

"An Act making a continuing appropriation for the payment of debt service on general obligation bonds of the state, bond anticipation notes, and revenue anticipation notes; and providing for an effective date."

### COMMITTEE REPORT

1/29/76

HOUSE

Mr. Speaker:

Date April 1 1976

The Committee on FINANCE has had HB 669

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 HB 669 AND THAT

CS FOR HB 669 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

Original sponsor: Rules Committee by  
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the pay-  
7 ment of debt service on general obligation bonds of the  
8 state, bond anticipation notes, and revenue antici-  
9 pation notes; and providing for an effective date."

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

11 \* Section 1. AS 37.15 is amended by adding a new section to read:

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 37.15.600. ANNUAL APPROPRIATION. (a) There is appropriated  
14 each fiscal year from the general fund the amount necessary for the  
15 payment of the principal of and interest on all general obligation bonds  
16 of the state authorized before or after the effective date of this sec-  
17 tion in accordance with art. IX, sec. 8 of the Alaska Constitution, as  
18 the principal and interest becomes due and payable.

19 (b) There is appropriated each fiscal year from the general fund  
20 the amount necessary for the payment of interest on bond anticipation  
21 notes issued (under AS 43.08) in anticipation of general obligation bonds  
22 of the state. *added*

23 *see delib*  
24 (c) The bond committee shall submit a report to the legislature by  
25 the third Monday of each January setting out in detail the amount appro-  
26 priated from the general fund under this section for the previous fiscal  
27 year, the amount anticipated in the current fiscal year, and an amount  
28 forecast for the next fiscal year.

29 \* Sec. 2. AS 43.08 is amended by adding a new section to read:

Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated

*\* Estimated - 1/2 year total revenue - a part of FY  
so the amount (deducted) is  
in - so this is borrowed from state*

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each fiscal year from the general fund the amount necessary for the payment of interest on revenue anticipation notes.

(b) The commissioner shall submit a report to the legislature by the third Monday of each January setting out in detail the amount appropriated from the general fund under this section for the previous fiscal year, the amount anticipated during the current fiscal year, and an amount forecast for the next fiscal year.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Introduced: 1/29/76  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the  
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17 bonds of the state authorized before or after the effective date of  
18 this section in accordance with art. IX, sec. 8 of the Alaska Constitu-  
19 tion, as the principal and interest become due and payable.

20 (b) There is appropriated each fiscal year from the general fund  
21 the sum of money necessary for the payment of interest on bond antici-  
22 pation notes issued in anticipation of general obligation bonds *for the state*  
23 on revenue anticipation notes. *issued pursuant to AS 43.08.*

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).

STATE OF ALASKA  
DEPARTMENT OF REVENUE

TREASURY DIVISION

HB 669  
JAY S. HAMMOND, Governor

POUCH SB—JUNEAU 99801

February 11, 1976

The Honorable Hugh Malone  
Chairman, House Finance Committee  
State Capitol  
Juneau, Alaska 99811

Dear Mr. Malone:

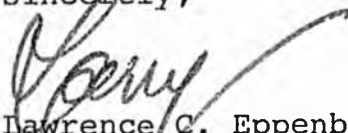
During testimony before your Committee last Friday you asked me to draft suggested sections that would provide a debt service report in HB 669 (an Act making a continuing appropriation for debt service).

I have attached a redraft of HB 669 that now includes reporting sections for General Obligation bonds and notes and separately for Revenue Anticipation Notes. This draft version of HB 669 also revises the sections' citations to the Alaska Code and makes similar housekeeping changes without substantive impact. All changes have been reviewed and approved by Commissioner of Revenue and the Attorney General's office.

I have also enclosed several copies of the state's current Official Statement issued as part of a February 17 bond sale and a summary of all State bond rating ceilings. I recall you asking a question about bond interest rate ceilings in other states.

I will be pleased to reappear and testify before your Committee regarding HB 669 or any other measure at your convenience.

Sincerely,

  
Lawrence C. Eppenbach  
Deputy Commissioner, Treasury

LCE:ge  
Enclosures

IN THE HOUSE

HOUSE BILL NO. 669

IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a continuing appropriation for the payment of debt service on general obligation bonds of the state, bond anticipation notes, and revenue anticipation notes; and providing for an effective date."

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Sec. 37.15.600. ANNUAL APPROPRIATION. (a) There is appropriated each fiscal year from the general fund the amount necessary for the payment of the principal of and interest on all general obligation bonds of the state authorized before or after the effective date of this section in accordance with Art. IX, sec. 8 of the Alaska Constitution, as the principal and interest becomes due and payable.

(b) There is appropriated each fiscal year from the general fund the amount necessary for the payment of interest on bond anticipation notes issued in anticipation of general obligation bonds. *OF THE STATE*

(c) The bond committee shall submit a report to the legislature by the third Monday of each January setting out in detail the amount appropriated from the general fund under this section for the previous fiscal year, the amount anticipated in the current fiscal year, and an amount forecast for the next fiscal year.

\* Section 2. AS 43.08 is amended by adding a new section to read:

Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated each fiscal year from the general fund the amount necessary for the payment of interest on revenue anticipation notes, *issued pursuant AS 43.08*

(b) The commissioner shall submit a report to the legislature by the third Monday of each January setting out in detail the amount appropriated from the general fund under this section for the previous fiscal year, the amount anticipated during the current fiscal year, and an amount forecasted for the next fiscal year.

