTINUATION

The COPs' structure will require the communities to provide a title interest in the facilities being improved to a trustee as security for the COPs.

The proceeds of the COPs sale will be held by the trustee bank to ensure they are spent on the described projects. Proceeds will be reinvested and produce earnings that will be available for appropriation in the future for the projects or debt service on the COPs.

The COPs issue(s) authorized by this bill is small enough that if coupled with a projected FY04 draw on the Constitutional Budget Reserve of less than \$400 million for the FY04 budget, and additional fiscal management trending toward matching ongoing revenues with ongoing expenditures, the COPs' issuance itself would not be expected to precipitate a downgrade in the Alaska credit rating by any of the three credit rating agencies that rate Alaska public debt.