



LAWS OF ALASKA

1970

Source

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Chapter No.

207

AN ACT

Relating to the investment of public funds in certain bonds of political subdivisions of the state; and providing for an effective date.

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

* Section 1. AS 37.10 is amended by adding a new section to read:

Sec. 37.10.079. PURCHASE OF BONDS. (a) Notwithstanding the provisions of any other law, when the commissioner of revenue determines that there are funds in the state treasury above an amount sufficient to meet current demands, up to \$18,365,000 of them may be used to invest in general obligation bonds of political subdivisions of the state which meet the standards described in (b) of this section.

(b) The commissioner of revenue may purchase bonds sold by political subdivisions of the state provided:

(1) that they have been sold in accordance with the terms of the notice of their sale subject only to delivery of the bonds with an approving opinion of bond counsel to the effect that the bonds are valid and legally binding general obligations of the political subdivision and a statement to the effect that no litigation is threatened or pending which affects the validity of the bonds;

(2) that the bond counsel nominated by the issuing political subdivision in connection with the original offer for sale of the bonds shall certify

(A) that a lawsuit has been filed or is threatened which challenges the corporate existence of the issuer or its power to issue the bonds or to levy taxes to pay the bonds or otherwise prevents the

statement as to litigation referred to in (1) of this subsection,

(B) that as a consequence of the filing of the suit, the buyer has proper cause to avoid his contract for the purchase of the bonds,

(C) that he knows of no evidence that the filing of the suit has been arranged or contrived directly or indirectly by either the issuer or the buyer, and

(D) that, in his opinion, the lawsuit will be ultimately determined so as to permit the delivery of the bonds with the statement as to litigation referred to in (1) of this subsection.

(c) The purchase price for the bonds shall be their market value which shall be the price the commissioner of revenue determines most nearly equals the price the bonds would bear at the time of purchase if the bonds could then be delivered with the approving opinions, certificates and statements relative to no litigation, pending or threatened, affecting the validity of the bonds referred to in the original notices of sale of the bonds, provided, that this price shall not cause the effective interest rate on any such bonds to exceed seven and one-half per cent per annum. Before the purchase of the bonds by the commissioner of revenue, the political subdivision shall agree (1) to pay to the commissioner of revenue, to the extent any appropriation is made available, any loss incurred by the state on resale of the bonds by the state, or (2) if the commissioner of revenue so determines, to repurchase the bonds from the commissioner of revenue at the same price as the bonds were sold to the state at such time as the political subdivision is able to sell and deliver refunding bonds to provide funds to repurchase the bonds purchased by the state. The commissioner of revenue may resell the bonds purchased from the political subdivision under this section to any purchaser or purchasers, or, in the alternative may resell the bonds to the political subdivision in accordance with the terms and conditions of this subsection. The proceeds of sale shall be paid into the general fund.

(d) As used in this section, the term "commissioner of revenue" means the commissioner of revenue or any other officer, board, commission or committee of the state authorized to invest money of the general fund.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.