

SB

279

# ALASKA STATE HOUSE OF REPRESENTATIVES

Session Address  
Alaska State Capital, Room 408  
Juneau, AK 99801  
Phone: 907-465-4527  
Fax: 907-465-2197



**Representative Carl Morgan, Chair  
District 6**

## MEMORANDUM

Date: May 6, 2004

To: Representative Pete Kott  
Speaker of the House

From: Representative Carl Morgan, Chair  
House Community and Regional Affairs Committee

Re: CSSB 279 (FIN) AHFC Water and Sewer bonds

---

I request that SB 279 "*An Act authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation for safe and clean water and hygienic sewage disposal facility capital projects and other capital projects; providing for the repayment of the bonds and bond costs; relating to the dividend paid to the state by the Alaska Housing Finance Corporation; and providing for an effective date.*" be waived from the House Community and Regional Affairs Committee. The following committees members have indicated their support by signing below.

Handwritten signature of Kelly Wolf.

Representative Kelly Wolf, Vice Chair

Handwritten signature of Ralph Samuels.

Representative Ralph Samuels

Handwritten signature of Tom Anderson.

Representative Tom Anderson

Handwritten signature of Sharon Cissna.

Representative Sharon Cissna

Handwritten signature of Pete Kott.

Representative Pete Kott

Handwritten signature of Albert Kookesh.

Representative Albert Kookesh

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 279  
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Issuance of Bonds by AHFC for RDU Alaska Housing Finance Corp.  
Capital Projects Component Operations  
 Sponsor Rules Committee  
 Requester Governor Component No. 110

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill authorizes the issuance of bonds by the Alaska Housing Finance Corporation for safe and clean water and hygienic sewage disposal facility capital projects and other capital projects.

This legislation will not have a fiscal impact on the Department of Revenue.

Prepared by: Bryan Butcher, Legislative Liaison/Special Assistant Phone 330-8445  
 Division Alaska Housing Finance Corporation Date/Time 12/31/03 9:03 AM  
 Approved by: Tomas Boutin, Deputy Commissioner Date 12/31/2003  
 Agency Department of Revenue

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 279(STA)  
(S) Publish Date: 2/13/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title AHFC Water and Sewer Bonds RDU Alaska Housing Finance Corp.  
Sponsor Rules Committee Component Operations  
Requester Governor Component No. 110

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>
-------------------------------	------------	------------------	------------------	------------------	------------------	------------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
Under AS 18.56.089(2)(a), activities of the corporation that relate to the issuance of obligations and the repayment of debt obligations are exempt from the provisions of the Executive Budget Act. These costs are included in the bond authorizations of the bill. Bonds issued under this legislation will be paid from the annual dividend to the state general fund under 18.56.089(c). This bond issuance will result in a reduction in the annual dividend. The term of the bonds is expected to be ten years.

Estimates for debt service and other costs are based on a number of assumptions, including future interest rates and bond ratings. Operational costs for issuing and monitoring these bonds will be done with existing personnel and within the authorized operating budget for FY2005 and beyond. No budget authorizations are necessary with this fiscal note.

Prepared by: Bryan Butcher, Legislative Liaison/Special Assistant Phone 330-8445  
Division Alaska Housing Finance Corporations Date/Time 2/9/04 9:50 AM  
Approved by: Tom Boutin, Deputy Commissioner Date 2/9/2004  
Agency Department of Revenue



**Headquarters:**  
4300 Boniface Parkway  
Anchorage, AK 99504  
907-338-6100

**Mailing Address:**  
PO Box 101020  
Anchorage, AK 99510

**Internet Web Site:**  
<http://www.ahfc.state.ak.us>

---

## **Senate Bill 279**

Senate Bill 279 will provide \$25 million for village safe and clean water and hygienic sewage disposal facilities projects and other capital projects. The village safe water projects that will be funded with bond proceeds have historically been funded through cash from the Corporation's annual dividend to the State.

Estimated debt service on the \$25 million in bonds, based on current interest rates, is approximately \$3 million per year for 10 years. These debt service payments, per Sections 2 and 4 of the bill, would be deducted from AHFC's annual Dividend provided for by AS18.56.089(c).

Preliminary indications from rating analysts are that there will be no negative impact upon the Corporation's ratings from this proposed issuance. Those indications are given based upon the passage of this bill and Senate Bill 274, which replaces the Housing Assistance Loan Fund (a rural revolving loan fund) with the Housing Assistance Loan Program (a rural loan program). This bill will allow the Corporation to transfer the loans to the General Account and leverage them to help strengthen the Corporation's General Account.

