

HB

234

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 234 (FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Bonds to Fund Public Facilities BRU: Revenue Operations
 Component: Treasury
 Sponsor: House Finance Committee
 Requester: House Finance Committee Component Number: 121

Expenditures/Revenues (in thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel (Marketing & Selling Bonds)						
Contractual (Trustee/Paying Agent)	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service						
TOTAL OPERATING	50.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts (FHWA)						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Project Fund Investment Earnings						
TOTAL	50.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Division Date/Time 04/27/2001, 3 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date 04/27/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Department of Revenue Fiscal Note and Bill Analysis
CS HB 234 (FINANCE) – April 27, 2001

BOND ISSUE

This legislation authorizes the Department of Revenue to sell 60% of the state's portion of the Master Tobacco Settlement Agreement to the Northern Tobacco Securitization Corporation (a subsidiary of the Alaska Housing Finance Corporation) in exchange for the bond proceeds NTSC is able to generate (less the costs of issuing the bonds and funding the debt service reserve).

Proceeds to the state from the sale to the NTSC of 40% of the state's share of the tobacco settlement will provide funding of at least \$127,529,127 for capital projects after funding a debt service reserve and costs of issuance. This portion of the sale will be a tax-exempt issuance, with an anticipated term of approximately 22 years but with the ability to extend the term to a maximum of over 30 years if revenues are lower than forecast. To the extent that there are residual settlement revenues following the repayment of these bonds, those revenues will revert to the state upon final payment of the bonds.

Proceeds of the remaining 20% of the tobacco settlement will provide funding of at least \$63,635,075 to fund a smoking education and cessation account at the NTSC, with funds from that account available for annual appropriation by the legislature. This portion of the sale will be a taxable issuance with an anticipated term of approximately 20 years, with the ability to extend the term to a maximum of over 30 years. To the extent there are residual settlement revenues following the repayment of these bonds, those revenues will revert to the state upon final payment of the bonds.

FISCAL NOTE COSTS

The \$50,000 in contractual expenses will cover legal and financial services for negotiating the sale of the settlement proceeds.

Amended
Pg 4

Adopted
4/20/01

22-LS08630
Cook
4/25/01

CS FOR HOUSE BILL NO. 234()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing of construction and major maintenance of public
2 school facilities, facilities for the University of Alaska, and facilities for ports and
3 harbors; authorizing the commissioner of revenue to sell the right to receive a portion of
4 the anticipated revenue from a tobacco litigation settlement to the Northern Tobacco
5 Securitization Corporation; relating to the deposit of certain anticipated revenue from a
6 tobacco litigation settlement; authorizing the issuance of bonds by the Northern
7 Tobacco Securitization Corporation with proceeds to finance public school construction
8 and major maintenance, facilities for the University of Alaska, and facilities for ports
9 and harbors; and providing for an effective date."

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

11 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
12 to read:

1 FINDINGS; INTENT. (a) It is the intent of the legislature that the part of the revenue
2 described in sec. 2(a) of this Act that is not sold to the Northern Tobacco Securitization
3 Corporation under sec. 7 of this Act and that was not previously sold to the Alaska Housing
4 Finance Corporation under sec. 9(a), ch. 130, SLA 2000, be deposited into the general fund.
5 and that at least \$3,000,000 of the amount deposited in the general fund, which includes the
6 \$1,400,000 referred to in sec. 1(b), ch. 130, SLA 2000, be used for smoking education and
7 cessation programs administered by the state.

8 (b) Except for the harbors and docks in Nome and Adak, the facilities described in
9 sec. 3(c)(3) of this Act are currently owned by the state and are in need of substantial
10 investment in capital maintenance and upgrades. The City of Nome is in need of additional
11 money for a capital project at the Nome harbor and dock. The Adak harbor and dock
12 facilities are currently in federal ownership but will pass to Adak interests in the fall of 2001.

13 (c) The legislature intends to provide for the required investment, and intends transfer
14 of ultimate ownership of and responsibility for the state-owned harbor facilities to local
15 municipalities.

