

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 86/2

1336 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

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 assessed
10 value of taxable property of the municipality for the last two years;
11 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 assessed value of taxable property of the
15 municipality for the last two years.

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 pledg d 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).

14 (7) *on*
15 *fund and*

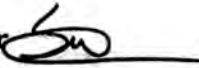
16
17
18
19 *to be included in the fund?*

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: Representative John Sund, Chairman
House Special Committee on Loans

From: Scott A. Burgess, Executive Director 

Date: February 25, 1986

Subject: HB 521 - Municipal Debt Limit

You asked me to look into the historical picture for municipal G.O. debt/full assessed value ratio, and how the 7% limit might have applied.

Attached is the information from "Alaska Taxable" for the years, 1979 - 1985. Unfortunately, the information for prior years was not readily available except in aggregate for all municipalities (last page).

Several municipalities have approached or exceeded the 7% limit over the years, e.g. Palmer, Bristol Bay Borough and Unalaska; however, the only indication that pre-oil revenues and capital budgets have kept the percentage down might be the total 5.2% municipal debt to valuation in 1975, compared to 4.3% in 1985.

I hope this information is useful.

SEVEN PERCENT CAP

Borough	FULL VALUE	G. DEBT	7% OF FULL VALUE	PERCENT OF G.O. DEBT/CAP	CURRENT PERCENT DEBT
Anchorage	\$15,755,411,000.00	\$356,799,900.00	\$1,102,878,770.00	32.53%	2.26%
Bristol Bay	\$101,798,800.00	\$3,535,000.00	\$7,125,916.00	49.61%	3.47%
Fairbanks	\$4,210,997,700.00	\$90,928,500.00	\$294,769,839.00	30.85%	2.16%
Haines	\$93,945,500.00	\$1,300,000.00	\$6,576,185.00	19.77%	1.38%
Juneau	\$1,613,388,900.00	\$47,651,000.00	\$112,937,223.00	42.19%	2.95%
Kenai Peninsula	\$3,290,219,200.00	\$137,929,000.00	\$230,315,344.00	59.89%	4.19%
Ketchikan Gateway	\$675,985,100.00	\$31,930,000.00	\$47,318,957.00	67.48%	4.72%
Kodiak	\$572,370,700.00	\$28,270,000.00	\$40,065,949.00	70.56%	4.94%
Mat-Su	\$2,367,406,200.00	\$112,208,000.00	\$165,718,434.00	67.71%	4.74%
North Slope	\$12,876,786,900.00	\$1,155,680,000.00	\$901,375,083.00	128.21%	8.97%
Sitka	\$396,227,900.00	\$12,400,000.00	\$27,735,953.00	44.71%	3.13%
Total Boroughs	\$41,954,537,900.00	\$1,980,631,400.00	\$2,536,817,653.00	67.44%	4.72%

CITIES

Bethel	\$162,296,900.00	\$556,500.00	\$12,760,783.00	4.36%	0.31%
Cordova	\$120,673,000.00	\$0.00	\$8,447,110.00	0.00%	0.00%
Craig	\$54,707,400.00	\$0.00	\$2,429,518.00	0.00%	0.00%
Delta Junction	\$30,870,500.00	\$0.00	\$2,160,935.00	0.00%	0.00%
Dillingham	\$94,669,900.00	\$0.00	\$6,626,893.00	0.00%	0.00%
Eagle	\$9,104,500.00	\$0.00	\$637,315.00	0.00%	0.00%
Galena	\$19,149,500.00	\$900,000.00	\$1,340,465.00	67.14%	4.70%
Hoonah	\$27,845,200.00	\$0.00	\$1,949,164.00	0.00%	0.00%
Hydaburg	\$12,688,900.00	\$0.00	\$388,223.00	0.00%	0.00%
Kake	\$11,608,000.00	\$0.00	\$812,560.00	0.00%	0.00%
King Cove	\$23,230,800.00	\$0.00	\$1,626,156.00	0.00%	0.00%
Klawock	\$5,563,000.00	\$0.00	\$389,410.00	0.00%	0.00%
Kotzebue	\$95,245,100.00	\$0.00	\$6,527,157.00	0.00%	0.00%
Kenai	\$12,681,500.00	\$356,300.00	\$901,705.00	43.95%	3.08%
Nome	\$116,712,900.00	\$2,161,200.00	\$8,169,903.00	26.45%	1.85%
Pelican	\$10,155,400.00	\$0.00	\$710,878.00	0.00%	0.00%
Petersburg	\$161,219,300.00	\$6,195,000.00	\$11,285,351.00	54.89%	3.84%
Sand Point	\$71,066,800.00	\$0.00	\$4,976,076.00	0.00%	0.00%
Skagway	\$58,447,100.00	\$820,000.00	\$4,091,297.00	20.04%	1.40%
St. Mary's	\$4,239,400.00	\$0.00	\$296,758.00	0.00%	0.00%
Tanana	\$11,195,400.00	\$0.00	\$783,678.00	0.00%	0.00%
Unalakleet	\$19,714,500.00	\$0.00	\$1,390,015.00	0.00%	0.00%
Unalaska	\$105,309,400.00	\$3,299,000.00	\$7,371,658.00	44.75%	3.13%
Valdez	\$1,740,431,900.00	\$75,833,000.00	\$121,830,233.00	62.24%	4.36%
Whittier	\$19,419,200.00	\$0.00	\$1,359,344.00	0.00%	0.00%
Wrangell	\$111,757,000.00	\$10,750,000.00	\$7,822,990.00	137.42%	9.62%
Yakutat	\$17,679,400.00	\$235,200.00	\$1,237,558.00	19.01%	1.33%
TOTAL CITIES	\$3,125,901,900.00	\$101,146,200.00	\$218,817,133.00	46.22%	3.24%
STATE	\$48,915,237,900.00	\$816,100,000.00	\$3,424,066,653.00	23.63%	1.67%
Total Boroughs	\$41,954,537,900.00	\$1,980,631,400.00	\$2,536,817,653.00	67.44%	4.72%

TABLE I

Borough	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Anchorage						
City	\$4,982,502,900					
Other (includes State assessed)	\$8,216,852,900					
TOTAL	\$13,199,355,800	244030	\$355,008,897	\$1,455	\$54,089	2.69%
Bristol Bay — TOTAL	\$112,215,200	1271	\$3,665,000	\$2,884	\$88,289	3.27%
Fairbanks						
City	\$1,385,588,700	27103	\$10,590,000	\$391	\$51,123	0.76%
North Pole	\$119,049,000	1005	\$1,237,000	\$1,231	\$118,457	1.04%
Other (includes State assessed)	\$2,123,270,930		\$85,300,000			4.02%
TOTAL	\$3,627,908,630	69633	\$97,127,000	\$1,395	\$52,100	2.68%
Haines						
City	\$29,627,633	1079	\$765,000	\$709	\$27,458	2.58%
Other	\$59,255,267		\$555,000			0.94%
TOTAL	\$88,882,900	1847	\$1,320,000	\$715	\$48,123	1.49%
Juneau						
City	\$482,026,900					
Douglas	\$61,679,900					
Other	\$950,212,400					
TOTAL	\$1,493,919,200	28941	\$51,761,000	\$1,789	\$51,619	3.46%
Kenai Peninsula						
Homer	\$150,681,179	5432	\$2,677,000	\$493	\$27,740	1.78%
Kenai	\$179,859,530	6176	\$3,230,000	\$523	\$29,122	1.80%
Seldovia	\$20,224,597	678	\$397,000	\$586	\$29,830	1.96%
Seward	\$85,492,086	2072	\$2,609,000	\$1,259	\$41,261	3.05%
Soldotna	\$130,644,557	3597	\$2,326,653	\$647	\$36,320	1.78%
Other (includes State assessed)	\$2,535,738,051					
TOTAL	\$3,102,640,000	38919	\$131,579,403	\$3,381	\$79,720	4.24%
Ketchikan Gateway						
City	\$360,146,300	8414	\$11,305,000	\$1,344	\$42,803	3.14%
Other	\$351,195,300		\$22,490,000			6.40%
TOTAL	\$711,341,600	14314	\$33,795,000	\$2,361	\$49,696	4.75%
Kodiak						
City	\$459,473,500	6469	\$2,375,000	\$367	\$71,027	0.52%
Other	\$191,971,200		\$30,025,000			15.64%
TOTAL	\$651,444,700	13479	\$32,400,000	\$2,403	\$48,330	4.97%
Mat-Su						
Palmer	\$149,565,900	2792	\$2,048,000	\$734	\$53,569	1.37%
Houston	\$46,743,400	739		\$0	\$63,252	0.00%
Wasilla	\$219,402,800	3548		\$0	\$61,838	0.00%
Other (includes State assessed)	\$1,357,672,860		\$78,855,718			5.81%
TOTAL	\$1,773,384,960	34030	\$80,903,718	\$2,377	\$52,112	4.56%
North Slope (includes State assessed)						
TOTAL	\$12,354,883,600	12359	\$1,203,440,000	\$97,373	\$999,667	9.74%
Sitka — TOTAL	\$756,351,400	8221	\$13,220,000	\$1,608	\$92,002	1.75%
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%

CITIES	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Bethel	\$170,370,900	3681	\$1,155,856	\$314	\$46,284	0.68%
Cordova	\$121,884,950	2520	\$1,434,800	\$569	\$48,367	1.18%
Craig	\$28,381,400	907	\$89,000	\$98	\$31,292	0.31%
Dillingham	\$112,645,500	2026	\$68,000	\$34	\$55,600	0.06%
Galena	\$17,097,800	902	\$0	\$0	\$18,955	0.00%
Hoonah	\$26,023,600	865	\$0	\$0	\$30,085	0.00%
Hydaburg	\$11,858,800	429	\$0	\$0	\$27,643	0.00%
Kake	\$10,848,600	631	\$90,000	\$143	\$17,193	0.83%
King Cove	\$21,711,000	521	\$0	\$0	\$41,672	0.00%
Klawock	\$5,199,100	542	\$0	\$0	\$9,592	0.00%
Kotzebue	\$85,041,480	2981	\$0	\$0	\$28,528	0.00%
Nenana	\$11,233,940	547	\$2,869,000	\$5,245	\$20,537	25.54%
Nome	\$207,050,000	3732	\$300,000	\$80	\$55,480	0.14%
Pelican	\$9,143,800	213	\$0	\$0	\$42,929	0.00%
Petersburg	\$161,668,700	3137	\$5,225,000	\$1,666	\$51,536	3.23%
St. Mary's	\$3,925,300	563	\$0	\$0	\$6,972	0.00%
Sand-Point	\$66,436,300	870	\$0	\$0	\$76,364	0.00%
Skagway	\$63,333,600	790	\$836,000	\$1,058	\$80,169	1.32%
Tanana	\$6,617,500	417	\$0	\$0	\$15,869	0.00%
Unalaska	\$95,670,900	1922	\$5,392,375	\$2,806	\$49,777	5.64%
Valdez (includes State assessed)	\$1,720,125,130	3687	\$80,497,000	\$21,833	\$466,538	4.68%
Whittier	\$18,510,280	273	\$0	\$0	\$67,803	0.00%
Wrangell	\$106,435,200	2376	\$3,395,000	\$1,429	\$44,796	3.19%
Yakutat (includes State assessed)	\$17,949,840	462	\$238,800	\$517	\$38,852	1.33%
Eagle	\$7,848,700	161	\$0	\$0	\$48,750	0.00%
TOTAL CITIES	\$3,107,012,320	35155	\$101,590,831	\$2,890	\$88,380	3.27%
STATE	\$45,009,767,610	547475	\$924,008,000	\$1,688	\$82,213	2.05%
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%
STATEWIDE TOTALS	\$45,009,767,610	547475	\$3,029,818,849	\$5,534	\$82,213	6.73%

TABLE I
VALUATION, POPULATION AND G.O. BONDED DEBT

BOROUGH	FULL VALUE DETERMINATION 1-1-83	POPULATION 7-1-83	G.O. BONDED DEBT 7-1-83	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT 1 TO VALUATION
ANCHORAGE, MUNICIPALITY OF TOTAL	10,866,745,130	230,846	353,114,898	1,530	47,074	3.25
BRISTOL BAY TOTAL	103,818,800	1,271	3,785,000	2,978	81,683	3.65
FAIRBANKS NORTH STAR	3,356,789,390	65,311	81,575,000	1,249	51,397	2.43
Fairbanks City	2,715,947,100	27,103	11,915,000	440	100,208	0.44
North Pole	114,967,700	934	-0-	-0-	123,092	-0-
TOTAL	3,356,789,390	65,311	93,490,000	1,432	51,397	2.79
HAINES	84,508,200	1,847	660,000	357	45,754	.78
Haines City	40,740,800	1,079	.849,710	788	37,758	2.09
TOTAL	84,508,200	1,847	1,509,710	817	45,754	1.79
JUNEAU, CITY & BOROUGH TOTAL	1,145,326,400	27,519	27,904,000	1,014	41,619	2.44
KENAI PENINSULA	3,906,130,750	35,769	108,180,024	3,024	109,204	2.77
Homer City	174,800,200	3,237	3,055,689	944	54,000	1.75
Kenai City	206,824,100	5,721	3,695,000	646	36,152	1.79
Seldovia City	18,246,100	510	430,000	843	35,777	2.36
Seward City	87,603,300	1,871	2,727,000	1,458	46,822	3.11
Soldotna City	132,734,800	3,353	2,294,000	684	39,587	1.73
TOTAL	3,906,130,750	32,769	120,381,713	3,366	109,204	3.08
KETCHIKAN GATEWAY	690,816,100	14,314	23,429,000	1,637	48,262	3.39
Ketchikan City	367,163,600	8,414	7,550,000	897	43,637	2.06
TOTAL	690,816,100	14,314	30,979,000	2,164	48,262	4.48
KODIAK ISLAND	541,882,100	13,079	22,275,000	1,703	41,432	4.11
Kodiak City	367,230,600	6,072	3,250,000	553	60,479	0.89
TOTAL	541,882,100	13,079	25,525,000	1,952	41,431	4.71
MATANUSKA-SUSITNA	1,421,820,060	30,568	83,304,989	2,725	46,514	5.86
Palmer City	91,963,800	2,738	2,128,000	-777	33,588	2.31
TOTAL	1,421,820,060	30,568	85,432,989	2,795	46,514	6.01
NORTH SLOPE BOROUGH TOTAL	10,059,361,780	7,721	755,700,000	97,876	1,302,857	7.51
SITKA, CITY & BOROUGH TOTAL	439,486,500	8,221	16,488,419	2,006	53,459	3.75
TOTAL BOROUGH	32,616,691,210	433,466	1,514,310,729	3,493	75,246	4.64

TABLE I
VALUATION, POPULATION AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-83	POPULATION 7-1-83	G.O. BONDED DEBT 7-1-83	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
BETHEL	161,303,600	3,681	1,225,000	333	43,821	.76
CORDOVA	127,490,900	2,307	1,557,000	675	55,263	1.22
CRAIG	24,451,600	907	37,498	41	26,959	.15
DILLINGHAM	101,306,800	1,896	66,723	35	53,432	.07
GALENA	15,213,500	876	-0-	-0-	17,367	-0-
HOONAH	23,534,900	865	-0-	-0-	27,208	-0-
HYDABURG	10,652,500	429	-0-	-0-	24,831	-0-
KAKE	9,622,950	631	-0-	-0-	15,250	-0-
KING COVE	19,563,700	586	-0-	-0-	33,385	-0-
KLAWOCK	4,619,800	508	128,000	252	9,094	2.77
KOTZEBUE	77,496,800	2,981	-0-	-0-	31,452	-0-
NEENAH	10,987,670	586	2,869,000	4,896	18,750	26.11
HOME	113,099,900	2,620	390,000	108	31,243	.35
PELICAN	9,444,600	213	-0-	-0-	44,341	-0-
PETERSBURG	142,322,700	3,046	5,570,000	1,829	46,725	3.91
ST. MARY'S	3,512,600	563	-0-	-0-	6,239	-0-
SAUND POINT	59,691,200	889	-0-	-0-	67,144	-0-
SKAGWAY	61,462,250	790	1,753,325	2,219	77,800	2.85
TAHANA	5,870,800	485	-0-	-0-	12,105	-0-
UNALASKA	86,393,240	1,922	5,522,375	2,873	44,950	6.40
VALDEZ	1,696,828,300	3,687	84,460,000	22,864	459,347	4.98
WRANGELL	97,867,600	2,376	2,484,000	1,045	41,190	2.54
YAKUTAT	25,788,660	462	133,800	290	55,020	.52
TOTAL CITIES	2,649,726,170	34,306	106,196,721	3,142	78,404	4.01
STATE	39,009,681,680	516,324	842,413,000	1,814	75,844	.08
MUNICIPAL	35,266,417,380	446,414	1,316,204,221	2,948	70,284	4.19
STATEWIDE TOTAL	39,009,681,680	516,324	1,620,507,450	4,648	75,844	3.75

Note: All population figures include military personnel.

