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COMMITTEE REPORT

HOUSE

79

(7)

FINANCE

FURTHER:

5/1/85

Date: \_\_\_\_\_

The Committee on TRANSPORTATION has had HR 413

"An Act providing for the issuance of general obligation bonds in the amount of \$350,000,000 for the purpose of paying the cost of transportation projects; calling for a special election on the question; and providing for an effective date."

under consideration and recommends:

- 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  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

*John Smith*

\_\_\_\_\_

*M. Maguire*

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*Herb Deans*

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*Bob ...*

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*John H. W. ...*

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*Bette ...*

CHAIRMAN

Introduced: 5/1/85  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY BOUCHER AND COTTEN

2

HOUSE BILL NO. 413

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-  
7 tion bonds in the amount of \$350,000,000 for the  
8 purpose of paying the cost of transportation pro-  
9 jects; calling for a special election on the ques-  
10 tion; and providing for an effective date."

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

12 \* Section 1. For the purpose of paying the cost of transportation  
13 projects, general obligation bonds of the state in the principal amount of  
14 not more than \$350,000,000 shall be issued and sold. The full faith,  
15 credit, and resources of the state are pledged to the payment of the prin-  
16 cipal of and interest and redemption premium, if any, on these bonds.  
17 These bonds shall be issued under the provisions of AS 37.15 as those  
18 provisions read at the time of issuance.

19 \* Sec. 2. If the issuance of these bonds is authorized by the qualified  
20 voters of the state, a special fund of the state to be known as the "1985  
21 Transportation Projects Fund" shall be established, to which shall be  
22 credited the proceeds of the sale of the bonds described in sec. 1 of this  
23 Act except for the accrued interest and premiums.

24 \* Sec. 3. (a) The amount of \$350,000,000 is appropriated from the  
25 "1985 Transportation Projects Fund" to the Department of Transportation and  
26 Public Facilities to be allocated in accordance with the following projects  
27 and estimates:

28 (1) transportation projects within the Municipality of  
29 Anchorage:

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*All known  
 projects in the  
 city  
 TRASP. SAFETY  
 (PUBLIC SAFETY)*

1	West Northern Lights	21,000,000
2	Eklutna Transportation Project	28,000,000
3	Lake Otis Drive	15,500,000
4	Boniface Parkway and interchanges	26,300,000
5	C St., Tudor to ARR	2,000,000
6	100th and Minnesota interchange	3,500,000
7	C St., - Klatt Road	2,600,000
8	Spenard Road	12,600,000
9	36th Avenue	3,100,000
10	Dimond Blvd	5,600,000
11	Arctic Blvd	5,600,000
12	Pedestrian improvements	1,700,000
13	Traffic circulation improvements	2,000,000
14	Anchorage road district service areas	3,500,000
15	Limited road service areas	2,000,000
16	Eagle River Hiland Road bridge	3,000,000
17	Chugiak-E.R.-Birchwood road improvements	1,400,000
18	Old and New Seward Highway Intersections	
19	improvements	5,600,000
20	Eagle River-Birchwood-Chugiak State	
21	Road improvements	5,000,000
22	Total	\$150,000,000

(2) transportation projects in the following house election districts, in the respective amounts:

25	District 1	17,392,439
26	District 2	8,695,565
27	District 3	8,695,565
28	District 4	17,391,304
29	District 5	17,391,304

1	District 6	8,695,565
2	District 16	17,391,304
3	District 17	8,695,565
4	District 18	8,695,565
5	District 19	8,695,565
6	District 20	17,391,304
7	District 21	8,695,565
8	District 22	8,695,565
9	District 23	8,695,565
10	District 24	8,695,565
11	District 25	8,695,565
12	District 26	8,695,565
13	District 27	8,695,565
14	Total	\$200,000,000

15 (b) The proceeds of the bond issue may be reallocated among the  
16 listed projects as provided by law.

17 \* Sec. 4. If the issuance of these bonds is authorized by the qualified  
18 voters of the state, the amount of \$1,225,000 or as much of that amount as  
19 is found necessary is appropriated from the general fund of the state to  
20 the state bond committee to carry out the provisions of this Act and to pay  
21 expenses incident to the sale and issuance of the bonds authorized in this  
22 Act. The amounts expended from the appropriation authorized by this sec-  
23 tion shall be reimbursed to the general fund from the proceeds of the sale  
24 of the bonds authorized by this Act.

25 \* Sec. 5. The amount withdrawn from the public facility planning fund  
26 for the purpose of advance planning for the improvements financed under  
27 this Act shall be reimbursed to the fund from the proceeds of the sale of  
28 bonds authorized by this Act.

29 \* Sec. 6. The question whether the bonds authorized in this Act are to





# National Bank of Alaska

CORPORATE HEADQUARTERS • BOX 600 • ANCHORAGE, ALASKA 99510-0800

D. L. MELLISH  
CHAIRMAN OF THE EXECUTIVE COMMITTEE

May 1, 1985

Mayor Tony Knowles  
Municipality of Anchorage  
Pouch 6-650  
Anchorage, Alaska 99502

Dear Mayor Knowles:

Recently, you requested the Legislature and the Governor to place a \$350 million statewide general obligation bond issue on the ballot in 1985 to fund basic transportation and utility projects. I join you in that request, and would be pleased to offer my assistance.

Last year, I served as Chairman of Anchorage's Accelerated Road Citizen Committee. Our priorities are well established, and our program is on track. Improvement of our major roads is needed now more than ever. With changes in world oil markets, the State of Alaska does have less revenue available than in the recent past. However, there is no cause to abandon or delay our most needed capital improvements. Anchorage cannot cease to grow as a community. Our job should be to find appropriate ways to provide for that growth. General obligation bonding is a proven and conventional method of financing those elements of community infrastructure which have long term benefits. It is a most appropriate means of financing transportation, utility and educational projects.

I encourage you to pursue a statewide general obligation bond for 1985.

Sincerely,

Donald L. Mellish  
Chairman of the Executive Committee

DLM/dlk

file: Bond issue !! *MB*

APPROVED  
Date: 4-23-85

Submitted by: Chairman of the Assembly  
Prepared by: Office of Management & Budget  
For reading: April 23, 1985

ANCHORAGE, ALASKA  
AR NO. 85-97

A RESOLUTION URGING THE STATE OF ALASKA TO ISSUE GENERAL OBLIGATION BONDS FOR FUNDING STATE WIDE TRANSPORTATION, UTILITY AND EDUCATION PROJECTS

WHEREAS, the Anchorage Accelerated Road Program and the Eklutna Water project have been capital funding priorities of the Municipality for several years and are essential to the public safety and welfare of both current and future residents, and

WHEREAS, we must make a firm commitment to funding these projects even though the reduction of state revenues has sharply cut the anticipated state capital budget, and

WHEREAS, prior to the influx of state oil dollars, many state wide infrastructure development projects were funded through the traditional and fiscally responsible mechanism of general obligation bonds, and

NOW, THEREFORE, the Anchorage Assembly resolves:

That the state of Alaska should supplement the 1986 capital budget with a state general obligation bond issue in November of 1985 to provide for funding of the Municipality's minimum requirement for state capital funds in 1986.

