

SB 235

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/91

FURTHER:

Date of 5-Day Notice: 5-8-91  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 5/19/91

Finance Committee considered SB 235

Establishing the Alaska debt retirement fund; retirement of general obligation bond debt of the state and municipalities; and financing of capital projects; efd.

and recommended:

<input checked="" type="checkbox"/> replace with _____ CS <u>SB 235 (Finance)</u>	<input type="checkbox"/> same title
<input type="checkbox"/> or adopt _____ CS _____	<input checked="" type="checkbox"/> new title
<input type="checkbox"/> attached amendment(s)	<input type="checkbox"/> technical title change (HB only)
<input type="checkbox"/> _____ letter of intent adopted	

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) DOR Dept/Date: 4/2/91

zero fiscal note(s) DOE 3/27/91  
DDA 3/27/91

SIGNING DO PASS:

Al Adams  
Jim ...  
...  
Rich ... (DO PASS)

OTHER RECOMMENDATIONS:

Laura Hoffman - D Rec

1. Do Pass

2. Do Pass

Co-Chairs: Signatures and Recommendations

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

FISCAL NOTE

NO. 1

Bill Version: SB235

(S) Publish Date: 4/3/91

Revision Date: March 27, 1991  
Title: Alaska Debt Retirement Fund

Department Affected: Revenue  
BRU: Revenue Operations  
Component: Treasury Management

Sponsor: Rules request of Governor  
Requestor: Office of the Governor

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)

POSITIONS:

FULL-TIME		
PART-TIME		
TEMPORARY		

Changes in 2558,235 (LW) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.  
5-17-91 [Signature]  
date Comte Aide (initial)

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: Treasurys' operations would not experience a fiscal impact. If bill passes and the constitutional amendment is not adopted there would not be a revenue impact. If the constitutional amendment is adopted general fund revenues will be reduced by the above numbers. This assumes interest earnings on unspent residual amounts. See attached spread sheet analysis for details.

Prepared by: Brian C. Andrews Phone: 465 - 2350  
Division: Treasury Date: \_\_\_\_\_  
Approved by Commissioner: [Signature]  
Agency: \_\_\_\_\_  
Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

TABLE 3.2

State of Alaska  
Debt Service on State-Supported Debt  
(\$ Millions)

Fiscal Year	(1) State GO	(2) UA	(3) ASHA	(4) Lease-Purchase Obligations (Lease)	(5) School Debt (Muni)	Total Debt Service
79	\$60.0	\$1.7	\$10.1	\$0	\$22.3	\$94.1
80	75.1	1.8	10.1	0	24.1	111.1
81	97.6	2.2	10.0	0	38.4	148.2
82	97.5	2.3	10.0	0	38.3	148.1
83	143.6	2.3	9.9	0	36.2	192.0
84	166.3	2.0	9.9	0	90.6	268.0
85	169.5	2.0	9.9	.8	93.2	275.4
86	163.2	1.8	9.9	.5	106.3	281.7
87	154.9	1.8	6.5	4.7	115.8	283.7
88	147.9	1.5	6.5	.7	109.5	266.1
89	135.5	2.2	6.5	5.2	109.5	258.8
90	120.3	2.2	6.5	5.5	107.8	242.3
91	95.5	2.2	6.5	5.5	120.2	229.9
92	68.2	2.1	6.5	5.5	116.1	198.4
93	59.7	2.1	5.9	5.5	106.0	179.2
94	33.9	1.9	3.1	5.5	93.4	137.8
95	23.1	2.0	1.5	5.5	84.3	116.4
96	21.5	1.9	0	5.5	71.1	100.0
97	16.7	1.9	0	5.5	48.7	72.8
98	14.4	1.9	0	5.5	45.7	67.5
99	9.0	1.9	0	5.5	43.2	59.6
00	2.6	1.9	0	4.7	34.8	44.0
01	0	1.8	0	4.7	21.2	27.7
02	0	1.2	0	4.7	9.1	15.0
03	0	1.0	0	4.7	5.4	11.1
04	0	1.1	0	4.7	5.4	11.2
05	\$0	\$1.0	\$0	\$4.7	\$5.3	\$11.0

(1) State of Alaska general obligation bonds

(2) University of Alaska bonds

(3) Alaska State Housing Authority lease revenue bonds

(4) Debt issued to finance Seward Student Service Center, Spring Creek Correctional Center, and Palmer Court-house

(5) State reimbursement of municipal general obligation debt issued to finance school construction for debt issued through December 31, 1989

(13)	(14)	(15)	(16)	(17)	(18)	(19)
TOTAL REVS W/PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATION	BUDGET RESERVE FUND	NET GEN FUND UNRESTRICTED REVENUES
4110.80	7.50	0.00	74.30	385.10	0.00	3718.20
4516.90	8.00	0.00	0.00	400.50	0.00	4108.40
4061.40	9.40	0.00	0.00	421.00	0.00	3631.00
3765.30	9.00	0.00	0.00	366.20	0.00	3390.10
3640.50	7.10	5.40	0.00	368.00	0.00	3260.00
3446.40	6.50	41.00	0.00	323.40	0.00	3075.50
1983.20	3.30	9.90	0.00	170.60	0.00	1799.40
2747.10	6.60	1.00	15.80	417.90	0.00	2305.80
2419.70	4.30	0.80	0.00	228.40	0.00	2186.20
2780.06	5.13	0.60	0.00	267.10	0.00	2507.23
3532.97	6.55	0.60	0.00	414.97	294.85	2826.00
2375.84	4.65	0.60	3.00	242.86	0.00	2124.73
2709.21	5.44	0.50	7.00	283.56	0.00	2412.71
2827.36	5.84	0.50	7.00	304.60	0.00	2509.42
2943.28	6.16	0.30	7.00	321.12	0.00	2608.70
2961.47	6.28	0.10	7.00	327.30	0.00	2620.79
3113.95	6.79	0.00	7.00	353.85	0.00	2746.31
3035.90	6.69	0.00	10.00	348.67	0.00	2670.54
2827.79	6.31	0.00	10.00	328.76	0.00	2482.73
2624.88	5.91	0.00	10.00	307.92	0.00	2301.05
2461.49	5.56	0.00	10.00	289.71	0.00	2156.22
2348.23	5.35	0.00	10.00	278.72	0.00	2054.17
2239.17	5.13	0.00	0.00	267.34	0.00	1966.70
2175.43	5.00	0.00	0.00	260.39	0.00	1910.05
2090.83	4.85	0.00	0.00	252.52	0.00	1833.46
1960.78	4.58	0.00	0.00	238.76	0.00	1717.44
1820.89	4.31	0.00	0.00	224.47	0.00	1592.11
1728.61	4.15	0.00	0.00	216.21	0.00	1508.25
1630.89	3.94	0.00	0.00	205.47	0.00	1421.48
1531.31	3.72	0.00	0.00	193.76	0.00	1334.34

Alaska Debt Retirement Fund  
(millions)

Dedicated Revenue	State GO Debt	School Debt	Net	Investment Return	Total Revenue Impact
242.86	68.20	116.10	58.56	4.68	63.24
283.56	59.70	106.00	117.86	14.49	132.35
304.60	33.90	93.40	177.30	29.83	207.13
321.12	23.10	84.30	213.72	49.32	263.04
327.30	21.50	71.10	234.70	72.04	306.74
353.85	16.70	48.70	288.45	100.88	389.33

- 1/ Gross Revenue from DOR Spring '91 revenue forecast scenario B
- 2/ State GO & School debt from DOR's Ak Public Debt March '90
- 3/ Inv't return assumed at 8%

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Version: SB 235  
(S) Publish Date: 4/2/91

Revision Date: \_\_\_\_\_ Department Affected: Education  
Title: Establishing the Alaska Debt Retirement Fund BRU: School Construction Debt Retirement  
Component: School Construction Debt Retirement  
Sponsor: Rules  
Requestor: Governor COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ate of current year impact: \_\_\_\_\_

ALYSIS: (Attach a separate page if necessary.)

s fiscal note assumes that the responsibility for disbursement of school construction debt retirement funds remain within the Department of Education.

Prepared By: Mary Hakala Phone: 465-2800

Location: Commissioner's Office Date: 3/27/91

Approved by Commissioner: Steve Hole, Acting Commissioner

Agency: Education Date: 3/27/91

Prepared by (by preparer): Legislative Finance, Legislative Sponsor Requestor, OMB, & Impacted Agency(ies).

Changes in 5550235 (FW) have no fiscal impact. This fiscal note is appropriate.

5-19-91  
Compte Aide (initial)

*[Handwritten signature]*

*[Handwritten signature: Steve Hole]*

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Version: SB 235

(S) Publish Date: 4/3/91

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

Department Affected: Administration

Title: A Bill establishing a Debt Retirement Fund.

