

HOUSE
COMMITTEE REPORT

4/14

(7)

Date referred: 2/26/86

FURTHER REFERRALS: FINANCE

DATE: 4-14-86

The COMMUNITY AND REGIONAL AFFAIRS Committee has considered HB 521

"An Act relating to the issuance of municipal general obligation bonds; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 521 (CKA) same title new title

and recommends do pass

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

ROBERT CRONIN

Alto E. Johnson

For Kay Wallis

Mr. [Signature]

Peter Joell

W. Furness no rec

AL. M. MARSHALL No Rec.

Peter Joell
Chairman

Offered: 4/14/86
Referred: Finance

Coak

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 521 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal debt and the issuance
7 of municipal general obligation bonds; and providing
8 for an effective date."

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

10 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

11 (47) AS 29.47.190 - 29.47.195 (notice of and limitation on
12 debt).

13 * Sec. 2. AS 29.20.640(a) is amended to read:

14 (a) A municipality shall file with the department

15 (1) maps and descriptions of all annexed or detached terri-
16 tory;

17 (2) a copy of the annual audit, or, for a second class
18 city, an audit or statement of annual income and expenditures;

19 (3) tax assessment and tax levy figures as requested;

20 (4) a copy of the current annual budget of the municipal-
21 ity;

22 (5) a summary of the optional property tax exemptions
23 authorized together with the estimate of the revenues lost to the
24 municipality by operation of each of the exemptions;

25 (6) a summary of amounts and types of debts of the munic-
26 ipality if requested by the department.

27 * Sec. 3. AS 29.47.190(b) is amended to read:

28 (b) Before a general obligation bond issue election, the govern-
29 ing body shall have published a notice of the total existing bond

1 indebtedness at least once a week for three consecutive weeks. The
2 first notice shall be published at least 20 days before the date of
3 the election. A notice must [SHALL] include

4 (1) the current total general obligation bonded indebted-
5 ness, including authorized but unsold bonds, of the municipality;

6 (2) the cost of the debt service on the current indebted-
7 ness;

8 (3) the total assessed value of taxable property in the
9 municipality;

10 (4) the full value of taxable property in the municipality
11 as determined by the department; and

12 (5) for a city in a borough, the current total general
13 obligation bonded indebtedness of the borough, including authorized but
14 unsold bonds.

15 * Sec. 4. AS 29.47.190 is amended by adding a new subsection to read:

16 (c) This section applies to home rule and general law municipal-
17 ities.

18 * Sec. 5. AS 29.47 is amended by adding a new section to read:

19 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing
20 body may authorize issuance of general obligation bonds only

21 (1) for a city outside a borough, if

22 (A) the general obligation bonded indebtedness of the
23 city outstanding at the time of the authorization does not exceed
24 five percent of the average full value of taxable property in the
25 city for the last two years as determined by the department; and

26 (B) upon issuance of the authorized bonds, the total
27 general obligation bonded indebtedness of the city will not
28 exceed five percent of the average full value of taxable property
29 in the city for the last two years as determined by the

1 department;

2 (2) for a borough containing a city and for a city within a
3 borough, if

4 (A) the combined general obligation bonded indebted-
5 ness of the borough and of all cities in it does not exceed six
6 percent of the average full value of all taxable property in
7 those municipalities for the last two years as determined by the
8 department; and

9 (B) upon issuance of the authorized bonds, the total
10 general obligation bonded indebtedness of the borough and of all
11 cities in it will not exceed six percent of the average full
12 value of all taxable property in those municipalities for the
13 last two years as determined by the department;

14 (3) for a borough that does not contain a city, if

15 (A) the total general obligation bonded indebtedness
16 of the borough does not exceed five percent of the average full
17 value of all taxable property in the borough for the last two
18 years as determined by the department; and

19 (B) upon issuance of the authorized bonds the total
20 general obligation bonded indebtedness of the borough will not
21 exceed five percent of the average full value of all taxable
22 property in the borough for the last two years as determined by
23 the department.