PASSED AND APPROVED by the Anchorage Assembly this 23rd day of April, 1985.

*John August*  
Chairman

ATTEST:  
*Rocky E. Smith*  
Municipal Clerk

TABLE 1.9

State of Alaska  
State General Obligation Bond Issues  
Since Statehood

<u>Date</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Principal Outstanding as of 6/30/84</u>	<u>ANIC <sup>1/</sup></u>
June 1, 1958 <sup>2/</sup>	University of Alaska	\$ 1,290,000	250,000	2.97%
July 1, 1961	Transportation	12,500,000	5,490,000	3.56
July 1, 1961	University of Alaska	1,200,000	0	3.54
July 1, 1961	Airport	275,000	0	3.00
July 1, 1962	Transportation	5,500,000	0	3.56
July 1, 1962	University of Alaska	800,000	0	3.23
July 1, 1962	Airport	275,000	0	2.94
July 1, 1962	Hospital	354,000	0	2.94
April 1, 1963	University of Alaska	2,650,000	0	3.33
April 1, 1963	Education	2,700,000	0	3.33
April 1, 1963	Airport	1,550,000	0	3.33
April 1, 1963	Education	600,000	0	3.10
Jan. 1, 1964	Various	7,865,000	0	3.56
Oct. 1, 1966	Various	12,485,000	6,777,000	3.75
Oct. 1, 1966	Various	2,600,000	1,156,000	3.75
May 1, 1967	Various	16,500,000	8,405,000	4.50
Sept. 1, 1967	Transportation	10,500,000	7,750,000	4.90
April 1, 1968	Various	15,500,000	4,400,000	5.18
Oct. 1, 1968	Various	10,500,000	3,625,000	5.24
May 1, 1969	Transportation	8,500,000	3,050,000	5.73
July 1, 1969	Various	10,500,000	0	5.69
Sept. 1, 1969	Various	8,200,000	0	5.62
Oct. 1, 1969	University	2,030,000	1,320,000	3.00
Mar. 1, 1970	Various	11,501,000	0	5.49
July 1, 1970	Various	12,900,000	0	5.91
Sept. 1, 1970	Various	11,325,000	2,125,000	5.87
Feb. 1, 1971	Various	21,325,000	9,500,000	5.07
June 1, 1971	Various	18,880,000	13,920,000	6.03
June 1, 1971	University	3,750,000	2,800,000	6.04
June 1, 1971	University	1,200,000	800,000	6.00
Feb. 1, 1972	Various	23,445,000	14,800,000	5.23
May 1, 1972	Various	30,000,000	18,300,000	5.15
Jan. 1, 1973	Transportation	20,000,000	14,000,000	5.12
June 1, 1973	Various	27,000,000	17,400,000	5.10
Aug. 1, 1973	Various	31,000,000	25,500,000	5.80
Sept. 1, 1974	Various	30,000,000	24,900,000	6.85
Feb. 1, 1975	Various	40,000,000	31,600,000	5.98
May 1, 1975	Various	42,000,000	35,000,000	6.52
Oct. 1, 1975	Various	42,915,000	30,100,000	6.85
March 1, 1976	Various	40,000,000	22,500,000	5.86
July 1, 1976	Various	40,000,000	22,500,000	5.80
Feb. 1, 1977	Various	40,000,000	25,000,000	5.08

TABLE 1.9 (continued)

<u>Date</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Principal Outstanding as of 6/30/84</u>	<u>ANIC</u> <sup>1/</sup>
Oct. 1, 1977	Various	40,000,000	20,000,000	4.50
April 1, 1978	Various	45,000,000	20,000,000	4.86
Jan. 1, 1979	Various	40,000,000	20,000,000	5.52
May 1, 1979	Various	60,000,000	36,000,000	5.59
July 1, 1980	Various	125,000,000	75,000,000	5.76
April 1, 1982	Various	200,000,000	155,540,000	9.98
Nov. 1, 1982	Various	185,000,000	166,500,000	7.72
Oct. 1, 1983	Various	<u>78,000,000</u>	<u>78,000,000</u>	7.47
		\$1,395,415,000	\$924,008,000	

Source: Department of Administration, Bonded Debt and Debt Service, Fiscal Years ended June 30, 1984 and June 30, 1971.

<sup>1/</sup> ANIC - Average Net Interest Cost, except for Oct. 1, 1983 sale which is true interest.

<sup>2/</sup> State assumed obligation of Territory.

TABLE 1.8  
 Functional Distribution of State G.O. Debt  
 Issued Since Statehood

(\$ in thousands)

<u>Function</u>	<u>Amount Issued</u>	<u>Percentage</u>
Transportation	\$ 541,744	38.9
Flood Control and Harbor Development	75,790	5.4
Education	386,879	27.8
Health and Housing	75,534	5.4
Water and Sewer	135,640	9.8
Fish, Game and Recreation	93,099	6.7
Public Safety (Fire and Corrections)	<u>85,439</u>	<u>6.1</u>
TOTAL	\$1,394,125	100.0%

Source: Bonded Debt and Debt Service, State of Alaska, June 30, 1984 and  
 June 30, 1971.

TABLE 1.10

State of Alaska  
General Obligation Bonds Authorized and Issued Since Statehood

<u>Fiscal Year</u>	<u>Authorized</u>	<u>Issued</u>	<u>Bonds Outstanding</u>
1959	0	0	\$ 2,932,000
1960	0	0	2,902,000
1961	\$ 30,500,000	0	2,806,000
1962	0	\$ 13,975,000	23,405,000
1963	17,325,000	14,429,000	30,336,000
1964	0	7,865,000	37,614,000
1965	7,000,000	0	36,737,000
1966	0	0	35,535,000
1967	62,585,000	31,585,000	65,872,000
1968	13,185,000	26,000,000	90,094,000
1969	44,700,000	19,000,000	105,333,000
1970	0	32,231,000	133,834,000
1971	146,200,000	69,380,000	195,203,000
1972	0	53,445,000	238,943,000
1973	124,500,000	47,000,000	274,578,000
1974	0	31,000,000	293,114,000
1975	189,575,000	112,300,000	392,508,000
1976	0	82,915,000	462,923,000
1977	200,981,000	80,000,000	530,008,000
1978	0	85,000,000	596,213,000
1979	271,355,000	100,000,000	670,503,000
1980	0	0	631,723,000
1981	289,712,500	125,000,000	701,178,000
1982	0	200,000,000	842,413,000
1983	0	185,000,000	946,183,000
1984	0	78,000,000	924,008,000
TOTAL	\$1,397,618,500	\$1,394,125,000	

Source: Department of Administration, Bonded Debt and Debt Service, Fiscal Years ended June 30, 1984 and June 30, 1971.

