

HB

234

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAY 06 2001
SENATE FINANCE COMMITTEE

DATE: 5/4/01

FURTHER:

DATE TURNED IN TO OFFICE: 6 May 2001

Finance Committee considered CS FOR HOUSE BILL NO. 234(FIN) am
TOBACCO SETTLEMENT: BONDS & SMOKING PROGRAM

and recommends:

- be replaced with S CS CS HB 234 (FIN)
- adopt previous CS forthcoming (CS)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
RW/Treasury	7/2/00	50.0		#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>				⊕
<i>[Signature]</i>	✓			
<i>[Signature]</i>		XXXXX		
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

Amended &
ADOPTED

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0863\W
Cook
5/6/01

SENATE CS FOR CS FOR HOUSE BILL NO. 234(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

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

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

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

3 INTENT. The legislature intends to provide for the required investment, and intends
4 transfer of ultimate ownership of and responsibility for the state-owned harbor facilities to
5 local municipalities.

6 * **Sec. 2.** AS 37.05 is amended by adding a new section to read:

7 **Sec. 37.05.580. Tobacco use education and cessation fund.** (a) There is
8 created as a special account in the general fund the tobacco use education and
9 cessation fund consisting of appropriation made to the tobacco use education and
10 cessation fund. The purpose of the tobacco use education and cessation fund is to
11 provide a source to finance the comprehensive smoking education, tobacco use
12 prevention, and tobacco control program authorized by AS 44.29.020(a)(15).

13 (b) The legislature may make appropriations from the tobacco use education
14 and cessation fund for the comprehensive smoking education, tobacco use prevention,
15 and tobacco control program established under AS 44.29.020(a)(15).

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

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

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

26 (b) The proceeds to the state of the sale of the right to receive revenue under (a) of
27 this section are anticipated to be at least ~~\$86,683,207.~~
28 89,683,207

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

31 **BOND AUTHORIZATION AND PROVISIONS.** (a) The Northern Tobacco
Securitization Corporation is authorized to issue revenue bonds in principal amounts

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

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

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

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

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

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

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

26 PROJECT

27 Southwest Region - Togiak School Replacement	\$29,182,163
28 Bering Strait - Golovin School Phase III	9,888,192
29 Petersburg City - Fascia/Soffit Repair and Replacement	116,236
30 Yukon-Koyukuk - Nulato Structural Repairs	314,387
31 Bering Strait - Shishmaref School Roof Replacement/	8,342,525

1	Renovation, Phase III	
2	Iditarod Area - Blackwell School Heating Renovation/	173,754
3	Site Repair	
4	Sitka City Borough - Blatchley Exterior Renovation/Repair	346,500
5	Chatham - Angoon Elementary School Major Maintenance	2,066,257
6	Skagway City - Skagway Major Maintenance	35,598
7	Pribilof Island - St. George School Remodel	4,513,164
8	Southwest Region - Clarks Point School Generator Building	35,989
9		
10	TOTAL	<u>\$55,014,765</u>

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

13 PROJECT

14 University of Alaska - Anchorage

15 Science/Biomedical Facilities Renovations/

16 Classroom Renovation/Housing Safety Upgrades/

17 Pool Replacement
 \$10,990,800 |

18 Kodiak - Vocational/Technical Classroom

19 Rehabilitation and Completion
 400,000 |

20 University of Alaska - Southeast

21 Egan Classroom
 \$ 2,500,000 |

22 Ketchikan - Robertson/Hamilton Technical

23 Education Complex Remodel
 1,500,000 |

24 Matanuska-Susitna Ortner Warehouse Replacement
 654,000 |

25 University of Alaska - Fairbanks

26 Museum Expansion
 4,000,000 |

27 Bristol Bay Campus Addition
 1,000,000 |

28

29 TOTAL

\$ 21,044,800

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	Ketchikan - Thomas Basin Harbor, Ryus Float,	3,938,000
3	Bar Harbor South, Bar Harbor North,	
4	Hole-in-the-Wall Harbor, Knudson Cove Harbor	
5	Sitka - Thomsen Harbor, Crescent Harbor, Sealing	2,234,500
6	Cove Harbor	
7	Anchorage - Intermodal Marine Facility - Harbor	3,000,000
8	Dock and Supporting Facilities Improvement	6,000,000
9	Pelican - Pelican Boat Harbor	1,451,142
10		
11	TOTAL	\$ 10,623,642

13,623,642

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

- 15 * Sec. 5. Section 1(b), ch. 130, SLA 2000, is repealed.
- 16 * Sec. 6. This Act takes effect July 1, 2001.

