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# ALASKA STATE LEGISLATURE



## SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

Official Business

Senator Alan Austerman  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Robin Taylor

State Capitol, Room 427  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-4779

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DATE: February 6, 2003  
TO: Senate Secretary  
FROM: Senator Tom Wagoner, Chair  
Senate Community and Regional Affairs Committee  
RE: Meeting Schedule: February 10 – February 14, 2003

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February 10: No meeting scheduled.

+ February 12: 8am – 8:45am; Room #532 (Note date, time & place change)

Joint Meeting of House & Senate C&RA Committee  
Presentation of Local Boundary Commission Annual Report

+ February 12: 1:30pm; Fahrenkamp, Room #203

**SB 51:** An Act relating to revenue bonds issued by the Alaska Municipal Bond Bank Authority and the total amount of bonds and notes outstanding of that authority; and providing for an effective date.

February 14: No meeting scheduled.

+ Teleconferenced

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 51  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title Bonds of Bond Bank Authority BRU Investments (122)  
Component Investments  
Sponsor Governor  
Requester Senate Community & Regional Affairs Component No. 383

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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>

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						
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 (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill does not impact the fiscal operations of this department.

Prepared by: Greg Winegar, Director Phone 907-465-2510  
Division Investments Date/Time 2/7/03 10:18 AM  
Approved by: Edgar Blatchford, Commissioner Date 2/7/2003  
Agency Department of Community & Economic Development

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110400  
JUNEAU, ALASKA 99811-0400  
TELEPHONE: (907) 465-2300  
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February 4, 2003

FEB 04 2003

The Honorable Tom Wagoner  
Chair, Senate Community and Regional Affairs Committee  
State Capitol, Room 427  
Alaska State Legislature  
Juneau, AK 99801

Dear Senator Wagoner,

I am writing to request a hearing at the earliest possible date for Senate Bill 51, an act increasing the annual revenue bond issuance limit and the overall debt limit for the Alaska Municipal Bond Bank Authority. Unless we act quickly on this legislation, the Bond Bank will reach its statutory debt issuance limit early this spring and municipalities could lose the opportunity to proceed on schedule with projects this year.

The Alaska Municipal Bond Bank Authority was created in 1975 to assist Alaska municipalities issue bonds for local projects. The Bond Bank Authority is able to realize savings for municipalities by pooling bonds in large numbers and obtaining lower interest rates that result in reduced costs, and often better terms overall, than municipalities could obtain on their own. The purpose of this legislation is to raise the limit on the amount of revenue bonds the Authority may issue in any one fiscal year and to raise the limit on the total outstanding bond debt the Authority may carry on its books. The Legislature has not raised these limits since 1983 and 1984, respectively.

An increase in the amount of the Authority's indebtedness limit will not have a fiscal impact on the state's General Fund. Bond Bank debt is not a direct liability of the state, and the municipalities that use the Authority pay all of the debt service on the bonds.

As of January 23, 2003, the Bond Bank had issued \$27,145,000 in revenue bonds in Fiscal 2003, and there were \$235,655,878 in bonds outstanding. The existing limits in statute are \$50 million in any one year in revenue bonds and \$300 million in total bonds outstanding. Additional projects scheduled for funding in the next three months are the City and Borough of Juneau's hospital expansion at \$25 million, the City and Borough of Juneau's port improvement at \$5.6 million, the City of Valdez' hospital replacement at \$19 million, the Lake and Peninsula Borough's Chignik dock project at \$1 million, and the Kodiak Island Borough \$3.3 million refinancing of existing debt. Following these bond issues, the Authority would be at

\$289,555,878 in total bonds outstanding, just \$11 million shy of its statutory limit, and have exceeded the \$50 million limit on revenue bonds by over \$6 million.

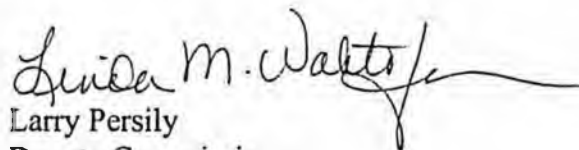
Additional expected financing activity includes the City of Homer seawall at \$1 million and dock improvements at \$1 million, Aleutians East Borough school and dock improvements, Kenai Peninsula Borough solid waste project, City of Fairbanks fire protection facility, Northwest Arctic Borough school projects, and the City of Petersburg \$1 million refinancing of existing debt. The combination of these would exceed the Authority's debt limit.

An increase in the annual bonding cap under AS 44.85.100(b) from \$50 million to \$75 million would enable the Authority to act on the applications it has received from municipalities this fiscal year. And, the increase in the cap on the total outstanding debt from \$300 million to \$500 million under AS 44.85.180(c) would enable the Authority to issue the bonds and notes already applied for as well as those that are anticipated this fiscal year. The Bond Bank has sufficient reserve capacity to continue financing capital projects up to the requested \$500 million cap.

Because of the timing on several of these municipal projects, the Bond Bank Authority requests expedited action on this legislation. We would need final approval by both chambers and signature into law by March 1 to avoid any delays — or additional costs — to the municipalities.

Thank you for your consideration, and please let me know if you have any questions. Or you also may contact Deven Mitchell, State Debt Manager, at 465-3750.

Sincerely,

  
Larry Persily  
Deputy Commissioner

c: Mike Tibbles, Legislative Liaison, Office of the Governor