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Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game

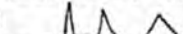


Andre Marrou
Representative

District 5

Kenai	Sterling
Soldotna	Ancher Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

April 13, 1985

To: Peter Goll, Chairman H. CR&A
From: Andre Marrou 

Subject: HB 343

The North Slope Borough is \$1,203,440,000 in debt. This is \$97,373 for each and every person living in the North Slope Borough! Valdez is \$80,497,000 in debt which is \$21,833 per capita. Nenana is indebted \$2,869,000 -- \$5,245 per capita-- or 25.5% of their total assessed value. Compare this last number with the average city debt of 3.3% of valuation. Many more statistics could be quoted supporting the view that some of our municipalities are abusing their bonding authority.

These municipalities are jeopardizing the bonding credibility of the State. There is no clear-cut State policy regarding the possible default of any municipality. For this reason, I have introduced HB 343.

I consider it morally reprehensible that citizens in a fiscally responsible community might be asked to share the debt burden of communities who act without prudence and frugality. This would occur if the State ever decided to bail out a municipality facing bankruptcy.

It is imperative that municipalities and their citizens understand that they must act responsibly when issuing bonds. A city does not have the right to rob its neighbor of potential capital projects by assuming that the State will pay its debt in case they fail.

Distribution of State Property Tax For the North Slope Borough

<u>Year</u>	<u>State Assessed Value</u>	<u>Gross Revenue</u>	<u>Local Credit</u>	<u>Net to State</u>	<u>Percent Increase</u>	<u>Percent of Gross to State</u>
1979	4,810,887,800	96,217,756	49,800,530	46,417,226		48.24
1980	5,450,597,290	109,011,946	55,974,326	53,037,620	14.26	48.65
1981	6,297,616,550	125,952,331	105,150,647	20,801,684	(60.78)	16.52
1982	7,722,388,820	154,447,776	126,731,999	27,665,777	33.00	17.91
1983	9,450,158,880	189,003,178	144,625,348	44,377,830	60.41	23.48
1984	11,725,560,030	234,511,201	215,398,538	19,112,663	(56.93)	8.15

North Slope Borough Budget From All Property Taxes

<u>Year</u>	<u>Mill Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>% Increase</u>
1979	10.35	24,360,827	26,625,145	50,985,972	
1980	10.33	28,997,204	30,154,114	59,151,318	16.01
1981	16.70	36,142,391	77,846,541	113,988,932	92.71
1982	16.42	33,833,656	100,370,000	134,203,656	17.73
1983	15.31	33,174,581	118,892,137	152,066,718	73.31
1984	18.37	51,911,988	173,530,854	225,442,842	48.25

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 343
 Title: General Obligation Bonds Issued by Municipality
 Sponsor: Marrou
 Requestor: House C & RA
 Date of Request: April 12, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
 Division: Treasury

Phone: 465-2350
 Date: April 12, 1985

Approved by Commissioner: *Walter J. Starnes*
 Agency: Department of Revenue

Date: 4/16/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
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POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HC & RA 4-26-85 3p.m.

COMMITTEE REPORT

HOUSE

4/26

JUDICIARY

(7)

FURTHER: FINANCE

3/29/85

Date: _____

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HE 343

"An Act relating to general obligation bonds issued by a municipality."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title new title

and recommends _____

- Also attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

W.H. Furnace Good Bill
A. G. M.
Peter Jones

MEMBERS HAVING
OTHER RECOMMENDATIONS:

W.H. Furnace No Pass
F. Karpavicius Do Not Pass
Redundant

Peter Jones

 CHAIRMAN

Introduced: 3/29/85
Referred: Community & Regional
Affairs, Judiciary and Finance

1 IN THE HOUSE

BY MARROU

2

HOUSE BILL NO. 343

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to general obligation bonds issued
7 by a municipality."

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

9 * Section 1. AS 29.58.180(a) is amended to read:

10 (a) The full faith and credit of a municipality are pledged for
11 the payment of principal and interest on general obligation bonds
12 issued by that municipality. The municipality may levy ad valorem
13 taxes for payment without limitation of rate or amount to pay or
14 secure the payment of the principal and interest on general obligation
15 bonds, regardless of whether the bonds are in default or in danger of
16 default. The state is not obligated to pay the principal or interest
17 on general obligation bonds issued by a municipality.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

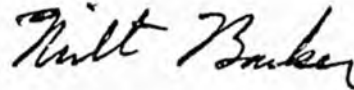
April 26, 1985

Rep. Peter Goll
Chairman
House Community and
Regional Affairs Committee
Pouch V
Juneau, AK 99811

Dear Representative Goll:

The Department of Revenue has reviewed HB 343 and has no objection to the proposed amendments.

-Sincerely,



Milt Barker
Deputy Commissioner

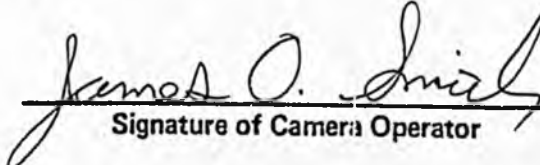
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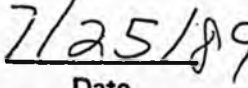


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Signature of Camera Operator


Date