

"An Act relating to borrowing in anticipation of revenues; and providing for an effective date."

# COMMITTEE REPORT

3/18/75

HOUSE

Mr. Speaker:

Date 3/25/75

The Committee on Finance has had HB 304

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other" *into sub B with amendments*

Members signing the Majority report:

_____	_____	<i>Appelone</i>
_____	_____	_____
<i>Henderson</i>	<i>Henderson</i>	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

*Appelone* Chairman

Introduced: 3/18/75  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 304

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to borrowing in anticipation of  
7 revenues; and providing for an effective date."

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

9 \* Section 1. AS 43.08.040 is amended to read:

10 Sec. 43.08.040. SALE OF NOTES. Notes authorized to be issued  
11 under this chapter shall be sold by the commissioner of revenue in the  
12 manner and at the price or prices as he shall determine, at either  
13 public or private sale; however, [, PROVIDED THAT] no note shall be  
14 sold at less than par and accrued interest [OR AT AN INTEREST RATE  
15 EXCEEDING FIVE PER CENT A YEAR].

16 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

March 25, 1975

The Honorable Hugh Malone  
Chairman  
House Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska

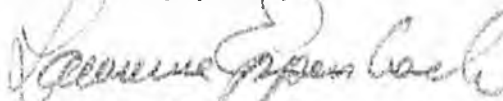
Dear Mr. Malone:

There are no fiscal effects in House Bill 304 that can be reasonably estimated.

This measure removes the interest rate ceiling on revenue anticipation note borrowings. Such borrowing would only be used in a situation where it was imperative to adjust in the year revenue flows to meet expenditures. It is not possible to forecast the use of such borrowings nor the interference if any, of the ceiling. The removal of the ceiling is a precautionary move in the event interest rates move higher from the present levels.

No additional personnel or other items causing expenses would be required to implement House Bill 304. Interest payments for these notes, if any, would be funded by the State annual debt service appropriation.

Very truly yours,



Lawrence Eppenbach  
Deputy Commissioner, Treasury

LE:eh

cc: Commissioner Sterling Gallagher  
Department of Revenue

R. D. Stevenson  
Special Assistant

Department of Revenue  
Ingram Building, Juneau, Alaska

# 8304

March 18, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill eliminating the interest rate ceiling of five per cent a year on short term revenue anticipation note borrowing. When used sparingly, the sale of short term revenue anticipation notes can be an important financial tool, especially in a time of financial emergency. These notes would enable the Department of Revenue to adjust the flow of revenues expected during any fiscal year to better meet the monthly payroll and other operating expenditures of the State.

Although it is difficult to conclude that the five per cent ceiling would prevent the use of these notes, I have been advised that it is prudent not to preserve this ceiling as a financial option that may be of crucial importance during our future financial crunch.

Sincerely,

Jay S. Hammond  
Governor

LAW/FU:fcw