BRU: Central Services

Component: Finance

Sponsor: Governor Hickel

Requestor: Governor Hickel

COMPONENT SERIAL NO.

59			
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

This Act will not have a fiscal impact on the Division of Finance or the Department of Administration. Accounting procedures are in place to establish the Debt Retirement Fund and deposit revenue to the fund.

Prepared By: Weldon L. Blackwell

Phone: 465-2240

Division: Finance

Date: 03/27/91

Approved by Commissioner: Millett Keller

Agency: Administration

Date: 03/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Changes in SSA 235 (sic) have no fiscal impact. This fiscal note is appropriate.  
 5-19-91 date See signature  
 Comptroller (initial) WLB

WLB 3/27/91

Millett Keller

CS FOR SENATE BILL NO. 235 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska debt retirement fund; relating to the financing of capital  
2 projects; relating to state bonded indebtedness and reimbursements for school construction;  
3 and providing for an effective date."

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

5 \* Section 1. FINDINGS. The legislature finds that a mechanism is needed to ensure a long-term  
6 source of money for the debt service obligations of the state and local governments, and to strengthen  
7 and add to the economy of the state, in order to benefit all present and future generations of Alaskans.  
8 It is the intent of the legislature that the Alaska debt retirement fund be established to help meet the  
9 general fund debt obligations of the state and its political subdivisions, to fund lease-purchases, and to  
10 finance capital projects with money remaining after debt obligations are paid.

11 \* Sec. 2. AS 37.15 is amended by adding a new section to read:

12           Sec. 37.15.011. ALASKA DEBT RETIREMENT FUND. (a) The Alaska debt  
13 retirement fund is established as a separate fund in the general fund. The fund consists of all  
14 money appropriated to it.

1 (b) The Alaska debt retirement fund shall be invested by the Department of Revenue so  
2 as to yield competitive market rates, as provided in AS 37.10.071. Money in the fund may be  
3 appropriated

4 (1) for the purposes set out in AS 37.15.012;

5 (2) to reimburse municipalities for obligations authorized under AS 14.11.100;

6 (3) to finance the acquisition of state facilities through lease-purchase agreements;

7 and

8 (4) if an unobligated balance remains, to finance the design and construction of  
9 capital projects.

10 \* Sec. 3. AS 37.15.012 is amended to read:

11 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The amounts  
12 required annually to pay the principal, interest, and redemption premium on all issued and  
13 outstanding general obligation bonds of the state are appropriated each fiscal year from the  
14 Alaska debt retirement [GENERAL] fund to the state bond committee to make all required  
15 payments of principal, interest, and redemption premium. If the balance of the Alaska debt  
16 retirement fund is insufficient to fully pay these amounts, the necessary additional amounts  
17 are appropriated from the general fund to the state bond committee to make all required  
18 payments of principal, interest, and redemption premium.

19 \* Sec. 4. AS 37.15.015(a) is amended to read:

20 (a) Before a general or special election in which a bond issue is offered for ratification,  
21 the state bond committee shall publish a notice of existing state bonded indebtedness at least once  
22 a week for three consecutive weeks in a newspaper of general circulation in each of the four  
23 judicial districts of the state. The first notice shall be published at least 20 days before the date  
24 of the election. A notice must contain

25 (1) the current total bonded indebtedness of the state;

26 (2) the cost of the debt service on the current indebtedness;

27 (3) the projected amount of state general obligation debt principal that could  
28 be issued and paid for from the Alaska debt retirement fund;

29 (4) the estimated debt service requirements for the bond issue offered for  
30 ratification; and

31 (5) whether the bond issue offered for ratification will be repaid with

1        amounts from the Alaska debt retirement fund.

2        \* Sec. 5. AS 37.15.170(a) is amended to read:

3                (a) Before December [JANUARY] 1 of each year after bonds are issued, the state bond  
4        committee shall certify to the commissioner of administration the amount needed for the  
5        following calendar year to meet principal, interest, and reserve requirements on all bonds or  
6        issues or series of bonds then outstanding, including reimbursements authorized under  
7        AS 14.11.100.

8        \* Sec. 6. AS 37.15.170 is amended by adding a new subsection to read:

9                (c) Before December 1 of each year, the state bond committee shall report to the  
10        governor and the legislature the current fund balance in the Alaska debt retirement fund. The  
11        report must contain an estimate of the amount of state general obligation debt principal that could  
12        be issued and paid for from the fund.

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

5/16/91 SFC

Finance CS

(Amended)  
7-GS0067D

Cook  
5/15/91

ADOPTED  
5-19-91

- 1) allow lease-purchase financing from the fund
- 2) delete references to establishment of constitutional fund

**CS FOR SENATE BILL NO. 235 (FINANCE)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Offered:  
Referred:

Sponsor(s): **SENATE RULES/GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing the Alaska debt retirement fund; relating to the retirement of general  
 2 obligation bond debt of the state and municipalities; relating to the financing of capital  
 3 projects; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. FINDINGS. The legislature finds that a mechanism is needed to ensure a long-term  
 6 source of money for the debt service obligations of the state and local governments, and to strengthen  
 7 and add to the economy of the state, in order to benefit all present and future generations of Alaskans.  
 8 It is the intent of the legislature that the Alaska debt retirement fund be established to help meet the  
 9 general fund debt obligations of the state and its political subdivisions, to fund lease-purchases, and to  
 10 finance capital projects with money remaining after debt obligations are paid.

11 \* Sec. 2. AS 37.15 is amended by adding a new section to read:

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 13 retirement fund is established as a separate fund in the general fund. The fund consists of all  
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1 (b) The Alaska debt retirement fund shall be invested by the Department of Revenue so  
2 as to yield competitive market rates, as provided in AS 37.10.071. Money in the fund may be  
3 appropriated

4 (1) for the purposes set out in AS 37.15.012;

5 (2) to reimburse municipalities for obligations authorized under AS 14.11.100;

6 (3) to finance the acquisition of state facilities through lease-purchase agreements;

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9 capital projects.

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12 required annually to pay the principal, interest, and redemption premium on all issued and  
13 outstanding general obligation bonds of the state are appropriated each fiscal year from the  
14 Alaska debt retirement [GENERAL] fund to the state bond committee to make all required  
15 payments of principal, interest, and redemption premium. If the balance of the Alaska debt  
16 retirement fund is insufficient to fully pay these amounts, the necessary additional amounts  
17 are appropriated from the general fund to the state bond committee to make all required  
18 payments of principal, interest, and redemption premium.

19 \* Sec. 4. AS 37.15.015(a) is amended to read:

20 (a) Before a general or special election in which a bond issue is offered for ratification,  
21 the state bond committee shall publish a notice of existing state bonded indebtedness at least once  
22 a week for three consecutive weeks in a newspaper of general circulation in each of the four  
23 judicial districts of the state. The first notice shall be published at least 20 days before the date  
24 of the election. A notice must contain

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28 be issued and paid for from the Alaska debt retirement fund;

29 (4) the estimated debt service requirements for the bond issue offered for  
30 ratification; and

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4        committee shall certify to the commissioner of administration the amount needed for the  
5        following calendar year to meet principal, interest, and reserve requirements on all bonds or  
6        issues or series of bonds then outstanding, including reimbursements authorized under  
7        AS 14.11.100.

8        \* Sec. 6. AS 37.15.170 is amended by adding a new subsection to read:

9                (c) Before December 1 of each year, the state bond committee shall report to the  
10        governor and the legislature the current fund balance in the Alaska debt retirement fund. The  
11        report must contain an estimate of the amount of state general obligation debt principal that could  
12        be issued and paid for from the fund.

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

5/19/91  
SFC

Amendment to SB 235

by Adams

FAILED

Page 2, end of line 9, add the following:

under AS 14.11 and village safe water projects, (1) of regional and statewide significance, (2) which meet basic needs, or (3) for which costs exceed the amount available to a municipality or community under a capital matching grant program.

Proposed Technical Amendment to SB 236

On line 4, delete the words "available for appropriation."

The purpose of the amendment is to make the wording of the bill consistent with the terminology now used by the Department of Administration.

Proposed Amendment to SB 235

On page 2, lines 4-5, and page 3, lines 28-29, amend (3) to read:

- (3) if the payments authorized in (1) and (2) of this subsection are satisfied to the extent required by law, the remaining balance of the fund may be appropriated to finance the design and construction of capital projects.

The purpose of the amendment is to clarify the intent that general obligation debt service and municipal school debt reimbursement are to be fully funded from the debt retirement fund before any remaining balance may be appropriated for capital projects.