TABLE I
VALUATION, POPULATION AND G.O. BONDED DEBT

BOROUGH	FULL VALUE DETERMINATION 1-1-82	POPULATION 7-1-82	G.O. BONDED DEBT 7-1-82	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
ANCHORAGE, MUNICIPALITY OF TOTAL	10,611,784,259	204,216	261,010,000	1,278	51,963	2.46
BRISTOL BAY TOTAL	87,477,900	1,271	3,895,000	3,064	68,826	4.45
FAIRBANKS NORTH STAR	2,996,031,060	58,721	83,158,350	1,416	51,021	2.78
Fairbanks City	1,067,847,224	25,747	11,915,000	463	41,474	1.12
North Pole	99,724,738	934	-0-	-0-	106,772	-0-
TOTAL	2,996,031,060	58,721	95,073,350	1,619	51,021	3.17
HAINES	70,950,672	1,847	923,310	499	38,414	1.30
Haines City	34,791,413	1,079	805,000	746	32,244	.23
TOTAL	70,950,672	1,847	1,728,310	935	38,414	2.44
JUNEAU, CITY & BOROUGH TOTAL	1,037,772,068	22,023	27,904,000	1,267	47,122	2.69
KENAI PENINSULA	2,978,040,060	32,303	98,999,603	3,064	92,191	3.32
Homer City	155,219,629	2,897	2,877,000	993	53,579	1.85
Kenai City	205,513,739	5,231	3,695,000	706	39,288	1.80
Seldovia City	19,029,142	729	430,000	590	26,103	2.26
Seward City	63,650,774	1,828	-0-	-0-	34,820	-0-
Soldotna City	124,949,463	3,008	-0-	-0-	41,539	-0-
TOTAL	2,978,040,060	32,303	106,001,603	3,279	92,191	3.56
KETCHIKAN GATEWAY	666,802,500	12,431	14,495,000	1,166	53,640	2.17
Ketchikan City	314,484,068	7,777	8,110,000	1,043	40,438	2.58
TOTAL	666,802,500	12,431	22,605,000	18189	53,640	3.39
KODIAK ISLAND	438,045,500	12,714	20,042,372	1,576	34,454	4.58
Kodiak City	323,844,006	5,873	3,250,000	553	55,141	1.00
TOTAL	438,045,500	12,714	23,292,372	1,832	34,454	5.32
MATANUSKA-SUSITNA	1,203,078,576	26,002	65,218,090	2,508	46,269	5.42
Palmer City	92,287,313	2,524	3,629,401	1,438	36,568	3.93
TOTAL	1,203,078,576	26,002	68,847,491	1,488	46,269	5.72
NORTH SLOPE BOROUGH TOTAL	8,268,630,720	7,552	587,400,000	77,781	1,094,893	7.10
SITKA, CITY & BOROUGH TOTAL	421,405,430	8,221	17,486,200	2,127	51,259	4.15
TOTAL BOROUGH	28,780,018,745	387,301	1,215,243,326	3,138	74,309	4.22

TABLE I
VALUATION, POPULATION AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-82	POPULATION 7-1-82	G.O. BONDED DEBT 7-1-82	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
BETHEL	** 142,746,500	3,681	585,000	159	38,779	.41
CORDOVA	116,365,600	2,241	1,673,200	747	51,921	1.44
CRAIG	21,638,600	604	37,498	62	35,825	.17
DILLINGHAM	69,193,500	1,841	73,000	40	37,585	.11
GALENA	6,229,700	844	-0-	-0-	7,382	-0-
HOONAH	16,659,050	863	-0-	-0-	19,304	-0-
HYDABURG	8,976,800	412	-0-	-0-	21,883	-0-
KAKE	7,371,700	631	-0-	-0-	11,683	-0-
KING COVE	28,256,300	523	-0-	-0-	54,027	-0-
KLAWOCK	3,711,300	433	-0-	-0-	8,571	-0-
KOTZEBUE	** 89,072,800	2,464	-0-	-0-	36,150	-0-
NENANA	8,966,600	540	2,725,000	5,046	16,605	30.39
NOME	158,666,727	3,430	507,872	148	46,259	.32
PELICAN	13,368,755	185	-0-	-0-	72,264	-0-
PETERSBURG	129,351,800	3,040	2,995,000	985	42,550	2.32
ST. MARY'S	3,108,500	442	-0-	-0-	7,033	-0-
SAND POINT	55,240,000	797	-0-	-0-	69,310	-0-
SKAGWAY	56,933,200	790	1,826,325	2,312	72,067	3.21
TANANA	5,195,300	485	-0-	-0-	10,712	-0-
UNALASKA	73,520,942	1,922	3,500,000	1,821	38,252	4.76
VALDEZ	1,701,061,400	3,694	84,460,000	22,864	460,493	4.97
WRANGELL	87,754,617	2,376	2,578,000	1,085	36,934	2.94
YAKUTAT	24,526,680	462	-0-	-0-	53,088	-0-
TOTAL CITIES	2,827,916,371	32,700	100,960,895	3,087	86,481	3.57
STATE	35,226,938,816	464,460	842,413,000	1,814	75,844	.08
MUNICIPAL	31,376,115,816	446,414	1,316,204,221	2,948	70,284	4.19
STATEWIDE TOTAL	35,226,938,816	464,460	2,158,617,221	4,648	75,844	3.75

*TOTAL POPULATION LISTED IN THIS TABLE

Note: All population figures include military personnel.

TABLE VII

VALUATION, POPULATION AND G.O. BONDED DEBT

BOROUGH	FULL VALUE DETERMINATION 1-1-81	POPULATION 7-1-81	G.O. BONDED DEBT 7-1-81	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
ANCHORAGE, MUNICIPALITY OF TOTAL	8,003,075,180	180,740	266,216,000	1,473	44,280	3.33
BRISTOL BAY TOTAL	85,017,500	1,182	4,000,000	3,384	71,927	4.71
FAIRBANKS NORTH STAR	2,606,854,330	51,659	83,055,000	1,608	50,463	3.19
Fairbanks City	850,853,800	25,568	14,465,000	566	33,278	1.70
North Pole	89,056,600	928	326,000	351	95,966	0.37
TOTAL	2,606,854,330	51,659	97,846,000	1,894	50,463	3.75
HAINES	63,753,650	1,712	1,015,258	593	37,239	1.59
Haines City	30,334,500	1,017	825,000	811	29,827	2.72
TOTAL	63,753,650	1,712	1,840,258	1,075	37,239	2.89
JUNEAU, CITY & BOROUGH TOTAL	859,024,500	21,080	16,875,000	801	40,751	1.97
KENAI PENINSULA	2,582,371,000	26,520	47,054,146	1,774	97,375	1.82
Homer City	145,074,250	2,588	1,650,000	638	56,057	1.14
Kenai City	190,958,350	4,558	3,960,000	869	41,895	2.07
Seldovia City	14,256,000	505	446,000	883	28,230	3.13
Seward City	71,361,400	1,943	-0-	-0-	36,727	-0-
Soldotna City	108,511,400	2,445	2,377,000	972	44,381	2.19
TOTAL	2,582,371,000	26,520	55,487,146	2,092	97,375	2.15
KETCHIKAN GATEWAY	545,522,900	11,373	7,279,000	640	47,967	1.33
Ketchikan City	273,541,600	7,200	8,630,000	1,199	37,992	3.16
TOTAL	545,522,900	11,373	15,909,000	1,399	47,967	2.92
KODIAK ISLAND	378,356,600	8,358	15,610,000	1,868	45,269	4.13
Kodiak City	298,300,700	4,678	3,485,000	745	63,767	1.17
TOTAL	378,356,600	8,358	19,095,000	2,285	45,269	5.05
MATANUSKA-SUSITNA	1,122,893,100	19,123	49,100,000	2,568	58,720	4.37
Palmer City	78,562,400	2,275	2,268,411	997	34,533	2.89
TOTAL	1,122,893,100	19,123	51,368,411	2,686	58,720	4.57
NORTH SLOPE BOROUGH TOTAL	6,704,742,250	7,098	454,200,000	63,990	944,596	6.77
SITKA, CITY & BOROUGH TOTAL	382,448,700	7,927	15,441,000	1,948	48,246	4.04
TOTAL BOROUGH	23,334,059,710	336,772	998,277,815	2,964	69,287	4.28

TABLE VII
VALUATION, POPULATION, AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-81	POPULATION 7-1-81	G.O. BONDED DEBT 7-1-81	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
BETHEL	108,004,100	3,549	-0-	-0-	30,432	-0-
CORDOVA	97,562,550	2,223	1,776,689	799	43,888	1.82
CRAIG	17,008,000	560	-0-	-0-	30,371	-0-
DILLINGHAM	58,781,900	1,670	109,000	65	35,199	.19
GALENA	5,784,000	805	-0-	-0-	7,185	-0-
HOONAH	15,199,900	799	-0-	-0-	19,024	-0-
HYDABURG	8,190,500	356	-0-	-0-	23,007	-0-
KAKE	6,726,000	583	-0-	-0-	11,537	-0-
KING COVE	8,591,800	513	-0-	-0-	16,748	-0-
KLAWOCK	3,386,200	389	-0-	-0-	8,705	-0-
KOTZEBUE	81,270,760	2,250	-0-	-0-	36,120	-0-
NENANA	9,702,500	592	225,000	380	16,389	2.32
NOME	104,516,600	3,039	555,000	183	34,392	.53
PELICAN	7,263,100	172	-0-	-0-	42,227	-0-
PETERSBURG	116,163,500	3,001	3,160,000	1,053	38,708	2.72
ST. MARY'S	2,836,200	432	-0-	-0-	6,565	-0-
SAND POINT	17,276,000	697	-0-	-0-	24,786	-0-
SKAGWAY	52,744,600	819	961,000	1,173	64,401	1.82
UNALASKA	85,319,800	1,944	3,500,000	1,800	43,889	4.10
VALDEZ	1,743,001,700	3,279	76,849,000	23,437	531,565	4.41
WRANGELL	70,581,500	2,345	2,656,000	1,133	30,099	3.76
YAKUTAT	23,362,160	430	-0-	-0-	54,331	-0-
TOTAL CITIES	2,453,998,510	30,447	89,791,689	2,949	80,599	3.66
STATE	29,780,286,180	422,187	701,178,000	1,661	70,538	2.36
MUNICIPAL	25,788,058,230	392,492	1,091,019,504	2,780	65,703	4.23
STATEWIDE TOTAL	29,780,286,180	422,187	1,792,197,504	4,245	70,538	6.02

*TOTAL POPULATION LISTED IN THIS TABLE

Note: All population figures include military personnel.

TABLE VII

VALUATION, POPULATION AND G. O. BONDED DEBT

BOROUGH	FULL VALUE DETERMINATION 1-1-80	POPULATION 7-1-80	G.O. BONDED DEBT 7-1-80	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
ANCHORAGE, MUNICIPALITY OF TOTAL	7,495,203,650	204,328	259,003,000	12,676	36,682	3.46
BRISTOL BAY TOTAL	57,186,900	1,685	4,000,000	2,374	33,939	6.99
FAIRBANKS NORTH STAR	1,444,688,030	60,227	33,935,000	563	23,987	2.35
Fairbanks City	795,151,200	36,457	20,591,251	565	21,811	2.60
North Pole	71,632,900	823	350,000	425	87,039	.48
TOTAL	2,311,472,130	60,277	54,876,251	911	38,379	2.37
HAINES	29,646,700	1,924	1,130,355	588	15,409	3.81
Haines City	29,672,800	1,366	845,000	619	21,722	2.85
TOTAL	59,319,500	1,924	1,975,355	1,027	30,831	3.33
JUNEAU, CITY & BOROUGH OF TOTAL	713,912,400	23,115	18,145,000	784	30,885	2.54
KENAI PENINSULA	1,758,702,610	25,507	44,762,000	175	68,950	2.54
Homer City	127,909,800	2,227	2,224,000	999	57,436	1.74
Kenai City	137,051,700	4,421	-0-	-0-	31,000	-0-
Seldovia City	12,481,900	528	462,000	875	23,640	3.70
Seward City	69,032,900	1,788	1,316,000	736	38,609	1.91
Soldotna City	85,597,750	2,365	2,726,000	1,153	36,194	3.18
TOTAL	2,190,776,660	25,507	51,490,000	2,018	85,889	2.5
KETCHIKAN GATEWAY	219,310,300	13,463	7,614,000	558	16,289	3.47
Ketchikan City	216,000,400	8,542	8,950,000	1,048	25,286	4.15
TOTAL	435,310,700	13,463	16,564,000	1,230	32,334	3.81
KODIAK ISLAND	197,169,700	11,978	3,725,000	311	16,461	1.89
Kodiak City	160,493,200	4,668	3,744,000	802	34,382	2.33
TOTAL	357,662,900	11,978	7,469,000	624	29,860	2.09
MATANUSKA-SUSITNA	965,423,500	23,177	50,455,000	2,177	41,654	5.23
Palmer City	20,735,400	2,095	2,292,022	2,094	9,898	11.05
TOTAL	986,158,430	23,177	52,747,022	2,276	42,549	5.35
NORTH SLOPE TOTAL	5,818,229,841	4,160	257,000,000	55,748	1,262,089	4.42
SITKA, CITY & BOROUGH OF TOTAL	330,920,600	8,787	15,987,800	1,819	37,660	4.83
TOTAL BOROUGH	20,756,153,711	378,801	739,257,428	1,952	54,794	3.56

TABLE VII

VALUATION, POPULATION AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-80	POPULATION 1-1-80	G.O. BONDED DEBT 1-1-80	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
BETHEL	-0-	3,853	700,000	182	-0-	-0-
CORDOVA	56,731,600	2,780	1,888,600	679	20,407	3.33
CRAIG	8,803,900	587	-0-	-0-	14,998	-0-
DILLINGHAM	47,697,200	1,656	116,000	70	28,803	.24
GALENA	4,292,000	957	-0-	-0-	4,485	-0-
HOONAH	7,518,783	1,093	-0-	-0-	6,879	-0-
HYDABURG	3,822,600	381	-0-	-0-	10,033	-0-
KAKE	3,234,100	710	-0-	-0-	4,555	-0-
KING COVE	6,979,200	733	-0-	-0-	9,521	-0-
KLAWOCK	2,966,600	404	61,460	152	7,343	2.08
KOTZEBUE	-0-	2,526	-0-	-0-	-0-	-0-
NENANA	5,785,400	503	233,000	463	11,502	4.03
NOME	82,179,700	2,892	895,000	309	29,049	1.09
PELICAN	6,505,000	221	-0-	-0-	29,434	-0-
PETERSBURG	78,706,200	3,197	3,410,000	1,067	24,619	4.33
ST. MARY'S	2,445,000	549	-0-	-0-	4,454	-0-
SAND POINT	10,700,000	794	-0-	-0-	13,476	-0-
SKAGWAY	47,245,900	877	1,006,000	1,147	53,872	2.13
UNALASKA	56,629,100	929	3,806	4	60,957	.01
VALDEZ	1,748,232,000	4,066	76,852,000	18,901	429,964	4.40
WRANGELL	60,922,500	3,325	2,689,000	809	9,196	4.41
YAKUTAT	14,567,700	442	-0-	-0-	32,959	-0-
TOTAL CITIES	2,255,964,483	33,475	87,854,866	2,624	67,393	3.63
STATE	26,927,537,754	457,201	573,186,000	1,254	58,896	2.13
MUNICIPAL	23,012,118,194	412,276*	827,112,294	2,006	55,817	3.59
STATEWIDE TOTAL	26,927,537,754	457,201	1,400,298,294	3,063	58,896	5.20

*TOTAL POPULATION LISTED IN THIS TABLE

Note: All population figures include military personnel.