\* Section 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

FEB 13 1976

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

February 13, 1976

The Honorable Hugh Malone  
Chairman  
House Finance Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, AK 99811

Re: House Bill No. 669

Dear Mr. Malone:

House Bill No. 669, an Act making a continuing appropriation for the payment of debt service on general obligation bonds of the state, bond anticipation notes, and revenue anticipation notes was introduced in the House on January 29, 1976 by the Rules Committee by request of the Governor and was referred to the House Finance Committee.

For the consideration of the House Finance Committee, I am enclosing a copy of a letter dated February 10, 1976 from Mr. C. Richard Walker, State Bond Counsel for the State Bond Committee of the firm of Orrick, Herrington, Rowley & Sutcliffe of San Francisco, California as concerns the need and importance of the provisions of House Bill No. 669 as well as the legal authority for the proposed legislation.

If you or any members of the House Finance Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Walker in San Francisco for further information.

Very truly yours,



R. D. Stevenson  
Special Assistant

Enclosure

cc: Langhorne A. Motley  
Commissioner of Commerce  
and Economic Development  
Chairman, State Bond Committee

J. Sterling Gallagher  
Commissioner of Revenue  
Secretary, State Bond Committee

Andrew S. Warwick  
Commissioner of Administration  
Member, State Bond Committee

V. Kent Dawson  
Director, Budget & Management Division  
Department of Administration

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Orrick, Herrington, Rowley & Sutcliffe  
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Eleventh Floor  
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San Francisco, CA 94111

Eric E. Wohlforth  
Wohlforth & Flint  
Attorneys at Law  
645 G Street  
Anchorage, AK 99501

Lawrence C. Eppenbach  
Deputy Commissioner, Treasury  
Department of Revenue

GEORGE HERRINGTON  
ERIC SUTCLIFFE  
NATHAN D. ROWLEY  
WALTER G. OLSON  
WILLIAM D. W'KEE  
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ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
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600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122

CABLE "ORRICK"  
TELEX 34-0073

February 10, 1976

Mr. R. D. Stevenson  
Special Assistant  
Department of Revenue  
State of Alaska  
Pouch S, Alaska Office Building  
Juneau, Alaska 99811

Re: House Bill No. 669

Dear Mr. Stevenson:

In accordance with your letter of January 31, this is to state again the reasons why I believe it is important to the State of Alaska that House Bill No. 669 become law as soon as possible. Subsection (a) of AS §37.15.815, as proposed to be added by House Bill No. 669, makes a continuing appropriation for the payment of debt service on general obligation bonds of the State, including bonds heretofore authorized and those which may hereafter be authorized.

As a matter of history, prior to 1972 each bond authorization statute adopted by the Alaska Legislature provided for the establishment of a special redemption fund for the particular issue of bonds being authorized. Each such statute provided that there should be set aside to the credit of the special redemption fund such amounts of money as might be necessary to pay the debt service on the bonds being authorized, and that the fund should be used for no other purpose. This procedure resulted in the creation of a long list of special funds and in unnecessary and cumbersome accounting and other expense for the State.

In 1971, the Revisor of Statutes undertook to prepare a new basic form of bond authorization bill, eliminating unnecessary language in the form theretofore used. His work, in consultation with the office of the Attorney General and bond counsel, resulted in a "streamlined" form of bond authorization bill which was the form used for all of the 1972 bond authorization statutes and which is still in use. One aspect of this new form of bill is the complete elimination of the former provision for a special redemption fund; however, this provision was eliminated with the understanding that it would be replaced by some other form of concrete assurance to bondholders that funds would be set aside for

Mr. R. D. Stevenson  
February 10, 1976  
Page 2

the payment of debt service on their bonds, specifically, a continuing appropriation of the kind proposed by House Bill No. 669. Bills to this effect have been introduced in past legislative sessions, but no such bill has yet been adopted, leaving a gap in the statutory scheme for general obligation bonds of the State.

The establishment of a continuing appropriation for debt service, like that which would be provided by House Bill No. 669, is important to the State and to its bondholders. The present procedure, in which the payment of the general obligation debt of the State must depend upon annual appropriations, is impractical, serves no purpose, is dangerous to the credit of the State and is essentially intolerable.

First, it is very difficult, if not impossible, for the administration to make an accurate estimate of the debt service to become due in a future year, unless it is known in advance, as a matter of certainty, that no additional bonds will be issued before the end of that year. If additional bonds may be issued in the year for which the appropriation is to be made or during the time between the preparation of the budget and the commencement of that year, the amount of debt service which will become due thereon will depend upon the amount of additional bonds to be issued, the times at which those bonds are issued and the interest rates which they bear. It is impossible to predict all of these factors a year and a half in advance. Consequently, the annual appropriation will virtually always be too large or too small. If it is too small, it may be necessary to secure a supplemental appropriation, perhaps even at a special legislative session called for that purpose, in order to avoid a default on the debt of the State. To avoid calling a special legislative session to provide an appropriation for debt service on bonds to be issued, the State Bond Committee may be forced to delay needed borrowing or to offer bonds with undesirable terms. This has happened in the past.

Secondly, even if the appropriation proposed by the administration in a given year is, somehow, exactly the correct amount, it is entirely possible that the Legislature at that particular session will not make the appropriation, or will not make it as soon as necessary, because of a deadlock over some unrelated issue, or for some other reason.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. R. D. Stevenson  
February 10, 1976  
Page 3

In other words, with the present appropriation system, the State may find it necessary to make undesirable and uneconomic changes in the time of issuance, amount or features of bonds being issued. More important, it could happen that bonds of the State could go into default, to the disappointment of bondholders and to the detriment of the credit of the State, because of a failure of the present system.

