

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/20/85

Date: 4-4-85

The Committee on FINANCE has had HB 4

"An Act relating to debt of the state, its agencies, and municipalities; and providing for an effective date."

under consideration and recommends:

do pass do not pass

do pass with attached amendments(s)

replace with CS for HB 4 (LOANS) same title
 new title
and recommends DO PASS

AND attaches a "Letter of Intent" New Fiscal Note
 Zero Fiscal Note Attached

reports it back without recommendation

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Albert B. G. ...
Ronald J. ...
Rich ...
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MEMBERS HAVING
OTHER RECOMMENDATIONS:

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Albert B. G. ...
CHAIRMAN

Offered: 3/20/85
Referred: Finance

Original sponsors: Uehling and Gruenberg

1 IN THE HOUSE BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS
2 CS FOR HOUSE BILL NO. 4 (Loans)
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 debt of the state, its agencies,
7 and municipalities; and providing for an effective
8 date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 37.15.110 is amended to read:
11 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.
12 There is created within the Department of Revenue a committee known as
13 the "state bond committee," the members of which are the commissioner
14 of commerce and economic development, the commissioner of administra-
15 tion, and the commissioner of revenue. If a member of the committee is
16 absent or otherwise unable to act, the member's designee [IN THE
17 DEPARTMENT] shall act as a member of the committee in the member's
18 place.
19 * Sec. 2. AS 37.15.130 is amended to read:
20 Sec. 37.15.130. OFFICERS, RECORDS AND PROCEEDINGS. (a) The
21 commissioner of revenue [COMMERCE AND ECONOMIC DEVELOPMENT] is the
22 chairman of the state bond committee [AND THE COMMISSIONER OF REVENUE
23 IS THE SECRETARY]. A majority of the members of the committee consti-
24 tute a quorum. The committee shall keep a full, complete, and perma-
25 nent record of its proceedings. All records and correspondence of the
26 committee shall be kept in the office of the commissioner of revenue.
27 (b) The committee may meet and transact business by electronic
28 media if
29 (1) public notice of the time and locations where the

1 meeting will be held by electronic media has been given in the same
2 manner as if the meeting were held in a single location;

3 (2) participants and members of the public in attendance
4 can hear and have the same right to participate in the meeting as if
5 the meeting were conducted in person; and

6 (3) copies of pertinent reference materials, statutes,
7 regulations, and audio-visual materials are reasonably available to
8 participants and to the public.

9 (c) A meeting by electronic media as provided in this section
10 has the same legal effect as a meeting in person.

11 (d) For the purposes of this chapter public notice of 24 hours
12 or more is adequate notice of a meeting of the committee at which the
13 issuance of bonds is authorized.

14 * Sec. 3. AS 37.15.140 is amended to read:

15 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. (a) The state
16 bond committee shall adopt the resolution and prepare the documents
17 necessary for the issuance, sale, and delivery of bonds issued on
18 behalf of the state.

19 (b) The state bond committee shall prepare an annual report to
20 be submitted to the governor and legislature before January 31 of each
21 year. The report must show (1) all outstanding debt of debt issuing
22 entities of the state; (2) the anticipated impact on the finances and
23 credit of the state, including the effect on long-term debt capacity
24 and creditworthiness resulting from that debt; (3) which long-term
25 debt is tax supported and which is supported only by revenues attrib-
26 utable to the project being financed by the debt; (4) all long-term
27 capital lease obligations of the state; (5) the volume of short-term
28 debt issued and retired during the year by debt issuing entities of
29 the state; (6) specific identification of each issue for which the

1 state has pledged some form of indirect support for the debt including
2 any moral obligation of the state to support the debt; (7) future
3 bonding and debt capacity implications of legislation enacted in the
4 previous legislative session; and (8) the recommended debt issuance
5 capacity of the state for the next two years following the year of the
6 report. The committee may require that any information needed to
7 prepare the report be furnished by debt issuing entities of the state
8 at a time determined by the committee. The state bond committee shall
9 publicize the existence of the report submitted under this section and
10 shall make the report available to the public upon request.

11 (c) The state bond committee may develop written policies
12 concerning debt of the state.

13 (d) The committee may develop written informational guidelines
14 for management of debt of municipalities of the state and debt of
15 instrumentalities of the state authorized to issue tax exempt obliga-
16 tions.

17 (e) The policies and guidelines developed under (c) and (d) of
18 this section shall include bidding procedures, and bid awards and
19 compensation for financial service.

20 (f) The state bond committee shall request the debt issuing
21 entities of the state to (1) prepare and submit to the committee by
22 January 31 of each year a calendar of all debt proposed to be issued
23 during the calendar year showing the amount and type of the debt and
24 the month in which issuance is proposed, and (2) prepare and submit
25 monthly a report showing all proposed changes to the calendar sub-
26 mitted.

27 (g) In this section the term "debt issuing entities of the
28 state" includes the state, each agency or instrumentality of the state
29 authorized to issue tax exempt obligations, and each municipality of

1 the state.

2 (h) In this section the term "debt" means (1) long-term bonded
3 indebtedness secured by the full faith and credit of the government
4 unit, (2) long-term bonded indebtedness secured by a mortgage or lien
5 on specific properties or receivables, (3) short-term notes, (4)
6 warrants, and (5) capital lease obligations; but "debt" does not in-
7 clude debt owed within the debt issuing entity or to another debt
8 issuing entity.

9 * Sec. 4. AS 37.15.150 is amended to read:

10 Sec. 37.15.150. STAFF AND [COMMITTEE MAY EMPLOY] SPECIAL SER-
11 VICES. The state bond committee may appoint an executive director who
12 may with approval of the committee select and employ additional staff
13 as necessary. Employees of the committee are in the partially exempt
14 service under AS 39.25.120. If the [STATE BOND] committee considers
15 it necessary and advisable, it may procure architectural or engineer-
16 ing, fiscal agent or municipal investment, legal and other expert or
17 specialized services at reasonable and customary fees to assist it in
18 accomplishing the most advantageous sale of the state bonds. The fees
19 may be paid from the proceeds of the sale or advanced from the contin-
20 gency fund in the office of the governor or otherwise.

21 * Sec. 5. AS 39.25.120(c) is amended by adding a new paragraph to read:

22 (19) employees of the state bond committee.

23 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 4 (Loans)
Title: Debt of the State

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____

Sponsor: Representative Uehling BRU, Program or Subprogram(s) Affected: _____
Requestor: House Finance Committee
Date of Request: 4/3/85

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 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

CS HB 4 (Loans) no longer requires development of policies and informational guidelines. Therefore, funds expended for these purposes can be absorbed in the Department's FY 86 Budget.

APA

Prepared By: Representative Adams - Chairman Phone: 465-3706
Division: House Finance Committee Date: 4/3/85

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: ^{CS} HB 4 (FIN)
 Title: Debt of State, Agencies, and Municipalities
 Sponsor: Uehling
 Requestor: Special Loans Committee
 Date of Request: January 22, 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	-	50.0	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	50.0	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	50.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	50.0	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: January 22, 1985

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 1/23/85

Distribution (by Agency preparing fiscal note):

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

HB 4
Fiscal Note Analysis

Funds for development of policies and informational guidelines
by State Bond Committee financial advisor.

Alaska State Legislature

ANCHORAGE
DOWNTOWN
DISTRICT TWELVE

AIRPORT HEIGHTS
CITY VIEW
DOWNTOWN
FAIRVIEW
GOVERNMENT HILL
INLET VIEW
SOUTH ADDITION



House of Representatives

Representative

RICK UEHLING

MEMBER

HOUSE FINANCE COMMITTEE

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

MEMORANDUM

Date: April 3, 1985

To: Representative Al Adams, Chair
House Finance Committee

From: Representative Rick Uehling 

Subject: CS House Bill 4 (Loans), "An Act relating to the debt of the State, its agencies, and municipalities; and providing for an effective date."

The following is an outline of the background and provisions of HB 4:

The Background

As a part of the work of the House Special Committee on State Loans of the 13th Legislature, the Committee examined a recent report to the Legislative Budget and Audit Committee by the Government Finance Research Center entitled "A review of the Debt Management and Debt Capacity of the State of Alaska." The House Special Committee on State Loans held a major hearing in Anchorage, at which Wesley Hough, Manager of the Government Finance Research Center and the author of the report, presented it to the Committee.

The report makes a series of recommendations concerning the State's Debt Management practices. In addition, the report speaks specifically to the General Obligation Debt capacity of the State. HB 4 is an attempt to institute many of the report's recommendations for managing State Debt.

During the last Session a similar bill passed the House 40-0 but died in Senate Rules in the last days of the Session.

There has been a growing concern on the part of both the Legislature and the public with the amount of debt that is being incurred by the State of Alaska. As the State looks to financing many large projects that are important to the State, the capacity of the State to issue General Obligation bonds becomes an increasingly important factor. Additionally, a great deal of attention has focused on the

Page Two

"debt issuing entities" of the State, the municipalities and agencies which are authorized to incur debt.

This attention has focused on the Alaska Housing Finance Corporation and the North Slope Borough which together have issued almost four times the amount of State General Obligation debt.

While the debt that is incurred by the Alaska Housing Finance Corporation (AHFC) is supported by mortgage revenues, and the debt of the North Slope Borough is supported by the property tax revenues of the borough, there remain concerns about the State's ultimate moral obligation. Furthermore, there is the overriding question of at what point the growing debt issuance of the AHFC and the North Slope Borough will negatively impact the overall capacity of the State to issue debt.

HB 4 contains four major provisions:

1. The Chair of the State Bond Committee would be changed from the Commissioner of Commerce and Economic Development to the Commissioner of Revenue.
2. The State Bond Committee would be responsible for a yearly report to the Legislature and the Public on the State's bonded indebtedness. HB 4 states very specifically what the report will contain.
3. The State Bond Committee would be allowed but not required to issue written policies and guidelines for the management of State debt and local debt.
4. The State Bond Committee would be responsible for coordinating a calendar of State-wide debt issuance.

While HB 4 contains many of the provisions called for by the GFRC report, it does not provide for some of more controversial recommendations such as a ceiling on municipal debt or new provisions controlling the School Debt Retirement Program. It is a first step towards the Legislature recognizing the need to maintain an active role in the management of the debt issuance of the State, its municipalities and agencies.

Page Three

The Provisions.

Section 1 AS 37.15.110

The State Bond Committee is placed for Administrative purposes within the Department of Revenue. It currently does not exist within a Department. The State Bond Committee would retain its current three members: The Commissioner of Revenue, the Commissioner of Commerce & Economic Development and the Commissioner of Administration.

Section 2 AS 37.15.130

The Commissioner of Revenue replaces the Commissioner of Commerce & Economic Development as the Chair of the State Bond Committee.

This section also provides at the request of the Department of Revenue, provisions allowing for meetings to be held by electronic means and a special provision allowing 24 hour notice of a meeting for the purpose of authorizing the issuance of bonds. These provisions are substantially the same as those concerning meetings of the Board of Directors of AHFC.

Section 3 AS 37.15.140

a) The words "issued on behalf of the State" have been added to existing statute in order to clarify that the statute relates only to bonds issued on behalf of the State and does not pertain to municipalities.

b) The State Bond Committee is required to prepare an annual report to the Legislature and the Governor outlining the current status of outstanding State Debt before January 31st of each year. Material to be included in the report is very specific in accordance with the recommendations of Wesley Hough of the Government Finance Research Center.

The report must show:

1) All outstanding debt of the debt issuing entities of the State including the municipalities and those entities authorized to issue tax exempt bonds such as AHFC.

Page Four

- 2) The anticipated impact of that debt on the finances and credit of the State including the effect on the State's long term debt capacity and credit worthiness.
- 3) Which long term debt is tax supported and which long term debt is supported by revenues attributable to the project being financed.
- 4) All long term capital lease obligations of the State.
- 5) The volume of short term debt issued and retired by the debt issuing entities of the State.
- 6) Specific identification of each debt issuance for which the State has pledged some form of indirect support for the debt including any moral obligation of the State.
- 7) Future bonding and debt capacity implications of legislation enacted in the previous legislative session.
- 8) The recommended debt capacity of the State for the two years following the year of the report.

Additionally, the State Bond Committee is required to publicize the existence of the report and that copies be made available to the public.

The changes made in (c), (d) and (e) of the Loans Committee Substitute have been made at the request of the Dept. of Revenue

- c) The State Bond Committee is allowed but not required to develop written policies concerning the debt of the State. (The Loans version has made this optional.)
- d) The State Bond Committee is allowed but not required to develop written informational guidelines for the management of debt for the municipalities and the debt issuing entities of the State authorized to issue tax exempt obligations. (The Loans Version has made this optional)
- e) These policies and guidelines may include bidding procedures and awards, and compensation for financial service. (The Loans version has deleted from the policies and guidelines "recommended level of debt and debt management")

Page Five

f) The State Bond Committee will develop a statewide debt issuance calendar by January 31st of each year. The Bond Committee will require the debt issuing entities of the State to submit a calendar of all debt proposed to be issued including the amount and type of debt, and the month in which it is to be issued. The calendar will be updated on a monthly basis.

g) For drafting purposes "Debt issuing entities of the State" is defined as the State, each agency or instrumentality of the State authorized to issue tax exempt obligations and each municipality of the State.

h) For the purposes of this section, "Debt" is defined as:

- 1) Long-term bonded indebtedness secured by the full faith and credit of the government unit (general obligation bonds).
- 2) Long-term bonded indebtedness secured by a mortgage or lien on specific properties or revenues (revenue supported bonds).
- 3) Short term notes.
- 4) Warrants.
- 5) Capital lease obligations.

Debt does not include inter-agency debt or debt owed from one debt issuing entity to another. This definition has been provided to us by Wesley Hough of the Government Finance Research Center.

Section 4 AS 37.15.150

The State Bond Committee is given the authority to appoint an executive director and hire staff as necessary.

Section 5 AS 39.25.120

Employees of the State Bond Committee are in the partially exempt service.

Section 6

HB 4 has an immediate effective date.

- (b) The commissioner of revenue may
- (1) invest and reinvest the principal of the funds;
 - (2) sell, exchange, convey, transfer, or otherwise dispose of investments of the funds by private contract or at public auction;
 - (3) vote upon a stock, bond, or other security; give a general or special proxy or power of attorney with or without power of substitution; exercise a conversion privilege, subscription right, or other option and make payments incidental to it; consent to or participate in a corporate reorganization or other change affecting corporate securities, delegate discretionary power, pay an assessment or charge in connection with the delegation; and generally exercise any of the powers of an owner with respect to stocks, bonds, securities, or other investments held in the funds;
 - (4) make, execute, acknowledge, and deliver documents of transfer and conveyance and instruments necessary or appropriate to carry out the powers granted;
 - (5) register investments held in a fund in the name of the board having the power to approve investments for a fund;
 - (6) do all acts whether or not expressly authorized which are considered proper for the protection of the investments held in the funds.
- (§ 4 ch 182 SLA 1978)

Chapter 15. State Bonding Act.

Article

1. General Obligation Bonds (§§ 37.15.010 — 37.15.220)
2. Bond Anticipation Notes (§§ 37.15.300 — 37.15.390)
3. International Airports Revenue Bonds (§§ 37.15.410 — 37.15.550)

Article 1. General Obligation Bonds.

Section	Section
10. Full faith and credit for general obligation bonds	120. Regulations
12. Continuing debt service appropriation	130. Officers, records and proceedings
15. Committee shall publish notice of existing state indebtedness before election	140. Duties of state bond committee
20. Manner and amounts of sale	150. Committee may employ special services
30. Interest rate and maturity	155. Prohibited bidding on bonds and anticipation notes
40. Sale of bonds	160. Contents of resolution
50. Redemption	170. State bond committee to certify annual principal, interest, and reserve requirements
60. Form and registration of bonds	180. Remedies of bondholders
70. Place of payment	190. Negotiability
80. Signatures and seal	200. Bonds as legal investments
90. Terms and conditions	210. Refunding bonds
100. Trustee	215. Official statements
110. Creation and membership of state bond committee	220. Short title

Sec. 37.15.010. Full faith and credit for general obligation bonds. The full faith, credit and resources of the state are hereby pledged to the payment of the principal of and interest and redemption premium, if any, on all general obligation bonds of the state authorized pursuant to art. IX, § 8 of the constitution. (§ 1 ch 175 SLA 1960; am § 1 ch 104 SLA 1967)

Collateral references. — 63 Am.Jur.2d, Public Funds, §§ 23-32. 64 Am.Jur.2d, Public Securities and Obligations, § 1 et seq.
81A C.J.S., States, §§ 250-262.
Funding or refunding obligations as

subject to conditions respecting approval by voters, 97 ALR 442.

Validity of bond issue in excess of amount permitted by law within authorized debt, tax or voted limit, 175 ALR 823.

Sec. 37.15.012. Continuing debt service appropriation. The amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding general obligation bonds of the state are appropriated on July 1 of each year from the general fund to the state bond committee to make all required payments of principal, interest, and redemption premium. (§ 1 ch 100 SLA 1981)

Opinions of attorney general. — This section does not represent an unconstitutional dedication of public funds under § 7, art. IX, of the state constitu-

tion, as that section of the constitution contains an implied exception for bond obligations. November 30, 1982, Op. Att'y Gen.

Sec. 37.15.015. Committee shall publish notice of existing state indebtedness before election. (a) Before a general or special election in which a bond issue is offered for ratification, the state bond committee shall publish a notice of existing state bonded indebtedness at least once a week for three consecutive weeks in a newspaper of general circulation in each of the four judicial districts of the state. The first notice shall be published at least 20 days before the date of the election. A notice shall contain

- (1) the current total bonded indebtedness of the state,
- (2) the cost of the debt service on the current indebtedness.

(b) Neither the failure to publish the notice of existing state bonded indebtedness nor a defect in the publication affects the validity of the bond issue offered for ratification or of a general or special election in which a bond issue is offered for ratification. (§ 2 ch 50 SLA 1964; am § 1 ch 8 SLA 1969)

Collateral references. — Effect of inclusion in call for election, or in proposal for bond issue submitted to people, of unauthorized method of payment or retirement, 93 ALR 362.

