

Introduced: 2/6/63
Referred: Finance and
Health, Welfare and
Education

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IN THE HOUSE BY MESSRS. BOARDMAN
AND KUBLEY

HOUSE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRD LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act providing for school construction
loans for second class cities; and creating
a construction revolving fund."

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

* Section 1. AS 14 is amended by adding a new chapter to
read:

CHAPTER 18

Sec. 14.18.010. REVOLVING FUND. The second class city
school construction fund, referred to in this chapter as the
fund, is created to assist second class cities in Alaska to
finance the constructing and equipping of new schools.

Sec. 14.18.020. ADMINISTRATION OF FUND. (a) The
fund is administered by the commissioner of education. The
commissioner may promulgate regulations concerning the use
of the fund.

(b) The commissioner of revenue is the custodian of
the fund and shall dispose of it as requested by the commis-
sioner of education.

Sec. 14.18.030. LOANS. (a) A second class city may
apply to the commissioner for a loan after it has followed
the same procedure required by law for incurring indebted-
ness by issuing general obligation bonds. A loan applica-
tion shall be accompanied by a comprehensive statement
describing the following:

1 (1) the school to be constructed;
2 (2) the proposed method of financing school con-
3 struction, including an explanation of how the loan would
4 be repaid; and

5 (3) additional information that may be required
6 by the commissioner.

7 (b) The commissioner may make loans from the fund to
8 second class cities. Before the commissioner may loan from
9 the fund he shall determine that the following conditions
10 are satisfied:

11 (1) the proposed school is needed;

12 (2) the construction plans of the proposed school
13 conform to accepted standards for school construction;

14 (3) the financing of the proposed school by
15 general obligation bonds issued by the second class city is
16 not feasible;

17 (4) an adequate method for repaying the loan has
18 been agreed upon.

19 (c) No loan from the fund may exceed \$120,000.

20 (d) The rate of interest for a loan from the fund is
21 four per cent a year computed on the part of the loan out-
22 standing.

23 (e) The maximum term of a loan is 20 years.

24 Sec. 14.18.040. SECURITY FOR LOAN. (a) A second
25 class city contracting for a loan from the fund shall
26 deposit a promissory note with the commissioner of revenue.

27 (b) Loans from the fund shall be secured by pledging
28 the revenue received by the borrowing city from the "School
29 Fund" provided by AS 43.50.140.

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(c) Additional forms of security may be required by the commissioner.

Sec. 14.18.050. SALE OF PROMISSORY NOTES. Promissory notes held by the commissioner of revenue may be accepted as a lawful investment and security for all fiduciary, trust and public funds of the state or its political subdivisions. If a promissory note is resold, all rights and interest in it shall accrue to the purchaser.

Sec. 14.18.060. REPAYMENT TO FUND. The principal and interest from loans repaid by second class cities shall be deposited in the fund for continuous use.