

COMMITTEE REPORT

1/15/76

HOUSE

Mr. Speaker:

Date 2-15-76

The Committee on FINANCE has had HR 577

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"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

Introduced: 1/15/76
Referred: Finance

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IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 577

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to interest rate on general obligation bonds."

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

* Section 1. AS 37.15.030 is amended to read:

Sec. 37.15.030. INTEREST RATE AND MATURITY. Each issue or series of bonds shall bear interest at an effective rate over the life of the bonds not to exceed eight [SEVEN] per cent a year. The bonds shall mature in not more than 30 years from date of issue, unless a longer period is specifically authorized by statute.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill: HB 577
 Title: Interest Rate on General Obligation Bonds
 Requested by: House Finance Committee Date: 1/21/76
 Return Date Requested: 1/26/76
 Agency: Revenue Program: Treasury

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Financial Impact not able to be assessed. This measure will allow the sale of authorized general obligation bonds under condition in the tax exempt securities market requiring an interest payment greater than the present 7% ceiling will allow. However, whether such conditions will actually exist is uncertain and any forecast of expenses would be entirely speculative given the recent volatility in this market.

If a decision is made to issue bonds at an interest cost greater than 7%, then the additional interest cost could certainly be considered an expense. However, there could also be a cost associated with a delay in a project or a termination should bonds not be able to be issued. Some of these costs may be very large under conditions of sustained inflation.

IV. ATTACHMENTS

V. DATE: January 23, 1976 PREPARED BY: _____

[Signature]
DEPUTY COMMISSIONER, TREASURY

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)