Bonds issued by state officer of board payable solely out of proceeds of obli-

gations of political subdivisions pledged as within constitutional or statutory provisions which impose a limit on state indebtedness or require consent of electors, 100 ALR 1114.

Mistake, ambiguity, or omission in statement as to indebtedness, in call for

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PUBLIC FINANCE

§ 37.15.050

election or proposal for bond issue, as affecting validity of election or bonds issued pursuant thereto, 116 ALR 1258.

Effect of delay after authorization by voters on power of governmental unit to issue bonds, 135 ALR 768.

Validity, within authorized debt, tax, or voted limit, of bond issue in excess of amount permitted by law, 175 ALR 823.

Sec. 37.15.020. Manner and amounts of sale. The state bond committee shall sell the bonds of each authorization in the amounts or series and at the times which it finds are for the best interests of the state and its inhabitants. (§ 1 ch 175 SLA 1960)

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 11 percent a year or that rate of interest which is 110 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of sale of the bonds, whichever is higher. The bonds shall mature in not more than 30 years from date of issue, unless a longer period is specifically authorized by statute. (§ 1 ch 175 SLA 1960; am § 2 ch 104 SLA 1967; am § 1 ch 92 SLA 1970; am § 1 ch 29 SLA 1976; am § 1 ch 85 SLA 1980; am § 1 ch 110 SLA 1982)

Effect of amendments. — The 1980 amendment substituted "10" for "eight" preceding "percent a year" at the end of the first sentence.

The 1982 amendment substituted the language beginning "11 percent a year" for

"10 percent a year" at the end of the first sentence.

Collateral references. — Right to call governmental bonds in advance of their maturity, 109 ALR 988.

Sec. 37.15.040. Sale of bonds. Before selling an issue or series of bonds, the state bond committee shall give notice inviting sealed bids in such manner as it may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If the state bond committee determines that the bids received are not satisfactory as to price or responsibility of the bidders, it may reject all bids received. (§ 1 ch 175 SLA 1960; am § 3 ch 104 SLA 1967; am § 1 ch 43 SLA 1969)

Sec. 37.15.050. Redemption. The state bond committee may determine whether the bonds are subject to redemption before their fixed maturities and may fix the premium for and all other terms of the redemption. No bond may be subject to redemption before its fixed maturity date unless the right to so redeem the bond is expressly mentioned on the face of the bond. (§ 1 ch 175 SLA 1960; am § 4 ch 104 SLA 1967; am § 1 ch 26 SLA 1968; am § 7 ch 143 SLA 1968)

Collateral references. — 81A C.J.S., States, § 261.

Funding or refunding obligations as subject to conditions respecting limitation

of indebtedness, 97 ALR 442. amount permitted by law within authorized debt, tax or voted limit, 175 ALR 823.
 Validity of bond issue in excess of

Sec. 37.15.060. Form and registration of bonds. An issue or series of bonds may be issued in coupon form payable to bearer or in fully registered form, and bonds in coupon form may be made registrable as to principal or principal and interest, as determined by the state bond committee. (§ 1 ch 175 SLA 1960; am § 2 ch 26 SLA 1968)

Sec. 37.15.070. Place of payment. The state bond committee may fix the place or places of payment of the principal, interest and redemption premium, if any. (§ 1 ch 175 SLA 1960; am § 5 ch 104 SLA 1967)

Sec. 37.15.080. Signatures and seal. (a) Each bond shall be signed on behalf of the state by the governor and attested by the lieutenant governor, which signatures may be facsimile signatures. The seal of the state shall be impressed, imprinted or otherwise reproduced on each bond. Each interest coupon attached to the bond shall be signed by the facsimile signatures of the governor and lieutenant governor. If an officer whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, the signature is, nevertheless, valid and sufficient for all purposes, as if the officer had remained in office until delivery.

(b) A signature required on a bond issued by a political subdivision of the state may be a facsimile signature. (§ 1 ch 175 SLA 1960; am § 6 ch 104 SLA 1967)

Collateral references. — Printing, lithographing, or other mechanical signature on public bonds, coupons, or other pecuniary obligation, 94 ALR 768.

Sec. 37.15.090. Terms and conditions. Each issue or series of bonds shall be issued under and subject to the terms, conditions, and covenants providing for the payment of the principal and the interest and other terms, conditions, covenants, and protective provisions safeguarding the payment as found reasonably necessary by the state bond committee for the most advantageous sale. The terms, conditions, and covenants may include the setting aside and maintaining of certain reserves to secure the payment of principal and interest. (§ 1 ch 175 SLA 1960)

Collateral references. — Effect of inclusion in call for election, or in proposal for bond issue submitted to people, of unauthorized method of payment or retirement, 93 ALR 362.

Power of legislature to add to or make more onerous the conditions or limitations

prescribed by Constitution upon incurring public debts, 106 ALR 231.

Power and discretion of officer or board authorized to issue bonds of governmental unit as regards terms or conditions to be included therein, 119 ALR 190.

37.15.090

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75 ALR 823.

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§ 37.15.100

PUBLIC FINANCE

§ 37.15.150

Sec. 37.15.100. Trustee. If the state bond committee finds it necessary to accomplish the most advantageous sale of the bonds, the committee shall select a trustee for the owners and holders of the bonds or for the safeguarding and disbursement of the proceeds of the sale of the bonds for the use and purpose for which issued, and shall fix the rights, duties, powers, and obligations of the trustee. (§ 1 ch 175 SLA 1960)

Sec. 37.15.110. Creation and membership of state bond committee. There is created a committee known as the "state bond committee," the members of which are the commissioner of commerce and economic development, the commissioner of administration, and the commissioner of revenue. If a member of the committee is absent or otherwise unable to act, the member's designee in the department shall act as a member of the committee in the member's place. (§ 2 ch 175 SLA 1960; am § 7 ch 104 SLA 1967; am § 31 ch 218 SLA 1976)

Sec. 37.15.120. Regulations. The state bond committee may adopt regulations for the performance of its duties and may designate by resolution one of its members to perform any act necessary to effectuate its duties not required by statute to be performed by the state bond committee in meeting or by resolution, or by another officer of the state. (§ 2 ch 175 SLA 1960; am § 8 ch 104 SLA 1967)

Sec. 37.15.130. Officers, records and proceedings. The commissioner of commerce and economic development is the chairman of the state bond committee and the commissioner of revenue is the secretary. A majority of the members of the committee constitute a quorum. The committee shall keep a full, complete, and permanent record of its proceedings. All records and correspondence of the committee shall be kept in the office of the commissioner of revenue. (§ 2 ch 175 SLA 1960; am § 82 ch 218 SLA 1976)

Collateral references. — Personal liability of officers to holders of invalid public money obligations, 87 ALR 273.

Sec. 37.15.140. Duties of state bond committee. The state bond committee shall adopt the resolution and prepare the documents necessary for the issuance, sale, and delivery of bonds. (§ 3 ch 175 SLA 1960)

Sec. 37.15.150. Committee may employ special services. If the state bond committee considers it necessary and advisable, it may procure architectural or engineering, fiscal agent or municipal investment, legal and other expert or specialized services at reasonable and customary fees to assist it in accomplishing the most advantageous sale of the bonds. The fees may be paid from the proceeds of the sale or advanced from the contingency fund in the office of the governor or otherwise. (§ 3 ch 175 SLA 1960)

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"A Review of Debt Management and Debt Capacity
for the State of Alaska"

Presentation of report written for the Legislative
Budget and Audit Committee to the House Special Committee on
State Loans.

October 19, 1983

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Government Finance Research Center (GFRC)
Municipal Finance Officers Association (MFOA)

- I. Overview of GFRC Report's Scope
- II. Alaska State-level Debt
 - o classification of long-term debt by type:
 - tax-supported general obligation
 - revenue-supported
 - moral obligation
 - o market performance of State general obligation bonds
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 - o expanded role for State Bond Committee
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 - o alternative programs for state involvement
 - o ceiling on locally issued debt
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- VI. State Debt Capacity
 - o determinants of debt capacity
 - o methodology for assessing debt capacity

GFRC Debt Study Recommendations

1. State Bond Committee

- a) Oversight responsibilities of the State Bond Committee should include all State-level debt.
- b) Committee Chairman should be Commissioner of Revenue or Director of O.M.B., as they are actually involved in the State's Debt Management.
- c) Membership of State Bond Committee should be expanded to include the Commissioner of Community and Regional Affairs and the head of a debt issuing agency (AHFC, AIDA, etc.).
- d) State Bond Committee should have a full time professional staff person who is an expert in public finance.
- e) State Bond Committee should require annual financing plans from each authorized issuer of bonds.
- f) The State Bond Committee should prepare an annual profile of outstanding debt and monitor its impact on the State's fiscal condition.
- g) State Bond Committee should develop written debt management guidelines.

2. Debt Capacity:

To preserve State's credit worthiness the State should keep its debt service-to-revenue ratio to 5%, and the State should keep maturities within the known and predictable range of State revenues (we could go to as high as 10%, but we would face tradeoffs against other spending priorities and it could result in a lowering of the State's AA rating).

3. Moral Obligation Bonds:

- a) Where possible, use of the moral obligation should be avoided. The moral obligation should be a privilege not a right. State Bond Committee should make the determination.
- b) Existence of the Permanent Fund provides comfort to bondholders that the State would be able to meet its moral obligation (even though not presently permitted by the Constitution), so any attempt to erode the principal of the Fund should be avoided.

4. Capital Financing Plan:

a) A plan linking a capital financing plan to our long range capital improvement plan is necessary.

b) The State should consider bringing its accounting system into conformance with Generally Accepted Accounting Principles (GAAP).

5. Local Government Debt Management

a) The State should take the lead in implementing programs that encourage the prudent use, and guard against the misuse, of local debt issuance.

b) The State should take steps to improve the market performance of the Municipal Bond Bank and use of the Bond Bank by all localities should be encouraged.

c) The State should develop a two-tiered ceiling on local debt issuance, based on per capita amounts of debt and as a percentage of property values.

d) The current State program to subsidize school construction should be replaced.

6. General Debt Management:

a) Financial advisors and bond counsel should be paid on a flat fee basis rather than as a percentage of the bond issue to avoid any conflicts between the advice and payment for advice.

b) Greater use of competitive bidding versus negotiated sales should be used when possible. For example: AHFC issues.

c) Bonds should be bid on the basis of true interest cost, not net interest cost, as is presently done.

CHAPTER I

EXECUTIVE SUMMARY

The changing nature of tax-exempt borrowing, including the shift from traditional tax-supported government bonds to revenue-backed bonds, the rise and volatility in interest rates, the reliance upon individual investors in contrast to institutional lenders, and changes in federal law concerning various aspects of tax-exempt financing, has resulted in states generally being more attentive to debt management and debt policy. This study of State debt management comes at a propitious time. While the past growth of tax-exempt borrowing by issuers bearing the Alaska name has been rapid and sizeable, new programs and proposals before the legislature indicate that the demand for new spending and borrowing is far from sated. At the same time, recent reductions in the market price for petroleum and the unpredictability of its future supply and price raise uncertainties about the level and viability of the principal source of governmental revenues that directly or indirectly supports many of Alaska's borrowing and spending programs.

The interdependence of the Alaskan economy and its oil wealth creates a paradox for assessing the State's debt management and debt capacity. Oil revenues have enabled the State and local governments to borrow at unusually high levels -- in terms of per capita amounts of debt -- and have provided the financial security required by investors in the State's bonds. It is the reliance on these same oil revenues, however, that is the principal weakness of the Alaska credit as a long-term issuer of tax-exempt bonds and that makes assessment of the State's future debt capacity very difficult.

To be effective, debt management must join the capital needs of the State and its constituent governmental units with the ability to achieve bond market access on affordable terms. Market access is a function of debt capacity, debt burden, and perceived ability to pay; it is also conditioned importantly by the overall forces that shape borrowing needs nationally and the willingness of investors to supply funds. The private credit market, where public debts are sold, decides what borrowers will be accommodated and at what cost -- from a fluctuating but always limited pool of lendable funds. While Alaska is concerned first and foremost with the cost and availability of credit for its own needs, Alaska bonds compete with other governmental obligations from all parts of the country. The terms offered Alaska borrowers by the marketplace are strongly influenced by the volume and quality of competing claims from other borrowers. Hence, it is in Alaska's interest to offer a well-structured, high-quality security in order to obtain funds, and to obtain them at acceptable interest rates.

Effective debt management must also provide State and local issuers and the State's debt managers with the flexibility to react quickly and responsibly to changes in the financial markets. That the tax-exempt bond market is highly

sensitive to changes in the federal tax code was obvious in late 1982 as the pendency of the bond registration requirement brought a flood of issues to market. Now, as a result of this legislation, the primary and secondary market acceptance of an issuer's securities will in part depend on a timely, accurate and efficient transfer process (discussed on pages 35-36). Changes in other federal tax provisions can also sharply affect the demand for tax-exempt bonds. Chapter Two includes a survey of the tax acts of 1981 and 1982, and their impacts on the municipal bond market. These changes, like volatility in interest rates, are factors over which the State has little control. However, a responsible and flexible debt management program places the State in the best position to respond effectively to events that may affect the State's borrowing.

State-Level Debt

The evidence presented in this study shows that Alaska debt has grown from 0.7 to 1.8 percent of annual national tax-exempt bond market volume since 1970. The rising market share accorded Alaska bonds has been the result of an increase in the State's annual volume of new debt issues from \$134 million to \$1.4 billion between 1970 and 1982. Chapter Three documents the increase in borrowing and includes a profile of the major State debt issuers. Of all State-level issuers in Alaska, the Alaska Housing Finance Corporation has issued the largest amount of public debt — over 62 percent of State-level debt and and over 44 percent of all State-wide debt (including local government obligations) outstanding — and is the State's most frequent and best-known borrower.

At a time when we have seen the national credit rating agencies downgrade the credit rating of many states, Alaska can be proud of its rating upgrade over the past 10 years from a Baa to an AA credit. Credit analysts and the market itself have recognized the quality of Alaska's bonds as an investment. The evidence shows that Alaska now trades on par with such strong AA credits as Connecticut and Ohio. Chapter Four presents the results of our study of the State's past market experience. The data show that Alaska has consistently experienced lower borrowing costs than other states with similar ratings. Evidence to support this comes from the lower underwriting spreads, larger number of bids, and the lower interest rates on Alaska bonds as compared to those of other states of similar high quality.

State Bond Committee

In spite of the strong past performance of the State's bonds, the mid-1980s is a good time for the State of Alaska to broaden and strengthen the role of the State in debt management and oversight, particularly through the State Bond Committee (see pages 157 to 160). Recent fluctuations in the worldwide price of oil and the decline of Prudhoe Bay oil production within the ten-year range have alerted investors to the "boom and bust" nature of the Alaskan economy. These two events will be important factors behind the ability of the State to issue further debt in the coming years. One major role for a newly

reconstituted State Bond Committee would be oversight of the State's total indebtedness. It is not intended that the State Bond Committee supplant the activities or authority of independent agencies and corporations; however, it is vital that the State annually review and assess its debt position -- including within that review all State-level debt -- relative to the State's debt capacity and priorities for future public investment.

In order to carry out its expanded scope of activity, the State Bond Committee should be restructured. The chairmanship should reside in a senior-level fiscal official -- such as the Commissioner of Revenue or the Director of the Office of Management and Budget -- who is actively involved in the State's debt management. The Commissioner of Commerce and Economic Development is the Committee's present chair. Expanding the membership to include a representative from the governing board of a State corporation, and the Commissioner of Community and Regional Affairs would emphasize the interrelationship of the State, its agencies, and local government in the debt management area. To assist in fulfilling its expanded duties, the Committee should be staffed full-time by a professional in the field of public finance.

The Committee should be given the responsibility to take a global view of the State's debt-related activities in a formal manner, not in the loose, informal way that is presently said to exist. The State may wish to require that each entity of the State which is authorized to issue bonds annually file a debt financing plan with the State Bond Committee. From these plans a master debt issuance schedule may be compiled to inform and assist all debt issuers in the State. The schedule could be updated monthly or on an "as-needed" basis as financing plans change. The State Bond Committee should also annually prepare a comprehensive profile of outstanding debt and monitor its impact on the State's fiscal condition. Special attention in this review should be paid to the level of the State's contingent liabilities, such as moral obligation debt, and changes in the growth and composition of local debt.

It is advised that the State develop written debt management guidelines that include several criteria for evaluating the desired and affordable level of debt issuance in lieu of a legislative ceiling on debt issuance. The State Bond Committee should be responsible for implementing these guidelines by reviewing each State-level bond issue before it is brought to market. The Committee's only power in this regard would be to defer or veto an issuance because the security structure or sources of repayment are inadequate or the issue jeopardizes the financing plans or creditworthiness of the State. Likewise, if the State wishes to maintain its present interest rate ceiling on the issuance of bonds, it is preferable to set such a ceiling administratively rather than legislatively.

Debt Capacity and Affordability

The analysis of debt capacity is addressed in Chapter Seven. Comparisons of State debt with that of other states indicates that Alaska is an "outlier" with extremely high ratios of debt per capita and debt per \$1,000 of personal

income. Therefore, it is necessary to look in-depth at the State's revenue sources to assess its capacity for further debt issuance. Determination of the affordable level of general obligation debt essentially depends upon the State's ability and willingness to pay debt service now and in the future on any amounts borrowed. For the immediate future, Alaska's debt capacity will be determined by the amount of general fund revenues that the State wishes to allocate to the payment of debt service and the preservation of the permanent fund. Thus, short-term affordability depends exclusively on the fluctuating level and uncertain future of oil revenues as long as the State's source of funds to repay debt is tied to this single source. In the longer term, when the State's oil wealth has subsided, the ability of Alaska to issue debt will depend upon the stability and breadth of the State's economy. Without its extensive petroleum resource base Alaska will become much more like other states and analysis of its debt capacity will follow the traditional steps outlined in pages 196 to 206.

