

HB

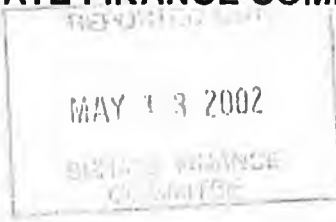
524

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/02



FURTHER:

DATE TURNED IN TO OFFICE: 13 May 2002

Finance Committee considered **CS FOR HOUSE BILL NO. 524(FIN)**
HB 524 G.O. BONDS: SCHOOLS & STATE FACILITIES

"An Act relating to the issuance of general obligation bonds for the purpose of paying the cost of design, construction, and major maintenance of educational and museum facilities; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB 524 (FIN)
- 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	7/02	12,320.7		#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>			✓	
<i>Alan Custer</i>			✓	
<i>Bob ...</i>				✓
<i>Gary ...</i>			✓	
<i>Henry ...</i>			✓	
<i>Larry ...</i>				✓
COCHAIR: <i>Jeff ...</i>				✓
COCHAIR: <i>Kate ...</i>	✓			

FISCAL NOTE

MAY 3 2002

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 524(FIN)
 (H) Publish Date: 5/3/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title General Obligation Bonds: BRU Revenue Operations
Schools and State Facilities Component Treasury Division
 Sponsor House Finance Committee
 Requester House Finance Committee Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel		15.0				
Contractual		525.2	15.0	15.0	15.0	15.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		11,780.5	11,779.6	11,780.9	11,780.2	11,782.9
TOTAL OPERATING		12,320.7	11,794.6	11,795.9	11,795.2	11,797.9

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

1002 Federal Receipts						
1003 GF Match						
1004 GF		11,785.5	11,794.6	11,795.9	11,795.2	11,797.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Bond Proceeds		535.2				
TOTAL		12,320.7	11,794.6	11,795.9	11,795.2	11,797.9

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the issuance of \$152,914,583 in general obligation bonds to pay for the cost of design, construction and maintenance of public schools and state facilities.

If approved by the legislature this session, the proposal would be on the November 2002 general election ballot for voter authorization. Assuming voter approval, the intent is to issue the \$152,914,583 of bonds in the spring of 2003. However, the State Bond Committee would determine the actual timing, amount and term of the bond sales based on project demand and market conditions. As much as \$535,201 of the bond issue will be used to pay the costs of issuing the bonds including rating agency, printing, public notice, travel, financial adviser and bond counsel fees.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division Treasury Division Date/Time 5/3/02 8:45 AM
 Approved by: Larry Persily, Deputy Commissioner Date 05/03/2002
 Agency Department of Revenue

FISCAL NOTE #1

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

BILL NO. CSHB 524(FIN)

ANALYSIS CONTINUATION

It is anticipated that these bonds will be sold on a competitive basis, with the bonds being awarded to the bidder with the lowest true interest cost. As this structure almost always results in a net premium bond position, it is expected the bonds will be remarketed and the premium used to pay the underwriter's sales force and expenses. The cost of remarketing these bonds is estimated at \$760,000.

Assuming an interest rate of 4.85% (approximately 25 basis points higher than current rates), and a 20-year term, the annual debt service would be approximately \$11.8 million per year beginning in FY2004. If this rate increases by 1% prior to selling bonds, the annual cost would increase to \$13.0 million.

SENATE CS FOR CS FOR HOUSE BILL NO. 524(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND 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 issuance of general obligation bonds for the purpose of paying
2 the cost of design, construction, and major maintenance of educational and museum
3 facilities; and providing for an effective date."

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

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

7 GENERAL OBLIGATION BONDS. For the purpose of paying the cost of design,
8 construction, and major maintenance of educational and museum facilities, general obligation
9 bonds of the state in the principal amount of not more than \$201,166,746, if ratified by a
10 majority of the qualified voters of the state who vote on the question, shall be issued and sold.
11 The full faith, credit, and resources of the state are pledged to the payment of the principal of
12 and interest and redemption premium, if any, on the bonds. The bonds shall be issued under
13 the provisions of AS 37.15 as those provisions read at the time of issuance.

