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Referred: Rules

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Original sponsor(s): Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 154 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to state equipment, including equip-
7 ment lease-financing, and authorizing a master equip-
8 ment lease-financing and lease-refinancing project;
9 and providing for an effective date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1 AS 18.55.010 is amended to read:
12 Sec. 18.55.010. PURPOSE OF AS 18.55.010 - 18.55.290. The pur-
13 pose of AS 18.55.010 - 18.55.290 is to remedy the acute housing short-
14 age that exists in certain localities of the state by undertaking slum
15 clearance, low-cost housing projects, housing for persons and their
16 families engaged in national defense activities in the state, and
17 housing projects and housing for veterans of World War II and other
18 citizens of the state, and to remedy the short supply of necessary
19 public buildings and equipment by providing for the financing, con-
20 struction, and acquisition of public buildings and equipment for lease
21 to the state.
22 * Sec. 2. AS 18.55.080 is amended to read:
23 Sec. 18.55.080. MEMBERS OR EMPLOYEES PROHIBITED FROM ACQUIRING
24 INTEREST IN PROJECTS. A member or employee of the authority may not
25 acquire an interest, direct or indirect, in a housing, [OR] public
26 building, or equipment project, or in property or a contract for
27 materials or services included or planned to be included in a project.
28 If a member or employee owns or controls an interest, the member or
29 employee shall immediately disclose the interest in writing to the

1 authority. Failure to make disclosure constitutes misconduct in
2 office.

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

4 (15) arrange or contract for the financing, design, con-
5 struction, and acquisition of public buildings and equipment for lease
6 to the state in accordance with AS 18.55.010 - 18.55.290.

7 * Sec. 4. AS 18.55.100(d) is amended to read:

8 (d) Notwithstanding (a)(7) and (15) of this section, a proposed
9 public building or equipment project shall be submitted by the author-
10 ity to the legislature for review. The authority may proceed with the
11 public building or equipment project only if it is approved by law.
12 An appropriation does not constitute approval by law for purposes of
13 this subsection.

14 * Sec. 5. AS 18.55.150 is amended to read:

15 Sec. 18.55.150. SECURITY FOR BONDS. The authority may issue
16 bonds including but not limited to bonds on which the principal and
17 interest are payable (1) exclusively from the income and revenue of
18 the housing project financed with the proceeds of the bonds, (2)
19 exclusively from the income and revenue of designated housing projects
20 whether or not they are financed in whole or in part with the proceeds
21 of the bonds, (3) from its revenue generally, or (4) exclusively from
22 rents collected on public buildings or equipment. Bonds may be addi-
23 tionally secured by a pledge of a grant or contribution from the
24 federal government or from another source, or by a pledge of income or
25 revenue of the authority, or by a mortgage of a housing project or
26 other property of the authority.

27 * Sec. 6. AS 18.55.180 is amended to read:

28 Sec. 18.55.180. ISSUANCE AND SALE OF BONDS AND NOTES. Bonds and
29 notes of the authority are authorized by adoption of a resolution

1 prescribing the date of issuance and maturity, interest rate, de-
2 nomination, form, conversion privilege, rank or priority, execution,
3 terms of redemption, medium, and place of payment. Bonds and notes
4 may be sold in the manner, on the terms, and at the price the author-
5 ity determines. Each bond and note is negotiable. The signature of a
6 member or an officer upon a bond or note or coupon is not invalidated
7 by that person's ceasing to hold office before the delivery of the
8 bond or note. The recitation of a bond or note that it has been
9 issued in the financing of a housing, [OR] public building, or equip-
10 ment project under AS 18.55.010 - 18.55.290 is conclusive as to the
11 issuance of the bond or note and the character of the project in a
12 challenge of the validity of the bond or note or the security for it.

13 * Sec. 7. AS 18.55.200(4) is amended to read:

14 (4) covenant with respect to limitations on its right to
15 sell, lease, or otherwise dispose of a housing, [OR] public building,
16 or equipment project or a part of a housing, [OR] public building, or
17 equipment project;

18 * Sec. 8. AS 18.55.200(10) is amended to read:

19 (10) covenant, subject to the limitations contained in
20 AS 18.55.010 - 18.55.290, as to the rents and fees to be charged in
21 the operation of a housing, [OR] public building, or equipment proj-
22 ect, the amount to be raised each year or other period of time by
23 rents, fees, and other revenues, and as to the use and disposition of
24 these revenues;

