

A Bi-Monthly Report on Government Finance Issues in the States



THE FISCAL LETTER

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State Debt Management

To meet the capital construction needs of their constituents, states must finance capital facilities either by expenditures from current revenue or by borrowing in the bond market. A policy of financing capital investments out of current taxes and charges can hinder states from using their limited fiscal resources for other essential purposes. Because most capital investments have useful lives that exceed more than one budget period and may in fact benefit future generations of taxpayers, a large proportion of capital financing is done through long-term borrowing.

Long-term financing of capital projects can, however, lead to consequences that necessitate states developing debt management policies. Any debt sold to finance a project will result in liabilities which must be repaid, with interest, in future years. These repayments create a fixed obligation or annual debt service in the states' future year budgets. No new expenditure commitments can be made that would result in a state's inability to retire its bonds. In addition to retiring their debts, states must recognize that any new facility will generate future additional operating costs that will have to be met. Therefore, debt management policies must include long-term capital planning and budgeting that examines the state's future fiscal and economic capacity to pay.

The two major classifications of bonded indebtedness at the state level are guaranteed, or general obligation, which carries with it the full faith and credit of the state and is secured by the state's general revenues, and nonguaranteed, or revenue, which is secured by the revenues of the activity for which the debt is sold.

The volume of the nonguaranteed debt has been growing much more rapidly than general obligation debt. State debt management policies should recognize that the growing use of revenue bonds to support a variety of programs such as industrial development, housing finance and pollution control has added to the size and complexity of the tax-exempt bond market.

To protect taxpayers and the credit condition of the state against overborrowing, most states place limitations on the state legislature's borrowing authority. A survey of constitutional limits on long-term state debt indicates that:

- 13 states require a voter-approved referendum for the issuance of all debt;
- 12 states have imposed dollar limitations on the amount of debt that can be issued ranging from \$50,000 to \$2,000,000, and require an approved referendum to exceed these limits;
- 6 states limit debt on a percentage of assessed valuation ranging from 1 percent to 5 percent;
- 6 states limit debt on a percentage of state revenues; and,
- 13 states limit debt only by approved legislative authorization, ranging from a simple majority to a three-fourths majority.

These debt limitations usually apply to general obligation debt and not to nonguaranteed debt.

The securities market is primarily concerned with the state's capacity to support debt-service payments along with its other expenditures, and its overall economic-fiscal condition. The security of the revenue base supporting a bond issue and the state's long-term economic future are probably the most important determinants of the state's wealth and tax base.

Because states compete in the municipal bond market it may be worthwhile to survey the states' ranking in some debt burden statistics. Such statistics are a basic part of agency rankings of the credit quality of bond issues. (These statistics were updated from a study on "Bonded Indebtedness in Kentucky" by the Kentucky Legislative Research Commission. Data for these updates came from State Government Finances in 1979, published by the U.S. Bureau of the Census.)

The table lists the states by region with four debt-burden statistics. The number in parentheses is the ranking from one to fifty by that statistic. Several interesting patterns emerge from this table. New England and Mideastern states rank much higher on all four indicators than other regions, with no state lower than twentieth on any of the statistics. The Great Plains and Southeastern states have the lowest debt levels, with the exceptions of South Dakota, Kentucky and West Virginia. The Southwestern and Rocky Mountain states also have low debt levels. In the Far West, the pattern is mixed with California, Nevada and Washington all having low debt levels, but Alaska, Hawaii and Oregon having some of the highest debt levels in the nation. Oregon's rating comes from its veterans home loan program, the largest of its kind in the country. Although their debt level is high, much of it is secured by first mortgages. This table incorporates all state general obligation and state-guaranteed debt, but does not reflect the total volume of public authority or moral obligation bonding.

It must be emphasized that bond rating agencies do not base their opinions solely on the level of debt burden of the states. There are a variety of other factors that are involved, including the state's overall fiscal and economic trends. Thus, a state displaying high debt burden statistics but experiencing favorable economic growth can receive a high credit quality rating. Factors that can adversely affect a state's rating include mismanagement, improper use of debt financing, unusually high short-term borrowing, vulnerability to national economic fluctuations and changes in tax structure.

The most important aspect of the quality rating is its impact on interest costs. While differences among the quality grades fluctuate depending on market conditions, the highest rated bonds sell at interest rates lower than the lowest rated. This difference can be a percentage point or more of interest and can result in large savings to states over the full life of the bonds.

STATE DEBT: AN OVERVIEW (FY 1979)