TITLE STATE OF ALASKA INVESTMENT

AMOUNT \$350,000,000

INTEREST RATE 10.00%

YEAR	RATE	PRINCIPAL BEGINNING OF PERIOD	INTEREST FOR 12 MONTH PERIOD	TOTAL INTEREST TO DATE
1985	10.00%	350,000,000	35,000,000	35,000,000
1986	10.00%	385,000,000	38,500,000	73,500,000
1987	10.00%	423,500,000	42,350,000	115,850,000
1988	10.00%	465,850,000	46,585,000	162,435,000
1989	10.00%	512,435,000	51,243,500	213,678,500
1990	10.00%	563,678,500	56,367,850	270,046,350
1991	10.00%	620,046,350	62,004,635	332,050,985
1992	10.00%	682,050,985	68,205,099	400,256,084
1993	10.00%	750,256,084	75,025,608	475,281,692
1994	10.00%	825,281,692	82,528,169	557,809,861
1995	10.00%	907,809,861	90,780,986	648,590,847
1996	10.00%	998,590,847	99,859,085	748,449,932
1997	10.00%	1,098,449,932	109,844,993	858,294,925
1998	10.00%	1,208,294,925	120,829,493	979,124,418
1999	10.00%	1,329,124,418	132,912,442	1,112,036,859
2000	10.00%	1,462,036,859	146,203,686	1,258,240,545

This example indicates the effect of investing \$350,000,000 for fifteen years at 10%. It also assumes that each years interest is re-invested at the same rate.

TITLE STATE OF ALASKA G.O. AVERAGE LIFE 6.220285  
 NET INTEREST COST 7.6825%

ISSUE DATE 11-01-85  
 ISSUE SIZE \$350,000,000

NOTE: All dollar amounts in the table are in thousands.

YEAR	RATE	PRINCIPAL PAYMENT	INTEREST	TOTAL THIS ISSUE	CURRENT O/S DEBT SERVICE	TOTAL DEBT SERVICE	UNREST. REVENUE (1)	DEBT SERV AS A % OF UNR. REV.
1983					169,524	169,524	3,263,000	5.20%
1984					163,244	211,815	2,900,000	7.30%
1985	5.750%	22,765	25,806	48,571	154,892	204,259	2,741,000	7.45%
1986	6.250%	24,870	24,497	49,367	147,906	198,018	2,482,000	7.98%
1987	6.750%	27,170	22,942	50,112	135,512	186,305	2,398,000	7.77%
1988	7.000%	29,685	21,108	50,793	120,306	171,767	2,317,000	7.41%
1989	7.200%	32,430	19,030	51,460	95,483	147,608	2,164,000	6.82%
1990	7.400%	35,430	16,695	52,125	68,201	120,980	2,157,000	5.61%
1991	7.600%	38,705	14,074	52,779	59,688	113,105	2,111,000	5.36%
1992	7.800%	42,285	11,132	53,417	33,930	87,964	2,009,000	4.38%
1993	8.000%	46,200	7,834	54,034	23,084	77,681	1,915,000	4.06%
1994	8.200%	50,460	4,138	54,598	21,474	21,474	1,833,000	1.17%
1995			0	0	16,665	16,665	1,840,000	0.91%
1996			0	0	14,388	14,388	1,830,000	0.79%
1997			0	0	9,009	9,009	1,790,000	0.50%
1998			0	0	2,600	2,600	1,734,000	0.15%
1999			0	0	0	0		
2000			0	0	0	0		
2001			0	0	0	0		
2002			0	0	0	0		
2003			0	0	0	0		
2004			0	0	0	0		
2005			0	0	0	0		
TOTAL		\$350,000	\$167,255	\$517,255	\$1,235,907	\$1,753,162		

(1) March 1985 Department of Revenue revenue estimate.

This example indicates the effect of issuing \$350,000,000 of additional bonds with a ten year life with the first principal payment made in 1986.

TITLE STATE OF ALASKA G.O. AVERAGE LIFE 9.604828  
 NET INTEREST COST 8.4141%

ISSUE DATE 11-01-85  
 ISSUE SIZE \$350,000,000

NOTE: All dollar amounts in the table are in thousands.

YEAR	RATE	PRINCIPAL PAYMENT	INTEREST	TOTAL THIS ISSUE	CURRENT O/S DEBT SERVICE	TOTAL DEBT SERVICE	UNREST. REVENUE (1)	DEBT SERV AS A % OF UNR. REV.
1983					169,524	169,524	3,263,000	5.20%
1984					163,244	203,095	2,900,000	7.00%
1985					154,892	195,151	2,741,000	7.12%
1986	5.750%	11,690	28,161	39,851	147,906	188,546	2,482,000	7.60%
1987	6.250%	12,770	27,489	40,259	135,512	176,501	2,398,000	7.36%
1988	6.750%	13,950	26,591	40,641	120,306	161,639	2,317,000	6.98%
1989	7.000%	15,240	25,749	40,989	95,483	137,157	2,164,000	6.34%
1990	7.200%	16,650	24,683	41,333	68,201	110,214	2,157,000	5.11%
1991	7.400%	18,190	23,484	41,674	59,688	102,025	2,111,000	4.83%
1992	7.600%	19,875	22,138	42,013	33,930	76,584	2,009,000	3.81%
1993	7.800%	21,710	20,627	42,337	23,084	66,035	1,915,000	3.45%
1994	8.000%	23,720	18,934	42,654	21,474	64,696	1,833,000	3.53%
1995	8.200%	25,915	17,036	42,951	16,665	60,129	1,840,000	3.27%
1996	8.400%	28,310	14,911	43,221	14,388	58,051	1,830,000	3.17%
1997	8.600%	30,930	12,533	43,463	9,009	52,840	1,790,000	2.95%
1998	8.750%	33,790	9,873	43,663	2,600	46,576	1,734,000	2.69%
1999	8.900%	36,915	6,916	43,831	0	0	0	0
2000	9.000%	40,345	3,631	43,976	0	0	0	0
2001			0	0	0	0	0	0
2002			0	0	0	0	0	0
2003			0	0	0	0	0	0
2004			0	0	0	0	0	0
2005			0	0	0	0	0	0
TOTAL		\$350,000	\$282,856	\$632,856	\$1,235,907	\$1,868,763		

(1) March 1985 Department of Revenue revenue estimate.

This example indicates the effect of issuing \$350,000,000 of additional bonds with a fifteen year life with the first principal payment made in 1986.

TITLE STATE OF ALASKA G.O. AVERAGE LIFE 11.22028  
 NET INTEREST COST 8.5235%  
 ISSUE DATE 11-01-85  
 ISSUE SIZE \$350,000,000  
 NOTE: All dollar amounts in the table are in thousands.