TABLE VII

VALUATION, POPULATION AND G.O. BONDED DEBT

BOROUGH	FULL VALUE DETERMINATION 1-1-79	CIVILIAN POPULATION 7-1-79	G.O. BONDED DEBT 7-1-79	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
ANCHORAGE, MUNICIPALITY TOTAL	6,540,804,000	185,280	260,836,000	1,408	35,302	3.99
BRISTOL BAY TOTAL	41,564,600	1,685	565,000	335	24,667	1.36
FAIRBANKS NORTH STAR	2,303,862,300	60,227	36,643,000	608	38,253	1.59
Fairbanks City	727,804,500	30,462	16,055,000	527	23,892	2.21
North Pole	64,264,000	823	350,000	425	78,085	.54
TOTAL	2,303,862,300	60,227	53,048,000	881	38,253	2.30
HAINES	42,550,000	1,924	790,000	411	22,115	1.86
Haines City	22,569,900	1,366	865,000	633	16,523	3.83
TOTAL	42,550,000	1,924	1,655,000	860	22,115	3.89
JUNEAU, CITY & BOROUGH OF TOTAL	604,923,000	23,115	13,823,060	598	26,170	2.29
KENAI PENINSULA	2,050,959,800	25,507	45,739,500	1,793	80,408	2.23
Homer City	86,129,650	2,227	2,789,000	1,252	38,675	3.24
Kenai City	141,765,560	4,421	4,145,000	938	32,066	2.92
Seldovia City	9,172,600	528	477,000	903	17,372	5.20
Seward City	50,242,210	1,778	1,376,000	774	28,258	2.74
Soldotna City	84,356,630	2,365	2,790,000	1,180	35,669	3.31
TOTAL	2,050,959,800	25,507	57,316,500	2,247	80,407	2.79
KETCHIKAN GATEWAY	371,820,000	13,463	7,482,000	556	27,618	2.01
Ketchikan City	190,468,900	8,542	9,280,000	1,086	22,298	4.87
TOTAL	371,820,000	13,463	16,762,000	1,245	27,618	4.51
KODIAK ISLAND	309,925,487	8,926	3,930,000	440	34,722	1.27
Kodiak City	238,004,311	5,754	4,163,000	723	41,363	1.75
TOTAL	309,925,487	8,926	8,093,000	907	34,722	2.61
MATANUSKA-SUSITNA	928,420,000	23,177	52,455,000	2,263	40,058	5.65
Palmer City	57,824,900	2,056	2,315,278	1,126	28,125	4.00
TOTAL	928,420,000	23,177	54,770,278	2,363	40,058	5.90
NORTH SLOPE TOTAL	5,105,508,500	8,055	215,478,000	26,751	633,831	4.22
SITKA, CITY & BOROUGH OF TOTAL	322,127,700	8,787	11,008,626	1,253	36,660	3.42
TOTAL BOROUGH	18,622,465,387	360,146	693,355,464	1,925	51,708	3.76

TABLE VII

VALUATION, POPULATION AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-79	CIVILIAN POPULATION 7-1-79	G.O. BONDED DEBT 7-1-79	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
BETHEL		3,853	765,000	199		
CORDOVA	49,704,500	2,780	1,992,800	717	17,879	4.01
CRAIG	7,918,600	587	138,111	235	13,490	1.74
DILLINGHAM	32,693,800	1,656	198,000	120	19,743	.06
EAGLE		142				
GALENA	4,011,200	957			4,191	
HOONAH	7,026,900	1,093			6,429	
HYDABURG	3,572,500	381			9,377	
KAKE	3,022,500	710			4,257	
KING COVE	6,446,300	733			8,794	
KLAWOCK	2,795,000	404			6,918	
NENANA	5,786,500	503	240,000	477	11,504	4.15
NOME	48,054,089	2,892	672,559	233	16,616	1.40
PELICAN	5,461,000	221			24,710	
PETERSBURG	66,846,200	3,197	3,715,000	1,162	20,909	5.56
ST. MARY'S	1,775,000	436			4,071	
SAND POINT	8,878,900	773			11,486	
SKAGWAY	40,996,100	877	1,585,375	1,808	46,746	3.87
UNALASKA	33,331,900	768	3,519,594	4,583	43,401	10.56
VALDEZ	1,652,877,200	4,066	59,595,000	14,657	406,512	3.61
WRANGELL	54,520,100	3,325	2,732,000	822	16,397	5.01
YAKUTAT	10,830,510	442			3,247	
TOTAL CITIES	2,046,548,810	30,796	75,153,439	2,440	66,455	3.67
STATE	25,007,474,690	429,649	670,503,000	1,561	58,204	2.68
MUNICIPAL	20,709,014,197	390,942	768,508,903	1,966	52,972	3.71
STATEWIDE TOTAL	25,007,474,690	429,649	1,439,011,903	3,349	48,115	5.75

TABLE I

VALUATION, POPULATION, AND G. O. BONDED DEBT

Per capita valuation, per capita general obligation bonded debt, and debt as a percent of valuation are reported in Table I. Included are organized boroughs and home rule and general law municipalities. Excluded are cities of the second class without debt or for which no valuation data is available. Data reported below for debt and population is as of July 1.

YEAR	MUNICIPALITIES DEBT	STATE OF ALASKA DEBT	TOTAL DEBT	POPULATION	PER CAPITA DEBT	$\frac{\% \text{ Debt}}{\text{Valuation}}$
1975	351,421,098	392,508,000	743,929,098	379,286	1,961	5.2%
1976	420,807,982	462,923,000	883,730,982	393,167	2,248	3.6
1977	519,599,526	530,008,000	1,049,607,526	398,983	2,631	3.0
1978	545,227,664	596,213,000	1,141,440,664	423,541	2,695	2.6
1979	768,508,903	670,503,000	1,439,011,903	429,649	3,349	3.1
1980	827,112,294	573,186,000	1,400,298,294	464,295	3,016	3.1
1981	1,091,019,504	701,178,000	1,792,197,504	422,187	4,245	3.7
1982	1,316,204,221	842,413,000	2,158,617,221	464,460	4,648	3.7
1983	1,619,154,450	946,183,000	2,565,332,450	516,324	4,968	4.1
1984	2,105,810,849	924,008,000	3,029,818,849	547,475	5,534	4.7
1985	2,084,098,600	816,100,000	2,900,198,600	566,657	5,118	4.3

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

29.47

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.

assessed value

what is it?

Flexibility - smaller cities.

HB 521

authorization *Wolfe*

*overlapping indebtedness
situation*

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).

I need definition

certain effective date

STATE OF ALASKA
Outstanding Debt of the State
and State Agencies
(\$ Millions)

	Principal Outstanding <u>11-30-85</u> ^{1/}	Principal Outstanding <u>6-30-85</u>	Principal Outstanding <u>6-30-84</u>
STATE DEBT			
State of Alaska General Obligation Bonds	752.7	816.1	924.0
STATE SUPPORTED DEBT			
Alaska State Housing Authority Lease Revenue Bonds	35.7	47.4	54.4
University of Alaska Debt	17.1	17.4	22.8
Spring Creek Correctional Center Lease, Certificates of Participation in Rent	45.4	0	0
Seward Student Service Center Commercial Lease, Certificates of Participation in Rent	<u>5.8</u>	<u>5.8</u>	<u>0</u>
Total State Supported Debt	104.0	70.6	77.2
STATE GUARANTEED DEBT			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans Mortgage Program) ^{2/}	658.4	681.4	702.8
STATE MORAL OBLIGATION DEBT			
Alaska Housing Finance Corporation Insured Mortgage Bonds	916.4	929.2	941.3
Insured Rural Mortgage Bonds	5.6	6.1	6.9
Alaska Industrial Development Authority Economic Development Bonds and Consolidated Bonds	237.3	213.5	155.3
Alaska Municipal Bond Bank	<u>132.1</u>	<u>163.6</u>	<u>119.7</u>
Total State Moral Obligation Debt	1,291.4	1,312.4	1,223.2
STATE REVENUE DEBT			
International Airports Revenue Bonds	42.6	43.8	44.6

STATE AGENCY DEBT

Alaska Housing Finance Corporation			
Housing Mortgage Bonds	89.1	91.7	94.0
State Assisted Mortgage Bonds	877.2	882.9	1,103.8
Home Mortgage Bonds ^{2/}	495.2	536.8	571.9
Second Mortgage Bonds	8.1	9.7	13.1
Fairbanks North Star Borough Residential Mortgage Bonds	24.7	28.5	33.9
Notes Payable to the State of Alaska	23.5	24.4	25.5
Alaska Municipal Bond Bank			
Coastal Energy Reserve Bonds and Loan Bonds	24.4	24.4	24.8
Alaska Medical Facility Authority	11.9	12.3	12.7
Alaska Power Authority			
Notes Payable to State of Alaska	188.9	191.1	191.1 ^{3/}
Variable Rate Demand Bonds	267.5	0	0
Alaska State Housing Authority			
Marine View, and Section 8 New Construction Debt	17.7	18.9	20.0
Wrangell 221(d)(3) Indebtedness	.5	.5	.5
HUD Notes Payable	39.2	39.2	31.7
Total State Agency Debt	2,067.9	1,860.4	2,123.2

STATE AGENCY COLLATERALIZED DEBT

Alaska Housing Finance Corporation			
Collateralized Bonds (Veterans Mortgage Program)	552.5	402.5	-
Collateralized Home Mortgage Bonds	302.4	202.4	-
Overseas Finance N.V. Guaranteed Bonds	100.0	100.0	100.0
FNMA Collateralized Notes	296.7	300.0	175.0
Alaska State Housing Authority			
FHA Insured Mortgage Revenue Bonds	32.3	35.5	33.8
Total State Agency Collateralized Debt	1,283.9	1,040.4	308.8

Total State General Obligation Bonds and State Supported Debt	856.7	886.7	1,001.2
Total State and State Agency Debt	6,200.9	5,825.1	5,403.8

^{1/} 12-1-85 for AHFC Principal Outstanding.

^{2/} Excludes AHFC Collateralized Bonds.

^{3/} The figure represents general obligation bonds and variable rate demand notes which were refinanced by State Loans.

Sources: Alaska Public Debt, State of Alaska, March 1985; Selected Official Statements; "Corporation and Program Information," AHFC, July 1984; Other information provided by State agencies directly.

Debt Outstanding

<u>Years Ended June 30</u>	<u>Alaska G.O. Debt</u>	<u>University of Alaska</u>	<u>ASHA</u>	<u>Certificates of Participation ^{1/}</u>	<u>Total</u>
1977	\$530,008,000	\$19,246,000	\$93,190,000	\$	\$ 642,444,000
1978	596,213,000	18,605,000	88,575,000		703,393,000
1979	670,503,000	17,893,000	83,730,000		772,126,000
1980	573,186,000	22,251,000	78,550,000		673,987,000
1981	701,178,000	21,363,000	73,015,000		795,556,000
1982	842,413,000	20,305,000	67,125,000		929,843,000
1983	946,183,000	19,191,000	60,985,000		1,026,359,000
1984	924,008,000	18,316,000	54,440,000		996,764,000
1985	846,008,000	17,396,000	47,470,000	6,000,000	916,874,000
1986	738,148,000	16,660,000	40,055,000	51,265,000	846,128,000

¹ Seward Student Service Center and Spring Creek Correctional Center.

	<u>SLB Rating</u>	<u>SLB Trend</u>	<u>Moody's/ S&P</u>	<u>Population (000's)</u>	<u>Per Capita Debt</u>	<u>Net GO Debt/ Personal Income</u>	<u>Net GO Debt/ Market Value</u>	<u>General Fund Balance/ General Fund Revenues</u>
Alabama	Lower AA	Stable	Aa/AA	4,110.0	\$ 267	2.9%	1.6%	4.2%
Alaska	Mid AA	Stable	Aa/AA-	510.5	2,125	13.1	2.7	54.1
California	Upper AA	Stable	Aa/AA+	25,622.0	110	0.8	0.3	1.4
Connecticut	Mid AA	Upward	Aa1/AA	3,138.0	749	5.4	3.1	3.9
Delaware	Mid AA	Stable	Aa/AA	606.0	929	7.2	4.1	12.7
Florida	Mid AA	Stable	Aa/AA	10,976.0	270	2.3	1.1	8.9
Georgia	Upper AA	Upward	Aaa/AA	5,837.0	286	2.8	0.9	2.6
Hawaii	Lower AA	Stable	Aa/AA	1,038.7	1,608	13.5	4.3	11.9
Illinois	Upper AA	Stable	Aaa/AA+	11,511.0	308	2.2	1.5	2.2
Iowa	Lower MIG-1	Stable	MIG-2/NR	2,894.0	155	1.3	0.6	0.3
Louisiana	Lower AA	Stable	A1/AA-	4,462.0	707	6.9	2.8	0.1
Maine	Upper AA	Stable	Aa1/AAA	1,150.0	256	2.9	1.1	2.2
Maryland	Lower AAA	Stable	Aaa/AAA	4,354.0	682	5.2	2.7	1.2
Massachusetts	Upper A	Stable	A1/AA	5,767.0	777	5.9	3.6	0.3
Michigan	Mid A	Stable	A/A+	9,107.0	144	1.3	0.7	5.1
Minnesota	Mid AA	Stable	Aa/AA+	4,162.0	273	2.3	0.9	1.6
Mississippi	Lower AA	Stable	Aa/AA-	2,598.0	257	3.2	2.2	0.8
Missouri	Mid AAA	Stable	Aaa/AAA	4,985.0	59	0.5	0.5	10.5
Montana	Mid AA	Stable	Aa/AA	824.0	286	2.9	1.4	12.6
Nevada	Mid AA	Stable	Aa/AA	911.0	101	0.8	0.2	15.6
New Hampshire	Mid AA	Stable	Aa/AA	977.0	365	3.1	1.2	0
New Jersey	Mid AAA	Stable	Aaa/AAA	7,515.0	421	3.0	1.5	9.1
New Mexico	Mid AA	Stable	Aa/AA	1,424.0	247	2.6	1.2	4.0
New York	Upper A	Stable	A/A+	17,735.0	613	4.7	4.1	0.2
North Carolina	Mid AAA	Stable	Aaa/AAA	6,164.2	143	1.5	0.7	4.8
North Dakota	Upper AA	Stable	Aa/AA	673.0	94	0.8	0.2	14.6
Ohio	Mid AA	Stable	Aa/AA	10,752.0	294	2.6	1.2	0.9
Oregon	Upper A	Stable	A1/A+	2,674.0	174	1.6	0.6	8.4
Pennsylvania	Mid A	Upward	A/AA-	11,901.0	387	3.4	3.4	0.6
Rhode Island	Mid AA	Downward	Aa/AA-	958.2	372	3.2	1.7	2.5
South Carolina	Lower AAA	Stable	Aaa/AAA	3,300.0	196	2.2	1.0	4.4
Tennessee	Lower AAA	Stable	Aaa/AA+	4,722.0	111	1.0	0.5	5.0
Texas	Mid AAA	Stable	Aaa/AAA	15,221.0	67	0.6	0.2	12.9
Utah	Lower AAA	Stable	Aaa/AAA	1,672.0	177	2.0	0.6	13.9
Vermont	Mid AA	Downward	Aa/NR	530.0	516	4.8	1.6	(10.7)
Virginia	Mid AAA	Stable	Aaa/AAA	5,636.0	84	0.7	0.7	6.1
Washington	Lower AA	Downward	A/AA-	4,349.0	574	4.4	1.6	5.1
West Virginia	Upper A	Stable	A1/AA-	1,953.0	396	4.3	1.6	9.9
Wisconsin	Mid AA	Stable	Aa/AA	4,766.0	324	3.4	1.3	3.4

Merrill Lynch
State General Obligation Bonds
Comparative Value Trading Table
As of 01/15/86

	<u>Moody's</u>	<u>S&P</u>		<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>
<u>Group 1</u>	Aa1	AA	Connecticut	-.10	-.10	-.10	-.10
	Aaa	AA	Georgia	-.10	-.10	-.10	-.10
	Aaa	AAA	Maryland	-.10	-.10	-.10	-.10
	Aaa	AAA	New Jersey	-.10	-.10	-.10	-.10
	Aaa	AAA	North Carolina	-.10	-.10	-.10	-.10
	Aaa	AAA	South Carolina	-.10	-.10	-.10	-.10
	Aaa	AAA	Utah	-.10	-.10	-.10	-.10
	Aaa	AAA	Virginia	-.10	-.10	-.10	-.10
<u>Group 2</u> <u>(BASE GROUP)</u>	Aa	AA+	California	6.10	7.20	7.75	7.90
	Aaa	AAA	Missouri*	6.10	7.20	7.75	7.90
	Aaa	NR	Oklahoma*	6.10	7.20	7.75	7.90
	Aaa	AA+	Tennessee	6.10	7.20	7.75	7.90
	Aaa	AAA	Texas	6.10	7.20	7.75	7.90
<u>Group 3</u>	Aa	AA	Alabama	+.05	+.05	+.10	+.10
	Aa	AA	Delaware	+.05	+.05	+.10	+.10
	Aa	AA	Montana*	+.05	+.05	+.10	+.10
	A	A+	New York	6.20	7.20	7.80	8.00
<u>Group 4</u>	Aa	AA	Kentucky	+.10	+.10	+.10	+.20
	Aa1	AAA	Maine	+.10	+.10	+.10	+.20
	A1	AA	Massachusetts	+.10	+.10	+.10	+.20
	Aa	AA+	Minnesota	+.10	+.10	+.10	+.20
	Aa	AA-	Mississippi*	+.10	+.10	+.10	+.20
	Aa	AA	New Mexico*	+.10	+.10	+.10	+.20
	Aa	AA	Ohio	+.10	+.10	+.10	+.20
<u>Group 5</u>	Aa	AA	Florida	+.15	+.15	+.20	+.25
	Aa	AA	Hawaii	+.15	+.15	+.20	+.25
	Aaa	AA+	Illinois	+.15	+.15	+.20	+.25
	Aa	AA	Nevada	+.15	+.15	+.20	+.25
	Aa	AA-	Rhode Island	+.15	+.15	+.20	+.25
	Aa	AA	Wisconsin	+.15	+.15	+.20	+.25
<u>Group 6</u>	Aa	AA-	Alaska	+.20	+.20	+.40	+.35
	Aa	AA	New Hampshire*	+.20	+.20	+.40	+.35
	A	AA-	Pennsylvania	+.20	+.20	+.40	+.35
	Aa	NR	Vermont	+.20	+.20	+.40	+.35
<u>Group 7</u>	A1	AA-	Louisiana	+.25	+.30	+.50	+.50
	Aa	AA	North Dakota*	+.25	+.30	+.50	+.50
	A1	A+	Oregon	+.25	+.30	+.50	+.50
	A1	AA-	West Virginia	+.25	+.30	+.50	+.50
<u>Group 8</u>	A	AA-	Washington	+.30	+.40	+.60	+.60
<u>Group 9</u>	A	A+	Michigan	+.40	+.60	+.60	+.65
<u>Group 10</u>	Baal	A	Puerto Rico	+.60	+.80	+.75	+.75

* Yield is estimated because of thin secondary market supply. Estimate is based on previous trading characteristics.