14 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 EDUCATIONAL AND MUSEUM FACILITY DESIGN, CONSTRUCTION, AND
3 MAJOR MAINTENANCE FUND. If the issuance of the bonds is ratified by a majority of
4 the qualified voters of the state who vote on the question, a special fund of the state to be
5 known as the "educational and museum facility design, construction, and major maintenance
6 fund" shall be established, to which shall be credited the proceeds of the sale of the bonds
7 described in sec. 1 of this Act except for the accrued interest and premiums.

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

10 DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The amount of
11 \$134,462,746 is appropriated from the educational and museum facility design, construction,
12 and major maintenance fund to the Department of Education and Early Development to be
13 awarded as grants for design, construction, and major maintenance for public schools, subject
14 to reallocation between projects in accordance with AS 37.07.080(e), for the following
15 projects and estimates:

PROJECT	MUNICIPALITY OR REAA LOCATION	AMOUNT
(1) Tuluksak School improvement	Yupiit	\$17,703,793
(2) Akiak School improvement	Yupiit	13,228,730
(3) Akiachak School improvement	Yupiit	19,099,094
(4) Scammon Bay replacement school	Lower Yukon	17,029,762
(5) Teller K-12 remodel/addition	Bering Strait	9,426,570
(6) Hooper Bay addition/renovation	Lower Yukon	24,423,467
(7) Circle School replacement	Yukon Flats	4,068,521
(8) Naukati School replacement	Southeast Island	4,018,031
(9) Sheldon Point (Nunam Iqua) school improvement	Lower Yukon	7,285,492
(10) White Mountain K-12 remodel/ addition	Bering Strait	11,387,668
(11) Arctic Village addition/renovation	Yukon Flats	6,791,618

31 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 UNIVERSITY OF ALASKA. The amount of \$61,704,000 is appropriated from the
3 educational and museum facility design, construction, and major maintenance fund to the
4 University of Alaska for the following design, construction, and major maintenance projects,
5 subject to reallocation between projects in accordance with AS 37.07.080(e):

6	PROJECT	LOCATION	AMOUNT
7	(1) BioScience class/laboratory,	Fairbanks	\$21,500,000
8	infrastructure design, buildout,		
9	and site development		
10	(2) Integrated science facility,	Anchorage	8,400,000
11	Phase 1		
12	(3) Lena Point fisheries laboratory	Juneau	9,000,000
13	(4) Prince William Sound building	Valdez	1,500,000
14	acquisition		
15	(5) Classroom expansion	Kenai	850,000
16	(6) Classroom completion	Sitka	540,000
17	(7) Classroom addition/land	Homer	3,000,000
18	acquisition, Phase 1		
19	(8) Biomedical facility addition	Anchorage	4,750,000
20	(9) West Ridge research addition	Fairbanks	2,000,000
21	(10) Paul/Ziegler classroom	Ketchikan	3,900,000
22	renovation		
23	(11) Prince William Sound	Valdez	835,000
24	classroom building renovation		
25	(12) Matanuska-Susitna classroom	Palmer	650,000
26	building renovation		
27	(13) Robertson classroom/parking	Ketchikan	385,000
28	lot renovations		
29	(14) Classroom building renovations	Kodiak	500,000
30	(15) Tanana Valley space renovation	Fairbanks	2,000,000
31	(16) Chukchi classroom building	Kotzebue	580,000

1	renovation		
2	(17) Interior/Aleutians classroom	Interior/Aleutians	240,000
3	building renovation		
4	(18) Northwest College classroom	Nome	190,000
5	building renovation		
6	(19) Kuskokwim College classroom	Bethel	180,000
7	building renovation		
8	(20) Bristol Bay Campus addition	Dillingham	704,000

9 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT. The
12 amount of \$5,000,000 is appropriated from the educational and museum facility design,
13 construction, and major maintenance fund to the Department of Community and Economic
14 Development to be awarded as a grant under AS 37.05.315 to the Municipality of Anchorage
15 for renovation of the Anchorage Museum of History and Art.