YEAR	RATE	PRINCIPAL PAYMENT	INTEREST	TOTAL THIS ISSUE	CURRENT O/S DEBT SERVICE	TOTAL DEBT SERVICE	UNREST. REVENUE (1)	DEBT SERV AS A % OF UNR. REV.
1983					169,524	169,524	3,263,000	5.20%
1984					163,244	192,630	2,900,000	6.64%
1985					154,892	184,278	2,741,000	6.72%
1986			29,386	29,386	147,906	177,291	2,482,000	7.14%
1987			29,386	29,386	135,512	164,898	2,398,000	6.88%
1988			29,386	29,386	120,306	149,692	2,317,000	6.46%
1989			29,386	29,386	95,483	147,634	2,164,000	6.82%
1990			29,386	29,386	68,201	120,773	2,157,000	5.60%
1991	7.400%	22,765	29,386	52,151	59,688	112,669	2,111,000	5.34%
1992	7.600%	24,870	27,701	52,571	33,930	87,307	2,009,000	4.35%
1993	7.800%	27,170	25,811	52,981	23,084	76,831	1,915,000	4.01%
1994	8.000%	29,685	23,692	53,377	21,474	75,562	1,833,000	4.12%
1995	8.200%	32,430	21,317	53,747	16,665	71,052	1,840,000	3.86%
1996	8.400%	35,430	18,658	54,088	14,388	69,026	1,830,000	3.77%
1997	8.600%	38,705	15,682	54,387	9,009	63,862	1,790,000	3.57%
1998	8.750%	42,285	12,353	54,638	2,600	57,601	1,734,000	3.32%
1999	8.900%	46,200	8,653	54,853	0	0	0	0
2000	9.000%	50,460	4,541	55,001	0	0	0	0
2001			0	0	0	0	0	0
2002			0	0	0	0	0	0
2003			0	0	0	0	0	0
2004			0	0	0	0	0	0
2005			0	0	0	0	0	0
TOTAL		\$350,000	\$334,725	\$684,725	\$1,235,907	\$1,920,632		

(1) March 1985 Department of Revenue revenue estimate.

This example indicates the effect of issuing \$350,000,000 of additional bonds with a fifteen year life with the first principal payment deferred until 1991.

TITLE

STATE OF ALASKA G.O.

AVERAGE LIFE  
NET INTEREST COST

14,60492  
3.33333

ISSUE DATE

11-01-85

NOTE: All dollar amounts in the  
table are in thousands.

ISSUE SIZE \$350,000,000

YEAR	RATE	PRINCIPAL PAYMENT	INTEREST	TOTAL THIS ISSUE	CURRENT O/S DEBT SERVICE	TOTAL DEBT SERVICE	UNREST. REVENUE (1)	DEBT SERV AS A % OF UNR. REV.
1983					169,524	169,524	3,263,000	5.20%
1984					163,244	194,159	2,900,000	6.70%
1985			30,915	30,915	154,892	185,807	2,741,000	6.78%
1986			30,915	30,915	147,906	178,821	2,482,000	7.20%
1987			30,915	30,915	135,512	166,427	2,398,000	6.94%
1988			30,915	30,915	120,306	151,221	2,317,000	6.53%
1989			30,915	30,915	95,483	138,088	2,164,000	6.38%
1990			30,915	42,605	68,201	111,021	2,157,000	5.15%
1991	7.400%	11,690	30,050	42,820	59,688	102,718	2,111,000	4.87%
1992	7.600%	12,770	29,080	43,030	33,930	77,161	2,009,000	3.84%
1993	7.800%	13,950	27,991	43,231	23,084	66,506	1,915,000	3.47%
1994	8.000%	15,240	26,772	43,422	21,474	65,071	1,833,000	3.55%
1995	8.200%	16,650	25,407	43,597	16,665	60,419	1,840,000	3.28%
1996	8.400%	18,190	23,879	43,754	14,388	58,268	1,830,000	3.18%
1997	8.600%	19,875	2,170	43,880	9,009	52,999	1,790,000	2.96%
1998	8.750%	21,710	20,270	43,990	2,600	46,674	1,734,000	2.69%
1999	8.900%	23,720	18,159	44,074	0	44,137		
2000	9.000%	25,915	15,827	44,137	0	44,180		
2001	9.100%	28,310	13,250	44,180	0	44,195		
2002	9.200%	30,930	10,405	44,195	0	44,177		
2003	9.300%	33,790	7,262	44,177	0	44,137		
2004	9.400%	36,915	3,792	44,137	0			
2005	9.400%	40,345						
TOTAL		\$350,000	\$459,806	\$809,806	\$1,235,907	\$2,045,713		

(1) March 1985 Department of Revenue revenue estimate.

This example indicates the effect of issuing \$350,000,000 of additional bonds with a twenty year life with the first principal payment deferred until 1991.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

REQUEST

Bill/Resolution No: HB 413  
 Title: \$350,000,000 Transportation  
General Obligation Bonds  
 Sponsor: Boucher  
 Requestor: House Transportation  
 Date of Request: May 3, 1985

FISCAL DETAIL

Agency Affected: State Bond Committee  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	17,500	56,960	56,960	56,960	56,960
<u>TOTAL OPERATING</u>	-	17,500	56,960	56,960	56,960	56,960
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	17,500	56,960	56,960	56,960	56,960
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	17,500	56,960	56,960	56,960	56,960

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Debt Service on \$350 million of bonds at 10% interest with 10 year maturity.  
 FY 86 amount is interest only on one semi-annual payment.

Prepared By: Milt Barker *MB*  
 Division: Treasury

Phone: 465-2350  
 Date: May 3, 1985

Approved by Commissioner: *Walter J. Stender*  
 Agency: Department of Revenue

Date: 5/7/85

Distribution (by Agency preparing fiscal note):

Legislative Finance  
Legislative Sponsor  
Requestor

Office of Management and Budget  
Impacted Agency(ies)

HB 413

HOUSE BILL NO. 413 by Boucher and Cotten, entitled:

"An Act providing for the issuance of general obligation bonds in the amount of \$350,000,000 for the purpose of paying the cost of transportation projects; calling for a special election on the question; and providing for an effective date."

was read the first time and referred to the Transportation and Finance Committees.

HB 414

HOUSE BILL NO. 414 by Marrou by request, entitled:

"An Act relating to subsistence fishing."

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

HB 415

HOUSE BILL NO. 415 by Marrou by request, entitled:

"An Act relating to the exemption of a telephone or electric utility from regulation by the Alaska Public Utilities Commission."

was read the first time and referred to the Community & Regional Affairs and Labor & Commerce Committees.

HB 416

HOUSE BILL NO. 416 by Marrou and Jenkins, entitled:

"An Act relating to state land disposals; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

HB 417

HOUSE BILL NO. 417 by Marrou, entitled:

"An Act annulling a regulation requiring a person proposing a subdivision to submit certain information to the Department of Environmental Conservation."

HB 417

was read the first time and referred to the Resources Committee.

HB 418

HOUSE BILL NO. 418 by Marrou, entitled:

"An Act relating to liability for providing emergency medical care."

was read the first time and referred to the Labor & Commerce, Health, Education & Social Services and Judiciary Committees.

