

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

BY THE HOUSE JUDICIARY COMMITTEE

Offered: 5/20/91

Referred: Finance

Sponsor(s): HOUSE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska debt retirement fund; relating to the financing of capital
2 projects; relating to state bonded indebtedness and reimbursements for school construction;
3 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) The Alaska debt
13 retirement fund is established as a separate fund in the state treasury. The Alaska debt retirement
14 fund consists of all 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 under AS 14.11.100;

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

7 and

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

10 * Sec. 3. AS 37.15.012 is amended to read:

11 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The amounts
12 required annually to pay the principal, interest, and redemption premium on all issued and
13 outstanding general obligation bonds of the state are appropriated each fiscal year from the
14 Alaska debt retirement [GENERAL] fund to the state bond committee to make all required
15 payments of principal, interest, and redemption premium. If the balance of the Alaska debt
16 retirement fund is insufficient to fully pay these amounts, the necessary additional amounts
17 are appropriated from the general fund to the state bond committee to make all required
18 payments of principal, interest, and redemption premium.

19 * Sec. 4. AS 37.15.015(a) is amended to read:

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

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

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

27 (3) the projected amount of state general obligation debt principal that could
28 be issued and paid for from the Alaska debt retirement fund;

29 (4) the estimated debt service requirements for the bond issue offered for
30 ratification; and

31 (5) whether the bond issue offered for ratification will be repaid with

1 **amounts from the Alaska debt retirement fund.**

2 * Sec. 5. AS 37.15.170(a) is amended to read:

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

8 * Sec. 6. AS 37.15.170 is amended by adding a new subsection to read:

9 (c) Before December 1 of each year, the state bond committee shall report to the
10 governor and the legislature the current fund balance in the Alaska debt retirement fund. The
11 report must contain an estimate of the amount of state general obligation debt principal that could
12 be issued and paid for from the Alaska debt retirement fund.

13 * Sec. 7. This Act take effect immediately under AS 01.10.070(c).