

HB

561

**Draft Amendment #1
to CSHB 561 (FIN)**

Delete Page 2, Line 16-17 Anchorage – Abbott Loop Road Upgrade (68 th Avenue to Abbott Road)	15,000,000
Insert Page 2, Line 16 Anchorage – Abbott Loop Road Upgrade (68 th Avenue to Abbott Road)	11,000,000
Delete Page 3, Line 25 Jewel Lake Road and Strawberry Road signalization	1,100,000
Insert Page 3, Line 25 Anchorage - Jewel Lake Road and Strawberry Road signalization	2,000,000
Insert After Line 27 Anchorage – Dowling Road Upgrade (Laurel Street to Abbott Loop Road)	3,100,000
Delete Page 2, Line 31 Fairbanks – Steese Highway corridor safety and capacity	7,500,000
Insert Page 2, Line 31 Fairbanks – Parks Highway rehabilitation (Ester to Fairbanks)	7,500,000
Delete Page 3, Line 18 Wrangell – Heritage Harbor renovation	1,400,000
Insert Page 3, Line 18 Wrangell – Heritage Harbor construction	1,400,000

Alaska State Legislature
House Finance Committee

REPRESENTATIVE
BILL WILLIAMS

Co-Chair

(907) 465-3424

Fax: (907) 465-3793

INTERIM ADDRESS

50 Front Street, Suite 203

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Juneau, AK 99801-1132

Sponsor Statement
for
House Finance
Committee Substitute for
House Bill 561

House Bill 561 would authorize a vote of the people on general obligation bonds issued by the State of Alaska for statewide transportation projects.

The proposal, totaling \$93,280,000 million for major transportation projects around the state, would provide additional funding for Alaska's transportation infrastructure.

House Bill 561 is similar to legislation unanimously adopted by the legislature two years ago that authorized \$123,914,500 in general obligation bond authority. That proposal was adopted by 67.75% of the voters at the November 2002 general election.

Supplementing federal funding with state general obligation bonds is the right step in addressing our transportation infrastructure backlog by accelerating the completion of many statewide projects.

Alaskans in every area of the state have unmet transportation needs and passage of this measure will start meeting these needs now, so we can all enjoy the benefits sooner.

If adopted, this proposal would be placed on the ballot at this November's general election.

23-LS1960\Q
Cook
5/6/04

**SENATE CS FOR CS FOR HOUSE BILL NO. 561(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for and relating to the issuance of general obligation bonds in a**
2 **principal amount of not more than \$88,555,000 for the purpose of paying the cost of**
3 **state transportation projects; 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 state
8 transportation projects, general obligation bonds of the state in the principal amount of not
9 more than \$88,555,000, if ratified by a majority of the qualified voters of the state who vote
10 on the question, shall be issued and sold. The full faith, credit, and resources of the state are
11 pledged to the payment of the principal of and interest and redemption premium, if any, on
12 the bonds. The bonds shall be issued under the provisions of AS 37.15 as those provisions
13 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 TRANSPORTATION PROJECT FUND. If the issuance of the bonds described in
3 sec. 1 of this Act is ratified by a majority of the qualified voters of the state who vote on the
4 question, a special fund of the state to be known as the "transportation project fund" shall be
5 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1
6 of this Act except for the accrued interest and premiums.

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

9 TRANSPORTATION PROJECT ALLOCATION. The amount of \$88,555,000 is
10 appropriated from the transportation project fund to the Department of Transportation and
11 Public Facilities to be allocated among the following transportation projects in the amounts
12 listed subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	ALLOCATION
Federal earmark match for state highway system projects	\$5,000,000
Anchorage - Abbott Loop Road upgrade (68th Avenue to Abbott Road)	15,000,000
Anchorage - Lake Otis and Tudor intersection improvements	8,500,000
Chugiak Birchwood Eagle River rural road service area - road and drainage rehabilitation	700,000
Glenn Highway lighting - Artillery Road overpass - South Birchwood	330,000
Matanuska - Susitna - Bogard Road extension East	6,600,000
Matanuska - Susitna - Trunk Road hospital access	1,000,000
Kenai - Sterling Highway Kasilof River safety area improvements	4,000,000
Kenai Borough - road improvements	2,000,000
City of Kenai - road improvements	1,000,000
Fairbanks - Steese Highway corridor safety and capacity	7,500,000

