

Introduced: 5/10/71  
Referred: Local Government  
and Finance

1 IN THE HOUSE

BY HUBER, BRADNER, FINK, HOLM  
AND WARWICK

2 HOUSE BILL NO. 470

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sources of revenue for the  
7 payment of bonded indebtedness; and providing for an  
8 effective date."

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

10 \* Section 1. AS 07.15.030(3) is amended to read:

11 (3) on a service area basis for functions performed in a  
12 service area only; payment of debt principal and interest as well as  
13 other costs shall be limited to the service area, except that, subject  
14 to the election requirements of AS 07.30.010(b), the full faith and  
15 credit of the entire borough, subject to AS 29.30.025, may be pledged  
16 to guarantee payment of principal and interest.

17 \* Sec. 2. AS 29.30 is amended by adding a new section to read:

18 Sec. 29.30.025. PERMISSIBLE SOURCES OF REVENUE FOR DEBT PAYMENTS.  
19 If, after the effective date of this Act, a city or borough, whether  
20 home rule or general law, is unable to pay the principal and interest  
21 of bonded or other indebtedness from municipal revenue sources other  
22 than ad valorem taxes, the state shall levy and collect, in a manner  
23 prescribed by regulation of the Department of Revenue, a consumers  
24 sales tax on the sales price of all retail sales, rents, and services  
25 made within the city or borough, only for the purpose of, and at a  
26 rate not exceeding two per cent for a maximum of 20 years, satisfying  
27 the payments, notwithstanding other provisions of law limiting the  
28 permissible rate of sales tax levy within a municipality or requiring  
29 voter approval for a sales tax levy. In no event may ad valorem

1 taxes be levied to amortize bonded or other indebtedness incurred  
2 after the effective date of this Act.

3 \* Sec. 3. AS 29.50.040 is amended to read:

4 Sec. 29.50.040. LEVY OF TAXES AND PLEDGE OF REVENUES. The  
5 governing body shall provide for the levy and collection of taxes  
6 other than ad valorem taxes, in the case of bonds authorized and  
7 issued after the effective date of this Act, in amounts sufficient to  
8 pay the principal and interest on the bonds as they become due, and  
9 may [, IN ADDITION TO PAYMENT FROM THE LEVY AND COLLECTION OF AD  
10 VALOREM TAXES,] provide for payment of principal and interest from  
11 such special funds or other revenues as the governing body may  
12 specifically pledge for payment. The pledge of a special fund or other  
13 revenues is a binding obligation, according to its terms, to continue  
14 the collection of the special fund or revenues so long as the bonds  
15 or any of them, are outstanding, notwithstanding any other provision  
16 of law.

17 \* Sec. 4. This Act takes effect on July 1, 1971.  
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