

## SENATE BILL NO. 235

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/3/91  
Referred: Finance

## 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 (1) for the purposes set out in AS 37.15.012;  
4 (2) to reimburse municipalities for obligations authorized under AS 14.11.100; and (3) if an  
5 unobligated balance remains, to finance the design and construction of capital projects.

6 \* Sec. 3. AS 37.15.012 is amended to read:

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

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

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

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

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

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

25 (4) the estimated debt service requirements for the bond issue offered for  
26 ratification; and

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

29 \* Sec. 5. AS 37.15.170 is amended to read:

30 Sec. 37.15.170. STATE BOND COMMITTEE TO CERTIFY ANNUAL PRINCIPAL,  
31 INTEREST, AND RESERVE REQUIREMENTS. (a) Before December [JANUARY] 1 of each

1 year after bonds are issued, the state bond committee shall certify to the commissioner of  
2 administration the amount needed for the following calendar year to meet principal, interest, and  
3 reserve requirements on all bonds or issues or series of bonds then outstanding. including  
4 reimbursements authorized under AS 14.11.100.

5 (b) The commissioner of administration shall set aside these amounts or make the  
6 necessary provisions for the setting aside of these amounts so that there will be sufficient money  
7 to pay the principal and interest on the due date and to meet reserve requirements.

8 (c) Before December 1 of each year, the state bond committee will report to the  
9 governor and the legislature the current fund balance in the Alaska debt retirement fund.  
10 The report shall contain an estimate of the unobligated debt service capacity that is  
11 available in the Alaska debt retirement fund.

12 \* Sec. 6. AS 37.15 is amended by adding a new section to read:

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

14 (1) "fund" means the Alaska debt retirement fund;

15 (2) "debt service capacity" means the amount of state general obligation debt  
16 principal that could be issued as determined by the state bond committee.

17 \* Sec. 7. AS 37.15.011 is repealed and reenacted to read:

18 Sec. 37.15.011. ALASKA DEBT RETIREMENT FUND. (a) Under art. IX, sec. 18, of  
19 the Alaska Constitution, there is established as a separate fund the Alaska debt retirement fund.  
20 The Alaska debt retirement fund consists of the sources of revenue set out in art. IX, sec. 18(a)  
21 of the Alaska Constitution.

22 (b) Money dedicated to the fund shall be accumulated in an account in the state treasury  
23 and shall be deposited into the fund when the account is credited with at least \$5,000,000, but  
24 shall be deposited at least once each month.

25 (c) The fund shall be invested by the Department of Revenue so as to yield competitive  
26 market rates as provided in AS 37.10.071.

27 (d) Money in the fund may be appropriated (1) for the purposes set out in AS 37.15.012;  
28 (2) to reimburse municipalities for obligations authorized under AS 14.11.100; and (3) if an  
29 unobligated balance remains, to finance the design and construction of capital projects.

30 \* Sec. 8. Sections 1 - 6 of this Act take effect immediately under AS 01.10.070(c).

31 \* Sec. 9. Section 7 of this Act takes 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.