The methodology for evaluating Alaska's short-term debt affordability is presented on pages 218 to 222. If the State maintains its current ratio of debt service to revenues at the five percent level and continues to issue debt with maturities within the known and predictable range of State revenues, the State's creditworthiness will be preserved if the State wishes to have debt service comprise a larger share of the State budget (to a maximum of 10 percent), debt capacity would be increased — although this would force trade-offs against other State spending priorities and possibly result in a decline in the State's AA credit rating. Through 1990, the State's general obligation debt capacity is estimated to range from \$252 million to \$1.2 billion, depending upon the level of current revenues the State decides to commit to the payment of debt service.

Because of the frequent changes in petroleum prices and their impact on State revenues, the affordability analysis along the lines presented in this report must be continually updated. Revisions should take place at least quarterly when the Department of Revenue releases long-range revenue forecasts and whenever the State issues general obligation debt. Such analysis will provide the State Bond Committee with important information to be used in formulating future debt issuance plans.

Even though the affordability of revenue bonds is principally determined by the adequacy of the revenue stream pledged to repayment of the bonds, along with the market's acceptance of the security structure behind the bonds, revenue bonds indirectly affect the State's debt capacity. To the extent that revenue bonds are supported by a pledge of the State's moral obligation, or their issuance creates an oversupply of bonds bearing the Alaska name in the marketplace, the State's ability and willingness to carry debt will be affected.

Use of Moral Obligation Bonds

We do not see the possibility of entirely eliminating the use of the State's moral obligation pledge in the case of all Alaska financings. Where it is possible to avoid its use, such as in the case of Alaska Housing Finance Corporation

bonds, it should be avoided. The moral obligation pledge should not be treated as a right, available to most State issuers, as it is at present. Rather, it should be considered a privilege, an indication to the bond market that, after close scrutiny, the State believes the project meets public policy objectives and is financially sound. The State Bond Committee should have the responsibility for determining the necessity of the moral obligation to an agency's borrowing program, and its potential impact on the State's creditworthiness.

If moral obligation debt increases at a time when overall State revenues are stable, are growing at a rate less than the growth in contingent liabilities, or are declining, the moral obligation burden may encumber the State's credit capacity. Such an occurrence would make general obligation debt more costly and, therefore, less affordable due to weaker credit quality. Hence, the importance for including contingent debt in the State Bond Committee's annual review of the State's outstanding debt.

If it were not for the Permanent Fund, the limited sources of State revenue would cause investors to discount the moral obligation pledge heavily. The mere existence of the Permanent Fund provides comfort to bondholders that the State would be able to meet its moral obligations, if necessary, even though such action is not constitutionally permitted and would require a change in law. Any attempt to erode the principal of the Fund, or to otherwise weaken its position should, therefore, be avoided.

Capital Financing Plan

Demonstrating keen fiscal management and attention to capital financing and debt management is especially important to Alaska because of the uncertainties surrounding State revenues. The State must wisely allocate scarce resources to its developing economy in a manner that balances capital investment with the return on that investment yielding a diverse and broadened economy that will be able to maintain the public infrastructure put in place. Accordingly, the need for a capital financing plan linked to a comprehensive capital improvement plan is evident. (see pages 165 to 174)

The quality of financial reporting is an important element in a capital financing plan and to the complete debt management picture. While Alaska's financial reporting is complete, it does not conform to generally accepted accounting principles (GAAP). States that use an accounting system that conforms to, and is consistent with, GAAP benefit in several ways (see pages 174-175). It is recommended that the State consider converting its annual financial reports to GAAP. Such action will provide the State with vital information on its financial condition, encourage the State to take a global view of outstanding debt, improve financial management, and will be looked upon favorably by investors in the State's bonds.

General Debt Management

Specific debt management practices being used in the State could be improved. The State and its agencies recognize the importance of securing professional advice on debt issuance. However, financial advisors and bond counsel are typically compensated based on a percentage of the amount of bonds sold. Tying the advisor's compensation to the amount of bonds sold or the successful delivery of the bonds builds in an unnecessary risk of conflict of interest. The State should review its method of compensation for financial advisory services and seek arrangements that do not encourage conflicts between the advice and the payment for the advice. In this regard, a flat fee -- such as a base retainer and hourly rates -- is to be preferred over a fee based upon the amount of bonds issued. (see pages 185 to 190).

There is a place for both negotiated and competitive techniques for selling bonds in a debt management and debt marketing strategy. The approach which is judged to provide the greatest market reception and lowest interest cost should be followed. While each bond issue is unique, it appears that some bond issues presently being sold by negotiation by the State, for example, those of the Alaska Housing Finance Corporation, would be candidates for a competitive sale. (see pages 182 to 184).

Neither the State Bonding Act nor the State statutes regarding municipal debt specify the method by which effective interest rate on a competitive bond sale must be determined. However, the State and most municipalities have chosen to use the net interest cost (NIC) method to compare alternative bids at competitive sale. This method may not be in the best interests of the State because the winning bid on a NIC basis does not necessarily result in the lowest true interest cost (TIC) -- a measure of the "true" cost of borrowing money that takes into account the time value of money. We recommend that the State Bond Committee review the current rules that govern the award of the State's competitive general obligation bond issues, and that municipalities be encouraged to do so as well, with a view toward awarding bond issues on the basis of TIC. (see pages 179 to 181).

Local Government Debt

Local governments in Alaska have issued approximately 29 percent of all State-wide debt. The analysis of local government borrowing in Chapter Five indicates that the bonds of Alaska's localities sell at yields significantly above the average for the overall market. Furthermore, the evidence indicates that yields on the North Slope Borough's debt are vastly higher than the average for other Alaska municipalities. The most significant comparison of local and State bond issuance is the markedly higher underwriting cost on local issues. Compared to other states, local governments in the Alaska rely on general obligation bond financing at twice the national rate. Given the high levels of debt that have been issued by the State's localities, the much higher than average interest costs of Alaska's local debt, and the loss to the State of revenues from taxes levied by certain localities to pay the annual debt service on their debt, the State may wish to analyze further local bond market experience and State policies regarding local debt management. The State

should take the lead in implementing programs that encourage the prudent use and guard against the misuse of local debt issuance.

Currently the State is being short-changed by those localities that levy a high amount of taxes on oil production property in order to finance debt service. Because taxes paid to the locality are credited towards State property tax liability, this represents a direct revenue loss to the State. It is, therefore, in the State's interest to address the absolute level of debt issuance by its localities. It is recommended that the State develop a two-tiered ceiling on local debt issuance, based on per capita amounts of debt and a percentage of property value.

Specific State-level programs which can assist local borrowers and improve local debt management are covered in pages 136 to 141. In evaluating alternative State policies, the State must consider both the direct budgetary costs of the programs and the indirect effects on the State's own credit worthiness, and the amount of autonomy the State wishes its localities to enjoy. A reasonable compromise between encumbering the State's debt capacity and providing greater financial assistance to local governments would be to expand the role of the Municipal Bond Bank. Our review of the Bank's market performance indicated that, compared with other state bond banks, the Alaska Bond Bank has the potential for saving as many as 50 basis points in borrowing cost by undertaking an active national marketing effort. The State should review the present security structure behind the Bank's bonds with the view toward improving their market reception by taking advantage of the State's high creditworthiness.

The State's present program to subsidize the cost of school construction is an expensive undertaking; however, its cost could be minimized through attention to the cost of the project and to the means of financing during the Department of Education's approval process. Further alternatives include the issuance of State general obligation bonds in lieu of local school construction bonds, and requiring the Municipal Bond Bank to issue all school construction debt.

Exhibit 2.4

Credit Ratings of Alaska Issuers

<u>Issuer</u>	<u>Moody's Rating</u>	<u>S&P's Rating</u>
State General Obligation	Aa	AA-
International Airports Revenue Bonds	A	A
AHFC-Home Improvement Loans	A	A-
Home Mortgage Revenue	Aa	AA-
Housing Mortgage Revenue	Aa	AA
Insured Mortgage Program	A	A
Veterans Housing	Aa	AA
AIDA	A	A-
Municipal Bond Bank	A	A
ASHA	A	A
University of Alaska	Baal	NR
Medical Facilities Authority	Baal	BBB-
Anchorage	A1	A
Fairbanks	A	BBB+
Fairbanks North Star Borough	A	A
Greater Anchorage Area Borough	A1	A
Sitka City and Borough	Baal	NR
Homer	Baa	NR
Juneau City and Borough	Baal	NR
Kenai Peninsula Borough	A	A
Ketchikan	Baal	BBB
Ketchikan Gateway Borough	Baal	BBB
Kodiak	Baa	NR
Kodiak Island Borough	Baal	BBB
Matanuska-Susitna Borough	A	BBB+
North Slope Borough	A	BBB+
Petersburg	Baal	NR
Valdez	A	A

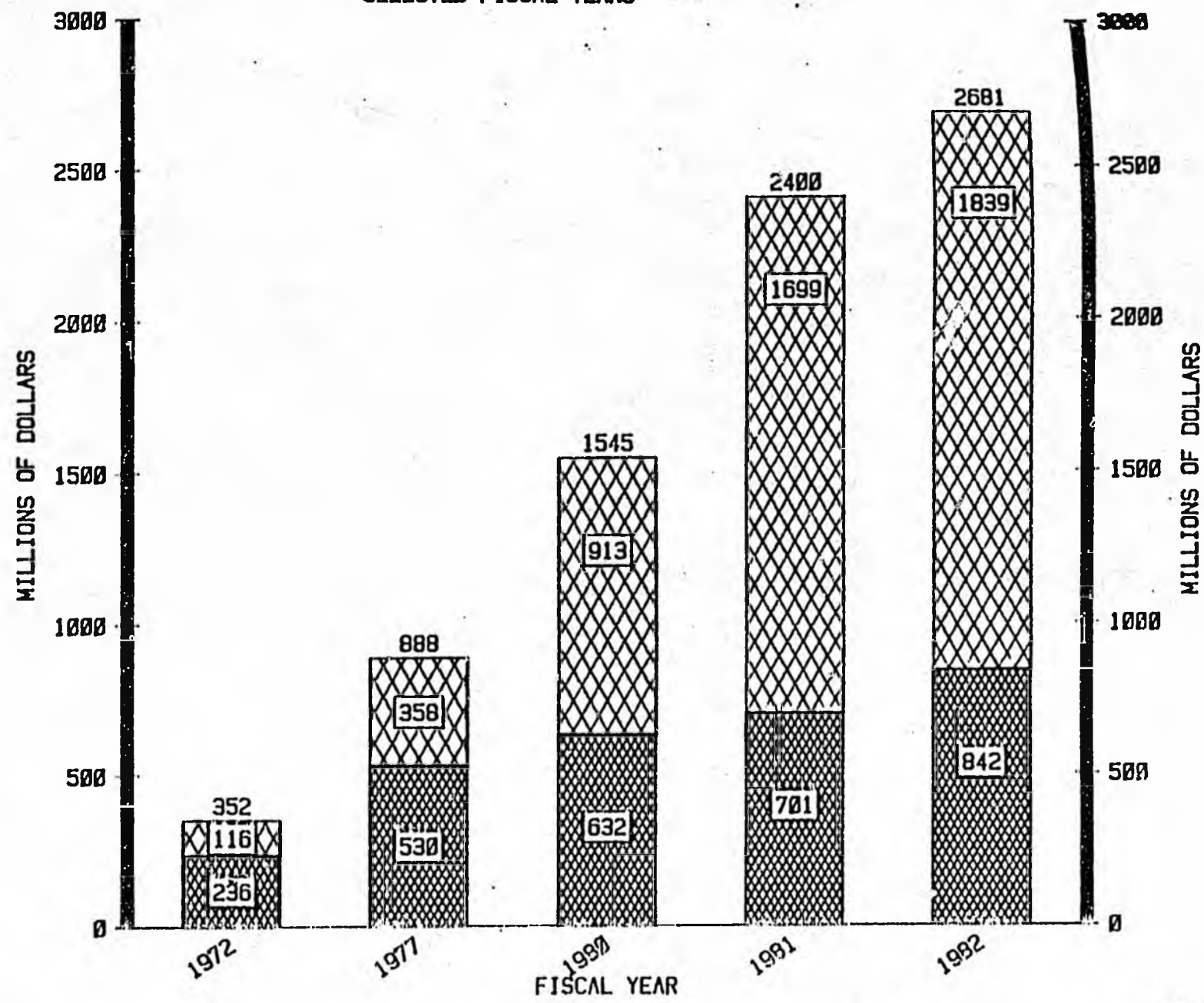
Table 3.2
Volume of New Tax-Exempt Bond Issues
Alaska, 1970 - 1982
(dollar amounts in millions)

Year	Number	Total New Issues Amount	General Obligations		Revenue Bonds	
			Amount	Percent of Total	Amount	Percent of Total
1970	24	\$134.3	\$ 88.1	66%	\$ 46.2	34%
1971	24	135.5	107.5	79	28.0	21
1972	23	150.3	104.9	70	45.3	30
1973	28	222.0	130.5	59	91.5	41
1974	20	161.4	79.5	49	81.9	51
1975	32	279.9	182.7	65	97.2	35
1976	24	284.9	170.9	60	114.0	40
1977	25	1659.6	155.4	9	1504.2	91
1978	27	552.2	264.3	48	287.9	52
1979	19	591.1	198.8	34	392.3	66
1980	11	809.7	340.8	42	468.9	58
1981	16	501.8	150.6	30	351.2	70
1982	42	1397.5	885.9	63	511.6	37

Source: Public Securities Association

COMPOSITION OF STATE DEBT OUTSTANDING

SELECTED FISCAL YEARS



DEBT-GENERAL OBLIGATION



DEBT-OTHER



Exhibit 3.2

TOTAL STATE DEBT OUTSTANDING BY ISSUER
(DOLLARS IN 000'S AS OF APRIL 1, 1983)

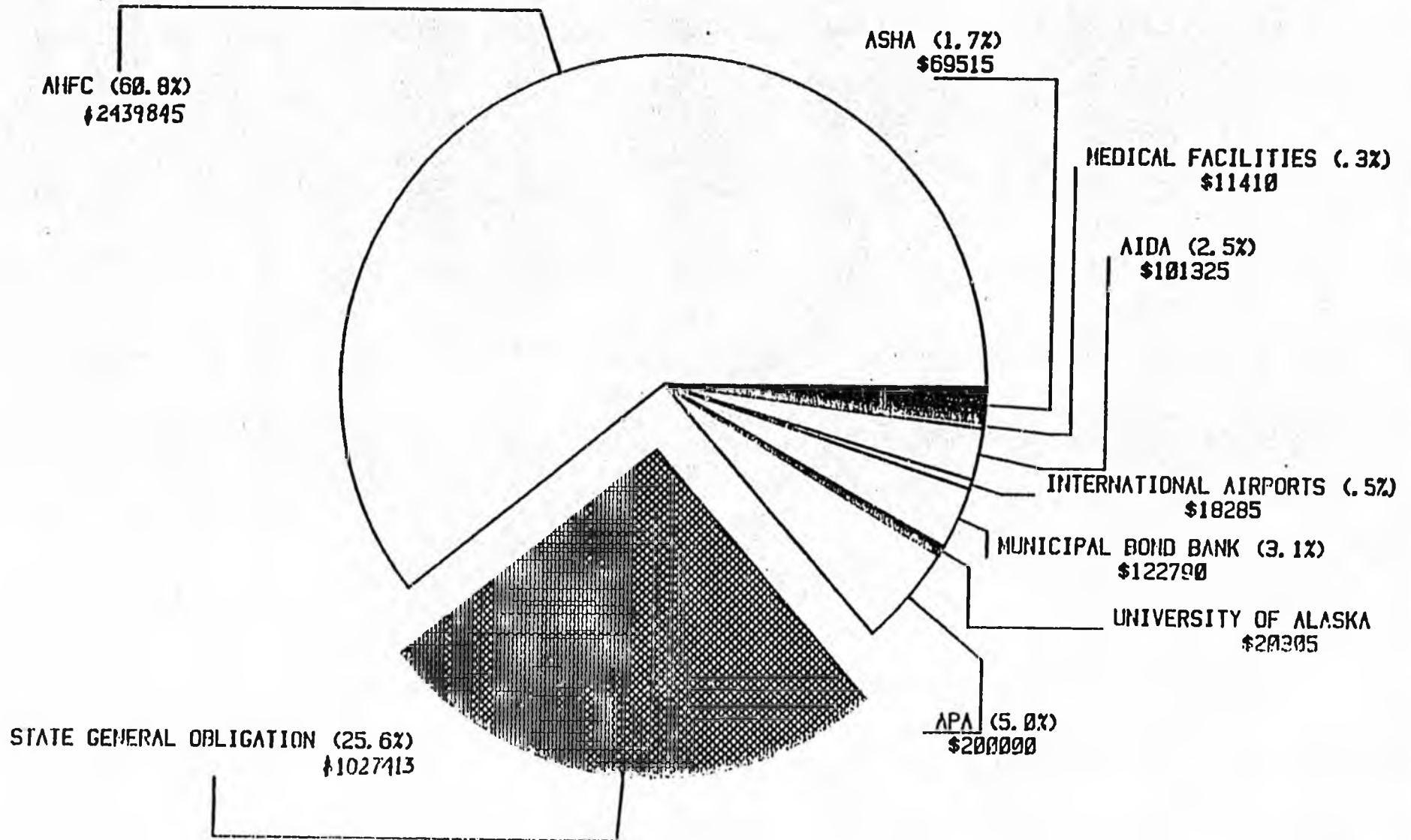


Exhibit 3.3

56

Table 3.5

State of Alaska
Total Public Debt Outstanding
(000s)

<u>Issuer</u>	<u>Amount Outstanding as of 6/30/82</u>	<u>Amount Issued 6/30/82 to 6/1/83</u>	<u>Total^{1/} Outstanding</u>	<u>Percent of State- Level Debt</u>	<u>Percent of State- Wide Debt</u>
<u>STATE LEVEL</u>					
State General Obligation	\$ 842,413	\$185,000	\$1,027,413	24.8%	17.7%
Alaska Housing Finance Corp.	2,004,845	560,000	2,564,845	62.0	44.2
Alaska Power Authority	200,000	-0-	200,000	4.8	3.5
Municipal Bond Bank	94,805	26,985	122,790	3.1	2.1
Alaska Industrial Development Auth.	77,875	23,450	101,325	2.5	1.7
Alaska State Housing Agency	67,125	2,390	69,515	1.7	1.2
57 University of Alaska	20,305	-0-	20,305	0.5	0.5
International Airports	18,285	-0-	18,285	0.4	0.4
Medical Facilities	11,410	-0-	11,410	0.2	0.2
State Development Corporation	50	-0-	<u>50</u>	<u>0.0</u>	0.0
TOTAL STATE LEVEL OUTSTANDING			\$4,135,938	100.0%	
<u>LOCAL LEVEL</u>					
Municipal G.O.	\$1,316,300	N/A	\$1,316,300		22.7%
Municipal Revenue	347,536 ^{2/}	N/A	<u>347,536</u>		<u>5.8</u>
TOTAL LOCAL LEVEL OUTSTANDING			\$1,663,836		
TOTAL STATE-WIDE OUTSTANDING			\$5,799,774		100.0%

^{1/} This column does not account for debt retired between 6/30/82 and 4/1/83.