CONSIDERATION OF THE DAILY CALENDARSECOND READING OF HOUSE RESOLUTIONSHJR 33

HOUSE JOINT RESOLUTION NO. 33 (relating to support for the first on-shore commercial production of surimi by the Alaska seafood industry) was read the second time with the House Special Committee on Fisheries report (1985-962).

Representative Clocksin moved and asked unanimous consent that HJR 33 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

HJR 33 was read the third time.

The question being: "Shall HJR 33 pass the House?" The roll was taken with the following result:

HJR 33

Yeas:	37	Adams, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Thompson, Uehling, Wallis
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HB 413

The Transportation Committee has considered HOUSE BILL NO. 413 (providing for the issuance of general obligation bonds in the amount of \$350,000,000 for the purpose of paying the cost of transportation projects; calling for a special election on the question; effective date) and reports it back as follows: Shultz and Pignalberi recommend do pass; Cato (Chairman), Davis and Marrou have no recommendation.

HB 413 was referred to the Finance Committee.

INTRODUCTION OF CITATIONS

The following citations were received:

Honoring - Donald Grant  
by Representative Hanley

Honoring - West High Vocational Student  
Leadership Participant Felicia Smith  
by Representatives Uehling, Hanley, Pearce,  
Clocksin and Jenkins

Honoring - West High Vocational Student  
Leadership Participant Beth Casey  
by Representatives Uehling, Hanley, Pearce,  
Clocksin, Jenkins and Furnace

In Memoriam - Theresa McCubbins Goggia  
by Representative Navarre

The citations were referred to the Rules Committee for placement on the calendar.

INTRODUCTION, FIRST READING AND REFERENCE  
OF HOUSE RESOLUTIONSHCP 36

HOUSE CONCURRENT RESOLUTION NO. 36 by Herrmann, Wallis and Thompson:

Relating to intrastate airline travel.

was read the first time and referred to the Transportation and Finance Committees.

HJR 47

HOUSE JOINT RESOLUTION NO. 47 by Marrou:

Proposing an amendment to the  
Constitution of the State of Alaska  
relating to actions that increase the  
compensation of legislators.

was read the first time and referred to the State Affairs, Judiciary and Finance Committees.

SB 187

replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 187 (Judiciary) (same title) and reports it back as follows: M.M. Miller (Chairman), Phillips, Gruenberg, Taylor and Clocksin recommend do pass.

SB 187 was referred to the Finance Committee.

CSSB 208(Rls)am

The Health, Education & Social Services Committee has considered COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 208 (Rules) amended (relating to formation of federal transfer regional educational attendance areas in certain villages; effective date), recommends it be replaced with HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 208 (HESS) (same title) and reports it back as follows: Gruenberg (Co-Chairman) and Nurley recommend do pass; Thompson recommends do not pass; Taylor has no recommendation.

CSSB 208(Rls)am was referred to the Rules Committee for placement on the calendar.

SB 273

The Resources Committee has considered SENATE BILL NO. 273 (relating to classification of state land for retention; effective date), recommends it be replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 273 (Resources) (same title) and reports it back as follows: Shultz (Co-Chair), Herrmann, Cato and M.W. Miller recommend do pass; Sund has no recommendation; Thompson signed "Do not pass without increasing land disposal bank number"; Pearce signed "No recommendation - not needed". A zero fiscal note was attached.

SB 273 was referred to the Rules Committee for placement on the calendar.

HB 331

The Judiciary Committee has considered HOUSE BILL NO. 331 (relating to the theft of commercial fishing gear), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 331 (Judiciary) (same title) and reports it back as follows: M.M. Miller (Chairman), Pettyjohn, Sund, Gruenberg and Phillips recommend do pass; Clocksin has no recommendation.

HB 331 was referred to the Finance Committee.

"This is being put on the table because Anchorage wants another \$150 million in capital projects," said Rep. Mike Navarre, D-Kenai.

He said every Alaska town would like more money to spend on construction projects, but state government must cut back its spending.

With the value of North Slope crude oil on the decline, lawmakers this year have been wrestling to reduce state spending. The legislature earmarked \$1.2 billion for public construction in the current fiscal year.

By all accounts, however, the fiscal 1986 capital budget now being built will total no more than \$500 million, with half of that destined for development of hydroelectric power.

Rep. Steve Rieger, R-Anchorage, said the bonding proposal is a bad idea because it commits the state to pay off bond debts when economists aren't yet sure how low the price of oil will sink in the future.

According to the Boucher-Cotten plan, Anchorage would get \$150 million for 19 specific road and highway projects — if the bond issue was approved by voters.

Each election district outside of Anchorage would get \$8.7 million for transportation projects, according to the plan.

"It would be the pork-barrel of all pork-barrels, when you're going to kill the pig now and be paying for it over the next 10 years with money you don't even know you're going to have," said Sen. Bill Ray, D-Juneau.

Sen. Jan Faiks, an Anchorage Republican who co-chairs the Senate Finance Committee, has said a bond issue would be irresponsible when falling revenues leave the state's future financial picture in doubt.

## State bond issue may go before voters

By BRUCE SCANDLING

The Associated Press

JUNEAU — Legislation to put a \$350 million bond issue before Alaska voters was introduced in the House Wednesday, but opponents said the measure is a disguised attempt to give Anchorage more money to spend on roads.

The proposal — sponsored by Reps. H.A. "Red" Boucher of Anchorage and Sam Cotten of Eagle River — would set up a special election in November.

If the bond issue was approved, Anchorage would get \$150 million for road and highway projects.

The remaining \$200 million would be divvied up by election district for transportation projects in the rest of Alaska.

"This bill might be less than perfect, but it's the first step in realizing that Mother Alaska can't do everything for everyone," Boucher said.

He said the bond vote would let Alaska's citizens — not its lawmakers — decide whether more money should be spent on roads and highways as state revenues plummet.

The bond sale is backed strongly by Anchorage Mayor Tony Knowles and the Anchorage Assembly.

"Our accelerated road (construction) program is on track today, and we need to find a way to keep it on track," said Chip Dennerlein, a Knowles aide.

Boucher said Wednesday he and Cotten have support from about 25 members of the 40-member House.

Some lawmakers, however, have already come out against the idea.

# Bond issue could put rating at risk

5/6

By KIRK McALLISTER  
The Juneau Empire

A financial advisor to the state told a joint House-Senate finance committee meeting today that there was "significant risk" that the state's bond rating could be downgraded if the state issues \$300-\$350 million in general obligation bonds this year.

Catherine Eschbach, an assistant vice president with Government Finance Associates, Inc., Princeton, N.J., wouldn't go as far as to say the state's bond rating would go down, but she said that "... there is significant risk in issuing \$300 million in general obligation bonds under current conditions."

GFA provides financing advice on issuing bonds and managing debt for the state. Eschbach's testimony was in response to legislation introduced recently by Reps. Sam Cotten, D-Eagle River, and Red Boucher, D-Anchorage, that would put a \$350 million bond issue to pay for transportation projects before voters in November.