	Debt Per Capita	Total Debt Outstanding as a Percentage of Own-Source Revenues	Debt Interest as a Percentage of State Expenditures	Debt Per \$1000 of Personal Income
<u>NEW ENGLAND</u>				
Connecticut	\$1153 (7)	169.8% (3)	8.9% (3)	\$130 (9)
Maine	634 (17)	99.0% (16)	5.2% (15)	101 (15)
Massachusetts	939 (9)	116.1% (11)	6.6% (8)	118 (12)
New Hampshire	833 (13)	187.6% (2)	6.9% (6)	115 (13)
Rhode Island	1268 (6)	160.9% (5)	5.9% (11)	169 (5)
Vermont	1036 (8)	140.7% (8)	5.9% (10)	160 (6)
<u>MIDEAST</u>				
Delaware	\$1469 (4)	134.2% (9)	7.1% (4)	\$172 (4)
Maryland	890 (10)	107.6% (15)	5.5% (14)	106 (14)
New Jersey	734 (15)	115.0% (12)	5.9% (9)	84 (18)
New York	1302 (5)	165.4% (4)	16.2% (1)	158 (7)
Pennsylvania	550 (18)	81.0% (19)	5.5% (12)	71 (20)
<u>GREAT LAKES</u>				
Illinois	\$ 509 (22)	77.9% (20)	4.7% (17)	\$ 57 (27)
Indiana	108 (48)	16.3% (48)	1.2% (44)	14 (48)
Michigan	272 (36)	33.5% (37)	2.6% (29)	32 (38)
Ohio	349 (28)	65.5% (23)	3.9% (23)	44 (32)
Wisconsin	473 (24)	57.2% (26)	3.9% (21)	63 (23)
<u>PLAINS</u>				
Iowa	\$ 128 (46)	19.4% (47)	0.8% (46)	16 (47)
Kansas	194 (41)	31.3% (40)	1.5% (42)	25 (42)
Minnesota	462 (25)	50.5% (28)	4.1% (20)	59 (25)
Missouri	146 (45)	28.9% (42)	1.8% (40)	20 (44)
Nebraska	33 (50)	5.7% (49)	0.3% (50)	4 (40)
North Dakota	199 (39)	24.7% (44)	0.7% (48)	28 (40)
South Dakota	842 (12)	152.3% (6)	4.6% (18)	122 (10)
<u>SOUTHEAST</u>				
Alabama	\$ 279 (35)	47.9% (30)	2.5% (32)	\$ 45 (31)
Arkansas	112 (47)	21.2% (46)	0.8% (47)	19 (46)
Florida	301 (33)	55.1% (27)	3.9% (22)	41 (34)
Georgia	268 (37)	48.8% (49)	2.3% (34)	40 (35)
Kentucky	797 (14)	112.6% (13)	5.4% (13)	122 (11)
Louisiana	656 (16)	89.4% (17)	4.1% (19)	99 (16)
Mississippi	347 (29)	58.2% (25)	3.1% (25)	63 (22)
North Carolina	198 (40)	33.5% (38)	2.2% (35)	30 (39)
South Carolina	542 (19)	85.6% (18)	1.6% (41)	87 (17)
Tennessee	317 (32)	59.6% (24)	3.3% (24)	49 (28)
Texas	320 (31)	44.7% (33)	2.5% (31)	42 (33)
West Virginia	872 (11)	119.6% (10)	4.7% (16)	133 (8)
<u>SOUTHWEST</u>				
Arizona	39 (49)	5.4% (50)	0.5% (49)	6 (49)
New Mexico	414 (26)	41.3% (34)	2.2% (36)	64 (21)
Oklahoma	522 (21)	76.4% (21)	2.8% (26)	74 (19)
Texas	173 (43)	30.7% (41)	1.9% (39)	23 (43)
<u>ROCKY MOUNTAIN</u>				
Colorado	\$ 154 (44)	22.5% (45)	1.2% (45)	\$ 20 (45)
Idaho	244 (38)	37.1% (36)	2.1% (37)	36 (37)
Montana	187 (42)	28.8% (48)	1.3% (43)	28 (41)
Utah	288 (34)	32.1% (39)	2.0% (38)	46 (30)
Wyoming	480 (23)	47.3% (31)	2.4% (33)	59 (26)
<u>FAR WEST</u>				
California	\$ 338 (30)	40.1% (35)	2.8% (27)	\$ 39 (36)
Nevada	533 (20)	69.5% (22)	2.8% (27)	60 (24)
Oregon	1507 (3)	199.9% (1)	10.4% (2)	193 (3)
Washington	386 (29)	46.6% (32)	2.5% (30)	48 (29)
Alaska	3356 (1)	109.2% (14)	6.9% (5)	309 (1)
Hawaii	1854 (2)	150.6% (7)	6.7% (7)	227 (2)

In developing debt management policies it is not possible to determine a specific limit on debt which may be applicable to all states, nor is it possible to determine an exact amount of debt which all states would be able to issue and manage efficiently. However, debt management policies that include debt limits, analyses of the state's capacity to retire their debt and pay for operating costs associated with it in future years, and overall capital planning and budgeting can benefit the state by improving and strengthening its position in the bond market with the result being greater savings to the state.

Taxing Nongovernmental Exempt Property

Taxing exempt property does not appear to be an idea whose time has come--yet. Despite recurring calls to tighten the granting of exemptions or place user charges on exempt property, states and cities have done very little to significantly increase the taxes or charges on presently-exempt nongovernmental property. But, if governments continue to undergo fiscal strains, it is possible that during the next decade major changes will occur in the treatment of exempt property.

A widely-used estimate is that one-third of all U.S. property is tax exempt; but, the great majority of this property is government-owned. Thus, the potential revenue that could be obtained from nongovernmental exempt property is far less than the one-third figure would suggest.

This generalization must be qualified in several respects. The amount of tax exempt property varies widely from place to place. The largest concentration of exempt property is usually found in the central cities of metropolitan areas; therefore, exempt property may be much greater in certain places than in others. Moreover, substantial evidence exists showing that the value of exempt property is growing faster than that of taxable property, so exempt property may become an increasingly attractive source of revenue for financially hard-pressed cities.