^{2/} FY 1981 Figure from Moody's Investors Service.

Table 3.16

State of Alaska Classification of Outstanding Debt
(amounts in millions)

	Amount Outstanding June 30, 1982	Amount Retired	Amount Issued	Amount Outstanding May 30, 1983	Percent of State-Level Debt
<u>Direct Debt</u>					
General Obligation Debt	\$842.2	\$81.2	\$185.0	\$946.2	23.5%
Alaska State Housing Auth. Lease-Revenue Bonds	67.1	3.7	-0-	63.4	1.6
University of Alaska	20.3	1.1	-0-	19.2	0.5
NET TAX-SUPPORTED DEBT	\$929.8	\$86.0	\$185.0	\$1,028.8	25.6%
<u>Indirect Debt (moral obligation)</u>					
Alaska Housing Finance Corp. State Guaranteed Veterans Housing Insured Mortgage Bonds	-0-	-0-	\$175.0	\$175.0	4.3%
Home Improvement Loan Bonds	\$963.3	\$ 10.6	-0-	952.7	23.6
Alaska Industrial Devel. Authority	15.0	-0-	-0-	15.0	0.4
Alaska Power Authority	77.9	3.3	23.4	98.0	2.4
Alaska Municipal Bond Bank	200.0	-0-	-0-	200.0	5.0
Alaska State Devel. Corporation	95.8	2.9	27.0	119.9	3.0
Low Income Housing Bonds	11.4	0.3	-0-	11.1	0.3
	-0-	-0-	2.4	2.4	0.0
<u>Indirect Debt (special obligation)</u>					
International Airport Authority	18.3	0.8	-0-	17.5	0.5%
TOTAL INDIRECT DEBT	\$1,381.8	\$ 17.9	\$227.8	\$1,591.6	39.5%
TOTAL DIRECT AND INDIRECT STATE DEBT	\$2,311.6	\$103.9	\$412.8	\$2,620.4	65.1%
<u>Other State-Level Debt</u>					
Alaska Housing Finance Corp. State Assisted Mortgage Bonds	\$675.0	-0-	\$200.0	\$875.0	21.7%
Housing Mortgage Program Bonds	96.2	\$ 2.2	-0-	94.0	2.3
Home Mortgage Bonds	200.0	-0-	185.0	385.0	9.6
Second Mortgage Bonds	27.0	-0-	-0-	27.0	0.6
Fairbanks Residential Mortgage	28.3	-0-	-0-	28.3	0.7
TOTAL OTHER STATE-LEVEL DEBT	\$1,026.5	\$ 2.2	\$385.0	\$1,409.3	34.9%
TOTAL STATE-LEVEL DEBT	\$3,338.1	\$106.1	\$797.8	\$4,029.7	100.0%

Table 5.1
 Estimated Alaska Municipal Debt
 (Millions)

Fiscal Year	Amount of Revenue and G.O. Debt Issued	Amount Outstanding		Revenue Debt Outstanding as % of Total
		G.O.	Rev.	
1971	78.7	\$230.9	\$ 56.3	19.6%
1972	88.9	279.2	81.0	22.5
1973	46.8	319.9	70.3	18.0
1974	85.3	395.1	77.6	16.4
1975	120.2	415.8	94.8	18.6
1976	70.1	452.5	99.4	18.0
1977	220.8	514.1	215.7	29.6
1978	178.2	449.5	277.7	38.2
1979	320.9	731.6	286.3	28.1
1980	250.0	809.4	316.0	28.1
1981	277.7	1,030.2	347.4	25.2
1982	515.0	1,316.2	N/A	N/A

Source: U.S. Department of Commerce, Bureau of the Census, Governmental Finances, various years, and Moody's Investors Service, Inc. Municipal Bond Record, 1983.

Table 5.2
State of Alaska
Local Government Debt

City/Borough	General Obligation Debt Outstanding 7-1-82 ¹	Revenue- Supported Debt Outstanding ² 12-31-81	Moody's Rating ³
North Slope	\$587,400,000	-0-	A
Anchorage	261,010,000	\$236,660,000	Al/Baa
Kenai Peninsula	98,999,603	-0-	A
Valdez	84,460,000	9,200,000	A
Fairbanks North Star	83,158,350	35,000,000	A/Aa
Matanuska-Susitna	65,218,090	-0-	A
Juneau	27,904,000	146,000	Baal
Kodiak Island	20,042,372	-0-	Baal
Sitka	17,486,200	5,168,000	Baal
Ketchikan Gateway	14,495,000	-0-	Baal
Fairbanks	11,915,000	36,400,000	A
Ketchikan City	8,110,000	12,567,000	Baal/Baa
Bristol Bay	3,895,000	-0-	NR
Kenai	3,695,000	280,000	NR
Palmer City	3,629,401	-0-	NR
Unalaska	3,500,000	456,000	NR
Kodiak City	3,250,000	4,295,000	Baa
Petersburg	2,995,000	2,526,000	Baal
Homer City	2,877,000	1,096,000	Baa
Nenana	2,725,000	-0-	NR
Wrangell	2,578,000	612,000	NR
Skagway	1,826,325	-0-	NR
Cordova	1,673,200	1,611,000	NR
Haines	923,310	-0-	NR
Haines City	805,000	-0-	NR
Bethel	585,000	-0-	NR
Nome	507,872	960,000	NR
Seldovia	430,000	55,000	NR
Dillingham	73,000	231,000	NR
Craig	37,498	93,000	NR
Totals	\$1,316,294,221	\$347,356,000	

- NOTES: 1. From Department of Community and Regional Affairs, Alaska Taxable 1982.
2. From Moody's Investors Service, Moody's Municipal and Government Manual 1983, and Department of Community and Regional Affairs.
3. When two ratings are given, the first applies to general obligation debt, and the second to the majority of revenue bonds.

NR = Not Rated.

Table 5.3

Municipal Debt Ratios

<u>City/Borough(population)</u>	<u>G.O. Debt Per Capita</u>	<u>Debt as % of Assessed Value</u>
North Slope *	\$77,781	7.10%
Anchorage *****	1,278	2.46
Kenai Peninsula ***	3,064	4.45
Valdez *	22,864	4.97
Fairbanks North Star ****	1,146	2.78
Matanuska-Susitna ***	2,508	5.42
Juneau **	1,267	2.69
Kodiak Island **	1,576	4.58
Sitka *	2,127	4.15
Ketchikan Gateway **	1,166	2.17
Fairbanks ***	463	1.12
Ketchikan City *	1,043	2.58
Bristol Bay *	3,064	4.45
Kenai *	706	1.80
Palmer City	1,438	3.93
Unalaska *	1,821	4.76
Kodiak City *	553	1.00
Petersburg *	985	2.32
Homer City *	993	1.85
Nenana *	5,046	30.39
Wrangell *	1,085	2.94
Skagway *	2,312	3.21
Cordova *	747	1.44
Haines *	499	1.30
Haines City *	746	0.23
Bethel *	159	0.41
Nome *	148	0.32
Seldovia *	590	2.26
Dillingham *	40	0.11
Craig *	62	0.17
Statewide Average	\$ 4,648	3.75%

Moody's Local Debt Medians
Population

*****	200-300,000	361	2.1%
****	50-100,000	391	1.8
***	25-50,000	289	1.9
**	10-25,000	422	2.7
*	Under 10,000	600	3.2

Source: Department of Community and Regional Affairs,
Alaska Taxable, Fiscal year 1982.

Table 5.4
State of Alaska
School Debt Outstanding
(as of April 1, 1983)

<u>School District</u>	<u>Amount</u>	<u>Moody's Rating</u>
A) Public Offerings ¹		
North Slope Borough	\$197,235,000	A
Greater Anchorage Area Borough	138,665,000	A1
Fairbanks North Star Borough	101,475,000	A
Kenai Peninsula Borough	56,938,000	A
Matanuska-Susitna Borough	37,995,000	A
Valdez	27,685,000	A
City and Borough of Juneau	3,325,000	Baal
Petersburg	2,995,000	Baal
Greater Sitka Borough	1,560,000	Baal
Kodiak Island Borough	375,000	Baal
Ketchikan Gateway Borough	<u>345,000</u>	Baal
	\$568,593,000	
B) School Bonds Issued Through Bond Bank ²		
City and Borough of Juneau	\$ 35,205,000	Baal
Matanuska-Susitna Borough	22,610,000	A
Kodiak Island Borough	11,810,000	Baal
Bristol Bay Borough	3,785,000	Unrated
City of Wrangell	1,405,000	Unrated
City of Unalaska	<u>975,000</u>	Unrated
	\$ 75,790,000	
Total School Debt Outstanding \$644,383,000		

NOTES: 1) Data through fiscal year 1981 from Moody's Municipal and Government Manual 1983, Moody's Investors Service. Fiscal Year 1981 to date from Public Securities Association data base.

2) Data from Mary J. Hughes, Foster & Marshall/American Express, Inc., Seattle, WA.

Table 7.1

Per Capita Total Outstanding State General Obligation Debt
(1974-75 to 1980-81)^a

State	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	\$24.74	\$26.63	\$30.32	\$35.74	\$32.90	\$33.27	\$30.66
Alaska	1,035.64	1,143.02	1,299.04	1,448.78	1,651.49	1,579.31	1,700.97
Arizona	--	--	--	--	--	--	--
Arkansas	--	--	--	--	--	--	--
California	264.63	260.86	260.46	260.90	265.92	266.93	255.65
Colorado	--	--	--	--	--	--	--
Connecticut	702.04	778.95	774.89	759.33	735.62	703.76	738.39
Delaware	739.48	974.36	702.28	707.79	715.02	676.27	681.10
Florida	20.99	25.64	51.13	71.64	71.59	63.51	116.68
Georgia	26.52	65.93	73.36	100.89	97.33	100.15	94.94
Hawaii	933.20	1,178.85	1,305.11	1,482.16	1,468.61	1,470.22	1,357.08
Idaho	1.53	1.41	1.27	1.13	.99	.84	.73
Illinois	86.71	122.18	145.30	191.11	216.62	228.72	250.28
Indiana	--	--	--	--	--	--	--
Iowa	.90	.45	--	--	--	--	--
Kansas	--	--	--	--	--	11.76	11.67
Kentucky	106.47	100.79	95.52	90.36	84.73	76.95	72.09
Louisiana	189.85	248.87	329.90	373.48	415.66	453.95	560.38
Maine	262.35	260.47	253.55	250.67	240.79	226.52	229.83
Maryland	340.96	415.02	499.45	524.05	519.50	502.94	519.68
Massachusetts	344.78	518.87	555.38	558.47	574.64	567.00	573.58
Michigan	53.23	63.02	80.93	77.31	69.43	73.06	72.89
Minnesota	156.14	152.73	186.76	205.03	210.10	219.97	224.23
Mississippi	219.07	283.60	303.58	505.52	317.92	298.43	291.74
Missouri	12.13	11.00	16.39	15.00	13.58	12.96	16.45
Montana	--	9.79	9.64	8.94	8.58	8.26	7.82
Nebraska	--	--	--	--	--	--	--
Nevada	54.38	56.06	57.25	103.49	157.38	133.72	123.55
New Hampshire	171.17	211.30	263.41	278.66	298.64	274.15	352.88
New Jersey	209.62	208.33	230.07	235.23	249.31	251.69	257.60
New Mexico	18.81	14.93	20.91	15.56	14.88	17.75	17.39
New York	207.58	198.59	207.94	221.55	232.78	215.37	228.96
North Carolina	74.49	103.23	114.65	105.47	116.14	124.36	128.24
North Dakota	26.96	25.03	23.17	21.25	19.20	17.38	15.20
Ohio	161.27	181.87	185.82	196.00	210.73	212.24	219.27
Oklahoma	68.53	65.33	62.11	85.16	79.83	65.37	54.45
Oregon	732.12	859.05	1,009.28	1,220.00	1,428.88	1,717.32	2,074.76
Pennsylvania	256.80	292.66	326.37	327.27	332.44	326.31	328.33
Rhode Island	295.23	297.90	293.55	298.25	297.85	264.32	237.46
South Carolina	170.58	172.53	175.29	202.26	189.09	160.73	159.71
South Dakota	--	--	--	--	--	--	--
Tennessee	114.92	135.36	161.31	171.15	159.90	141.88	145.32
Texas	58.86	65.74	69.21	67.29	65.64	63.86	59.49
Utah	20.73	72.64	66.61	60.74	73.24	60.57	58.30
Vermont	544.99	532.93	523.68	478.84	502.32	466.30	527.52
Virginia	10.54	9.26	8.01	6.79	5.65	4.41	42.45
Washington	115.10	112.23	303.07	307.21	317.22	320.25	334.36
West Virginia	275.25	406.16	463.25	465.63	612.40	474.45	474.18
Wisconsin	133.57	194.38	259.92	304.68	343.26	362.25	362.93
Wyoming	--	--	--	--	--	--	--
Total U.S.	\$158.88	\$179.55	\$198.93	\$212.89	\$220.04	\$218.55	\$229.31

a. Debt data from the U.S. Department of Commerce, Bureau of the Census, State Government Finances (series GF), various years. State general obligation debt is defined as all state-guaranteed debt for which states pledge their full faith and credit. Debt data measured as of June 30 of each fiscal year shown. Figures exclude debt issued by local governments, and debt issued by the District of Columbia.

Reprinted from : The Use of Tax-Exempt Bonds in California : Policy Issues and Recommendations, Legislative Analyst, Jon David Vasche, State of California, December 1982.

Table 7.2

Per Capita Total Outstanding State General Obligation and Revenue Bond Debt
(1974-75 to 1980-81)^a

State	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	\$247.88	\$267.71	\$270.23	\$268.22	\$279.49	\$265.38	\$336.97
Alaska	1,872.88	2,044.06	2,246.53	2,744.65	3,355.98	3,861.39	5,824.03
Arizona	39.71	40.92	44.79	41.29	39.25	34.59	50.04
Arkansas	58.20	61.36	65.56	81.06	112.04	158.61	205.49
California	304.98	300.03	307.88	316.90	338.24	353.28	371.24
Colorado	48.20	48.77	74.61	114.73	153.75	159.40	240.44
Connecticut	943.57	989.66	1,021.38	1,064.98	1,152.79	1,248.13	1,407.59
Delaware	1,024.04	1,267.19	1,276.13	1,313.93	1,469.00	1,755.46	1,778.93
Florida	193.57	208.41	236.22	270.64	301.47	269.70	276.51
Georgia	233.21	259.62	252.33	265.17	267.87	257.70	247.26
Hawaii	1,342.02	1,479.02	1,664.36	1,878.24	1,854.48	1,931.83	1,889.50
Idaho	48.57	47.18	25.91	147.16	244.04	346.75	395.10
Illinois	250.33	299.48	360.92	457.72	509.21	549.76	603.71
Indiana	115.82	112.59	109.75	110.39	107.49	110.67	187.25
Iowa	44.28	43.49	42.70	78.19	128.45	130.79	151.36
Kansas	133.93	176.74	172.81	179.75	193.81	185.42	176.29
Kentucky	579.41	580.56	588.41	749.99	796.85	829.08	826.93
Louisiana	319.85	375.48	449.62	513.29	656.28	708.14	809.84
Maine	434.82	499.39	520.36	639.18	634.05	649.13	735.66
Maryland	509.12	610.56	737.33	914.57	889.64	830.70	933.99
Massachusetts	682.06	859.87	895.92	876.72	938.55	1,008.35	1,088.31
Michigan	183.20	206.87	213.50	234.26	272.13	314.98	377.12
Minnesota	222.40	256.90	309.48	439.94	461.51	507.70	585.34
Mississippi	261.00	326.66	339.79	538.35	347.11	323.30	313.71
Missouri	58.06	70.09	91.32	114.39	146.21	207.01	270.25
Montana	108.97	112.51	132.02	174.63	187.02	393.31	382.35
Nebraska	44.42	41.19	37.99	35.70	33.46	126.97	156.18
Nevada	87.80	87.15	86.12	369.91	494.39	660.79	656.33
New Hampshire	305.26	366.46	247.27	483.41	832.67	976.17	1,109.93
New Jersey	531.42	548.88	554.58	646.99	734.11	886.31	1,029.17
New Mexico	135.27	159.36	177.46	283.77	414.10	544.45	573.95
New York	811.21	1,137.00	1,119.93	1,261.99	1,302.29	1,346.48	1,400.80
North Carolina	113.56	129.73	146.26	139.66	197.53	215.48	226.99
North Dakota	98.92	108.32	103.42	124.70	199.07	335.80	322.19
Ohio	248.12	283.07	299.14	320.53	349.01	371.86	437.32
Oklahoma	346.70	342.11	334.14	388.47	522.46	504.38	559.06
Oregon	732.12	859.05	1,017.26	1,267.82	1,507.23	1,855.79	2,225.54
Pennsylvania	453.09	498.70	541.43	554.40	549.66	534.92	533.20
Rhode Island	494.13	546.39	686.31	924.35	1,267.92	1,544.98	1,810.18
South Carolina	331.26	368.28	457.25	607.48	542.33	621.11	779.00
South Dakota	99.15	133.58	335.56	560.15	841.50	1,035.18	1,010.64
Tennessee	185.44	224.66	280.52	319.21	317.04	306.24	319.41
Texas	158.07	165.61	166.00	162.70	173.16	173.50	179.61
Utah	73.73	122.92	114.06	220.63	287.53	367.61	380.95
Vermont	975.91	882.96	941.09	947.54	1,035.74	1,280.15	1,305.04
Virginia	138.58	140.73	170.68	242.56	319.95	360.32	394.40
Washington	357.01	338.76	382.28	380.98	385.84	387.51	425.25
West Virginia	589.38	640.81	720.36	746.06	871.61	931.53	944.06
Wisconsin	219.43	294.64	361.68	425.10	473.30	519.87	546.35
Wyoming	205.00	192.18	180.05	236.53	480.16	770.46	915.65
Total U.S.	\$339.68	\$394.32	\$418.14	\$471.46	\$509.20	\$539.96	\$588.06

a. Debt data from the U.S. Department of Commerce, Bureau of the Census, State Government Finances (series GF), various years. Debt data measured as of June 30 of each fiscal year shown. Figures exclude debt issued by local governments, and debt issued by the District of Columbia.