24 (4) for a unified municipality, if

25 (A) the total general obligation bonded indebtedness
26 of the unified municipality does not exceed six percent of the
27 average full value of all taxable property in the unified m
28 ipality for the last two years as determined by the department;
29 and

1 (B) upon issuance of the authorized bonds the total
2 general obligation bonded indebtedness will not exceed six
3 percent of the average full value of all taxable property in the
4 unified municipality for the last two years as determined by the
5 department.

6 (b) Except as provided under (c) of this section, if general
7 obligation bonds are authorized by a borough containing a city or by a
8 city in a borough, the level of indebtedness shall be apportioned as
9 follows:

10 (1) the general obligation bonded indebtedness of the
11 borough may not exceed one percent of the average full value of tax-
12 able property in the borough, including property inside cities and
13 outside cities;

14 (2) the general obligation bonded indebtedness of the city
15 may not exceed five percent of the average full value of taxable
16 property in the city.

17 (c) The general obligation bonded indebtedness allocated to
18 boroughs under (b) of this section may be increased if the increase is
19 approved by a resolution adopted by the assembly and by a resolution
20 adopted by the council of each city in the borough. However, the com-
21 bined general obligation indebtedness of all the municipalities may
22 not exceed the limit under (a)(2) of this section.

23 (d) The limitation under (a) of this section does not apply to

24 (1) general obligation bonds necessary because of a natural
25 disaster;

26 (2) general obligation bonds necessary to protect the
27 public health;

28 (3) general obligation bonds for which, without expenditure
29 of tax revenue, cash receipts from fees, rents, or other charges

1 pledged to pay the debt have been, in the case of debt outstanding,
2 and will be, in the case of debt to be issued, sufficient each fiscal
3 year to meet interest and redemption payments on the bonds and costs
4 of operating and maintaining the capital project financed with the
5 bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with
8 art. IX, sec. 10, Constitution of the State of Alaska;

9 (6) debt for which there are sinking funds or other funds
10 on hand pledged to the payment of the debt, including the proceeds of
11 refunding bonds or refunding notes; or

12 (7) general obligation bonds necessary for the construc-
13 tion, rehabilitation, or improvement of public schools.

14 (e) This section applies to home rule and general law municipal-
15 ities.

16 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).
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Cook

Offered: 2/26/86
Referred: Community & Regional
Affairs and Finance
Original sponsor: Rules/governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 521 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of municipal general
7 obligation bonds; and providing for an effective
8 date."

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

10 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

11 (47) AS 29.47.190 - 29.47.195 (notice of and limitation on
12 debt).

13 * Sec. 2. AS 29.47.190(b) is amended to read:

14 (b) Before a general obligation bond issue election, the govern-
15 ing body shall have published a notice of the total existing bond
16 indebtedness at least once a week for three consecutive weeks. The
17 first notice shall be published at least 20 days before the date of
18 the election. A notice must [SHALL] include

19 (1) the current total general obligation bonded indebted-
20 ness, including authorized but unsold bonds, of the municipality;

21 (2) the cost of the debt service on the current indebted-
22 ness;

23 (3) the total assessed value of taxable property in the
24 municipality;

25 (4) the full value of taxable property in the municipality
26 as determined by the department; and

27 (5) for a city in a borough, the current total general
28 obligation bonded indebtedness of the borough, including authorized but
29 unsold bonds.

1 * Sec. 3. AS 29.47.190 is amended by adding a new subsection to read:

2 (c) This section applies to home rule and general law municipal-
3 ities.