1	improvements	
2	Fairbanks - Cowles Road upgrade	1,200,000
3	Sitka - Old Thomsen Harbor renovation	2,500,000
4	Juneau - areawide transportation improvements	2,300,000
5	Ketchikan - Thomas Basin Harbor, Ryus float. Bar	2,650,000
6	Harbor North, Hole-in-the-Wall Harbor, Knudson Cove	
7	harbor renovations	
8	Ketchikan Gateway Borough - road and pedestrian	500,000
9	improvements	
10	City of Ketchikan - road and pedestrian improvements	500,000
11	Kodiak Island Borough - airport terminal acquisition and	1,000,000
12	reconstruction	
13	Port Lions - public dock replacement	500,000
14	Nome - city streets improvements	1,650,000
15	Kotzebue and Noatak - road and facility	1,400,000
16	maintenance and equipment	
17	Petersburg - Middle Harbor renovation	2,200,000
18	Wrangell - Heritage Harbor construction	1,400,000
19	Valdez - harbor deferred maintenance	1,000,000
20	Homer - deep water dock corrosion	450,000
21	Chignik - public dock project	1,000,000
22	Adak - small boat harbor expansion	3,000,000
23	Whittier - harbor renovation	1,500,000
24	Statewide harbor deferred maintenance	4,800,000
25	Jewel Lake Road and Strawberry Road signalization	1,100,000
26	Donlin Creek - Crooked Creek/Donlin Creek	2,000,000
27	access road	
28	City of Seward - travel lift replacement	275,000
29	and dock rebuild	
30	City of Soldotna - road improvements	500,000
31	Wrangell - Bradfield Canal Road planning and design	500,000

1	Sitka - Overlay Halibut Point Road	1,000,000
2	Southeast regional freight consolidation and	2,000,000
3	cold storage construction	
4	Total	\$88,555,000

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

7 STATE BOND COMMITTEE. If the issuance of the bonds under sec. 1 of this Act is
8 ratified by a majority of the qualified voters of the state who vote on the question, the amount
9 of \$442,775 or as much of that amount as is found necessary is appropriated from the general
10 fund of the state to the state bond committee to carry out the provisions of this Act and to pay
11 expenses incident to the sale and issuance of the bonds authorized in sec. 1 of this Act. The
12 amounts expended from the appropriation authorized by this section shall be reimbursed to
13 the general fund from the proceeds of the sale of the bonds authorized by sec. 1 of this Act.

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

16 ADVANCE PLANNING. The amount withdrawn from the public facility planning
17 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements
18 financed under sec. 3 of this Act shall be reimbursed to the fund from the proceeds of the sale
19 of bonds authorized by sec. 1 of this Act.

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

22 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated
23 balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is
24 appropriated to the state bond committee to redeem bonds sold under sec. 1 of this Act. The
25 amounts expended from the general fund to pay the principal, interest and redemption
26 premium on bonds issued under sec. 1 of this Act shall be reimbursed to the general fund
27 from the appropriation made under this section to the extent that the money is not needed to
28 redeem the bonds.

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

31 BALLOT PROPOSITION. The question whether the bonds authorized in this Act are

1 to be issued shall be submitted to the qualified voters of the state at the next general election
2 and shall read substantially as follows:

3 PROPOSITION

4 State General Obligation State Transportation Project Bonds \$88,555,000

5 Total Bond Authorization \$88,555,000

6 Shall the State of Alaska issue general obligation bonds in the principal
7 amount of not more than \$88,555,000 for the purpose of paying the cost of
8 state transportation projects?

9 Bonds Yes []

10 Bonds No []

11 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).



ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Official Business

Senator Tom Wagoner, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 30
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-3922

Amendment #2 CS HB 561 (FIN)

Modifications

Page 2, Line 14:

Federal earmark match lowered from \$15 million to \$5 million

Page 3, Line 17:

Petersburg Middle Harbor renovation increased from \$1.2 million to \$2.2 million to fully fund this requirement

Additions:

The following projects have been added beginning on Page 3, Line 28 and continuing to Page 4, Line 3:

City of Seward – travel lift replacement and dock rebuild	275,000
City of Soldotna – road improvements	500,000
Wrangell – Bradfield Canal Road planning and design	500,000
Sitka – Overlay Halibut Point Road	1,000,000
Southeast regional freight consolidation/cold storage construction	2,000,000

Result:

These changes lower the total bonding authority of the bill by \$4,725,000 to \$88,555,000 and lower the amount allocated to the state bond committee for expenses from \$466,400 to \$442,775.



ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

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State Capitol, Room 30
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-3922

TO: Tam Cook
LAA, Legal Services

FROM: Senator Bert K. Stedman *463*
per

DATE: May 6, 2004

SUBJECT: REVISED CS for CS HB 561 (FIN)

Senate CRA will be hearing HB 561 tomorrow afternoon. Please draft a new CS with the following changes:

Modifications:

- Page 1, Line 2: reduce \$93,280,000 to **\$88,555,000**
- Page 1, Line 9: reduce \$93,280,000 to **\$88,555,000**
- Page 2, Line 14: reduce 15,000,000 to 5,000,000
- Page 3, Line 17: increase 1,200,00 to 2,200,00
- Page 3, Line 18: replace "renovation" with "construction"

Additions:

Please add the following projects to the bill

City of Seward – travel lift replacement and dock rebuild	275,000
City of Soldotna – road improvements	500,000
Wrangell – Bradfield Canal Road planning and design	500,000
Sitka – Overlay Halibut Point Road	1,000,000
Southeast regional freight consolidation/cold storage construction	2,000,000

Thank you for your prompt attention to this request. Please call the committee aide, Miles Baker if you have questions x4906

SENATE COMMITTEE REPORT

DATE: 5/5/04

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/7/04

Community and Regional Affairs Committee considered CS FOR HOUSE BILL NO. 561(FIN)

HB 561 G.O. BONDS FOR TRANSPORTATION PROJECTS

"An Act providing for and relating to the issuance of general obligation bonds in a principal amount of not more than \$93,280,000 for the purpose of paying the cost of state transportation projects; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 561 (CRA)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input checked="" type="checkbox"/>	New Title w/ SCR # <u>forthcoming</u>

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
<i>Fiscal info forthcoming</i>					

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>		<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
CHAIR: <i>[Signature]</i>			<input checked="" type="checkbox"/>	

CS FOR HOUSE BILL NO. 561(FIN)

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

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/4/04

Referred: 1st Supplemental Calendar

Sponsor(s): HOUSE FINANCE COMMITTEE

525.1

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for and relating to the issuance of general obligation bonds in a
2 principal amount of not more than \$93,280,000 for the purpose of paying the cost of
3 state transportation projects; and providing for an effective date."

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

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6 to read:

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8 transportation projects, general obligation bonds of the state in the principal amount of not
9 more than \$93,280,000, if ratified by a majority of the qualified voters of the state who vote
10 on the question, shall be issued and sold. The full faith, credit, and resources of the state are
11 pledged to the payment of the principal of and interest and redemption premium, if any, on
12 the bonds. The bonds shall be issued under the provisions of AS 37.15 as those provisions
13 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:

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3 sec. 1 of this Act is ratified by a majority of the qualified voters of the state who vote on the
4 question, a special fund of the state to be known as the "transportation project fund" shall be
5 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1
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11 Public Facilities to be allocated among the following transportation projects in the amounts
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PROJECT	ALLOCATION
Federal earmark match for state highway system projects	\$15,000,000 <i>5,000,000</i>
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Anchorage - Lake Otis and Tudor intersection improvements	8,500,000
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Glenn Highway lighting - Artillery Road overpass - South Birchwood	330,000
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Kenai Borough - road improvements	2,000,000
City of Kenai - road improvements	1,000,000
Fairbanks - Steese Highway corridor safety and capacity	7,500,000

1	improvements	
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5	Ketchikan - Thomas Basin Harbor, Ryus float, Bar	2,650,000
6	Harbor North, Hole-in-the-Wall Harbor, Knudson Cove	
7	harbor renovations	
8	Ketchikan Gateway Borough - road and pedestrian	500,000
9	improvements	
10	City of Ketchikan - road and pedestrian improvements	500,000
11	Kodiak Island Borough - airport terminal acquisition and	1,000,000
12	reconstruction	
13	Port Lions - public dock replacement	500,000
14	Nome - city streets improvements	1,650,000
15	Kotzebue and Noatak - road and facility	1,400,000
16	maintenance and equipment	
17	Petersburg - Middle Harbor renovation	1,200,000 ^{2,200,000}
18	Wrangell - Heritage Harbor renovation <i>CONSTRUCTION</i>	1,400,000
19	Valdez - harbor deferred maintenance	1,000,000
20	Homer - deep water dock corrosion	450,000
21	Chignik - public dock project	1,000,000
22	Adak - small boat harbor expansion	3,000,000
23	Whittier - harbor renovation	1,500,000
24	Statewide harbor deferred maintenance	4,800,000
25	Jewel Lake Road and Strawberry Road signalization	1,100,000 ^{2,000,000}
26	Donlin Creek - Crooked Creek/Donlin Creek	2,000,000
27	access road	
28	Total	\$93,280,000

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

31 STATE BOND COMMITTEE. If the issuance of the bonds under sec. 1 of this Act is

1 ratified by a majority of the qualified voters of the state who vote on the question, the amount
 2 of \$466,400 or as much of that amount as is found necessary is appropriated from the general
 3 fund of the state to the state bond committee to carry out the provisions of this Act and to pay
 4 expenses incident to the sale and issuance of the bonds authorized in sec. 1 of this Act. The
 5 amounts expended from the appropriation authorized by this section shall be reimbursed to
 6 the general fund from the proceeds of the sale of the bonds authorized by sec. 1 of this Act.

