

---

**SJR**

**2**

<TARGET><BILL>SJR 2</BILL><SUBJECT>SJR 2  
</SUBJECT><COMM>HFIN29</COMM></TARGET>



# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	SJR 2
Fiscal Note Number:	2
(H) Publish Date:	3/30/2016

Identifier: SJR2-OOG-DOE-3-18-2016  
 Title: CONST. AM: G.O. BONDS FOR STUDENT  
           LOANS  
 Sponsor: MACKINNON  
 Requester: House Education

Department: Office of the Governor  
 Appropriation: Elections  
 Allocation: Elections  
 OMB Component Number: 21

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<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>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
---------------------------	--	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Same as initial version; updated for 2016 legislative session.
--

Prepared By: <u>Josie Bahnke, Director</u>	Phone: (907)465-2644
Division: <u>Division of Elections</u>	Date: 03/18/2016 12:00 AM
Approved By: <u>Guy Bell, Administrative Director</u>	Date: 03/18/16
Agency: <u>Office of the Governor</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

**Analysis**

Passage of this resolution would require the constitutional amendment to appear on the 2016 general election ballot. The cost of providing information about the constitutional amendment in the Official Election Pamphlet, as required by AS 15.58, would be absorbed into the operating budget for the Division of Elections.



# Alaska State Legislature

---

**Senator Anna MacKinnon** — Senate District G

## **Sponsor Statement Senate Joint Resolution 2**

“Proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.”

Senate Joint Resolution 2 proposes to place a constitutional amendment before the voters during the fall 2016 general election. This bill amends Article IX, sec. 8, of the Alaska Constitution and would authorize state General Obligation (GO) debt for the purpose of funding state education loans for Alaska students.

Currently, state General Obligation debt may only be authorized for capital improvements or housing loans for veterans.

Financial market conditions once allowed the Alaska Student Loan Corporation (ASLC) to offer competitive, low-cost education loans to a significant percentage of Alaska students without State support. However, those conditions no longer exist and appear unlikely to occur again in the foreseeable future. As a result of these changed conditions, Alaska students and families are receiving decreasing levels of state support, at a higher cost, in meeting postsecondary education expenses.

Senate Joint Resolution 2 will establish a cost-effective way to finance state education loans by leveraging the State’s outstanding general obligation credit ratings. Doing so will not only achieve lower costs of funds than what is otherwise available through current alternative financing structures, but will also permit some flexibility of the loan underwriting criteria which currently results in a 40% denial rate on loan applications.

These loan programs represent a critical component of the State’s student financial aid system and its efforts to enhance the workforce development pipeline in order to build and maintain a healthy state economy.

I appreciate your consideration and seek your support of SJR 2.



# Alaska State Legislature

---

**Senator Anna MacKinnon** – Senate District G

## **Senate Joint Resolution 2** **Sectional Analysis**

- \*Section 1:** Amends Article IX, sec. 8, Constitution of the State of Alaska  
Subject to approval by a vote of the general electorate, permits the issuance of General Obligations of the State of Alaska for the purpose of funding postsecondary student loans.
  
- \*Section 2:** Clarifies that the proposed constitutional amendment must be put before the voters at the next general election.

Patrick Gamble, President  
Phone: (907) 450-8000  
Fax: (907) 450-8012  
Email: ua.president@alaska.edu



UNIVERSITY  
*of* ALASKA  

---

*Many Traditions One Alaska*

202 Butrovich Building  
910 Yukon Drive  
P.O. Box 755000  
Fairbanks, AK 99775-5000

February 2, 2015

The Honorable Anna MacKinnon  
Alaska State Senate  
State Capitol, Room 516  
Juneau, Alaska 99811

Dear Senator MacKinnon,

The University of Alaska strongly supports SJR 2, proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.

SJR 2, if passed by the legislature and approved by the voters, will allow the Alaska Student Loan Corporation to issue general obligation bonds, which will result in lower interest rates for student loans. UA supports this resolution because it will reduce student debt, make it easier for students to successfully pay off their loans, and lower default rates. We believe that it will significantly improve access to postsecondary education in Alaska.

Thank you for your support of higher education.

Sincerely,

A handwritten signature in black ink that reads "PK Gamble". The signature is written in a cursive, flowing style.

Patrick K. Gamble  
President, University of Alaska

Cc: Tom Case, Chancellor, UAA  
John Pugh, Chancellor, UAS  
Brian Rogers, Chancellor, UAF

# Juneau

## Chamber of Commerce

9301 Glacier Hwy, Suite 110 • Juneau AK 99801 • (907) 463-3488 • Fax (907) 463-3489  
E-mail: [juneauchamber@gci.net](mailto:juneauchamber@gci.net) • [jcc@alaska.com](mailto:jcc@alaska.com) • Web site: <http://www.juneauchamber.com>

### Board Members

Lance Stevens, Pres.  
Alaska USA FCU  
Max Mertz, Pres.  
Elgee Rehfeld Mertz  
Travis McCain, Secretary  
Alaska Litho  
Larry Gaffaney, Treasurer  
Huna Totem Corp.  
Bill Peters  
True North FCU  
Dan Fabrello  
Jensen Yorba Lott  
Bruce Abel  
Don Abel Building Supply  
Hayden Garrison  
Creative Source  
Charlie Williams  
Valley Paint Center  
Linda Thomas  
Alaskan Brewing Co  
Rustan Burton  
Juneau Empire  
Eric Eriksen  
AEL&P  
Erica Simpson  
Alaska Excursions  
Richard Burns  
ABC Stations  
Dan Bruce  
Baxter, Bruce & Sullivan

### Benefactor Members

Alaska Airlines  
Alaska Communications  
Alaska Marine Lines  
Exxon Mobil  
Fred Meyer  
Juneau Empire  
Huna Totem Corp  
Juneau Radio Center  
Northrim Bank  
Sealaska

### Platinum Members

AEL&P  
Alaska USA FCU  
Alaskan Brewing Company  
Allen Marine  
Bartlett Regional Hospital  
BP Alaska  
CBJ (Manager's Office)  
Capital Office Systems  
Chatham Electric  
Coeur Alaska, Inc.  
ConocoPhillips  
Coogan Construction  
Elgee Rehfeld & Mertz  
First Bank  
First National Bank of Alaska  
Goldbelt, Inc.  
Hecla Greens Creek Mining  
Key Bank  
SEARCHC  
Shattuck & Grummett  
Samson Tug & Barge  
Taku Oil  
True North FCU  
UAS  
Wal-Mart  
Wells Fargo Bank of Alaska  
Westmann and Associates

February 10, 2015

The Honorable Anna MacKinnon  
Alaska State Senate  
State Capitol, Room 516  
Juneau, AK 99801

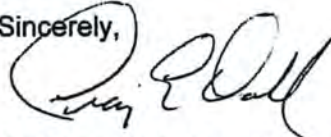
Dear Senator MacKinnon,

The Juneau Chamber of Commerce strongly supports the passage of SJR2, which if approved by the voters, will allow the Alaska Student Loan Corporation to issue general obligation bonds to fund the student loan program.

We believe that any action that encourages and improves access to post-secondary education is not only good for students but for the future of our communities. Funding the student loans through general obligation bonds should result in lower interest rates thereby making it easier to repay their obligation, and in turn lower default rates.

Thank you for your support and commitment to this important piece of legislation.

Sincerely,



Craig E. Dahl, Executive Director  
Juneau Chamber of Commerce