4 * Sec. 4. AS 29.47 is amended by adding a new section to read:

5 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing
6 body may not authorize issuance of general obligation bonds unless

7 (1) the general obligation bonded indebtedness of the
8 municipality outstanding at the time of the authorization by the
9 governing body does not exceed seven percent of the average full value
10 of taxable property of the municipality for the last two years as
11 determined by the department; and

12 (2) upon issuance of the authorized bonds the total general
13 obligation bonded indebtedness of the municipality will not exceed
14 seven percent of the average full value of taxable property of the
15 municipality for the last two years as determined by the department.

16 (b) For purposes of calculating current general obligation
17 bonded indebtedness under (a) of this section for a borough, the
18 general obligation bonded indebtedness of each city in the borough
19 shall be included. For purposes of determining the current general
20 obligation bonded indebtedness for a city in a borough, a proportional
21 share of the borough's general obligation bonded indebtedness shall be
22 included based on the value of taxable property in the city compared
23 to the total value of taxable property in the borough.

24 (c) The limitation under (a) of this section does not apply to

25 (1) general obligation bonds necessary because of a natural
26 disaster;

27 (2) general obligation bonds necessary to protect the
28 public health;

29 (3) general obligation bonds for which, without expenditure

1 of tax revenue, cash receipts from fees, rents, or other charges
2 pledged to pay the debt have been sufficient each fiscal year after
3 issuance of the bonds to meet interest and redemption payments on the
4 bonds and costs of operating and maintaining the capital project
5 financed with the bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with
8 article IX, sec. 10, Constitution of the State of Alaska; or

9 (6) debt for which there are sinking funds or other funds
10 on hand pledged to the payment of the debt, including the proceeds of
11 refunding bonds or refunding notes.

12 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

Gov letter
1 zero 7 rate Total \$
2 zero w/ analyzer

Introduced: 1/27/86
Referred: House Special Committee on
State Loans, Community & Regional
Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

HOUSE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of municipal general
7 obligation bonds; and providing for an effective
8 date."

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

10 * Section 1. AS 29.47.190(b) is amended to read:

11 (b) Before a general obligation bond issue election, the govern-
12 ing body shall have published a notice of the total existing bond
13 indebtedness at least once a week for three consecutive weeks. The
14 first notice must [SHALL] be published at least 30 days before the
15 date of the election. A notice must [SHALL] include

16 (1) the current total general obligation bonded indebted-
17 ness, including authorized but unsold bonds of the municipality;

18 (2) the cost of the debt service on the current indebted-
19 ness;

20 (3) the total assessed value of taxable property in the
21 municipality;

22 (4) the full property value, as determined by the Depart-
23 ment of Community and Regional Affairs under AS 14.17.140.

24 * Sec. 2. AS 29.47 is amended by adding a new section to read:

25 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A municipal-
26 ity may not incur additional general obligation bond debt if current
27 bonded indebtedness exceeds, or will exceed upon issuance of the debt
28 issue, seven percent of the full property value, as determined by the
29 Department of Community and Regional Affairs under AS 14.17.140.

1 (b) For purposes of the debt limitation established in (a) of
2 this section, "municipality" includes a municipality or a combination
3 of municipalities that occupy, in whole or in part, the same geograph-
4 ic area.

5 (c) For purposes of the debt limitation established in (a) of
6 this section, "general obligation bond debt" does not include

7 (1) refunding bonds; or

8 (2) self-supporting debt even though such debt may also be
9 general obligation debt of the municipality.

10 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
11 10.070(c).

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 521
080

04/27

January 27, 1986

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will establish a reasonable limit on the authority of a municipality or borough to issue general obligation bond debt.

At present, there is no limit as to the amount of general obligation debt that municipalities may incur. And, while taxing limits are generally prescribed by statute, current law specifically exempts from the taxing limitation any assessments necessary to satisfy debt service obligations. The potential for excessive municipal debt burdens -- a burden that both directly and indirectly affects the state and other municipalities -- is one which simply must be controlled.

