

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSSB 226(FIN)
 Fiscal Note Number 2
 (S) Publish Date 4/4/12

Identifier (file name) SB226CS-DOR-AHFC-04-02-12 Dept. Affected Revenue
 Title Purchase & Lease of Nome Office Building Appropriation Alaska Housing Finance Corporation
 Allocation AHFC Operations
 Sponsor Senate Community & Regional Affairs
 Requester Senate Finance OMB Component Number 110

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services	58.1		56.1				
Travel	19.3		6.4				
Services	474.7		158.2				
Commodities	0.7		0.3				
Capital Outlay							
Grants, Benefits							
Miscellaneous	2,964.0		2,964.0	2,964.0	2,964.0	2,964.0	2,964.0
TOTAL OPERATING	3,516.8	0.0	3,185.0	2,964.0	2,964.0	2,964.0	2,964.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF	2,964.0	2,964.0	2,964.0	2,964.0	2,964.0	2,964.0
1005	GF/Prgm (DGF)	552.8	221.0				
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		3,516.8	0.0	3,185.0	2,964.0	2,964.0	2,964.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

The CS for SB 226 directs Alaska Housing Finance Corporation (AHFC) to finance the purchase of an office building in Nome from the City of Nome. As part of its due diligence, AHFC will engage in a process to identify useable space requirements and tenant needs. As such, AHFC is presenting ranges for the cost of the project up to \$38,000,000 as specified in the bill.

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Phone 907-350-2479
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 Date 4/2/2012

FISCAL NOTE #2

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSSB 226(FIN)

Analysis

CS for SB 226 directs Alaska Housing Finance Corporation (AHFC) to finance with bond proceeds the purchase of an office building in Nome to provide space for state agency occupancy and use. It further directs the commissioner of the Department of Administration to enter into a lease with AHFC for the purchased building.

Section 2 specifies, the term of the bonds may not exceed 21 years. The bill also specifies an anticipated annual rental obligation of \$2,504,000 with total lease payments for the full term of the lease-purchase agreement anticipated to be \$52,548,000. The Act would take effect immediately under AS 01.10.070 (c).

AHFC analysis:

Consistent with language included in Sec. 2 of the bill, AHFC estimates total project cost at \$38,000,000 which AHFC believes could support a new office building up to 54,000 sq. ft. In contrast, a smaller building at 30,000 sq. ft, is projected to cost \$27,675,000.

Based on a reasonable set of assumptions, annual debt service on these projects would range from \$2,964,000 to \$2,221,000, respectively . Total bond payments over 21-years on these projects would range from \$62,241,250 to \$44,416,500.

Finally, using these scenarios, operational expenses for AHFC would range in total from \$773,854 to \$590,400 in FY 13 and FY 14. This fiscal note projects the larger 54,000 sq. ft. building will be constructed; should a small building be selected, actual costs will be less than those presented.