

Fiscal Note

State of Alaska
2012 Legislative Session

Fiscal Note Number: 4 Bill Version: CSSB 226(FIN) (H) Publish Date: 4/30/12
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Identifier: SB226CS-DOR-AHFC-04-02-12
 Title: PURCHASE & LEASE OF NOME OFFICE BUILDING
 Sponsor: COMMUNITY & REGIONAL AFFAIRS
 Requester: Senate Finance

Department: Department of Revenue
 Appropriation: Alaska Housing Finance Corporation
 Allocation: AHFC Operations
 OMB Component Number: 110

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2013 Appropriation Requested	Included in Governor's FY2013 Request	Out-Year Cost Estimates					
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
OPERATING EXPENDITURES								
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								
Total Operating	552.8	0.0	221.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1103 AHFC Rcpts	552.8		221.0					
Total	552.8	0.0	221.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2012) cost: 0.0

Estimated CAPITAL (FY2013) cost:

Reason For Change:

Removed annual debt services and changed fund code to AHFC Receipts for remaining expenditures.

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.

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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.