** Arizona, Arkansas, Colorado, Idaho, Indiana, Iowa, Kansas, Nebraska, South Dakota, and Wyoming have little or no outstanding state general obligation debt.

*** NR = not rated.

**** State comparative trading relationships are subject to change at any moment due to extreme market volatility and heavy supply of new issue state general obligation debt in the primary market.

Annual Debt Service and Lease Payments

<u>Years Ended June 30</u>	<u>State G.O. Debt</u>	<u>School Debt</u> ¹	<u>University of Alaska</u>	<u>ASHA</u>	<u>Certificates of Participation</u> ²	<u>Total</u>
1977	\$ 41,883,935	\$ 9,051,600	\$1,537,720	\$ 9,900,488	\$	\$ 62,373,743
1978	50,028,035	11,418,400	1,701,139	10,115,268		73,262,842
1979	60,024,203	22,273,300	1,697,318	10,090,898		94,085,719
1980	75,072,274	24,081,000	1,790,830	10,062,439		111,006,543
1981	97,632,358	38,380,134	2,195,644	9,974,141		148,182,277
1982	97,459,032	38,262,156	2,311,989	10,046,938		148,080,115
1983	143,624,338	36,203,300	2,306,381	9,914,785		192,048,804
1984	166,336,429	91,210,700	2,008,332	9,915,722		269,471,183
1985	169,523,874	92,758,415	1,998,829	9,923,642	70,190	274,274,950
1986	163,244,162	105,345,000	1,756,038	9,909,715	2,956,410	283,211,325

¹ Amounts appropriated to fund State portion of municipal school construction outlays and debt service.

² Seward Student Service Center and Spring Creek Correctional Center.

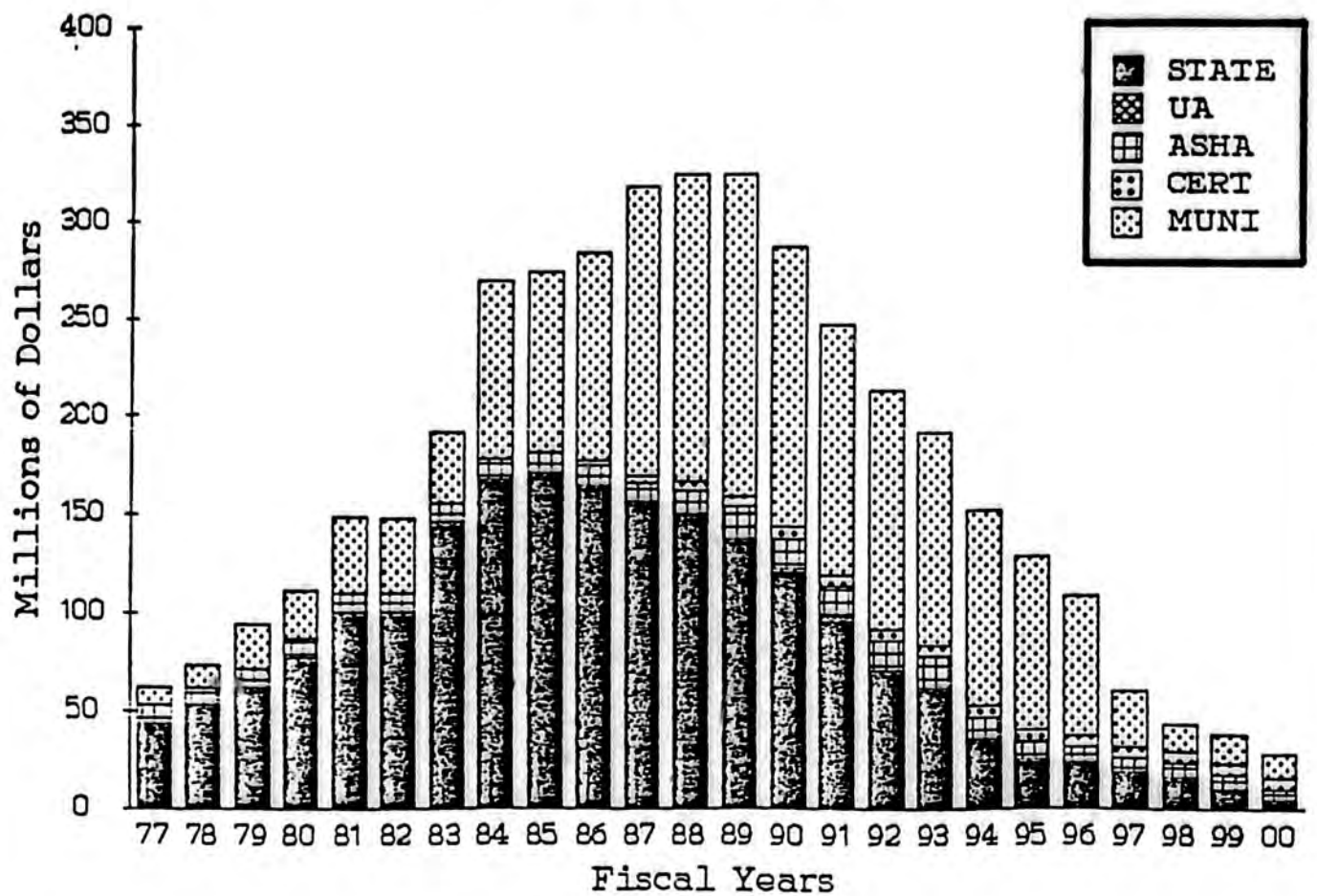
Table I

State Debt Service Burden
in \$ Millions and as a % of Unrestricted Revenues ^{1/}

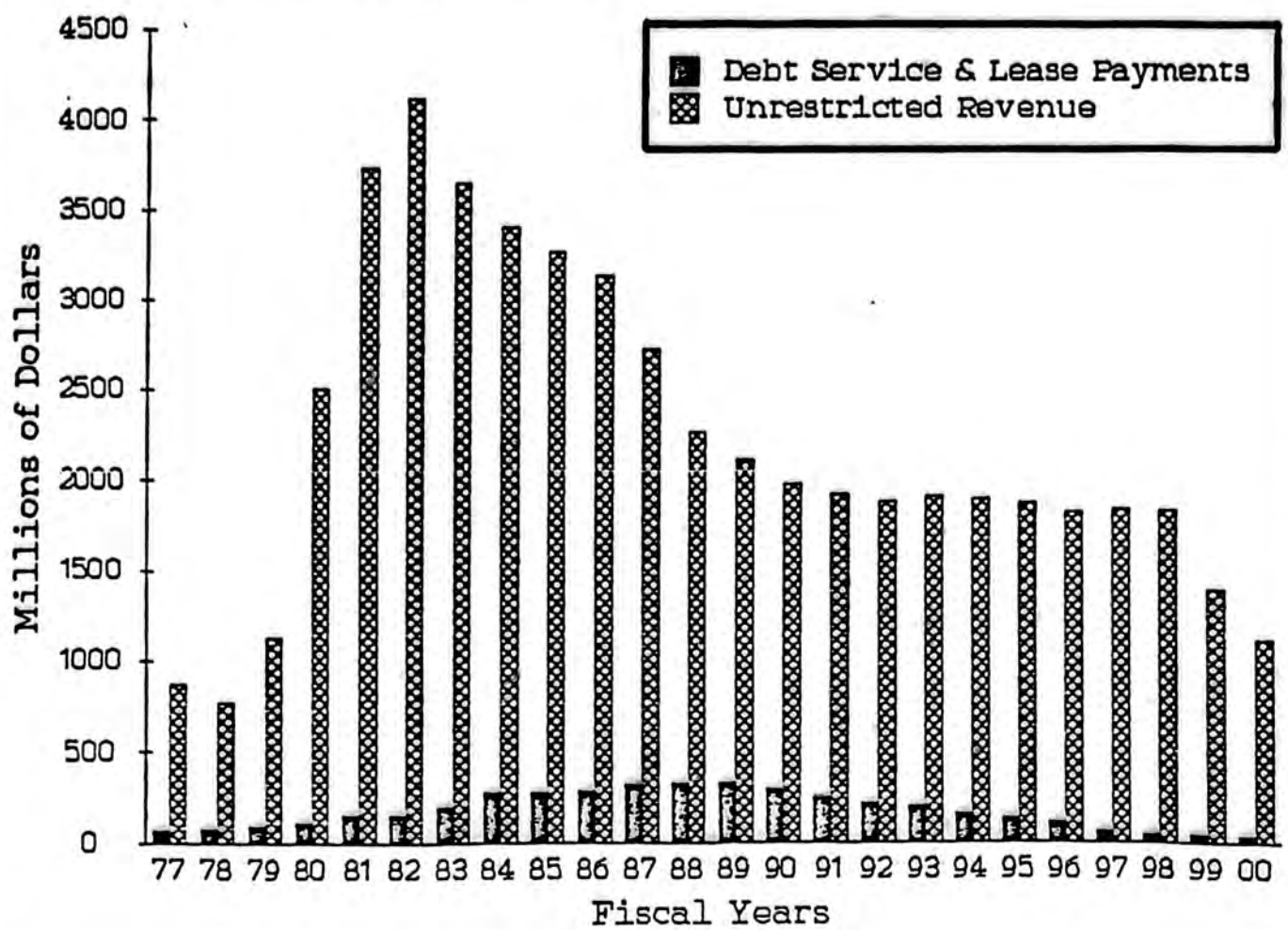
	1		2		3		4		5	
Fiscal Year	Existing Debt Service and Lease Obligations		Existing School Debt Reimbursement		Total Existing Debt Service (1 & 2)		Minimum Under Existing Law		Maximum Under HB 520	
86	\$178	6.1%	\$105	3.6%	\$283	9.7%	\$283	9.7%	\$283	9.7%
87	168	7.0	109	4.5	277	11.5	312	12.9	312	12.9
88	161	7.8	100	4.8	261	12.6	313	15.1	313	15.1
89	150	7.9	109	5.7	259	13.6	313	16.4	323	16.9
90	135	7.5	90	5.0	225	12.5	276	15.3	286	15.9
91	110	6.5	78	4.6	188	11.1	238	14.1	248	14.7
92	82	4.8	72	4.2	154	9.0	201	11.8	211	12.4
93	73	4.3	63	3.7	136	8.0	182	10.7	192	11.3
94	44	2.8	56	3.6	100	6.4	143	9.2	153	9.8
95	32	2.1	47	3.1	79	5.2	119	7.8	129	8.5
96	28	2.0	33	2.4	61	4.4	100	7.2	110	7.9
97	24	1.6	16	1.1	40	2.7	57	3.9	67	4.6
98	21	1.5	14	1.0	35	2.5	42	3.0	52	3.7
99	16	1.1	14	1.0	30	2.3	37	2.6	47	3.3
00	9	.7	12	.9	21	1.6	27	2.1	37	2.9

^{1/} Unrestricted revenues are September 1985 30th percentile estimates.

Total Debt Service & Lease Payments (January 28, 1986)



Debt Service vs. Unrestricted Revenue



General Obligation Debt Outstanding of Alaska Municipalities

Years Ended
June 30

1976	\$ 420,807,982
1977	519,599,526
1978	545,227,664
1979	768,508,903
1980	827,112,294
1981	1,091,019,504
1982	1,316,204,221
1983	1,619,154,450
1984	2,105,810,849
1985	2,084,098,600

Alaska Municipalities
Capacity to Issue Additional General Obligation Debt
Under a 7% of Full Value Limit
(\$ Millions)

	Full Value <u>January 1, 1985</u>	GO Debt Limit <u>at 7%</u>	GO Debt <u>Outstanding</u>	GO Debt <u>Capacity</u>
<u>Boroughs</u>				
Anchorage	15,755.4	1,102.9	358.8	744.1
Bristol Bay	101.8	7.1	3.5	3.6
Fairbanks	4,211.0	294.8	90.9	203.9
Haines	93.9	6.6	1.3	5.3
Juneau	1,613.4	112.9	47.7	65.2
Kenai	3,290.2	230.3	137.9	92.4
Ketchikan	676.0	47.3	31.9	15.4
Kodiak	572.4	40.1	28.3	11.8
Mat-Su	2,367.4	165.7	112.2	53.5
North Slope	12,876.8	901.4	1,155.7	-
Sitka	396.2	27.7	12.4	15.3
<u>Cities</u>				
Bethel	182.3	12.8	.6	12.2
Cordova	120.7	8.4	-	8.4
Craig	34.7	2.4	-	2.4
Delta Junction	30.9	2.2	-	2.2
Dillingham	94.7	6.6	-	6.6
Eagle	9.1	.6	-	.6
Galena	19.1	1.3	.9	.4
Hoonah	27.8	1.9	-	1.9
Hydaburg	12.7	.9	-	.9
Kake	11.6	.8	-	.8
King Cove	23.2	1.6	-	1.6
Klawock	5.6	.4	-	.4
Kotzebue	93.2	6.5	-	6.5
Nenana	12.9	.9	2.7	-
Nome	116.7	8.2	2.2	6.0
Pelican	10.2	.7	-	.7
Petersburg	161.2	11.3	6.2	5.1
St. Mary's	4.2	.3	-	.3
Sand Point	71.1	5.0	-	5.0
Skagway	58.4	4.1	.8	3.3
Tanana	11.2	.8	-	.8
Unalakleet	19.7	1.4	-	1.4
Unalaska	105.3	7.4	3.3	4.1
Valdez	1,740.4	121.8	75.8	46.0
Whittier	19.4	1.4	-	1.4
Wrangell	111.8	7.8	10.7	-
Yakutat	17.7	1.2	.2	1.0

Debt Capacity
General Obligation Bonds and Lease Purchase Financing

Mean Revenue Estimates

(\$ Millions, Nominal)

Fiscal Year	Unre- stricted Revenue(1)	5% of Revenue	Existing Debt Service & Lease Payments(2)	Available for Addi- tional Debt Service	Additional Debt Capacity(3)(4)	Cumula- tive Debt Capacity
1986	3,188	159	178	---	---	---
1987	2,904	145	168	---	---	---
1988	2,503	125	161	---	---	---
1989	2,491	125	150	---	---	---
1990	2,474	124	135	---	---	---
1991	2,441	122	110	12	83	83
1992	2,450	123	82	40	186	269
1993	2,648	132	73	59	128	397
1994	2,692	135	45	90	207	604
1995	2,787	139	32	107	116	720
1996	2,790	140	29	111	22	742
1997	2,868	143	24	119		
1998	2,891	145	22	123		
1999	2,352	118	16	101		
2000	2,265	113	9	104		
2001	2,130	107	6	101		
2002	1,990	100	5	95		
2003	1,811	91	5	86		
2004	1,696	85	5	80		
2005	1,549	77	5	72		

(1) December 1985 Department of Revenue revenue estimates.

(2) Includes debt service on general obligation bonds, Alaska State Housing Authority lease revenue bonds, University of Alaska revenue bonds, Seward Student Service Center Lease Certificates of Participation and Spring Creek Correctional Center Certificates of Participation.

(3) Assumes ten-year bonds at 8.0% -- amortization factor .149.

(4) The absence of revenue estimates beyond FY 2005 and the need to ascertain the availability of funds for debt service over a ten-year term prevents the estimation of debt capacity beyond FY 1996.

Anchorage Times 1/27/86

Debt

Continued from page A-1

But that doesn't include the state's share of repaying school construction bonds sold by local school districts. Because that debt is growing dramatically, Wall Street analysts are taking a closer look at Alaska's borrowing power, said Rep. John Sund, a Ketchikan Democrat who chairs the House Special Committee on Loans.

The state owed \$750 million in school repayment costs as of last June, Sund said. Voters in November approved another \$300 million in school bond sales across the state.

For the first time, bond experts are beginning to lump school debts in Alaska with general obligation debts. That dramatically increases Alaska's bond debt.

Sund said the projected decline of North Slope oil production — and the general reduction in oil prices — also could affect Alaska's bond rating.

Sheffield said the state bond committee should have more control over the design and construction of state buildings. He also is proposing new limits on the amount of bonds a municipality can sell.

But the governor said the most important part of his package would allow the state more say in the design and construction of local schools.

