

SB

279

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/13/04

REPORTED OUT
MAR 22 2004
SENATE FINANCE COMMITTEE
SENATE BILL NO. 279

FURTHER:

DATE TURNED IN TO OFFICE: 3/22/04

Finance Committee considered

SB 279 AHFC WATER & SEWER BONDS

"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."

and recommends:

- be replaced with _____ CS SB 279 (FIN)
- adopt previous _____ CS AS FORTHCOMING _____
- 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 Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | Indet. | FN# |
|------------|--------|--------|------|--------|-----|
| DOR | 3/9/04 | | ✓ | | |
| | | | | | |
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PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|------|--------|--------|------|-----|
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| | | | | | |
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>Frank...</i> | ✓ | | | |
| <i>...</i> | ✓ | | | |
| <i>...</i> | | | ✓ | |
| <i>Ben...</i> | ✓ | | | |
| <i>...</i> | ✓ | | | |
| COCHAIR: <i>...</i> | ✓ | | | |
| COCHAIR: <i>...</i> | ✓ | | | |

MAR 22 2004

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB279(STA)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title AHFC Water and Sewer Bonds RDU Alaska Housing Finance Corp.
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 | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|------------|------------------|------------------|------------------|------------------|------------------|
| CHANGE IN REVENUES () | 0.0 | (6,000.0) | (6,000.0) | (6,000.0) | (6,000.0) | (6,000.0) |
|-------------------------------|------------|------------------|------------------|------------------|------------------|------------------|

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) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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 3/9/04 8:21 AM
Approved by: Tom Boutin, Deputy Commissioner Date 3/9/2004
Agency Department of Revenue

SENATE FINANCE
COMMITTEE

Amendment Number: #1
Bill Number: SB 279
Sponsor: Wilken/Green Date: 3/8/04
Logged In By: Mindy

AMENDMENT

Adopted

OFFERED IN THE SENATE
TO: CSSB 279 (STA)

BY SENATORS WILKEN & GREEN

Page 5, line 9:

Delete: \$5,181,700

Insert: \$25,181,700

1 the corporation during fiscal year 2008, other than an appropriation for the
2 corporation's operating budget.

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

5 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
6 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation is
7 authorized to issue bonds in an amount sufficient to finance \$19,818,300 in capital
8 improvements for village safe and clean water and hygienic sewage disposal facilities either
9 directly or as matching money required by grants for those purposes, and ~~\$5,181,700~~ to
10 finance other capital projects. AS 18.56.110 - 18.56.190 apply to bonds issued under this
11 section.

12 (b) The Alaska Housing Finance Corporation shall make the proceeds of bonds issued
13 under (a) of this section available to government departments, agencies, and other government
14 entities identified in appropriations of the bond proceeds as necessary to accommodate the
15 construction schedule for each of the projects for which the bond proceeds are appropriated.
16 All income realized by the Alaska Housing Finance Corporation on the bond proceeds may be
17 used by the corporation solely for payments of the principal of and interest on the bonds or
18 other costs related to the bonds.

19 (c) The Alaska Housing Finance Corporation shall determine the amount of
20 unrestricted revenue necessary, after payments under (b) of this section, for the payment of
21 costs related to the bonds and notify the legislature.

22 (d) The amount determined under (c) of this section necessary for the payment of all
23 costs associated with or related to the bonds, including principal and interest payments, shall
24 reduce the amount of the Alaska Housing Finance Corporation's dividend to the state under
25 AS 18.56.089, as amended by sec. 2 of this Act.