I believe that reasonable general obligation bond debt limitations are essential to preserve the financial stability of Alaska municipalities. We are all aware that the level of per capita municipal debt in Alaska far exceeds the national average. To be sure, the lack of basic public services in many areas of the state contributes to the current level of debt. While I am certainly sensitive to the extreme, and at times costly, needs of rural communities, I am equally concerned that excessive municipal debt will only undermine the substantial economic progress enjoyed by all Alaska communities in the last several years.

The problems associated with excessive debt requirements will increase in the future. As state revenues decline,

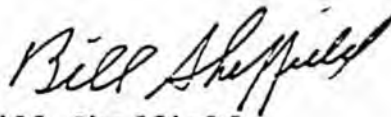
municipalities will increasingly be responsible for the cost of governmental services, and this inevitable burden will only be further compounded if municipalities are saddled with excessive debt service obligations.

The bill proposes that a municipality may not incur additional general obligation debt if, upon issuance, the municipality's general obligation debt would exceed seven percent of the market value of property which is taxable under state law. The Department of Community and Regional Affairs is currently required by statute to ascertain annually the property value necessary for this limit. That only three communities -- the North Slope Borough, the cities of Nenana and Wrangell -- exceed the seven percent standard is indicative that the limit is reasonable, and will not unfairly limit the prerogatives of local governments.

It is equally important to note what the bill does not do. The bill does not limit in any manner a municipality's authority to levy taxes in order to satisfy debt service obligations. The bill does not limit a municipality's authority to issue revenue or refunding bonds. And finally, the bill does not penalize those municipalities that have issued debt in excess of the seven percent standard.

I believe that the bill provides a needed assurance that municipalities will not incur an unsupportable debt burden. Establishment of a debt ceiling greatly diminishes the prospect of a municipal default. It also prevents a decline in state revenues as municipal assessments are increased to support an ever-increasing debt burden. I urge your prompt passage of this legislation.

Sincerely,



Bill Sheffield
Governor

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2
HB 521 #1

Revision Date : _____

REQUEST

Bill/Resolution No. : _____
 Title : An Act Relating to the Issuance of
Municipal General Obligation Bonds

 Sponsor : _____
 Requestor : Governor
 Date of Request : _____

FISCAL DETAIL

Agency Affected : C and RA
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	0	0	0	0	0	0
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary
 See attached:

Prepared by : John Larson *JK* Phone : 465-2173
 Division : Research Date : 1/2/86
 Approved by Commissioner : Stacy A. Stordale Date : 1/6/86
 Agency : _____

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 520# 1

page 2 of 2

The proposed legislation would limit the amount of general obligation (G.O.) bond debt a municipality could have outstanding to seven percent of the full value of taxable property in that municipality. If a municipality's G.O. bond debt exceeded the limit then that municipality could not issue additional G.O. debt until its outstanding G.O. debt was below the limit and the issuance of the additional G.O. debt would not cause it to exceed the limit. It should be noted that the proposed limitation applies only to G.O. bond debt and would not limit a municipality's authority to issue revenue bonds or refunding bonds. Also the proposal would not limit a municipality's authority to levy unlimited property taxes in order to pay outstanding debt service obligations.

Government Finance Associates (GFA), the State's financial advisor, performed a review of debt limits in other states. In general, most municipal debt limits appear to be a fixed percentage of the value of taxable property in the municipality. GFA recommends that Alaska's debt limit be related directly and simply to a portion of a municipality's assessed value. In this way, the amount of debt issued by any municipality would be directly related to its ability to pay its general obligation debt through its tax base.

Based on data compiled by the Department of Community and Regional Affairs in the soon to be released publication Alaska Taxable 1985 only three municipalities currently exceed the proposed seven percent G.O. bond debt limitation. These municipalities are Nenana, Wrangell and the North Slope Borough.

Because the proposed legislation would not limit the municipality's authority to levy property taxes to satisfy existing debt service obligations, there would be no immediate impact on net revenue accruing to the State under AS 43.56.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

REQUEST HB 520 # 2
 Bill/Resolution No. : _____
 Title: "An Act relating to issuance of
 general obligation funds..."

