

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: 3/18/20

Referred: Rules

Sponsor(s): REPRESENTATIVES LEBON, Kopp, Story

A BILL

FOR AN ACT ENTITLED

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

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

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

4 (a) It is the policy of the state to

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

13 (2) encourage municipalities to continue their independent
14 undertakings and financing of capital improvements and other authorized purposes
15 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) make loans of money to a person, firm, or corporation except as provided in this chapter;

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

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

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

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

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

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

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

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

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

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

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