Even if the State were able to continue under the present system without any default and without extensive damage or serious inconvenience to its debt management policy, the mere fact that the present gap in the statutes exists--the fact that no permanent statute definitively implements the State's promise that its bonds are secured by its full faith and credit--may well harm the credit of the State, reduce the marketability of its bonds and increase the interest costs thereon. This is especially true now because of the crisis in New York, discussion in the financial press as to the enforceability and priority of general obligation bonds of New York City and the State of New York and the resulting general concern among investors and underwriters as to the practical effect of pledges of full faith and credit.

On the other hand, I can see no reason whatsoever for continuing the present system. The proposed continuing appropriation for general obligation bonds, of course, relates only to debt of the State heretofore or hereafter authorized by the Legislature and by a majority of the voters voting on the bond propositions at statewide elections, debt to the payment of which, under the Alaska Constitution and statutes, "the full faith, credit and resources" of the State are pledged. It is unthinkable that the Legislature or the administration should violate this pledge by failing to budget or appropriate the full amount necessary. Consequently, there is no purpose whatsoever in attempting to retain any power in the Legislature, through control of annual appropriations, to cause the debt of the State to go unpaid. Moreover, since the continuing appropriation in House Bill No. 669 is, by definition, exactly in the amount of debt service required, the Legislature will not be called upon annually to appropriate amounts which may exceed those which turn out to be required, a procedure which is virtually necessary to avoid deficits under the present system.

Mr. R. D. Stevenson  
February 10, 1976  
Page 4

Subsection (b) of AS §37.15.815, as proposed to be added by House Bill No. 669, provides a continuing appropriation for the payment of interest on bond anticipation notes issued in anticipation of general obligation bonds, and on revenue anticipation notes. Although provision for these notes is not as important as the basic provision of subsection (a) for general obligation bonds, nearly all of the reasons supporting adoption of subsection (a) apply also to subsection (b). Further, it is even less possible, at the time of preparation of the budget, to predict the amount of interest which may be payable on notes than it is to predict the debt service on general obligation bonds. It can seldom be determined more than a short time in advance whether the issuance of notes will be necessary or advantageous. Consequently, at the time the budget is prepared, it will almost never be known whether or not there will be any interest to pay on notes during the next fiscal year.

As to the legal authority for House Bill No. 669, the following points may be mentioned:

(a) As I understand the annual financial report of the State, Alaska now has many continuing appropriations in effect.

(b) I see nothing in the Alaska Constitution which would forbid a continuing appropriation of the kind suggested, and in my opinion House Bill No. 669 would be a valid, constitutional enactment.

(c) The procedure suggested is substantially like that followed by the State of California, except that in California a continuing appropriation is made as to each bond authorization at the time of authorization. E.g., Calif. Water Code §11922.5; see Calif. Government Code §16724(d). Continuing appropriations of this kind have been upheld by the Supreme Court of California. Cf. Riley v. Johnson, 219 Cal. 513 (1933); Riley v. Johnson, 6 Cal. 2d 529 (1936).

(d) The State of Hawaii also has adopted a continuing appropriation for the payment of debt service on bonds of the State, which is a single provision applying to all bonds, present and future, like that proposed by House Bill No. 669. Hawaii Rev. Stat. (1968) §39-11.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. R. D. Stevenson  
February 10, 1976  
Page 5

(e) A continuing appropriation for other purposes was upheld in Shapley v. Frohmiller, 165 P. 2d 306 (Ariz., 1946).

I urge that House Bill No. 669 be adopted as soon as possible for the benefit of the present and future holders of bonds of the State, and thereby for the benefit of the State, which will undoubtedly be borrowing money in the future, and also for the direct benefit of the State. If you have any further question as to the foregoing, please let me know.

Sincerely yours,

*C. Richard Walker*

cc: Mr. John R. Messenger  
Mr. Arthur H. Peterson  
Mr. Eric E. Wohlforth

Introduced: 1/29/76  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND JESSION

5 A BILL

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18 this section in accordance with art. IX, sec. 8 of the Alaska Constitu-  
19 tion, as the principal and interest become due and payable.

20 (b) There is appropriated each fiscal year from the general fund  
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22 pation notes issued in anticipation of general obligation bonds and  
23 on revenue anticipation notes.

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
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CABLE "ORRICK"  
TELEX 34-0873

March 1, 1976

HB 669

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick

Gentlemen:

I have the following comments with respect to currently pending legislation, which I suggest for consideration and possible action by you and others receiving this letter:

House Bill No. 577

This bill raises the maximum effective interest rate on general obligation bonds from 7% to 8%. It might be advisable to add a provision that the bill takes effect immediately upon enactment, since the change it makes might be needed or useful at the time of the next sale of general obligation bonds.

House Bill No. 605

This bill would change the state income tax law to allow exemption of interest on state and local obligations only if they have been "issued by the State of Alaska, a political subdivision of the State of Alaska or a city or borough of the State of Alaska." The quoted language appears to be unduly restrictive, and would raise questions as to the exemption of interest on bonds of the Alaska Housing Finance Corporation, the Alaska State Development Corporation, the Alaska Municipal Bond Bank Authority, the Alaska State Housing Authority and the University of Alaska Heating Corporation. Bonds heretofore issued (or presently expected to be issued) by each of these entities have been tax-free for state as well as federal income tax purposes. None of them is a "political subdivision" in any ordinary sense of the term.