States differ widely in their definitions of tax-exempt property. The best recent survey of state laws in this regard is a report published by the Greater Hartford Chamber of Commerce, Property Tax Exemptions for Non-Profit Institutions: Problems and Proposals. This study describes how all 50 states treat each of the major types of totally-exempt property (schools, churches, hospitals, and cemeteries), and many of the minor types, such as YMCAs, Chambers of Commerce, camps, lodges, fraternal organizations, and so forth.

Several years ago, Connecticut broke new ground by providing payments in lieu of taxes from the state government to local governments in areas where private institutions of higher education and private hospitals are located. Approximately 38 states compensate localities for certain types of exempt government property, but Connecticut initiated the first program to provide payments for nongovernmental property. While some localities support such programs because of the additional aid received, these programs must be compared with other mechanisms of providing state aid, and the presence of exempt property may not be the most appropriate indicator to use in distributing aid. With many states suffering from extreme budgetary pressures, funds for payment in lieu of taxes programs are often scarce. Ruling out state payments, states must find ways to obtain money from tax exempt organizations themselves.

Recent experiences in Virginia and New York suggest that the forces in favor of obtaining revenue from exempt organizations are usually not sufficient to overcome resistance from the organizations themselves. For at least five years, Virginia has allowed localities to levy service charges on state governmental property and some types of nongovernmental property. Among the types of nongovernmental property that may be subject to service charges are cemeteries, colleges and other schools, and certain properties of benevolent or charitable associations. While many local governments have levied service charges on state property to reflect the cost of police and fire protection and refuse collection, hardly any localities have assessed such charges on nongovernmental exempt property.

In New York, local governments may deny exemptions to certain types of organizations on a local option basis. While the largest holders of exempt property--schools and churches--are exempt from this law, many other types of property could have their exemptions removed. Nevertheless, relatively few localities have availed themselves of the opportunity to remove such exemptions.

Across the country there are many examples of exempt property for which service charges are being paid voluntarily. Private institutions of higher education frequently make such payments, although they are generally for much less than the tax they would pay if taxable. Mandatory service charges for private exempt property, however, are very rare.

Many other reforms can be implemented to obtain increased revenue. In certain states, it is reportedly common practice for assessors to grant more generous exemptions than are prescribed by law. Vigorous enforcement of existing statutes could pay off in such cases. Along similar lines, New York state has recently instituted a program requiring owners of exempt property to file applications to verify their qualifications for exemption.

Perhaps the day is not far off when large amounts of revenue will be obtained from tax exempt property. But that day has not yet arrived.

(NOTE: This article draws on materials presented at a workshop on tax exempt property sponsored by NCSL in Albany, New York in February 1981. For more information about tax exempt property, contact Steven Gold, NCSL-Denver, (303) 623-6600.)

State Tax Trends

With the recession restraining revenue growth, only nine states had tax increases in excess of the inflation rate during fiscal 1980, according to a recent Census Bureau report. Except for North Dakota, all of the states with the fastest tax increases were in the rapidly-growing West and South.

These statistics do not, however, include local tax revenue, which rose more slowly than state taxes. Property taxes, which constitute the majority of local tax revenue, rose only 5.5 percent.

Total state tax revenue rose 9.6 percent, much less than the 12½ percent rise of consumer prices during this period. There was great variation among the states. As the attached table shows, Alaska and California had the largest increases, while Michigan and Vermont ranked at the bottom, with decreases in their tax revenue.

These findings may call into question one of the arguments for indexing state income taxes. While inflation causes disproportionate increases of income tax revenue when tax rates are progressive, yields from other taxes are much less responsive to inflation. Thus, state taxes claimed a smaller proportion of personal income in fiscal 1980 than previously. With federal aid other than grants for payments to individuals rising less than 6 percent, many state governments experienced serious budgetary problems.

Other significant trends in state taxes include the following:

- Five states--Alaska, Hawaii, Oklahoma, Utah and Wyoming--were among the fastest growers for the second consecutive year. At the other extreme, Indiana, Tennessee and Wisconsin repeated in the lowest quartile.
- Several states, such as Arkansas, California, North Dakota and Texas, swung from very low increases in 1979 to very large ones in 1980. Colorado, Nevada and Rhode Island moved in the other direction, experiencing abnormally small increases.

