

HB

169

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 169
 (H) Publish Date: 3/9/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: School Construction BRU: Revenue Operations
 Component: Treasury Division
 Sponsor: Rules Committee
 Requester: Governor Component Number: 121

Expenditures/Revenues (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						
Contractual	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
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						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	50.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the sale of 40% of the state's portion of the Master Tobacco Settlement 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 costs of issuing the bonds and funding of a debt service reserve).

This would be the second sale of the state's portion of the Master Tobacco Settlement. The first sale was also for 40% of the settlement, which secured an issuance of \$116,050,000 in asset-backed bonds in October 2000. After funding a debt service reserve, a capitalized interest account, costs of issuance, and costs of operation for two years, the October 2000 issuance made \$93 million available for capital projects.

The anticipated term of this issuance is approximately 15 years, with the ability to extend term to a maximum of 30 years if revenues are lower than forecast. The second sale is expected to yield at least \$127,270,151 for capital projects. The increased issuance amount is expected to fully utilize the settlement revenues for a 30-year term. However, to the extent there are residual settlement revenues, they will revert to the state upon final payment of the bonds.

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

Prepared by: Deven Mitchell, Debt Manager Phone 465-3409
 Division: Treasury Division Date/Time 02/27/2001 8 a.m.
 Approved by: Larry Persily, Deputy Commissioner Date 02/27/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 169
 (H) Publish Date: 3/9/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: School Construction BRU: Alaska Housing Finance Corp.
 Component: Operations
 Sponsor: Rules Committee
 Requester: Governor Component Number: 110

Expenditures/Revenues (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						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	127,270.2					
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CHANGE IN REVENUES ()	(9,727.0)	(9,855.8)	(8,672.9)	(8,769.1)	(8,884.9)	(9,001.1)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	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)

The capital expenditures are the proceeds from the sale of revenue bonds issued by the Northern Tobacco Securitization Corp. (NTSC) under Section 2 of this legislation. Debt service to repay the bonds will come from tobacco settlement funds that otherwise would have gone to the state treasury in future years. The annual reduction in unrestricted state revenue shown above is based on the purchase of 40% of the state's proceeds from the Master Settlement Agreement, factoring in cigarette consumption from the WEFA base case estimate.

Operational costs for the NTSC and for AHFC in the transaction will be covered either by future budget authorizations or as part of the issuance costs of NTSC. No budget authorizations are necessary with this fiscal note.

Prepared by: John Bitney, Legislative Liaison Phone 330-8445
 Division: Alaska Housing Finance Corp. Date/Time Feb. 27, 2001, 3 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date Feb. 27, 2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office