House Bill No. 669

This is the bill providing for a continuing appropriation for debt service. I think that §37.15.815(b), as added by this bill, would be clearer and in better form

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 2

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if the words "of the state" were added after the words "general obligation bonds" and the words "issued pursuant to AS 43.08" were added after the words "revenue anticipation notes."

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The following comments relate to various bills providing for the issuance of general obligation bonds of the State:

Committee Substitute for House Bill No. 617

This bill provides for the issuance of \$24,014,000 in general obligation bonds for the University of Alaska, but the list of projects in section 2 of the bill adds up to \$23,982,000, rather than \$24,014,000.

House Bill No. 748

The purpose of the appropriation in the second sentence of section 2 of this bill is not stated and is left to implication. I think that purpose should be stated, at least to the extent of adding "to be used for the purpose described in sec. 1 of this Act" at the end of that sentence.

House Bill No. 806

The statement of purpose in the first sentence of section 1 of this bill should be changed to conform with the language in the proposition in section 4 and the language in the title of the proposed act.

Senate Bill No. 557

The amount of the appropriation in section 3 of this bill is not in accordance with the usual formula, and probably should be changed to \$42,000.

"Capital Improvements"

Article IX, Section 8, of the Constitution allows the issuance of general obligation bonds only "for capital

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 3

improvements." Four of the bond authorization bills describe projects or purposes which may not be "capital improvements" within this constitutional provision. Both Senate Bill No. 557 and House Bill No. 548 provide for bonds to pay the cost of constructing "and maintaining" local service roads and trails. Committee Substitute for House Bill No. 620, in item (6) of section 2, provides for bonds for "roof repairs." House Bill No. 622, in item (3) of section 2, provides for bonds for "runway repair." Extraordinary maintenance and repairs may be capital improvements, but most maintenance and repairs are not capital improvements.

Principal Amount of Bonds

As you know, general obligation bonds of the State and nearly all other state and local government bonds are issued in the denomination of \$5,000, the standard unit. However, House Bill No. 614, Sponsor Substitute for House Bill No. 615, Committee Substitute for House Bill No. 617, Committee Substitute for House Bill No. 620 and House Bill No. 623 provide, respectively, for bond issues in the aggregate principal amounts of \$3,807,200, \$44,455,100, \$24,014,000, \$10,076,300 and \$50,360,200. Using House Bill No. 623 as an example, this would result in issuing less than the total amount of bonds authorized or in issuing one odd bond in the denomination of \$200 along with 10,072 bonds in the usual denomination of \$5,000. Issuing a bond in an odd denomination requires extra time, expense and confusion in connection with the preparation of the resolution, notice of sale, official statement and other documents relating to the bonds, the printing of the one odd bond with all of its special coupons, and all of the selling, accounting, paying and other activities with relation to the bonds. On the other hand, it would be highly unusual to find an estimate of expenditures, used in connection with determining the principal amount of a fifty-million dollar bond issue, that was within \$5,000 of being a perfectly precise estimate. Consequently, it would certainly be advisable to round off the principal amounts of each of these proposed bond issues to the nearest \$5,000.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 4

AS §24.30.037

As you know, this statute requires each bill authorizing the issuance of general obligation bonds to include "a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project." AS §§15.57.010 and 15.15.040(b) require the Lieutenant Governor to distribute similar statements to the voters.

Senate Bill No. 557 and House Bills Nos. 548, 609, 610 and 806 completely ignore these statutes and provide no description of each project, its location or its allocated amount.

Senate Bills Nos. 580 and 582 (in section 3(14) and section 4(16)) do not conform with AS §24.30.037, but do recognize the existence of that statute by stating that "notwithstanding the provisions of AS 24.30.037" the proceeds of the bonds shall be allocated by the Governor or another executive for miscellaneous projects.

House Bills Nos. 611, 613, 616, 618, 622, 623 and 787, Sponsor Substitute for House Bill No. 615 and Committee Substitute for House Bill No. 620 attempt to satisfy the requirements of AS §24.30.037, at least in part, but do not entirely conform with those requirements. E.g., House Bill No. 613, section 2, items (4) and (21); House Bill No. 616, section 2, item (1); House Bill No. 618, section 2, item (1); House Bill No. 623, section 2, items (1) and (2).

I understand, and have previously pointed out, that AS §24.30.037 is an undesirable and impractical statute. However, a rather general failure to conform with this statute creates problems and further indicates the need to repeal or amend AS §24.30.037.

Typographical Errors

In Senate Bill No. 587, the fund provided for by section 2 should be referred to by the same name in both.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 5

instances where it is mentioned. In House Bill No. 623,  
a dollar sign should be added in section 2 at line 24, and  
"Services" should be changed to "Service" in the proposi-  
tion heading in section 5.

Sincerely yours,

*C. Richard Watson*

cc: Mr. John R. Messenger  
Mr. Arthur H. Peterson  
Mr. R. D. Stevenson  
Mr. Eric E. Wohlforth

Introduced: 1/29/76  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the  
7 payment of debt service on general obligation bonds  
8 of the state, bond anticipation notes, and revenue  
9 anticipation notes; and providing for an effective  
10 date."

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

12 \* Section 1. AS 37.15 is amended by adding a new section to read:

13 ARTICLE 3. MISCELLANEOUS PROVISIONS.

14 Sec. 37.15.815. ANNUAL APPROPRIATION. (a) There is appropriated  
15 each fiscal year from the general fund the sum of money necessary for  
16 the payment of the principal of and interest on all general obligation  
17 bonds of the state authorized before or after the effective date of  
18 this section in accordance with art. IX, sec. 8 of the Alaska Constitu-  
19 tion, as the principal and interest become due and payable.

