

S B

3 2 8

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

3/18/88

Mr. President:

Finance Committee considered SB 328

authorizing three Alaska State Building Authority public building projects, and lease financing agreements for the projects; efd

and recommended

replace with _____ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY
FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/11/88 DATE TURNED INTO OFFICE _____
Mr. President: _____
State Affairs Committee considered SB 328

authorizing three Alaska State Building Authority public building projects, and lease-financing agreements for the projects; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DQ PASS

OTHER RECOMMENDATIONS

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Committee Backup Attached

Chairman signature and recommendation

Handwritten notes:
3/18
waived
3/18

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 328

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing three Alaska State Building
7 Authority public building projects, and lease-
8 financing agreements for the projects; and providing
9 for an effective date."

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

11 * Section 1. The Alaska State Building Authority may acquire the Seward
12 Student Service Center in Seward and provide financing for the acquisition.

13 * Sec. 2. The Alaska State Building Authority may provide financing
14 for, and enter into agreements with the Alaska Court System to design,
15 construct, or acquire, the court facility in Fairbanks authorized by sec.
16 2, ch. 92, SLA 1986.

17 * Sec. 3. The Alaska State Building Authority may provide financing
18 for, and enter into agreements with the Alaska Court System to design,
19 construct, or acquire the court facility in Anchorage authorized by sec. 2,
20 ch. 78, SLA 1984.

21 * Sec. 4. Sections 1, 2, and 3 of this Act give the approval referred
22 to in AS 18.55.100(d).

23 * Sec. 5. The Department of Administration may enter into a lease-
24 financing agreement with the Alaska State Building Authority for the Seward
25 Student Service Center in Seward.

26 * Sec. 6. Section 5 of this Act gives the approval referred to in
27 AS 36.30.080(c).

28 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: _____
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: Authorizing 3 Alaska State Building Authority projects & lease-financing
Sponsor: Rules by Request of Governor
Requestor: _____

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached analysis.

Prepared By: Milt Barker
Division: Treasury
Approved by Commissioner: [Signature]
Agency: Department of Revenue

Phone: 465-2350
Date: December 4, 1987
Date: 12/11/87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

*Carol →
Please full &
replace with
1/8/88 FN*

Fiscal Note Analysis
for
An Act Authorizing three Alaska State Building
Authority public building projects, and lease-
financing agreements for the projects; and
providing for an effective date.

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority as well as the additional annual lease-financing rental payments for the Anchorage and Fairbanks court facilities are estimated as follows:

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>	<u>Anchorage Court Facility</u>	<u>Fairbanks Court Facility</u>	<u>Total</u>
1989	\$ (597,605)	-	-	\$ (597,605)
1990	(83,811)	-	-	(83,811)
1991	(77,056)	\$ 1,855,000	\$ 630,000	2,407,944
1992	(88,251)	8,222,750	2,793,385	10,927,884
1993	(90,453)	8,221,350	2,795,505	10,926,402
1994 to maturity	<u>(615,152)</u>	<u>148,972,828</u>	<u>50,290,143</u>	<u>198,647,819</u>
Total	\$ (1,552,328)	\$167,271,928	\$56,509,033	\$222,228,633

The present value of the savings on the Seward facility would be \$1,177,246, representing a savings of 21.6 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached November 8, 1987 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$11,752,297.33 appropriation to the State Bond Committee for FY 89 lease payments. The FY 89 savings would lapse and future appropriations would be reduced.

Please see the attached letter from John Andrews for additional information on the Seward refinancing.

No appropriation is required for FY 89 or FY 90 lease payments for the court facilities. They will be paid as capitalized interest from bond proceeds. Subsequent lease payments will require appropriation.

The court facilities have already been authorized by law. The lease costs shown for the court facilities generally are expected to be incurred with or without this legislation. This legislation, by possibly substituting the Alaska State Building Authority for municipal or other issuers, should reduce financing costs.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 11, 1988

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that gives legislative approval to three lease-financing projects: the Seward Student Service Center and the Fairbanks and Anchorage court facilities. The terms of AS 36.30.080(c) (for the student center) and AS 18.55.100(d) (for both projects) require this legislative approval.

Provisions such as those in AS 18.55.100(d) and AS 36.30.-080(c), requiring specific executive-branch activities to be submitted to the legislature for approval before they may proceed, raise a substantial question of constitutionality under the separation-of-powers doctrine. It has long been the Administration's position that such provisions are invalid. However, like my predecessors, I am aware of the legislature's interest in projects such as these and am, as a courtesy to the legislature, submitting these projects for approval.

