

Original sponsor: Haugen

Offered: 3/25/74  
Referred: Finance

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 705

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 and first class city  
7 bonded indebtedness 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 AND FIRST CLASS CITY BONDED INDEBTEDNESS  
11 FOR SCHOOL CONSTRUCTION. (a) Upon furnishing proof satisfactory to the  
12 Department of Education of an immediate need for additional school con-  
13 struction within the city, a home rule or first class city may incur  
14 general obligation bonded indebtedness, to pay for costs of school con-  
15 struction, in excess of a limitation set by charter or law as to total  
16 amount of bonded indebtedness which may be incurred within the home  
17 rule or first class city. The additional indebtedness if incurred shall  
18 otherwise be incurred as provided by charter or by law applicable to  
19 home rule cities.

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

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

28 (b) When the commissioner of revenue is informed that a home  
29 rule or first class city debt service payment on bonds issued under

1 sec. 340 of this chapter may not be met, the department shall make  
2 payment from the fund directly to the pertinent paying agent in the  
3 name of the state if the payment is necessary to avoid a default. The  
4 payment shall be considered, to the extent of the payment, a transfer  
5 of indebtedness from the holder of the debt instrument in respect of  
6 which payment was made to the state.

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9 otherwise, shall be withdrawn by the department and transferred to the  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

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

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

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

21 (35) AS 29.58.340 - 29.58.350 (home rule and first class  
22 city bonded indebtedness for school construction)  
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