



COMMITTEE REPORT

HOUSE

4/15

3/11/81

FURTHER: FINANCE

(5)

Date: 4-13-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 316

"An Act making special appropriations for capital projects for which general obligation bonds have been authorized but not issued and for defeasance of outstanding general obligation bonds; and providing for an effective date."

under consideration and reports it back as follows:

- 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 <sup>individual</sup> recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Miller

Joy Belle

~~\_\_\_\_\_~~

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Tommy Nabe

Willard No Rec

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Miller

CHAIRMAN

Bevrie  
12-0970

Funding Information  
General Fund \$818,284,145  
Other Funds -0-  
\$818,284,145

Introduced: 3/11/81  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY ADAMS

2 HOUSE BILL NO. 316

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 projects for which general obligation bonds have been  
8 authorized but not issued and for defeasance of out-  
9 standing general obligation bonds; and providing for  
10 an effective date."

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

12 \* Section 1. (a) The sum of \$466,493,500 is appropriated from the  
13 general fund to the following funds in the amount set out after each for  
14 capital projects for which general obligation bonds have been authorized but  
15 not issued:

- |    |  |              |
|----|--|--------------|
| 16 | (1) 1980 Fisheries Facilities Construc-  |              |
| 17 | tion Fund                                | \$ 7,718,800 |
| 18 | (2) 1980 Water Supply and Sewer Systems, |              |
| 19 | Solid Waste Facilities, and Village      |              |
| 20 | Safe Water Construction Fund             | 33,000,000   |
| 21 | (3) 1980 Correctional Facilities         |              |
| 22 | Construction Fund                        | 28,350,000   |
| 23 | (4) 1980 Transportation Construction     |              |
| 24 | Fund                                     | 156,992,700  |
| 25 | (5) 1980 Education, Library, and         |              |
| 26 | University of Alaska Facilities          |              |
| 27 | Construction Fund                        | 63,651,000   |
| 28 | (6) 1978 Erosion and Flood Control, Port |              |
| 29 | Facilities Development, and Small Boat   |              |

COMMITTEE COPY

1	Landings and Harbors Fund	29,690,000
2	(7) 1978 Recreational Facilities Construc-	
3	tion Fund	4,350,000
4	(8) 1978 Health Facilities, Senior Citizen	
5	Centers and Pioneers' Home Construction	
6	Fund	12,000,000
7	(9) 1978 Educational Facilities Construc-	
8	tion Fund	16,446,000
9	(10) 1978 Transportation Facilities Con-	
10	struction Fund	41,450,000
11	(11) 1978 Correctional and Public Safety	
12	Facilities Construction Fund	10,440,000
13	(12) 1978 Fish Facilities Construction Fund	3,865,000
14	(13) 1978 Water Supply and Sewerage Systems	
15	Fund	21,140,000
16	(14) 1976 School Construction Fund	600,000
17	(15) 1976 Transportation Construction Fund	2,500,000
18	(16) 1976 Water Supply and Sewerage Systems	
19	Construction Fund	19,000,000
20	(17) 1974 Port Facilities Development Fund	4,500,000
21	(18) 1974 Trunk and Secondary Airport Con-	
22	struction Fund	900,000
23	(19) 1974 Health Care Facilities Capital	
24	Improvements Fund	2,000,000
25	(20) 1972 Flood Control and Small Boat	
26	Harbor Projects Fund	1,000,000
27	(21) 1972 Water Supply and Sewerage System	
28	Construction Fund	6,900,000

(b) Appropriations in (a) of this section may be used to repay loans

1 made from the general fund to funds listed in (a) of this section.

2 \* Sec. 2. The sum of \$351,527,000 is appropriated from the general fund  
3 to the state bond committee for the purpose of defeasing outstanding general  
4 obligation bonds which were issued before May 1978 under the provisions of  
5 the State Bonding Act (AS 37.15.010 - 37.15.220).

6 \* Sec. 3. The amount of \$263,645 or as much of that amount as is found  
7 necessary is appropriated from the general fund to the state bond committee  
8 to carry out the provisions of sec. 2 of this Act and to pay fees and ex-  
9 penses incident to the defeasance of outstanding general obligation bonds.

10 \* Sec. 4. This Act takes effect on the effective date of a version of an  
11 Act entitled "An Act prohibiting the sale of certain general obligation  
12 bonds; and providing for an effective date."  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

**ALASKA STATE LEGISLATURE**

TWELFTH. Legislature FIRST.. Session

HOUSE ..BILL..... NO. ...316.

By .ADAMS.....

"An Act making special appropriations for capital projects for which general obligation bonds have been authorized but not issued and for defeasance of outstanding general obligation bonds; and providing for an effective date."

Spec. appro, capital projects

Introduced in the House .....3/11, 19....81

**HISTORY IN THE HOUSE**

19		Read first time and referred to Committee on										
Mar	11	State Affairs and Finance Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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. ....

