

Introduced: 2/25/74
Referred: Community & Regional
Affairs, Judiciary and Finance

1 IN THE HOUSE

BY HAUGEN

2 *SCS CS* HOUSE BILL NO. 705 *Fin am*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to home rule city bonded indebtedness
7 incurred for school construction."

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

9 * Section 1. AS 29.58 is amended by adding new sections to read:

10 Sec. 29.58.340. HOME RULE CITY BONDED INDEBTEDNESS FOR SCHOOL
11 CONSTRUCTION. (a) Upon furnishing proof satisfactory to the Department
12 of Education of an immediate need for additional school construction
13 within the city, a home rule city may incur general obligation bonded
14 indebtedness, to pay for costs of school construction, in excess of a
15 limitation set by charter or law as to total amount of bonded indebted-
16 ness which may be incurred within the home rule municipality. The
17 additional indebtedness if incurred shall otherwise be incurred as
18 provided by charter or by law applicable to home rule cities.

19 (b) In (a) of this section "costs of school construction" means
20 costs as defined in AS 43.18.100(g)(2).

21 Sec. 29.58.350. GUARANTEE OF BOND PAYMENTS. (a) There is in the
22 Department of Revenue the local school bond fund, funded by appro-
23 priations by the legislature. Money in the fund shall be held and
24 applied solely to further guarantee and provide additional pledge of
25 payment of bonds issued under sec. 340 of this chapter.

26 (b) When the commissioner of revenue is informed that a home
27 rule city debt service payment on bonds issued under sec. 340 of this
28 chapter may not be met, the department shall make payment from the fund
29 directly to the pertinent paying agent in the name of the state if the

1 payment is necessary to avoid a default. The payment shall be con-
2 sidered, to the extent of the payment, a transfer of indebtedness from
3 the holder of the debt instrument in respect of which payment was made
4 to the state.

5 (c) Money in the guarantee fund which exceeds at any time the
6 amount appropriated to the fund, whether by reason of investment or
7 otherwise, shall be withdrawn by the department and transferred to the
8 general fund.

9 (d) Money in the guarantee fund may be invested at any time in
10 the direct obligations of or obligations on which the principal and
11 interest is guaranteed by, the United States, the state, or a political
12 subdivision of the state.

13 (e) For the purpose of valuation, investments of the guarantee
14 fund shall be valued at the lowest of (1) the par value, (2) cost to
15 the state, or (3) market value of the investments. Valuation on a
16 particular date shall include the amount of interest earned or accrued
17 to that date on any amount or investment of the guarantee fund.

18 * Sec. 2. AS 29.13.100 is amended by adding a new paragraph to read:

19 (35) AS 29.58.340 - 29.58.350 (home rule city bonded
20 indebtedness for school construction)
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