

Original sponsor: Health, Welfare and  
Education Committee

Offered: 5/15/70  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of public funds in  
7 bonds and notes of political subdivisions of the  
8 state; and providing for an effective date."

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

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

11 Sec. 37.10.073. INVESTMENT IN BONDS AND NOTES OF POLITICAL SUB-  
12 DIVISIONS OF THE STATE. (a) When the Department of Revenue determines that  
13 there are funds in the state treasury above an amount sufficient to  
14 meet current demands and which are not being used for the purposes  
15 of sec. 70 of this chapter, up to \$25,000,000 of them shall first be  
16 used to continuously invest in general obligation bonds or bond antici-  
17 pation notes issued by political subdivisions of the state, to the  
18 extent that they are offered by political subdivisions of the state,  
19 provided the bonds meet the standards described in (b) of this section.  
20 Bonds acquired by the state under this subsection may be resold at the  
21 discretion of the department at any time at a price considered satis-  
22 factory to it.

23 (b) The department may purchase bonds offered or sold by political  
24 subdivisions of the state. However,

25 (1) they shall have been previously offered for sale and  
26 accepted for purchase by a qualified buyer subject only to delivery  
27 of the bonds with an opinion of bond counsel confirming the validity  
28 of the bonds and assurance that no litigation is threatened or pending  
29 which affects the validity of the bonds or the corporate existence

1 of the issuing political subdivision;

2 (2) the bond counsel nominated by the issuing political  
3 subdivision in connection with the original offer shall certify that

4 (A) a lawsuit has been filed or is threatened which  
5 challenges the corporate existence of the issuer,

6 (B) as a consequence of the filing of the suit, the  
7 buyer properly refuses to accept the bonds,

8 (C) but for threatened or pending lawsuit, the bond  
9 counsel would issue his opinion affirming the validity of the  
10 bonds according to his standard form of opinion,

11 (D) in his opinion the bonds are issued for a public  
12 purpose and for capital improvements under a valid election held  
13 under art. IX, sec. 9 of the Constitution of the State of Alaska,

14 (E) the bonds are valid and legally binding obligations  
15 of the issuer except to the extent that a pending or threatened  
16 suit has challenged the corporate existence of the issuer,

17 (F) bond counsel knows of no evidence that the filing  
18 of the suit has been arranged or contrived directly or indirectly  
19 by either the issuer or the buyer, and

20 (G) it appears probable that the corporate existence  
21 of the issuer will be affirmed by the courts of the state;

22 (3) the purchase price and other terms and conditions estab-  
23 lished for the sale of the bonds shall be the same as those established  
24 in the original sales agreement except as to time of delivery.

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