16 (d) The legislature intends to provide public investment in the Adak harbor and dock
17 facilities under this Act if the ownership of the harbor and dock facilities is ultimately vested
18 in the City of Adak.

19 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE. (a) The
22 commission of revenue is authorized to sell to the Northern Tobacco Securitization
23 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
24 under AS 18.56.086, the right to receive 40 percent annually of the revenue derived from the
25 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
26 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
27 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

28 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
29 this section are anticipated to be at least \$127,529,127.

30 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 BOND AUTHORIZATION AND PROVISIONS. (a) The Northern Tobacco
 2 Securitization Corporation is authorized to issue revenue bonds in principal amounts
 3 sufficient to acquire the right to receive revenue described in sec. 2 of this Act from the
 4 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
 5 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
 6 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
 7 revenue sold to the Northern Tobacco Securitization Corporation under sec. 2 of this Act, and
 8 the Northern Tobacco Securitization Corporation may include in agreements with the
 9 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
 10 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
 11 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
 12 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
 13 Corporation.

14 (b) Subject to agreements with bondholders and appropriation, the Northern Tobacco
 15 Securitization Corporation shall make the proceeds of the bonds issued under (a) of this
 16 section available to the

17 (1) Department of Education and Early Development to pay for expenditures
 18 described in (c)(1) of this section, including reimbursement to the Department of Education
 19 and Early Development for the expenditures;

20 (2) University of Alaska to pay for expenditures described in (c)(2) of this
 21 section, including reimbursement to the University of Alaska for the expenditures; and

22 (3) Department of Transportation and Public Facilities to pay for expenditures
 23 described in (c)(3) of this section, including reimbursement to the Department of
 24 Transportation and Public Facilities for the expenditures.

25 (c) The proceeds of bonds issued under (a) of this section shall be used by the

26 (1) Department of Education and Early Development to pay for construction,
 27 renovation, and improvement of public schools as follows:

28 PROJECT

29 Southwest Region - Togiak School Replacement	\$29,182,163
30 Bering Strait - Golovin School Phase III	9,888,192
31 Petersburg City - Facia/Soffit Repair and Replacement	116,236

1	Yukon-Koyukuk - Nulato Structural Repairs	314,387
2	Bering Strait - Shishmaref School Roof Replacement/	8,342,525
3	Renovate, Phase III	
4	Iditarod Area - Blackwell School Heating Renovation/	173,754
5	Site Repair	
6	Sitka City Borough - Blatchley Exterior Renovation/Repair	346,500
7	Chatham - Angoon Elementary School Major Maintenance	2,066,257
8	Skagway City - Skagway Major Maintenance	35,598
9	Yupit - Akiak School Repairs	177,571
10	Pribilof Island - St. George School Remodel	4,513,164
11	Galena - Project Education Food Service Renovation	261,806
12	Southwest Region - Clarks Point School Generator Building	35,989
13	Ketchikan - Schoenbar Renovation	4,891,992
14	Southwest Region - Koliganek School Improvement	451,993
15	Juneau City Borough - Juneau-Douglas High School	7,600,000
16	Renovation/ADA Upgrade	
17	TOTAL	\$66,798,127

18 (2) University of Alaska to pay for construction and renovation of university
 19 facilities as follows:

20	PROJECT	
21	University of Alaska - Southeast	
22	Egan Classroom	\$ 2,000,000
23	Robertson/Hamilton Technical Education Complex Remodel	1,500,000
24	University of Alaska - Anchorage	
25	<u>Facility Acquisition & Renovation</u> 13	14,000,000
26	University Center	
27	University of Alaska - Fairbanks	
28	Museum Expansion	8,000,000
29	TOTAL	\$ 25,500,000

30 (3) Department of Transportation and Public Facilities to pay for construction
 31 and renovation of port and harbor facilities as follows:

1	PROJECT	
2	Whittier - Whittier Small Boat Harbor	\$ 2,449,000
3	Valdez - Valdez Small Boat Harbor	3,212,000
4	Seldovia - Seldovia Small Boat Harbor	2,628,000
5	Petersburg - North Harbor, Middle Harbor, South Harbor	3,729,000
6	Ketchikan - Thomas Basin, Ryus Float, Bar Harbor South,	7,876,000
7	Bar Harbor North, Hole-in-the-Wall Harbor, Knudson	
8	Cove Harbor	
9	Sitka - Thomsen Harbor, Crescent Harbor, Sealing	4,469,000
10	Cove Harbor	
11	Cordova - Cordova Harbor	4,876,000
12	Wrangell - Standard Harbor, Reliance Harbor, Inner	3,492,000
13	Harbor Fish and Game Dock, Shoemaker Harbor	
14	Nome - Nome Harbor and Dock	2,000,000
15	Adak - Adak Boat Harbor	500,000
16		
17	TOTAL	<u>\$ 35,231,000</u>

18 (d) In this section, "Northern Tobacco Securitization Corporation" means the
 19 subsidiary corporation of the Alaska Housing Finance Corporation created under
 20 AS 18.56.086.

21 * Sec. 4. This Act takes effect July 1, 2001.

Conceptual
Corrected Adopt

22-LS0863\O.3
Cook
4/27/01

AMENDMENT # 1 New

OFFERED IN THE HOUSE BY REPRESENTATIVES BUNDE AND
TO: CSHB 234(), Draft Version "O" LANCASTER

1 Page 1, line 1, following "Act":

2 Insert "relating to subsidiaries of the Alaska Housing Finance Corporation;"

3

4 Page 1, line 1, following "the":

5 Insert "funding of the smoking education and cessation account and to"

6

7 Page 1, line 7, following "to":

8 Insert "fund the smoking education and cessation account and to"

9

10 Page 2, lines 1 - 7:

11 Delete all material.

12

13 Page 2, line 8:

14 Delete "(b)"

15 Insert "FUNDINGS; INTENT. (a)"

16

17 Reletter the following subsections accordingly.

18

19 Page 2, line 9:

20 Delete "sec. 3(c)(3)"

21 Insert "sec. 5(c)(3)"

22

23 Page 2, following line 18:

24 Insert new bill sections to read:

1 ** Sec. 2. AS 18.56.086 is amended to read:

2 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
 3 subsidiary corporations for the purpose of financing or facilitating the financing of
 4 school construction, facilities for the University of Alaska, or facilities for ports and
 5 harbors, or for the purpose of managing the smoking education and cessation
 6 account established under AS 37.05.580. A subsidiary corporation created under
 7 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation
 8 may transfer assets of the corporation to a subsidiary created under this section. A
 9 subsidiary created under this section may borrow money and issue bonds as evidence
 10 of that borrowing and has all the powers of the corporation that the corporation grants
 11 to it. Unless otherwise provided by the corporation, the debts, liabilities, and
 12 obligations of a subsidiary corporation created under this section are not the debts,
 13 liabilities, or obligations of the corporation.

14 * Sec. 3. AS 37.05 is amended by adding a new section to read:

15 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
 16 created as a special account in the Northern Tobacco Securitization Corporation the
 17 smoking education and cessation account. The corporation shall manage the account
 18 and income earned on money in the account shall be retained in the account until it is
 19 appropriated.

20 (b) The legislature may make appropriations from the smoking education and
 21 cessation account under AS 37.05.315 - 37.05.325 for grants for smoking education,
 22 tobacco use prevention, and tobacco control or cessation programs.

23 (c) Nothing in this section creates a dedicated fund."
 24

25 Renumber the following bill sections accordingly.
 26

27 Page 3, line 3:

28 Delete "sec. 2."

29 Insert "sec. 4"

30
 31 Page 3, line 7:

1 Delete "sec. 2"

2 Insert "sec. 4"

3

4 Page 5, following line 20:

5 Insert new bill sections to read:

6 **** Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
9 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
10 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
11 under AS 18.56.086, the right to receive 20 percent annually of the revenue derived from the
12 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
13 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
14 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

15 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
16 this section are anticipated to be at least \$63,635,075.

