

Offered: 3/5/86
Referred: Judiciary and
Finance

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1 IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON STATE LOANS

2

CS FOR HOUSE BILL NO. 519 (Loans)

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
18 obligations 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 and ap-
21 proved by law; an appropriation does not constitute approval by law
22 for purposes of this paragraph;

23 (6) do and have done all matters necessary for the purpose
24 of any function set out [FORTH] in this chapter.

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

26 Sec. 14.40.255. LEASE-FINANCING. The Board of Regents may enter
27 into lease-financing agreements only with the Alaska State Housing
28 Authority acting as the Alaska State Building Authority. A lease-
29 financing agreement must provide that lease payments are subject to

1 annual appropriation. If the board intends to enter into an agreement
2 under this subsection, the board shall provide notice to the legisla-
3 ture and to the state bond committee. The notice must include the
4 anticipated annual lease payment, the anticipated principal amount of
5 the debt to be issued by the Alaska State Housing Authority acting as
6 the Alaska State Building Authority, and the anticipated total con-
7 struction or acquisition cost of the project. The board may not enter
8 into an agreement under this section unless the public building to be
9 provided has been approved by law. An appropriation for the project
10 does not constitute approval by law for purposes of this section.

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

12 (15) acting as the Alaska State Building Authority arrange
13 or contract for the financing or [, DESIGN, CONSTRUCTION AND] acquisi-
14 tion of public buildings designed by, constructed by, or whose acqui-
15 sition has been approved by the Department of Transportation and
16 Public Facilities for lease to the state in accordance with AS 18.55.-
17 010 - 18.55.290 and AS 37.15.770.

18 * Sec. 4. AS 18.55.140 is amended to read:

19 Sec. 18.55.140. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS.
20 The authority may issue bonds and notes from time to time in its
21 discretion for any of its corporate purposes and may issue refunding
22 bonds for the purpose of paying or retiring bonds previously issued by
23 it. The authority may not issue bonds for public buildings until the
24 state bond committee has approved the proposal for the issuance of
25 debt under AS 37.15.770 and the building has been approved by law. An
26 appropriation for the building does not constitute approval by law for
27 purposes of this section.

28 * Sec. 5. AS 18.55.140 is amended by adding a new subsection to read:

29 (b) Bonds issued by the authority for public buildings must be

1 issued in the name of the Alaska State Building Authority and are
2 subject to AS 18.55.010 - 18.55.290.

3 * Sec. 6. AS 18.55.288 is amended by adding a new paragraph to read:

4 (4) "bond" means any bond, note, interim certificate,
5 debenture, or other obligation issued by the authority or the author-
6 ity acting as the Alaska State Building Authority under AS 18.55.010 -
7 18.55.290.

8 * Sec. 7. AS 22.05.025 is amended by adding a new subsection to read:

9 (c) The supreme court may enter into lease-financing agreements
10 only with the Alaska State Housing Authority acting as the Alaska
11 State Building Authority. A lease-financing agreement must provide
12 that lease payments are subject to annual appropriation. If the
13 supreme court intends to enter into an agreement under this subsec-
14 tion, the supreme court shall provide notice to the legislature and to
15 the state bond committee. The notice must include the anticipated
16 annual lease payment, the anticipated principal amount of the debt to
17 be issued by the Alaska State Housing Authority acting as the Alaska
18 State Building Authority, and the anticipated total construction or
19 acquisition cost of the project. The supreme court may not enter into
20 an agreement under this subsection unless the public building to be
21 provided has been approved by law. An appropriation for the project
22 does not constitute approval by law for purposes of this section.

23 * Sec. 8. AS 24.23 is amended by adding new sections to read:

24 ARTICLE 2. LEASE AGREEMENTS.

25 Sec. 24.23.100. LEASE OF SPACE. The Legislative Affairs Agency
26 may lease necessary office space, and contract for the lease of space,
27 for the use of the Alaska legislature and its employees.

28 Sec. 24.23.110. The Legislative Affairs Agency may enter into
29 lease-financing agreements only with the Alaska State Housing

1 Authority acting as the Alaska State Building Authority. A lease-
2 financing agreement must provide that lease payments are subject to
3 annual appropriation. If the agency intends to enter into an agree-
4 ment under this subsection, the agency shall provide notice to the
5 legislature and to the state bond committee. The notice must include
6 the anticipated annual lease payment, the anticipated principal amount
7 of the debt to be issued by the Alaska State Housing Authority acting
8 as the Alaska State Building Authority, and the anticipated total
9 construction or acquisition cost of the project. The agency may not
10 enter into an agreement under this section unless the public building
11 to be provided has been approved by law. An appropriation for the
12 project does not constitute approval by law for purposes of this
13 section.