5/16/91

**DIVISION OF LEGAL SERVICES**  
**LEGISLATIVE AFFAIRS AGENCY**  
**STATE OF ALASKA**

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

MEMORANDUM

May 15, 1991

**SUBJECT:** Alaska debt retirement fund (SB 235)  
**TO:** Senator Pat Fourchot  
**FROM:** Tamara Brandt Cook  
Director *TBC*

You have asked whether SB 235 poses constitutional questions. Under the bill a separate Alaska debt retirement fund is established. To the extent it consists of money appropriated to the fund, no constitutional problem is created. However, under AS 37.15.011(b) fund money is to be invested, but it is not clear whether income from those investments is expected to be retained in the fund. If this is done without appropriation, a question will be created as to whether this amounts to an improper dedication of funds. (Article IX, Sec. 13, Constitution of the State of Alaska; Opinion Atty' Gen., February 28, 1977)

AS 37.15.011(c) sets out certain uses for which money may be appropriated from the fund. In my opinion, money could also be appropriated for any other public purpose under the legislature's constitutional "power of the purse."

Note that under SJR 26, in Section 18(b), interest earned on money in the constitutionally established Alaska debt retirement fund accrues to that fund, so the question of retained interest will be dealt with once a constitutional fund is established. Also, under the amendment, uses that may be made of money in the fund are restricted.

TBC:lmb  
91-192.lmb

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

May 13, 1991

The Honorable Tim Duncan  
Alaska State Senate  
P O Box V  
Juneau, Alaska 99811

Re: Dedicated fund prohibition  
applied to segregated funds

Dear Senator Duncan:

Your question concerning the dedicated fund prohibition was referred to me by Shelby Stastny of the office of management and budget. During a meeting of the Senate finance committee on May 10, 1991, you inquired whether the dedicated fund analysis set out in our memorandum dated May 9, 1991 regarding the provisions of SB 65 (mental health trust lands) would apply to the debt retirement fund proposed in SB 235.

Our May 9 memo was prepared on short notice and for that reason does not contain exhaustive citations of authority for the analysis set out there. We have consistently given testimony before committees considering the mental health trust lands issue, that the proposals to create a segregated trust fund may violate the dedicated fund prohibition. By "segregated trust fund" we mean a fund that is held separate from the state treasury. SB 65 provides for a trust "corpus" and an income account into which land management proceeds would be deposited directly. Provisions, which imply a direct deposit to a segregated trust, caused us to warn the sponsors that these provisions may violate the dedicated fund prohibition.

In State v. Alex, 646 P.2d 203 (Alaska 1982), the Alaska Supreme Court applied the dedicated fund prohibition to assessments for salmon enhancement purposes. In Alex, the court interpreted the prohibition to apply not only to the proceeds of taxes and licenses, but also to all sources of state revenue. After reviewing the history of the prohibition, the court observed:

The [framers] intended [the dedicated fund prohibition] to prohibit not only the dedication of taxes, but also such revenue as the proceeds from the sale of state lands.

5/16/91

WALTER J. HICKEL, GOVERNOR

REPLY TO:

1031 W 4th AVENUE SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907) 276-3550  
FAX: (907) 276-3697

KEY BANK BUILDING  
100 CUSHMAN ST. SUITE 400  
FAIRBANKS, ALASKA 99701-4679  
PHONE: (907) 452-1568  
FAX: (907) 456-1317

P.O. BOX K— STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 463-5295

Hon. Jim Duncan  
Re: Dedicated fund prohibition applied  
to segregated funds

May 13, 1991  
Page 2

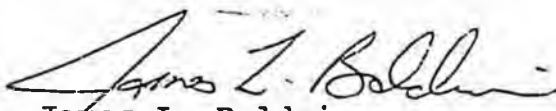
646 P.2d at 210 (citation omitted). Some versions of SB 65 propose the diversion by statute of royalty proceeds earned from oil and gas lands to a trust corpus and trust income account. If the prohibition applies to the proceeds of sale, it seems logical that it would also apply to rents and royalties derived from a conveyance of an interest in land.

In Alex, the court went on to conclude that the framers intended only to allow dedications of revenue after it was received and placed in the general fund of the state. Id; see also, 4 Alaska Const. Conv. Proceed. 2363. The dedication referred to would take the form of an appropriation. Based on this analysis we concluded that the creation of a segregated trust fund under the provisions of SB 65 may violate the dedicated fund prohibition.

The debt retirement bill (SB 235) does not propose to establish a fund segregated from the treasury. It does propose to establish a separate fund within the treasury. Until the constitutional amendment is adopted, the debt retirement fund would consist entirely of appropriations enacted by the legislature. Amounts would be spent from the debt retirement fund only if appropriated by the legislature. This statutory process does not violate the dedicated fund prohibition set out in Art. IX, Sec. 7 of the Alaska Constitution.

Do not hesitate to call if you have additional questions.

CHARLES E. COLE  
ATTORNEY GENERAL

By:   
James L. Baldwin  
Assistant Attorney General

JLB:jr

cc: Shelby Stastny, Director  
OMB, Office of the Governor

**Alaska Debt Retirement Fund  
Fiscal Projections  
Case #1B**

5/12/91

**\$209 Million Deposit in FY 92  
Revenue Scenario B**

Assumptions

Revenue Forecast: Spring 1991, Scenario B  
 FY 91 Deposit (Projected): 209.2  
 Earnings Rate (Avg. Balance): 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and New Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	209.2	314.0		209.2		0.0	8.4	8.4
93	8.4		141.8	141.8 *	0.0	8.4	0.7	9.0
94	9.0		304.6	142.6	150.0	21.0	1.2	22.2
95	22.2		321.1	121.4	200.0	21.9	1.8	23.7
96	23.7		327.3	103.9	200.0	47.1	2.8	49.9
97	49.9		353.9	76.9	250.0	76.9	5.1	82.0
98	82.0		348.7	71.5	250.0	109.2	7.6	116.9
99	116.9		328.8	62.7	250.0	132.0	10.0	141.9
00	141.9		307.9	46.6	250.0	153.2	11.8	165.0
01	165.0		289.7	28.7	250.0	176.0	13.6	189.7
02	189.7		278.7	17.4	250.0	201.0	15.6	216.6
03	216.6		267.3	13.5	250.0	220.4	17.5	237.9
04	237.9		260.4	13.5	250.0	234.8	18.9	253.7
05	253.7		252.5	13.3	250.0	242.9	19.9	262.7
06	262.7		238.8	10.4	250.0	241.1	20.2	261.3
07	261.3		224.5	5.2	250.0	230.6	19.7	250.3
08	250.3		216.2	4.1	250.0	212.4	18.5	230.9
09	230.9		205.5	0.3	250.0	186.1	16.7	202.8
10	202.8		193.8	0.3	250.0	146.3	14.0	160.2
<b>Total:</b>			<b>4,861.5</b>	<b>1,084.3</b>	<b>4,050.0</b>			

\* Note D1 - An FY 92 deposit of \$209 million would leave an insufficient fund balance in FY 93 to fully pay prior debt service requirements.

An additional \$43.8 million from the general fund would be necessary to fully fund general obligation and municipal school debt.

Note D2 - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).

**Alaska Debt Retirement Fund  
Fiscal Projections  
Case #2B**

5/12/91

**\$209 Million Deposit in FY 92**

Revenue Scenario A

Assumptions

Revenue Forecast: Spring 1991, Scenario A  
 FY 91 Deposit (Projected): 209.2  
 Earnings Rate (Avg. Balance): 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and New Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	209.2	314.0		209.2		0.0	8.4	8.4
93	8.4		96.0	96.0 *	0.0	8.4	0.7	9.0
94	9.0		210.7	142.6	50.0	27.1	1.4	28.6
95	28.6		222.3	121.4	100.0	29.5	2.3	31.8
96	31.8		225.6	103.9	100.0	53.5	3.4	56.9
97	56.9		221.5	76.9	150.0	51.5	4.3	55.9
98	55.9		216.0	71.5	150.0	50.4	4.2	54.6
99	54.6		199.8	63.7	150.0	40.7	3.8	44.5
00	44.5		184.3	46.6	150.0	32.2	3.1	35.3
01	35.3		203.7	28.7	150.0	60.3	3.8	64.1
02	64.1		192.6	17.4	150.0	89.3	6.1	95.4
03	95.4		183.0	13.5	150.0	114.9	8.4	123.4
04	123.4		177.9	13.5	150.0	137.8	10.4	148.2
05	148.2		170.6	13.3	150.0	155.5	12.1	167.7
06	167.7		160.0	10.4	150.0	167.3	13.4	180.7
07	180.7		125.0	5.2	150.0	150.5	13.2	163.7
08	163.7		117.6	4.1	150.0	127.2	11.6	138.8
09	138.8		109.0	0.3	150.0	97.5	9.5	107.0
10	107.0		99.5	0.3	150.0	56.2	6.5	62.7
Total:			3,115.1	1,038.5	2,350.0			

\* Note D1 - An FY 92 deposit of \$209 million would leave an insufficient fund balance in FY 93 to fully pay prior debt service requirements.

An additional \$89.6 million from the general fund would be necessary to fully fund general obligation and municipal school debt.

