

1 any department or agency of the state [THE COMMISSIONER OF REVENUE] is
2 the custodian of money payable to a municipality, at any time after
3 written notice to the department or agency head [HIM] from the bond bank
4 authority that the municipality is in default on the payment of princi-
5 pal or interest on municipal bonds of the municipality then held or
6 owned by the bond bank authority, the department or agency [COMMISSIONER
7 OF REVENUE] shall withhold the payment of that money from that munici-
8 pality and pay over the money to the bond bank authority for the purpose
9 of paying principal of and interest on bonds of the bond bank authority
10 [UNTIL THE AMOUNT OF THE PRINCIPAL OR INTEREST THEN DUE AND UNPAID HAS
11 BEEN PAID TO THE BOND BANK AUTHORITY, OR UNTIL THE COMMISSIONER OF
12 REVENUE HAS BEEN ADVISED THAT ARRANGEMENTS, SATISFACTORY TO THE BOND
13 BANK AUTHORITY, HAVE BEEN MADE FOR THE PAYMENT OF THE PRINCIPAL AND
14 INTEREST].

15 * Sec. 3. AS 44.58.270(h) is amended to read:

16 (h) All amounts received on account of money appropriated to the
17 reserve fund referred to in (a)(3) of this section shall be held and
18 applied in accordance with (b) of this section; however, at the end of
19 each fiscal year, if the amount in the reserve fund is in excess of the
20 required debt service reserve, any amount representing earnings or
21 income received on account of money appropriated to the reserve fund
22 which exceeds the operating expenses of the authority for that fiscal
23 year shall be transferred to the general fund of the state.

24 * Sec. 4. AS 29 is amended by adding a new chapter to read:

25 CHAPTER 59. OBLIGATIONS ISSUED ON BEHALF OF MUNICIPALITIES.

26 Sec. 29.59.010. AUTHORITY TO ISSUE OBLIGATIONS FOR SPECIFIED
27 PURPOSES. (a) A home rule or general law municipality may establish
28 a public corporation or other municipal instrumentality. This public
29 corporation or other municipal instrumentality may issue obligations

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to provide the public facilities and services enumerated in AS 29.48.-
030(a).

(b) The public corporation or other municipal instrumentality
created under authority of (a) of this section shall be created and
operated solely to provide one or more of the public facilities or
services enumerated in AS 29.48.030(a).

* Sec. 5. AS 29.13.100 is amended by adding a new paragraph to read:

(37) AS 29.59.010 (obligations issued on behalf of municipi-
palities)

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

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