14 * Sec. 9. AS 37.05.280 is amended to read:

15 Sec. 37.05.280. LEASES. The department shall lease necessary
16 space, and contract for the lease of space, for the use of the state
17 or an agency of the state, wherever it is necessary and feasible,
18 subject to compliance with the requirements of AS 37.05.220 - 37.05.-
19 280. A [NO] lease or contract for a lease may not provide for a
20 period of occupancy greater than 40 years. A lease agreement must
21 provide that lease payments are subject to annual appropriation. An
22 agency of the state requiring office, warehouse, or other space shall
23 lease the space through the department. [NO CONTRACT OR LEASE EX-
24 ECUTED AFTER JANUARY 1, 1966, WHICH PROVIDES FOR A PAYMENT OR PAYMENTS
25 BY THE STATE IN EXCESS OF \$12,000 ANNUALLY IS VALID UNLESS THE USE OF
26 THE SPACE TO BE PROVIDED FOR BY SUCH CONTRACT OR LEASE HAS BEEN EX-
27 PRESSLY APPROVED BY THE LEGISLATURE BY CONCURRENT RESOLUTION.]

28 * Sec. 10. AS 37.05 is amended by adding a new section to read:

29 Sec. 37.05.285. LEASE FINANCING. The department may enter into

1 lease-financing agreements only with the Alaska State Housing Author-
2 ity acting as the Alaska State Building Authority. A lease-financing
3 agreement must provide that lease payments are subject to annual
4 appropriation. If the department intends to enter into an agreement
5 under this subsection, the department shall provide notice to the
6 legislature and to the state bond committee. The notice must include
7 the anticipated annual lease payment, the anticipated principal amount
8 of the debt to be issued by the Alaska State Housing Authority acting
9 as the Alaska State Building Authority, and the anticipated total
10 construction or acquisition cost of the project. The department may
11 not enter into an agreement under this subsection unless the public
12 building to be provided has been approved by law. An appropriation
13 for the project does not constitute approval by law for purposes of
14 this section.

15 * Sec. 11. AS 37.15.040 is amended to read:

16 Sec. 37.15.040. SALE OF BONDS. Before selling an issue or
17 series of bonds, the state bond committee shall give notice inviting
18 sealed bids in the [SUCH] manner [AS] it may prescribe. If satisfac-
19 tory bids are received, the bonds offered for sale shall be awarded to
20 the highest responsible bidder or bidders. If the state bond commit-
21 tee determines that the bids received are not satisfactory as to price
22 or responsibility of the bidders, it may reject all bids received.

23 * Sec. 12. AS 37.15.110 is amended to read:

24 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.
25 There is created within the Department of Revenue a committee known as
26 the "state bond committee," the members of which are the commissioner
27 of commerce and economic development, the commissioner of administra-
28 tion, and the commissioner of revenue. If a member of the committee
29 is absent or otherwise unable to act, the member's designee in the

1 department shall act as a member of the committee in the member's
2 place.

3 * Sec. 13. AS 37.15.130 is amended to read:

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

14 * Sec. 14. AS 37.15.140 is amended to read:

15 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. The state bond
16 committee shall adopt the resolution and prepare the documents neces-
17 sary for the issuance, sale, and delivery of state general obligation
18 bonds.

19 * Sec. 15. AS 37.15.140 is amended by adding new subsections to read:

20 (b) The state bond committee shall prepare an annual report to
21 be submitted to the governor and legislature before March 31 of each
22 year. The report must show

23 (1) all outstanding debt of debt-issuing entities of the
24 state;

25 (2) the anticipated effect on the finances and credit of
26 the state, including the effect on long-term debt capacity and credit-
27 worthiness, resulting from that debt;

28 (3) which long-term debt is state supported and which is
29 supported only by revenue attributable to the project being financed

1 by the debt;

2 (4) all long-term capital lease obligations of the state;

3 (5) the volume of short-term debt issued and retired during
4 the year by debt-issuing entities of the state;

5 (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;

8 (7) future bonding and debt capacity implications of legis-
9 lation enacted in the previous legislative session; and

10 (8) the recommended debt issuance capacity of the state for
11 the next two years following the year of the report.

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

14 * Sec. 16. 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. 17. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in the manner, price or prices,
29 [SUCH] amounts or series, and at the [SUCH] time or times [AS]

1 determined by the committee at either public or private sale. [BEFORE
2 SELLING A SERIES OF BONDS, THE COMMITTEE SHALL GIVE NOTICE INVITING
3 SEALED BIDS IN SUCH MANNER AS IT MAY PRESCRIBE. IF SATISFACTORY BIDS
4 ARE RECEIVED, THE BONDS OFFERED FOR SALE SHALL BE AWARDED TO THE
5 HIGHEST RESPONSIBLE BIDDER. IF THE COMMITTEE DETERMINES THAT THE BIDS
6 RECEIVED ARE NOT SATISFACTORY AS TO PRICE OR RESPONSIBILITY OF THE
7 BIDDERS, IT MAY REJECT ALL BIDS RECEIVED.] The bonds, or each series
8 of them, shall be sold at such a price so that the effective interest
9 rate over the life of the bonds does not exceed 11 percent per year or
10 that rate of interest which is 125 percent of the rate of the Bond
11 Buyer Index of 20 Municipal Bond Average Yields for the week previous
12 to the date of sale of the bonds, whichever is higher. Interest shall
13 be payable annually or semiannually.