Note D2 - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 3, 1991

235

The Honorable Richard I. Eliason  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing the Alaska debt retirement fund. This bill is one of three measures that make up my Alaska debt retirement fund proposal; the others, which accompany this bill, are a proposed constitutional amendment and an appropriation bill.

The Alaska debt retirement fund has two major objectives: first, to set aside part of fiscal year 1991 surplus revenue to help pay Alaska's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

I hope that every member of the legislature will agree with me that, as stewards of Alaska's resource wealth, we must consider investing, rather than spending, most of the revenue surplus that the state receives this year. Of course, I expect there to be a wide range of opinions on the best way to invest the surplus, but if we can concur that this unexpected revenue should be invested soundly, we will have reached an important point of agreement. I am willing to give all proposals for investing the revenue surplus fair consideration, and I hope that the legislature will accord the Alaska debt retirement fund the same fair hearing.

The first goal of the Alaska debt retirement fund is to help retire state and municipal debt. The State of Alaska will spend nearly \$250,000,000 over the next nine years to repay our general obligation debt. In addition, the legislature authorized the reimbursement of Alaska's municipal governments in an amount exceeding \$735,000,000 in school debt service over the next 23 years. These two budget items total nearly \$1,000,000,000.

The Honorable Richard Eliason -2-

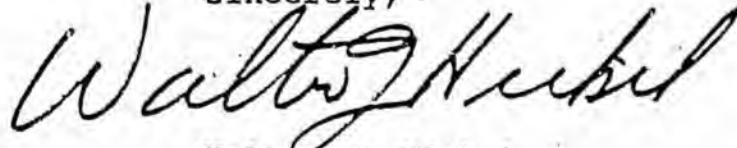
The Alaska debt retirement fund would allow us to save part of our surplus revenue to help pay off our general obligation debt and reimburse Alaska's municipal governments for their school debt payments. By doing so, we would substantially improve Alaska's ability to maintain a balanced budget as petroleum revenue declines over the next 20 years.

The second goal of the Alaska debt retirement fund is to establish a long-term source of revenue to pay for debt service, and to use the remaining balance of the fund to finance capital projects that will diversify and strengthen Alaska's economy. The companion joint resolution to this bill proposes a constitutional amendment that would dedicate a portion of our ownership revenue -- mineral lease rentals, royalties, royalty sale proceeds, and other resource revenues -- to the fund.

Alaska's economic infrastructure -- its port, transportation and energy systems -- are inadequate to support the broad economic foundation on which the future of the state depends. The Alaska debt retirement fund would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries.

The time for the Alaska debt retirement fund is now. This year's surplus revenue gives Alaska the opportunity to establish a fund with a statewide purpose. This revenue surplus is expected to be a one time event. With the declining production at Prudhoe Bay, we must commit to retiring our debt and building a broader, value-added economy. The Alaska debt retirement fund will serve that purpose. I urge your support for the fund.

Sincerely,



Walter J. Hickel  
Governor

BRIEFING PACKET  
SENATE FINANCE COMMITTEE

# **ALASKA DEBT RETIREMENT FUND**

Senate Bills 235 & 236;  
Senate Joint Resolution 26



May 9, 1991

Office of Management and Budget  
Office of the Governor  
State of Alaska

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 3, 1991

The Honorable Richard I. Eliason  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing the Alaska debt retirement fund. This bill is one of three measures that make up my Alaska debt retirement fund proposal; the others, which accompany this bill, are a proposed constitutional amendment and an appropriation bill.

The Alaska debt retirement fund has two major objectives: first, to set aside part of fiscal year 1991 surplus revenue to help pay Alaska's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

I hope that every member of the legislature will agree with me that, as stewards of Alaska's resource wealth, we must consider investing, rather than spending, most of the revenue surplus that the state receives this year. Of course, I expect there to be a wide range of opinions on the best way to invest the surplus, but if we can concur that this unexpected revenue should be invested soundly, we will have reached an important point of agreement. I am willing to give all proposals for investing the revenue surplus fair consideration, and I hope that the legislature will accord the Alaska debt retirement fund the same fair hearing.

The first goal of the Alaska debt retirement fund is to help retire state and municipal debt. The State of Alaska will spend nearly \$250,000,000 over the next nine years to repay our general obligation debt. In addition, the legislature authorized the reimbursement of Alaska's municipal governments in an amount exceeding \$735,000,000 in school debt service over the next 23 years. These two budget items total nearly \$1,000,000,000.

The Honorable Richard Eliason -2-

The Alaska debt retirement fund would allow us to save part of our surplus revenue to help pay off our general obligation debt and reimburse Alaska's municipal governments for their school debt payments. By doing so, we would substantially improve Alaska's ability to maintain a balanced budget as petroleum revenue declines over the next 20 years.

The second goal of the Alaska debt retirement fund is to establish a long-term source of revenue to pay for debt service, and to use the remaining balance of the fund to finance capital projects that will diversify and strengthen Alaska's economy. The companion joint resolution to this bill proposes a constitutional amendment that would dedicate a portion of our ownership revenue -- mineral lease rentals, royalties, royalty sale proceeds, and other resource revenues -- to the fund.

Alaska's economic infrastructure -- its port, transportation and energy systems -- are inadequate to support the broad economic foundation on which the future of the state depends. The Alaska debt retirement fund would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries.

The time for the Alaska debt retirement fund is now. This year's surplus revenue gives Alaska the opportunity to establish a fund with a statewide purpose. This revenue surplus is expected to be a one time event. With the declining production at Prudhoe Bay, we must commit to retiring our debt and building a broader, value-added economy. The Alaska debt retirement fund will serve that purpose. I urge your support for the fund.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel  
Governor

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 3, 1991

The Honorable Richard I. Eliason  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill appropriating the surplus general fund revenue remaining at the end of fiscal year 1991 to the Alaska debt retirement fund. This bill is one of three legislative measures that make up my Alaska debt retirement fund proposal; the others, which accompany this bill, are a bill statutorily establishing the fund and a proposed constitutional amendment establishing the fund in the Constitution.

The objectives of the Alaska debt retirement fund are discussed in detail in the transmittal letter accompanying the bill mentioned above. Briefly, the fund has two purposes: first, to set aside part of this year's surplus revenue to help pay Alaska's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to fund capital projects that will broaden Alaska's economic base.

This appropriation bill would reserve the fiscal year 1991 surplus revenue for the long-term benefit of all Alaskans. This revenue surplus is expected to be a one-time event. With the declining production at Prudhoe Bay, we must commit to retiring our debt and building a broader, value-added economy. The Alaska debt retirement fund will serve that purpose. The bill would also repeal a pending appropriation of the fiscal year 1991 general fund surplus to the statutory budget reserve fund (AS 37.05.540). I believe that a redesignation of the purpose of the appropriation will bring more lasting benefits to the state and its political subdivisions than the same money would provide in a general reserve fund.

I urge your support for this appropriation bill.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel  
Governor

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 3, 1991

The Honorable Richard I. Eliason  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution proposing an amendment to art. IX of the Alaska Constitution. If adopted by you and the voters of the state, this amendment will establish the Alaska debt retirement fund in the Alaska Constitution and will dedicate certain resource revenue to the fund. This joint resolution is one of three legislative measures that make up my Alaska debt retirement fund proposal; the others, which accompany this resolution, are a bill statutorily establishing the fund and an appropriation bill.

The objectives of the Alaska debt retirement fund are discussed in detail in the transmittal letter accompanying the bill mentioned above. Briefly, the fund has two purposes: first, to set aside part of this year's surplus revenue to pay the state's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

This proposed constitutional amendment would dedicate a percentage of Alaska's mineral lease rentals, royalties, royalty sale proceeds, and other resource revenue to the Alaska debt retirement fund. This stream of revenue equals the current annual deposits to the Alaska permanent fund.

It is essential that the state broaden its economic base to reduce its dependence on petroleum revenue. This constitutional amendment would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries, and providing additional revenue to the state.

I urge your support for this joint resolution.

Sincerely,

A handwritten signature in black ink that reads "Walter J. Hickel".

Walter J. Hickel  
Governor

## Sectional Analysis SB 235, SB 236, and SJR 26 Relating to the Alaska Debt Retirement Fund

Governor Hickel's proposal to establish the Alaska Debt Retirement Fund includes two bills and a joint resolution: SB 235, establishing the Fund; SB 236, appropriating the FY 91 general fund surplus to the Fund; and SJR 26, proposing a constitutional amendment to incorporate the fund in the Constitution and dedicate a stream of future revenues to the Fund.

### **SB 235**

**Section 1.** States legislative findings that a mechanism is needed to ensure a long-term source of money for state and local debt service, and to strengthen the economy of the state. The section also states legislative intent that the Alaska Debt Retirement Fund be established to help meet the general fund debt obligations of the state and local governments, and to finance capital projects with money remaining after debt obligations are paid.