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

18 STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority
19 of the qualified voters of the state who vote on the question, the amount of \$1,005,834 or as
20 much of that amount as is found necessary is appropriated from the proceeds of the sale of the
21 bonds authorized by this Act to the state bond committee to carry out the provisions of this
22 Act and to pay expenses incident to the sale and issuance of the bonds authorized by this Act.

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

25 ADVANCE PLANNING. Any amount withdrawn from the public facility planning
26 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements
27 financed under this Act shall be reimbursed to the fund from the proceeds of the sale of bonds
28 authorized by this Act.

29 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated

1 balances of the appropriations made in secs. 3 - 5 of this Act lapse under AS 37.25.020 and
2 are appropriated to the state bond committee to redeem bonds sold under this Act. The
3 amounts expended from the general fund to pay the principal, interest, and redemption
4 premium on bonds issued under this Act shall be reimbursed to the general fund from the
5 appropriation made under this section to the extent that the money is not needed to redeem the
6 bonds.

7 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **BALLOT QUESTION.** The question whether the bonds authorized by this Act are to
10 be issued shall be submitted to the qualified voters of the state at the next general election and
11 shall read substantially as follows:

12 **PROPOSITION**

13 State General Obligation Educational and
14 Museum Facility, Design, Construction,
15 and Major Maintenance Bonds \$201,166,746

16 Shall the State of Alaska issue its general obligation bonds in
17 the principal amount of not more than \$201,166,746 for the
18 purpose of paying for the cost of design, construction, and
19 major maintenance of educational and museum facilities?

20 Bonds Yes []

21 Bonds No []

22 * **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).

Amend #1
Failed

22-LS1725\O

1 read:

2 EDUCATIONAL AND MUSEUM FACILITY DESIGN, CONSTRUCTION, AND
3 MAJOR MAINTENANCE FUND. If the issuance of the bonds is ratified by a majority of
4 the qualified voters of the state who vote on the question, a special fund of the state to be
5 known as the "educational and museum facility design, construction, and major maintenance
6 fund" shall be established, to which shall be credited the proceeds of the sale of the bonds
7 described in sec. 1 of this Act except for the accrued interest and premiums.

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

10 DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The amount of
11 \$134,462,746 is appropriated from the educational and museum facility design, construction,
12 and major maintenance fund to the Department of Education and Early Development to be
13 awarded as grants for design, construction, and major maintenance for public schools, subject
14 to reallocation between projects in accordance with AS 37.07.080(e), for the following
15 projects and estimates:

16		MUNICIPALITY OR	
17	PROJECT	REAA LOCATION	AMOUNT
18	(1) Tuluksak School improvement	Yupitit	\$17,703,793,000
19	(2) Akiak School improvement	Yupitit	13,228,736,000
20	(3) Akiachak School improvement	Yupitit	19,099,894,000
21	(4) Scammon Bay replacement school	Lower Yukon	17,029,762,000
22	(5) Teller K-12 remodel/addition	Bering Strait	9,426,576,000
23	(6) Hooper Bay addition/renovation	Lower Yukon	24,423,467,000
24	(7) Circle School replacement	Yukon Flats	4,068,521,000
25	(8) Naukati School replacement	Southeast Island	4,018,031,000
26	(9) Sheldon Point (Nunam Iqua)	Lower Yukon	7,285,492,000
27	school improvement		
28	(10) White Mountain K-12 remodel/ 29 addition	Bering Strait	11,387,668,000
30	(11) Arctic Village addition/renovation	Yukon Flats	6,791,618,000

31 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to

change total
amount accordingly

SENATE FINANCE COMMITTEE
5/13/2002 COMMITTEE ACTION

Bill Number	SB 524		
Amendment	Amend #1		
Motion	adopt		
<u>Motion by</u>			
<u>Objection by</u>			
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Austerman			✓
Senator Green	✓		
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson			✓
Senator Ward			✓
Senator Wilken			✓
Co-Chair Donley			✓
Co-Chair Kelly			✓
<u>Tally</u>			
Yea	2		
Nay	7		
Absent	1		
<u>MOTION</u>		FAIL	