GROWTH OF STATE TAX REVENUE, 1978-79 AND 1979-80

State	Percentage change 1979-80		Percentage change 1978-79		Per Capita 1980	
	Level	Rank	Level	Rank	Level	Rank
Alaska	76.0%	1	44.9%	1	\$3,540.90	1
California	18.4	2	8.9	38	853.31	5
Texas	17.8	3	6.5	45	504.95	43
Oklahoma	17.2	4	15.2	11	614.12	19
Arkansas	16.5	5	7.5	44	532.46	39
North Dakota	14.5	6	4.9	50	566.00	29
Hawaii	14.0	7	16.1	9	1,091.13	2
Wyoming	13.2	8	18.4	5	862.50	4
Utah	13.1	9	14.7	12	574.80	26
New Mexico	12.0	10	8.7	40	746.21	7
Florida	12.0	11	14.0	14	542.25	33
Illinois	11.9	12	9.5	35	629.84	17
Maine	11.7	13	5.1	49	564.41	30
Georgia	11.5	14	12.1	20	533.31	38
Arizona	11.1	15	15.9	10	687.51	11
North Carolina	10.3	16	11.8	21	573.55	27
South Carolina	10.2	17	11.6	23	572.32	28
South Dakota	10.2	18	9.8	32	392.62	49
New Jersey	10.1	19	8.4	41	559.78	31
Nebraska	10.0	20	9.2	37	518.91	41
New York	9.3	21	6.4	46	720.54	9
Montana	9.1	22	18.1	6	554.39	32
Louisiana	9.1	23	11.0	25	594.34	22
Pennsylvania	8.8	24	8.2	42	617.24	18
Mississippi	8.7	25	5.8	47	517.88	42
Massachusetts	8.5	26	9.6	34	680.76	12
Washington	7.3	27	11.0	24	743.11	8
Connecticut	7.1	28	10.8	26	590.59	24
Virginia	7.0	29	9.8	33	527.87	40
Kansas	6.9	30	13.0	16	535.95	27
Alabama	6.3	31	10.0	30	492.65	45
Iowa	6.2	32	12.8	18	601.73	21
West Virginia	6.0	33	17.3	8	649.36	15
Oregon	5.2	34	19.5	2	575.92	25
Idaho	5.1	35	10.8	27	541.82	34
Delaware	4.8	36	9.4	36	886.11	3
Maryland	4.3	37	10.1	29	665.42	14
Missouri	4.1	38	12.8	17	430.28	48
Colorado	3.5	39	18.9	3	537.83	36
Kentucky	3.3	40	12.7	19	608.15	20
Wisconsin	3.2	41	5.5	48	713.20	10
Ohio	3.2	42	11.7	22	444.20	46
Nevada	3.0	43	18.5	4	678.92	13
Rhode Island	2.4	44	17.4	7	592.88	23
Tennessee	2.3	45	8.2	43	430.82	47
Minnesota	2.2	46	13.6	15	788.81	6
New Hampshire	1.3	47	9.9	31	301.57	50
Indiana	1.0	48	8.7	39	499.21	44
Vermont	-0.4	49	14.4	13	540.20	35
Michigan	-1.3	50	10.6	23	645.92	16
United States	9.6		10.2		623.91	

SOURCE: U.S. Census Bureau, State Government Tax Collections in 1980.

Funding Information	
General Fund	\$289,712,500
Other Funds	-0-
	<u>\$289,712,500</u>

Introduced: 2/17/81
 Referred: State Affairs and
 Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 162

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for capital
 7 improvements for projects for which general obligation
 8 bonds were approved by the voters at the 1980 general
 9 election; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$4,218,800 is appropriated from the general fund
 12 to the Department of Public Safety for the purchase of one or more fishery
 13 patrol vessels to be based in western Alaska.

14 * Sec. 2. The sum of \$3,500,000 is appropriated from the general fund to
 15 the Department of Transportation and Public Facilities for allocation to the
 16 following projects in the estimated amounts set out after each, subject to
 17 reallocation between projects in accordance with AS 37.07.080(e):

- | | | |
|----|---|--------------|
| 18 | (1) Completion of Ship Creek hatchery | \$ 1,250,000 |
| 19 | (2) Completion of Trail Lakes hatchery | 2,000,000 |
| 20 | (3) Completion of Beaver Falls hatchery | 250,000 |

21 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund
 22 to the Department of Environmental Conservation for village safe water and
 23 solid waste construction projects under the Village Safe Water Act (AS 46.07)
 24 in the following communities: Cheforak, Circle, Copper Center, Eagle
 25 Village, False Pass, Kokhanok, Nelson Lagoon, Newtok, Pedro Bay, Portage
 26 Creek, Ruby, St. Michael, Stony River, White Mountain, Central, Huslia,
 27 Ambler, Kasigluk, Aniak, Klukwan.

28 * Sec. 4. The sum of \$23,000,000 is appropriated from the general fund
 29 to the Department of Environmental Conservation for urban water and sewer

1 and solid waste facility construction grants throughout the state.

2 * Sec. 5. The sum of \$5,536,000 is appropriated from the general fund to
3 the Department of Health and Social Services for expansion of the Eagle
4 River correctional center.

5 * Sec. 6. The sum of \$4,998,000 is appropriated from the general fund to
6 the Department of Health and Social Services to upgrade and construct an
7 addition to the Juneau correctional center.

8 * Sec. 7. The sum of \$4,952,000 is appropriated from the general fund to
9 the Department of Health and Social Services for expansion of the Fairbanks
10 correctional center.

11 * Sec. 8. The sum of \$6,989,000 is appropriated from the general fund to
12 the Department of Health and Social Services for construction of a regional
13 jail facility at Nome.

14 * Sec. 9. The sum of \$3,873,000 is appropriated from the general fund to
15 the Department of Health and Social Services for construction of a pre-trial
16 addition to the Anchorage correctional center.

17 * Sec. 10. The sum of \$2,002,000 is appropriated from the general fund
18 to the Department of Health and Social Services as a contingency for correc-
19 tional facility construction projects.