**Section 2.** Establishes the Alaska Debt Retirement Fund, to consist of all money appropriated to or otherwise allocated by law to the Fund. Requires the Fund to be invested by the Department of Revenue at competitive market rates. Authorizes money to be appropriated from the Fund for: (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on school construction bonds; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

**Section 3.** Amends the state bonding act (AS 37.15.012) to provide that annual appropriations for the state's general obligation debt service are made from the Alaska Debt Retirement Fund, rather than the General Fund. However, if the balance of the Debt Retirement Fund is insufficient to fully pay the state's debt service, the additional amounts required are appropriated from the General Fund.

**Section 4.** Adds three new requirements to the public notice which the state bond committee must publish prior to an election that includes a general obligation bond issue. The notice would be required to contain: (1) the projected unobligated debt service capacity available in the Debt Retirement Fund; (2) the estimated debt service requirements for the bond issue appearing on the ballot; and (3) whether the bond issue will be repaid with amounts from the Debt Retirement Fund.

**Section 5.** Amends AS 37.15.170 to change the date when the state bond committee is required to determine the state's general obligation debt service requirements, from January 1 to December 1. Also requires the bond committee to include reimbursements for municipal school debt in this determination.

**Section 6.** Defines the terms "fund" and "debt service capacity."

**Section 7.** This section would replace the provisions of Section 2 to reflect approval by the voters of the constitutional amendment establishing the Debt Retirement Fund. The section references the constitutional amendment and provides that money dedicated to the Fund shall be deposited into the fund when at least \$5 million has accumulated, and at least once each month.

**Section 8.** Makes sections 1-6 of the bill effective immediately.

**Section 9.** Makes section 7 effective when the constitutional amendment establishing the Debt Retirement Fund is approved by the voters.

#### **SB 236**

**Section 1.** Appropriates all surplus revenue at the end of fiscal year 1991 from the general fund to the Alaska Debt Retirement Fund.

**Section 2.** Provides that the appropriation made by this bill does not lapse.

**Section 4.** Repeals a 1990 appropriation of the FY 91 general fund surplus to the statutory budget reserve fund.

**Section 4.** Makes the act effective on the effective date of an act establishing the Debt Retirement Fund.

#### **SJR 26**

**Section 1.** Amends the Alaska Constitution to establish the Alaska Debt Retirement Fund and dedicate revenues to the Fund. The revenues which would be dedicated to the Debt Retirement Fund match those now going to the Alaska Permanent Fund. This section also provides that appropriations from the fund may be made only for (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on municipal general obligations, if the reimbursement is authorized by law; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

**Section 2.** Amends Article IX, sec. 7 of the Alaska Constitution to exclude the Alaska Debt Retirement Fund from the prohibition on dedicated funds.

**Section 3.** Provides that the amendments proposed by the resolution shall be placed on the next general election ballot.

SENATE BILL NO. 235

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/3/91  
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska debt retirement fund; relating to the retirement of general  
2 obligation bond debt of the state and municipalities; relating to the financing of capital  
3 projects; and providing for an effective date."

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

5 \* Section 1. FINDINGS. The legislature finds that a mechanism is needed to ensure a long-term  
6 source of money for the debt service obligations of the state and local governments, and to strengthen  
7 and add to the economy of the state, in order to benefit all present and future generations of Alaskans.  
8 It is the intent of the legislature that the Alaska debt retirement fund be established to help meet the  
9 general fund debt obligations of the state and its political subdivisions, and to finance capital projects  
10 with money remaining after debt obligations are paid.

11 \* Sec. 2. AS 37.15 is amended by adding a new section to read:

12 Sec. 37.15.011. ALASKA DEBT RETIREMENT FUND. (a) There is established as a  
13 separate fund the Alaska debt retirement fund. The Alaska debt retirement fund consists of all  
14 money appropriated to or otherwise allocated by law to the fund.

1 (b) The fund shall be invested by the Department of Revenue so as to yield competitive  
2 market rates, as provided in AS 37.10.071.

3 (c) Money in the fund may be appropriated (1) for the purposes set out in AS 37.15.012;  
4 (2) to reimburse municipalities for obligations authorized under AS 14.11.100; and (3) if an  
5 unobligated balance remains, to finance the design and construction of capital projects.

6 \* Sec. 3. AS 37.15.012 is amended to read:

7 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The amounts  
8 required annually to pay the principal, interest, and redemption premium on all issued and  
9 outstanding general obligation bonds of the state are appropriated each fiscal year from the  
10 Alaska debt retirement [GENERAL] fund to the state bond committee to make all required  
11 payments of principal, interest, and redemption premium. If the balance of the Alaska debt  
12 retirement fund is insufficient to fully pay these amounts, the necessary additional amounts  
13 are appropriated from the general fund to the state bond committee to make all required  
14 payments of principal, interest, and redemption premium.

15 \* Sec. 4. AS 37.15.015(a) is amended to read:

16 (a) Before a general or special election in which a bond issue is offered for ratification,  
17 the state bond committee shall publish a notice of existing state bonded indebtedness at least once  
18 a week for three consecutive weeks in a newspaper of general circulation in each of the four  
19 judicial districts of the state. The first notice shall be published at least 20 days before the date  
20 of the election. A notice must contain

21 (1) the current total bonded indebtedness of the state;

22 (2) the cost of the debt service on the current indebtedness;

23 (3) the projected unobligated debt service capacity that is available in the  
24 Alaska debt retirement fund;

25 (4) the estimated debt service requirements for the bond issue offered for  
26 ratification; and

27 (5) whether the bond issue offered for ratification will be repaid with  
28 amounts from the Alaska debt retirement fund.

29 \* Sec. 5. AS 37.15.170 is amended to read:

30 Sec. 37.15.170. STATE BOND COMMITTEE TO CERTIFY ANNUAL PRINCIPAL,  
31 INTEREST, AND RESERVE REQUIREMENTS. (a) Before December [JANUARY] 1 of each

1 year after bonds are issued, the state bond committee shall certify to the commissioner of  
2 administration the amount needed for the following calendar year to meet principal, interest, and  
3 reserve requirements on all bonds or issues or series of bonds then outstanding, including  
4 reimbursements authorized under AS 14.11.100.

5 (b) The commissioner of administration shall set aside these amounts or make the  
6 necessary provisions for the setting aside of these amounts so that there will be sufficient money  
7 to pay the principal and interest on the due date and to meet reserve requirements.

8 (c) Before December 1 of each year, the state bond committee will report to the  
9 governor and the legislature the current fund balance in the Alaska debt retirement fund.  
10 The report shall contain an estimate of the unobligated debt service capacity that is  
11 available in the Alaska debt retirement fund.

12 \* Sec. 6. AS 37.15 is amended by adding a new section to read:

13 Sec. 37.15.230. DEFINITIONS. In AS 37.15.010 - 37.15.230,

14 (1) "fund" means the Alaska debt retirement fund;

15 (2) "debt service capacity" means the amount of state general obligation debt  
16 principal that could be issued as determined by the state bond committee.

17 \* Sec. 7. AS 37.15.011 is repealed and reenacted to read:

18 Sec. 37.15.011. ALASKA DEBT RETIREMENT FUND. (a) Under art. IX, sec. 18, of  
19 the Alaska Constitution, there is established as a separate fund the Alaska debt retirement fund.  
20 The Alaska debt retirement fund consists of the sources of revenue set out in art. IX, sec. 18(a)  
21 of the Alaska Constitution.

22 (b) Money dedicated to the fund shall be accumulated in an account in the state treasury  
23 and shall be deposited into the fund when the account is credited with at least \$5,000,000, but  
24 shall be deposited at least once each month.

25 (c) The fund shall be invested by the Department of Revenue so as to yield competitive  
26 market rates as provided in AS 37.10.071.

27 (d) Money in the fund may be appropriated (1) for the purposes set out in AS 37.15.012;  
28 (2) to reimburse municipalities for obligations authorized under AS 14.11.100; and (3) if an  
29 unobligated balance remains, to finance the design and construction of capital projects.

30 \* Sec. 8. Sections 1 - 6 of this Act take effect immediately under AS 01.10.070(c).

31 \* Sec. 9. Section 7 of this Act takes effect on the effective date of a constitutional amendment

1 establishing the Alaska debt retirement fund and directing the payment of mineral resource revenue into  
2 the fund.

## SENATE BILL NO. 236

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/3/91  
 Referred: Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Alaska debt retirement fund; repealing an  
 2 appropriation to the statutory budget reserve fund; and providing for an effective date."

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

4 \* Section 1. The "general fund unreserved, undesignated fund balance ~~available for appropriation~~"  
 5 set out in a report of the financial transactions for the preceding fiscal year prepared by the Department  
 6 of Administration under AS 37.05.210(2) for fiscal year 1991 is appropriated to the Alaska debt  
 7 retirement fund (AS 37.15.011).