20 (b) There is appropriated each fiscal year from the general fund  
21 the sum of money necessary for the payment of interest on bond antici-  
22 pation notes issued in anticipation of general obligation bonds and  
23 on revenue anticipation notes.

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).

Introduced: 5/6/75  
Referred: Finance

1 IN THE HOUSE

BY HAUGEN

2 HOUSE BILL NO. 482

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the  
7 payment of debt service on general obligation bonds  
8 of the state; and providing for an effective date."

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

10 \* Section 1. AS 37.15 is amended by adding a new section to read:

11 Sec. 37.15.215. ANNUAL APPROPRIATION. There is appropriated  
12 each fiscal year from the general fund the sum of money necessary for  
13 the payment of the principal of and interest on all general obligation  
14 bonds of the state authorized before or after the effective date of  
15 this section in accordance with art. IX, sec. 8 of the Alaska Con-  
16 stitution, as the principal and interest become due and payable.

17 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).

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28  
29

HB 669

January 29, 1976

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 to provide for a continuing appropriation each fiscal year from the general fund for the payment of principal and interest on all general obligation bonds of the state. To this extent, the proposed bill is identical to HB 482 introduced last session. The present bill, in addition, provides for an appropriation each fiscal year from the general fund money for payment of interest on bond anticipation notes issued in anticipation of general obligation bonds and on revenue anticipation notes of the state.

The inclusion of a continuing appropriation for payment of principal and interest on general obligation bonds is made on the advice of State bond counsel, Mr. C. Richard Walker of San Francisco. Mr. Walker has stated that the language contained in the proposed bill should be enacted into law in order that bondholders would be secure and the state in a better position if the necessary appropriation is made, once and for all, before the bonds are issued. After the sale held on May 6, 1975 at which time \$42,000,000 of the State of Alaska general obligation bonds were sold, there remained \$177,360,000 of State of Alaska general obligation bonds which had been authorized but were unissued. Passage of the proposed bill, in the opinion of the state bond counsel, would enhance future sales of authorized but still unissued state general obligation bonds by giving more credibility to the security of the bonds.

By extending the bill to also cover interest on bond anticipation notes issued in anticipation of general obligation bonds, the state may, during a period when state general obligation bonds are not as attractive as other investment, sell short-term notes instead. The

interest on those notes would automatically be paid from the general fund. The inclusion of bond anticipation notes in the proposed bill would improve the marketability of these notes and reduce or eliminate possible problems arising from incorrect estimates of debt services to become due in a particular year.

By extending the bill to cover interest on revenue anticipation notes, interest on these notes would automatically be paid from the general fund when issued by the commissioner of revenue.

Sincerely,

Jay S. Hammond  
Governor

GEORGE HERRINGTON  
ERIC SUTCLIFFE  
NATHAN D. ROWLEY  
WALTER G. OLSON  
WILLIAM G. MACEE  
SIDNEY E. ROBERTS  
JAMES H. BENNETT  
C. RICHARD WALTER  
JAMES F. CRAFTS, JR.  
ANDREW DONNEY ORRICK  
JAMES R. HAYNES  
RICHARD C. SALLADIN  
RICHARD J. LUCAS  
CARLOS S. FOWLER  
DONALD A. SLICHTER  
PAUL A. WEGBLER

JAMES R. MADISON  
DILLMAN C. RINSELL, JR.  
WILLIAM L. HOISINGTON  
THOMAS R. SHEARER, JR.  
CAMERON W. WOLFE, JR.  
JOSEPH J. HUGHES  
RALPH C. WALKER  
M. PETER LILLEVAND  
WILLIAM E. DONOVAN  
ROBERT J. GLOISTEIN  
W. REECE BADER  
PAUL J. SAE  
MARTELLEN B. CATTANI  
WILLIAM L. RILEY  
THOMAS UNTERMAN

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
COUNSELORS AND ATTORNEYS AT LAW

ELEVENTH FLOOR  
600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122

CABLE "ORRICK"  
TELEX 34-0973

April 13, 1976

Mr. R. D. Stevenson  
Special Assistant  
Department of Revenue  
State of Alaska  
Pouch SA, Alaska Office Building  
Juneau, Alaska 99811

Dear Bob:

Thank you for the copies of bills you have recently sent me:

House Bill No. 577 Amended by the Senate (Chapter 29)

We may not need this increase in the maximum interest rate on general obligation bonds, but I am glad to see it accomplished.

Committee Substitute for House Bill No. 669

I am very glad to see that some action is being taken on this bill providing for a continuing appropriation for debt service. The committee substitute is probably an improvement over the original bill, but I suggest that the following changes be made in the committee substitute:

Line 18 - change "becomes" to "become", as in the original bill.

Line 21 - delete "under AS 43.08." Bond anticipation notes are not issued "under AS 43.08."

Line 23 - insert "state" before "bond committee."

Line 2, page 2 - insert "issued under this chapter" after "revenue anticipation notes".

House Bill No. 893

My comments on this bill are enclosed, in accordance with your letter of April 6.

