

Introduced: 5/31/83
Referred: Community and Regional Affairs,
Judiciary and Finance

1 IN THE SENATE

BY HALFORD, KELLY,
STURGULEWSKI AND PETTYJOHN

2

SENATE BILL NO. 304

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing a limit on the issuance of new
7 municipal general obligation bond debt; and providing
8 for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

11 (1) many state municipalities have assumed additional govern-
12 mental powers, resulting in a demand for capital improvements that can only
13 be met by issuing general obligation bonds;

14 (2) some state municipalities, though currently solvent, face an
15 uncertain future because of anticipated declines in their revenues;

16 (3) incurring excessive general obligation bond debt places an
17 undue burden on the taxpayers of a municipality; and

18 (4) the risk that a municipality may default on its obligations
19 because it has incurred excessive bond debt has a substantial impact not
20 only on that municipality but on the financial ratings of other state
21 municipalities and on the economic future of the state as a whole.

22 (b) It is the policy of the state and the purpose of this Act to
23 impose a reasonable limitation on the total general obligation bond debt of
24 state municipalities.

25 * Sec. 2. AS 29.58 is amended by adding a new section to read:

26 Sec. 29.58.190. LIMITATION ON ISSUANCE OF NEW GENERAL OBLIGATION
27 BOND DEBT. A municipality may not issue new general obligation bond
28 debt or bond anticipation notes if the total outstanding general
29 obligation bond debt of the municipality exceeds an amount equal to

1 \$25,000 multiplied by the population of the municipality, or 10
2 percent of the assessed valuation of the taxable property in the
3 municipality, whichever amount is less.

4 * Sec. 3. If a municipality has outstanding general obligation bond
5 debt on the effective date of this Act that is in excess of the limit
6 enacted by sec. 2 of this Act

7 (1) that debt may be refinanced by the municipality if the
8 refinancing does not increase annual debt service by more than 10 percent
9 for the portion of the total debt that is refinanced;

10 (2) bond anticipation notes of the municipality that are out-
11 standing on the effective date of this Act shall be retired by bonds re-
12 quiring that no more than 20 percent of the total principal and interest
13 of the bonds may be paid in any one year; and

14 (3) the municipality may not incur new general obligation bond
15 debt until the outstanding indebtedness has been reduced below the limits
16 imposed by this Act.

17 * Sec. 4. This Act does not and may not be constructed to place any
18 limitation on the power of a municipality to tax for the purpose of paying
19 principal and interest on municipal general obligation bond debt.

20 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).