Eschbach said the state's financial position has weakened because of decreased revenue caused by falling oil

prices. Issuing \$350 million in bonds, which would increase the state's general obligation debt by one-third, would "increase the likelihood of a decreased rating."

If the state's bond rating is decreased, it will mean the state will have to pay higher interest payments on bonds, increasing the cost of financing projects.

Louisiana and West Virginia had their bond ratings downgraded recently and some state financial leaders had expressed concern that increasing bonded indebtedness at this time could cause Moody's and Standard and Poor's (the major bond rating agencies) to downgrade Alaska as well.

Under Cotten's and Boucher's bill, if the \$350-million bond issue were approved by voters, the Anchorage area would get \$150 million for road and highway projects. The rest would be parceled out for transportation projects in other parts of the state.

The bond sale is strongly backed by Anchorage Mayor Tony Knowles and the Anchorage assembly.

After the presentation, Boucher said that his bill only authorizes selling of

Continued on Page 12

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## Bond rating...

Continued from Page 1  
\$350 million in bonds and doesn't call for issuing the entire amount in one year.

"There's projects all over the state that need doing," Boucher said. "HB 413 is a vehicle for debate, not necessarily the answer to everything. Right

now we have no capital budget plan other than wringing our hands and saying revenues are going down. This bill let's the public back into the process."

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# \$62 million for city Lawmakers set aside

By JOHN LINDBACK  
Daily News reporter

JUNEAU, — An \$18 million addition to Chugiak High School and \$10 million to improve West Northern Lights Boulevard are among \$62 million in local construction projects that Anchorage legislators agreed to fund Wednesday.

During separate meetings, House and Senate members from Anchorage agreed to use their share of the state's proposed \$250 million state construction budget to build 19 area projects.

Because state revenues are declining, the list falls far short of funding the city's \$145 million wishlist for roads and the Eklutna water project. Money to keep the Eklutna project on schedule were not included.

Also missing are funds to widen C Street south of Tudor Road, or money to build a downtown parking garage in Anchorage. Knowles had requested \$10 million for Eklutna, \$6.1 million for C Street and \$5 million for the parking garage.

The list also falls short of Anchorage School District hopes. A request for \$11 million to remove asbestos from Anchorage schools was trimmed to \$2.69 million.

"We just don't have the money to fund everything that everybody wants," said Sen. Jan Falks, R-Anchorage and co-chairman of the Senate Finance Committee.

The state capital budget will also include about \$5 million in state funds to match about \$74

See Back Page, HOUSE

Continued from Page A-1

million in federal highway money that is earmarked for Anchorage projects, Falks said.

The list approved Wednesday is "not a complete solution to our project needs," according to Chip Dennerlein, Knowles' director of governmental relations. "In combining with a statewide bond package this list can work."

Knowles is expected to meet with Anchorage legisla-

tors today to continue his push for a special election this year to request voter approval of a \$50 million package of general obligation bonds. The package would include \$150 million for Anchorage projects and \$200 million for projects in other areas of the state.

In addition, there's hope among Anchorage legislators that Gov. Bill Sheffield will support some Anchorage projects while appropriating

his share of the total state construction budget. Wanting to avoid vetoes by the governor, legislators have traditionally tried to appropriate funds for projects that he supports.

The list approved Wednesday by Anchorage legislators includes one project in Fairbanks for North East Road.

In addition to the money for Chugiak and West Northern Lights Boulevard, the list includes:

- \$6 million for an extension of C Street from Minnesota Boulevard to Klatt Road.
- \$4.5 million for widening and bridge construction on Lake Otis Parkway.
- \$4.5 million for an addition to Sand Lake School.
- \$4.3 million for renovation and expansion of Dental School.
- \$4.1 million for an addition to Huffman Elementary School.
- \$3 million to construct access ramps from 100th Avenue onto Minnesota Boulevard.
- \$2.9 million to remove asbestos from Anchorage schools.
- \$1.3 million for improvements to North End Road in Kenai.
- \$1 million to improve roads in Fairbanks.

- \$900,000 to acquire sites for new schools in Anchorage.
- \$700,000 to match federal moneys for improvements to Boniface Parkway between Tudor Road and DeBart Road.
- \$500,000 to match federal moneys for construction of Hilland Road bridge across Eagle River.
- \$500,000 for design and engineering of an addition to Northwood Elementary School.
- \$281,000 for improvements to Mountain View Elementary School.
- \$272,000 for repairs to Willow School.
- \$250,000 for design and engineering of improvements to East Sixth Avenue.
- \$200,000 for a Greenwood sewer project.

## House, Senate lawmakers agree on \$62 million for Anchorage projects

# Lawmakers plan state \$350 million bond bill

by Larry Persily  
Times Juneau Bureau

Juneau — Legislation to set a special election this fall for approval of a \$350 million statewide bond issue was to be introduced today on the House floor.

The bill, sponsored by Anchorage Democratic Reps. Red Boucher and Sam Cotten, would allocate \$150 million of the bond funds for Anchorage road projects, with the remaining \$200 million divided equally between other areas of the state.

**Governor hints at low capital budget**  
— page B-7

The \$200 million would be divided with \$8.7 million going to each of the 13 single-member House districts outside Anchorage, and \$17.4 million for each of the five two-member districts.

Boucher said he's optimistic of the bill's chances in the final two weeks of the legislative session. As of Tuesday, he said, he had "25 people (out of 40 House members) who have given me their yes vote."

He said of the \$350 million total, "It's

## Chamber throws support behind bond issue

Times Business Staff

The second business group in as many days today endorsed Mayor Tony Knowles' proposal for a \$350 million statewide bond issue ballot that would include about \$150 million for 19 Anchorage projects.

The Anchorage Chamber of Commerce board of directors this morning voted 11-2, with two abstentions, in support of the ballot bond issue. The Downtown Development Corp. on Tuesday endorsed the proposal.

"It was a significant move by the chamber and shows that they are concerned about continued real growth in Anchorage," Knowles said.

In a message to legislators, chamber president-elect Elaine Atwood said

the bond issue was endorsed "if that is the only way for the Municipality of Anchorage to obtain funding for its essential transportation projects."

"After extensive discussion," she said in a telegram to lawmakers, "the chamber board voted for the bonds as a last resort to meet our critical needs. The board strongly urges the legislature to appropriate the needed monies from available revenues — but if that is not possible, a bond issue is the alternative."

Without the bond money, Knowles said, Anchorage would be unable to keep its accelerated road program on schedule because this year's state capital projects' budget is expected to fall far short of meeting the community's

\$145 million priority list. Anchorage foresees only \$50 million in state grants.

Besides road improvements, money raised through the bond issue and designated for Anchorage would be go towards the Eklutna Water Project and the Fifth Avenue and C Street parking garage.

