

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HCS SB 97(FIN)
Fiscal Note Number:	2
(H) Publish Date:	4/11/2018

Identifier: SB097-DOR-TRS-02-16-2018
Title: PENSION OBLIGATION BONDS
Sponsor: FINANCE
Requester: (S)FINANCE COMMITTEE

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

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

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? NO
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Updated for current fiscal year 2018

Prepared By: Ryan Williams, Operations Research Analyst
Division: Treasury Division
Approved By: Mike Barnhill, Deputy Commissioner
Agency: Department of Revenue

Phone: (907)465-2893
Date: 02/16/2018 12:00 AM
Date: 02/16/18

**REPORTED OUT OF
HFC 04/11/2018**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

The bill stipulates a new requirement to submit a proposal regarding Pension Obligation Bond (POB) issuance to the Legislative Budget and Audit Committee (LB&A). In addition, new subsections define that 45 days shall elapse before POBs are issued, unless LB&A earlier recommends to proceed with the issuance. If there is a recommendation to not proceed within that 45 day window, the subsidiary corporation shall again review the proposal and provide LB&A with a statement of reasons if moving forward with a POB transaction.

The bill reduces the POB limit from not to exceed \$5 billion to not to exceed \$2.5 billion.

The time implications of the LB&A process are not likely to impact ability to take advantage of a favorable interest rate environment, though it is possible.