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 10 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements
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 16 balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is
 17 appropriated to the state bond committee to redeem bonds sold under sec. 1 of this Act. The
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 19 premium on bonds issued under sec. 1 of this Act shall be reimbursed to the general fund
 20 from the appropriation made under this section to the extent that the money is not needed to
 21 redeem the bonds.

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 23 read:

24 BALLOT PROPOSITION. The question whether the bonds authorized in this Act are
 25 to be issued shall be submitted to the qualified voters of the state at the next general election
 26 and shall read substantially as follows:

27 PROPOSITION

28 State General Obligation State Transportation Project Bonds \$93,280,000
 29 Total Bond Authorization \$93,280,000

30 Shall the State of Alaska issue general obligation bonds in the principal
 31 amount of not more than \$93,280,000 for the purpose of paying the cost of

1 state transportation projects?

2 Bonds Yes []

3 Bonds No []

4 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 561(FIN)
 (H) Publish Date: 5/4/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title G.O. Bonds for Transportation RDU Revenue Programs & Services
Projects Component Treasury Management
 Sponsor House Finance
 Requester House Finance Component No. 121

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	0.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service	5.0	72.0	72.0	72.0	72.0	72.0
TOTAL OPERATING	5.0	72.0	72.0	72.0	72.0	72.0

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	0.0	72.0	72.0	72.0	72.0	72.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
GO Bond Proceeds	5.0					
TOTAL	5.0	72.0	72.0	72.0	72.0	72.0

Estimate of any current year (FY2004) cost: 0.0
 Check 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)

Authorizes the issuance of \$1 million in general obligation bonds to pay for state transportation projects.

If the bill is passed by the legislature the proposal would be included on the ballot for voter authorization in the fall of 2004. Assuming voter approval the entire authorization of bonds would be issued in the spring of 2005. However, the State Bond Committee would determine the actual timing, amount, and term of the bond sales based on project demand, market conditions and the state fiscal outlook. HB561 provides that \$5.0 will be appropriated from the general fund of the state to pay the costs of issuing the bonds including rating agency, printing, public notice, travel, financial advisor, and bond counsel fees. Therefore that amount is shown in this fiscal note. Fiscal notes for GO bonds typically

Prepared by: Tom Boutin, Deputy Commissioner Phone 465-3750
 Division Treasury Division Date/Time 4/29/04, 5 PM
 Approved by: Steve Porter, Deputy Commissioner Date 4/29/2004
 Agency Department of Revenue

FISCAL NOTE # 1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSHB 561(FIN)

ANALYSIS CONTINUATION

provide for issuance costs of 2% of the amount of bonds to be issued. Issuance costs can be significantly less than that percentage depending on the amount issued. However, GO bond issuance does have fixed costs such as the costs of purchasing ratings from 3 rating agencies and the cost of the Internet service that provides the auction.

This fiscal note assumes level debt service, a 20-year final maturity, and a true interest cost of 3.75%. Interest rates will change between the date of this fiscal note and any date that bonds might be issued. In order to illustrate sensitivity to interest rates; if the true interest cost increased to 4.00%, the annual debt service would increase to \$73.6 from the \$72.0 shown.

These bonds would be sold on a competitive basis with the bonds being awarded to the bidder offering the lowest true interest cost. The bidder would be given the option of purchasing bond insurance.

The interest rates in this fiscal note require the maintenance of the State's credit ratings through this additional bonds issuance, a possible but perhaps unlikely scenario absent a demonstrable additional revenue source in place prior to issuance. The State is currently on negative outlook from Moody's Investors Service. Standard and Poor's and Fitch Services have indicated mid-term concern related to the disparity between ongoing recurring revenues and expenditures, and the continuing and projected depletion of the State's short term reserves. If no steps had been taken to balance recurring revenues with expenditures by the time these bonds were issued, it is likely that the cost of capital would increase for all issuers of Alaska public debt when the state credit ratings were downgraded by at least one of the agencies.