Sincerely yours,

*C. Orrick*

cc: Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
Mr. Eric E. Wohlforth  
Mr. John R. Messenger  
Mr. Arthur H. Peterson

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
COUNSELORS AND ATTORNEYS AT LAW  
ELEVENTH FLOOR  
600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122

CABLE "ORRICK"  
TELETYPE 34-0573

GEORGE HERRINGTON  
ERIC SUTCLIFFE  
NATHAN D. ROWLEY  
WALTER C. OLSON  
WILLIAM D. WHEE  
SIDNEY E. ROBERTS  
JAMES H. BENNETT  
C. RICHARD WALKER  
JAMES F. CRAFTS, JR.  
ANDREW DORNEY ORRICK  
JAMES P. HAYNES  
RICHARD C. SALLADI  
RICHARD J. LUCAS  
CARLO S. FOWLER  
DONALD A. SLICHTER  
PAUL A. WEBBER

JAMES R. MADISON  
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THOMAS R. SHEPHERD, JR.  
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JOSEPH J. HUGHES  
RALPH C. WALKER  
M. PETER LILLEVAAG  
WILLIAM C. DONOVAN  
ROBERT J. GLOIS\*EIN  
W. REECE BADER  
PAUL J. SAK  
MARYELLEN B. CATTANI  
WILLIAM L. RILEY  
THOMAS UNTERMAN

February 10, 1976

Mr. R. D. Stevenson  
Special Assistant  
Department of Revenue  
State of Alaska  
Pouch S, Alaska Office Building  
Juneau, Alaska 99811

Re: House Bill No. 669

Dear Mr. Stevenson:

In accordance with your letter of January 31, this is to state again the reasons why I believe it is important to the State of Alaska that House Bill No. 669 become law as soon as possible. Subsection (a) of AS §37.15.815, as proposed to be added by House Bill No. 669, makes a continuing appropriation for the payment of debt service on general obligation bonds of the State, including bonds heretofore authorized and those which may hereafter be authorized.

As a matter of history, prior to 1972 each bond authorization statute adopted by the Alaska Legislature provided for the establishment of a special redemption fund for the particular issue of bonds being authorized. Each such statute provided that there should be set aside to the credit of the special redemption fund such amounts of money as might be necessary to pay the debt service on the bonds being authorized, and that the fund should be used for no other purpose. This procedure resulted in the creation of a long list of special funds and in unnecessary and cumbersome accounting and other expense for the State.

In 1971, the Revisor of Statutes undertook to prepare a new basic form of bond authorization bill, eliminating unnecessary language in the form theretofore used. His work, in consultation with the office of the Attorney General and bond counsel, resulted in a "streamlined" form of bond authorization bill which was the form used for all of the 1972 bond authorization statutes and which is still in use. One aspect of this new form of bill is the complete elimination of the former provision for a special redemption fund; however, this provision was eliminated with the understanding that it would be replaced by some other form of concrete assurance to bondholders that funds would be set aside for

Mr. R. D. Stevenson  
February 10, 1976  
Page 2

the payment of debt service on their bonds, specifically, a continuing appropriation of the kind proposed by House Bill No. 669. Bills to this effect have been introduced in past legislative sessions, but no such bill has yet been adopted, leaving a gap in the statutory scheme for general obligation bonds of the State.

The establishment of a continuing appropriation for debt service, like that which would be provided by House Bill No. 669, is important to the State and to its bondholders. The present procedure, in which the payment of the general obligation debt of the State must depend upon annual appropriations, is impractical, serves no purpose, is dangerous to the credit of the State and is essentially intolerable.

First, it is very difficult, if not impossible, for the administration to make an accurate estimate of the debt service to become due in a future year, unless it is known in advance, as a matter of certainty, that no additional bonds will be issued before the end of that year. If additional bonds may be issued in the year for which the appropriation is to be made or during the time between the preparation of the budget and the commencement of that year, the amount of debt service which will become due thereon will depend upon the amount of additional bonds to be issued, the times at which those bonds are issued and the interest rates which they bear. It is impossible to predict all of these factors a year and a half in advance. Consequently, the annual appropriation will virtually always be too large or too small. If it is too small, it may be necessary to secure a supplemental appropriation, perhaps even at a special legislative session called for that purpose, in order to avoid a default on the debt of the State. To avoid calling a special legislative session to provide an appropriation for debt service on bonds to be issued, the State Bond Committee may be forced to delay needed borrowing or to offer bonds with undesirable terms. This has happened in the past.

Secondly, even if the appropriation proposed by the administration in a given year is, somehow, exactly the correct amount, it is entirely possible that the Legislature at that particular session will not make the appropriation, or will not make it as soon as necessary, because of a deadlock over some unrelated issue, or for some other reason.

Mr. R. D. Stevenson  
February 10, 1976  
Page 3

In other words, with the present appropriation system, the State may find it necessary to make undesirable and uneconomic changes in the time of issuance, amount or features of bonds being issued. More important, it could happen that bonds of the State could go into default, to the disappointment of bondholders and to the detriment of the credit of the State, because of a failure of the present system.

Even if the State were able to continue under the present system without any default and without extensive damage or serious inconvenience to its debt management policy, the mere fact that the present gap in the statutes exists--the fact that no permanent statute definitively implements the State's promise that its bonds are secured by its full faith and credit--may well harm the credit of the State, reduce the marketability of its bonds and increase the interest costs thereon. This is especially true now because of the crisis in New York, discussion in the financial press as to the enforceability and priority of general obligation bonds of New York City and the State of New York and the resulting general concern among investors and underwriters as to the practical effect of pledges of full faith and credit.