The bond sale proposal, first advanced by the mayor a couple of weeks ago, has been endorsed by the Anchorage Assembly, the Associated General Contractors of Alaska, Anchorage Parking Authority, Fairbanks mayor Bebe Allen, Kenai mayor Stan Thompson and Matanuska-Susitna Valley mayor Dorothy Jones and 23 community council presidents.

from becoming a dumping ground for frivolous projects.

Mayor Tony Knowles, who a couple of weeks ago started the push for a state bond sale to fund community priority projects, will arrive in Juneau tonight to renew his lobbying effort for the legislation.

He plans to meet with House and Senate leaders, the governor, Department of Revenue commissioner and the Anchorage caucus during his stay in the capital, calling this week's visit, "probably the most important trip" of his bond issue campaign.

Bond market experts from Seattle, San Francisco and New York City will join the mayor in Juneau this week to offer their opinions as to how the state can sell the bonds without harming its financial rating or causing unreasonable strains on its already tight budget.

Gov. Bill Sheffield "would prefer not to see a special election this year," said Molly McCammon, deputy press secretary. "He still believes there is adequate funding for a capital budget."

This year's capital projects budget appears likely to fall within the range of

See Bonding, page B-3

said he would have no objection to adding those categories.

"There'll be no fluff in it, in other words only the basics," the legislator said, pledging to prevent the bond issue

would limit the bond sale to only transportation projects.

Previous discussions had listed school and utility projects for possible inclusion in the bond issue, and Boucher

## Bonding

Continued from page B-1

\$200 million to \$250 million in state general fund money, in addition to \$250 million for the Susitna and Bradley Lake hydro power projects.

Referring to the drop from last year's \$1.25 billion capital projects budget, Boucher said, "We jumped out of the plane without a parachute."

He supports offering the bond issue to the voters as a means of funding essential road projects that otherwise would be delayed until state funds become available.

## Weather

### Local

Ketchikan and vicinity: Showers tonight and Friday, with south winds to 15 mph, low near 46 and high in the low 50s. The sun sets tonight at 8:28 and rises Friday at 5:00.

Airport observations: For the 24-hour period ending 10 a.m. the high was 50, the low 45, the 10 a.m. observation 46, with precipitation measuring 1.28 inches.

Wrangell, Petersburg and vicinity: Occasional showers tonight and Friday, with south winds to 10 mph, low in the low 40s and high in the low 50s.



# Bennett calls bond issue plan 'ridiculous'

By BRUCE SCANDLING  
Associated Press Writer

**JUNEAU (AP)** — Legislation to put a \$350 million bond issue before Alaska voters was introduced in the House Wednesday, but opponents said the measure is a disguised attempt to give Anchorage more money to spend on roads.

The proposal — sponsored by Reps. H.A. "Red" Boucher of Anchorage and Sam Cotten of Eagle River — would set up a special election in November.

If the bond issue was approved, Anchorage would get \$150 million for road and highway projects.

The remaining \$200 million would be divided-up by election district for transportation projects in the rest of Alaska.

"This bill might be less than perfect, but it's the first step in realizing that Mother Alaska can't do everything for

everyone," Boucher said.

He said the bond vote would let Alaska's citizens — not its lawmakers — decide whether more money should be spent on roads and highways as state revenues plummet.

The bond sale is backed strongly by Anchorage Mayor Tony Knowles and the Anchorage Assembly.

Knowles and a cadre of bond experts were expected to arrive in Juneau Wednesday, trying to rally support by lawmakers.

Boucher said Wednesday he and Cotten have support from about 25 members of the 40-member House.

Some lawmakers, however, took little time to come out against the idea.

"This is being put on the table because Anchorage wants another \$150 million in capital projects," said Rep. Mike Navarre, D-Kenai.

He said every Alaska town would like the future.

In the wake of declining oil wealth, Rieger said, legislators this year have talked about statesmanship in tackling tough budget problems.

"And the statesmanship in the this case is not to cave in," he said.

According to the Boucher-Cotten plan, Anchorage would get \$150 million for 19 specific road and highway projects — if the bond issue was approved by voters.

Each election district outside of Anchorage would get \$8.7 million for transportation projects, according to the plan.

With 11 days to go in what's supposed to be a 120-day legislative session, the proposal will have to speed through the committee process in time to be approved by both house of the legislature.

One veteran senator said Wednesday there's probably not enough time for that to happen, especially since the

Boucher-Cotten bill has generated little enthusiasm in the Senate.

"There's no open support for it," said Sen. Bill Ray, D-Juneau.

"It would be the pork-barrel of all pork-barrels, when you're going to kill the pig now and be paying for it over the next 10 years with money you don't even know you're going to have," Ray said.

Sen. Jan Falks, an Anchorage Republican who co-chairs the Senate Finance Committee, has said a bond issue would be irresponsible when falling revenues leave the state's future financial picture in doubt.

Meanwhile, Senate President Don Bennett, R-Fairbanks, has called the idea "ridiculous."

State officials said Wednesday it would cost between \$800,000 and \$1 million to hold a special statewide election.

# Opinion

## JUNEAU EMPIRE

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# Bond issue raises doubts

When in doubt — borrow.

That seems to be the logic behind a proposal to float upwards of \$350 million in bonds to pay for statewide transportation projects. Unfortunately, the main problem with borrowing money is paying it back, plus interest.

There is no doubt the projects — earmarked for much of the state — are needed. Many areas of the state are continuing to grow so quickly their highways and airports must be expanded.

The question is whether the state can afford to sell those bonds. A financial expert on Monday told the House and Senate finance committees that such a large issue could result in the state's bond rating being lowered. If that were to happen, the state could have to pay a higher interest rate on any bonds it sells in the future.

That puts Alaska legislators between a financial rock and a hard place. If they don't put bonds on the ballot to pay for these projects, they likely won't get state funding for them this year. If they do, it could mean the state will be forced to pay more to borrow money in the future.

According to proponents, one of the benefits of placing a bond issue on the ballot is it gives the voting public an opportunity to take part in deciding how the state's money will be spent. Unfortunately, most bond issues are put together so virtually every portion of the state stands to gain a project if it passes. As a result the bond issue passes, whether it is good for the overall economic health of Alaska or not.

It seems to us that now is the time for the state to keep its financial powder dry. Instead of proposing bonds — and in turn a heavier financial burden on the state treasury for years to come — the wise course seems to be to sit tight and try to keep the state's debt from increasing. That way, if a true emergency arises, the state will have the financial wherewithal to handle it.

Decreasing, not increasing, the financial burden on the state makes the most financial sense at this time.

# Bond issue proposed in House

by Bruce Scandling *5/2 TIMES*  
Associated Press

Juneau — Legislation to put a \$350 million bond issue before Alaska voters was introduced in the House Wednesday, but opponents said the measure is a disguised attempt to give Anchorage more money to spend on roads.

The proposal — sponsored by Reps. H.A. "Red" Boucher of Anchorage and Sam Cotten of Eagle River — would set up a special election in November.

If the bond issue was approved, Anchorage would get \$150 million for road and highway projects.