Sheffield introduces debt plan

Hopes to protect state's bond rating

by Bruce Scandling
Associated Press

JUNEAU — Gov. Bill Sheffield is pushing a debt management plan he says will protect Alaska's credit rating on Wall Street.

A package of bond legislation was scheduled to be introduced in the legislature today, said John Hilliard, the governor's deputy press secretary.

"If you run a business or own a home, you know how important it is to keep your financial affairs in order," Sheffield said in a prepared statement. "You keep careful track of how much money you borrow, and you maintain a solid credit rating."

When a state or municipality sells bonds to finance construction projects, it is borrowing money at set interest rates. That rate rises if the state's credit rating drops.

Sheffield said he wants to tighten the reins on local school construction to make sure Alaska's borrowing power stays under control. School debt has grown so significantly that bond analysts are becoming concerned, he said.

Right now, the state's overall debt on general obligation bonds — which pay for building roads, sewers and facilities other than schools — is about \$975 million.

See Debt, page A-6

Amendments to SB 341

1. Page 8, lines 2 - 6: delete Sec. 36.30.080(b) which reads as follows:

(b) The department may enter into lease-financing agreements, including lease-purchase agreements and agreements related to the issuance of certificates of participation. A lease-financing agreement must provide that lease payments are subject to annual appropriation.

2. Page 8, lines 7 - 15: delete

on lines 7 - 8:

"or lease-financing agreement"

on lines 11 - 12:

"and the anticipated total construction, acquisition, or other costs of project"

on lines 13 - 14:

"the legislature"

so that Sec. 36.30.080(c) would read:

(c) If the department intends to enter into a lease with an annual rent to the state anticipated to exceed \$1,000,000, the department shall provide notice to the legislature. The notice must include the anticipated annual lease obligation amount. The department may not enter into an agreement under this subsection unless the lease has been approved by law. An appropriation for the lease does not constitute approval by law for purposes of this section.

Opinion

The governor makes a good point that something should be done about managing public debt statewide — but his idea of what to do goes too far. Gov. Bill Sheffield has proposed four bills under the name "Debt Management Plan" that add up to this: Let the state tell you what to do.

It shouldn't take measures so far-reaching as that to control the situation, especially in regard to the bill, HB 520, that proposes major changes in financing public school construction. The administration is right in saying that the ratio of debt to revenue is too high, and in calling for "reasonableness" to protect bond ratings.

Schools
deserve
better

The rating in the bond market is important and municipal bond ratings cleave closely to the state's. Ratings affect not only the ease of sale, or marketability, but also the cost of bonds, the interest rate government must pay to pay back the borrowed money.

Here's a sampling of what the governor considers reasonable:

- Require school condition surveys, which would analyze the conditions of a building in a community or school district relative to the need for a new building elsewhere.

- Shift the state's share of construction costs from 80 percent a year on all payments made on school bond debts to 100 percent payment of the principal only, effectively reducing the state's overall share to about 50 percent.

- Vest in the State Bonds Committee — a trio of the state's departmental commissioners, all gubernatorial appointees — the authority to determine the number of years and payment schedule for which bonds can be sold.

- Create a two-year lag between bond sales and the time the state would start paying its share.

- Limit new state obligations for school bonds to an additional \$10 million a year, leaving uncovered districts to either play politics for direct capital grants from the Legislature or foot the full cost of construction with local taxes.

The Governor's Office has argued earnestly for its plan, and has circulated a brief explaining it, but it has not made its case on HB 520.

The bill would create reams and rolls of bureaucratic paper and red tape, and take pivotal options out of the hands of local government.

Alaska's oil wealth places the state in an unusual position as the holder of the primary resource wealth of the people. This reality and the state constitution put the burden of school financing on the state of Alaska. Yet this administration's solution is to attempt to cram its idea of a solution down the throats of its citizens, rather than undertake a cooperative resolution.

Better ways can be found to deal with the problem of public debt, and the Legislature should undertake no action on these bills until some positive, inter-governmental process is begun.

Quotable

☐ In that the state is essentially backing out of its significant commitment to school construction, then it should also back out of its apparent significant intent to regulate what municipalities...

TABLE I

Borough	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Anchorage						
City	\$4,982,502,900					
Other (includes State assessed)	\$8,216,852,900					
TOTAL	\$13,199,355,800	244030	\$355,008,897	\$1,455	\$54,089	2.69% —
Bristol Bay — TOTAL	\$112,215,200	1271	\$3,665,000	\$2,884	\$88,289	3.27% —
Fairbanks						
City	\$1,385,598,700	27103	\$10,590,000	\$391	\$51,123	0.76%
North Pole	\$119,049,000	1005	\$1,237,000	\$1,231	\$118,457	1.04% —
Other (includes State assessed)	\$2,123,270,930		\$85,300,000			4.02%
TOTAL	\$3,627,908,630	69633	\$97,127,000	\$1,395	\$52,100	2.68%
Haines						
City	\$29,627,633	1079	\$765,000	\$709	\$27,458	2.58% —
Other	\$59,255,267		\$555,000			0.94%
TOTAL	\$88,882,900	1847	\$1,320,000	\$715	\$48,123	1.49%
Juneau						
City	\$482,026,900					
Douglas	\$61,679,900					
Other	\$950,212,400					
TOTAL	\$1,493,919,200	28941	\$51,761,000	\$1,789	\$51,619	3.46% —
Kenai Peninsula						
Homer	\$150,681,179	5432	\$2,677,000	\$493	\$27,740	1.78% —
Kenai	\$179,859,530	6176	\$3,230,000	\$523	\$29,122	1.80% —
Seldovia	\$20,224,597	678	\$397,000	\$586	\$29,830	1.96% —
Seward	\$85,492,086	2072	\$2,609,000	\$1,259	\$41,261	3.05% —
Soldotna	\$130,644,557	3597	\$2,326,653	\$647	\$36,320	1.78% —
Other (includes State assessed)	\$2,535,738,051					
TOTAL	\$3,102,640,000	38919	\$131,579,403	\$3,381	\$79,720	4.24%
Ketchikan Gateway						
City	\$360,146,300	8414	\$11,305,000	\$1,344	\$42,803	3.14% —
Other	\$351,195,300		\$22,490,000			6.40%
TOTAL	\$711,341,600	14314	\$33,795,000	\$2,361	\$49,696	4.75%
Kodiak						
City	\$459,473,500	6469	\$2,375,000	\$367	\$71,027	0.52%
Other	\$191,971,200		\$30,025,000			15.64%
TOTAL	\$651,444,700	13479	\$32,400,000	\$2,403	\$48,330	4.97%
Mat-Su						
Palmer	\$149,565,900	2792	\$2,048,000	\$734	\$53,569	1.37% —
Houston	\$46,743,400	739		\$0	\$63,252	0.00%
Wasilla	\$219,402,800	3548		\$0	\$61,838	0.00%
Other (includes State assessed)	\$1,357,672,860		\$78,855,718			5.81%
TOTAL	\$1,773,384,960	34030	\$80,903,718	\$2,377	\$52,112	4.56%
North Slope (includes State assessed)						
TOTAL	\$12,354,883,600	12359	\$1,203,440,000	\$97,373	\$999,667	9.74%
Sitka — TOTAL	\$756,351,400	8221	\$13,220,000	\$1,608	\$92,002	1.75% —
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%

CITIES	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Bethel	\$170,370,900	3681	\$1,155,856	\$314	\$46,284	0.68%
Cordova	\$121,884,950	2520	\$1,434,800	\$569	\$48,367	1.18%
Craig	\$28,381,400	907	\$89,000	\$98	\$31,292	0.31%
Dillingham	\$112,645,500	2026	\$68,000	\$34	\$55,600	0.06%
Galena	\$17,097,800	902	\$0	\$0	\$18,955	0.00%
Hoonah	\$26,023,600	865	\$0	\$0	\$30,085	0.00%
Hydaburg	\$11,858,800	429	\$0	\$0	\$27,643	0.00%
Kake	\$10,848,600	631	\$90,000	\$143	\$17,193	0.83%
King Cove	\$21,711,000	521	\$0	\$0	\$41,672	0.00%
Klawock	\$5,199,100	542	\$0	\$0	\$9,592	0.00%
Kotzebue	\$85,041,480	2981	\$0	\$0	\$28,528	0.00%
Nenana	\$11,233,940	547	\$2,869,000	\$5,245	\$20,537	25.54%
Nome	\$207,050,000	3732	\$300,000	\$80	\$55,480	0.14%
Pelican	\$9,143,800	213	\$0	\$0	\$42,929	0.00%
Petersburg	\$161,668,700	3137	\$5,225,000	\$1,666	\$51,536	3.23%
St. Mary's	\$3,925,300	563	\$0	\$0	\$6,972	0.00%
Sand Point	\$66,436,300	870	\$0	\$0	\$76,364	0.00%
Skagway	\$63,333,600	790	\$836,000	\$1,058	\$80,169	1.32%
Tanana	\$6,617,500	417	\$0	\$0	\$15,869	0.00%
Unalaska	\$95,670,900	1922	\$5,392,375	\$2,806	\$49,777	5.64%
Valdez (includes State assessed)	\$1,720,125,130	3687	\$80,497,000	\$21,833	\$466,538	4.68%
Whittier	\$18,510,280	273	\$0	\$0	\$67,803	0.00%
Wrangell	\$106,435,200	2376	\$3,395,000	\$1,429	\$44,796	3.19%
Yakutat (includes State assessed)	\$17,949,840	462	\$238,800	\$517	\$38,852	1.33%
Eagle	\$7,848,700	161	\$0	\$0	\$48,750	0.00%
TOTAL CITIES	\$3,107,012,320	35155	\$101,590,831	\$2,890	\$88,380	3.27%
STATE	\$45,009,767,610	547475	\$924,008,000	\$1,688	\$82,213	2.05%
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%
STATEWIDE TOTALS	\$45,009,767,610	547475	\$3,029,818,849	\$5,534	\$82,213	6.73%

Standard & Poor's Corporation

25 Broadway, New York, New York 10004



December 29, 1983

RECEIVED

JAN 03 1984

ALASKA DEPARTMENT OF REVENUE
TREASURY DIVISION
JUNEAU

Mr. Milt Barker
Deputy Commissioner
Department of Revenue
11th Floor State Office Bldg.
Pouch, SB
Juneau, Alaska 99811

Dear Mr. Barker:

I would like to respond to your letter of December 13, regarding our views on lease obligations.

Lease Payments are viewed in essentially the same light as debt service on general obligation bonds, regardless of whether the obligation is cancellable due to non-appropriation. In fact, debt obligations secured by lease payments are included in our computations for overall debt burden.

Many states do not consider lease rental debt under debt limitation laws, primarily because legal interpretations view the obligations to pay rent as an annual budget item, and not a long term debt with a continuing appropriation. The fact remains, however, that the debt is still outstanding, and payable for as long as the property is being used by the lessee. While many leases permit non-payment of rent and cancellation of lease obligations, Standard & Poor's would be very concerned about an issuer's general obligation rating, in those cases where leases were cancelled as a ploy to avoid paying debt obligations.

I've enclosed some information regarding our approach to rating lease-rental debt obligations. If you have any further questions, feel free to contact Vladimir Stadnyk or myself at (212) 201-1767.

Very Truly Yours,

Richard P. Larkin
Managing Vice President
Municipal Finance Department

cc: V. Stadnyk
T. Arthur

December 13, 1983

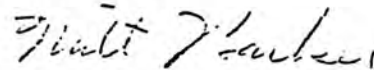
Municipal Finance Department
Standard & Poor's Corporation
25 Broadway
New York, NY 10004

Dear Sirs:

I would appreciate any information you could provide me regarding your agency's view of municipal lease financing as it relates to an issuer's debt capacity.

More specifically, could you comment on whether lease payments on a municipal lease-purchase obligation which is cancellable subject to a non-appropriation clause are considered in the same light as debt service on general obligation bonds?

Sincerely,



Milt Barker
Deputy Commissioner

MB:mw

Municipal Credit Report

STATE OF ALASKA

September 26, 1983
GC

SALE: \$78,000,000 bonds for bids September 27. Please see last page for details.

RATING: Aa

Final information on this sale was received September 22.

OPINION: Alaska's large debt has been comfortably supported by petroleum revenues which provide a basis for high quality security. Changing demand patterns for oil as well as management of Alaska's expenditures, revenues and reserves will continue to be important in credit evaluation.

SUMMARY: The state's economy, while still developing, is centered around petroleum and other natural resource development. The predominance of U.S. defense installations is also important to the state's economy. Alaska's economy and financial position has been dramatically affected by North Slope oil production and to oil price increases following decontrol. The state has undertaken a program to manage these resources and to shelter its extraordinary revenue growth through the creation of a Permanent Fund. Dedicated revenue along with special General Fund appropriations have resulted in extraordinary Permanent Fund asset growth now totaling \$4.5 billion. Although revenue to the state remains at a high level, falling oil revenues will require expenditure adjustment. General Fund preliminary reports a deficit at year end as a result of an encumbrance owed to the Permanent Fund, aggravated by lower oil prices resulting in declines in unrestricted revenues. The state is dependent on oil related revenues as it neither levies a sale or individual-income tax. Debt service claim on unrestricted revenues is expected to increase. Management of state resource revenues against significant demands for infrastructure and the volatility of oil markets will be important elements affecting future evaluations.

DEBT FACTORS: Heavy debt loads partly offset by rapid rate of debt retirement in-line with life of recoverable oil reserves. Debt service claim on unrestricted revenues to increase to approximately 5.9% from 4.0% in 1982-83. Additional authorization for state guaranteed \$500 million veterans bonds to be voted on November 1983.

Tax-Supported Debt	Per Cap.	St. Med.	% E.F.V.	St. Med.	Pers. Inc.	St. Med.
1983 \$1,104,359,000	\$2,753	\$250	3.1%	1.1%	19.2%	2.4%
1975 503,009,000	1,564	136	10.3	1.4	26.0	3.3
1965 65,705,000	240	56	5.6	1.2	9.3	2.6

THIS REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY FORM OR MANNER WHATEVER.

It is furnished by Moody's Investors Service, Inc. at your request under your subscription agreement for your exclusive use. The information herein has been obtained from sources believed to be accurate and reliable, but because of the possibility of human and mechanical error its accuracy or completeness is not guaranteed.

Moody's ratings are opinions, not recommendations to buy or sell, and their accuracy is not guaranteed. A rating should be weighed solely as one factor in an investment decision and you should make your own study and evaluation of any issuer whose securities or debt obligations you consider buying or selling.

Most issuers of corporate bonds, municipal bonds and notes, preferred stock and commercial paper which are rated by Moody's Investors Service, have, prior to receiving the rating, agreed to pay a fee to Moody's for the appraisal and rating services. The fee ranges from \$850 to \$45,000.

FINANCIAL FACTORS: Sharp declines in oil and gas related revenues are evident resulting in sizeable deficits. Reliance upon oil revenues against sizeable appropriation demands bear close monitoring.

GOVERNMENTAL FACTORS: Legislature meets annually, newly elected governor serving four year term. Appointed bond committee responsible for financing state capital improvements; the election of such members currently being challenged, but in opinion of counsel and attorney general would not affect bond authorization and sale.

ECONOMIC AND SOCIAL FACTORS: A developing economy with major emphasis on development of natural resources. Discovery of oil in Prudoe Bay has had profound affect on the state's development, although weakness in oil markets have moderated significantly the growth experienced previously.

DEBT FACTORS: The state's constitution provides that the state shall not contract debt unless authorized by law for capital improvements and ratified by a majority of the qualified voters voting thereon. The state may, as provided by law and without ratification contract debt for the purpose of repelling invasion, suppressing insurrection, defending the state in war, meeting natural disasters, or redeeming indebtedness outstanding at the time the constitution became effective. The constitutional restrictions do not apply to revenue bond indebtedness to be paid from special assessments on the benefitted property, or to refunding indebtedness.

Debt Statement as of July 1, 1983, including new bonds (\$ 000):

General obligation bonds - outstanding	\$ 946,183
General obligation bonds - offered	75,000
Gross direct debt	\$1,024,183
Alaska State Housing Authority - lease rental	60,985
University of Alaska - Heating Corporation	6,425
University of Alaska - Anchorage Energy Util. System	460
University of Alaska - campus housing and st. ctr.	12,306
Alaska Housing Finance Corporation (9/10/83), incl. st. gtd.*	3,404,860
Gross debt	\$4,509,219
Less: Alaska Housing Finance Corporation	3,404,860
Net tax-supported debt**	\$1,104,359

*Include AHFC bond sold since July 1, 1983; state-guaranteed bonds included.

**Excludes Alaska Industrial Development Authority, Alaska Municipal Bond Bank and Medical Facility Authority not debts of the state.

Annual Principal Maturities, G.O. Bonds (\$ 000):

F. Yr.		F. Yr.		F. Yr.	
1984	\$100,175	1990	\$95,560	1996	\$18,610
1985	107,860	1991	77,499	1997	14,865
1986	109,265	1992	56,149	1998	13,380
1987	109,330	1993	51,363	1999	8,640
1988	109,655	1994	33,395	2000	2,531
1989	103,727	1995	19,096		

Debt Structure: Bonds are scheduled for rapid payout in line with life of proven oil reserves in Alaska. Debt policies have shortened maturities of new bonds to 10 years and rate of retirement has been accelerated; 52% principal due within five years and 90% due in 10 years. New bonds are structured for level principal, with overall debt service declining steadily through 2000.

