

CS FOR HOUSE BILL NO. 268(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE LEBON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Municipal Bond Bank Authority."

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

*** Section 1.** AS 44.85.010(a) is amended to read:

(a) It is the policy of the state to

(1) foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by municipalities in the state to finance capital improvements or for other authorized purposes, to assist these municipalities in fulfilling their capital needs and requirements by use of borrowed money within statutory interest rate or cost of borrowing limitations, to the greatest extent possible to reduce costs of borrowed money to taxpayers and residents of the state, and equally to encourage continued investor interest in the purchase of bonds or notes of municipalities as sound and preferred securities for investment;

(2) encourage municipalities to continue their independent undertakings and financing of capital improvements and other authorized purposes and to assist them by making capital funds available at reduced interest costs for

1 orderly financing of capital improvements and other purposes especially during
2 periods of restricted credit or money supply, particularly for those municipalities not
3 otherwise able to borrow for capital needs;

4 (3) assist municipalities to provide for adequate insurance coverage by
5 authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or
6 nonnegotiable revenue bonds, notes, or certificates of participation either directly or
7 through an entity it may create for the purpose of providing a self-insurance program
8 for municipalities or municipal joint insurance arrangements organized under
9 AS 21.76;

10 (4) assist governmental employers to prepay all or a portion of their
11 share of unfunded accrued actuarial liabilities of retirement systems in an effort to
12 reduce their costs of satisfying their contractual obligations to provide retirement and
13 other benefits to public employees through the issuance of bonds, notes, commercial
14 paper, or other obligations by the bond bank authority or by a subsidiary corporation
15 created by the bond bank authority under AS 44.85.085, but only after submitting a
16 proposal to the Legislative Budget and Audit Committee and if the state bond rating is
17 the equivalent of AA- or better; this assistance is limited as provided in AS 37.15.903;

18 (5) assist the University of Alaska [TO PROVIDE HEATING OR
19 ENERGY PROJECTS] by providing capital funds through loans that minimize costs
20 and the effects on the debt capacity of the University of Alaska;

21 (6) assist regional health organizations to provide health care facilities
22 by providing capital funds through loans that minimize costs and the effects on the
23 debt capacity of regional health organizations when the commissioner of health and
24 social services anticipates a state financial benefit and an increase in regional quality
25 of care;

26 (7) assist joint action agencies in providing public utilities, including
27 hydroelectric power projects, through loans and bonds that minimize costs and the
28 effects on the debt capacity of public utilities and joint action agencies.

29 * **Sec. 2.** AS 44.85.090 is amended to read:

30 **Sec. 44.85.090. Limitations.** Under this chapter, the bond bank authority may
31 not

1 (1) make loans of money to a person, firm, or corporation except as
2 provided in this chapter;

3 (2) emit bills of credit, accept deposits of money for time or demand
4 deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a
5 private or commercial banking business, or act as a savings bank or savings and loan
6 association;

7 (3) be or constitute a bank or trust company within the jurisdiction or
8 under the control of a regulatory or supervisory board or department of the state, [OR]
9 the Comptroller of the Currency of the United States, [OR] the **United States**
10 Department of the Treasury, or **the Board of Governors for the** Federal Reserve
11 **System** [BOARD OF THE UNITED STATES];

12 (4) be or constitute a bank, banker, or dealer in securities within the
13 meaning of or subject to the provisions of securities, securities exchange, or securities
14 dealers law [,] of the United States or of this [STATE] or [OF] another state; or

15 (5) issue bonds or notes to a regional health organization unless

16 (A) [THE BOND BANK AUTHORITY FINANCES NOT
17 MORE THAN 49 PERCENT OF A PROJECT;

18 (B)] the remaining costs of a project are secured or delivered to
19 the bond bank authority before the bond bank authority provides financing
20 [UNDER (A) OF THIS PARAGRAPH]; and

21 **(B)** [(C)] the bonds or notes do not exceed **\$250,000,000**
22 [\$102,500,000] for a single project.

23 * **Sec. 3.** AS 44.85.180(e) is amended to read:

24 (e) Notwithstanding (a), (b), and (c) of this section, the bond bank authority
25 may issue its bonds or notes

26 (1) in principal amounts not to exceed **\$500,000,000** [\$87,500,000] for
27 the purpose of making loans to the University of Alaska; and

28 (2) in principal amounts not to exceed **\$500,000,000** [\$205,000,000] at
29 any one time for the purpose of making loans to a regional health organization; this
30 paragraph does not apply to bonds or notes issued to fund or refund bonds or notes.