 Sponsor : Governor
 Requestor : Governor
 Date of Request : 12/10/85

Revision Date : _____

FISCAL DETAIL
 Agency Affected: Community & Regional Affairs
 BRU: Local Government Assistance

 Components: State Assessor

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-			
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Full Value figures and the methodology for their determination may be challenged by the three municipalities presently over the 7% cap. This may create the need for additional travel for the State Assessor. However, this need is speculative and is, therefore, not reflected in the fiscal note.

Prepared by : Doug Griffin Phone : 465-4750
 Division : Municipal and Regional Assistance Date : 12-18-85

Approved by Commissioner : [Signature] Date : 12/18/85
 Agency : Community and Regional Affairs

Distribution (by Agency preparing fiscal note) :

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

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST HB 520 # 3
 Bill/Resolution No.: _____
 Title: Issuance of Municipal General
Obligation Bonds

Revision Date: _____
 FISCAL DETAIL
 Agency Affected: Administration
 BRU: _____

Sponsor: Governor
 Requestor: _____
 Date of Request: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This bill has no fiscal impact on the Department of Administration.

Prepared By: Michael P. McMillin *Michael P. McMillin* Phone: 465-2200
 Division: Commissioner's Office Date: 12/17/85
 Approved by Commissioner: Eleanor Andrews *Eleanor Andrews* Date: 12/17/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

ALASKA STATE LEGISLATURE

14 Legislature SECOND Session

HOUSE BILL..... NO. 521...

By RULES BY REQUEST OF THE GOVERNOR

"An Act relating to the issuance of municipal general obligation bonds; and providing for an effective date."

municipal bonds

Introduced in the House 1/27., 1936.

HISTORY IN THE HOUSE

19 86	Read first time and referred to Committee on												
Jan 27	LOANS, C&RA, AND FINANCE												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
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Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
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PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

Offered: 4/14/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE
2
3 CS FOR HOUSE BILL NO. 521 (C&RA)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FOURTEENTH LEGISLATURE - SECOND SESSION
6 A BILL
7 For an Act entitled: "An Act relating to municipal debt and the issuance
8 of municipal general obligation bonds; and providing
9 for an effective date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
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15 (a) A municipality shall file with the department
16 (1) maps and descriptions of all annexed or detached terri-
17 tory;
18 (2) a copy of the annual audit, or, for a second class
19 city, an audit or statement of annual income and expenditures;
20 (3) tax assessment and tax levy figures as requested;
21 (4) a copy of the current annual budget of the municipal-
22 ity;
23 (5) a summary of the optional property tax exemptions
24 authorized together with the estimate of the revenues lost to the
25 municipality by operation of each of the exemptions;
26 (6) a summary of amounts and types of debts of the munic-
27 ipality if requested by the department.
28 * Sec. 3. AS 29.47.190(b) is amended to read:
29 (b) Before a general obligation bond issue election, the govern-
ing body shall have published a notice of the total existing bond

1 indebtedness at least once a week for three consecutive weeks. The
2 first notice shall be published at least 20 days before the date of
3 the election. A notice must [SHALL] include

4 (1) the current total general obligation bonded indebted-
5 ness, including authorized but unsold bonds, of the municipality;

6 (2) the cost of the debt service on the current indebted-
7 ness;

8 (3) the total assessed value of taxable property in the
9 municipality;

10 (4) the full value of taxable property in the municipality
11 as determined by the department; and

12 (5) for a city in a borough, the current total general
13 obligation bonded indebtedness of the borough, including authorized but
14 unsold bonds.

15 * Sec. 4. AS 29.47.190 is amended by adding a new subsection to read:

16 (c) This section applies to home rule and general law municipal-
17 ities.