17 *** Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 **BOND AUTHORIZATION AND PROVISIONS.** (a) The Northern Tobacco
20 Securitization Corporation is authorized to issue revenue bonds in principal amounts
21 sufficient to acquire the right to receive revenue described in sec. 6 of this Act from the
22 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
23 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
24 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
25 revenue sold to the Northern Tobacco Securitization Corporation under sec. 6 of this Act, and
26 the Northern Tobacco Securitization Corporation may include in agreements with the
27 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
28 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
29 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
30 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
31 Corporation.

1 (b) Subject to agreements with bondholders, the Northern Tobacco Securitization
2 Corporation shall deposit the proceeds of the bonds issued under (a) of this section into the
3 smoking education and cessation account established in AS 37.05.580.

4 * Sec. 8. Section 1(b), ch. 130, SLA 2000, is repealed."

5

6 Renumber the following bill section accordingly.

*passed
10/0*

new #1

22-LS0863\O.2
Cook
4/26/01

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: CSHB 234(), Draft Version "O"

+ Lancaster

- 1 Page 1, line 1, following "Act":
- 2 **Insert "relating to subsidiaries of the Alaska Housing Finance Corporation;"**
- 3
- 4 Page 1, line 1, following "the":
- 5 **Insert "funding of the smoking education and cessation account, to"**
- 6
- 7
- 8
- 9
- 10 Page 1, line 2, following "and":
- 11 **Insert "to financing"**
- 12
- 13 Page 1, line 7, following "to":
- 14 **Insert "fund the smoking education and cessation account, to"**
- 15
- 16
- 17
- 18
- 19 Page 1, line 8, following "and":
- 20 **Insert "to finance"**
- 21
- 22 Page 2, lines 1 – 7:
- 23 **Delete all material.**
- 24

1 Page 2, line 8:

2 Delete "(b)"

3 Insert "FINDINGS; INTENT. (a)"

4

5 Reletter the following subsections accordingly.

6

7 Page 2, line 9:

8 Delete "sec. 3(c)(3)"

9 Insert "sec. 5(c)(2)"

10

11 Page 2, following line 18:

12 Insert new bill sections to read:

13 * Sec. 2. AS 18.56.086 is amended to read:

14 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
15 subsidiary corporations for the purpose of financing or facilitating the financing of
16 school construction, facilities for the University of Alaska, or facilities for ports and
17 harbors, or for the purpose of managing the smoking education and cessation
18 account established under AS 37.05.580. A subsidiary corporation created under
19 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation
20 may transfer assets of the corporation to a subsidiary created under this section. A
21 subsidiary created under this section may borrow money and issue bonds as evidence
22 of that borrowing and has all the powers of the corporation that the corporation grants
23 to it. Unless otherwise provided by the corporation, the debts, liabilities, and
24 obligations of a subsidiary corporation created under this section are not the debts,
25 liabilities, or obligations of the corporation.

26 * Sec. 3. AS 37.05 is amended by adding a new section to read:

27 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
28 created as a special account in the Northern Tobacco Securitization Corporation the
29 smoking education and cessation account. The corporation shall manage the account
30 and income earned on money in the account shall be retained in the account until it is
31 appropriated.

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(b) The legislature may make appropriations from the smoking education and cessation account under AS 37.05.315 - 37.05.325 for grants for smoking education, tobacco use prevention, and tobacco control or cessation programs.

(c) Nothing in this section creates a dedicated fund."

Remember the following bill sections accordingly.

Page 3, line 3:

Delete "sec. 2."

Insert "sec. 4"

Page 3, line 7:

Delete "sec. 2"

Insert "sec. 4"

1 Page 5, following line 20:

2 Insert new bill sections to read:

3 ** Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE. (a) The
6 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
7 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
8 under AS 18.56.086, the right to receive 20 percent annually of the revenue derived from the
9 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
10 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
11 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

12 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
13 this section are anticipated to be at least \$63,635,075.

14 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 BOND AUTHORIZATION AND PROVISIONS. (a) The Northern Tobacco
17 Securitization Corporation is authorized to issue revenue bonds in principal amounts
18 sufficient to acquire the right to receive revenue described in sec. 6 of this Act from the
19 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
20 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
21 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
22 revenue sold to the Northern Tobacco Securitization Corporation under sec. 6 of this Act, and
23 the Northern Tobacco Securitization Corporation may include in agreements with the
24 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
25 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
26 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
27 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
28 Corporation.

29 (b) Subject to agreements with bondholders, the Northern Tobacco Securitization
30 Corporation shall deposit the proceeds of the bonds issued under (a) of this section into the
31 smoking education and cessation account established in AS 37.05.580.

- 1 * Sec. 8. Section 1(b), ch. 130, SLA 2000, is repealed.*
- 2
- 3 Renumber the following bill section accordingly.

W/D -

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: CSHB 234(), Draft Version "O"

1 Page 1, line 1, following "Act":

2 Insert "relating to subsidiaries of the Alaska Housing Finance Corporation;"

3

4 Page 1, line 1, following "the":

5 Insert "funding of the smoking education and cessation account, to"

6

7 Page 1, line 2:

8 Delete ", facilities for the University of Alaska"

9

10 Page 1, line 2, following "and":

11 Insert "to financing"

12

13 Page 1, line 7, following "to":

14 Insert "fund the smoking education and cessation account, to"

15

16 Page 1, line 8:

17 Delete ", facilities for the University of Alaska"

18

19 Page 1, line 8, following "and":

20 Insert "to finance"

21

22 Page 2, lines 1 - 7:

23 Delete all material.

24

1 Page 2, line 8:

2 Delete "(b)"

3 Insert "FINDINGS; INTENT. (a)"

4

5 Reletter the following subsections accordingly.

6

7 Page 2, line 9:

8 Delete "sec. 3(c)(3)"

9 Insert "sec. 5(c)(2)"

10

11 Page 2, following line 18:

12 Insert new bill sections to read:

13 ** Sec. 2. AS 18.56.086 is amended to read:

14 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
 15 subsidiary corporations for the purpose of financing or facilitating the financing of
 16 school construction, facilities for the University of Alaska, or facilities for ports and
 17 harbors, or for the purpose of managing the smoking education and cessation
 18 account established under AS 37.05.580. A subsidiary corporation created under
 19 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation
 20 may transfer assets of the corporation to a subsidiary created under this section. A
 21 subsidiary created under this section may borrow money and issue bonds as evidence
 22 of that borrowing and has all the powers of the corporation that the corporation grants
 23 to it. Unless otherwise provided by the corporation, the debts, liabilities, and
 24 obligations of a subsidiary corporation created under this section are not the debts,
 25 liabilities, or obligations of the corporation.

26 * Sec. 3. AS 37.05 is amended by adding a new section to read:

27 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
 28 created as a special account in the Northern Tobacco Securitization Corporation the
 29 smoking education and cessation account. The corporation shall manage the account
 30 and income earned on money in the account shall be retained in the account until it is
 31 appropriated.

1 (b) The legislature may make appropriations from the smoking education and
2 cessation account under AS 37.05.315 - 37.05.325 for grants for smoking education,
3 tobacco use prevention, and tobacco control or cessation programs.

4 (c) Nothing in this section creates a dedicated fund."
5

6 Renumber the following bill sections accordingly.
7

8 Page 3, line 3:

9 Delete "sec. 2."

10 Insert "sec. 4"

11

12 Page 3, line 7:

13 Delete "sec. 2"

14 Insert "sec. 4"

15

16 Page 3, lines 20 – 22:

17 Delete "University of Alaska to pay for expenditures described in (c)(2) of this
18 section, including reimbursement to the University of Alaska for the expenditures; and

19 (3)"
20

21 Page 3, line 23:

22 Delete "(c)(3)"

23 Insert "(c)(2)"
24

25 Page 4, lines 18 – 29:

26 Delete all material.
27

28 Page 4, line 30:

29 Delete "(3)"

30 Insert "(2)"
31

1 Page 5, following line 20:

2 Insert new bill sections to read:

3 ***Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
6 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
7 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
8 under AS 18.56.086, the right to receive 20 percent annually of the revenue derived from the
9 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
10 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
11 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

12 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
13 this section are anticipated to be at least \$63,635,075.

14 ***Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 **BOND AUTHORIZATION AND PROVISIONS.** (a) The Northern Tobacco
17 Securitization Corporation is authorized to issue revenue bonds in principal amounts
18 sufficient to acquire the right to receive revenue described in sec. 6 of this Act from the
19 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
20 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
21 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
22 revenue sold to the Northern Tobacco Securitization Corporation under sec. 6 of this Act, and
23 the Northern Tobacco Securitization Corporation may include in agreements with the
24 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
25 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
26 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
27 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
28 Corporation.

29 (b) Subject to agreements with bondholders, the Northern Tobacco Securitization
30 Corporation shall deposit the proceeds of the bonds issued under (a) of this section into the
31 smoking education and cessation account established in AS 37.05.580.

1 * Sec. 8. Section 1(b), ch. 130, SLA 2000, is repealed."

2

3 Renumber the following bill section accordingly.

Failed

4 & 46 AMENDMENT 2

OFFERED IN THE HOUSE
TO: CS HB 234

BY: Rep. Croft

1) **DELETE**
Ports & Harbors
Page 4, Lines 30-31
Page 5, Lines 1- 17

2) **DELETE**
University
Page 4, Lines 18-29

2) **ADD**
Page 3, Line 30

Bering Strait - Koyuk School K-12 Replacement	\$11,660,343
Yuppiit - Tuluksak School Improvement	\$18,393,931

3) Page 4, Line 15
Juneau City Borough - Juneau - Douglas
Renovation/ADA Upgrade

	<u>DELETE</u>
	[\$6,000,000]
	<u>ADD</u>
	\$9,097,138

4) **ADD**
Page 4, Line 16

Southwest Region - Ekwok, Koliganek, Togiak Schools Heating System Upgrade	\$122,256
Hoonah City - Hoonah Swimming Pool Sprinkler System	\$220,476
Galena - High School Remodel	\$167,846
Kenai Peninsula- McNeil Canyon Replace Septic System	\$171,500
Kake City - Kake High School Re:n. Phase II	\$175,065
Chatham - Angoon High School Major Maintenance	\$1,730,507
North Slope Borough - Tikigaq School Renovation	\$3,675,502
Tanana City - Tanana Kitchen Renovation	\$438,539
Wrangell City - Wrangell Elementary Schools Renovation	\$1,129,238
Lower Yukon - Emmonak Mechanical System Upgrade	\$574,885
Lower Yukon - Alakanuk Mechanical System Upgrade	\$899,740
Iditarod Area - Takotna Community School Water Project	\$192,374

Anchorage - Service High School Phase I Renovation	\$4,998,000
Kenai Peninsula - Seward Middle School Gym Reroof	\$278,275
Iditarod Area - Innoko River School Bathroom, Shower & Underfloor Damage Repairs	\$46,746
Iditarod Area - McGrath School Heating Design, Boiler Replacement & Repairs	\$235,200
Kenai Peninsula - Kenai Central High School Reinsulate Exterior Walls	\$385,610
Alaska Gateway - Tok Multipurpose Rec. Complex Renovation Project	\$961,612
Delta/Greely - Fort Greely Utility Conversion	\$2,054,852
Iditarod Area - Holy Cross School Bathroom & Shower Deterioration	\$47,530
Wrangell City - Wrangell Middle School Renovation	\$164,522
Sitka City Borough - Blatchley Domestic Water System Upgrade	\$667,356
Skagway City - Skagway Roof Replacement	\$174,613
Mat-Su Borough - Fire Alarm Systems, 5 Schools	\$638,647
Fairbanks - Districtwide Fire Protection System Upgrade	\$1,193,832
Yakutat City - Yakutat High School Gymnasium Structural Repair	\$70,981
Yukon - Koyukuk - Kaltag School Renovation	\$2,418,052
Mat-Su Borough - Septic System Upgrade, Colony HS	\$164,039
Wrangell City - Wrangell Elementary School & High School Roof & Exterior Repairs	\$101,216
Northwest Arctic - Shungnak Improvements Phase II	\$2,740,522
Dillingham City - Elementary School Weatherization	\$105,418
Kuspuk - Chuathbaluk Crow Village Sam School Sewage System Replacement	\$375,661