Reprinted from : The Use of Tax-Exempt Bonds in California : Policy Issues and Recommendations, Legislative Analyst, Jon David Vasche, State of California, December 1982.

Table 7.4

Total Outstanding State General Obligation Debt
Per \$1,000 of Personal Income
(1974-75 to 1980-81)^a

State	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	\$5.20	\$5.13	\$5.32	\$5.61	\$4.70	\$4.43	\$3.73
Alaska	110.75	109.78	122.12	136.54	146.81	123.00	123.66
Arizona	--	--	--	--	--	--	--
Arkansas	--	--	--	--	--	--	--
California	39.72	35.71	32.48	29.29	26.41	24.34	21.44
Colorado	--	--	--	--	--	--	--
Connecticut	102.72	105.12	95.26	83.94	71.29	59.91	57.62
Delaware	112.76	136.78	91.68	84.00	75.87	65.19	61.34
Florida	3.65	4.13	7.46	9.39	8.32	6.98	11.48
Georgia	5.19	11.71	11.93	14.62	12.64	12.38	10.63
Hawaii	139.61	165.99	165.95	173.02	154.94	145.14	123.01
Idaho	.29	.24	.20	.16	.13	.10	.08
Illinois	12.67	16.51	17.93	21.44	21.99	21.68	21.62
Indiana	--	--	--	--	--	--	--
Iowa	.15	.07	--	--	--	--	--
Kansas	--	--	--	--	--	1.18	1.08
Kentucky	21.88	18.65	16.06	13.77	11.63	10.08	8.56
Louisiana	38.92	45.54	54.52	54.81	53.86	53.54	58.88
Maine	54.46	47.89	43.20	38.79	33.30	28.51	26.93
Maryland	52.57	58.68	65.35	61.23	54.26	47.96	45.28
Massachusetts	55.65	77.74	76.57	70.16	64.12	55.86	51.54
Michigan	8.87	9.35	10.68	9.15	7.40	7.33	6.76
Minnesota	26.62	24.24	25.16	25.97	23.66	22.56	20.82
Mississippi	53.68	62.11	59.48	89.59	50.73	45.25	39.38
Missouri	2.22	1.84	2.48	2.05	1.64	1.44	1.71
Montana	--	1.69	1.57	1.24	1.08	.97	.83
Nebraska	--	--	--	--	--	--	--
Nevada	8.08	7.52	6.87	10.88	14.84	12.43	10.67
New Hampshire	31.31	34.80	39.40	37.29	35.59	29.95	35.33
New Jersey	30.78	28.19	28.62	26.62	25.41	22.96	21.24
New Mexico	3.87	2.77	3.55	2.34	2.02	2.26	2.04
New York	31.72	28.40	27.61	26.86	25.42	20.93	19.97
North Carolina	15.02	18.85	19.31	15.90	15.79	15.87	14.83
North Dakota	4.39	4.23	3.80	2.77	2.32	1.98	1.49
Ohio	27.66	28.26	26.08	24.92	24.06	22.38	21.26
Oklahoma	12.98	11.28	9.59	11.63	9.54	7.15	5.31
Oregon	125.79	132.13	141.49	152.29	161.87	183.91	207.35
Pennsylvania	43.71	45.53	46.49	42.47	38.39	34.51	31.66
Rhode Island	51.47	47.40	42.74	39.06	34.49	27.89	23.39
South Carolina	36.50	33.30	30.74	32.18	27.31	22.06	19.87
South Dakota	--	--	--	--	--	--	--
Tennessee	23.66	25.27	27.56	26.02	21.81	18.33	17.20
Texas	10.52	10.54	10.01	8.68	7.45	6.67	5.54
Utah	4.20	13.33	11.11	9.16	10.04	7.90	7.01
Vermont	109.60	97.66	89.63	73.31	68.92	59.38	60.53
Virginia	1.81	1.46	1.14	.88	.65	.47	4.10
Washington	18.19	16.10	39.88	35.50	32.75	30.99	29.65
West Virginia	75.88	74.08	77.03	70.70	82.48	60.69	56.60
Wisconsin	23.80	31.70	37.99	40.36	40.16	38.65	36.17
Wyoming	--	--	--	--	--	--	--
Total U.S.	\$26.79	\$27.71	\$27.98	\$26.96	\$24.90	\$22.82	\$21.86

a. Debt data from the U.S. Department of Commerce, Bureau of the Census, State Government Finances (series GF), various years. State general obligation debt is defined as all state-guaranteed debt for which states pledge their full faith and credit. Debt data measured as of June 30 of each fiscal year shown. Figures exclude debt issued by local governments, and debt issued by the District of Columbia.

Reprinted from : The Use of Tax-Exempt Bonds in California : Policy Issues and Recommendations, Legislative Analyst, Jon David Vasche, State of California, December 1982.

Table 7.5

Total Outstanding State General Obligation and Revenue Bond Debt
Per \$1,000 of Personal Income
(1974-75 to 1980-81)^a

State	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	\$53.08	\$51.57	\$47.45	\$42.12	\$39.92	\$35.36	\$40.99
Alaska	200.29	196.31	211.19	258.67	298.34	300.73	423.42
Arizona	7.31	6.83	6.81	5.59	4.59	3.92	5.13
Arkansas	12.74	12.23	11.83	13.02	15.93	21.78	25.55
California	45.78	41.07	38.39	35.57	33.60	32.22	31.14
Colorado	7.94	7.38	10.33	14.11	16.73	15.86	21.44
Connecticut	138.06	133.55	125.56	117.73	111.73	106.25	109.83
Delaware	156.15	177.88	166.60	155.93	155.87	169.23	160.21
Florida	33.66	33.55	34.47	35.46	35.02	29.62	27.20
Georgia	45.65	46.10	41.03	38.41	34.78	31.77	27.68
Hawaii	200.77	208.25	211.63	219.25	195.65	190.71	171.26
Idaho	9.07	8.11	4.09	20.83	31.74	42.92	44.19
Illinois	36.59	40.48	44.53	51.34	51.70	52.12	52.16
Indiana	20.44	17.86	15.85	14.45	12.67	12.35	19.27
Iowa	7.34	6.87	6.11	9.68	14.75	13.94	14.45
Kansas	22.14	27.03	24.36	22.49	21.21	18.53	16.31
Kentucky	119.10	107.44	98.92	114.31	109.37	108.64	98.20
Louisiana	65.56	68.70	74.31	75.33	85.04	83.52	85.09
Maine	90.26	91.83	88.66	98.93	87.69	81.69	86.20
Maryland	78.50	86.33	96.48	106.86	92.91	79.22	81.38
Massachusetts	110.09	128.84	123.52	110.14	104.72	99.34	97.79
Michigan	30.50	30.69	28.18	27.73	28.99	31.58	34.95
Minnesota	37.92	40.77	43.35	55.73	51.98	52.09	54.36
Mississippi	63.96	71.53	66.58	95.41	55.39	49.02	42.35
Missouri	10.63	11.75	13.83	15.65	17.68	22.99	28.00
Montana	20.03	19.44	21.52	24.15	23.60	45.98	40.65
Nebraska	7.39	6.65	5.61	4.69	3.89	13.53	15.07
Nevada	13.04	11.69	10.33	38.91	46.62	61.41	56.70
New Hampshire	55.83	60.36	63.92	64.69	99.23	106.66	111.10
New Jersey	78.02	74.26	68.98	73.21	74.82	80.85	84.87
New Mexico	27.42	29.59	30.11	42.65	56.13	69.26	67.31
New York	123.95	162.61	148.73	152.90	142.19	130.86	122.17
North Carolina	22.90	23.68	24.64	21.06	26.85	27.49	26.24
North Dakota	16.11	18.32	16.94	16.24	24.00	38.31	31.52
Ohio	42.56	43.98	41.99	40.75	39.85	39.20	42.41
Oklahoma	65.69	59.06	51.62	53.04	62.42	55.19	54.55
Oregon	125.79	132.13	142.61	158.26	170.74	198.73	222.42
Pennsylvania	77.12	77.59	77.12	71.95	63.48	56.57	51.42
Rhode Island	86.15	86.94	99.93	121.05	146.82	163.02	178.29
South Carolina	70.88	71.09	80.20	96.66	78.33	85.24	96.91
South Dakota	19.39	26.28	57.27	83.73	112.04	132.08	114.48
Tennessee	38.17	41.94	47.93	48.53	43.24	39.58	37.81
Texas	28.26	26.56	24.01	20.98	19.64	18.13	16.74
Utah	14.93	22.56	19.03	33.25	39.42	47.94	45.83
Vermont	196.26	161.80	161.07	145.06	142.12	163.01	149.74
Virginia	23.85	22.15	24.36	31.25	36.97	38.27	38.11
Washington	56.43	48.61	50.31	44.03	39.93	37.50	37.71
West Virginia	119.17	116.88	119.79	113.28	117.39	119.17	112.70
Wisconsin	39.10	48.06	52.87	56.32	55.38	55.47	54.45
Wyoming	33.21	28.08	23.68	27.25	48.60	70.44	78.51
Total U.S.	\$57.27	\$60.85	\$58.81	\$59.71	\$57.61	\$56.39	\$56.06

a. Debt data from the U.S. Department of Commerce, Bureau of the Census, State Government Finances (series GF), various years. Debt data measured as of June 30 of each fiscal year shown. Figures exclude debt issued by local governments, and debt issued by the District of Columbia.

Reprinted from : The Use of Tax-Exempt Bonds in California : Policy Issues and Recommendations, Legislative Analyst, Jon David Vasche, State of California, December 1982.

Table 7.14
Alaska State General Obligation Debt
Projected Ratio of Debt
Service to General Fund Revenues

<u>Fiscal Year</u>	<u>Unrestricted General Fund Revenue (1) (millions)</u>	<u>Debt Service Committed as of Dec. 1982 (millions)</u>	<u>Debt Service Commitment as % of Unrestricted General Fund Revenue</u>
1983	\$3542	\$143.6	4.05%
1984	2737	163.4	5.97
1985	2772	156.2	5.63
1986	2838	150.6	5.31
1987	2960	142.8	4.82
1988	2871	136.3	4.75
1989	3065	124.5	4.06
1990	2946	109.8	3.73
1991	2704	85.6	3.17
1992	2631	58.9	2.24
1993	2519	50.9	2.02
1994	2423	25.8	1.06
1995	2359	23.1	0.98
1996	2206	21.5	0.97
1997	2230	16.7	0.75
1998	2261	14.4	0.64
1999	2259	9.1	0.40
2000	2268	2.6	0.11

(1) March, 1983, 30th percentile projections of The Department of Revenue.

Table 7.15

Alaska State General Obligation Debt

Future Debt Capacity
Debt Service at 5 Percent of
General Fund Revenues
(millions)

Fiscal Year	(1) Unrestricted General Fund Revenue ¹	(2) Available for Debt Service ²	(3) Debt Service Committed as of Dec. 1982	(4) Debt Service on future Borrowing ³	(5) Additional Debt Service Capacity	(6) Future G.C Debt Capacity ⁴
1983	3542	-	143.6	-	0	0
1984	2737	137	163.4	-	0	0
1985	2772	139	156.2	-	0	0
1986	2838	142	150.6	-	0	0
1987	2960	148	142.8	-	5.2	35
1988	2871	144	136.3	5.2	2.5	17 252
1989	3065	153	124.5	7.7	20.8	141
1990	2946	147	109.8	28.5	8.7	59
1991	2704	135	85.6	37.2	12.2	83
1992	2631	132	58.9	49.4	23.7	161
1993	2519	126	50.9	73.1	2.0	14 349
1994	2423	121	25.8	75.1	13.4	91
1995	2359	118	23.1	88.5	0	0
1996	2206	110	21.5	88.5	0	0
1997	2230	111	16.7	83.3	11.0	75
1998	2261	113	14.4	91.8	6.8	46 401
1999	2259	113	9.1	77.8	26.1	177
2000	2268	113	2.6	95.2	15.2	103
					1476	1002

- 1 March 1983, 30th percentile projections of the Department of Revenue.
- 2 5 percent of column 1.
- 3 Assumes that debt equal to full capacity (column 6) is issued.
- 4 10-year bonds at 8.0 percent (AA-rated) level amortization debt service constant is .1472 (e.g., column 5 ÷ .1472 = column 6).

Table 7.16

Alaska State General Obligation Bonds

Future Debt Capacity
Debt Service at 10 Percent of
General Fund Revenues
(millions)

Fiscal Year	(1) Unrestricted General Fund Revenue ¹	(2) Available for Debt Service ²	(3) Debt Service Committed as Dec. 1982	(4) Debt Service on future Borrowing ³	(5) Additional Debt Service Capacity	(6) Future G.O. Debt Capacity ⁴
1983	3542	354	143.6	0	0	0
1984	2737	274	163.4	0	110.6	729
1985	2772	277	156.2	110.6	10.2	67
1986	2838	284	150.6	120.8	12.6	83
1987	2960	296	142.8	133.4	17.3	114
1988	2871	287	136.3	150.7	0	0
1989	3065	306	124.5	150.7	30.8	203
1990	2946	295	109.8	181.5	2.9	19
1991	2704	270	85.6	184.4	0	0
1992	2631	263	58.9	184.4	16.7	110
1993	2519	252	50.9	201.1	0	0
1994	2423	242	25.8	201.1	15.1	99
1995	2359	236	23.1	212.9	104.1	686
1996	2206	221	21.5	199.5	0	0
1997	2230	223	16.7	186.9	19.4	128
1998	2261	226	14.4	189.0	22.6	149
1999	2259	226	9.1	211.6	5.3	35
2000	2268	227	2.6	186.1	38.3	252
					4,059	2,674

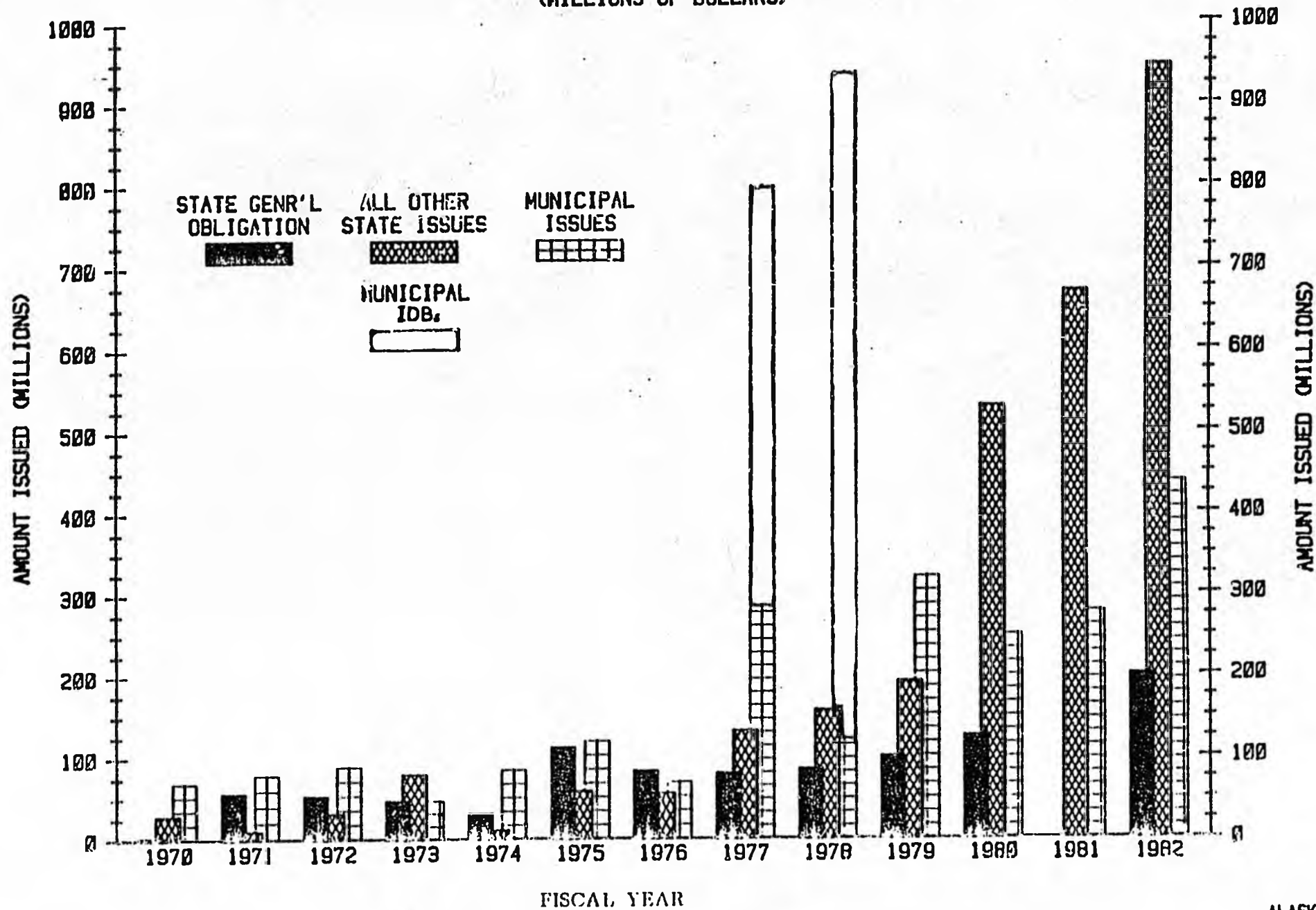
1 March 1983, 30th percentile projections of the Department of Revenue.

