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1 IN THE SENATE

2 SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the State Bonding Act and the
7 coordination of bond sales."

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

9 * Section 1. AS 37.15.040 is amended to read:
10 Sec. 37.15.040. SALE OF BONDS. (a) The State Bond Committee
11 shall sell all general obligation bonds through a public offering with
12 competitive bidding.

13 (b) Before selling an issue or series of bonds, the state bond
14 committee shall give notice inviting sealed bids in such manner as it
15 may prescribe. If satisfactory bids are received, the bonds offered
16 for sale shall be awarded to the highest responsible bidder. If the
17 state bond committee determines that the bids received are not satis-
18 factory as to price or responsibility of the bidders, it may reject
19 all bids received.

20 * Sec. 2. AS 37.15.110 is repealed and reenacted to read:
21 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.
22 There is created in the Department of Revenue the State Bond Commit-
23 tee. The members of the committee are the commissioner of commerce
24 and economic development, the commissioner of administration, the
25 commissioner of revenue, the commissioner of transportation and public
26 facilities, and the director of the office of management and budget in
27 the Office of the Governor. If a member of the committee is absent or
28 otherwise unable to act, the member shall designate an individual in
29 the member's respective department or office who shall act as a member

1 of the committee in the member's absence.

2 * Sec. 3. AS 37.15 is amended by adding new sections to read:

3 Sec. 37.15.112. TERM OF MEMBERSHIP. The term of each member of
4 the State Bond Committee coincides with the term of that member's
5 position as commissioner or director and does not survive the member's
6 resignation or removal.

7 Sec. 37.15.114. COMPENSATION AND PER DIEM. Members of the State
8 Bond Committee serve without compensation but are entitled to per diem
9 and travel expenses authorized by law for other boards and commis-
10 sions.

11 * Sec. 4. AS 37.15.120 is repealed and reenacted to read:

12 Sec. 37.15.120. REGULATIONS. The State Bond Committee may adopt
13 regulations implementing the provisions of this chapter in accordance
14 with the Administrative Procedure Act (AS 44.62).

15 * Sec. 5. AS 37.15.130 is repealed and reenacted to read:

16 Sec. 37.15.130. ADMINISTRATION. (a) The State Bond Committee
17 shall elect from its membership a chairman, a vice-chairman and a
18 secretary and prescribe their specific duties by rule.

19 (b) A majority of the members constitutes a quorum for conduct-
20 ing business and exercising the powers of the State Bond Committee.

21 (c) The State Bond Committee shall meet at the call of the
22 chairman, at the request of a majority of the members, or at a regu-
23 larly scheduled time as determined by a majority of the members.

24 (d) The State Bond Committee may employ personnel and delegate
25 administrative functions to be performed by the personnel or indi-
26 vidual members of the committee to carry out the provisions of this
27 chapter. The personnel shall be in the partially exempt service as
28 set out in AS 39.25.120.

29 * Sec. 6. AS 37.15.140 is repealed and reenacted to read:

1 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. The State Bond
2 Committee shall

3 (1) in order to maximize the state's credit rating and
4 secure the most favorable bond sale terms, coordinate all offerings of
5 general obligation and revenue bond sales of the state and entities in
6 the state that are authorized by law to issue general obligation or
7 revenue bonds;

8 (2) review and make recommendations to the governor regard-
9 ing the security surrounding bond sale offerings;

10 (3) adopt bidding arrangements for bond offerings of the
11 committee;

12 (4) adopt regulations for the competitive selection of a
13 financial advisor and a bond counsel and determine the method for
14 computation of fees for payment of each;

15 (5) advise public corporations regarding recommended bid-
16 ding arrangements for bond offerings of the public corporations and
17 guidelines for the competitive selection and compensation of a finan-
18 cial advisor and a bond counsel;

19 (6) adopt the resolution and prepare the documents neces-
20 sary or desirable for the issuance, sale, and delivery of bonds;

21 (7) collect and compile information regarding the issuance
22 of general obligation, revenue, and municipal bonds by the state,
23 public corporations, municipalities, and other public entities in the
24 state; and

25 (8) report annually to the governor, legislature, and the
26 public as required by AS 37.15.175.

27 * Sec. 7. AS 37.15 is amended by adding a new section to read:

28 Sec. 37.15.175. ANNUAL REPORT. (a) By the 10th legislative day
29 of each regular legislative session the State Bond Committee shall

1 submit an annual report to the governor and the legislature for the
2 previous fiscal year containing

3 (1) a bonded debt profile and an affordability analysis
4 that recommends a debt issuance capacity of the state for the next two
5 fiscal years following the fiscal year of the report based on

6 (A) the level and composition of the state's bonded
7 debt, including but not limited to general obligation debt,
8 corporate debt, and municipal debt;

9 (B) a financial evaluation of all transactions during
10 the preceding year involving refunding bonds, bond anticipation
11 notes, and other interim financing instruments;

12 (C) a review of incurred or contemplated general
13 obligation debt, moral obligation debt or debt secured by capital
14 reserve funds, and conditional debt;

15 (D) a review of the state's performance in the primary
16 and secondary bond markets;

17 (E) a review of competitive and negotiated bond sales;

18 (F) credit considerations, given revenue projections,
19 and other factors affecting the state's fiscal health and credit
20 worthiness;

21 (G) anticipated premiums for varying maturity dates on
22 bonds;

23 (2) suggestions regarding a state debt maturity policy;

24 (3) the recommended level of bonded debt that the state
25 should authorize with consideration given to the state's credit capa-
26 bility and long-term bonding needs and the implications of alternative
27 levels of debt such as the amount of long-term costs associated with
28 each alternative;

29 (4) bonding and debt capacity implications of legislation

1 enacted in the previous legislative session;

2 (5) implications of the nature, structure, and security of
3 agency debt, including interim financing;

4 (6) proposed allocations for each bonding authority, with
5 consideration given to municipal, school, and other bonded debt issu-
6 ances;

7 (7) recommendations for procedures by which the governor
8 and the legislature can make decisions among competing bond programs
9 within the recommended limit of bonded indebtedness;

10 (8) proposed improvements to enhance the state's ability to
11 market its bonds.

12 (b) The State Bond Committee shall notify the public of the
13 existence of the report submitted under this section and shall make
14 the report available to the public upon request.

15 * Sec. 8. AS 39.25.120(c) is amended by adding a new paragraph to read:

16 (19) the personnel employed by the State Bond Committee.

17 * Sec. 9. AS 44.85 is amended by adding a new section to read:

18 Sec. 44.85.092. COORDINATION OF BOND SALES. The bond bank
19 authority shall consult with the municipalities and the State Bond
20 Committee (AS 37.15) in order to coordinate bond sales in a manner
21 that maximizes the credit of the state in the bond market and enhances
22 the marketability of all bonds sold by public entities in the state.