8 \* Sec. 2. The appropriation made by sec. 1 of this Act is for capitalization of a loan fund and does  
 9 not lapse under AS 37.25.010.

10 \* Sec. 3. Section 20(b), ch. 209, SLA 1990 is repealed.

11 \* Sec. 4. This Act takes effect on the effective date of an Act establishing the Alaska debt retirement  
 12 fund.

**SENATE JOINT RESOLUTION NO. 26**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**Introduced: 4/3/91**  
**Referred: Judiciary, Finance**

**A RESOLUTION**

1 Proposing amendments to the Constitution of the State of Alaska creating a debt  
2 retirement fund.

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** Article IX, Constitution of the State of Alaska, is amended by adding a new section to  
5 read:

6 SECTION 18. ALASKA DEBT RETIREMENT FUND. (a) The following revenue not  
7 dedicated to the permanent fund under section 15 of this article or the budget reserve fund under  
8 section 17 of this article shall be placed in a separate Alaska debt retirement fund in the state  
9 treasury:

10 (1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net  
11 profit shares, and federal mineral revenue sharing payments received by the state from mineral  
12 leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state  
13 from mineral leases issued on or before February 15, 1980; and

14 (2) 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net  
15 profit shares, and federal mineral revenue sharing payments received by the state from mineral  
16 leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from  
17 mineral leases issued after February 15, 1980.

1 (b) Interest earned by the state on money described in (a)(1) and (2) of this section  
2 before that money is deposited in the fund accrues to the fund. Interest earned on amounts in  
3 the fund accrues to the fund.

4 (c) Appropriations from the fund may be made only for

5 (1) the annual payment of principal, interest, and redemption premium on state  
6 general obligations;

7 (2) the reimbursement of municipalities for the annual payment of principal and  
8 interest on municipal general obligations, if the reimbursement is authorized by law; and

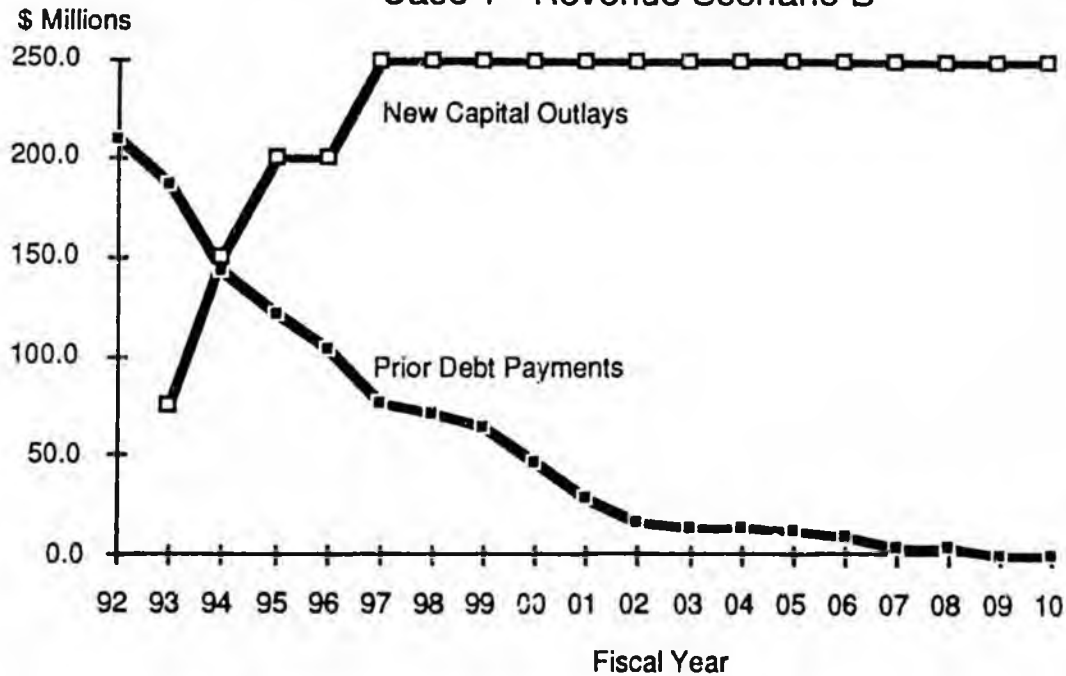
9 (3) if a balance remains after the payments authorized in (1) and (2) of this  
10 subsection, to finance the design and construction of capital projects.

11 \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska, is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or license shall not  
13 be dedicated to any special purpose, except as provided in Sections [SECTION] 15, 17, and 18  
14 of this article or when required by the federal government for state participation in federal  
15 programs. This provision shall not prohibit the continuance of any dedication for special  
16 purposes existing upon the date of ratification of this section by the people of Alaska.

17 \* Sec 3. The amendments proposed by this resolution shall be placed before the voters of the state  
18 at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and  
19 the election laws of the state.

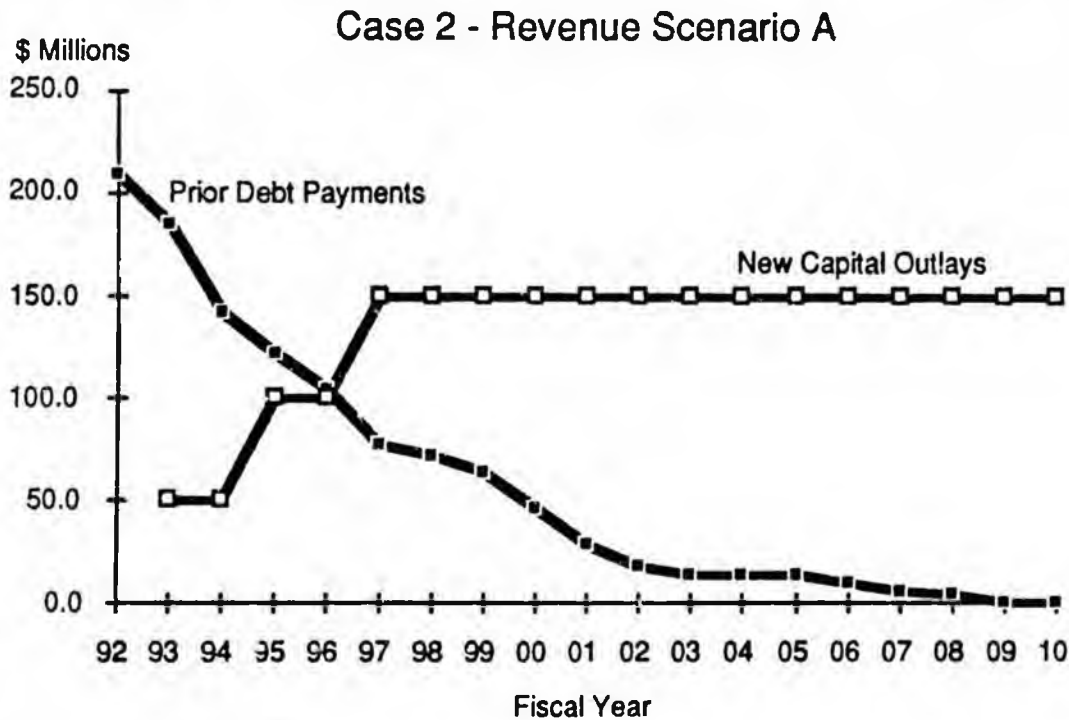
## Alaska Debt Retirement Fund Prior Debt Payments and New Capital Outlays Case 1 - Revenue Scenario B



Office of Management and Budget

4/30/91

## Alaska Debt Retirement Fund Prior Debt Payments and New Capital Outlays Case 2 - Revenue Scenario A



Office of Management and Budget

4/30/91

# Alaska Debt Retirement Fund

4/30/91

## Case #1

### Revenue Scenario B

**Assumptions**

Revenue Forecast: Spring 1991, Scenario B  
 FY 91 Deposit (Projected): \$314 million  
 Earnings Rate (Avg. Balance) 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and New Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	314.0	314.0		209.2		104.8	16.8	121.6
93	121.6		141.8	185.6	75.0	2.8	5.0	7.7
94	7.7		304.6	142.6	150.0	19.7	1.1	20.8
95	20.8		321.1	121.4	200.0	20.5	1.7	22.2
96	22.2		327.3	103.9	200.0	45.6	2.7	48.3
97	48.3		353.9	76.9	250.0	75.3	4.9	80.2
98	30.2		348.7	71.5	250.0	107.4	7.5	114.9
99	114.9		328.8	63.7	250.0	130.0	9.8	139.8
00	139.8		307.9	46.6	250.0	151.1	11.6	162.8
01	162.8		289.7	28.7	250.0	173.8	13.5	187.2
02	187.2		278.7	17.4	250.0	198.5	15.4	214.0
03	214.0		267.3	13.5	250.0	217.8	17.3	235.0
04	235.0		260.4	13.5	250.0	231.9	18.7	250.6
05	250.6		252.5	13.3	250.0	239.8	19.6	259.4
06	259.4		238.8	10.4	250.0	237.8	19.9	257.7
07	257.7		224.5	5.2	250.0	227.0	19.4	216.4
08	246.4		216.2	4.1	250.0	208.5	18.2	226.7
09	226.7		205.5	0.3	250.0	181.9	16.3	198.3
10	198.3		193.8	0.3	250.0	141.8	13.6	155.4
Total:			4,861.5	1,128.1	4,125.0			

Note D - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).