Funding Information

General Fund \$818,284,145  
Other Funds -0-  
\$818,284,145

Introduced: 3/11/81  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY ADAMS

2 HOUSE BILL NO. 316

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 projects for which general obligation bonds have been  
8 authorized but not issued and for defeasance of out-  
9 standing general obligation bonds; and providing for  
10 an effective date."

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

12 \* Section 1. (a) The sum of \$466,493,500 is appropriated from the  
13 general fund to the following funds in the amount set out after each for  
14 capital projects for which general obligation bonds have been authorized but  
15 not issued:

- 16 (1) 1980 Fisheries Facilities Construc-  
17 tion Fund \$ 7,718,800
- 18 (2) 1980 Water Supply and Sewer Systems,  
19 Solid Waste Facilities, and Village  
20 Safe Water Construction Fund 33,000,000
- 21 (3) 1980 Correctional Facilities  
22 Construction Fund 28,350,000
- 23 (4) 1980 Transportation Construction  
24 Fund 156,992,700
- 25 (5) 1980 Education, Library, and  
26 University of Alaska Facilities  
27 Construction Fund 63,651,000
- 28 (6) 1978 Erosion and Flood Control, Port  
29 Facilities Development, and Small Boat

1	Landings and Harbors Fund	29,690,000
2	(7) 1978 Recreational Facilities Construc-	
3	tion Fund	4,350,000
4	(8) 1978 Health Facilities, Senior Citizen	
5	Centers and Pioneers' Home Construction	
6	Fund	12,000,000
7	(9) 1978 Educational Facilities Construc-	
8	tion Fund	16,446,000
9	(10) 1978 Transportation Facilities Con-	
10	struction Fund	41,450,000
11	(11) 1978 Correctional and Public Safety	
12	Facilities Construction Fund	10,440,000
13	(12) 1978 Fish Facilities Construction Fund	3,865,000
14	(13) 1978 Water Supply and Sewerage Systems	
15	Fund	21,140,000
16	(14) 1976 School Construction Fund	600,000
17	(15) 1976 Transportation Construction Fund	2,500,000
18	(16) 1976 Water Supply and Sewerage Systems	
19	Construction Fund	19,000,000
20	(17) 1974 Port Facilities Development Fund	4,500,000
21	(18) 1974 Trunk and Secondary Airport Con-	
22	struction Fund	900,000
23	(19) 1974 Health Care Facilities Capital	
24	Improvements Fund	2,000,000
25	(20) 1972 Flood Control and Small Boat	
26	Harbor Projects Fund	1,000,000
27	(21) 1972 Water Supply and Sewerage System	
28	Construction Fund	6,900,000

29 (b) Appropriations in (a) of this section may be used to repay loans

1 made from the general fund to funds listed in (a) of this section.

2 \* Sec. 2. The sum of \$351,527,000 is appropriated from the general fund  
3 to the state bond committee for the purpose of defeasing outstanding general  
4 obligation bonds which were issued before May 1978 under the provisions of  
5 the State Bonding Act (AS 37.15.010 - 37.15.220).

6 \* Sec. 3. The amount of \$263,645 or as much of that amount as is found  
7 necessary is appropriated from the general fund to the state bond committee  
8 to carry out the provisions of sec. 2 of this Act and to pay fees and ex-  
9 penses incident to the defeasance of outstanding general obligation bonds.

10 \* Sec. 4. This Act takes effect on the effective date of a version of an  
11 Act entitled "An Act prohibiting the sale of certain general obligation  
12 bonds; and providing for an effective date."  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

HB 315, 316

HB 315 / 316

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 315 & 316

Title Prohibiting the sale of certain general obligation (GO) bonds, special appropriation

Requested by for GO bonds that have been authorized but not Date 3/11/81

issued and for defeasance of outstanding GO bonds.

Requested by House State Affairs Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue, State Bond Committee

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)

	MILLIONS					
(1) GENERAL FUND	818.3					
(2) Debt Service Cost Reduction	( 63.9)	(63.3)	(60.8)	(58.6)	(57.9)	
(3) Defeasance Savings	(155.7)					
(4) Opportunity Cost New Debt	8.0	17.6	23.4	27.2	30.9	
Not Issued						
(5) PV Opp. Cost of Defeasance	5.8	11.0	15.1	18.6	22.0	
<u>POSITIONS</u>						
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- (1) Appropriated funds to "cash-out" all remaining authorized but unissued bonds, defeasance of all pre-May, 1978 issued GO bonds. Defeasance portion based on interest rate yields of third week in February, 1981. There would remain \$211 million in bonds issued after May, 1978.
- (2) This is the annual debt service related to the \$507.2 million in bonds that would be subject to defeasance that would be due in the years indicated, would no longer be part of the operating budget as defeasance takes care of these costs; the cash flow of the escrow set aside makes these payments when they become due.
- (3) The savings in principal due to investments allowed on escrow set-aside as part of defeasance.
- (4) Opportunity cost of not using the favorable low interest rate obtainable on issuing GO bonds for new projects, rather using all cash up front.
- (5) Because debt can be paid later with "cheaper dollars" this is the additional cost due to early payment of annual debt service.

IV. DATE March 16, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury Division  
PHONE 465-2351

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)