20 * Sec. 11. The sum of \$28,993,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following federal aid highway projects in the estimated amounts set out
23 after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Transportation planning	\$ 3,500
26	(2) Public transportation	8,800,000
27	(3) Central region highways	5,418,000
28	(4) Interior region highways	4,822,900
29	(5) Southeast region highways	1,613,300

1	Dillingham	1,288,000
2	(5) Construct Shungnak to Dall Creek haul road,	
3	Shungnak	3,000,000
4	(6) Chickaloon road	1,000,000
5	(7) Butte Road, Palmer	1,000,000
6	(8) Circle - Eagle to Birch Creek road study	187,000
7	(9) Central bicycle trail	88,000
8	(10) Near Island bridge, Kodiak	5,000,000
9	(11) Circle Hot Springs airport to Graveyard Creek	
10	Road: realignment and resurfacing	620,000
11	(12) Alakanuk road: planning and engineering,	
12	rights-of-way, and utilities	450,000
13	(13) Unalakleet road, Unalakleet	500,000
14	(14) Road paving, reconstruct airport to Louse Town	
15	Slough road and bicycle trail, Bethel	2,500,000
16	(15) Mountain View Drive: reconstruct from East	
17	Fifth to Commercial Drive, Anchorage	1,500,000
18	(16) Hiland Drive: gravel upgrade, Anchorage	1,000,000
19	(17) Bragaw construction, O'Malley to Huffman,	
20	Anchorage	1,750,000
21	(18) Hillside Drive, paving and grade improvement,	
22	O'Malley to Abbott, Anchorage	1,000,000
23	(19) Steese bicycle path, Fairbanks	90,000
24	(20) Local service roads and trails, south Anchorage	1,000,000
25	(21) Main Tree Street, Valleyview, Anchorage	350,000
26	(22) Skylane - Mountain View Drive: surfacing,	
27	Fairbanks	650,000
28	(23) Portage - Whittier, Bud car rail project	375,000
29	* Sec. 14. The sum of \$5,204,300 is appropriated from the general fund	

1 to the Department of Transportation and Public Facilities for allocation to
2 the following aviation projects in the estimated amounts set out after each,
3 subject to reallocation between projects in accordance with AS 37.07.080(e):

4	(1) Central region aviation	\$ 1,767,300
5	(2) Interior region aviation	455,900
6	(3) Southeast region aviation	591,800
7	(4) Western region aviation	302,300
8	(5) Homer airport	180,000
9	(6) Chignik Lagoon runway	400,000
10	(7) Big Lake airport runway	100,000
11	(8) Levelock runway	425,000
12	(9) Skagway runway	982,000

13 * Sec. 15. The sum of \$7,190,000 is appropriated from the general fund
14 to the Department of Transportation and Public Facilities for the following
15 aviation projects in the amounts set out after each:

16	(1) Nuiqsut airport, phase I	\$ 2,100,000
17	(2) Circle Hot Springs airport	390,000
18	(3) Emmonak airport, phase I	3,500,000
19	(4) Hoonah airport	1,200,000

20 * Sec. 16. The sum of \$9,568,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following marine transportation projects in the estimated amounts set
23 out after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Central region	\$ 4,200,000
26	(2) Southeast region	568,200
27	(3) Passenger terminal buildings: Auke Bay, Sitka, 28 Petersburg	3,650,000
29	(4) Prince Rupert ferry terminal building	1,000,000

1 (5) Ferry terminal shelters: Clark's Bay, Metlakatla,
2 Angoon, Kake 150,000

3 * Sec. 17. The sum of \$41,050,000 is appropriated from the general fund
4 to the Department of Transportation and Public Facilities for allocation to
5 the following ports and harbors projects in the estimated amounts set out
6 after each, subject to reallocation between projects in accordance with
7 AS 37.07.080(e):

8	(1) Homer harbor	\$ 6,100,000
9	(2) Near Island harbor development	2,000,000
10	(3) Ketchikan boat harbor	1,300,000
11	(4) Petersburg boat harbor	3,750,000
12	(5) Hoonah boat harbor	1,900,000
13	(6) Sitka boat harbor	1,400,000
14	(7) Seward boat harbor/port development	4,500,000
15	(8) Auke Bay floating breakwater	3,500,000
16	(9) Nome port facility	5,000,000
17	(10) Cordova boat harbor	4,000,000
18	(11) Sand Point dock	3,500,000
19	(12) Port Lions boat harbor	1,100,000
20	(13) Dillingham port facility/dry marina	3,000,000

21 * Sec. 18. The sum of \$10,297,000 is appropriated from the general fund
22 to the Department of Transportation and Public Facilities for the following
23 ports and harbors projects in the amounts set out after each:

24	(1) Unalaska port development	\$ 3,500,000
25	(2) Yakutat port development	3,000,000
26	(3) Kasaan boat harbor	250,000
27	(4) Bethel small boat harbor	500,000
28	(5) Lateral stability, terminal 1, Anchorage	982,000
29	(6) Anchorage small boat harbor/dry marina	2,000,000

1 (7) Salcha River boat launching/mooring facility 65,000

2 * Sec. 19. The sum of \$10,000,000 is appropriated from the general fund
3 to the Department of Transportation and Public Facilities for the construc-
4 tion of local service roads and trails throughout the state.

5 * Sec. 20. The sum of \$500,000 is appropriated from the general fund to
6 the Department of Education for library construction grants to community
7 libraries throughout the state.

8 * Sec. 21. The sum of \$1,000,000 is appropriated from the general fund
9 to the Department of Transportation and Public Facilities for construction
10 of teacher housing throughout the state.

