

CS FOR HOUSE BILL NO. 251 (STATE AFFAIRS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 5/17/91
Referred: Judiciary, Finance

Sponsor(s): HOUSE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska debt retirement fund; relating to the retirement of general
2 obligation bond debt of the state and municipalities; relating to the financing of capital
3 projects; and providing for an effective date."

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

5 * Section 1. FINDINGS. The legislature finds that a mechanism is needed to ensure a long-term
6 source of money for the debt service obligations of the state and local governments, and to strengthen
7 and add to the economy of the state, in order to benefit all present and future generations of Alaskans.
8 It is the intent of the legislature that the Alaska debt retirement fund be established to help meet the
9 general fund debt obligations of the state and its political subdivisions, and to finance capital projects
10 with money remaining after debt obligations are paid.

11 * Sec. 2. AS 37.15 is amended by adding a new section to read:

12 Sec. 37.15.011. ALASKA DEBT RETIREMENT FUND. (a) There is established as a
13 separate fund the Alaska debt retirement fund. The Alaska debt retirement fund consists of all
14 money appropriated to or otherwise allocated by law to the fund.

1 (b) The fund shall be invested by the Department of Revenue so as to yield competitive
2 market rates, as provided in AS 37.10.071.

3 (c) Money in the fund may be appropriated

4 (1) for the purposes set out in AS 37.15.012;

5 (2) to reimburse municipalities for obligations authorized under AS 14.11.100;

6 and

7 (3) to finance the acquisition of state facilities through lease-purchase agreements;

8 and

9 (4) if an unobligated balance remains, to finance the design and construction of
10 capital projects.

11 * Sec. 3. AS 37.15.011(a) is amended to read:

12 (a) Under art. IX, sec. 18, Constitution of the State of Alaska, there [THERE] is
13 established as a separate fund the Alaska debt retirement fund. The Alaska debt retirement fund
14 consists of the sources of revenue set out in art. IX, sec. 18(a), Constitution of the State of
15 Alaska [ALL MONEY APPROPRIATED TO OR OTHERWISE ALLOCATED BY LAW TO
16 THE FUND].

17 * Sec. 4. AS 37.15.011 is amended by adding a new subsection to read:

18 (d) Money dedicated to the fund under art. IX, sec. 18, Constitution of the State of
19 Alaska, shall be accumulated in an account in the state treasury and shall be deposited into the
20 fund when the account is credited with at least \$5,000,000, but shall be deposited at least once
21 each month.

22 * Sec. 5. AS 37.15.012 is amended to read:

23 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The amounts
24 required annually to pay the principal, interest, and redemption premium on all issued and
25 outstanding general obligation bonds of the state are appropriated each fiscal year from the
26 Alaska debt retirement [GENERAL] fund to the state bond committee to make all required
27 payments of principal, interest, and redemption premium. If the balance of the Alaska debt
28 retirement fund is insufficient to fully pay these amounts, the necessary additional amounts
29 are appropriated from the general fund to the state bond committee to make all required
30 payments of principal, interest, and redemption premium.

31 * Sec. 6. AS 37.15.015(a) is amended to read:

1 (a) Before a general or special election in which a bond issue is offered for ratification,
2 the state bond committee shall publish a notice of existing state bonded indebtedness at least once
3 a week for three consecutive weeks in a newspaper of general circulation in each of the four
4 judicial districts of the state. The first notice shall be published at least 20 days before the date
5 of the election. A notice must contain

6 (1) the current total bonded indebtedness of the state;

7 (2) the cost of the debt service on the current indebtedness;

8 (3) the projected unobligated debt service capacity that is available in the
9 Alaska debt retirement fund;

10 (4) the estimated debt service requirements for the bond issue offered for
11 ratification; and

12 (5) whether the bond issue offered for ratification will be repaid with
13 amounts from the Alaska debt retirement fund.

14 * Sec. 7. AS 37.15.170(a) is amended to read:

15 (a) Before December [JANUARY] 1 of each year after bonds are issued, the state bond
16 committee shall certify to the commissioner of administration the amount needed for the
17 following calendar year to meet principal, interest, and reserve requirements on all bonds or
18 issues or series of bonds then outstanding, including reimbursements authorized under
19 AS 14.11.100.

20 * Sec. 8. AS 37.15.170 is amended by adding a new subsection to read:

21 (c) Before December 1 of each year, the state bond committee shall report to the
22 governor and the legislature the current fund balance in the Alaska debt retirement fund. The
23 report must contain an estimate of the unobligated debt service capacity that is available in the
24 Alaska debt retirement fund.

25 * Sec. 9. AS 37.15 is amended by adding a new section to article 1 to read:

26 Sec. 37.15.230. DEFINITIONS. In AS 37.15.010 - 37.15.230,

27 (1) "debt service capacity" means the amount of state general obligation debt
28 principal that could be issued as determined by the state bond committee;

29 (2) "fund" means the Alaska debt retirement fund.

30 * Sec. 10. Sections 1, 2, and 5 - 9 of this Act take effect immediately under AS 01.10.070(c).

31 * Sec. 11. Sections 3 and 4 of this Act take effect on the effective date of a constitutional amendment

1 establishing the Alaska debt retirement fund and directing the payment of mineral resource revenue into
2 the fund.