

Introduced: 5/9/75
Referred: Community and
Regional Affairs and
Finance

1 IN THE SENATE

BY WILLIS

2 *CS* SENATE BILL NO. 433 *am*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to purchase of municipal bonds in
7 cases of suit."

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

9 * Section 1. AS 37.10.079(a) is amended to read:

10 (a) Notwithstanding the provisions of any other law, when the
11 commissioner of revenue determines that there are funds in the state
12 treasury above an amount sufficient to meet current demands, he may
13 [UP TO \$18,365,000 OF THEM MAY BE USED TO] invest in general obligation
14 bonds of political subdivisions of the state which meet the standards
15 described in (b) of this section.

16 * Sec. 2. AS 37.10.079(b)(2) is amended to read:

17 (2) the bond counsel nominated by the issuing political
18 subdivision in connection with the original offer for sale of the bonds
19 certifies

20 (A) that a lawsuit has been filed or is threatened which
21 challenges the corporate existence of the issuer or its power to
22 issue the bonds or to levy taxes to pay the bonds or otherwise
23 prevents the statement as to litigation referred to in (1) of this
24 subsection,

25 (B) that as a consequence of the filing of the suit,
26 the bonds cannot be sold or can only be sold at interest rates
27 substantially in excess of the interest rates the municipality
28 would otherwise reasonably expect to pay, and [THE BUYER HAS
29 PROPER CAUSE TO AVOID HIS CONTRACT FOR THE PURCHASE OF THE BONDS.

1 (C) THAT HE KNOWS OF NO EVIDENCE THAT THE FILING OF
2 THE SUIT HAS BEEN ARRANGED OR CONTRIVED DIRECTLY OR INDIRECTLY BY
3 EITHER THE ISSUER OR THE BUYER, AND]

4 (D) that, in his opinion, the lawsuit will be ultimately
5 determined so as to permit the delivery of the bonds with the
6 statement as to litigation referred to in (1) of this subsection.
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