SEVEN PERCENT CAP

Borough	FULL VALUE	G. O. DEBT	7% OF FULL VALUE	PERCENT OF G.O. DEBT/CAP	CURRENT PERCENT DEBT
Anchorage	\$15,755,411,000.00	\$358,799,900.00	\$1,102,878,770.00	32.53%	2.28%
Bristol Bay	\$101,798,800.00	\$3,535,000.00	\$7,125,916.00	49.61%	3.47%
Fairbanks	\$4,210,997,700.00	\$90,928,500.00	\$294,769,839.00	30.85%	2.16%
Haines	\$93,945,500.00	\$1,300,000.00	\$6,576,185.00	19.77%	1.38%
Juneau	\$1,613,388,900.00	\$47,651,000.00	\$112,937,223.00	42.19%	2.95%
Kenai Peninsula	\$3,290,219,200.00	\$137,929,000.00	\$230,315,344.00	59.89%	4.19%
Ketchikan Gateway	\$675,985,100.00	\$31,930,000.00	\$47,318,957.00	67.48%	4.72%
Kodiak	\$572,370,700.00	\$28,270,000.00	\$40,065,949.00	70.56%	4.94%
Mat-Su	\$2,367,406,200.00	\$112,208,000.00	\$165,718,434.00	67.71%	4.74%
North Slope	\$12,876,786,900.00	\$1,155,680,000.00	\$901,375,083.00	128.21%	8.97%
Sitka	\$396,227,900.00	\$12,400,000.00	\$27,735,953.00	44.71%	3.13%
Total Boroughs	\$41,954,537,900.00	\$1,980,631,400.00	\$2,936,817,653.00	67.44%	4.72%

CITIES

Bethel	\$182,296,900.00	\$556,500.00	\$12,760,783.00	4.36%	0.31%
Cordova	\$120,673,000.00	\$0.00	\$8,447,110.00	0.00%	0.00%
Craig	\$34,707,400.00	\$0.00	\$2,429,518.00	0.00%	0.00%
Delta Junction	\$30,870,500	\$0	\$2,160,935.00	0.00%	0.00%
Dillingham	\$94,669,900.00	\$0.00	\$6,626,893.00	0.00%	0.00%
Eagle	\$9,104,500.00	\$0.00	\$637,315.00	0.00%	0.00%
Galena	\$19,149,500.00	\$900,000.00	\$1,340,465.00	67.14%	4.70%
Hoonah	\$27,845,200.00	\$0.00	\$1,949,164.00	0.00%	0.00%
Hydaburg	\$12,688,900.00	\$0.00	\$886,223.00	0.00%	0.00%
Kale	\$11,608,000.00	\$0.00	\$812,560.00	0.00%	0.00%
King Cove	\$23,230,800.00	\$0.00	\$1,626,156.00	0.00%	0.00%
Klawock	\$5,563,000.00	\$0.00	\$369,410.00	0.00%	0.00%
Kotzebue	\$93,245,100.00	\$0.00	\$6,527,157.00	0.00%	0.00%
Kenai	\$12,881,500.00	\$396,300.00	\$901,705.00	43.95%	3.08%
Nome	\$116,712,900.00	\$2,161,200.00	\$8,169,903.00	26.45%	1.85%
Pelican	\$10,155,400.00	\$0.00	\$710,678.00	0.00%	0.00%
Petersburg	\$161,219,300.00	\$6,195,000.00	\$11,285,351.00	54.89%	3.84%
Sand Point	\$71,066,800.00	\$0.00	\$4,976,076.00	0.00%	0.00%
Skagway	\$59,447,100.00	\$820,000.00	\$4,091,297.00	20.04%	1.40%
St. Mary's	\$4,239,400.00	\$0.00	\$296,758.00	0.00%	0.00%
Tanana	\$11,195,400.00	\$0.00	\$783,678.00	0.00%	0.00%
Unalakleet	\$19,714,500	\$0	\$1,380,015.00	0.00%	0.00%
Unalaska	\$105,309,400.00	\$3,299,000.00	\$7,371,658.00	44.75%	3.13%
Valdez	\$1,740,431,900.00	\$75,833,000.00	\$121,830,233.00	62.24%	4.36%
Whittier	\$19,419,200.00	\$0.00	\$1,359,344.00	0.00%	0.00%
Wrangell	\$111,757,000.00	\$10,750,000.00	\$7,822,990.00	137.42%	9.62%
Yakutat	\$17,679,400.00	\$235,200.00	\$1,237,558.00	19.01%	1.33%

TOTAL CITIES	\$3,125,901,900.00	\$101,146,200.00	\$218,810,133.00	46.22%	3.24%
--------------	--------------------	------------------	------------------	--------	-------

STATE	\$48,915,237,900.00	\$816,100,000.00	\$3,424,066,653.00	23.83%	1.67%
-------	---------------------	------------------	--------------------	--------	-------

Total Boroughs	\$41,954,537,900.00	\$1,980,631,400.00	\$2,936,817,653.00	67.44%	4.72%
----------------	---------------------	--------------------	--------------------	--------	-------

Moody's **Municipal** Department

1985 Medians

Selected Indicators of Municipal Performance

State Indicators and Rankings

City and County Debt Medians

Enterprise Performance Medians

As a measure of a government's burden of debt, a ratio is calculated between its net debt and the estimated full value of taxable property. The estimated full value serves as a direct measure of local government wealth and, therefore, is reflective of the government's capacity to service public debt. Taxable valuation is utilized as a wealth measure because it tends to be up-to-date and readily available for all sizes of municipal government.

Ratio of Net Debt to E.F.V. (%) ¹

Population Range ²	Direct Net Debt	Overall Net Debt		
	Median	Low	Median	High
500,000 and over	1.5	0.9	4.2	8.9
300,000 to 499,999	2.3	1.1	3.1	10.4
200,000 to 299,999	2.2	1.6	2.6	9.0
100,000 to 199,999	1.6	0.3	2.5	9.3
50,000 to 99,999	1.7	1.0	2.8	16.1
25,000 to 49,999	1.8	0.1	2.9	15.0
10,000 to 24,999	2.1	0.2	3.3	24.5
Under 10,000	2.4	0.1	3.6	20.0

Ratio of Net Debt to E.F.V. (%) ³

Population Range ²	Direct Net Debt	Overall Net Debt		
	Median	Low	Median	High
1,000,000 and over	0.4	0.03	4.2	4.1
250,000 to 999,999	0.5	0.7	2.5	5.2
100,000 to 249,999	0.4	0.5	2.5	5.5
Under 100,000	0.7	0.4	2.1	12.2

¹ Cities and counties included in these observations have been grouped according to 1980 U.S. Census population.

² Estimated full value (E.F.V.) refers to the "true" or "fair" market value of all taxable property within the boundaries of the unit of government. Users of this data must be aware of the significant variations that exist in methods and quality of property assessment from state to state, and even among municipal governments within a given state. Definitions of "taxable property" also vary across the country as does the dependability of equalization ratios.



SUBJECT SUMMARY
THE CURRENT SUBJECT IS BONDS

BILL #	TITLE	CURRENT STATUS
HB 370	BONDS/DELONG MT. (RED DOG) TRANSP'N PROJECT	(H) TRSP
HB 413	GENERAL OBLIG. BONDS FOR TRANSPORTATION	(H) FIN
HB 486	FINANCING UNIVERSITY OF ALASKA POWER PLANT	(H) LOAN
HB 519	LEASE FINANCING; STATE BOND COMMITTEE, ETC.	(H) LOAN
HB 520	PUBLIC SCHOOL CONSTRUCTION	(H) HESS
HB 521	LIMITATION ON MUNICIPAL DEBT	(H) LOAN
HB 533	AHFC; VET'S STATE-GUARANTEED REVENUE BONDS	(H) LOAN
SB 164	FISH PROCESSOR/BUYER SURETY BOND	(S) RES
SB 205	G.O. BONDS FOR COMMUNITY COLLEGE PROJECTS	(S) HESS
SB 280	BONDS/DELONG MT. (RED DOG) TRANSP'N PROJECT	CHAPTER 68 SLA 85
SB 308	GENERAL OBLIG. BONDS FOR TRANSPORTATION	(S) TRSP
SB 335	WATER, SEWER, & SOLID WASTE MNGMNT BONDS	(S) C&RA

SELECT A SUBJECT AND PRESS ENTER

Alaska State Legislature

COMMITTEES:

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



Andre Marrou
Representative

District 5

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

January 29, 1986

To: Mike Davis, Chairman House Committee on Oil & Gas
From: Andre Marrou, Representative

Subject: CS for SSHB339

This committee substitute is a re-write of the sponsor substitute which corrects the citations in title 29, changes the effective date clause, and offers a slightly different approach to achieve the same objective. That objective is to more equitably distribute the revenue generated by AS 43.56, a 20 mill oil and gas property tax.

The current state law has promulgated a lopsided distribution of these revenues in favor of local municipalities at the expense of hundreds of millions of dollars of lost revenue to the State. It was the intent of the legislature that the revenues of the 20 mill oil and gas property tax belong to all residents of the State, not just to a few in a privileged location. The current law also implements this inequity by encouraging some municipalities to purchase large amounts of debt and possibly jeopardize the State's bond rating. The debt payments in questions are adjusted dangerously close to the price of oil.

CS for SSHB 339 proposes to eliminate the exemption for tax limitations if those taxes are to pay for bonds (AS 29.45.100). This would automatically activate some tax limitations that have been on the books for years (AS 29.45.080). It also proposes a new tax limitation.

The most important sections of this bill are sections 5 and 6, the effective date clauses. A municipality's taxing authority to pay off current debt obligations will not be impaired! HB 339 deals only with a municipality's authority to tax for bonded debt after the effective date.

This packet contains:

- °Sectional Analysis
- °An updated CS for SSHB 399
- °Charts and Tables of:
 - Six Year State Property Tax History
 - Distribution of State Property Tax
 - Distribution of State Property Tax for the North Slope Borough
 - North Slope Borough Budget from State Property Taxes
 - 1984 Mill Rates of affected Municipalities
 - Page 10 and 11 of 1984 "Alaska Taxable"

24 45,080 43 56 20 mill cap on taxation

Original sponsor: Marrou

1 IN THE HOUSE

BY THE

COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 339 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing limitations relating to municipi-
7 pal general obligation bonds and taxes; and providing
8 for an effective date."

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

10 * Section 1. AS 29.45.080(a) is amended to read:

11 (a) A municipality may levy and collect taxes in an amount not
12 to exceed 10 mills on taxable property taxable under AS 43.56 only by
13 using one of the methods set out in (b) or (c) of this section.

14 * Sec. 2. AS 29.47.200(a) is amended to read:

15 (a) The full faith and credit of a municipality are pledged for
16 the payment of principal and interest on general obligation bonds.
17 Subject to AS 29.45.080 and 29.45.090, the [THE] municipality may levy
18 ad valorem taxes for payment [WITHOUT LIMITATION OF RATE OR AMOUNT TO
19 PAY OR SECURE THE PAYMENT] of the principal and interest on the bonds
20 [, REGARDLESS OF WHETHER THE BONDS ARE IN DEFAULT OR IN DANGER OF DE-
21 FAULT].

22 * Sec. 3. AS 43.56.010(b) is amended to read:

23 (b) A municipality may levy and collect a tax under AS 29.45.080
24 [AT THE RATE OF TAXATION THAT APPLIES TO OTHER PROPERTY TAXED BY THE
25 MUNICIPALITY]. The tax shall be levied at a rate no higher than the
26 rate applicable to other property taxable by the municipality. A [NO]
27 municipality may not exempt from taxation property authorized to be
28 taxed under this chapter. Exemptions shall be limited to those in
29 AS 29.45.030, 29.45.050, and AS 43.56.020.

1 * Sec. 4. AS 29.45.100 is repealed.

2 * Sec. 5. The amendment to AS 29.47.200(a) made by sec. 2 of this Act
3 applies only to taxes levied or pledged to pay general obligation bonds
4 sold by a municipality on or after the effective date of this Act. Not-
5 withstanding the repeal of AS 29.45.100 in sec. 4 of this Act, the limita-
6 tions provided for in AS 29.45.080 - 29.45.090 do not apply to taxes levied
7 or pledged to pay or secure the payment of the principal and interest on
8 general obligation bonds sold by a municipality before the effective date
9 of this Act. Taxes to pay or secure the payment of principal and interest
10 on general obligation bonds sold before the effective date of this Act may
11 be levied without limitation as to rate or amount, regardless of whether
12 the bonds are in default or in danger of default.

13 * Sec. 6. This Act takes effect July 1, 1986.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

SECTIONAL ANALYSIS FOR CS SSB 339

*Section 1.

This section is a new tax limitation that will be implemented once AS 29.45.100 is repealed (Sec. 4)

*Section 2.

This section allows a municipality to tax only to the permissible limits for the payment of principal and interest on general obligation bonds. A municipality cannot violate section 1 of this bill in order to pay for bonds.

*Section 3.

This section is a housekeeping measure that insures that a municipality not exceed the 10 mill cap placed on the taxation under section 1, even if it taxes other property at a higher rate.

*Section 4.

This statute is to be repealed. It reads as follows.

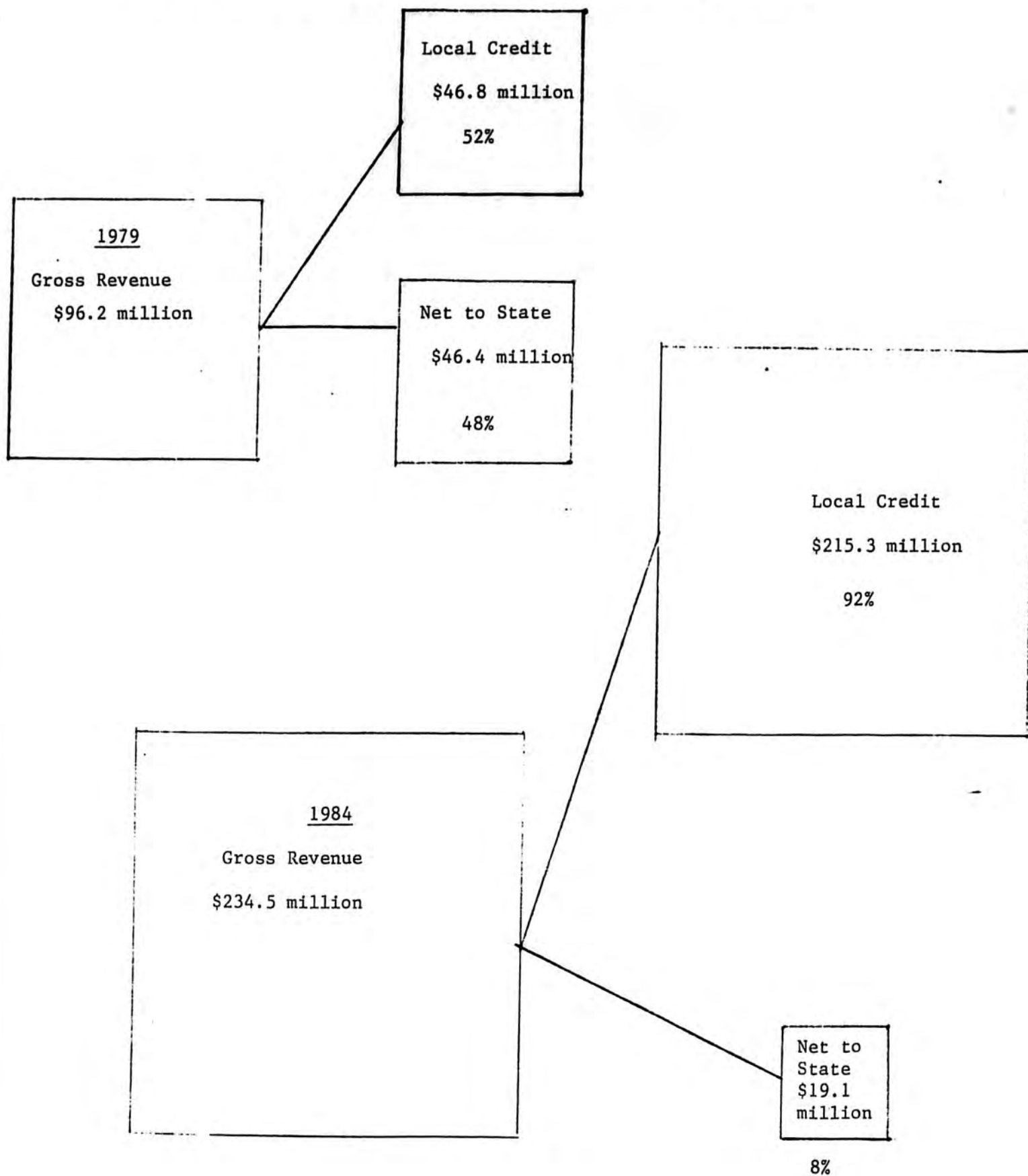
AS 29.45.100 No Limitations on taxes to pay bonds. The limitations provided for in AS 29.45.080 - 29.45.090 do not apply to taxes levied or pledged to pay or secure the payment of the principal and interest on bonds. Taxes to pay or secure the payment of principal and interest on bonds may be levied without limitation as to rate or amount, regardless of whether the bonds are in default or in danger of default. (12 ch 74 SLA).