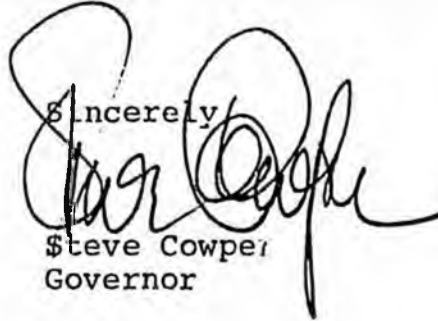
Section 2, ch. 78, SLA 1984 authorized the supreme court to enter into a lease-purchase agreement for the construction of the Anchorage court facility. Section 2, ch. 92, SLA 1986 authorized the supreme court to enter into a lease-purchase agreement for construction of the Fairbanks court facility. The attached bill authorizes the Alaska State Building Authority (ASBA) to provide financing for, and to enter into an agreement with the court system to construct, these facilities.

The Honorable Jan Faiks

Page 2

The bill also authorizes ASBA to acquire the Seward Student Service Center, and to provide financing for the acquisition. Under the bill, the Department of Administration may enter into a lease-financing agreement with ASBA for the student center.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

ALASKA STATE LEGISLATURE

.. 15th Legislature .. 2nd Session

SENATE.....BILL..... NO. 328.

By .. RULES COMMITTEE, BY REQUEST OF THE GOVERNOR

"An Act authorizing three Alaska State Building Authority public building projects, and lease-financing agreements for the projects; and providing for an effective date."

Introduced in the Senate 1/11, 1988

HISTORY IN THE SENATE

1988	Read first time and referred to Committee on										
1 11	STATE AFFAIRS, JUDICIARY FINANCE										
	Reported back with recommendation that										
3 18	<i>SA: waived to JUD</i>										
3 18	<i>JUD: waived to FIJ</i>										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by President Sent to House										
SECRETARY OF THE SENATE											

HISTORY IN THE HOUSE

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>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by Speaker Returned to Senate										
CHIEF CLERK OF THE HOUSE											

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Chapter No.
	Filed with Lt. Governor

Final Note and Honorable's letter attached

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 328
Publish Date: 1/12

REQUEST: _____

Revision Date: 1/12
Title: Authorizing 3 Alaska State Building Authority projects & lease-financing
Sponsor: Rules by Request of Governor
Requestor: _____

Agency Affected: REVENUE
BRU: TREASURY
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(597.6)	(83.8)	2407.9	10927.9	10926.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: December 4, 1987

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 1/8/88

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

*Updated
(send w/bill)*

Fiscal Note Analysis
for

An Act Authorizing three Alaska State Building Authority public building projects, and lease-financing agreements for the projects; and providing for an effective date.

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority as well as the additional annual lease-financing rental payments for the Anchorage and Fairbanks court facilities are estimated as follows:

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>	<u>Anchorage Court Facility</u>	<u>Fairbanks Court Facility</u>	<u>Total</u>
1989	\$ (597,605)	-	-	\$ (597,605)
1990	(83,811)	-	-	(83,811)
1991	(77,056)	\$ 1,855,000	\$ 630,000	2,407,944
1992	(88,251)	8,222,750	2,793,385	10,927,884
1993	(90,453)	8,221,350	2,795,505	10,926,402
1994 to maturity	<u>(615,152)</u>	<u>148,972,828</u>	<u>50,290,143</u>	<u>198,647,819</u>
Total	\$(1,552,328)	\$167,271,928	\$56,509,033	\$222,228,633

The present value of the savings on the Seward facility would be \$1,177,246, representing a savings of 21.6 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached November 8, 1987 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$11,769,042.33 appropriation to the State Bond Committee for FY 89 lease payments. The FY 89 savings would lapse and future appropriations would be reduced.

Please see the attached letter from John Andrews for additional information on the Seward refinancing.

No appropriation is required for FY 89 or FY 90 lease payments for the court facilities. They will be paid as capitalized interest from bond proceeds. Subsequent lease payments will require appropriation.

The court facilities have already been authorized by law. The lease costs shown for the court facilities generally are expected to be incurred with or without this legislation. This legislation, by possibly substituting the Alaska State Building Authority for municipal or other issuers, should reduce financing costs.