26 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

25,181,700

SENATE FINANCE COMMITTEE
3/8 / 2003 COMMITTEE ACTION

| | | | |
|----------------------------|---------------------|-------------|---|
| Bill Number | SB 279 | | |
| Amendment | #1 | | |
| Motion | #1 adopt | | |
| <u>Motion by</u> | Green | | |
| <u>Objection by</u> | Wilken | | |
| <u>Removed</u> | ✓ | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | Y | <u>Vote</u> | N |
| Senator Dyson | | | |
| Senator Hoffman | | | |
| Senator Oison | | | |
| Senator Stevens | | | |
| Senator Bunde | | | |
| Co-Chair Green | | | |
| Co-Chair Wilken | | | |
| | | | |
| <u>Tally</u> | | | |
| Yea | | | |
| Nay | | | |
| Absent | | | |
| | | | |
| <u>MOTION</u> | PASS | | |

Master

Proof

OK'd by Sheila 12:15pm 3/22/04
23-GS2128UH

CS FOR SENATE BILL NO. 279(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing and relating to the issuance of bonds by the Alaska Housing
2 Finance Corporation for safe and clean water and hygienic sewage disposal facility
3 capital projects and other capital projects; providing for the repayment of the bonds
4 and bond costs; relating to the dividend paid to the state by the Alaska Housing Finance
5 Corporation; and providing for an effective date."

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

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

9 LEGISLATIVE INTENT. AS 18.56.089(c) provides for the payment of an annual
10 dividend from the Alaska Housing Finance Corporation to the state and appropriation by the
11 legislature of the dividend for capital projects. The legislature intends by this Act to finance
12 village safe and clean water and hygienic sewage disposal facilities under AS 46.07, to
13 provide required matching money for federal grants for the projects, and to finance other

1 capital projects from the proceeds of bonds issued by the Alaska Housing Finance
 2 Corporation authorized by this Act. The legislature also intends by this Act that the amount
 3 of the dividend from the corporation under AS 18.56.089(c) be reduced by the amount of
 4 principal and interest payments on, and costs of, those bonds.

5 * Sec. 2. AS 18.56.089(c) is amended to read:

6 (c) The corporation shall make a dividend available to the state each fiscal
 7 year. The corporation shall pay the dividend for a current fiscal year to the state
 8 before the end of that fiscal year. The legislature may appropriate the dividend for
 9 capital projects. The corporation shall notify the commissioner of revenue of the
 10 amount of each dividend under this subsection for inclusion in the state operating
 11 budget and shall also notify the commissioner when each dividend is available for
 12 payment to the state. The amount of the dividend for a current fiscal year is calculated
 13 as follows:

14 (1) the lesser of \$103,000,000 or 75 percent of the net income of the
 15 corporation for the base fiscal year;

16 (2) minus the amount of money from the corporation used during that
 17 current fiscal year for bond repayment and other costs related to the bonds issued
 18 under

19 (A) ch. 26, SLA 1996, up to a maximum of \$1,000,000;

20 (B) sec. 10(b), ch. 130, SLA 2000;

21 (C) sec. 1, ch. 1, SSSLA 2002;

22 (D) sec. 4 of this Act; and

23 (3) minus any appropriation of unrestricted unencumbered money of
 24 the corporation during the current fiscal year, other than an appropriation for the
 25 corporation's operating budget.

26 * Sec. 3. The uncodified law of the State of Alaska enacted by sec. 2(a), ch. 76, SLA 2003
 27 is amended to read:

28 (a) Notwithstanding the amount of the annual dividend under AS 18.56.089(c),
 29 [ADDED BY SEC. 1 OF THIS ACT], the dividend is calculated as follows for the following
 30 years:

31 (1) fiscal year 2004:

1 (A) \$103,000,000;

2 (B) minus the amount of money from the Alaska Housing Finance
3 Corporation used during fiscal year 2004 for bond repayments and other costs related
4 to the bonds issued under

5 (i) ch. 26, SLA 1996, up to maximum of \$1,000,000;

6 (ii) sec. 2, ch. 129, SLA 1998;

7 (iii) sec. 10(b), ch. 130, SLA 2000;

8 (iv) sec. 1, ch. 1, SSLA 2002;

9 (v) sec. 4 of this Act; and

10 (C) minus any appropriation of unrestricted, unencumbered money of
11 the corporation during fiscal year 2004, other than an appropriation for the
12 corporation's operating budget;

