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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FOUCH 5
JUNEAU, ALASKA 99811

February 25, 1981

The Honorable Mike Miller
Chairman
House State Affairs Committee
Room 102 - Capitol Building
Juneau, Alaska


Dear Mr. Miller:

Re: House Bills No. 161 and 162

House Bill No. 161, an Act relating to the general obligation bonds approved by the voters at the November 1980 general election and repealing laws authorizing those bonds and House Bill No. 162, an Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1981 general election, were introduced in the House on February 17, 1981 and were referred to the House State Affairs and Finance Committees.

For the consideration of the House State Affairs 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

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 161, HB 162

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 161 & HOUSE BILL NO. 161
 Bill/Resolution No. _____
 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-\$29.712; 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)