18 * Sec. 5. AS 29.47 is amended by adding a new section to read:

19 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing
20 body may authorize issuance of general obligation bonds only

21 (1) for a city outside a borough, if

22 (A) the general obligation bonded indebtedness of the
23 city outstanding at the time of the authorization does not exceed
24 five percent of the average full value of taxable property in the
25 city for the last two years as determined by the department; and

26 (B) upon issuance of the authorized bonds, the total
27 general obligation bonded indebtedness of the city will not
28 exceed five percent of the average full value of taxable property
29 in the city for the last two years as determined by the

1 department;

2 (2) for a borough containing a city and for a city within a
3 borough, if

4 (A) the combined general obligation bonded indebted-
5 ness of the borough and of all cities in it does not exceed six
6 percent of the average full value of all taxable property in
7 those municipalities for the last two years as determined by the
8 department; and

9 (B) upon issuance of the authorized bonds, the total
10 general obligation bonded indebtedness of the borough and of all
11 cities in it will not exceed six percent of the average full
12 value of all taxable property in those municipalities for the
13 last two years as determined by the department;

14 (3) for a borough that does not contain a city, if

15 (A) the total general obligation bonded indebtedness
16 of the borough does not exceed five percent of the average full
17 value of all taxable property in the borough for the last two
18 years as determined by the department; and

19 (B) upon issuance of the authorized bonds the total
20 general obligation bonded indebtedness of the borough will not
21 exceed five percent of the average full value of all taxable
22 property in the borough for the last two years as determined by
23 the department.

24 (4) for a unified municipality, if

25 (A) the total general obligation bonded indebtedness
26 of the unified municipality does not exceed six percent of the
27 average full value of all taxable property in the unified munic-
28 ipality for the last two years as determined by the department;
29 and

1 (B) upon issuance of the authorized bonds the total
2 general obligation bonded indebtedness will not exceed six
3 percent of the average full value of all taxable property in the
4 unified municipality for the last two years as determined by the
5 department.

6 (b) Except as provided under (c) of this section, if general
7 obligation bonds are authorized by a borough containing a city or by a
8 city in a borough, the level of indebtedness shall be apportioned as
9 follows:

10 (1) the general obligation bonded indebtedness of the
11 borough may not exceed one percent of the average full value of tax-
12 able property in the borough, including property inside cities and
13 outside cities;

14 (2) the general obligation bonded indebtedness of the city
15 may not exceed five percent of the average full value of taxable
16 property in the city.

17 (c) The general obligation bonded indebtedness allocated to
18 boroughs under (b) of this section may be increased if the increase is
19 approved by a resolution adopted by the assembly and by a resolution
20 adopted by the council of each city in the borough. However, the com-
21 bined general obligation indebtedness of all the municipalities may
22 not exceed the limit under (a)(2) of this section.

23 (d) The limitation under (a) of this section does not apply to

24 (1) general obligation bonds necessary because of a natural
25 disaster;

26 (2) general obligation bonds necessary to protect the
27 public health;

28 (3) general obligation bonds for which, without expenditure
29 of tax revenue, cash receipts from fees, rents, or other charges

1 pledged to pay the debt have been, in the case of debt outstanding,
2 and will be, in the case of debt to be issued, sufficient each fiscal
3 year to meet interest and redemption payments on the bonds and costs
4 of operating and maintaining the capital project financed with the
5 bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with
8 art. IX, sec. 10, Constitution of the State of Alaska;

9 (6) debt for which there are sinking funds or other funds
10 on hand pledged to the payment of the debt, including the proceeds of
11 refunding bonds or refunding notes; or

12 (7) general obligation bonds necessary for the construc-
13 tion, rehabilitation, or improvement of public schools.

14 (e) This section applies to home rule and general law municipal-
15 ities.

16 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

Offered: 2/26/86
Referred: Community & Regional
Affairs and Finance

Original sponsor: Rules/governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 521 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of municipal general
7 obligation bonds; and providing for an effective
8 date."

