

Offered: 4/14/86  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE  
2  
3 CS FOR HOUSE BILL NO. 521 (C&RA)  
4 IN THE LEGISLATURE OF THE STATE OF ALASKA  
5 FOURTEENTH LEGISLATURE - SECOND SESSION  
6 A BILL  
7 For an Act entitled: "An Act relating to municipal debt and the issuance  
8 of municipal general obligation bonds; and providing  
9 for an effective date."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:  
12 (47) AS 29.47.190 - 29.47.195 (notice of and limitation on  
13 debt).  
14 \* Sec. 2. AS 29.20.640(a) is amended to read:  
15 (a) A municipality shall file with the department  
16 (1) maps and descriptions of all annexed or detached terri-  
17 tory;  
18 (2) a copy of the annual audit, or, for a second class  
19 city, an audit or statement of annual income and expenditures;  
20 (3) tax assessment and tax levy figures as requested;  
21 (4) a copy of the current annual budget of the municipal-  
22 ity;  
23 (5) a summary of the optional property tax exemptions  
24 authorized together with the estimate of the revenues lost to the  
25 municipality by operation of each of the exemptions;  
26 (6) a summary of amounts and types of debts of the munic-  
27 ipality if requested by the department.  
28 \* Sec. 3. AS 29.47.190(b) is amended to read:  
29 (b) Before a general obligation bond issue election, the govern-  
ing body shall have published a notice of the total existing bond

1 indebtedness at least once a week for three consecutive weeks. The  
2 first notice shall be published at least 20 days before the date of  
3 the election. A notice must [SHALL] include

4 (1) the current total general obligation bonded indebted-  
5 ness, including authorized but unsold bonds, of the municipality;

6 (2) the cost of the debt service on the current indebted-  
7 ness;

8 (3) the total assessed value of taxable property in the  
9 municipality;

10 (4) the full value of taxable property in the municipality  
11 as determined by the department; and

12 (5) for a city in a borough, the current total general  
13 obligation bonded indebtedness of the borough, including authorized but  
14 unsold bonds.

15 \* Sec. 4. AS 29.47.190 is amended by adding a new subsection to read:

16 (c) This section applies to home rule and general law municipal-  
17 ities.

18 \* Sec. 5. AS 29.47 is amended by adding a new section to read:

19 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing  
20 body may authorize issuance of general obligation bonds only

21 (1) for a city outside a borough, if

22 (A) the general obligation bonded indebtedness of the  
23 city outstanding at the time of the authorization does not exceed  
24 five percent of the average full value of taxable property in the  
25 city for the last two years as determined by the department; and

26 (B) upon issuance of the authorized bonds, the total  
27 general obligation bonded indebtedness of the city will not  
28 exceed five percent of the average full value of taxable property  
29 in the city for the last two years as determined by the

1 department;

2 (2) for a borough containing a city and for a city within a  
3 borough, if

4 (A) the combined general obligation bonded indebted-  
5 ness of the borough and of all cities in it does not exceed six  
6 percent of the average full value of all taxable property in  
7 those municipalities for the last two years as determined by the  
8 department; and

9 (B) upon issuance of the authorized bonds, the total  
10 general obligation bonded indebtedness of the borough and of all  
11 cities in it will not exceed six percent of the average full  
12 value of all taxable property in those municipalities for the  
13 last two years as determined by the department;

14 (3) for a borough that does not contain a city, if

15 (A) the total general obligation bonded indebtedness  
16 of the borough does not exceed five percent of the average full  
17 value of all taxable property in the borough for the last two  
18 years as determined by the department; and

19 (B) upon issuance of the authorized bonds the total  
20 general obligation bonded indebtedness of the borough will not  
21 exceed five percent of the average full value of all taxable  
22 property in the borough for the last two years as determined by  
23 the department.

24 (4) for a unified municipality, if

25 (A) the total general obligation bonded indebtedness  
26 of the unified municipality does not exceed six percent of the  
27 average full value of all taxable property in the unified munic-  
28 ipality for the last two years as determined by the department;  
29 and

1 (B) upon issuance of the authorized bonds the total  
2 general obligation bonded indebtedness will not exceed six  
3 percent of the average full value of all taxable property in the  
4 unified municipality for the last two years as determined by the  
5 department.

6 (b) Except as provided under (c) of this section, if general  
7 obligation bonds are authorized by a borough containing a city or by a  
8 city in a borough, the level of indebtedness shall be apportioned as  
9 follows:

10 (1) the general obligation bonded indebtedness of the  
11 borough may not exceed one percent of the average full value of tax-  
12 able property in the borough, including property inside cities and  
13 outside cities;

14 (2) the general obligation bonded indebtedness of the city  
15 may not exceed five percent of the average full value of taxable  
16 property in the city.

17 (c) The general obligation bonded indebtedness allocated to  
18 boroughs under (b) of this section may be increased if the increase is  
19 approved by a resolution adopted by the assembly and by a resolution  
20 adopted by the council of each city in the borough. However, the com-  
21 bined general obligation indebtedness of all the municipalities may  
22 not exceed the limit under (a)(2) of this section.

23 (d) The limitation under (a) of this section does not apply to

24 (1) general obligation bonds necessary because of a natural  
25 disaster;

26 (2) general obligation bonds necessary to protect the  
27 public health;

28 (3) general obligation bonds for which, without expenditure  
29 of tax revenue, cash receipts from fees, rents, or other charges

1 pledged to pay the debt have been, in the case of debt outstanding,  
2 and will be, in the case of debt to be issued, sufficient each fiscal  
3 year to meet interest and redemption payments on the bonds and costs  
4 of operating and maintaining the capital project financed with the  
5 bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with  
8 art. IX, sec. 10, Constitution of the State of Alaska;

9 (6) debt for which there are sinking funds or other funds  
10 on hand pledged to the payment of the debt, including the proceeds of  
11 refunding bonds or refunding notes; or

12 (7) general obligation bonds necessary for the construc-  
13 tion, rehabilitation, or improvement of public schools.

14 (e) This section applies to home rule and general law municipal-  
15 ities.

16 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).