On the other hand, I can see no reason whatsoever for continuing the present system. The proposed continuing appropriation for general obligation bonds, of course, relates only to debt of the State heretofore or hereafter authorized by the Legislature and by a majority of the voters voting on the bond propositions at statewide elections, debt to the payment of which, under the Alaska Constitution and statutes, "the full faith, credit and resources" of the State are pledged. It is unthinkable that the Legislature or the administration should violate this pledge by failing to budget or appropriate the full amount necessary. Consequently, there is no purpose whatsoever in attempting to retain any power in the Legislature, through control of annual appropriations, to cause the debt of the State to go unpaid. Moreover, since the continuing appropriation in House Bill No. 669 is, by definition, exactly in the amount of debt service required, the Legislature will not be called upon annually to appropriate amounts which may exceed those which turn out to be required, a procedure which is virtually necessary to avoid deficits under the present system.

Mr. R. D. Stevenson  
February 10, 1976  
Page 4

Subsection (b) of AS §37.15.815, as proposed to be added by House Bill No. 669, provides a continuing appropriation for the payment of interest on bond anticipation notes issued in anticipation of general obligation bonds, and on revenue anticipation notes. Although provision for these notes is not as important as the basic provision of subsection (a) for general obligation bonds, nearly all of the reasons supporting adoption of subsection (a) apply also to subsection (b). Further, it is even less possible, at the time of preparation of the budget, to predict the amount of interest which may be payable on notes than it is to predict the debt service on general obligation bonds. It can seldom be determined more than a short time in advance whether the issuance of notes will be necessary or advantageous. Consequently, at the time the budget is prepared, it will almost never be known whether or not there will be any interest to pay on notes during the next fiscal year.

As to the legal authority for House Bill No. 669, the following points may be mentioned:

(a) As I understand the annual financial report of the State, Alaska now has many continuing appropriations in effect.

(b) I see nothing in the Alaska Constitution which would forbid a continuing appropriation of the kind suggested, and in my opinion House Bill No. 669 would be a valid, constitutional enactment.

(c) The procedure suggested is substantially like that followed by the State of California, except that in California a continuing appropriation is made as to each bond authorization at the time of authorization. E.g., Calif. Water Code §11922.5; see Calif. Government Code §16724(d). Continuing appropriations of this kind have been upheld by the Supreme Court of California. Cf. Riley v. Johnson, 219 Cal. 513 (1933); Riley v. Johnson, 6 Cal. 2d 529 (1936).

(d) The State of Hawaii also has adopted a continuing appropriation for the payment of debt service on bonds of the State, which is a single provision applying to all bonds, present and future, like that proposed by House Bill No. 669. Hawaii Rev. Stat. (1968) §39-11.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. R. D. Stevenson  
February 10, 1976  
Page 5

(e) A continuing appropriation for other purposes was upheld in Shapley v. Frohmiller, 165 P. 2d 306 (Ariz., 1946).

I urge that House Bill No. 669 be adopted as soon as possible for the benefit of the present and future holders of bonds of the State, and thereby for the benefit of the State, which will undoubtedly be borrowing money in the future, and also for the direct benefit of the State. If you have any further question as to the foregoing, please let me know.

Sincerely yours,

*C. Richard Walker*

cc: Mr. John R. Messenger  
Mr. Arthur H. Peterson  
Mr. Eric E. Wohlforth

Original Sponsor: Rules Committee by  
Request of the Governor

Offered: 4/30/76  
Referred: Rules

IN THE HOUSE

BY THE FINANCE COMMITTEE

*Drafted by Dept. of Revenue*  
*Not approved*

SENATE CS FOR CS FOR HOUSE BILL NO. 669

IN THE LEGISLATURE FOR THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the payment of debt service on bond anticipation notes; and providing for an effective date."

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

\* Section 1. AS 37.15.310 is amended to read:

Sec. 37.15.310. ISSUANCE OF NOTES. The state bond committee shall issue notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All the notes (AND THE INTEREST THEREON) are payable at a fixed place, on or before a fixed time, or at a fixed time, from the proceeds of the sale of bonds, in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes. Interest on the notes is payable at a fixed place, on or before a fixed time, out of appropriations made for the payment of interest on general obligation notes or bonds of the State.

\* Sec. 2. AS 43.08 is amended by adding a new section to read:

Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated each fiscal year from the general fund the amount necessary for the payment of interest on revenue anticipation notes issued under this Chapter.

(b) The commissioner shall submit a report to the legislature by the third Monday of each January setting out in detail the amount appropriated from the general fund under this section for the previous fiscal year, the amount anticipated during the current fiscal year, and an amount forecast for the next fiscal year.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

COMMITTEE REPORT

SENATE

4/18/76

Mr. President:

Date

4/30/76

The Committee on Finance has had CSHB 669 making a continuing appropriation for the payment of debt service on g.o. bonds under consideration. A Majority of the members of the Committee of state

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR CSHB 669 AND THAT CS FOR CS H 669 DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Bill Kay \_\_\_\_\_  
John ... \_\_\_\_\_  
Shirley ... \_\_\_\_\_  
K. Poland \_\_\_\_\_

Members NOT concurring in the Majority report:

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

Bill Kay Chairman

Original Sponsor: Rules Committee by  
Request of the Governor

Offered: 4/30/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 669

3

IN THE LEGISLATURE FOR THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the payment of debt service on

7

bond anticipation notes; and providing for an effective

8

date."