25 * Sec. 9. AS 18.55.200(15) is amended to read:

26 (15) vest in one or more trustees the right, in the event of
27 a default by the authority, to take possession of a housing, [OR]
28 public building, or equipment project or a part of the project, and so
29 long as the authority continues in default to retain possession and to

1 use, operate, and manage the project, and to collect the rents and
2 revenues from the project, and to dispose of the money according to
3 the agreement between the authority and the trustees;

4 * Sec. 10. AS 18.55.220 is amended to read:

5 Sec. 18.55.220. POWER OF AUTHORITY TO CONFER UPON OBLIGEE RIGHT
6 TO BRING ACTION OR PROCEEDING. The authority may by resolution, trust
7 indenture, mortgage, lease, or other contract confer upon an obligee
8 holding or representing a specified amount in bonds, or holding a
9 lease, the right upon a default as defined in the resolution or in-
10 strument by civil [SUIT,] action or other proceeding

11 (1) to have possession of a housing, [OR] public building,
12 or equipment project or part of one surrendered to the obligee, with
13 possession retained by the obligee as long as the authority continues
14 in default;

15 (2) to obtain the appointment of a receiver of a housing,
16 [OR] public building, or equipment project or part of one and its
17 rents and profits, who may enter, take possession, and for the dura-
18 tion of the default operate and maintain it, collect and receive all
19 fees, rents, revenues, or other charges [THEREAFTER] arising after
20 that, and keep the money in a separate account or accounts to be
21 applied in accordance with the obligations of the authority as the
22 court directs;

23 (3) to require the authority and its members to account as
24 if they were [TO] trustees of an express trust.

25 * Sec. 11. AS 18.55.240 is amended to read:

26 Sec. 18.55.240. POWER OF AUTHORITY TO OBTAIN FEDERAL AID AND
27 COOPERATION. The authority may borrow, accept contributions, grants,
28 or other financial assistance from the federal government in aid of
29 any housing, [OR] public building, or equipment project and for this

1 purpose may comply with conditions and enter into the mortgages, trust
2 indentures, leases, or agreements that are necessary, convenient, or
3 desirable in order to obtain financial aid or cooperation from the
4 federal government in the undertaking, construction, maintenance, or
5 operation of a housing, [OR] public building, or equipment project.

6 * Sec. 12. AS 36.30.080 is amended by adding new subsections to read:

7 (d) If the department enters into a lease-financing agreement
8 with the Alaska State Housing Authority for the financing or refinanc-
9 ing of equipment purchases by the state under a master lease program,
10 the department shall report to the legislature by January 30 of each
11 year the amount of interest to be saved by each agency during the next
12 fiscal year as a result of participation in the master lease program.
13 The savings shall be calculated as the difference between the total
14 payments to be made to the department by the agency under the program
15 during the fiscal year and the total lease payments that would be
16 required if the equipment were purchased under the same terms except
17 at a true interest cost equal to

18 (1) the rate charged by the vendor for financing purchase
19 of the equipment; or

20 (2) if no vendor financing is available, the prime rate
21 charged by banks on short-term business loans at the time of purchase.

22 (e) If the department has entered into a lease-financing agree-
23 ment that provides financing or refinancing under a master lease
24 program for the type of equipment that an agency wants to purchase,
25 has purchased, or is leasing, the agency shall use the master lease
26 program to finance or refinance the equipment.

27 * Sec. 13. The Alaska State Housing Authority may acquire for lease to
28 the state under a master lease program (1) new equipment to replace equip-
29 ment owned by or leased to the state before the effective date of this Act,

1 or (2) equipment leased to the state before the effective date of this Act.
2 The authority may provide up to a total of \$40,000,000 for the acquisition
3 in order to finance the new equipment identified under (1) of this section
4 or to refinance the leased equipment identified under (2) of this section.

5 * Sec. 14. Section 13 of this Act gives the approval referred to in
6 AS 18.55.100(d), as amended by sec. 4 of this Act.

7 * Sec. 15. The Department of Administration may enter into one or more
8 lease-financing agreements with the Alaska State Housing Authority up to a
9 total of \$40,000,000 to

10 (1) finance new equipment to replace equipment owned by or
11 leased to the state before the effective date of this Act; or

12 (2) refinance equipment leased to the state before the effective
13 date of this Act.

14 * Sec. 16. Section 15 of this Act gives the approval referred to in
15 AS 36.30.080(c).

16 * Sec. 17. This Act takes effect immediately under AS 01.10.070(c).