14 * Sec. 18. AS 37.15.460 is amended to read:

15 Sec. 37.15.460. BOND RESOLUTION. The committee is authorized
16 and directed to adopt the bond resolution and prepare all other docu-
17 ments and proceedings necessary for the issuance, sale and delivery of
18 the bonds or any part or series of them. The bond resolution shall
19 fix the principal amount, denomination, date, maturities, place or
20 places of payment, rights of redemption, if any, terms, form, condi-
21 tions and covenants of the bonds or each series of them. The commit-
22 tee shall also determine and provide for the date and manner of sale
23 of the bonds, and shall provide where a [WHETHER THE] notice of sale,
24 if any, is to be published [ELSEWHERE IN ADDITION TO THE PUBLICATION
25 REQUIRED BY AS 37.15.450].

26 * Sec. 19. AS 37.15.650(a) is amended to read:

27 (a) The toll facilities bonds are sold in the manner, price or
28 prices, amounts or series, and at the time as determined by the com-
29 mittee, at either public or private sale. [BEFORE SELLING A SERIES OF

1 BONDS, THE COMMITTEE SHALL GIVE NOTICE INVITING SEALED BIDS. IF
2 SATISFACTORY BIDS ARE RECEIVED, THE BONDS OFFERED FOR SALE ARE AWARDED
3 TO THE HIGHEST RESPONSIBLE BIDDER. IF THE COMMITTEE DETERMINES THAT A
4 BID RECEIVED IS NOT SATISFACTORY AS TO PRICE OR RESPONSIBILITY OF THE
5 BIDDER, THE COMMITTEE MAY REJECT THE BID RECEIVED.] Bonds, or a
6 series of bonds, may not be sold if the effective interest rate over
7 the life of the bonds exceeds 11 percent per year or that rate of
8 interest that is 125 percent of the rate of the Bond Buyer Index of 20
9 Municipal Bond Average Yields for the week previous to the date of
10 sale of the bonds, whichever is higher. Interest is payable annually
11 or semiannually.

12 * Sec. 20. AS 37.15.660 is amended to read:

13 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
14 and directed to adopt the bond resolution and prepare all other docu-
15 ments and proceedings necessary for the issuance, sale, and delivery
16 of the bonds or any part or series of them. The bond resolution shall
17 fix the principal amount, denomination, date, maturities, place or
18 places of payment, rights of redemption, if any, terms, form, condi-
19 tions, and covenants of the bonds or each series of them. The commit-
20 tee shall also determine and provide for the date and manner of sale
21 of the bonds, and shall provide where a [WHETHER THE] notice of sale,
22 if any, is to be published [ELSEWHERE IN ADDITION TO THE PUBLICATION
23 REQUIRED BY AS 37.15.650].

24 * Sec. 21. AS 37.15 is amended by adding new sections to read:

25 ARTICLE 5. STATE-SUPPORTED DEBT.

26 Sec. 37.15.770. STATE AGENCY DEBT. (a) The state bond commit-
27 tee shall review proposals for the issuance of debt by or on behalf of
28 (1) the Alaska State Housing Authority acting as the Alaska
29 State Building Authority for the purpose of providing public

1 buildings; and

2 (2) the University of Alaska.

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

6 (1) amounts;

7 (2) times;

8 (3) maturities;

9 (4) debt structure and security features;

10 (5) credit enhancements;

11 (6) use of proceeds;

12 (7) official documents;

13 (8) planned rating agency presentations; and

14 (9) selection, retention, or compensation of financial
15 advisors, bond counsel, trustees, underwriters, and other profession-
16 als.

17 (c) The state bond committee shall consider approval of the
18 amount and time of sale of the debt. The committee shall approve the
19 issuance of the debt if, in its judgment, issuance of the debt is in
20 the best interests of the state. The committee may limit approval of
21 the issuance of debt upon compliance with terms established by the
22 committee.

23 (d) At the time of sale of the debt, the state bond committee
24 shall review the bids or pricing of the debt, including discounts,
25 underwriting spreads, and interest rates. If the committee determines
26 that the bids or prices are not satisfactory or that the bidders are
27 not responsible, the agency may not sell the debt.

28 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
29 state bond committee, in its judgment, determines that the amount or

1 retirement of debt issued by municipalities and subject to reimburse-
2 ment by the state under AS 14.11.100 is not in the best interest of
3 the state, the committee may

4 (1) establish an amount or amounts, for any or all years
5 before the maturity of all of that municipal debt, that may not be
6 exceeded by the Department of Education in approving requests under
7 AS 14.11.103; or

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

11 * Sec. 22. AS 39.25.120(c) is amended by adding a new paragraph to
12 read:

13 (19) employees of the state bond committee.

14 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).