9

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

10

\* Section 1. AS 37.15.310 is amended to read:

11

Sec. 37.15.310. ISSUANCE OF NOTES. The state bond committee

12

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13

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14

THEREON] are payable at a fixed place, on or before a fixed time, or

15

at a fixed time, from the proceeds of the sale of bonds, in anticipation

16

of which the original note or notes were issued, unless the bonds have

17

not been sold by the maturity date of the notes. Interest on the

18

notes is payable at a fixed place, on or before a fixed time, out of

19

appropriations made for that purpose.

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\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

21

10.070(c).

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COMMITTEE REPORT

4/26/76

SENATE

Mr. President:

Date 4/27/76

The Committee on Finance has had CSMB 569 making a continuing appropriation for the payment of debt service on general under consideration. A Majority of the members of the Committee obligation bonds of state

- 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:

Greg Ray \_\_\_\_\_

John ... \_\_\_\_\_

J. ... \_\_\_\_\_

\_\_\_\_\_

Members NOT concurring in the Majority report:

Bob ... recommends: No. Rec.

V.K. ... recommends: " "

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

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

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

Greg Ray Chairman

AMENDMENT

OFFERED IN THE SENATE:

By: RAY

To: CS SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. 669

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 1, line 18: change "becomes" to "become"

line 21: delete "under AS 43.08"

line 23: insert "state" before "bond committee"

Page 2, line 2: after "notes" insert "issued under this chapter"

*Adopted*

HB669

January 29, 1976

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 to provide for a continuing appropriation each fiscal year from the general fund for the payment of principal and interest on all general obligation bonds of the state. To this extent, the proposed bill is identical to HB 482 introduced last session. The present bill, in addition, provides for an appropriation each fiscal year from the general fund money for payment of interest on bond anticipation notes issued in anticipation of general obligation bonds and on revenue anticipation notes of the state.

The inclusion of a continuing appropriation for payment of principal and interest on general obligation bonds is made on the advice of State bond counsel, Mr. C. Richard Walker of San Francisco. Mr. Walker has stated that the language contained in the proposed bill should be enacted into law in order that bondholders would be secure and the state in a better position if the necessary appropriation is made, once and for all, before the bonds are issued. After the sale held on May 6, 1975 at which time \$42,000,000 of the State of Alaska general obligation bonds were sold, there remained \$177,360,000 of State of Alaska general obligation bonds which had been authorized but were unissued. Passage of the proposed bill, in the opinion of the state bond counsel, would enhance future sales of authorized but still unissued state general obligation bonds by giving more credibility to the security of the bonds.

By extending the bill to also cover interest on bond anticipation notes issued in anticipation of general obligation bonds, the state may, during a period when state general obligation bonds are not as attractive as other investment, sell short-term notes instead. The

HB 669

interest on those notes would automatically be paid from the general fund. The inclusion of bond anticipation notes in the proposed bill would improve the marketability of these notes and reduce or eliminate possible problems arising from incorrect estimates of debt services to become due in a particular year.

By extending the bill to cover interest on revenue anticipation notes, interest on these notes would automatically be paid from the general fund when issued by the commissioner of revenue.

Sincerely,

Jay S. Hammond  
Governor

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/3/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the pay-  
7 ment of debt service on general obligation bonds of the  
8 state, bond anticipation notes, and revenue antici-  
9 pation notes; and providing for an effective date."

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

11 \* Section 1. AS 37.15 is amended by adding a new section to read:

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 37.15.600. ANNUAL APPROPRIATION. (a) There is appropriated  
14 each fiscal year from the general fund the amount necessary for the  
15 payment of the principal of and interest on all general obligation bonds  
16 of the state authorized before or after the effective date of this sec-  
17 tion in accordance with art. IX, sec. 8 of the Alaska Constitution, as  
18 the principal and interest becomes due and payable.

19 (b) There is appropriated each fiscal year from the general fund  
20 the amount necessary for the payment of interest on bond anticipation  
21 notes issued under AS 43.08 in anticipation of general obligation bonds  
22 of the state.

23 (c) The bond committee shall submit a report to the legislature by  
24 the third Monday of each January setting out in detail the amount appro-  
25 priated from the general fund under this section for the previous fiscal  
26 year, the amount anticipated in the current fiscal year, and an amount  
27 forecast for the next fiscal year.

28 \* Sec. 2. AS 43.08 is amended by adding a new section to read:

29 Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated

1 each fiscal year from the general fund the amount necessary for the  
2 payment of interest on revenue anticipation notes.

3 (b) The commissioner shall submit a report to the legislature by  
4 the third Monday of each January setting out in detail the amount appro-  
5 priated from the general fund under this section for the previous fiscal  
6 year, the amount anticipated during the current fiscal year, and an  
7 amount forecast for the next fiscal year.

8 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

Introduced: 1/29/76  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the  
7 payment of debt service on general obligation bonds  
8 of the state, bond anticipation notes, and revenue  
9 anticipation notes; and providing for an effective  
10 date."

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

12 \* Section 1. AS 37.15 is amended by adding a new section to read:

13 ARTICLE 3. MISCELLANEOUS PROVISIONS.

14 Sec. 37.15.815. ANNUAL APPROPRIATION. (a) There is appropriated  
15 each fiscal year from the general fund the sum of money necessary for  
16 the payment of the principal of and interest on all general obligation  
17 bonds of the state authorized before or after the effective date of  
18 this section in accordance with art. IX, sec. 8 of the Alaska Constitu-  
19 tion, as the principal and interest become due and payable.

20 (b) There is appropriated each fiscal year from the general fund  
21 the sum of money necessary for the payment of interest on bond antici-  
22 pation notes issued in anticipation of general obligation bonds and  
23 on revenue anticipation notes.

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).