11 * Sec. 22. The sum of \$37,270,000 is appropriated from the general fund
12 to the University of Alaska for the following projects in the amounts set
13 out after each:

14	(1) University Center, phase I, Juneau	\$ 3,500,000
15	(2) Sewer connection, Sitka Community College	75,000
16	(3) Marine Center, phase I, Seward	1,000,000
17	(4) Library and classroom building, Matanuska-	
18	Susitna Community College	3,500,000
19	(5) Applied science building, Anchorage Community	
20	College	5,000,000
21	(6) Arts, theatre, bookstore, and classroom building,	
22	Anchorage	5,200,000
23	(7) Purchase of adult basic education building,	
24	Anchorage Community College	220,000
25	(8) Classroom, shop, Kenai	5,600,000
26	(9) Adult learning center, Kodiak Community College	2,300,000
27	(10) Rasmusson Library, phase II, Fairbanks	8,500,000
28	(11) Central receiving, Fairbanks	1,300,000
29	(12) Utilities modification, statewide	800,000

1 (13) Handicapped barrier removal, statewide 275,000

2 * Sec. 23. The sum of \$24,881,000 is appropriated from the general fund
3 to the Department of Transportation and Public Facilities for the following
4 educational facilities in the amounts set out after each:

5 (1) Southeast Island regional educational attendance
6 area schools \$ 856,000

7 (2) Bartlett High School 1,500,000

8 (3) Kodiak Island Borough schools 500,000

9 (4) Lake-Peninsula regional educational attendance
10 area schools 1,000,000

11 (5) Southwest regional educational attendance area
12 schools 2,072,000

13 (6) Lower Kuskokwim regional educational attendance
14 area schools 2,415,000

15 (7) Saint Mary's school 2,000,000

16 (8) Northwest regional educational attendance area
17 vocational technical school 1,500,000

18 (9) Bering Straits regional educational attendance area
19 schools 1,934,000

20 (10) Yukon/Koyukuk regional educational attendance area
21 schools 500,000

22 (11) Iditarod regional educational attendance area
23 schools 900,000

24 (12) Lower Yukon regional educational attendance area
25 schools 750,000

26 (13) Kuspuks regional educational attendance area
27 schools 1,900,000

28 (14) Chatham regional educational attendance area
29 schools 1,251,000

1	(15) Haines school	1,332,000
2	(16) Karluk school	960,000
3	(17) Metlakatla school	2,000,000
4	(18) Wrangell school	1,500,000
5	(19) Holy Cross school	11,000

6 * Sec. 24. The appropriations made by this Act are for capital projects
7 and are subject to AS 37.25.020.

8 * Sec. 25. This Act takes effect on the effective date of a version of
9 an Act entitled "An Act relating to the general obligation bonds approved by
10 the voters at the November 1980 general election, and repealing laws autho-
11 rizing those bonds; and providing for an effective date."

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 161, HB 162

FISCAL NOTE

HB 161/ HB 162

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 161 & HOUSE BILL NO. 162
 Title Making a special appropriation for capital improvements for projects for which general
~~Requested by~~ obligation bonds were approved by the voters Date 2/17/81
at the 1980 general election.
 Requested by House State Affairs Committee

II. FISCAL DETAIL
 Agency Affected State Bond Committee, Dept. of Revenue
 Program Category Affected General Fund
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS. CLAIMS. ETC.						
TOTAL						

FUNDING (Thousands of Dollars)	IN TERMS OF OPPORTUNITY COST				
→ MILLIONS ←	4.0	10.8	14.4	16.7	19.0
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 These bills would use general fund appropriations to pay for 1980 voter approved capital improvements rather than issue General Obligation bonds. The opportunity cost assumes the State would either invest its own money, if bonds would have been sold, or if spent on other projects, etc., those projects have an implicit rate of return equal to what the State could have gotten by investment.
 Assumptions: (1) A 12% earnings rate on invested funds or project.
 (2) An 8% interest rate on cost of debt.
 (3) If debt were issued it would be as follows (in millions):
 FY 82-\$100.0, FY 83-\$150.0, FY 84-\$39.712; Total issued \$289,712,500
 (4) Projects start/debt incurred at beginning of each period.
 (5) Not discounted for present value.

Anselm C. Staack

IV. DATE February 24, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
 Original: Legislative Finance PHONE 465-2351
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

HOUSE

3/2/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 162

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

3/2

2/17/81

FURTHER: FINANCE

(5)

Date: 2-26-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 162

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

CHAIRMAN

Chenoweth
12-0684

Funding Information
General Fund \$289,712,500
Other Funds -0-
\$289,712,500

Introduced: 2/17/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 162

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for capital
7 improvements for projects for which general obligation
8 bonds were approved by the voters at the 1980 general
9 election; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$4,218,800 is appropriated from the general fund
12 to the Department of Public Safety for the purchase of one or more fishery
13 patrol vessels to be based in western Alaska.

14 * Sec. 2. The sum of \$3,500,000 is appropriated from the general fund to
15 the Department of Transportation and Public Facilities for allocation to the
16 following projects in the estimated amounts set out after each, subject to
17 reallocation between projects in accordance with AS 37.07.080(e):

- | | | |
|----|---|--------------|
| 18 | (1) Completion of Ship Creek hatchery | \$ 1,250,000 |
| 19 | (2) Completion of Trail Lakes hatchery | 2,000,000 |
| 20 | (3) Completion of Beaver Falls hatchery | 250,000 |

21 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund
22 to the Department of Environmental Conservation for village safe water and
23 solid waste construction projects under the Village Safe Water Act (AS 46.07)
24 in the following communities: Chefnak, Circle, Copper Center, Eagle
25 Village, False Pass, Kokhanok, Nelson Lagoon, Newtok, Pedro Bay, Portage
26 Creek, Ruby, St. Michael, Stony River, White Mountain, Central, Huslia,
27 Ambler, Kasigluk, Aniak, Klukwan.