13 (2) fiscal year 2005:

14 (A) \$103,000,000;

15 (B) minus the amount of money from the Alaska Housing Finance
16 Corporation used during fiscal year 2005 for bond repayments and other costs related
17 to the bonds issued under

18 (i) ch. 26, SLA 1996, up to a maximum of \$1,000,000;

19 (ii) sec. 2, ch. 129, SLA 1998;

20 (iii) sec. 10(b), ch. 130, SLA 2000;

21 (iv) sec. 1, ch. 1, SSSLA 2002;

22 (v) sec. 4 of this Act; and

23 (C) minus any appropriation of unrestricted, unencumbered money of
24 the corporation during fiscal year 2005, other than an appropriation for the
25 corporation's operating budget;

26 (3) fiscal year 2006:

27 (A) \$103,000,000;

28 (B) minus the amount of money from the Alaska Housing Finance
29 Corporation used during fiscal year 2006 for bond repayments and other costs related
30 to the bonds issued under

31 (i) ch. 26, SLA 1996, up to a maximum of \$1,000,000;

- 1 (ii) sec. 2, ch. 129, SLA 1998;
2 (iii) sec. 10(b), ch. 130, SLA 2000;
3 (iv) sec. 1, ch. 1, SSSLA 2002;
4 (v) sec. 4 of this Act; and

5 (C) minus any appropriation of unrestricted, unencumbered money of
6 the corporation during fiscal year 2006, other than an appropriation for the
7 corporation's operating budget;

8 (4) fiscal year 2007:

9 (A) the lesser of \$103,000,000 or 95 percent of the net income of the
10 Alaska Housing Finance Corporation for fiscal year 2005;

11 (B) minus the amount of money from the Alaska Housing Finance
12 Corporation used during fiscal year 2007 for bond repayments and other costs related
13 to the bonds issued under

- 14 (i) ch. 26, SLA 1996, up to a maximum of \$1,000,000;
15 (ii) sec. 10(b), ch. 130, SLA 2000;
16 (iii) sec. 1, ch. 1, SSSLA 2002;
17 (iv) sec. 4 of this Act; and

18 (C) minus any appropriation of unrestricted, unencumbered money of
19 the corporation during fiscal year 2007, other than an appropriation for the
20 corporation's operating budget;

21 (5) fiscal year 2008:

22 (A) the lesser of \$103,000,000 or 85 percent of the net income of the
23 Alaska Housing Finance Corporation for fiscal year 2006;

24 (B) minus the amount of money from the Alaska Housing Finance
25 Corporation used during fiscal year 2008 for bond repayments and other costs related
26 to the bonds issued under

- 27 (i) ch. 26, SLA 1996, up to a maximum of \$1,000,000;
28 (ii) sec. 10(b), ch. 130, SLA 2000;
29 (iii) sec. 1, ch. 1, SSSLA 2002;
30 (iv) sec. 4 of this Act; and

31 (C) minus any appropriation of unrestricted, unencumbered money of

1 the corporation during fiscal year 2008, other than an appropriation for the
2 corporation's operating budget.

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

5 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
6 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation is
7 authorized to issue bonds in an amount sufficient to finance \$19,818,300 in capital
8 improvements for village safe and clean water and hygienic sewage disposal facilities either
9 directly or as matching money required by grants for those purposes, and \$25,181,700 to
10 finance other capital projects. AS 18.56.110 - 18.56.190 apply to bonds issued under this
11 section.

Amend #1

12 (b) The Alaska Housing Finance Corporation shall make the proceeds of bonds issued
13 under (a) of this section available to government departments, agencies, and other government
14 entities identified in appropriations of the bond proceeds as necessary to accommodate the
15 construction schedule for each of the projects for which the bond proceeds are appropriated.
16 All income realized by the Alaska Housing Finance Corporation on the bond proceeds may be
17 used by the corporation solely for payments of the principal of and interest on the bonds or
18 other costs related to the bonds.