This is the statute that has allowed some municipalities to over extend themselves and divert state revenues into municipal coffers.

*Sections 5 & 6.

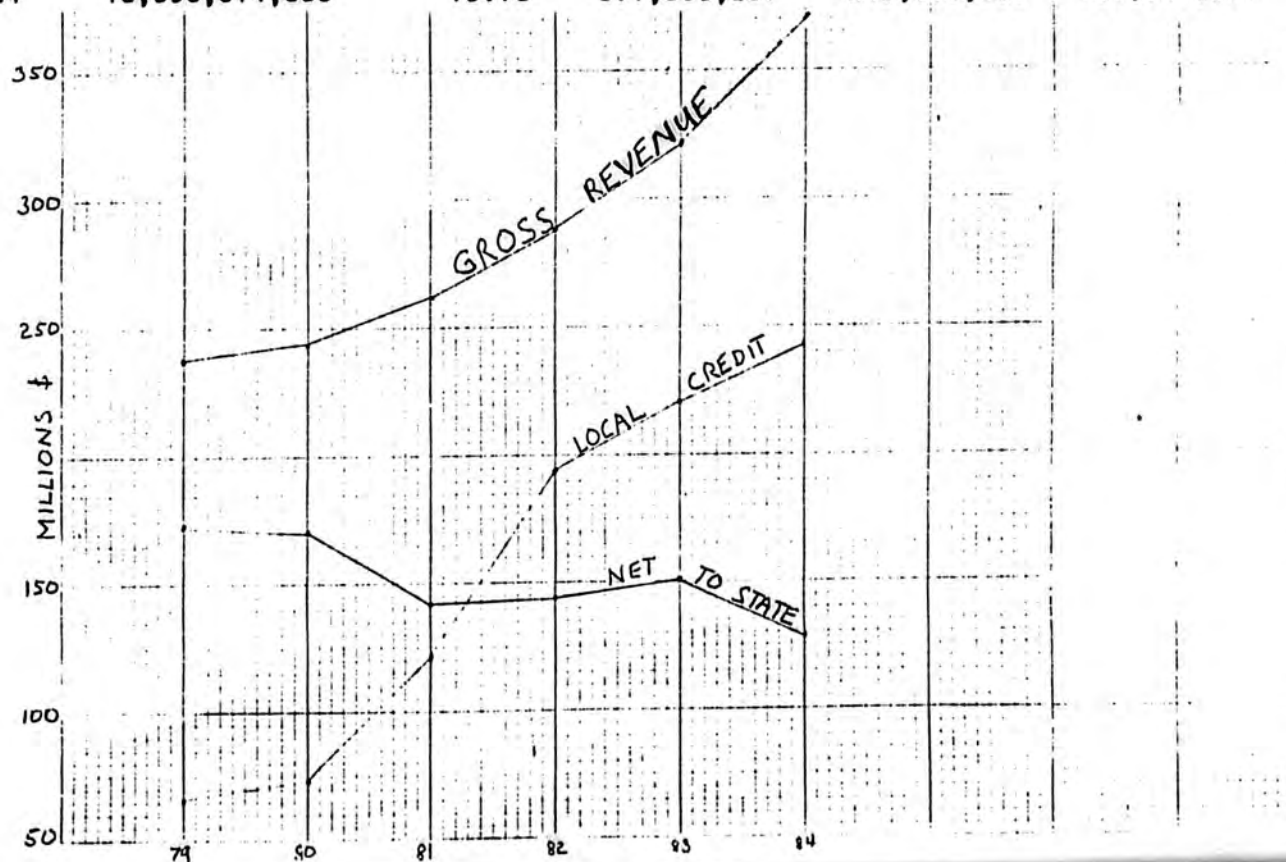
These sections provide that current municipal debt, and a municipality's ability to pay that debt, will not be impaired. This bill concerns future property tax policy, not past.

Distribution of State Property Tax for the North Slope Borough



Six Year State Property Tax History

<u>Year</u>	<u>State Assessed Value</u>	<u>Percent Increase</u>	<u>Gross Revenue</u>	<u>Local Credit</u>	<u>Net to State</u>	<u>Percent Increase</u>	<u>Percent of Gross to State</u>
1979	11,946,447,380	7.85	238,928,947	66,609,309	172,319,637	(0.69)	72.1
1980	12,165,633,950	1.83	243,312,679	72,900,166	170,412,512	(1.11)	70.0
1981	13,170,633,280	8.26	263,412,665	121,116,160	142,296,505	(16.50)	54.0
1982	14,410,448,680	9.41	288,208,973	144,171,544	144,037,429	1.22	50.0
1983	16,059,836,120	11.45	321,196,722	170,818,425	150,378,297	4.40	46.8
1984	18,593,314,880	15.78	371,866,297	242,038,930	129,827,367	(13.67)	34.9



SEE
1984
100

% Net to State

Distribution of State Property Tax

					1979	1980	72.1%
							70
		1981					
Municipality	Assessed Value	Total Tax	Local Credit	Net to State			
Unorganized	3,992,227,950	79,844,559	-0-	79,844,559	100 %		
North Slope	6,297,616,550	125,952,331	105,150,647	20,801,684	16.5		
North Star	639,604,430	12,792,089	3,581,162	9,210,927	72		
Anchorage	50,612,980	1,012,260	436,043	576,217	56		
Kenai	562,862,700	11,257,254	1,569,841	9,687,413	86		
Valdez	1,620,048,000	32,400,960	10,309,985	22,090,975	68		
Mat-Su	5,627,910	112,558	40,634	71,924	63		
Yakutat	2,032,760	40,655	27,849	12,806	31		
Total	13,170,633,280	263,412,666	121,116,161	142,296,505			54
		1982					
Unorganized	3,850,823,000	77,016,460	-0-	77,016,460	100		
North Slope	7,722,388,820	154,447,776	126,781,997	27,665,779	17.9		
North Star	618,606,800	12,372,136	4,013,657	8,358,479	67.5		
Anchorage	60,531,510	1,210,630	436,089	774,541	64.0		
Kenai	578,465,660	11,569,313	2,027,740	9,541,573	82.4		
Valdez	1,575,389,000	31,507,780	10,871,602	20,636,178	65.5		
Mat-Su	2,184,110	43,682	12,240	31,442	72.0		
Yakutat	2,059,780	41,196	28,219	12,977	31.5		
Total	14,410,448,680	288,208,973	144,171,544	144,037,429			50
		1983					
Unorganized	3,743,264,300	74,865,286	-0-	74,865,286	100		
North Slope	9,450,158,880	189,003,178	144,625,348	44,377,830	23.5		
North Star	640,786,260	12,815,725	4,351,448	8,464,277	66.0		
Anchorage	96,986,770	1,939,735	843,675	1,096,060	56.5		
Kenai	605,404,110	12,108,082	3,040,101	9,067,981	74.9		
Valdez	1,519,474,000	30,389,480	17,918,701	12,470,779	41.0		
Mat-Su	1,626,460	32,529	12,849	19,680	60.5		
Yakutat	1,997,400	39,948	24,568	15,380	38.5		
Unalaska	137,940	2,759	1,734	1,025	37.1		
Total	16,059,836,120	321,196,722	170,818,424	150,378,298			46.8

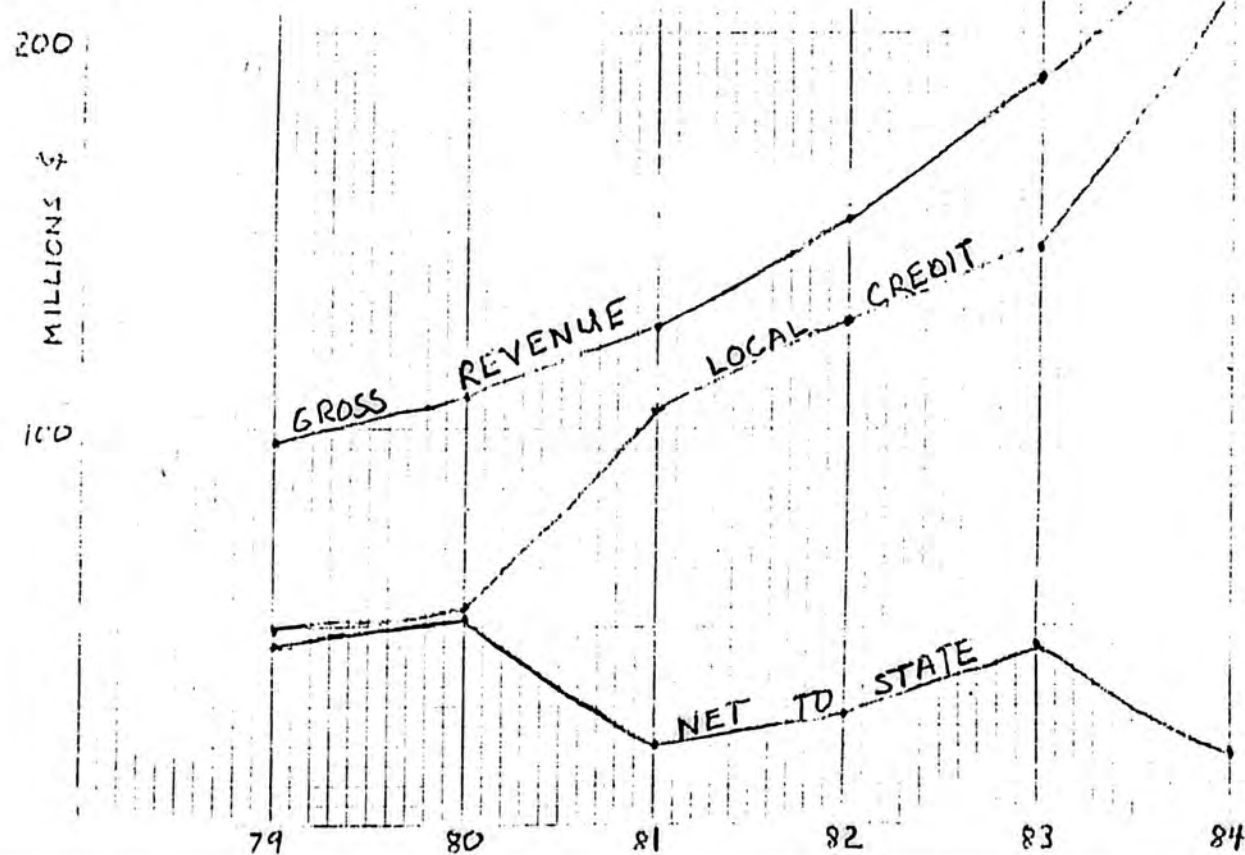
The assessed values for 1981, 82 and 83 do not include audit adjustments or supplemental rolls.

1984

34.9

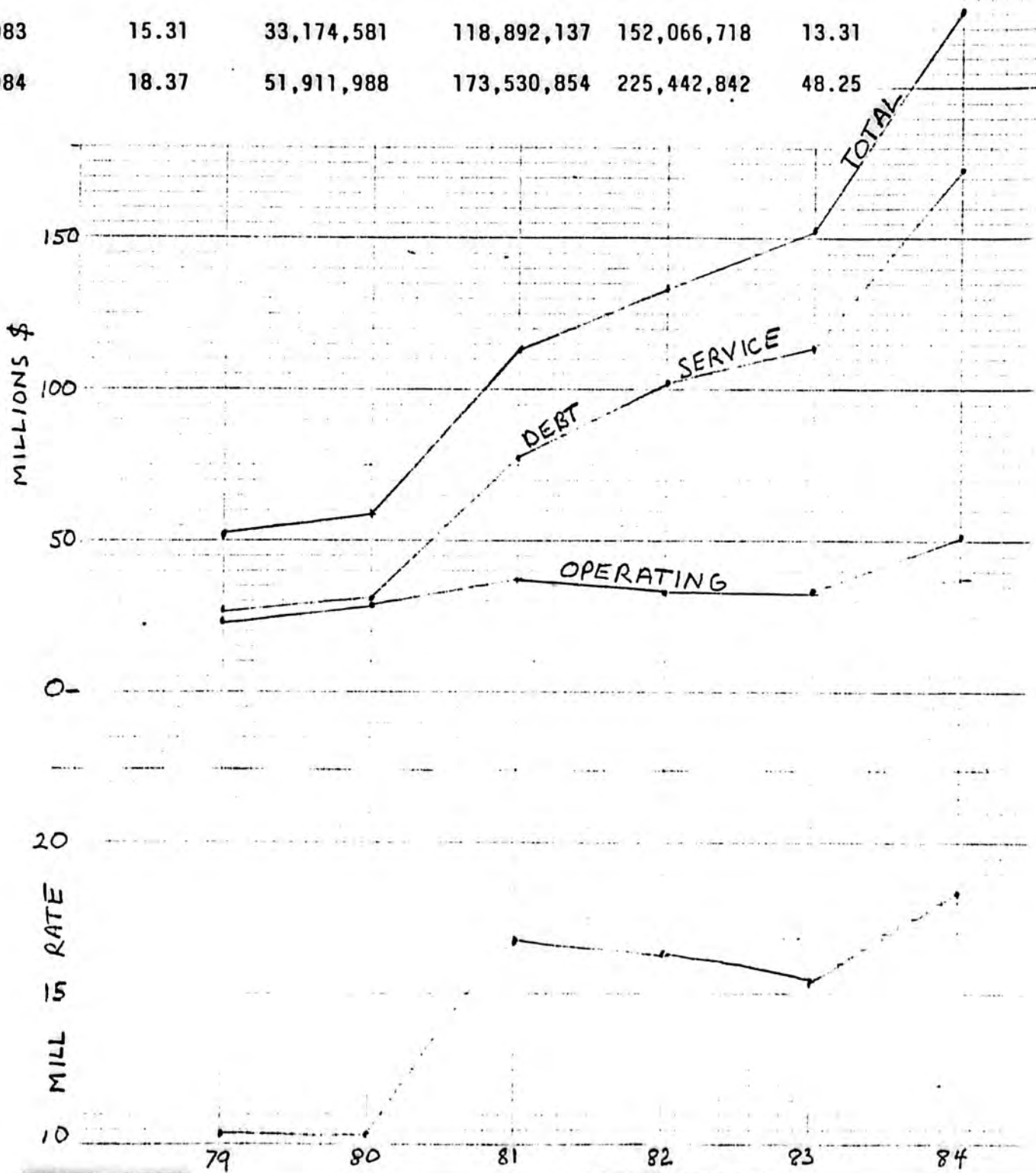
Distribution of State Property Tax For the North Slope Borough

<u>Year</u>	<u>State Assessed Value</u>	<u>Gross Revenue</u>	<u>Local Credit</u>	<u>Net to State</u>	<u>Percent Increase</u>	<u>Percent of Gross to State</u>
1979	4,810,887,800	96,217,756	49,800,530	46,417,226		48.24
1980	5,450,597,290	109,011,946	55,974,326	53,037,620	14.26	48.65
1981	6,297,616,550	125,952,331	105,150,647	20,801,684	(60.78)	16.52
1982	7,722,388,820	154,447,776	126,781,999	27,665,777	33.00	17.91
1983	9,450,158,880	189,003,178	144,625,348	44,377,830	60.41	23.48
1984	11,725,560,030	234,511,201	215,398,538	19,112,663	(56.93)	8.15



North Slope Borough Budget From All Property Taxes

<u>Year</u>	<u>Mill Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>% Increase</u>
1979	10.35	24,360,827	26,625,145	50,985,972	
1980	10.33	28,997,204	30,154,114	59,151,318	16.01
1981	16.70	36,142,391	77,846,541	113,988,932	92.71
1982	16.42	33,833,656	100,370,000	134,203,656	17.73
1983	15.31	33,174,581	118,892,137	152,066,718	13.31
1984	18.37	51,911,988	173,530,854	225,442,842	48.25



Representative Andre Marrou
April 8, 1985

The following chart describes the current 1984 municipal oil and gas property tax mill rates in Alaska * :

<u>Municipality</u>	<u>Mill Rate</u>	<u>Oil & Gas State Property Assessed Value</u>	<u>Municipal Credit</u>
Unorganized	0	4,030,427,300	0
North Slope	18.4	11,728,126,470	215,800,000
North Star	7.0	627,613,530	4,393,295
Anchorage	9.0	82,976,730	746,791
Kenai	5.0	577,777,800	2,888,889
Valdez	11.745	1,545,541,000	18,152,379
Mat-Su	8.0	1,626,460	13,012
Yakutat	13.0	1,900,360	24,705

*Jerry Heir (HIRE)
State Petroleum Property Assessor
Dept. of Revenue, May 2, 1984.