28 * Sec. 4. The sum of \$23,000,000 is appropriated from the general fund
29 to the Department of Environmental Conservation for urban water and sewer

COMMITTEE COPY

1 and solid waste facility construction grants throughout the state.

2 * Sec. 5. The sum of \$5,536,000 is appropriated from the general fund to
3 the Department of Health and Social Services for expansion of the Eagle
4 River correctional center.

5 * Sec. 6. The sum of \$4,998,000 is appropriated from the general fund to
6 the Department of Health and Social Services to upgrade and construct an
7 addition to the Juneau correctional center.

8 * Sec. 7. The sum of \$4,952,000 is appropriated from the general fund to
9 the Department of Health and Social Services for expansion of the Fairbanks
10 correctional center.

11 * Sec. 8. The sum of \$6,989,000 is appropriated from the general fund to
12 the Department of Health and Social Services for construction of a regional
13 jail facility at Nome.

14 * Sec. 9. The sum of \$3,873,000 is appropriated from the general fund to
15 the Department of Health and Social Services for construction of a pre-trial
16 addition to the Anchorage correctional center.

17 * Sec. 10. The sum of \$2,002,000 is appropriated from the general fund
18 to the Department of Health and Social Services as a contingency for correc-
19 tional facility construction projects.

20 * Sec. 11. The sum of \$28,993,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following federal aid highway projects in the estimated amounts set out
23 after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Transportation planning	\$ 3,500
26	(2) Public transportation	8,800,000
27	(3) Central region highways	5,418,000
28	(4) Interior region highways	4,822,900
29	(5) Southeast region highways	1,613,300

1	(6) Western region highways	977,500
2	(7) Southcentral region highways	4,933,000
3	(8) Statewide highways	2,425,000

4 * Sec. 12. The sum of \$18,942,000 is appropriated from the general fund
5 to the Department of Transportation and Public Facilities for allocation to
6 the following state highway projects in the estimated amounts set out after
7 each, subject to reallocation between projects in accordance with AS 37.07.-

8 080(e):

9	(1) Reconstruct Stikine to Evergreen, Wrangell	\$ 1,629,000
10	(2) Kotzebue city streets	2,269,000
11	(3) North Slope Highway culverts	2,600,000
12	(4) Wooley Lagoon Road upgrade, Nome - Teller	400,000
13	(5) Dexter Bypass upgrade, Nome - Teller	500,000
14	(6) Gilmore trail repaving, Fairbanks	1,530,000
15	(7) East Northern Lights, Lake Otis, Boniface,	
16	Tudor, and DeBarr Roads, Anchorage	7,090,000
17	(8) St. Mary's - Pitkas Point Road	1,219,000
18	(9) Johnson Road realignment and resurfacing,	
19	Fairbanks	1,705,000

20 * Sec. 13. The sum of \$25,748,000 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for the following
22 projects in the amounts set out after each:

23	(1) Halibut Road paving, Davidoff Street to	
24	marine highway terminal, Sitka	\$ 1,600,000
25	(2) Kotzebue to Chicago Creek road: environmental	
26	and access reconnaissance study, Kotzebue	500,000
27	(3) Construction of road between Holy Cross and	
28	Yukon River: planning and engineering	300,000
29	(4) Paving road from Dillingham to airport,	

1	Dillingham	1,288,000
2	(5) Construct Shungnak to Dall Creek haul road,	
3	Shungnak	3,000,000
4	(6) Chickaloon road	1,000,000
5	(7) Butte Road, Palmer	1,000,000
6	(8) Circle - Eagle to Birch Creek road study	187,000
7	(9) Central bicycle trail	88,000
8	(10) Near Island bridge, Kodiak	5,000,000
9	(11) Circle Hot Springs airport to Graveyard Creek	
10	Road: realignment and resurfacing	620,000
11	(12) Alakanuk road: planning and engineering,	
12	rights-of-way, and utilities	450,000
13	(13) Unalakleet road, Unalakleet	500,000
14	(14) Road paving, reconstruct airport to Louse Town	
15	Slough road and bicycle trail, Bethel	2,500,000
16	(15) Mountain View Drive: reconstruct from East	
17	Fifth to Commercial Drive, Anchorage	1,500,000
18	(16) Hiland Drive: gravel upgrade, Anchorage	1,000,000
19	(17) Bragaw construction, O'Malley to Huffman,	
20	Anchorage	1,750,000
21	(18) Hillside Drive, paving and grade improvement,	
22	O'Malley to Abbott, Anchorage	1,000,000
23	(19) Steese bicycle path, Fairbanks	90,000
24	(20) Local service roads and trails, south Anchorage	1,000,000
25	(21) Main Tree Street, Valleyview, Anchorage	350,000
26	(22) Skylane - Mountain View Drive: surfacing,	
27	Fairbanks	650,000
28	(23) Portage - Whittier, Bud car rail project	375,000
29	* Sec. 14. The sum of \$5,204,300 is appropriated from the general fund	

