

Introduced: 3/16/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY ROGERS AND BROWN

2 HOUSE BILL NO. 342

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction aid;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.18 is amended by adding a new section to article 2 to  
10 read:

11 Sec. 43.18.140. PUBLIC SCHOOL FACILITIES BOND LOAN FUND. (a)

12 The public school facilities bond loan fund is established in the  
13 Department of Revenue. The fund consists of appropriations for dis-  
14 tribution to boroughs and cities which are school districts as loans  
15 under this section.

16 (b) When the voters of a borough or city which is a school dis-  
17 trict have authorized the issuance of general obligation bonds for the  
18 purpose of school construction, the commissioner of revenue shall, on  
19 the request of the governing body of the borough or city and within  
20 limits of appropriations for the purpose, lend the borough or city an  
21 amount equal to the amount authorized by the voters for school con-  
22 struction. The loan shall be repaid from the proceeds of the bond  
23 issue on sale of the bonds. The interest rate charged to the borough  
24 or city shall be 10 percent.

25 (c) If the voters of a borough or city which is a school district  
26 have authorized the issuance of general obligation bonds for more than  
27 one purpose and a portion of the bonds are for the purpose of school  
28 construction, the loan authorized in (b) of this section may only be in  
29 an amount equal to the amount specified in the authorization to be for

1 purposes of school construction.

2 (d) A borough or city which is a school district may create a  
3 debt service reserve account for each issue or portion of an issue of  
4 bonds for school construction. All money held in a debt service  
5 reserve account established under this section may be used only for (1)  
6 the payment of the principal of the bonds, (2) the purchase or redemp-  
7 tion of the bonds, (3) the payment of interest on the bonds or (4) the  
8 payment of any redemption premium required to be paid when the bonds  
9 are redeemed before maturity. All earnings from investment of the debt  
10 service reserve account become part of the account and may be used only  
11 for purposes of the account.

12 (e) A borough or city which is a school district and which has  
13 established a debt service reserve account for an issue or portion of  
14 an issue of bonds for school construction is eligible to receive from  
15 the state an amount for deposit into the account equal to 80 percent of  
16 the bonds sold if the borough or city elects by resolution of its  
17 governing body to accept the deposit and have any entitlement under  
18 AS 43.18.100 reduced by the amount attributable to the bond issue or  
19 portion of a bond issue for which a deposit is made under this section.  
20 To the extent money is available from appropriations for the purpose  
21 the commissioner of revenue shall deposit in the debt service reserve  
22 account an amount equal to 80 percent of the bonds upon receipt of a  
23 resolution of the governing body of the borough or city requesting the  
24 deposit. Money deposited in the debt service reserve account under  
25 this section becomes the property of the borough or city subject to the  
26 restrictions on use of money in the account provided by this section.

27 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.  
28 070(c).