Office of the Governor, Office of Management and Budget

# Alaska Debt Retirement Fund

4/30/91

## Case #2

### Revenue Scenario A

Assumptions

Revenue Forecast: Spring 1991, Scenario A  
 FY 91 Deposit (Projected): \$314 million  
 Earnings Rate (Avg. Balance) 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and New Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	351.0	314.0		209.2		141.8	19.7	161.5
93	161.5		96.0	185.6	50.0	21.9	7.3	29.2
94	29.2		210.7	142.6	50.0	47.3	3.1	50.4
95	50.4		222.3	121.4	100.0	51.3	4.1	55.3
96	55.3		225.6	103.9	100.0	77.0	5.3	82.3
97	82.3		221.5	76.9	150.0	76.9	6.4	83.3
98	83.3		216.0	71.5	150.0	77.8	6.4	84.2
99	84.2		199.8	63.7	150.0	70.3	6.2	76.5
00	76.5		184.3	46.6	150.0	64.2	5.6	69.8
01	69.8		203.7	28.7	150.0	94.8	6.6	101.4
02	101.4		192.6	17.4	150.0	126.6	9.1	135.7
03	135.7		183.0	13.5	150.0	155.2	11.6	166.9
04	166.9		177.9	13.5	150.0	181.3	13.9	195.2
05	195.2		170.6	13.3	150.0	202.5	15.9	218.4
06	218.4		160.0	10.4	150.0	218.0	17.5	235.5
07	235.5		125.0	5.2	150.0	205.3	17.6	222.9
08	222.9		117.6	4.1	150.0	186.4	16.4	202.8
09	202.8		109.0	0.3	150.0	161.5	14.6	176.1
10	176.1		99.5	0.3	150.0	125.3	12.1	137.3
<b>Total:</b>			<b>3,115.1</b>	<b>1,128.1</b>	<b>2,400.0</b>			

Note D - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).

Office of the Governor, Office of Management and Budget

FISCAL NOTE

No. 2

Bill Version: 5JR 26

(S) Publish Date: 4/3/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Education  
 Title: Proposing Amendments to the BRU: School Construction Debt Retirement  
Constitution of the State of Alaska Component: School Construction Debt Retirement  
 Sponsor: Bules  
 Requestor: Governor COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2800  
 Division: Commissioner's Office Date: 3/27/91  
 Approved by Commissioner: Steve Hole, Acting Commissioner  
 Agency: Education Date: 3/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 3

Bill Version: SJR 26

(S) Publish Date: 4/3/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: An amendment to Article IX of the State Constitution creating a Debt Retirement Fund. BRU: Central Services  
 Component: Finance  
 Sponsor: Governor Hickel  
 Requestor: Governor Hickel COMPONENT SERIAL NO. 

59			
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
 This Act will not have a fiscal impact on the Division of Finance or the Department of Administration. Accounting procedures are in place to establish the Debt Retirement Fund and deposit revenue to the fund.

Prepared By: Weldon L. Blackwell *WLB* 3/21/91 Phone: 465-2240  
 Division: Finance Date: 03/27/91  
 Approved by Commissioner: Millett Keller *Millett Keller*  
 Agency: Administration Date: 03/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

FISCAL NOTE

No. 1  
Bill Version: SJR 26  
(S) Publish Date: 4/3/91

Revision Date: March 27, 1991  
Title: Alaska Debt Retirement Fund

Department Affected: Revenue  
BRU: Revenue Operations  
Component: Treasury Management

Sponsor: Rules request of Governor  
Requestor: Office of the Governor

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>						
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<b>REVENUE</b>	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS:** Treasurys' operations would not experience a fiscal impact. If bill passes and the constitutional amendment is not adopted there would not be a revenue impact. If the constitutional amendment is adopted general fund revenues will be reduced by the above numbers. This assumes interest earnings on unspent residual amounts. See attached spread sheet analysis for details.

Prepared by: Brian C. Andrews Phone: 465 - 2350  
Division: Treasury Date: \_\_\_\_\_  
Approved by Commissioner: [Signature]  
Agency: \_\_\_\_\_  
Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska Debt Retirement Fund  
(millions)

Dedicated Revenue	State GO Debt	School Debt	Net	Investment Return	Total Revenue Impact
242.86	68.20	116.10	58.56	4.68	63.24
283.56	59.70	106.00	117.86	14.49	132.35
304.60	33.90	93.40	177.30	29.83	207.13
321.12	23.10	84.30	213.72	49.32	263.04
327.30	21.50	71.10	234.70	72.04	306.74
353.85	16.70	48.70	288.45	100.88	389.33

1/ Gross Revenue from DOR Spring '91 revenue forecast scenario B

2/ State GO & School debt from DOR's Ak Public Debt March '90

3/ Inv't return assumed at 8%

(13)	(14)	(15)	(16)	(17)	(18)	(19)
TOTAL REVS W/PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATION	BUDGET RESERVE FUND	NET GEN FUND UNRESTRICTED REVENUES
4110.80	7.50	0.00	74.30	385.10	0.00	3718.20
4516.90	8.00	0.00	0.00	400.50	0.00	4108.40
4061.40	9.40	0.00	0.00	421.00	0.00	3631.00
3765.30	9.00	0.00	0.00	366.20	0.00	3390.10
3640.50	7.10	5.40	0.00	368.00	0.00	3260.00
3446.40	6.50	41.00	0.00	323.40	0.00	3075.50
1983.20	3.30	9.90	0.00	170.60	0.00	1799.40
2747.10	6.60	1.00	15.80	417.90	0.00	2305.80
2419.70	4.30	0.80	0.00	228.40	0.00	2186.20
2780.06	5.13	0.60	0.00	267.10	0.00	2507.23
3532.97	6.55	0.60	0.00	414.97	284.85	2826.00
2375.84	4.65	0.60	3.00	242.86	0.00	2124.73
2709.21	5.44	0.50	7.00	283.56	0.00	2412.71
2827.36	5.84	0.50	7.00	304.60	0.00	2509.42
2943.28	6.16	0.30	7.00	321.12	0.00	2608.70
2961.47	6.28	0.10	7.00	327.30	0.00	2620.79
3113.95	6.79	0.00	7.00	353.85	0.00	2746.31
3035.90	6.69	0.00	10.00	348.67	0.00	2670.54
2827.79	6.31	0.00	10.00	328.76	0.00	2482.73
2624.88	5.91	0.00	10.00	307.92	0.00	2301.05
2461.49	5.56	0.00	10.00	289.71	0.00	2156.22
2348.23	5.35	0.00	10.00	278.72	0.00	2054.17
2239.17	5.13	0.00	0.00	267.34	0.00	1966.70
2175.43	5.00	0.00	0.00	260.39	0.00	1910.05
2090.83	4.85	0.00	0.00	252.52	0.00	1833.46
1960.78	4.58	0.00	0.00	238.76	0.00	1717.44
1820.89	4.31	0.00	0.00	224.47	0.00	1592.11
1728.61	4.15	0.00	0.00	216.21	0.00	1508.25
1630.89	3.94	0.00	0.00	205.47	0.00	1421.48
1531.81	3.72	0.00	0.00	193.76	0.00	1334.34

**TABLE 3.2**

State of Alaska  
Debt Service on State-Supported Debt  
(\$ Millions)

Fiscal Year	(1) State GO	(2) UA	(3) ASHA	(4) Lease-Purchase Obligations (Lease)	(5) School Debt (Muni)	Total Debt Service
79	\$60.0	\$1.7	\$10.1	\$0	\$22.3	\$94.1
80	75.1	1.8	10.1	0	24.1	111.1
81	97.6	2.2	10.0	0	38.4	148.2
82	97.5	2.3	10.0	0	38.3	148.1
83	143.6	2.3	9.9	0	36.2	192.0
84	166.3	2.0	9.9	0	90.6	268.0
85	169.5	2.0	9.9	.8	93.2	275.4
86	163.2	1.8	9.9	.5	106.3	281.7
87	154.9	1.8	6.5	4.7	115.8	283.7
88	147.9	1.5	6.5	.7	109.5	266.1
89	135.5	2.2	6.5	5.2	109.5	258.8
90	120.3	2.2	6.5	5.5	107.8	242.3
91	95.5	2.2	6.5	5.5	120.2	229.9
92	68.2	2.1	6.5	5.5	116.1	198.4
93	59.7	2.1	5.9	5.5	106.0	179.2
94	33.9	1.9	3.1	5.5	93.4	137.8
95	23.1	2.0	1.5	5.5	84.3	116.4
96	21.5	1.9	0	5.5	71.1	100.0
97	16.7	1.9	0	5.5	48.7	72.8
98	14.4	1.9	0	5.5	45.7	67.5
99	9.0	1.9	0	5.5	43.2	59.6
00	2.6	1.9	0	4.7	34.8	44.0
01	0	1.8	0	4.7	21.2	27.7
02	0	1.2	0	4.7	9.1	15.0
03	0	1.0	0	4.7	5.4	11.1
04	0	1.1	0	4.7	5.4	11.2
05	\$0	\$1.0	\$0	\$4.7	\$5.3	\$11.0

