

# ALASKA STATE LEGISLATURE

## SENATE FINANCE COMMITTEE

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### Sponsor Statement

#### Senate Bill 97

#### “An Act relating to pension obligation bonds.”

As the legislature continues to work on solutions to address our fiscal challenges, we must review statutes and provide sound policy that will improve the state’s fiscal standing.

Pension obligation bonds (POBs), when used properly, can lower the amount the state will have to spend to pay off pension liabilities. The state was in a much better financial position when the current authority of \$5 billion was passed into law. Credit rating agencies continue to monitor our activities and the policy measures we pass to improve our financial foundation. After review of the POB statutes and discussions over the past year, reducing the authority to \$2.5 billion seems to be a prudent decision.

This legislation will allow the Governor to issue POBs of up to \$2.5 billion after first submitting a proposal to the Legislative Budget and Audit Committee. This ensures the legislature is a part of the process and provides time for the legislature to respond if necessary.

Passage of this legislation does not reflect an intent of support by a member or the collective body for the issuance of pension obligations bonds.