HB 234 CIP List

DEED CIPs FY02 SCHOOL CONSTRUCTION GRANT FUND				
DEED Rank	School District	Project Name	State Share	Aggregate Amount
1	SW Reg	Togiak School Replacement	\$29,182,163	\$29,182,163
2	Bering St	Golovin School Phase III	\$9,888,192	\$39,070,355
Total School Construction CIPs			\$39,070,355	
DEED CIPs FY02 SCHOOL MAJOR MAINTENANCE GRANT FUND				
DEED Rank	School District	Project Name	State Share	Aggregate Amount
1	Petersburg City	Facia/Soffit Repair/Replacement Recovery Of Funds	\$116,236	\$39,186,591
2	Yukon-Koyukuk	Nulato Structural Repairs	\$314,387	\$39,500,978
3	Bering Strait	Shishmaref School Roof Replace/Renovate, Phase III	\$8,342,525	\$47,843,503
4	Iditarod Area	Blackwell School Heating Renovation/Site Repair	\$173,754	\$48,017,257
5	Sitka City Borough	Blatchley Exterior Renovation/Repair	\$346,500	\$48,363,757
6	Chatham	Angoon Elementary School Major Maintenance	\$2,066,257	\$50,430,014
7	Skagway City	Skagway Major Maintenance	\$35,598	\$50,465,612
8	Yupik	Akiak School Repairs	\$177,571	\$50,643,183
9	Pribilof Island	St. George School Remodel	\$4,513,164	\$55,156,347
10	Galena	Project Education Food Service Renovation	\$261,806	\$55,418,153
11	Southwest Region	Clark's Point School Generator Building	\$35,989	\$55,454,142
12	Ketchikan	Schoenbar Renovation	\$4,891,992	\$60,346,134
13	Southwest Region	Koliganek School Improvement	\$451,993	\$60,798,127
14	Juneau City Borough	Juneau Douglas High School Renovation/ADA Upgrade	\$6,000,000	\$66,798,127
Total School Maintenance CIPs			\$27,727,772	
UNIVERSITY OF ALASKA CIPs FY02				
	Campus	Project Name		Aggregate Amount
	UAF	Museum Expansion	\$ 8,000,000	\$ 74,798,127
	UAA	University Center	\$14,000,000	\$ 88,798,127
	UAS	Robertson/Hamilton TechEd Complex - Ketchikan	\$ 1,500,000	\$ 90,298,127
	UAS	Egan Classroom	\$ 2,000,000	\$ 92,298,127
Total University CIPs			\$ 25,500,000	
PORTS & HARBOR FACILITIES/PROJECTS				
	Community	Facility/Project Name		Aggregate Amount
	Whittier	Whittier Small Boat Harbor	\$2,449,000	\$ 94,747,127
	Valdez	Valdez Small Boat Harbor	\$3,212,000	\$ 97,959,127
	Seldovia	Seldovia Small Boat Harbor	\$2,628,000	\$ 100,587,127
	Petersburg	North Harbor, Middle Harbor, South Harbor	\$3,729,000	\$ 104,316,127
	Ketchikan	Thomas Basin, Ryus Float, Bar Harbor South, Bar Harbor North, Hole-in-the-Wall Harbor, Knudsen Cove Harbor	\$7,876,000	\$ 112,192,127
	Sitka	Thomsen Harbor, Crescent Harbor, Sealing Cove Harbor	\$4,469,000	\$ 116,661,127
	Cordova	Cordova Harbor	\$4,876,000	\$ 121,537,127
	Wrangell	Standard Harbor, Reliance Harbor, Inner Harbor Fish & Game Dock, Shoemaker Harbor	\$3,492,000	\$ 125,029,127
	Nome	Nome Harbor and Dock	\$2,000,000	\$ 127,029,127
	Adak	Adak Boat Harbor	\$500,000	\$ 127,529,127
Total Ports/Harbor			\$35,231,000	

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: CSHB 234(), Draft Version "O"