2 10 percent of column 1.

3 Assumes that debt equal to full capacity (column 6) is issued.

4 10-year bonds at 8.7 percent (A-rated), level amortization debt service constant .1518 (e.g., column 5 ÷ .1518 = column 6).

ANNUAL STATE DEBT ISSUANCE 1970 TO 1982 (MILLIONS OF DOLLARS)



(4) make, execute, acknowledge, and deliver documents of transfer and conveyance and instruments necessary or appropriate to carry out the powers granted;

(5) register investments held in a fund in the name of the board having the power to approve investments for a fund;

(6) do all acts whether or not expressly authorized which are considered proper for the protection of the investments held in the funds. (§ 4 ch 182 SLA 1978)

Chapter 15. State Bonding Act.

Article

1. General Obligation Bonds (§§ 37.15.010 — 37.15.220)
2. Bond Anticipation Notes (§§ 37.15.300 — 37.15.390)
3. International Airports Revenue Bonds (§§ 37.15.410 — 37.15.550)

Article 1. General Obligation Bonds.

Section

10. Full faith and credit for general obligation bonds
15. Committee shall publish notice of existing state indebtedness before election
20. Manner and amounts of sale
30. Interest rate and maturity
40. Sale of bonds
50. Redemption
60. Form and registration of bonds
70. Place of payment
80. Signatures and seal
90. Terms and conditions
100. Trustee
110. Creation and membership of state bond committee
120. Regulations

Section

130. Officers, records and proceedings
140. Duties of state bond committee
150. Committee may employ special services
155. Prohibited bidding on bonds and anticipation notes
160. Contents of resolution
170. State bond committee to certify annual principal, interest, and reserve requirements
180. Remedies of bondholders
190. Negotiability
200. Bonds as legal investments
210. Refunding bonds
215. Official statements
220. Short title

Sec. 37.15.010. Full faith and credit for general obligation bonds. The full faith, credit and resources of the state are hereby pledged to the payment of the principal of and interest and redemption premium, if any, on all general obligation bonds of the state authorized pursuant to art. IX, § 8 of the constitution. (§ 1 ch 175 SLA 1960; am § ch 104 SLA 1967)

Revisor's note. — The following laws relate to issuance of general obligation bonds under the provisions of this chapter.

Ch. 170, SLA 1960, and ch. 50, SLA 1961, provide for the issuance of bonds in the amount of \$23,000,000 for ferries and ferry facilities and roads and highways.

Ch. 171, SLA 1960, and ch. 54, SLA 1961, provide for the issuance of bonds in the

amount of \$1,500,000 for vocational education schools.

Ch. 172, SLA 1960, and ch. 64, SLA 1961, provide for the issuance of bonds in the amount of \$2,000,000 for gymnasium and general utility facilities for the University of Alaska.

Ch. 173, SLA 1960, ch. 66, SLA 1961, and ch. 100, SLA 1962, provide for the issuance

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of bonds in the amount of \$2,500,000 for hospital construction and equipment matching funds.

Ch. 174, SLA 1960, and ch. 65, SLA 1961, provide for the issuance of bonds in the amount of \$1,500,000 for state bush airfields.

Ch. 121, SLA 1962, provides for the issuance of bonds in the amount of \$5,950,000 for construction of academic and related facilities at the University of Alaska.

Ch. 122, SLA 1962, provides for the issuance of bonds in the amount of \$5,000,000 for certain elementary and secondary public schools.

Ch. 123, SLA 1962, provides for the issuance of bonds in the amount of \$4,175,000 for trunk airports.

Ch. 157, SLA 1962, provides for the issuance of bonds in the amount of \$2,200,000 for a vocational education school.

Ch. 57, SLA 1963, providing for the issuance of bonds in the amount of \$2,200,000 for a vocational education school, affects ch. 157, SLA 1962, relating to the issuance of bonds for a vocational education school.

Ch. 43, SLA 1964, as amended by ch. 68, SLA 1966, and ch. 28, SLA 1967, provide for the issuance of bonds in the amount of \$8,195,000 to meet the effects of the March 27, 1964, earthquake.

Ch. 94, SLA 1964, provides for the issuance of bonds in the amount of \$2,000,000 for a branch of the Alaska Pioneers' Home at Fairbanks.

Ch. 118, SLA 1964, and ch. 96, SLA 1965, provide for the issuance of bonds in the amount of \$5,000,000 for state buildings for use by the Department of Health and Welfare.

Ch. 86, SLA 1966, provides for the issuance of bonds in the amount of \$900,000 to provide outdoor recreation facilities.

Ch. 121, SLA 1966, provides for the issuance of bonds in the amount of \$2,285,000 for elementary and secondary public schools throughout the state.

Ch. 134, SLA 1966, provides for the issuance of bonds in the amount of \$15,500,000 for state ferries and ferry facilities.

Ch. 165, SLA 1966, provides for the issuance of bonds in the amount of \$16,900,000 for buildings for the University of Alaska throughout the state.

Ch. 166, SLA 1966, provides for the issuance of bonds in the amount of \$10,500,000 for highways and roads in the state.

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Ch. 167, SLA 1966, provides for the issuance of bonds in the amount of \$11,500,000 for trunk, secondary and bush airports owned or operated by the state or its political subdivisions.

Ch. 168, SLA 1966, provides for the issuance of bonds in the amount of \$5,000,000 for regional high schools throughout the state.

Ch. 73, SLA 1967, and ch. 142, SLA 1968, provide for the issuance of bonds in the amount of \$5,000,000 and \$11,200,000, respectively, for highways and roads in the state.

Ch. 91, SLA 1968, provides for the issuance of bonds in the amount of \$2,000,000 for a branch of the Alaska Pioneers' Home in the Southcentral area.

Ch. 146, SLA 1968, provides for the issuance of bonds in the amount of \$1,200,000 for public or other nonprofit community hospitals and other medical facilities at various locations in the state.

Ch. 167, SLA 1968, provides for the issuance of bonds in the amount of \$8,800,000 for trunk, secondary and bush airports owned or operated by the state or its political subdivisions.

Ch. 207, SLA 1968, provides for the issuance of bonds in the amount of \$10,000,000 for elementary and secondary public schools at various locations in the state.

Ch. 224, SLA 1968, provides for the issuance of bonds in the amount of \$8,500,000 for buildings, facilities and utilities at the University of Alaska.

Ch. 226, SLA 1968, provides for the issuance of bonds in the amount of \$18,000,000 for state ferries. This bond issue was not approved by the voters.

Ch. 227, SLA 1968, provides for the issuance of bonds in the amount of \$3,000,000 for fish hatcheries in the state.

Ch. 147, SLA 1970, as amended by ch. 220, SLA 1970, provides for the issuance of bonds in the amount of \$11,000,000 for capital improvements for water supply and sewerage systems.

Ch. 170, SLA 1970, provides for the issuance of bonds in the amount of \$20,300,000 for certain elementary and secondary public schools within the state.

Ch. 173, SLA 1970, provides for the issuance of bonds for facilities at Anchorage and Fairbanks International Airports.

Ch. 180, SLA 1970, provides for the issuance of bonds in the amount of \$3,000,000 for making capital improvements to Alaska Remote Housing Program.

Ch. 181, SLA 1970, provides for the issuance of bonds in the amount of \$2,300,000 for making capital improvements to state recreational facilities.

Ch. 182, SLA 1970, provides for the issuance of bonds in the amount of \$29,200,000 for making capital improvements to highways and roads in the state.

Ch. 183, SLA 1970, provides for the issuance of bonds in the amount of \$8,600,000 for making capital improvements to state correctional buildings for use by the Department of Health and Welfare.

Ch. 190, SLA 1970, provides for the issuance of bonds in the amount of \$5,600,000 for making capital improvements to mental health facilities, health and child care centers.

Ch. 221, SLA 1970, provides for the issuance of bonds in the amount of \$5,500,000 for making capital improvements to highway maintenance facilities.

Ch. 222, SLA 1970, provides for the issuance of bonds in the amount of \$10,000,000 for making capital improvements to certain airports in the state.

Ch. 223, SLA 1970, provides for the issuance of bonds in the amount of \$21,000,000 for making capital improvements to the state ferry system.

Ch. 224, SLA 1970, provides for the issuance of bonds in the amount of \$29,700,000 for making capital improvements to buildings, facilities, and utilities at the University of Alaska and community colleges.

Ch. 97, SLA 1972, provides for the issuance of bonds in the amount of \$3,500,000 for the purpose of matching federal funds under the Hill-Burton hospital construction program.

Ch. 99, SLA 1972, provides for the issuance of bonds in the amount of \$10,000,000 for paying the cost of capital improvements for highway construction.

Ch. 150, SLA 1972, provides for the issuance of bonds in the amount of \$11,500,000 for paying the cost of capital improvements for civic, convention and community recreation centers and all-weather sports facilities. This bond issue was not approved by the voters.

Ch. 177, SLA 1972, provides for the issuance of bonds in the amount of \$18,000,000 for paying the cost of capital improvements for the University of Alaska.

Ch. 194, SLA 1972, provides for the issuance of bonds in the amount of \$24,000,000 for paying the cost of capital improvements for airports.

Ch. 195, SLA 1972, provides for the issuance of bonds in the amount of \$16,000,000 for paying the cost of acquiring, constructing and equipping state-operated schools.

Ch. 201, SLA 1972, provides for the issuance of bonds in the amount of \$20,000,000 for paying the cost of capital improvements for flood control and small boat harbor projects.

Ch. 202, SLA 1972, provides for the issuance of bonds in the amount of \$33,000,000 for paying the cost of capital improvements for water supply and sewerage systems.

Ch. 2, SLA 1973, provides for the issuance of bonds in the amount of \$11,500,000 for paying the cost of capital improvements for civic, convention and community recreation centers. This bond issue was rejected by the voters at the special election held March 6, 1973.

Ch. 62, SLA 1974, provides for the issuance of bonds in the amount of \$2,700,000 for paying the cost of fire protection facilities.

Ch. 86, SLA 1974, provides for the issuance of bonds in the amount of \$22,500,000 to fund port facilities development grants under ch. 85, SLA 1974.

Ch. 116, SLA 1974, provides for the issuance of bonds in the amount of \$7,900,000 to pay the cost of library resource centers and community libraries.

Ch. 113, SLA 1974, provides for the issuance of bonds in the amount of \$10,400,000 to pay the cost of trunk and secondary airport construction.

Ch. 122, SLA 1974, provides for the issuance of bonds in the amount of \$37,300,000 to pay for highway, ferry and local service road and trail construction.

Ch. 132, SLA 1974, provides for the issuance of bonds in the amount of \$10,900,000 to pay the state share under the Hill-Burton Act hospital construction program and for nursing homes.

Ch. 133, SLA 1974, provides for the issuance of bonds in the amount of \$10,500,000 to pay the cost of fish and game management, development and enforcement facilities.

Ch. 135, SLA 1974, provides for the issuance of bonds in the amount of \$7,515,000 to pay the cost of constructing and equipping Pioneers' Homes.

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Ch. 142, SLA 1974, provides for the issuance of bonds in the amount of \$40,337,000 to pay the cost of rural school construction.

Ch. 144, SLA 1974, provides for the issuance of bonds in the amount of \$39,523,000 to pay the cost of capital improvements for the University of Alaska.

Ch. 124, SLA 1976, provides for the issuance of bonds in the amount of \$7,100,000 for paying the cost of regional fire fighter training centers.

Ch. 131, SLA 1976, provides for the issuance of bonds in the amount of \$59,290,000 for paying the cost of constructing, repairing, equipping and upgrading school facilities.

Ch. 168, SLA 1976, provides for the issuance of bonds in the amount of \$6,660,000 for paying the cost of capital improvements to parks and recreation areas, and outdoor recreational, open space and historic properties projects.

Ch. 214, SLA 1976, provides for the issuance of bonds in the amount of \$29,205,000 for paying the cost of capital improvements to fish and game management and development facilities.

Ch. 239, SLA 1976, provides for the issuance of bonds in the amount of \$7,500,000 for paying the cost of construction and development of senior citizen housing.

Ch. 243, SLA 1976, provided for the issuance of bonds in the amount of \$28,960,000 for paying the cost of capital improvements for the University of Alaska. This bond issue was rejected at the general election held November 2, 1976.

Ch. 247, SLA 1976, provides for the issuance of bonds in the amount of \$53,360,000 for paying the cost of highway, ferry and local service road and trails construction.

Ch. 248, SLA 1976, provides for the issuance of bonds in the amount of \$6,866,000 for paying the cost of airport construction and facilities.

Ch. 270, SLA 1976, provided for the issuance of bonds in the amount of \$10,630,000 for paying the cost of constructing and major remodeling of justice facilities. This bond issue was rejected by the voters at the general election held November 2, 1976.

Ch. 271, SLA 1976, provides for the issuance of bonds in the amount of \$31,000,000 for paying the cost of water

supply and sewerage systems construction.

Two other major bonding laws which have been passed since statehood but which do not come under the provisions of this chapter are mentioned here for completeness:

Ch. 56, SLA 1961, provides for the issuance of negotiable revenue bonds of the University of Alaska in the amount of \$6,750,000 for certain University of Alaska buildings.

Ch. 88, SLA 1961, as referred to in ch. 108, SLA 1962, and amended in ch. 80, SLA 1968, and ch. 173, SLA 1970, provide for the issuance of negotiable revenue bonds of the state in the amount of \$19,925,000 for international airports.

In addition, the following session laws provide for negotiable revenue bonds: Ch. 43 SLA 1963 — \$2,020,000 for acquiring, constructing and equipping a student dormitory and dining complex for the University of Alaska; ch. 109 SLA 1965 — \$4,590,000 for acquiring, constructing and equipping two student dormitories, a dining facility and a food warehouse and preparation center; ch. 111 SLA 1969 — \$4,000,000 for acquiring, constructing, etc., a campus activities center at the University of Alaska.

For legislative committee reports on (1) ch. 50, SLA 1961, relating to ferry bonds, see 1961 House Journal, pp. 223-224; (2) ch. 46, SLA 1961, relating to hospital bond standards, see 1961 House Journal, pp. 263-264; (3) ch. 65, SLA 1961, relating to bush airfield bonds, see 1961 House Journal, pp. 280-281; (4) ch. 183, SLA 1970 (SB 442 am FCC), relating to capital improvements to state correctional buildings, see 1970 Senate Journal, p. 574; (5) ch. 222, SLA 1970 (FCCS SB 431), relating to capital improvements to certain airports in the state, see 1970 House Journal, p. 1529; 1970 Senate Journal, p. 1278. For legislative committee report on capital improvement program, see 1960 House Journal, pp. 231-234, 253.

Am. Jur., ALR and C.J.S. references. — 43 Am. Jur., Public Securities and Obligations, §§ 151, 156 to 160.

Funding or refunding obligations as subject to conditions respecting approval by voters, 97 ALR 442.

Validity of bond issue in excess of amount permitted by law within authorized debt, tax or voted limit, 175 ALR 823.

81 C.J.S. States §§ 179 to 190.

Sec. 37.15.015. Committee shall publish notice of existing state indebtedness before election. (a) Before a general or special election in which a bond issue is offered for ratification, the state bond committee shall publish a notice of existing state bonded indebtedness at least once a week for three consecutive weeks in a newspaper of general circulation in each of the four judicial districts of the state. The first notice shall be published at least 20 days before the date of the election. A notice shall contain

- (1) the current total bonded indebtedness of the state,
- (2) the cost of the debt service on the current indebtedness.

(b) Neither the failure to publish the notice of existing state bonded indebtedness nor a defect in the publication affects the validity of the bond issue offered for ratification or of a general or special election in which a bond issue is offered for ratification. (§ 2 ch 50 SLA 1964; am § 1 ch 8 SLA 1969)

Editor's note. — Section 2, ch. 8, SLA 1969, provides: "This Act may not be construed as having changed the effect of AS 37.15.015 since this Act merely makes explicit that which was already intended before its enactment."

Legislative committee report. — For report on ch. 8, SLA 1969 (HB 79 am S), see 1969 House Journal, p. 186.

Sec. 37.15.020. Manner and amounts of sale. The state bond committee shall sell the bonds of each authorization in the amounts or series and at the times which it finds are for the best interests of the state and its inhabitants. (§ 1 ch 175 SLA 1960)

Am. Jur. reference. — 43 Am. Jur., Public Securities and Obligations, §§ 126 to 150.

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 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. (§ 1 ch 175 SLA 1960; am § 2 ch 104 SLA 1967; am § 1 ch 92 SLA 1970; am § 1 ch 29 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "eight per cent" for "seven per cent" in the first sentence.

Sec. 37.15.040. Sale of bonds. Before selling an issue or series of bonds, the state bond committee shall give notice inviting sealed bids in such manner as it may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If the state bond committee determines that the bids received are not satisfactory as to price or responsibility of the bidders, it may

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reject all bids received. (§ 1 ch 175 SLA 1960; am § 3 ch 104 SLA 1967; am § 1 ch 43 SLA 1969)

Sec. 37.15.050. Redemption. The state bond committee may determine whether the bonds are subject to redemption before their fixed maturities and may fix the premium for and all other terms of the redemption. No bond may be subject to redemption before its fixed maturity date unless the right to so redeem the bond is expressly mentioned on the face of the bond. (§ 1 ch 175 SLA 1960; am § 4 ch 104 SLA 1967; am § 1 ch 26 SLA 1968; am § 7 ch 143 SLA 1968)

Legislative committee report. — For legislative committee report on ch. 143. SLA 1968 (HB 707). see House Journal (1968), p. 836.

Am. Jur., ALR and C.J.S. references. — 38 Am. Jur., Municipal Corporations, §§ 408 to 482; 42 Am. Jur., Public Funds, § 1 et seq.; 43 Am. Jur., Public Securities and Obligations, §§ 24, 25, 260 to 270; 49

Am. Jur., States, Territories and Dependencies, §§ 66 to 71.

Funding or refunding obligations as subject to conditions respecting limitation of indebtedness, 97 ALR 442.

