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Referred: Local Government,
Judiciary and Finance

1 IN THE HOUSE

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SHELDON, AND WOLD

2 HOUSE BILL NO. 47

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the refunding of out-
7 standing general obligation and revenue
8 bonds issued by municipal corporations,
9 and political subdivisions by the issuance
10 and sale of general obligation or revenue
11 refunding bonds; and providing for an
12 effective date."

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

14 * Section 1. AS 29.50 is amended by adding new sections to
15 read:

16 Sec. 29.50.081. GENERAL OBLIGATION AND REVENUE REFUND-
17 ING BONDS. Whenever any municipal corporation or political
18 subdivision has outstanding any general obligation or revenue
19 bonds and the governing body thereof shall determine that
20 it would be financially sound and advantageous to refund
21 the outstanding bonds, the governing body may provide by
22 resolution for the issuance of general obligation or revenue
23 refunding bonds with which to take up and refund the out-
24 standing general obligation or revenue bonds, or any part
25 thereof, at or before the maturity or redemption date
26 thereof, with the right in the governing body to include
27 various series and issues of the outstanding general
28 obligation or revenue refunding bonds in a single issue of
29 general obligation or revenue refunding bonds, and to issue

1 general obligation or revenue refunding bonds to pay any
2 redemption premium and interest to accrue and become payable
3 on the outstanding general obligation or revenue bonds being
4 refunded, and to establish reserves for the general obliga-
5 tion or revenue refunding bonds.

6 Sec. 29.50.082. ELECTION. An election shall not be re-
7 quired to authorize the issuance and sale of refunding bonds,
8 and the issuance and sale of the bonds may be authorized, and
9 all proceedings with reference to them prescribed by resolu-
10 tion of the governing body. However, if it is considered
11 desirable to issue general obligation bonds to refund revenue
12 bonds, or to issue revenue bonds to refund general obligation
13 bonds, the governing body shall call an election upon the
14 question of issuing bonds to refund the outstanding bonds.
15 The governing body may also include in the election in a
16 separate proposition, a proposal to include in the issue
17 of general obligation refunding bonds additional bonds for
18 the construction or acquisition of improvements and additions
19 to and extensions of public works of a permanent character,
20 as set out in secs. 10 -70 of this chapter and, with
21 respect to refunding revenue bonds, additional bonds for
22 the construction or acquisition of additions, extensions and
23 betterments to the revenue producing enterprise for which
24 the outstanding revenue bonds to be refunded were issued.

25 Sec. 29.50.083. PAYMENT OF REVENUE REFUNDING BONDS.
26 The revenue refunding bonds shall be payable solely from
27 all or any part of the revenues, income, earnings or
28 profits derived from the ownership and operation of the
29 revenue producing enterprise for which the outstanding

1 revenue bonds to be refunded were issued, and shall only
2 be a valid claim against all or that part of revenues,
3 income, earnings or profits which are pledged to the
4 payment thereof.

5 Sec. 29.50.084. PAYMENT OF GENERAL OBLIGATION REFUND-
6 ING BONDS. If any general obligation refunding bonds are
7 issued, the governing body of the municipality or political
8 subdivision issuing the bonds shall provide for the levy
9 and collection of ad valorem taxes in each year upon all
10 the property in the municipality or political subdivision
11 subject to taxation by the municipality or political sub-
12 division in an amount sufficient to pay the principal of
13 and interest on the refunding bonds as the same become
14 due and payable and may, in addition to the payment from
15 the levy and collection of ad valorem taxes, provide for
16 the payment of the principal and interest from such
17 special funds or other revenues as the governing body may
18 specifically provide.

19 Sec. 29.50.085. LIMITATION ON ISSUANCE OF REVENUE
20 REFUNDING BONDS. If revenue refunding bonds are authorized
21 to be issued and sold more than one year before the
22 maturity date or redemption date of any outstanding
23 revenue bonds proposed to be refunded, the revenue refund-
24 ing bonds may not be issued unless a certificate of an
25 independent engineer or firm of engineers states that
26 the net interest cost to the issuer of the refunding
27 bonds shall be less than the net interest cost on the
28 outstanding revenue bonds refunded thereby. However,
29 revenue refunding bonds may be issued without the certificate

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for the purpose of refunding at any time within one year before the maturity of revenue bonds for the payment of which the municipal corporation or political subdivision does not have sufficient funds, the refunding bonds to mature in a year or years not earlier than the latest stated maturity of any bonds of the issue to be refunded which will remain outstanding after the refunding has been completed.

Sec. 29.50.086. SALE OR EXCHANGE OF REFUNDING BONDS. General obligation or revenue refunding bonds may, in the discretion of the governing body, be exchanged at not less than par for the general obligation or revenue bonds which are being refunded, or may be sold at public or private sale at a price of not less than par and accrued interest, and may be issued and delivered at any time before the date of maturity or redemption date of the bonds to be refunded.

Sec. 29.50.087. PROCEEDS. General obligation or revenue refunding bonds shall, except as specifically provided in this section, be issued in accordance with the provisions with respect to the issuance of general obligation or revenue bonds set out in secs. 10 - 70 of this chapter. The proceeds derived from the sale of general obligation or revenue refunding bonds issued hereunder shall be invested in obligations of, or guaranteed by, the United States Government or in certificates of deposit of commercial banks secured by obligation of the United States Government, pending the time the proceeds are required for the purpose for which the general obligation or revenue refunding bonds are issued. To further secure the general obligation or revenue refunding bonds the governing

1 body may contract with the purchasers thereof with respect to
2 the safekeeping and application of the proceeds thereof and
3 the safekeeping and application of the earnings of the invest-
4 ments. The determination of the governing body with respect
5 to the financial soundness and advantage of the issuance and
6 delivery of general obligation or revenue refunding bonds
7 authorized hereby shall be conclusive, but nothing herein
8 shall require the holders of any outstanding general obliga-
9 tion or revenue bonds being refunded to accept payment thereof
10 otherwise than as provided in the bonds being refunded.

11 * Sec. 2. AS 29.50.080 is repealed.

12 * Sec. 3. This Act takes effect on the day after its passage
13 and approval or on the day it becomes law without such approval.

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