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FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 342  
 Title An Act Relating to Public School Construction Aid  
 Requested by House HESS Date 3/24/81

I. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected \_\_\_\_\_  
 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.		0	0	0	0	0
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This bill has no fiscal impact on this department.

IV. DATE 3/24/81 PREPARED BY Steve Hole  
 AGENCY Department of Education  
 PHONE 465-2800

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

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

March 24, 1981

The Honorable Donald E. Clocksin  
Chairman  
House Health, Education and Social  
Services Committee  
Room 112 - Capitol Building  
Juneau, Alaska

Dear Mr. Clocksin:

Re: House Bill No. 342

House Bill No. 342, an Act relating to public school construction debt, was introduced in the House on March 16, 1981 and was referred to the House Health, Education and Social Services and Finance Committees.

For the consideration of the House Health, Education and Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

RDS/rdh

cc: The Honorable Samuel R. Cotten  
Chairman  
House Finance Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Anselm Staack  
Treasury Comptroller  
Department of Revenue

**FISCAL NOTE**

**I. REQUEST**

B /Resolution No. HOUSE BILL NO. 342

Title Relating to public school construction aid.

Requested by House Health, Education & Social Services Committee Date 3/16/81

**II. FISCAL DETAIL**

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(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.						
<b>TOTAL</b>						

**FUNDING** (Thousands of Dollars)

FISCAL IMPACT IS SIGNIFICANT BUT INDETERMINATE AS FUTURE CONSTRUCTION PLANS OF SCHOOL RELATED FACILITIES, IS UNKNOWN: SEE ANALYSIS FOR IMPACTS TO BE CONSIDERED

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

**POSITIONS**

FULL TIME						
PART TIME						
TEMPORARY						

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

Public School Facilities Bond Loan Fund would be established in Dept. of Revenue to provide loans when bonds have been approved at a 10% rate; would be repaid from proceeds of bond sale. There would be some possible opportunity costs should market rates of interest be higher than the 10% rate on the loan.

The bill would also allow, for a bond issue sold, the borough or city to establish a debt service reserve account. To this account they could receive up to 80% of the bond issue amount so as to, in effect, pre-fund 80% of the debt service. These particular sections would cause a definite opportunity loss as monies invested in this manner are subject to IRS arbitrage rulings and their yield would be restricted to basically the same rate as the bonds themselves. Therefore, there is an opportunity loss equal to the difference between the rate on the bonds and the normal taxable market rate of interest that could be earned on such funds. At this time about a 5-7% interest rate spread.

IV. DATE March 23, 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)