The remaining \$200 million would be portioned out by election district for transportation projects in the rest of Alaska.

"This bill might be less than perfect, but it's the first step in realizing that Mother Alaska can't do everything for everyone," Boucher said.

He said the bond vote would let Alaska's citizens — not its lawmakers — decide whether more money should be spent on roads and highways as state revenues plummet.

"At the moment, I'm not sure if I would vote yes or no in the ballot box on these projects," Boucher said.

The bond sale is backed strongly by Anchorage Mayor

## Lawmakers, Knowles call for bond proposal testimony

by Larry Persily  
Times Juneau Bureau

Juneau — It's become a battle of bond market and government debt experts as legislators consider a proposal to place a \$350 million statewide bond issue before the voters this fall.

Mayor Tony Knowles is in Juneau today with his national bond market experts, lobbying for support for his proposal to fund transportation and utility projects with a statewide bond issue.

The Senate Finance Committee countered with an announcement Wednesday that it has invited state and municipal debt consultants from Princeton, N.J., to come to Juneau next week to discuss the bond sale proposal with lawmakers.

Senate Finance Co-Chair Jan Faiks, R-Anchorage, said she and Co-Chair John Sackett, R-Ruby "have invited them (the consultants) to come and present firsthand their analysis of the finances of Alaska."

The Senate committee has invited representatives of Government Finance Associates, of Princeton, N.J., to address a joint  
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Tony Knowles and the Anchorage Assembly.

Knowles and a cadre of bond experts were expected to arrive in Juneau Wednesday, trying to rally support by lawmakers.

"Our accelerated road (construction) program is on track today, and we need to find a way to keep it on track,"

said Chip Dennerlein, a Knowles aide.

"We're suggesting a vote of the people to resolve the issue," he said. "We must have a solution to our basic transportation problems."

Boucher said Wednesday he and Cotten have support from about 25 members of the 40-member House.

Some lawmakers, however, took little time to come out against the idea.

"This is being put on the table because Anchorage wants another \$150 million in capital projects," said Rep. Mike Navarre, D-Kenai.

He said every Alaska town would like more money to spend on construction projects, but state government must cut back its spending.

Navarre said the bonding proposal promotes "fiscal irresponsibility."

With the value of North Slope crude oil on the decline, lawmakers this year have been wrestling to reduce state spending. The legislature earmarked \$1.2 billion for public construction in the current fiscal year.

By all accounts, however, the fiscal 1986 capital budget now being built will total no more than \$500 million, with half of that destined for development of hydroelectric power.

Knowles and the assembly have drafted a priority list of road and highway projects totaling \$160 million.

Rep. Steve Rieger, R-Anchorage, said the bonding proposal is a bad idea because it commits the state to pay off bond debts when economists

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# \$350 million bond

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session sometime next week of the House and Senate finance committees, Faiks said.

Until they meet with the consultants, Faiks said, Senate finance "will leave the option of the bond proposal open."

Legislators are divided on the bond proposal, with many supporting the issue but others opposing it as being fiscally irresponsible at a time of declining oil revenues.

Government Finance Associates specializes in advising state and local governments on bond issues, said Milt Barker, deputy commissioner for the Alaska Department of Revenue. The company has served as financial adviser to the state bond committee since last fall, Barker said.

Faiks reported the consultants will address lawmakers on:

-The possibility of selling \$350 million in state general obligation bonds, to be paid off by future general fund revenues.

-The effects the bond sale could have on state and municipal bond ratings, including any effects it might have on school district bond sales.

-The cost of "back-loading," a proposal to lower bond payments by paying only interest in the early years and then paying the principal in later years, stretching the debt over a longer period of time.

The advisers will be asked to explain how Alaska earned its high bond rating, what must be done to maintain that rating, and how much a drop in the rating could cost the state, Faiks said.

A bill authorizing a \$350 million bond issue special election this fall was introduced Wednesday in the House. The bill allocates \$150 million for priority road projects in Anchorage, with the remaining \$200 million divided between other areas of the state.

Knowles has been pushing for a statewide bond issue to fund Anchorage road projects left out of this session's state capital projects budget.

The mayor said his group of bond market experts, scheduled to come to Juneau today from Seattle, San Francisco and New York, will explain to lawmakers how the bonds can be sold without harming Alaska's financial rating and without putting unreasonable burdens on the state treasury.

## Bond issue given

Continued from page B-1

aren't yet sure how low the price of oil will sink in the future.

In the wake of declining oil wealth, Rieger said, legislators this year have talked about statesmanship in tackling tough budget problems.

"And the statesmanship in this case is not to cave in," he said.

According to the Boucher-Cotten plan, Anchorage would get \$150 million for 19 specific road and highway projects — if the bond issue was approved by voters.

Each election district outside of Anchorage would get \$8.7 million for transportation projects, according to the plan.

With 11 days to go in what's supposed to be a 120-day legislative session, the proposal will have to speed through the committee process in time to be approved by both house of the legislature.

One veteran senator said Wednesday there's probably not enough time for that to happen, especially since the Boucher-Cotten bill has generated little enthusiasm in the Senate.

"There's no open support for it," said Sen. Bill Ray, D-Juneau.

"It would be the pork-barrel of all pork-barrels, when you're going to kill the pig now and be paying for it over the next 10 years with money you don't even know you're going to have," Ray said.

Sen. Jan Fai's, an Anchorage Republican who co-chairs the Senate Finance Committee, has said a bond issue would be irresponsible when falling revenues leave the state's future financial picture in doubt.

Meanwhile, Senate President Don Bennett, R-Fairbanks, has called the idea "ridiculous."

State officials said Wednesday it would cost between \$800,000 and \$1 million to hold a special statewide election.

# 10 legislators propose \$100-million bond issue

By BRUCE SCANDLING  
The Associated Press

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EMPIRE

put a \$350 million bond issue before Alaska introduced in the House Wednesday, but opposition measure is a disguised attempt to give more money to spend on roads.

—sponsored by Reps. H.A. "Red" Boucher and Sam Cotten of Eagle River — would set action in November.

If the issue was approved, Anchorage would get \$100 million for road and highway projects.

The remaining \$200 million would be divided up by election for transportation projects in the rest of the state.

The plan might be less than perfect, but it's the first step that Mother Alaska can't do everything for Boucher said.

The bond vote would let Alaska's citizens — not its legislature — decide whether more money should be spent on highways as state revenues plummet.

"I'm not sure if I would vote yes or no in these projects," Boucher said.

The measure is backed strongly by Anchorage Mayor and the Anchorage Assembly.

A cadre of bond experts were expected to meet in Anchorage Wednesday, trying to rally support by

highlighting the state's road (construction) program is on track and we need to find a way to keep it on track,"

John E. Klein, a Knowles aide.

By requesting a vote of the people to resolve the problem. "We must have a solution to our basic transportation problems."

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Wainwright. "Anchorage and the rest of Alaska town would like more money to

spend on construction projects, but state government must cut back its spending.

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