1 to the Department of Transportation and Public Facilities for allocation to
2 the following aviation projects in the estimated amounts set out after each,
3 subject to reallocation between projects in accordance with AS 37.07.080(e):

4	(1) Central region aviation	\$ 1,767,300
5	(2) Interior region aviation	455,900
6	(3) Southeast region aviation	591,800
7	(4) Western region aviation	302,300
8	(5) Homer airport	180,000
9	(6) Chignik Lagoon runway	400,000
10	(7) Big Lake airport runway	100,000
11	(8) Levelock runway	425,000
12	(9) Skagway runway	982,000

13 * Sec. 15. The sum of \$7,190,000 is appropriated from the general fund
14 to the Department of Transportation and Public Facilities for the following
15 aviation projects in the amounts set out after each:

16	(1) Nuiqsut airport, phase I	\$ 2,100,000
17	(2) Circle Hot Springs airport	390,000
18	(3) Emmonak airport, phase I	3,500,000
19	(4) Hoonah airport	1,200,000

20 * Sec. 16. The sum of \$9,568,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following marine transportation projects in the estimated amounts set
23 out after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Central region	\$ 4,200,000
26	(2) Southeast region	568,200
27	(3) Passenger terminal buildings: Auke Bay, Sitka, 28 Petersburg	3,650,000
29	(4) Prince Rupert ferry terminal building	1,000,000

1 (5) Ferry terminal shelters: Clark's Bay, Metlakatla,
2 Angoon, Kake 150,000

3 * Sec. 17. The sum of \$41,050,000 is appropriated from the general fund
4 to the Department of Transportation and Public Facilities for allocation to
5 the following ports and harbors projects in the estimated amounts set out
6 after each, subject to reallocation between projects in accordance with
7 AS 37.07.080(e):

8	(1) Homer harbor	\$ 6,100,000
9	(2) Near Island harbor development	2,000,000
10	(3) Ketchikan boat harbor	1,300,000
11	(4) Petersburg boat harbor	3,750,000
12	(5) Hoonah boat harbor	1,900,000
13	(6) Sitka boat harbor	1,400,000
14	(7) Seward boat harbor/port development	4,500,000
15	(8) Auke Bay floating breakwater	3,500,000
16	(9) Nome port facility	5,000,000
17	(10) Cordova boat harbor	4,000,000
18	(11) Sand Point dock	3,500,000
19	(12) Port Lions boat harbor	1,100,000
20	(13) Dillingham port facility/dry marina	3,000,000

21 * Sec. 18. The sum of \$10,297,000 is appropriated from the general fund
22 to the Department of Transportation and Public Facilities for the following
23 ports and harbors projects in the amounts set out after each:

24	(1) Unalaska port development	\$ 3,500,000
25	(2) Yakutat port development	3,000,000
26	(3) Kasaan boat harbor	250,000
27	(4) Bethel small boat harbor	500,000
28	(5) Lateral stability, terminal 1, Anchorage	982,000
29	(6) Anchorage small boat harbor/dry marina	2,000,000

1 (7) Salcha River boat launching/mooring facility 65,000

2 * Sec. 19. The sum of \$10,000,000 is appropriated from the general fund
3 to the Department of Transportation and Public Facilities for the construc-
4 tion of local service roads and trails throughout the state.

5 * Sec. 20. The sum of \$500,000 is appropriated from the general fund to
6 the Department of Education for library construction grants to community
7 libraries throughout the state.

8 * Sec. 21. The sum of \$1,000,000 is appropriated from the general fund
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18	Susitna Community College	3,500,000
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20	College	5,000,000
21	(6) Arts, theatre, bookstore, and classroom building,	
22	Anchorage	5,200,000
23	(7) Purchase of adult basic education building,	
24	Anchorage Community College	220,000
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27	(10) Rasmusson Library, phase II, Fairbanks	8,500,000
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1 (13) Handicapped barrier removal, statewide 275,000

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6 area schools \$ 856,000
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9 (4) Lake-Peninsula regional educational attendance
10 area schools 1,000,000
11 (5) Southwest regional educational attendance area
12 schools 2,072,000
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14 area schools 2,415,000
15 (7) Saint Mary's school 2,000,000
16 (8) Northwest regional educational attendance area
17 vocational technical school 1,500,000
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19 schools 1,934,000
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21 schools 500,000
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28 (14) Chatham regional educational attendance area
29 schools 1,251,000

1	(15) Haines school	1,332,000
2	(16) Karluk school	960,000
3	(17) Metlakatla school	2,000,000
4	(18) Wrangell school	1,500,000
5	(19) Holy Cross school	11,000

6 * Sec. 24. The appropriations made by this Act are for capital projects
7 and are subject to AS 37.25.020.

8 * Sec. 25. This Act takes effect on the effective date of a version of
9 an Act entitled "An Act relating to the general obligation bonds approved by
10 the voters at the November 1980 general election, and repealing laws autho-
11 rizing those bonds; and providing for an effective date."

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ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

HOUSE BILL NO. ... 162.

By MALONE

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

Spec appro, capital improvements

Introduced in the House ... 2/17..., 19... 81

HISTORY IN THE HOUSE

19 81

Feb 17

Read first time and referred to Committee on State Affairs and Finance
Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.