(1) State of Alaska general obligation bonds

(2) University of Alaska bonds

(3) Alaska State Housing Authority lease revenue bonds

(4) Debt issued to finance Seward Student Service Center, Spring Creek Correctional Center, and Palmer Court-house

(5) State reimbursement of municipal general obligation debt issued to finance school construction for debt issued through December 31, 1989

FISCAL NOTE

No. 1  
 Bill Version: SB235  
 (S) Publish Date: 4/3/91

STATE OF ALASKA  
 1991 LEGISLATIVE SESSION

Revision Date: March 27, 1991  
 Title: Alaska Debt Retirement Fund

Department Affected: Revenue  
 BRU: Revenue Operations  
 Component: Treasury Management

Sponsor: Rules request of Governor  
 Requestor: Office of the Governor

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: Treasurys' operations would not experience a fiscal impact. If bill passes and the constitutional amendment is not adopted there would not be a revenue impact. If the constitutional amendment is adopted general fund revenues will be reduced by the above numbers. This assumes interest earnings on unspent residual amounts. See attached spread sheet analysis for details.

Prepared by: Brian C. Andrews Phone: 465 - 2350  
 Division: Treasury Date: \_\_\_\_\_  
 Approved by Commissioner: [Signature]  
 Agency: \_\_\_\_\_  
 Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska Debt Retirement Fund  
(millions)

Dedicated Revenue	State GO Debt	School Debt	Net	Investment Return	Total Revenue Impact
242.86	68.20	116.10	58.56	4.68	63.24
283.56	59.70	106.00	117.86	14.49	132.35
304.60	33.90	93.40	177.30	29.83	207.13
321.12	23.10	84.30	213.72	49.32	263.04
327.30	21.50	71.10	234.70	72.04	306.74
353.85	16.70	48.70	288.45	100.88	389.33

- 1/ Gross Revenue from DOR Spring '91 revenue forecast scenario B
- 2/ State GO & School debt from DOR's Ak Public Debt March '90
- 3/ Inv't return assumed at 8%

(13)	(14)	(15)	(16)	(17)	(18)	(19)
TOTAL REVS W/PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATION	BUDGET RESERVE FUND	NET GEN FUND UNRESTRICTED REVENUES
4110.80	7.50	0.00	74.30	385.10	0.00	3718.20
4516.90	8.00	0.00	0.00	400.50	0.00	4108.40
4061.40	9.40	0.00	0.00	421.00	0.00	3631.00
3765.30	9.00	0.00	0.00	366.20	0.00	3390.10
3640.50	7.10	5.40	0.00	368.00	0.00	3260.00
3446.40	6.50	41.00	0.00	323.40	0.00	3075.50
1983.20	3.30	9.90	0.00	170.60	0.00	1799.40
2747.10	6.60	1.00	15.80	417.90	0.00	2305.80
2419.70	4.30	0.80	0.00	228.40	0.00	2186.20
2780.06	5.13	0.60	0.00	267.10	0.00	2507.23
3532.97	6.55	0.60	0.00	414.97	284.85	2826.00
2375.84	4.65	0.60	3.00	242.86	0.00	2124.73
2709.21	5.44	0.50	7.00	283.56	0.00	2412.71
2827.36	5.84	0.50	7.00	304.60	0.00	2509.42
2940.28	6.16	0.30	7.00	321.12	0.00	2608.70
2961.47	6.28	0.10	7.00	327.30	0.00	2620.79
3113.95	6.79	0.00	7.00	353.85	0.00	2746.31
3035.90	6.69	0.00	10.00	348.67	0.00	2670.54
2827.79	6.31	0.00	10.00	328.76	0.00	2482.73
2624.88	5.91	0.00	10.00	307.92	0.00	2301.05
2461.49	5.56	0.00	10.00	289.71	0.00	2156.22
2348.23	5.35	0.00	10.00	278.72	0.00	2054.17
2239.17	5.13	0.00	0.00	267.34	0.00	1966.70
2175.43	5.00	0.00	0.00	260.39	0.00	1910.05
2090.83	4.85	0.00	0.00	252.52	0.00	1833.46
1960.78	4.58	0.00	0.00	238.76	0.00	1717.44
1820.89	4.31	0.00	0.00	224.47	0.00	1592.11
1728.61	4.15	0.00	0.00	216.21	0.00	1508.25
1630.89	3.94	0.00	0.00	205.47	0.00	1421.48
1531.81	3.72	0.00	0.00	193.76	0.00	1334.34

TABLE 3.2

State of Alaska  
Debt Service on State-Supported Debt  
(\$ Millions)

Fiscal Year	(1) State GO	(2) UA	(3) ASHA	(4) Lease-Purchase Obligations (Lease)	(5) School Debt (Muni)	Total Debt Service
79	\$60.0	\$1.7	\$10.1	\$0	\$22.3	\$94.1
80	75.1	1.8	10.1	0	24.1	111.1
81	97.6	2.2	10.0	0	38.4	148.2
82	97.5	2.3	10.0	0	38.3	148.1
83	143.6	2.3	9.9	0	36.2	192.0
84	166.3	2.0	9.9	0	90.6	268.0
85	169.5	2.0	9.9	.8	93.2	275.4
86	163.2	1.8	9.9	.5	106.3	281.7
87	154.9	1.8	6.5	4.7	115.8	283.7
88	147.9	1.5	6.5	.7	109.5	266.1
89	135.5	2.2	6.5	5.2	109.5	258.8
90	120.3	2.2	6.5	5.5	107.8	242.3
91	95.5	2.2	6.5	5.5	120.2	229.9
92	68.2	2.1	6.5	5.5	116.1	198.4
93	59.7	2.1	5.9	5.5	106.0	179.2
94	33.9	1.9	3.1	5.5	93.4	137.8
95	23.1	2.0	1.5	5.5	84.3	116.4
96	21.5	1.9	0	5.5	71.1	100.0
97	16.7	1.9	0	5.5	48.7	72.8
98	14.4	1.9	0	5.5	45.7	67.5
99	9.0	1.9	0	5.5	43.2	59.6
00	2.6	1.9	0	4.7	34.8	44.0
01	0	1.8	0	4.7	21.2	27.7
02	0	1.2	0	4.7	9.1	15.0
03	0	1.0	0	4.7	5.4	11.1
04	0	1.1	0	4.7	5.4	11.2
05	\$0	\$1.0	\$0	\$4.7	\$5.3	\$11.0

(1) State of Alaska general obligation bonds

(2) University of Alaska bonds

(3) Alaska State Housing Authority lease revenue bonds

(4) Debt issued to finance Seward Student Service Center, Spring Creek Correctional Center, and Palmer Court-house

(5) State reimbursement of municipal general obligation debt issued to finance school construction for debt issued through December 31, 1989

FISCAL NOTE

No. 3

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Version: SB 235

(S) Publish Date: 4/2/91

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: A Bill establishing a Debt Retirement Fund. BRU: Central Services  
 Component: Finance  
 Sponsor: Governor Hickel  
 Requestor: Governor Hickel COMPONENT SERIAL NO. 

59			
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

This Act will not have a fiscal impact on the Division of Finance or the Department of Administration. Accounting procedures are in place to establish the Debt Retirement Fund and deposit revenue to the fund.

Prepared By: Weldon L. Blackwell *WLB* 03/27/91 Phone: 465-2240  
 Division: Finance Date: 03/27/91

Approved by Commissioner: Millett Keller *Millett Keller* Date: 03/27/91  
 Agency: Administration

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Establishing the Alaska Debt Retirement Fund  
 Sponsor: Rules  
 Requestor: Governor

Department Affected: Education  
 BRU: School Construction Debt Retirement  
 Component: School Construction Debt Retirement

COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note assumes that the responsibility for disbursement of school construction debt retirement funds remain within the Department of Education.

Prepared By: Mary Hakala Phone: 465-2800  
 Division: Commissioner's Office Date: 3/27/91  
 Approved by Commissioner: Steve Hote, Acting Commissioner  
 Agency: Education Date: 3/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).