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

10 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:
11 (47) AS 29.47.190 - 29.47.195 (notice of and limitation on
12 debt).

13 * Sec. 2. AS 29.47.190(b) is amended to read:

14 (b) Before a general obligation bond issue election, the govern-
15 ing body shall have published a notice of the total existing bond
16 indebtedness at least once a week for three consecutive weeks. The
17 first notice shall be published at least 20 days before the date of
18 the election. A notice must [SHALL] include

19 (1) the current total general obligation bonded indebted-
20 ness, including authorized but unsold bonds, of the municipality;

21 (2) the cost of the debt service on the current indebted-
22 ness;

23 (3) the total assessed value of taxable property in the
24 municipality;

25 (4) the full value of taxable property in the municipality
26 as determined by the department; and

27 (5) for a city in a borough, the current total general
28 obligation bonded indebtedness of the borough, including authorized but
29 unsold bonds.

1 * Sec. 3. AS 29.47.190 is amended by adding a new subsection to read:

2 (c) This section applies to home rule and general law municipal-
3 ities.

4 * Sec. 4. AS 29.47 is amended by adding a new section to read:

5 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing
6 body may not authorize issuance of general obligation bonds unless

7 (1) the general obligation bonded indebtedness of the
8 municipality outstanding at the time of the authorization by the
9 governing body does not exceed seven percent of the average full value
10 of taxable property of the municipality for the last two years as
11 determined by the department; and

12 (2) upon issuance of the authorized bonds the total general
13 obligation bonded indebtedness of the municipality will not exceed
14 seven percent of the average full value of taxable property of the
15 municipality for the last two years as determined by the department.

16 (b) For purposes of calculating current general obligation
17 bonded indebtedness under (a) of this section for a borough, the
18 general obligation bonded indebtedness of each city in the borough
19 shall be included. For purposes of determining the current general
20 obligation bonded indebtedness for a city in a borough, a proportional
21 share of the borough's general obligation bonded indebtedness shall be
22 included based on the value of taxable property in the city compared
23 to the total value of taxable property in the borough.

24 (c) The limitation under (a) of this section does not apply to

25 (1) general obligation bonds necessary because of a natural
26 disaster;

27 (2) general obligation bonds necessary to protect the
28 public health;

29 (3) general obligation bonds for which, without expenditure

1 of tax revenue, cash receipts from fees, rents, or other charges
2 pledged to pay the debt have been sufficient each fiscal year after
3 issuance of the bonds to meet interest and redemption payments on the
4 bonds and costs of operating and maintaining the capital project
5 financed with the bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with
8 article IX, sec. 10, Constitution of the State of Alaska; or

9 (6) debt for which there are sinking funds or other funds
10 on hand pledged to the payment of the debt, including the proceeds of
11 refunding bonds or refunding notes.

12 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

Offered: 2/26/86
Referred: Community & Regional
Affairs and Finance

Original sponsor: Rules/governor

1 IN THE HOUSE
2 CS FOR HOUSE BILL NO. 521 (Loans)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the issuance of municipal general
7 obligation bonds; and providing for an effective
8 date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:
11 (47) AS 29.47.190 - 29.47.195 (notice of and limitation on
12 debt).
13 * Sec. 2. AS 29.47.190(b) is amended to read:
14 (b) Before a general obligation bond issue election, the govern-
15 ing body shall have published a notice of the total existing bond
16 indebtedness at least once a week for three consecutive weeks. The
17 first notice shall be published at least 20 days before the date of
18 the election. A notice must [SHALL] include
19 (1) the current total general obligation bonded indebted-
20 ness, including authorized but unsold bonds, of the municipality;
21 (2) the cost of the debt service on the current indebted-
22 ness;
23 (3) the total assessed value of taxable property in the
24 municipality;
25 (4) the full value of taxable property in the municipality
26 as determined by the department; and
27 (5) for a city in a borough, the current total general
28 obligation bonded indebtedness of the borough, including authorized but
29 unsold bonds.

