

"An Act providing for the issuance of general obligation bonds in the amount of \$ 31,000,000 for the purpose of paying the cost of water supply and sewerage systems construction; and providing for an effective date."

COMMITTEE REPORT

4/12/76

HOUSE

Mr. Speaker:

Date 4/21/76

The Committee on FINANCE has had SB. 732

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)

(X) recommends it BE REPLACED WITH CS FOR SB 732 AND THAT

House Finance
CS FOR SB 732 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Original sponsor: Rules Committee
by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 732

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obligation
7 bonds in the amount of \$31,000,000 for the purpose
8 of paying the cost of water supply and sewerage
9 systems construction; and providing for an effective
10 date."

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

12 * Section 1. For the purpose of paying the cost of water supply and
13 sewerage systems construction, general obligation bonds of the state in the
14 principal amount of not more than \$31,000,000 shall be issued and sold.
15 The full faith, credit and resources of the state are pledged to the payment
16 of the principal of and interest and redemption premium, if any, on these
17 bonds. These bonds shall be issued under the provisions of AS 37.15 as
18 those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1976
21 Water Supply and Sewerage Systems Construction Fund" shall be established,
22 to which shall be credited the proceeds of the sale of the bonds described
23 in sec. 1 of this Act except for the accrued interest and premiums. There
24 is appropriated from the "1976 Water Supply and Sewerage Systems Construction
25 Fund" to the Department of Environmental Conservation the amount of
26 \$31,000,000. The specific uses of the proceeds of these bonds shall be
27 determined by the governor in accordance with AS 46.03.030, except that
28 \$2,000,000 of the proceeds shall be used in funding the Village Safe Water
29 Act (AS 46.07).

Introduced: 4/7/76
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE
BY REQUEST

2 SENATE BILL NO. 732

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25 Fund" to the Department of Environmental Conservation the amount of
26 \$31,000,000. The specific uses of the proceeds of these bonds shall be
27 determined by the governor in accordance with AS 46.03.030, except that
28 \$1,000,000 of the proceeds shall be used in funding the Village Safe Water
29 Act (AS 46.07).

1 * Sec. 3. If the issuance of these bonds is authorized by the qualified
2 voters of the state, the amount of \$108,500 or as much of that amount as is
3 found necessary is appropriated from the general fund of the state to the
4 state bond committee to carry out the provisions of this Act and to pay
5 expenses incident to the sale and issuance of the bonds authorized in this
6 Act. The amounts expended from the appropriation authorized by this section
7 shall be reimbursed to the general fund from the proceeds of the sale of
8 the bonds authorized by this Act.

9 * Sec. 4. The amount withdrawn from the Public Facility Planning Fund
10 for the purpose of advance planning for the improvements financed under
11 this Act shall be reimbursed to the fund from the proceeds of the sale of
12 bonds authorized by this Act.

13 * Sec. 5. The question whether the bonds authorized in this Act are to
14 be issued shall be submitted to the qualified voters of the state at the
15 next state general election and shall read substantially as follows:

16 Proposition

17 State General Obligation Water Supply and Sewerage
18 Systems Construction Bonds \$31,000,000

19 Shall the State of Alaska issue its general obligation bonds in the
20 principal amount of not more than \$31,000,000 for the purpose of
21 paying the cost of water supply and sewerage systems construction?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

JAY S. HAMMOND, GOVERNOR

Pouch O
Juneau, Alaska 99811

May 12, 1976

The Honorable Hugh Malone
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

Thanks for your request for our Department's views concerning the proposal before the House Finance Committee to increase the amount available in HB 610 for the construction of Village Safe Water (VSW) facilities from the \$1 million proposed by the Governor to \$2 million. Several issues were addressed in our discussions on this proposals and I would like to review them for you.

First, we have decided to propose sewer and water bond authorizations, including VSW funds, on a biennial basis. This will allow us to regularly and continually fund these projects, and help avoid any cash flow difficulties that then would have to be funded out of general fund appropriations. As you know, bond funding for these two programs has not been proposed biennially in the past, but has been rather erratic.