Validity of bond issue in excess of amount permitted by law within authorized debt, tax or voted limit, 175 ALR 823.

81 C.J.S. States § 189.

Sec. 37.15.060. Form and registration of bonds. An issue or series of bonds may be issued in coupon form payable to bearer or in fully registered form, and bonds in coupon form may be made registrable as to principal or principal and interest, as determined by the state bond committee. (§ 1 ch 175 SLA 1960; am § 2 ch 26 SLA 1968)

Am. Jur. reference. — 43 Am. Jur., Public Securities and Obligations, §§ 106 to 116.

Sec. 37.15.070. Place of payment. The state bond committee may fix the place or places of payment of the principal, interest and redemption premium, if any. (§ 1 ch 175 SLA 1960; am § 5 ch 104 SLA 1967)

Sec. 37.15.080. Signatures and seal. (a) Each bond shall be signed on behalf of the state by the governor and attested by the lieutenant governor, which signatures may be facsimile signatures. The seal of the state shall be impressed, imprinted or otherwise reproduced on each bond. Each interest coupon attached to the bond shall be signed by the facsimile signatures of the governor and lieutenant governor. If an officer whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, the signature is, nevertheless, valid and sufficient for all purposes, as if the officer had remained in office until delivery.

(b) A signature required on a bond issued by a political subdivision of the state may be a facsimile signature. (§ 1 ch 175 SLA 1960; am § 6 ch 104 SLA 1967)

Revisor's note (1971). — In this section "lieutenant governor" in conformity with "secretary of state" has been changed to the 1970 Alaska constitutional amendment

(SJR 2) changing the designation of that office.

Am. Jur. reference. — 43 Am. Jur., Public Securities and Obligations, § 108.

Sec. 37.15.090. Terms and conditions. Each issue or series of bonds shall be issued under and subject to the terms, conditions, and covenants providing for the payment of the principal and the interest and other terms, conditions, covenants, and protective provisions safeguarding the payment as found reasonably necessary by the state bond committee for the most advantageous sale. The terms, conditions, and covenants may include the setting aside and maintaining of certain reserves to secure the payment of principal and interest. (§ 1 ch 175 SLA 1960)

Am. Jur. reference. — 43 Am. Jur., Public Securities and Obligations, §§ 106 to 116.

Sec. 37.15.100. Trustee. If the state bond committee finds it necessary to accomplish the most advantageous sale of the bonds, the committee shall select a trustee for the owners and holders of the bonds or for the safeguarding and disbursement of the proceeds of the sale of the bonds for the use and purpose for which issued, and shall fix the rights, duties, powers, and obligations of the trustee. (§ 1 ch 175 SLA 1960)

Sec. 37.15.110. Creation and membership of state bond committee. There is created a committee known as the "state bond committee," the members of which are the commissioner of commerce and economic development, the commissioner of administration, and the commissioner of revenue. If a member of the committee is absent or otherwise unable to act, his designee in the department shall act as a member of the committee in his place. (§ 2 ch 175 SLA 1960; am § 7 ch 104 SLA 1967; am § 81 ch 218 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of commerce" in the first sentence.

Sec. 37.15.120. Regulations. The state bond committee may adopt rules and regulations for the performance of its duties and may designate by resolution one of its members to perform any act necessary to effectuate its duties not required by statute to be performed by the state bond committee in meeting or by resolution, or by another officer of the state. (§ 2 ch 175 SLA 1960; am § 8 ch 104 SLA 1967)

Sec. 37.15.130. Officers, records and proceedings. The commissioner of commerce and economic development is the chairman of the state bond committee and the commissioner of revenue is the secretary. A majority of the members of the committee constitute a quorum. The committee shall keep a full, complete, and permanent

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record of its proceedings. All records and correspondence of the committee shall be kept in the office of the commissioner of revenue. (§ 2 ch 175 SLA 1960; am § 82 ch 218 SLA 1976)

Effect of amendment. — The 1976 "commissioner of commerce" in the first amendment substituted "commissioner of commerce and economic development" for sentence.

Sec. 37.15.140. Duties of state bond committee. The state bond committee shall adopt the resolution and prepare the documents necessary for the issuance, sale, and delivery of bonds. (§ 3 ch 175 SLA 1960)

Sec. 37.15.150. Committee may employ special services. If the state bond committee considers it necessary and advisable, it may procure architectural or engineering, fiscal agent or municipal investment, legal and other expert or specialized services at reasonable and customary fees to assist it in accomplishing the most advantageous sale of the bonds. The fees may be paid from the proceeds of the sale or advanced from the contingency fund in the office of the governor or otherwise. (§ 3 ch 175 SLA 1960)

Sec. 37.15.155. Prohibited bidding on bonds and anticipation notes. (a) No person who provides financial programming or marketing assistance to the state bond committee in connection with the issuance or sale of general obligation bonds, revenue bonds or bond anticipation notes of the state may bid on the bonds.

(b) The sale of general obligation bonds, revenue bonds or bond anticipation notes of the state to a person who is prohibited from bidding on the bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 1 ch 102 SLA 1974)

Sec. 37.15.160. Contents of resolution. The resolution adopted by the state bond committee shall

(1) fix the principal amount, denominations, date, maturities, place of payment, terms, right of redemption if any, form, conditions and covenants of the bonds;

(2) fix the date of sale and the form of the notice of sale; and

(3) provide if the notice is to be published elsewhere in addition to the publication required by § 40 of this chapter. (§ 3 ch 175 SLA 1960; am § 3 ch 26 SLA 1968)

Sec. 37.15.170. State bond committee to certify annual principal, interest, and reserve requirements. (a) Before January 1 of each year after bonds are issued, the state bond committee shall certify to the commissioner of administration the amount needed for the following

calendar year to meet principal, interest, and reserve requirements on all bonds or issues or series of bonds then outstanding.

(b) The commissioner of administration shall set aside these amounts or make the necessary provisions for the setting aside of these amounts so that there will be sufficient money to pay the principal and interest on the due date and to meet reserve requirements. (§ 4 ch 175 SLA 1960)

Sec. 37.15.180. Remedies of bondholders. The owner and holder of each bond or the trustee may by appropriate proceeding require and compel the transfer and payment of money as directed by this chapter. (§ 4 ch 175 SLA 1960)

Sec. 37.15.190. Negotiability. General obligation bonds of the state and the coupons attached to the bonds are negotiable instruments. (§ 5 ch 175 SLA 1960)

Am. Jur. and ALR references. — 43 Am. Jur., Public Securities and Obligations, §§ 161 to 165. Negotiability of state warrants, 36 ALR 949.

Sec. 37.15.200. Bonds as legal investments. General obligation bonds of the state are legal investments for all state funds, or for funds under state control, and for all funds of a political subdivision of the state. (§ 5 ch 175 SLA 1960)

Sec. 37.15.210. Refunding bonds. (a) All or a part of the general obligation bonds of the state, or all or a part of each outstanding issue or series of bonds, may be refunded at or before maturity by the issuance of general obligation refunding bonds of the state if, in the opinion of the state bond committee, refunding is advantageous to and in the best interest of the state and its inhabitants. Money set aside as reserve to secure the payment of the principal and interest of bonds being refunded may be used to pay the principal and interest on these bonds or may be retained by the state to secure the payment of the principal and interest on the refunding bonds to be issued.

(b) Refunding bonds and the coupons attached to them are negotiable instruments. The effective rate of interest over the life of refunding bonds may not exceed seven per cent a year and the amount of premium which is paid to effect the redemption of outstanding bonds may not be considered in determining the effective rate of interest.

(c) Refunding bonds may be exchanged for the bonds being refunded or refunding bonds may be sold in the manner and at the prices which the state bond committee determines to be for the best interest of the state and its inhabitants either at public or private sale.

(d) The issuance of refunding bonds need not be authorized by the qualified voters of the state. The state bond committee shall adopt the resolution and prepare the documents necessary for the issuance, exchange or sale, and delivery of refunding bonds. The provisions of this

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chapter relating to the terms, conditions, covenants, issuance, and sale of general obligation bonds of the state apply to refunding bonds except as otherwise specifically provided in this section. (§ 6 ch 175 SLA 1960; am § 2 ch 92 SLA 1970)

Am. Jur. reference. — 43 Am. Jur.,
Public Securities and Obligations, §§ 156 to
160.

Sec. 37.15.215. Official statements. To the extent practicable the official statements and other documentation issued in connection with an offering of state or local government securities shall comply with the guidelines of the Municipal Finance Officers Association or other nationally recognized guidelines. (§ 12 ch 168 SLA 1978)

Sec. 37.15.220. Short title. Sections 10 — 220 of this chapter may be cited as the State Bonding Act. (§ 7 ch 175 SLA 1960; am § 54 ch 127 SLA 1974)

Effect of amendment. — The 1974
amendment added "Sections 10 — 220 of"
to the beginning of this section.

Legislative committee report. — For
report on ch. 127, SLA 1974 (SCSHB 317 am
S), see 1974 House Journal, p. 657.

Article 2. Bond Anticipation Notes.

Section

- 300. Borrowing in anticipation of sale of bonds permitted
- 310. Issuance of notes
- 320. [Repealed]
- 330. Repayment of notes
- 340. Security for repayment of general obligation bonds

Section

- 350. Security for repayment of revenue bonds
- 360. Limitation on issuance of notes
- 370. Use of proceeds from sale of notes
- 380. Sale of notes
- 390. Execution of notes

Sec. 37.15.300. Borrowing in anticipation of sale of bonds permitted. When the state bond committee considers it in the best interests of the state, it may borrow money in anticipation of the sale of general obligation and revenue bonds, if

(1) the general obligation bonds to be sold have been authorized by law and ratified by a majority vote of the qualified voters of the state who vote on the question; or

(2) the general obligation bonds to be sold have been authorized by law for the purpose of meeting natural disasters, repelling invasion, suppressing insurrection, or defending the state in war; or

(3) the revenue bonds to be sold have been authorized by law; and

(4) money to be derived from the sale of general obligation and revenue bonds have been appropriated by the legislature. (§ 1 ch 42 SLA 1964; am § 1 ch 74 SLA 1964)

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 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. (§ 1 ch 42 SLA 1964; am § 1 ch 127 SLA 1976)

Effect of amendment. — The 1976 amendment deleted "and the interest thereon" following "All the notes" near the beginning of the second sentence and added the third sentence.

Sec. 37.15.320. Issuance of new notes.

Repealed by § 3 ch 41 SLA 1967.

Editor's note. — The repealed section derived from § 1, ch. 42, SLA 1964; § 1, ch. 41, SLA 1967.

Sec. 37.15.330. Repayment of notes. Every note shall be payable from the proceeds of the next succeeding sale of bonds or from the proceeds of the sale of new bond anticipation notes. (§ 1 ch 42 SLA 1964)

Sec. 37.15.340. Security for repayment of general obligation bonds. Notes issued in anticipation of the sale of general obligation bonds and the interest thereon are secured by the full faith, credit, and resources of the state. (§ 1 ch 42 SLA 1964)

Sec. 37.15.350. Security for repayment of revenue bonds. Notes issued in anticipation of the sale of revenue bonds and the interest thereon are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued. (§ 1 ch 42 SLA 1964)

Sec. 37.15.360. Limitation on issuance of notes. The total amount of such notes issued and outstanding shall at no time exceed the total amount of bonds authorized to be issued. (§ 1 ch 42 SLA 1964)

Sec. 37.15.370. Use of proceeds from sale of notes. The proceeds from the sale of the notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used or to meet payment of outstanding bond anticipation notes. (§ 1 ch 42 SLA 1964)

Sec. 37.15.380. Sale of notes. Notes issued under this chapter shall be sold by the state bond committee in such manner and at such price or prices as it shall determine, at either public or private sale; however, no such note shall be sold for less than par and accrued interest or at an interest rate exceeding seven per cent a year. (§ 1 ch 42 SLA 1964; am § 3 ch 92 SLA 1970)

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Sec. 37.15.390. Execution of notes. Notes for money borrowed in anticipation of receipts from the sale of bonds shall be signed by the governor and countersigned by the lieutenant governor. The governor's signature may be a facsimile signature. (§ 1 ch 42 SLA 1964)

Revisor's note (1971). — In this section "secretary of state" has been changed to "lieutenant governor" in conformity with

the 1970 Alaska constitutional amendment (SJR 2) changing the designation of that office.

Article 3. International Airports Revenue Bonds.

Section

410. Bond authorization
420. Construction fund
430. Revenue fund
440. Redemption fund
450. Bond terms
460. Bond resolution
470. Enforcement by holder
480. Amounts required for payments

Section

490. Bond negotiability
500. Airport charges
510. State improvements to airports
520. Refunding
530. Bonds as legal investments
540. Statutory construction
550. Definitions

Editor's note. — Section 2, ch. 149, SLA 1972, provides: "For the purpose of carrying out the provisions of AS 37.15.410 — 37.15.550, there is appropriated from the International Airports Construction Fund the sum of

"(1) \$9,225,000, together with the amounts of any grant or other money paid into the fund for the same purpose, for acquisition, construction and equipping of facilities previously funded through revenue bond issues dated June 1, 1968 and June 1, 1969 (authorized by ch. 80, SLA 1968);

"(2) \$8,700,000 for the acquisition, construction and equipping of airport facilities as authorized in AS 37.15.510 at Anchorage International Airport (authorized by ch. 173, SLA 1970);

"(3) \$2,000,000 for the acquisition, construction and equipping of airport

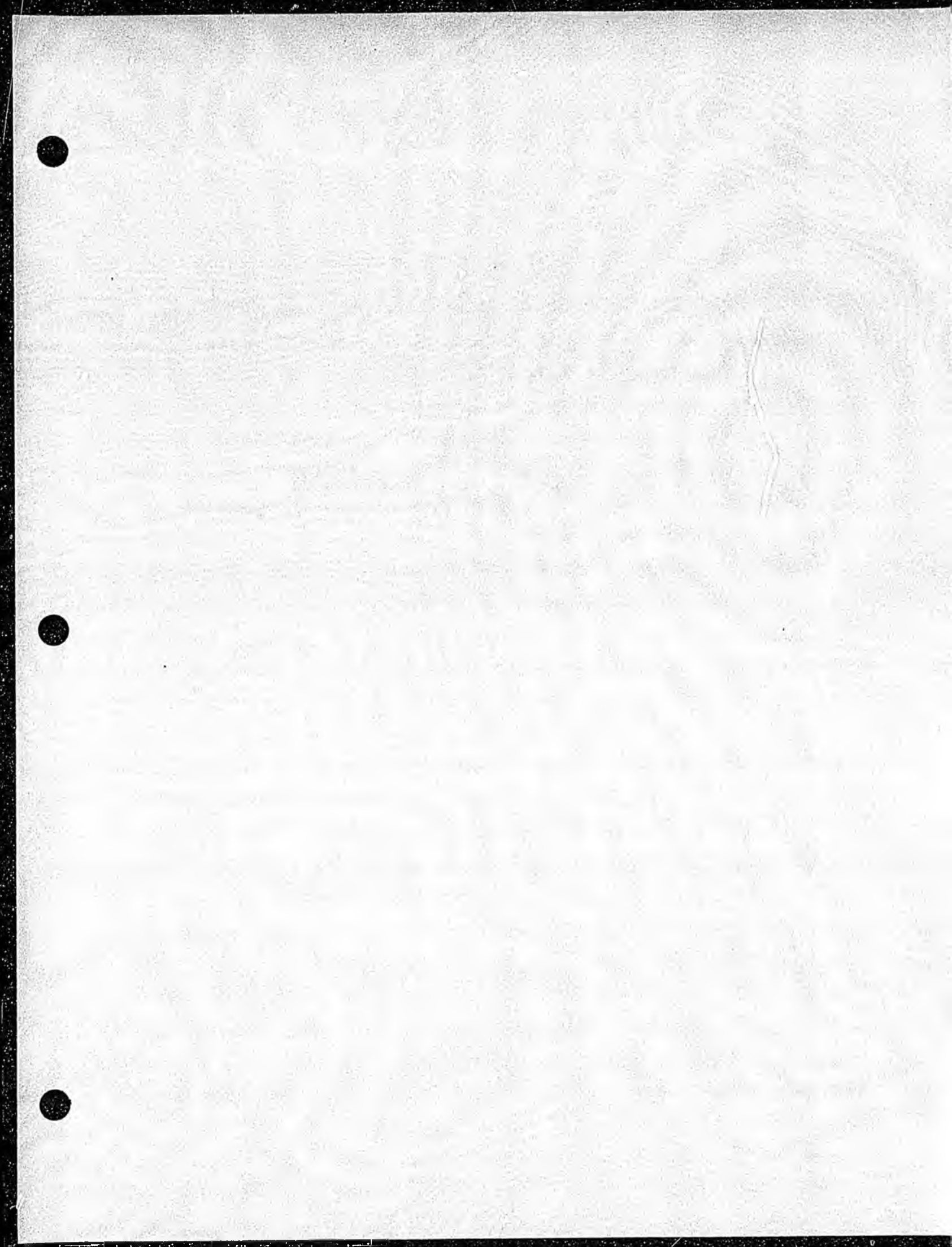
facilities as authorized in AS 37.15.510 at Fairbanks International Airport (authorized by ch. 173, SLA 1970); and

"(4) \$11,300,000 for the acquisition, construction and equipping of airport facilities as authorized in AS 37.15.510 at Anchorage and Fairbanks International Airports (authorized by ch. 149, SLA 1972)."

Section 4, ch. 149, SLA 1972, provides: "This Act codifies the 'temporary' law pertaining to the international airport revenue bonds. The repeal of statutes by sec. 3 of this Act does not affect existing bonds or actions that have been taken under the repealed provisions."

Legislative committee report. — For report on ch. 149, SLA 1972 (CSHB 531), see 1972 House Journal, p. 1233.

Sec. 37.15.410. Bond authorization. For the purpose of providing part or all of the money to be used, with or without any grants or other money which may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$34,825,000 is authorized to acquire, equip, construct and install the additions, improvements, extensions and facilities authorized in § 510 of this chapter. The principal of and interest on these bonds shall be paid out of and secured by the gross revenues derived by the state from the



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Chapter 58. Municipal Debt.