19 (c) The Alaska Housing Finance Corporation shall determine the amount of
20 unrestricted revenue necessary, after payments under (b) of this section, for the payment of
21 costs related to the bonds and notify the legislature.

22 (d) The amount determined under (c) of this section necessary for the payment of all
23 costs associated with or related to the bonds, including principal and interest payments, shall
24 reduce the amount of the Alaska Housing Finance Corporation's dividend to the state under
25 AS 18.56.089, as amended by sec. 2 of this Act.

26 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 3/22/04 TIME: 10 AM

TO: Legal

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: ROBIN PAUL
SENATE FINANCE CMTE. ASST. SECRETARY
PHONE: 465-2618
FAX: 465-2187

NOTES: Need Final Pls!

CS SB 279 (FIN)

X Pls. add Amendment #1 (attached)
to 23-652128/D

Thanks!
Robin



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.



FY05 CAPITAL PROJECTS**AHFC
BONDS****Department of Environmental Conservation**

Village Safe Water Feasibility Studies

\$305,800

Village Safe Water Projects

\$19,512,500

Department of Fish and Game

Deferred Maintenance Facilities

\$400,000

DIDSON Sonar Equipment Purchase

\$300,000

Department of Health and Social Services

Pioneers' Homes Deferred Maintenance, Renovation, Repair & Equipment

\$750,000

DHSS Deferred Maintenance, Renovation, Repair & Equipment

\$644,800

Department of Labor and Workforce Development

AVTEC Deferred Maintenance

\$1,500,000

Department of Military and Veterans Affairs

Army Guard Deferred Maintenance, Renewal & Replacement

\$400,000

Department of Natural Resources

Forestry Buildings Repair to Correct Fire & Life Safety Deficiencies

\$311,700

Northern Region (Fairbanks) Office Building Roof Replacement

\$374,000

Department of Transportation and Public Facilities

Facilities Deferred Maintenance & Critical Repairs

\$501,200

AHFC BONDS TOTAL**\$25,000,000**

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

January 22, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide financing for water and sewer projects. This bill would allow direct financing of projects and provide matching funds required by federal grant programs to build the projects. Funds would come from bonds issued by the Alaska Housing Finance Corporation (AHFC). Repayment of costs of the bonds by AHFC (including principal and interest), would be offset by a reduction in AHFC's dividend to the state.

The technical and financial support delivered by this bill to Alaska communities will allow them to benefit from the improvement in public health, economic development, and quality of life that follows when adequate water and sewer facilities are built.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/23/04

FURTHER: Finance

Date of 5-Day Notice: 1/29/04
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 2/13/04

State Affairs considered

SENATE BILL NO. 279

SB 279 AHFC WATER & SEWER BONDS

"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."

and recommends:

- be replaced with _____ CS SB 279 (STA)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

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

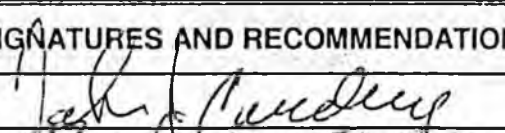
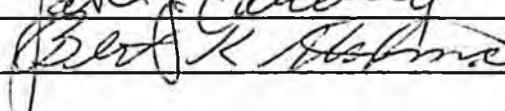

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|--------|--------|--------|------|-----|
| DOR | 4/9/04 | ✓ | | | 2 |
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PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|------|--------|--------|------|-----|
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|-----------------------------------------------------------------------------------------------------------|---------|-------------|--------|-------|
| Cowdery Stedman  | | | ✓ | |
|  | | | ✓ | |
| | | | | |
| | | | | |
| G. Stevens CHAIR:  | K | | | |

SENATE FINANCE COMMITTEE

SIGN - IN

SB 279-AHFC WATER & SEWER BONDS

NAME: Dan Feyska, Bryan Butcher, Joe Oubler Subject/Bill No: _____
Co./Dept./Title: AHFC Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions