

Introduced: 1/27/86  
Referred: House Special Committee on  
State Loans, Judiciary and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 519

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.40.040 is amended to read:

10 Sec. 14.40.040. GENERAL POWERS OF THE UNIVERSITY. There is  
11 created and established a corporation to be called the University of  
12 Alaska. It may in that name

- 13 (1) sue and be sued;  
14 (2) receive and hold real and personal property;  
15 (3) contract and be contracted with;  
16 (4) adopt, use and alter a corporate seal;  
17 (5) borrow money, issue debt, or enter into long-term obli-  
18 gations for the purchase of facilities, goods, or services, which  
19 obligations secure, in whole or in part, debt issued by another party,  
20 as approved by the state bond committee under AS 37.15.770;

21 (6) do and have done all matters necessary for the purpose  
22 of any functions set forth in this chapter.

23 \* Sec. 2. AS 14.40 is amended by adding a new section to read:

24 Sec. 14.40.255. LEASE-FINANCING. The Board of Regents may enter  
25 into lease-financing agreements only with the Alaska State Housing  
26 Authority acting as the Alaska State Building Authority. A lease-  
27 financing agreement must provide that lease payments are subject to  
28 annual appropriation. If the board intends to enter into an agreement  
29 under this subsection, the board shall provide notice to the

1 legislature and to the state bond committee. The notice must include  
2 the anticipated annual lease payment and the anticipated principal  
3 amount of the debt to be issued by the Alaska State Housing Authority  
4 acting as the Alaska State Building Authority. The board may not  
5 enter into an agreement under this section until the state bond com-  
6 mittee has approved the proposal for the issuance of debt under  
7 AS 37.15.770.

8 \* Sec. 3. AS 18.55.100(a)(15) is amended to read:

9 (15) acting as the Alaska State Building Authority arrange  
10 or contract for the financing or [, DESIGN, CONSTRUCTION AND] acqui-  
11 sition of public buildings designed by, constructed by, or whose acqui-  
12 sition has been approved by the Department of Transportation and  
13 Public Facilities for lease to the state in accordance with AS 18.55.-  
14 010 -- 18.55.290 and AS 37.15.770.

15 \* Sec. 4. AS 18.55.140 is amended to read:

16 Sec. 18.55.140. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS.  
17 (a) The authority may issue bonds and notes from time to time in its  
18 discretion for any of its corporate purposes and may issue refunding  
19 bonds for the purpose of paying or retiring bonds previously issued by  
20 it. The authority may not issue bonds for public buildings until the  
21 state bond committee has approved the proposal for the issuance of  
22 debt under AS 37.15.770.

23 (b) Bonds issued by the authority for public buildings must be  
24 issued in the name of the Alaska State Building Authority and are  
25 subject to AS 18.55.010 -- 18.55.290.

26 \* Sec. 5. AS 18.55.288 is amended to read:

27 Sec. 18.55.288. DEFINITIONS. In AS 18.55.010 -- 18.55.290[:]

- 28 (1) "authority" means the Alaska State Housing Authority;  
29 (2) "bond" means any bond, note, interim certificate,

1 debenture, or other obligation issued by the authority or the author-  
2 ity acting as the Alaska State Building Authority under AS 18.55.-  
3 010 -- 18.55.290 ["PUBLIC BUILDINGS" MEANS A PUBLICLY OWNED STRUCTURE  
4 LEASED TO THE STATE FOR GOVERNMENTAL, PUBLIC OR EDUCATIONAL USE];

5 (3) "project site" means area devoted for a public housing  
6 project;

7 (4) "public buildings" means a publicly owned structure  
8 leased to the state for governmental, public, or educational use.

9 \* Sec. 6. AS 22.05.025 is amended to read:

10 Sec. 22.05.025. COURT FACILITIES. (a) The supreme court has  
11 authority over all matters relating to the planning, design, construc-  
12 tion, maintenance, occupancy, leasing, and operation of all court  
13 facilities and shall cooperate and coordinate with the Department of  
14 Transportation and Public Facilities so that court facility construc-  
15 tion projects are carried out in accordance with the statutes and  
16 regulations applicable to state public works projects.

17 (b) The supreme court may enter into lease-financing agreements  
18 only with the Alaska State Housing Authority acting as the Alaska  
19 State Building Authority. A lease-financing agreement must provide  
20 that lease payments are subject to annual appropriation. If the  
21 supreme court intends to enter into an agreement under this subsec-  
22 tion, the supreme court shall provide notice to the legislature and to  
23 the state bond committee. The notice must include the anticipated  
24 annual lease payment and the anticipated principal amount of the debt  
25 to be issued by the Alaska State Housing Authority acting as the  
26 Alaska State Building Authority. The supreme court may not enter into  
27 an agreement under this subsection until the state bond committee has  
28 approved the proposal for the issuance of debt under AS 37.15.770.

29 (c) In this section, "court facility" means a state facility in

1       which 75 percent or more of the net usable space is occupied by the  
2       court system and other justice-related agencies.

3       \* Sec. 7. AS 24.23 is amended by adding a new article to read:

4                       ARTICLE 2. LEASE AGREEMENTS.

5               Sec. 24.23.100. LEASE OF SPACE. The Legislative Affairs Agency  
6       may lease necessary office space, and contract for the lease of space,  
7       for the use of the Alaska legislature and its employees. The Legisla-  
8       tive Affairs Agency shall adopt regulations that establish procedures  
9       for the lease of space which are substantially comparable to the pro-  
10      cedures under AS 37.05.280 governing the lease of space for state  
11      agencies.

12              Sec. 24.23.110. The Legislative Affairs Agency may enter into  
13      lease-financing agreements only with the Alaska State Housing Author-  
14      ity acting as the Alaska State Building Authority. A lease-financing  
15      agreement must provide that lease payments are subject to annual  
16      appropriation. If the agency intends to enter into an agreement under  
17      this subsection, the agency must provide notice to the legislature and  
18      to the state bond committee. The notice must include the anticipated  
19      annual lease payment and the anticipated principal amount of the debt  
20      to be issued by the Alaska State Housing Authority acting as the  
21      Alaska State Building Authority. The agency may not enter into an  
22      agreement under this section until the state bond committee has ap-  
23      proved the proposal for the issuance of debt under AS 37.15.770.

24      \* Sec. 8. AS 37.05.280 is amended to read:

25              Sec. 37.05.280. LEASES. (a) The department shall lease neces-  
26      sary space, and contract for the lease of space, for the use of the  
27      state or an agency of the state, wherever it is necessary and feasi-  
28      ble, subject to compliance with the requirements of AS 37.05.220 --  
29      37.05.280. No lease or contract for a lease may provide for a period

1 of occupancy greater than 40 years. An agency of the state requiring  
2 office, warehouse, or other space shall lease the space through the  
3 department. [NO CONTRACT OR LEASE EXECUTED AFTER JANUARY 1, 1966,  
4 WHICH PROVIDES FOR A PAYMENT OR PAYMENTS BY THE STATE IN EXCESS OF  
5 \$12,000 ANNUALLY IS VALID UNLESS THE USE OF THE SPACE TO BE PROVIDED  
6 FOR BY SUCH CONTRACT OR LEASE HAS BEEN EXPRESSLY APPROVED BY THE  
7 LEGISLATURE BY CONCURRENT RESOLUTION.]

8 (b) The department may enter into lease-financing agreements  
9 only with the Alaska State Housing Authority acting as the Alaska  
10 State Building Authority. A lease-financing agreement must provide  
11 that lease payments are subject to annual appropriation. If the de-  
12 partment intends to enter into an agreement under this subsection, the  
13 department shall provide notice to the legislature and to the state  
14 bond committee. The notice must include the anticipated annual lease  
15 payment and the anticipated principal amount of the debt to be issued  
16 by the Alaska State Housing Authority acting as the Alaska State  
17 Building Authority. The department may not enter into an agreement  
18 under this subsection until the state bond committee has approved the  
19 proposal for the issuance of debt under AS 37.15.770.

20 \* Sec. 9. AS 37.15.040 is amended to read:

21 Sec. 37.15.040. SALE OF BONDS. Before selling an issue or  
22 series of bonds, the state bond committee shall give notice inviting  
23 sealed bids in such manner as it may prescribe. If satisfactory bids  
24 are received, the bonds offered for sale shall be awarded to the  
25 highest responsible bidder or bidders. If the state bond committee  
26 determines that the bids received are not satisfactory as to price or  
27 responsibility of the bidders, it may reject all bids received.

28 \* Sec. 10. AS 37.15.110 is amended to read:

29 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.

1 There is created within the Department of Revenue a committee known as  
2 the "state bond committee," the members of which are the commissioner  
3 of commerce and economic development, the commissioner of administra-  
4 tion, and the commissioner of revenue. If a member of the committee  
5 is absent or otherwise unable to act, the member's designee [IN THE  
6 DEPARTMENT] shall act as a member of the committee in the member's  
7 place.

8 \* Sec. 11. AS 37.15.130 is amended to read:

9 Sec. 37.15.130. OFFICERS, RECORDS AND PROCEEDINGS. The commis-  
10 sioner of commerce and economic development is the chairman of the  
11 state bond committee and the commissioner of revenue is the secretary.  
12 A majority of the members of the committee constitute a quorum. The  
13 committee shall keep a full, complete, and permanent record of its  
14 proceedings. All records and correspondence of the committee must  
15 [SHALL] be kept in the office of the commissioner of revenue. For the  
16 purpose of this chapter and AS 44.62.310, public notice of 24 hours or  
17 more is adequate notice of a meeting of the committee at which the  
18 issuance of bonds is authorized.

19 \* Sec. 12. AS 37.15.140 is amended to read:

20 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. (a) The state  
21 bond committee shall adopt the resolution and prepare the documents  
22 necessary for the issuance, sale, and delivery of state general obli-  
23 gation bonds.

24 (b) The state bond committee shall prepare an annual report to  
25 be submitted to the governor and legislature before March 31 of each  
26 year. The report must show (1) all outstanding debt of debt-issuing  
27 entities of the state; (2) the anticipated effect on the finances and  
28 credit of the state, including the effect on long-term debt capacity  
29 and creditworthiness, resulting from that debt; (3) which long-term

1 debt is state supported and which is supported only by revenue attri-  
2 butable to the project being financed by the debt; (4) all long-term  
3 capital lease obligations of the state; (5) the volume of short-term  
4 debt issued and retired during the year by debt-issuing entities of  
5 the state; (6) specific identification of each issue for which the  
6 state has pledged some form of indirect support for the debt, includ-  
7 ing any moral obligation of the state to support the debt; (7) future  
8 bonding and debt capacity implications of legislation enacted in the  
9 previous legislative session; and (8) the recommended debt issuance  
10 capacity of the state for the next two years following the year of the  
11 report.

12 (c) The state bond committee may develop written policies con-  
13 cerning debt of the state.

14 \* Sec. 13. AS 37.15.150 is amended to read:

15 Sec. 37.15.150. STAFF AND [COMMITTEE MAY EMPLOY] SPECIAL SER-  
16 VICES. The state bond committee may appoint an executive director who  
17 may, with approval of the committee, select and employ additional  
18 staff as necessary. Employees of the committee are in the partially  
19 exempt service under AS 39.25.120. If the [STATE BOND] committee  
20 considers it necessary and advisable, it may procure architectural or  
21 engineering, fiscal agent or municipal investment, legal, and other  
22 expert or specialized services at reasonable and customary fees to  
23 assist it in accomplishing the most advantageous sale of the bonds.  
24 The fees may be paid from the proceeds of the sale or advanced from  
25 the contingency fund in the Office [OFFICE] of the Governor [GOVERNOR]  
26 or otherwise.

27 \* Sec. 14. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in such amounts or series and at  
29 such time or times as determined by the committee. Before selling a

1 series of bonds, the committee shall give notice inviting sealed bids  
2 in such manner as it may prescribe. If satisfactory bids are re-  
3 ceived, the bonds offered for sale must [SHALL] be awarded to the  
4 highest responsible bidder or bidders. If the committee determines  
5 that the bids received are not satisfactory as to price or respon-  
6 sibility of the bidders, it may reject all bids received. The bonds,  
7 or each series of them, must [SHALL] be sold at such a price so that  
8 the effective interest rate over the life of the bonds does not exceed  
9 11 percent per year or that rate of interest which is 125 percent of  
10 the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields  
11 for the week previous to the date of sale of the bonds, whichever is  
12 higher. Interest must [SHALL] be payable annually or semiannually.

13 \* Sec. 15. AS 37.15 is amended by adding a new article to read:

14 ARTICLE 5. STATE-SUPPORTED DEBT.

15 Sec. 37.15.770. STATE AGENCY DEBT. (a) The state bond commit-  
16 tee shall review proposals for the issuance of debt by or on behalf of

17 (1) the Alaska State Housing Authority acting as the Alaska  
18 State Building Authority for the purpose of providing public build-  
19 ings; and

20 (2) the University of Alaska.

21 (b) The committee may review the general programs and financing  
22 plans of the agency that proposes to issue the debt as well as the  
23 specific aspects of the proposed debt issue, including

- 24 (1) amounts;  
25 (2) times;  
26 (3) maturities;  
27 (4) debt structure and security features;  
28 (5) credit enhancements;  
29 (6) use of proceeds;

1 (7) official documents;  
2 (8) planned rating agency presentations; and  
3 (9) selection, retention, or compensation of financial  
4 advisors, bond counsel, trustees, underwriters, and other profession-  
5 als.

6 (c) The state bond committee shall consider approval of the  
7 amount and time of sale of the debt. The committee shall approve the  
8 issuance of the debt if, in its judgment, issuance of the debt is in  
9 the best interests of the state. The committee may limit approval of  
10 the issuance of debt upon compliance with terms established by the  
11 committee.

12 (d) At the time of sale of the debt, the state bond committee  
13 shall review the bids or pricing of the debt, including discounts,  
14 underwriting spreads, and interest rates. If the committee determines  
15 that the bids or prices are not satisfactory or that the bidders are  
16 not responsible, the agency may not sell the debt.

17 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the  
18 state bond committee, in its judgment, determines that the amount or  
19 retirement of debt issued by municipalities and subject to reimburse-  
20 ment by the state under AS 14.11.100 is not in the best interests of  
21 the state, the committee may

22 (1) establish an amount or amounts, for any or all years  
23 before the maturity of all of that municipal debt, which may not be  
24 exceeded by the Department of Education in approving requests under  
25 AS 14.11.103; or

26 (2) establish, under AS 14.11.100(j)(3), a term required  
27 for the maturities of municipal debt authorized by local voters after  
28 March 31, 1986.

29 \* Sec. 16. AS 39.25.120(c) is amended by adding a new paragraph to

1 read:

2 (19) employees of the state bond committee.

3 \* Sec. 17. This Act takes effect immediately in accordance with AS 01.-

4 10.070(c).