

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

March 16, 1976

The Honorable Bill Ray  
Chairman  
Senate Finance Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: House Bill No. 577

Dear Senator Ray:

House Bill No. 577, an Act relating to interest rate on general obligation bonds, was introduced in the Senate on March 11, 1976 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Lawrence C. Eppenbach, Deputy Commissioner, Department of Revenue concerning House Bill No. 577.

If you or any members of the Senate Finance Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Eppenbach for further information or testimony at a hearing.

Very truly yours,



R. D. Stevenson  
Special Assistant

Enclosure

cc: Lawrence C. Eppenbach  
Deputy Commissioner  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. 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: \_\_\_\_\_

  
DEPUTY COMMISSIONER, TREASURY

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

Introduced: 1/15/76  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 577

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest rate on general obl'ga-  
7 tion bonds."

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

9 \* Section 1. AS 37.15.030 is amended to read:

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