1 * Sec. 3. AS 29.47.190 is amended by adding a new subsection to read:

2 (c) This section applies to home rule and general law municipal-
3 ities.

4 * Sec. 4. AS 29.47 is amended by adding a new section to read:

5 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A governing
6 body may not authorize issuance of general obligation bonds unless

7 (1) the general obligation bonded indebtedness of the
8 municipality outstanding at the time of the authorization by the
9 governing body does not exceed seven percent of the average full value
10 of taxable property of the municipality for the last two years as
11 determined by the department; and

12 (2) upon issuance of the authorized bonds the total general
13 obligation bonded indebtedness of the municipality will not exceed
14 seven percent of the average full value of taxable property of the
15 municipality for the last two years as determined by the department.

16 (b) For purposes of calculating current general obligation
17 bonded indebtedness under (a) of this section for a borough, the
18 general obligation bonded indebtedness of each city in the borough
19 shall be included. For purposes of determining the current general
20 obligation bonded indebtedness for a city in a borough, a proportional
21 share of the borough's general obligation bonded indebtedness shall be
22 included based on the value of taxable property in the city compared
23 to the total value of taxable property in the borough.

24 (c) The limitation under (a) of this section does not apply to

25 (1) general obligation bonds necessary because of a natural
26 disaster;

27 (2) general obligation bonds necessary to protect the
28 public health;

29 (3) general obligation bonds for which, without expenditure

1 of tax revenue, cash receipts from fees, rents, or other charges
2 pledged to pay the debt have been sufficient each fiscal year after
3 issuance of the bonds to meet interest and redemption payments on the
4 bonds and costs of operating and maintaining the capital project
5 financed with the bonds;

6 (4) bond anticipation notes;

7 (5) revenue anticipation notes issued in accordance with
8 article IX, sec. 10, Constitution of the State of Alaska; or

9 (6) debt for which there are sinking funds or other funds
10 on hand pledged to the payment of the debt, including the proceeds of
11 refunding bonds or refunding notes.

12 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

Introduced: 1/27/86
Referred: House Special Committee on
State Loans, Community & Regional
Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of municipal general
7 obligation bonds; and providing for an effective
8 date."

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

10 * Section 1. AS 29.47.190(b) is amended to read:

11 (b) Before a general obligation bond issue election, the govern-
12 ing body shall have published a notice of the total existing bond
13 indebtedness at least once a week for three consecutive weeks. The
14 first notice must [SHALL] be published at least 20 days before the
15 date of the election. A notice must [SHALL] include

16 (1) the current total general obligation bonded indebted-
17 ness, including authorized but unsold bonds of the municipality;

18 (2) the cost of the debt service on the current indebted-
19 ness;

20 (3) the total assessed value of taxable property in the
21 municipality;

22 (4) the full property value, as determined by the Depart-
23 ment of Community and Regional Affairs under AS 14.17.140.

24 * Sec. 2. AS 29.47 is amended by adding a new section to read:

25 Sec. 29.47.195. LIMITATION ON MUNICIPAL DEBT. (a) A municipal-
26 ity may not incur additional general obligation bond debt if current
27 bonded indebtedness exceeds, or will exceed upon issuance of the debt
28 issue, seven percent of the full property value, as determined by the
29 Department of Community and Regional Affairs under AS 14.17.140.

1 (b) For purposes of the debt limitation established in (a) of
2 this section, "municipality" includes a municipality or a combination
3 of municipalities that occupy, in whole or in part, the same geograph-
4 ic area.

5 (c) For purposes of the debt limitation established in (a) of
6 this section, "general obligation bond debt" does not include

7 (1) refunding bonds; or

8 (2) self-supporting debt even though such debt may also be
9 general obligation debt of the municipality.

10 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
11 10.070(c).