SENATE FINANCE COMMITTEE
~~2000~~ COMMITTEE ACTION

5/6/01

Bill Number	HB 234		
Amendment	CS "H" amended		
Motion	Report from Committee		
<u>Motion by</u>	Donley		
<u>Objection by</u>	Wilken / Hoffmann		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman	✓		
Senator Green	✓		
Senator Hoffman			✓
Senator Leman	✓		
Co-Chair Donley	✓		
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	7		
Nay	2		
Absent	1		
<u>MOTION</u>	PASS		

SENATE FINANCE COMMITTEE
-2000 COMMITTEE ACTION

5/6/01

Bill Number	HB 234		
Amendment	"W" amended		
Motion	adopt as workdraft		
<u>Motion by</u>			
<u>Objection by</u>			
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman	✓		
Senator Green	✓		
Senator Hoffman			✓
Co-Chair Donley	✓		
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	7		
Nay	2		
Absent	-		
<u>MOTION</u>	PASS		

SENATE CS FOR CS FOR HOUSE BILL NO. 234(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

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16 * Sec. 6. This Act takes effect July 1, 2001.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 5/6/01 TIME: 7:00 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
SCS CS HB 234 (FIN) 22-LS0863\W
5/6/01

+ 1 amendment: pg 5, line 7
delete \$ 3,000,000 insert: \$ 6,000,000
line 11 delete \$ 10,623,642 insert: \$ 13,623,642

*Thx
Mindy*

Department of Revenue Fiscal Note and Bill Analysis
SCS CSHB 234 (HES) – May 4, 2001

BOND ISSUE

This legislation authorizes the Department of Revenue to sell 40% 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.

NEW GENERAL FUND ACCOUNT

This legislation (in Section 2, AS 37.05.580) creates a new special account in the state General Fund called the Tobacco Use Education and Cessation Fund. The fund would be available for legislative appropriation.

FISCAL NOTE COSTS

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

There would be no additional cost to the Treasury Division for the new special account within the General Fund (the Tobacco Use Education and Cessation Fund).

PETERSBURG HARBOR BOARD
PO BOX 1047
PETERSBURG, AK 99833
Phone: 907-772-4688 Fax: 907-772-4687


DATE: 05/04/01

RE: HB 234 - TOBACCO SETTLEMENT: BONDS & SMOKING PROGRAM

DEAR Mr. Chairman,

We strongly recommend that HB 234, pertaining to the funding of ports and harbors be approved for construction and renovation for our harbors here in Petersburg. Our harbors are in poor condition and require much needed repairs. The harbors are the center of Petersburg's economy. Please consider passage of this bill. Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Weeden", with a long horizontal line extending to the right.

Dean Weeden
Petersburg Harbor Board/Chairman

SENATE COMMITTEE REPORT

DATE: 4/30/01

FURTHER: Finance

DATE TURNED IN TO OFFICE: 05/04/01

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 234(FIN) am
 TOBACCO SETTLEMENT: BONDS & SMOKING PROGRAM

and recommends:

- be replaced with SCS CS HB 234 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Revenue	4/27/01	x		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Don D. Swan</i>				✓
<i>[Signature]</i>			✓	
<i>[Signature]</i>		✓		
CHAIR: <i>[Signature]</i>			✓	

SENATE FINANCE COMMITTEE

SIGN-IN

HB 234-TOBACCO SETTLEMENT: BONDS & SMOKING PROGRAM

NAME: James Anderson Subject/Bill No: HB 234
Co./Dept./Title: Health Promotion Phone: 4165-5709
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions Only

NAME: John Ritney Subject/Bill No: HB 234
Co./Dept./Title: AHEC Phone: 330-8445
Address: 4300 Bonifant Anchorage Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions