

Original sponsor: Health, Welfare
and Education Committee

Offered: 6/2/70
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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HOUSE CS FOR CS FOR SENATE BILL NO. 593

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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
7 in certain bonds of political subdivisions of the
8 state; and providing for an effective date."

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

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

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

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

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

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(2) That the bond counsel nominated by the issuing political
27 subdivision in connection with the original offer for sale of the bonds
28 shall certify (A) that a lawsuit has been filed or is threatened which
29 challenges the corporate existence of the issuer or its power to

1 issue the bonds or to levy taxes to pay the bonds or otherwise prevents
2 the statement as to litigation referred to in subsection (1) hereof,
3 (B) that as a consequence of the filing of the suit, the buyer has
4 proper cause to avoid his contract for the purchase of the bonds, (C)
5 that he knows of no evidence that the filing of the suit has been
6 arranged or contrived directly or indirectly by either the issuer or
7 the buyer, and (D) that, in his opinion, the lawsuit will be ulti-
8 mately determined so as to permit the delivery of the bonds with the
9 statement as to litigation referred to in subsection (1) hereof.

10 (c) The purchase price for the bonds shall be their market value
11 which shall be the price the commissioner of revenue determines most
12 nearly equals the price the bonds would bear at the time of purchase if
13 the bonds could then be delivered with the approving opinions, certifi-
14 cates and statements relative to no litigation, pending or threatened,
15 affecting the validity of the bonds referred to in the original notices
16 of sale of the bonds, provided, that such price shall not cause the
17 effective interest rate on any such bonds to exceed seven and one-half
18 per cent per annum. Prior to purchase of the bonds by the commissioner
19 of revenue, the political subdivision shall agree (1) to pay to the
20 commissioner of revenue, to the extent any appropriation is made avail-
21 able, any loss incurred by the state on resale of the bonds by the state
22 or (2) if the commissioner of revenue so determines, to repurchase the
23 bonds from the commissioner of revenue at the same price as the bonds
24 were sold to the state at such time as the political subdivision is able
25 to sell and deliver refunding bonds to provide funds to repurchase the
26 bonds purchased by the state. The commissioner of revenue may resell
27 the bonds purchased from the political subdivision pursuant to this
28 Act to any purchaser or purchasers, or, in the alternative may resell
29 the bonds to the political subdivision in accordance with the terms and

1 conditions of this subparagraph (c). The proceeds of sale shall be
2 paid into the general fund.

3 * Sec. 2. As used in this Act, the term "commissioner of revenue" means
4 the commissioner of revenue or any other officer, board, commission or
5 committee of the state authorized to invest moneys of the general fund.

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

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