1 Page 1, line 1, following "Act":

2 Insert "relating to subsidiaries of the Alaska Housing Finance Corporation;"

3

4 Page 1, line 1, following "the":

5 Insert "funding of the smoking education and cessation account, to"

6

7 Page 1, line 2:

8 Delete ", facilities for the University of Alaska"

9

10 Page 1, line 2, following "and":

11 Insert "to financing"

12

13 Page 1, line 7, following "to":

14 Insert "fund the smoking education and cessation account, to"

15

16 Page 1, line 8:

17 Delete ", facilities for the University of Alaska"

18

19 Page 1, line 8, following "and":

20 Insert "to finance"

21

22 Page 2, lines 1 - 7:

23 Delete all material.

24

1 Page 2, line 8:

2 Delete "(b)"

3 Insert "FINDINGS; INTENT. (a)"

4

5 Reletter the following subsections accordingly.

6

7 Page 2, line 9:

8 Delete "sec. 3(c)(3)"

9 Insert "sec. 5(c)(2)"

10

11 Page 2, following line 18:

12 Insert new bill sections to read:

13 ** Sec. 2. AS 18.56.086 is amended to read:

14 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
 15 subsidiary corporations for the purpose of financing or facilitating the financing of
 16 school construction, facilities for the University of Alaska, or facilities for ports and
 17 harbors, or for the purpose of managing the smoking education and cessation
 18 account established under AS 37.05.580. A subsidiary corporation created under
 19 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation
 20 may transfer assets of the corporation to a subsidiary created under this section. A
 21 subsidiary created under this section may borrow money and issue bonds as evidence
 22 of that borrowing and has all the powers of the corporation that the corporation grants
 23 to it. Unless otherwise provided by the corporation, the debts, liabilities, and
 24 obligations of a subsidiary corporation created under this section are not the debts,
 25 liabilities, or obligations of the corporation.

26 * Sec. 3. AS 37.05 is amended by adding a new section to read:

27 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
 28 created as a special account in the Northern Tobacco Securitization Corporation the
 29 smoking education and cessation account. The corporation shall manage the account
 30 and income earned on money in the account shall be retained in the account until it is
 31 appropriated.

1 Page 5, following line 20:

2 Insert new bill sections to read:

3 ** Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE. (a) The
6 commissioner of revenue is authorized to sell to the Northern Tobacco Securitization
7 Corporation, a subsidiary corporation of the Alaska Housing Finance Corporation created
8 under AS 18.56.086, the right to receive 20 percent annually of the revenue derived from the
9 settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska
10 Super. 1997). The sale of the right to receive revenue under this subsection is in addition to
11 the sale of the right to receive revenue under sec. 9, ch. 130, SLA 2000.

12 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
13 this section are anticipated to be at least \$63,635,075.

14 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 BOND AUTHORIZATION AND PROVISIONS. (a) The Northern Tobacco
17 Securitization Corporation is authorized to issue revenue bonds in principal amounts
18 sufficient to acquire the right to receive revenue described in sec. 6 of this Act from the
19 commissioner of revenue at a price agreed upon by the Northern Tobacco Securitization
20 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
21 of the Northern Tobacco Securitization Corporation secured solely by the right to receive
22 revenue sold to the Northern Tobacco Securitization Corporation under sec. 6 of this Act, and
23 the Northern Tobacco Securitization Corporation may include in agreements with the
24 bondholders a pledge of the right to receive that revenue and the promise of the state to honor
25 that pledge. A pledge made under this section is subject to the provisions of AS 18.56.120,
26 and bonds issued under this section are subject to the provisions of AS 18.56.170, in each case
27 as though "corporation" in those statutes were to mean the Northern Tobacco Securitization
28 Corporation.

29 (b) Subject to agreements with bondholders, the Northern Tobacco Securitization
30 Corporation shall deposit the proceeds of the bonds issued under (a) of this section into the
31 smoking education and cessation account established in AS 37.05.580.

1 * Sec. 8. Section 1(b), ch. 130, SLA 2000, is repealed."

2

3 Renumber the following bill section accordingly.