Article

1. Revenue Anticipation Notes (§§ 29.58.010—29.58.060)
2. Bond Anticipation Notes (§§ 29.58.070—29.58.140)
3. General Obligation Bonds (§§ 29.58.150—29.58.180)
4. Revenue Bonds (§§ 29.58.200—29.58.220)
5. Refunding Bonds (§§ 29.58.240—29.58.290)
6. Miscellaneous Provisions (§§ 29.58.300—29.58.340)

Article 1. Revenue Anticipation Notes.

Section

10. Borrowing in anticipation of revenue
20. Issuance of notes
30. Limitation on issuance of notes

Section

40. Issuance of notes in anticipation of state, federal grants
50. Priority of repayment
60. Sale of notes

Sec. 29.58.010. Borrowing in anticipation of revenue. A municipality of the state which is authorized to incur indebtedness may borrow money in a fiscal year to meet appropriations for that fiscal year in anticipation of the collection of taxes and estimated revenues for the fiscal year and may issue its revenue anticipation notes as evidence of the borrowing. (§ 2 ch 118 SLA 1972)

Sec. 29.58.020. Issuance of notes. The governing body of a municipality may, by ordinance or resolution, authorize the issuance of revenue anticipation notes and prescribe the form and details of the notes and the manner of their execution. The governing body of the municipality may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution which provides for the manner of their sale. Revenue anticipation notes and notes issued to renew notes previously issued mature not later than the end of the fiscal year in which they are issued. (§ 2 ch 118 SLA 1972)

Sec. 29.58.030. Limitation on issuance of notes. The aggregate amount of revenue anticipation notes at any time outstanding may not exceed 50 per cent of the amount of revenues estimated to be collected in the fiscal year in which the notes are issued, less the amount of estimated revenues actually collected in the fiscal year before the issuance of the notes. (§ 2 ch 118 SLA 1972)

Sec. 29.58.040. Issuance of notes in anticipation of state, federal grants. (a) The governing body of a municipality, upon adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for

single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body of the municipality may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes shall mature not later than the end of the next fiscal year. (§ 2 ch 118 SLA 1972)

Sec. 29.58.050. Priority of repayment. The payment of the principal and interest on revenue anticipation notes shall be payable from revenues, and their payment additionally shall be secured by a pledge of the full faith, credit and unlimited taxing power of the municipality issuing them. (§ 2 ch 118 SLA 1972)

Sec. 29.58.060. Sale of notes. The municipality may sell revenue anticipation notes in the manner and at the price it determines, at either public or private sale. (§ 2 ch 118 SLA 1972)

Article 2. Bond Anticipation Notes.

Section	Section
70. Bond anticipation borrowing	110. Security
80. Issuance of notes	120. Limitation
90. Issuance of new notes	130. Use of proceeds
100. Repayment of notes	140. Sale of notes

Sec. 29.58.070. Bond anticipation borrowing. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by the assembly or council and ratified by a majority vote at a regular or special election;

(2) the revenue bonds to be sold have been authorized by ordinance. (§ 2 ch 118 SLA 1972)

Sec. 29.58.080. Issuance of notes. The assembly or council shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before 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. (§ 2 ch 118 SLA 1972)

Sec. 29.58.090. Issuance of new notes. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the assembly or council shall issue new notes in

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order to meet payment of the notes then maturing or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes shall bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes shall not be outstanding for a total elapsed time of more than three years. (§ 2 ch 118 SLA 1972)

Sec. 29.58.100. Repayment of notes. Every note is payable from the proceeds of the sale of bonds which the notes anticipated or from the proceeds of the sale of new bond anticipation notes. (§ 2 ch 118 SLA 1972)

Sec. 29.58.110. Security. (a) Notwithstanding any other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith, credit, taxing power and resources of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) Notes issued in anticipation of the sale of revenue bonds and the interest on them are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued. (§ 2 ch 118 SLA 1972)

Sec. 29.58.120. Limitation. The total amount of notes issued and outstanding shall at no time exceed the total amount of bonds authorized to be issued. (§ 2 ch 118 SLA 1972)

Sec. 29.58.130. Use of proceeds. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used or to meet payment of outstanding bond anticipation notes. (§ 2 ch 118 SLA 1972)

Sec. 29.58.140. Sale of notes. Notes issued under this chapter shall be sold by the municipality in the manner and at the price it determines, at either public or private sale, but no note may be sold for less than par and accrued interest. (§ 2 ch 118 SLA 1972)

Article 3. General Obligation Bonds.

Section	Section
150. General obligation bonds	170. Form and terms of sale
160. Vote and notice of existing indebtedness required	180. Payment

Sec. 29.58.150. General obligation bonds. A municipality may acquire, construct, improve and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes. (§ 2 ch 118 SLA 1972)

Section supplements Alaska Constitution. — The legislature enacted this section to supplement Alaska Constitution, art. IX, § 9, and did not intend to attempt to substitute a different purpose than that established by "capital improvements" in the constitution. City of Juneau v. Hix-

son, Sup. Ct. Op. No. 93 (File No. 201), 373 P.2d 743 (1962).

"Improvement" in its broad sense means betterment. *City of Juneau v. Hixson*, Sup. Ct. Op. No. 93 (File No. 201), 373 P.2d 743 (1962).

Off-street parking facilities constitute public improvements or public works and this section is sufficiently broad to cover such facilities. *Kisane v. City of Anchorage*, 17 Alaska 514, 159 F. Supp. 733 (D. Alas. 1958).

Section assumes city will acquire right of occupancy before building improvement.—This section assumes that a city will acquire the rights of occupancy necessary to construct wharves, as a preliminary to their construction. *Berger v. Ohlson*, 10 Alaska 84, 120 F.2d 56 (9th Cir. 1941).

It does not authorize building on federal land.—This section would not authorize a city to build and maintain a wharf in a reserve already set apart by the federal government for the use of its railroad. *Berger v.*

Ohlson, 10 Alaska 84, 120 F.2d 56 (9th Cir. 1941).

And improvement built on federal land belongs to the United States.—A city dock built upon land belonging to the United States must in legal contemplation have become a part of it in the absence of special circumstances leading to a contrary conclusion where no specific authority for the erection of the wharf as property of the city of Anchorage can be found. *Berger v. Ohlson*, 10 Alaska 84, 120 F.2d 56 (9th Cir. 1941).

At best the public of the city of Anchorage had a mere license to use a city dock built and maintained within the Alaska railroad terminal reserve, and the United States had a right to terminate the use of the dock. *Berger v. Ohlson*, 10 Alaska 84, 120 F.2d 56 (9th Cir. 1941).

Am. Jur. references.—38 Am. Jur., *Municipal Corporations*, § 559 et seq., 43 Am. Jur., *Public Works and Contracts*, § 1 et seq.

Sec. 29.58.160. Vote and notice of existing indebtedness required. (a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority of those voting on the question at a regular or special election. Any municipal voter may vote in the bond election, except as otherwise provided by charter or law.

(b) Before a general obligation bond issue election, the assembly or council shall have published a notice of the municipality's total existing bond indebtedness at least once a week for three consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice shall include

- (1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;
- (2) the cost of the debt service on the current indebtedness;
- (3) the total assessed valuation within the municipality. (§ 2 ch 118 SLA 1972)

Sec. 29.58.170. Form and terms of sale. The assembly or council shall fix the date of the bonds, denominations, maturities, rate of interest, place and manner of payment, redemption terms, registration privileges, manner of execution, and signatures required. If an officer whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, his signature is valid as if he had remained in office until delivery. (§ 2 ch 118 SLA 1972)

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Sec. 29.58.180. Payment. (a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) General obligation bonds issued for acquiring, constructing, improving and equipping a municipally-owned utility or other revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a borough or city home rule charter. (§ 2 ch 118 SLA 1972)

Article 4. Revenue bonds.

Section	Section
200. Revenue bonds	210. Forms and terms
205. No election required	220. Payment

Sec. 29.58.200. Revenue bonds. A municipality may acquire, construct, improve and equip capital improvements to be operated upon a revenue-producing basis, and bonds for these purposes are payable solely from unpledged revenue of the public facilities for which the bonds are issued. (§ 2 ch 118 SLA 1972)

Sec. 29.58.205. No election required. No election is required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance. (§ 2 ch 118 SLA 1972)

Sec. 29.58.210. Forms and terms. The assembly or council shall fix the date of the bonds, denominations, maturities, rate of interest, place and manner of payment, redemption terms, registration privileges, manner of execution and signatures required. If an officer whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, his signature is valid as if he had remained in office until delivery. (§ 2 ch 118 SLA 1972)

Sec. 29.58.220. Payment. Bonds issued under §§ 200—220 of this chapter or the proceedings of the assembly or council authorizing their issuance may contain the covenants which the assembly or council considers advisable concerning

(1) the rates or fees to be charged for services rendered by the public facilities, the revenue of which is pledged to the payment of the bonds;

(2) the deposit and use of the revenue of the public facilities;

(3) the issuance of additional bonds payable from revenue of the public facilities;

(4) the rights of the bondholders in case of default in the payment of the principal or interest on the bonds, including the appointment of a receiver to operate the public facilities;

(5) other covenants as the assembly determines. (§ 2 ch 118 SLA 1972)

Article 5. Refunding Bonds.

Section
240. Authorization
250. Effect of bonds
260. No election required

Section
270. Payment of refunding bonds
280. Sale

Sec. 29.58.240. Authorization. If a municipality has outstanding general obligation or revenue bonds and the assembly or council determines that it would be financially advantageous to refund the bonds, the assembly or council may provide by ordinance for the issuance of general obligation or revenue refunding bonds. (§ 2 ch 118 SLA 1972)

Sec. 29.58.250. Effect of bonds. The refunding bonds may take up and refund all or any part of outstanding bonds at or before their maturity or redemption date. The assembly or council may include various series and issues of bonds in a single issue of refunding bonds. (§ 2 ch 118 SLA 1972)

Sec. 29.58.260. No election required. No election is required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance of the assembly or council. However, when it is desirable to use general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question. (§ 2 ch 118 SLA 1972)

Sec. 29.58.270. Payment of refunding bonds. General obligation refunding bonds are payable according to § 180 of this chapter. Revenue refunding bonds are payable according to § 220 of this chapter. (§ 2 ch 118 SLA 1972)

Sec. 29.58.280. Sale. General obligation or revenue refunding bonds may, in the discretion of the assembly or council, be exchanged at par for the bonds being refunded, or may be sold at public or private sale for an amount not less than par and accrued interest. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds. (§ 2 ch 118 SLA 1972)

Article 6. Miscellaneous Provisions.

Section
300. Public sale
310. Interest rate
315. Bond attorneys, bond and financial consultants

Section
320. Redemption before maturity
340. Borough indebtedness

Sec. 29.58.300. Public sale. The municipality shall sell all bonds at a public or private sale as provided by ordinance. No bonds may be sold at less than par value. (§ 2 ch 118 SLA 1972)

§ 29.58.300

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§ 29.58.310

MUNICIPAL GOVERNMENT

§ 29.58.340

Sec. 29.58.310. Interest rate. No municipal bond or note may bear an interest rate exceeding the contract usury rate of interest provided by law. (§ 2 ch 118 SLA 1972)

Sec. 29.58.315. Bond attorneys, bond and financial consultants. The governing body or its designee of a home rule or general law municipality shall be the sole contracting authority for bond attorneys, bond consultants and financial consultants engaged in long-range financial planning of the municipality which leads to sale of bonds. (§ 2 ch 118 SLA 1972)

Sec. 29.58.320. Redemption before maturity. A bond or note may be made subject to redemption before maturity as stated in the authorization or in the bond or note. (§ 2 ch 118 SLA 1972)

Sec. 29.58.340. Borough indebtedness. (a) Boroughs may incur indebtedness

- (1) on an areawide basis for areawide functions; or
- (2) on a noncity basis for functions performed in the area outside cities only; or
- (3) on a service area basis for functions performed in a service area only.

(b) Payment of debt principal and interest as well as other costs shall be limited to the area incurring the debt under (a) (2) or (a) (3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide; if the full faith and credit of the entire borough is pledged for the payment of the debt of the area outside cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area which will benefit from the improvement; if the bonded indebtedness to be incurred is limited to areas outside cities only or to service areas, the vote is limited to voters in those areas. (§ 2 ch 118 SLA 1972)

Offered: 3/20/85
Referred: Finance

Original sponsors: Uehling and Gruenberg

1 IN THE HOUSE
2
3 CS FOR HOUSE BILL NO. 4 (Loans)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FOURTEENTH LEGISLATURE - FIRST SESSION
6 A BILL
7 For an Act entitled: "An Act relating to debt of the state, its agencies,
8 and municipalities; and providing for an effective
9 date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. AS 37.15.110 is amended to read:
12 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.
13 There is created within the Department of Revenue a committee known as
14 the "state bond committee," the members of which are the commissioner
15 of commerce and economic development, the commissioner of administra-
16 tion, and the commissioner of revenue. If a member of the committee is
17 absent or otherwise unable to act, the member's designee [IN THE
18 DEPARTMENT] shall act as a member of the committee in the member's
19 place.
20 * Sec. 2. AS 37.15.130 is amended to read:
21 Sec. 37.15.130. OFFICERS, RECORDS AND PROCEEDINGS. (a) The
22 commissioner of revenue [COMMERCE AND ECONOMIC DEVELOPMENT] is the
23 chairman of the state bond committee [AND THE COMMISSIONER OF REVENUE
24 IS THE SECRETARY]. A majority of the members of the committee consti-
25 tute a quorum. The committee shall keep a full, complete, and perma-
26 nent record of its proceedings. All records and correspondence of the
27 committee shall be kept in the office of the commissioner of revenue.
28 (b) The committee may meet and transact business by electronic
29 media if
(1) public notice of the time and locations where the

1 meeting will be held by electronic media has been given in the same
2 manner as if the meeting were held in a single location;

3 (2) participants and members of the public in attendance
4 can hear and have the same right to participate in the meeting as if
5 the meeting were conducted in person; and

6 (3) copies of pertinent reference materials, statutes,
7 regulations, and audio-visual materials are reasonably available to
8 participants and to the public.

9 (c) A meeting by electronic media as provided in this section
10 has the same legal effect as a meeting in person.

11 (d) For the purposes of this chapter public notice of 24 hours
12 or more is adequate notice of a meeting of the committee at which the
13 issuance of bonds is authorized.

14 * Sec. 3. AS 37.15.140 is amended to read:

15 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. (a) The state
16 bond committee shall adopt the resolution and prepare the documents
17 necessary for the issuance, sale, and delivery of bonds issued on
18 behalf of the state.

19 (b) The state bond committee shall prepare an annual report to
20 be submitted to the governor and legislature before January 31 of each
21 year. The report must show (1) all outstanding debt of debt issuing
22 entities of the state; (2) the anticipated impact on the finances and
23 credit of the state, including the effect on long-term debt capacity
24 and creditworthiness resulting from that debt; (3) which long-term
25 debt is tax supported and which is supported only by revenues attrib-
26 utable to the project being financed by the debt; (4) all long-term
27 capital lease obligations of the state; (5) the volume of short-term
28 debt issued and retired during the year by debt issuing entities of
29 the state; (6) specific identification of each issue for which the

1 state has pledged some form of indirect support for the debt including
2 any moral obligation of the state to support the debt; (7) future
3 bonding and debt capacity implications of legislation enacted in the
4 previous legislative session; and (8) the recommended debt issuance
5 capacity of the state for the next two years following the year of the
6 report. The committee may require that any information needed to
7 prepare the report be furnished by debt issuing entities of the state
8 at a time determined by the committee. The state bond committee shall
9 publicize the existence of the report submitted under this section and
10 shall make the report available to the public upon request.

11 (c) The state bond committee may develop written policies
12 concerning debt of the state.

13 (d) The committee may develop written informational guidelines
14 for management of debt of municipalities of the state and debt of
15 instrumentalities of the state authorized to issue tax exempt obliga-
16 tions.

17 (e) The policies and guidelines developed under (c) and (d) of
18 this section shall include bidding procedures, and bid awards and
19 compensation for financial service.

20 (f) The state bond committee shall request the debt issuing
21 entities of the state to (1) prepare and submit to the committee by
22 January 31 of each year a calendar of all debt proposed to be issued
23 during the calendar year showing the amount and type of the debt and
24 the month in which issuance is proposed, and (2) prepare and submit
25 monthly a report showing all proposed changes to the calendar sub-
26 mitted.

27 (g) In this section the term "debt issuing entities of the
28 state" includes the state, each agency or instrumentality of the state
29 authorized to issue tax exempt obligations, and each municipality of

1 the state.

2 (h) In this section the term "debt" means (1) long-term bonded
3 indebtedness secured by the full faith and credit of the government
4 unit, (2) long-term bonded indebtedness secured by a mortgage or lien
5 on specific properties or receivables, (3) short-term notes, (4)
6 warrants, and (5) capital lease obligations; but "debt" does not in-
7 clude debt owed within the debt issuing entity or to another debt
8 issuing entity.

9 * Sec. 4. AS 37.15.150 is amended to read:

10 Sec. 37.15.150. STAFF AND [COMMITTEE MAY EMPLOY] SPECIAL SER-
11 VICES. The state bond committee may appoint an executive director who
12 may with approval of the committee select and employ additional staff
13 as necessary. Employees of the committee are in the partially exempt
14 service under AS 39.25.120. If the [STATE BOND] committee considers
15 it necessary and advisable, it may procure architectural or engineer-
16 ing, fiscal agent or municipal investment, legal and other expert or
17 specialized services at reasonable and customary fees to assist it in
18 accomplishing the most advantageous sale of the state bonds. The fees
19 may be paid from the proceeds of the sale or advanced from the contin-
20 gency fund in the office of the governor or otherwise.

21 * Sec. 5. AS 39.25.120(c) is amended by adding a new paragraph to read:

22 (19) employees of the state bond committee.

23 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Introduced: 1/14/85
Referred: 1/16/85 House Special
Committee on State Loans and
Finance

1 IN THE HOUSE

BY UEHLING

2 HOUSE BILL NO. 4

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 debt of the state, its agencies,
7 and municipalities; and providing for an effective
8 date."

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