Secondly, we needed to integrate the on-going VSW construction program with a comprehensive long range planning process for the provision of sanitary facilities in rural areas. This planning is now going on, and, hopefully, can result in a long range program for those facilities addressing not only construction, but also continuing operation and maintenance. During the planning process, we propose to continue construction of 1-2 VSW facilities per year. The experience gained in the construction and operation of these facilities is essential if our long range planning is to be meaningful. As well, the need for these facilities is well demonstrated in a number of villages, and we can, as mentioned earlier, take advantage of concurrent school construction in certain areas, thus reducing total costs to the State.



"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"



The Honorable Hugh Malone

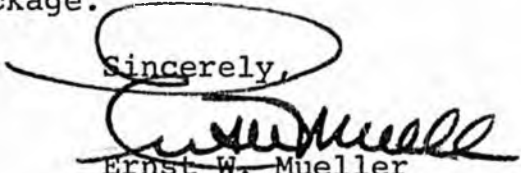
-2-

May 12, 1976

To continue this construction program, we feel that the \$1 million bond fund request coupled with the general fund moneys presently available to us, is adequate until 1978. At that time, our planning will be completed to the extent that we should have a long range program available for review by the legislature, and proposed bond issue for the 1978 election.

Lastly, the 1976 sewer and water bond program was designed within the limits established by the Governors Bond Committee. Any increase in the proposal could potentially run the total bond fund level beyond the guidelines set by this Administration in preparing its 1976 bond package.

Sincerely,



Ernst W. Mueller
Commissioner

HOUSE FINANCE COMMITTEE
Wednesday, April 21, 1976
9:00 a.m.

Members present: All members were present except
Rep. Itta.

PRESENT

The first topic for discussion was SB 732. Rep. Malone said there was one change that might be considered. Funding has been provided for the Village Safe Water Program at \$1,000,000 a year. Under the Governor's bill they provided \$1,000,000 for a two-year period. The committee might consider increasing the amount to \$2,000,000 in the bill.

SB 732

On SB 267 am Rep. Malone said the bill provides for an increase in funding for community water systems. Right now the state picks up 25% of the cost of construction programs. The bill would raise it to 50% or 50% of the non-Federal share. Rep. Duncan asked how the \$31,000,000 figure was arrived at. Rep. Malone explained that they estimated \$1,000,000 in applications per month. They feel that the bond issue will have to do them for two and one-half years. It takes into account the increased funding for water systems. They added \$1,500,000 for the Village Safe Water Program.

SB 267 am

Rep. Haugen moved to send out SB 732 the way it is. Rep. Guy said that in HB 610 the figure for the Village Safe Water Program was set at \$5,000,000 instead of \$1,000,000. He then moved to amend Rep. Haugen's motion to reflect the \$5,000,000 figure. Rep. Haugen objected. He said he felt that the \$1,000,000 for Village Safe Water was enough. It was included in most of the school bond issues too. Rep. Duncan questioned whether \$5,000,000 could be used in the next two years. Rep. Malone answered that he didn't know but the projects are running about \$500,000 each. Rep. Haugen objected to the fact that cosmopolitan area communities had to come up with 25% of the cost before they could get anything. They also have to pay a sewer and water fee. Rep. Malone said he was reasonably sure all the money had not been spent by Village Safe Water last year.

SB 732

Rep. Itta joined the meeting at 9:30.

Rep. Malone commented that he felt the way to operate the program was not to have the department administering it but rather to have the local people handle it as a grant program.

SB 732

Rep. Malone said he would have to object to the \$5,000,000 figure. The way the program has been operating they are unlikely to be able to spend more than \$2,000,000 over the next two years.

The amendment was voted on and failed. Rep. Malone moved to amend SB 732 to change the \$1,000,000 for Village Safe Water to \$2,000,000. Rep. Guy said he had not seen a significant impact provided by the annual \$1,000,000 donation. The motion was voted on and it passed.

There was no objection to the motion to report the bill out, so it was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So CS for SB 732 was reported out with a "do pass" recommendation.

SB 732
REPORTED OUT
DO PASS REC

The meeting was adjourned at 10:00.