

HOUSE BILL NO. 381

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/18/06

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing of construction, major maintenance, and renovation of
2 facilities for the University of Alaska; relating to the financing of construction of a
3 correctional facility; authorizing the commissioner of revenue to sell the right to receive
4 a portion of the anticipated revenue from a tobacco litigation settlement to the Northern
5 Tobacco Securitization Corporation, with the proceeds of that sale to finance
6 construction, major maintenance, and renovation of facilities for the University of
7 Alaska and to finance the construction of a correctional facility; providing for the
8 establishment of funds for deposit of those proceeds; authorizing the issuance of bonds
9 by the Northern Tobacco Securitization Corporation for the purpose of acquiring the
10 right to receive a portion of anticipated revenue from a tobacco litigation settlement;
11 and providing for an effective date."

12 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
2 to read:

3 SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE; USE OF
4 PROCEEDS FOR UNIVERSITY OF ALASKA FACILITIES AND A CORRECTIONAL
5 FACILITY. (a) The commissioner of revenue is authorized to sell to the Northern Tobacco
6 Securitization Corporation, a subsidiary corporation of the Alaska Housing Finance
7 Corporation created under AS 18.56.086, the right to receive up to 80 percent annually of the
8 revenue derived from the settlement of State of Alaska v. Philip Morris, Incorporated, et al,
9 No. 1JU-97-915 CI (Alaska Super. 1997). The sale of the right to receive revenue under this
10 subsection is of the residual revenue stream that reverts to the state following the full
11 repayment of the bonds authorized by sec. 10, ch. 130, SLA 2000 and sec. 4, ch. 96, SLA
12 2001.

13 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
14 this section are anticipated to be at least \$89,250,000. Of the proceeds, \$89,250,000 shall be
15 deposited in the University of Alaska facilities fund established under sec. 3 of this Act. Any
16 proceeds in excess of \$89,250,000 shall be deposited in the correctional facility fund
17 established under sec. 4 of this Act.

18 (c) Subject to appropriation, \$89,250,000 of the proceeds of the sale under this section
19 of the right to receive revenue shall be used by the University of Alaska to pay for
20 construction, major maintenance, and renovation of university facilities, including
21 reimbursement to the University of Alaska for expenditures for the projects, as follows:

22 PROJECT

23 University of Alaska - Systemwide

24 Critical Building Deficiencies \$ 8,655,000

25 Required Renewal and Renovation 10,250,000

26 for Program Delivery

27 University of Alaska - Code and Compliance

28 Anchorage/Fairbanks/Southeast Campuses 13,050,000

29 Other Campuses 2,295,000

30 University of Alaska - Anchorage

31 Integrated Science Facility - Phase III 55,000,000

1		_____
2	TOTAL	\$89,250,000

3 (d) Subject to appropriation, the proceeds, in excess of \$89,250,000, of the sale under
4 this section of the right to receive revenue shall be used by the Department of Corrections to
5 pay for the construction of a prison in the Matanuska-Susitna Borough.

6 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 BOND AUTHORIZATION. (a) The Northern Tobacco Securitization Corporation is
9 authorized to issue revenue bonds in principal amounts sufficient to acquire the right to
10 receive revenue described in sec. 1 of this Act from the commissioner of revenue at a price
11 agreed upon by the Northern Tobacco Securitization Corporation and the commissioner of
12 revenue. The bonds may be special, limited obligations of the Northern Tobacco
13 Securitization Corporation secured solely by the right to receive revenue sold to the Northern
14 Tobacco Securitization Corporation under sec. 1 of this Act, and the Northern Tobacco
15 Securitization Corporation may include in agreements with the bondholders a pledge of the
16 right to receive that revenue and the promise of the state to honor that pledge. A pledge made
17 under this section is subject to the provisions of AS 18.56.120, and bonds issued under this
18 section are subject to the provisions of AS 18.56.170, in each case as though "corporation" in
19 those statutes were to mean the Northern Tobacco Securitization Corporation.

20 (b) In this section, "Northern Tobacco Securitization Corporation" means the
21 subsidiary corporation of the Alaska Housing Finance Corporation created under
22 AS 18.56.086.

23 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 UNIVERSITY OF ALASKA FACILITIES FUND. (a) If under sec. 1 of this Act the
26 commissioner of revenue sells to the Northern Tobacco Securitization Corporation the right to
27 receive certain revenue, a special fund of the state to be known as the "University of Alaska
28 facilities fund" shall be established, to which shall be credited \$89,250,000 of the proceeds of
29 the sale of that revenue. The fund may be invested as provided in AS 37.10.071. Any earnings
30 of the fund shall be deposited in the Alaska debt retirement fund (AS 37.15.011).

31 (b) Money in the fund may be appropriated for the University of Alaska projects

1 described in sec. 1(c) of this Act, or for any other public purpose.

2 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 **CORRECTIONAL FACILITY FUND.** If under sec. 1 of this Act the commissioner of
5 revenue sells to the Northern Tobacco Securitization Corporation the right to receive certain
6 revenue, a special fund of the state to be known as the "correctional facility fund" shall be
7 established, to which shall be credited the proceeds, in excess of \$89,250,000, of the sale of
8 that revenue. The fund may be invested as provided in AS 37.10.071. Any earnings of the
9 fund shall be deposited in the Alaska debt retirement fund (AS 37.15.011).

10 (b) Money in the fund may be appropriated for the correctional facility project
11 described in sec. 1(d) of this Act, or for any other public purpose.

12 * **Sec. 5.** This Act takes effect July 1, 2006.