0**

RJM:ojb
J13/069

276-1363

215800000.0+

4393295.0+

746791.0+

2888889.0+

18152379.0+

13012.0+

+ 24705.0=

TOTAL 242019071.0*

TABLE I

Borough	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Anchorage						
City	\$4,982,502,900					
Other (includes State assessed)	\$8,216,852,900					
TOTAL	\$13,199,355,800	244030	\$355,008,897	\$1,455	\$54,089	2.69% —
Bristol Bay — TOTAL	\$112,215,200	1271	\$3,665,000	\$2,884	\$88,289	3.27% —
Fairbanks						
City	\$1,385,588,700	27103	\$10,590,000	\$391	\$51,123	0.76%
North Pole	\$119,049,000	1005	\$1,237,000	\$1,231	\$118,457	1.04% —
Other (includes State assessed)	\$2,123,270,930		\$85,300,000			4.02%
TOTAL	\$3,627,908,630	69633	\$97,127,000	\$1,395	\$52,100	2.68%
Haines						
City	\$29,627,633	1079	\$765,000	\$709	\$27,458	2.58% —
Other	\$59,255,267		\$555,000			0.94%
TOTAL	\$88,882,900	1847	\$1,320,000	\$715	\$48,123	1.49%
Juneau						
City	\$482,026,900					
Douglas	\$61,679,900					
Other	\$950,212,400					
TOTAL	\$1,493,919,200	28941	\$51,761,000	\$1,789	\$51,619	3.46% —
Kenai Peninsula						
Homer	\$150,681,179	5432	\$2,677,000	\$493	\$27,740	1.78% —
Kenai	\$179,859,530	6176	\$3,230,000	\$523	\$29,122	1.80% —
Seldovia	\$20,224,597	678	\$397,000	\$586	\$29,830	1.96% —
Seward	\$85,492,086	2072	\$2,609,000	\$1,259	\$41,261	3.05% —
Soldotna	\$130,644,557	3597	\$2,326,653	\$647	\$36,320	1.78% —
Other (includes State assessed)	\$2,535,738,051					
TOTAL	\$3,102,640,000	38919	\$131,579,403	\$3,381	\$79,720	4.24%
Ketchikan Gateway						
City	\$360,146,300	8414	\$11,305,000	\$1,344	\$42,803	3.14% —
Other	\$351,195,300		\$22,490,000			6.40% —
TOTAL	\$711,341,600	14314	\$33,795,000	\$2,361	\$49,696	4.75%
Kodiak						
City	\$459,473,500	6469	\$2,375,000	\$367	\$71,027	0.52%
Other	\$191,971,200		\$30,025,000			15.64%
TOTAL	\$651,444,700	13479	\$32,400,000	\$2,403	\$48,330	4.97%
Mat-Su						
Palmer	\$149,565,900	2792	\$2,048,000	\$734	\$53,569	1.37% —
Houston	\$46,743,400	739		\$0	\$63,252	0.00%
Wasilla	\$219,402,800	3548		\$0	\$61,838	0.00%
Other (includes State assessed)	\$1,357,672,860		\$78,855,718			5.81%
TOTAL	\$1,773,384,960	34030	\$80,903,718	\$2,377	\$52,112	4.56%
North Slope (includes State assessed)						
TOTAL	\$12,354,883,600	12359	\$1,203,440,000	\$97,373	\$999,667	9.74%
Sitka — TOTAL	\$756,351,400	8221	\$13,220,000	\$1,608	\$92,002	1.75% —
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%

CITIES	Full Value	Population	General Obligation Debt	PER Capita Debt	PER Capita Value	DEBT % TO VALUATION
Bethel	\$170,370,900	3681	\$1,155,856	\$314	\$46,284	0.68%
Cordova	\$121,884,950	2520	\$1,434,800	\$569	\$48,367	1.18%
Craig	\$28,381,400	907	\$89,000	\$98	\$31,292	0.31%
Dillingham	\$112,645,500	2026	\$68,000	\$34	\$55,600	0.06%
Galena	\$17,097,800	902	\$0	\$0	\$18,955	0.00%
Hoonah	\$26,023,600	865	\$0	\$0	\$30,085	0.00%
Hydaburg	\$11,858,800	429	\$0	\$0	\$27,643	0.00%
Kake	\$10,848,600	631	\$90,000	\$143	\$17,193	0.83%
King Cove	\$21,711,000	521	\$0	\$0	\$41,672	0.00%
Klawock	\$5,199,100	542	\$0	\$0	\$9,592	0.00%
Kotzebue	\$85,041,480	2981	\$0	\$0	\$28,528	0.00%
Nenana	\$11,233,940	547	\$2,869,000	\$5,245	\$20,537	25.54%
Nome	\$207,050,000	3732	\$300,000	\$80	\$55,480	0.14%
Pelican	\$9,143,800	213	\$0	\$0	\$42,929	0.00%
Petersburg	\$161,668,700	3137	\$5,225,000	\$1,666	\$51,536	3.23%
St. Mary's	\$3,925,300	563	\$0	\$0	\$6,972	0.00%
Sand Point	\$66,436,300	870	\$0	\$0	\$76,364	0.00%
Skagway	\$63,333,600	790	\$836,000	\$1,058	\$80,169	1.32%
Tanana	\$6,617,500	417	\$0	\$0	\$15,869	0.00%
Unalaska	\$95,670,900	1922	\$5,392,375	\$2,806	\$49,777	5.64%
Valdez (includes State assessed)	\$1,720,125,130	3687	\$80,497,000	\$21,833	\$466,538	4.68%
Whittier	\$18,510,280	273	\$0	\$0	\$67,803	0.00%
Wrangell	\$106,435,200	2376	\$3,395,000	\$1,429	\$44,796	3.19%
Yakutat (includes State assessed)	\$17,949,840	462	\$238,800	\$517	\$38,852	1.33%
Eagle	\$7,848,700	161	\$0	\$0	\$48,750	0.00%
TOTAL CITIES	\$3,107,012,320	35155	\$101,590,831	\$2,890	\$88,380	3.27%
STATE	\$45,009,767,610	547475	\$924,008,000	\$1,688	\$82,213	2.05%
Total Boroughs	\$37,872,327,990	467044	\$2,004,220,018	\$4,291	\$81,089	5.29%
STATEWIDE TOTALS	\$45,009,767,610	547475	\$3,029,818,849	\$5,534	\$82,213	6.73%

John - Revised estimate of Debt Retirement
4/11/81

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY87 ESTIMATED STATE AID
ADJUSTED 1/29/86

SCHOOL DISTRICTS	100% BOND SALES PRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/82 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	80% BOND SALES 7/1/83 TO PRESENT CURRENT PAY	Oct. 1985 PASSED BOND PROPOSITIONS FY87 STATE AID EST.	LESS CIG. TAX PAID IN FY85	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY-87
ANCHORAGE	\$9,040,760	\$1,425,357	\$5,663,383	\$9,262,828	\$0	\$5,400,000	(\$1,079,068)	\$29,713,260
BRISTOL BAY	\$0	\$380,880	\$64,979	\$0	\$0	\$0	(\$11,389)	\$434,470
CORDOVA	\$119,695	\$0	\$16,866	\$0	\$0	\$0	(\$17,524)	\$119,037
DILLINGHAM	\$0	\$0	\$228,818	\$0	\$0	\$0	(\$20,132)	\$208,686
FAIRBANKS	\$3,808,542	\$0	\$236,527	\$9,750,173	\$0	\$2,965,130	(\$307,232)	\$16,453,140
GALENA	\$0	\$0	\$200,146	\$0	\$0	\$0	(\$10,101)	\$190,045
HAINES	\$91,973	\$0	\$91,350	\$0	\$0	\$0	(\$17,287)	\$166,036
JUNEAU	\$690,130	\$327,408	\$122,794	\$5,744,185	\$0	\$99,152	(\$130,529)	\$6,853,140
KENAI	\$2,552,847	\$0	\$2,741,892	\$11,753,022	\$589,948	\$10,697,600	(\$224,383)	\$28,110,926
KETCHIKAN	\$402,940	\$0	\$1,449,226	\$2,391,228	\$0	\$0	(\$77,678)	\$4,165,716
KING COVE	\$0	\$0	\$26,314	\$0	\$0	\$0	(\$8,587)	\$17,727
KODIAK	\$441,203	\$1,128,062	\$94,615	\$2,966,765	\$0	\$0	(\$72,057)	\$4,558,588
MAT-SU	\$2,116,025	\$2,695,586	\$48,134	\$7,446,346	\$2,112,056	\$7,347,746	(\$202,659)	\$21,563,234
NENANA	\$22,000	\$0	\$0	\$0	\$0	\$0	(\$9,404)	\$12,596
NORTH SLOPE	\$784,500	\$15,984,698	\$0	\$9,515,250	\$0	\$0	(\$52,718)	\$26,231,730
PETERSBURG	\$389,720	\$0	\$0	\$365,801	\$0	\$0	(\$21,977)	\$733,544
SITKA	\$356,015	\$0	\$501,704	\$0	\$0	\$0	(\$52,770)	\$804,949
UNALASKA	\$0	\$94,896	\$0	\$0	\$0	\$0	(\$9,749)	\$85,147
VALDEZ	\$1,275,514	\$1,643,321	\$268,126	\$0	\$0	\$0	(\$31,198)	\$3,155,763
WRANGELL	\$0	\$126,266	\$0	\$104,888	\$695,976	\$0	(\$18,966)	\$908,164
TOTALS	\$22,091,864	\$23,806,474	\$11,754,874	\$59,300,486	\$3,397,980	\$26,509,628	(\$2,375,408)	\$144,485,898
 TOTAL BOND OUTLAYS	 \$108,596,804							
PLUS: CASH PAYMENTS	\$11,754,874							
SUB TOTAL	\$120,351,678							
NEW 85: FY87 EST.	\$26,509,628							
SUB TOTAL	\$146,861,306							
LESS: CIG. TAX	(\$2,375,408)							
EST. STATE AID-FY87	\$144,485,898							

FY 1987 ESTIMATE	\$144,485,898
FY 1986 APPROPRIATION	\$105,345,000
ESTIMATED INCREASE	\$39,140,898

NOTE: NUMBERS PRESENTED ABOVE ARE ROUNDED TO THE NEAREST DOLLAR.
SEE SCHOOL DISTRICT SUMMARIES FOR EXACT AMOUNTS.

Introduced: 1/27/86
Referred: House Special Committee on
State Loans, Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 519

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 public finance; and providing for
an effective date."

7

8

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

9

* Section 1. AS 14.40.040 is amended to read:

10

Sec. 14.40.040. GENERAL POWERS OF THE UNIVERSITY. There is

11

created and established a corporation to be called the University of

12

Alaska. It may in that name

13

(1) sue and be sued;

14

(2) receive and hold real and personal property;

15

(3) contract and be contracted with;

16

(4) adopt, use and alter a corporate seal;

17

(5) borrow money, issue debt, or enter into long-term obli-

18

gations for the purchase of facilities, goods, or services, which

19

obligations secure, in whole or in part, debt issued by another party,

20

as approved by the state bond committee under AS 37.15.770;

21

(6) do and have done all matters necessary for the purpose

22

of any functions set forth in this chapter.

23

* Sec. 2. AS 14.40 is amended by adding a new section to read:

24

Sec. 14.40.255. LEASE-FINANCING. The Board of Regents may enter

25

into lease-financing agreements only with the Alaska State Housing

26

Authority acting as the Alaska State Building Authority. A lease-

27

financing agreement must provide that lease payments are subject to

28

annual appropriation. If the board intends to enter into an agreement

29

under this subsection, the board shall provide notice to the

1 legislature and to the state bond committee. The notice must include
2 the anticipated annual lease payment and the anticipated principal
3 amount of the debt to be issued by the Alaska State Housing Authority
4 acting as the Alaska State Building Authority. The board may not
5 enter into an agreement under this section until the state bond com-
6 mittee has approved the proposal for the issuance of debt under
7 AS 37.15.770.

8 * Sec. 3. AS 18.55.100(a)(15) is amended to read:

9 (15) acting as the Alaska State Building Authority arrange
10 or contract for the financing or [, DESIGN, CONSTRUCTION AND] acquisi-
11 tion of public buildings designed by, constructed by, or whose acqui-
12 sition has been approved by [the Department of Transportation and
13 Public Facilities] for lease to the state in accordance with AS 18.55.-
14 010 -- 18.55.290 and AS 37.15.770.

15 * Sec. 4. AS 18.55.140 is amended to read:

16 Sec. 18.55.140. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS.

17 (a) The authority may issue bonds and notes from time to time in its
18 discretion for any of its corporate purposes and may issue refunding
19 bonds for the purpose of paying or retiring bonds previously issued by
20 it. The authority may not issue bonds for public buildings until the
21 state bond committee has approved the proposal for the issuance of
22 debt under AS 37.15.770.

23 (b) Bonds issued by the authority for public buildings must be
24 issued in the name of the Alaska State Building Authority and are
25 subject to AS 18.55.010 -- 18.55.290.

26 * Sec. 5. AS 18.55.288 is amended to read:

27 Sec. 18.55.288. DEFINITIONS. In AS 18.55.010 -- 18.55.290[:]

28 (1) "authority" means the Alaska State Housing Authority;

29 (2) "bond" means any bond, note, interim certificate,

public buildings through state

1 debenture, or other obligation issued by the authority or the author-
2 ity acting as the Alaska State Building Authority under AS 18.55.-
3 010 -- 18.55.290 ["PUBLIC BUILDINGS" MEANS A PUBLICLY OWNED STRUCTURE
4 LEASED TO THE STATE FOR GOVERNMENTAL, PUBLIC OR EDUCATIONAL USE];

5 (3) "project site" means area devoted for a public housing
6 project;

7 (4) "public buildings" means a publicly owned structure
8 leased to the state for governmental, public, or educational use.

9 * Sec. 6. AS 22.05.025 is amended to read:

10 Sec. 22.05.025. COURT FACILITIES. (a) The supreme court has
11 authority over all matters relating to the planning, design, construc-
12 tion, maintenance, occupancy, leasing, and operation of all court
13 facilities and shall cooperate and coordinate with the Department of
14 Transportation and Public Facilities so that court facility construc-
15 tion projects are carried out in accordance with the statutes and
16 regulations applicable to state public works projects.

17 (b) The supreme court may enter into lease-financing agreements
18 only with the Alaska State Housing Authority acting as the Alaska
19 State Building Authority. A lease-financing agreement must provide
20 that lease payments are subject to annual appropriation. If the
21 supreme court intends to enter into an agreement under this subsec-
22 tion, the supreme court shall provide notice to the legislature and to
23 the state bond committee. The notice must include the anticipated
24 annual lease payment and the anticipated principal amount of the debt
25 to be issued by the Alaska State Housing Authority acting as the
26 Alaska State Building Authority. [The supreme court may not enter into
27 an agreement under this subsection until the state bond committee has
28 approved the proposal for the issuance of debt under AS 37.15.770.]

29 (c) In this section, "court facility" means a state facility in

1 which 75 percent or more of the net usable space is occupied by the
2 court system and other justice-related agencies.

3 * Sec. 7. AS 24.23 is amended by adding a new article to read:

4 ARTICLE 2. LEASE AGREEMENTS.

5 Sec. 24.23.100. LEASE OF SPACE. The Legislative Affairs Agency
6 may lease necessary office space, and contract for the lease of space,
7 for the use of the Alaska legislature and its employees. The Legisla-
8 tive Affairs Agency shall adopt regulations that establish procedures
9 for the lease of space which are substantially comparable to the pro-
10 cedures under AS 37.05.280 governing the lease of space for state
11 agencies.

12 Sec. 24.23.110. The Legislative Affairs Agency may enter into
13 lease-financing agreements only with the Alaska State Housing Author-
14 ity acting as the Alaska State Building Authority. A lease-financing
15 agreement must provide that lease payments are subject to annual
16 appropriation. If the agency intends to enter into an agreement under
17 this subsection, the agency must provide notice to the legislature and
18 to the state bond committee. The notice must include the anticipated
19 annual lease payment and the anticipated principal amount of the debt
20 to be issued by the Alaska State Housing Authority acting as the
21 Alaska State Building Authority. [The agency may not enter into an
22 agreement under this section until the state bond committee has ap-
23 proved the proposal for the issuance of debt under AS 37.15.770.]

24 * Sec. 8. AS 37.05.280 is amended to read:

25 Sec. 37.05.280. LEASES. (a) The department shall lease neces-
26 sary space, and contract for the lease of space, for the use of the
27 state or an agency of the state, wherever it is necessary and feasi-
28 ble, subject to compliance with the requirements of AS 37.05.220 --
29 37.05.280. No lease or contract for a lease may provide for a period

1 of occupancy greater than 40 years. An agency of the state requiring
2 office, warehouse, or other space shall lease the space through the
3 department. [NO CONTRACT OR LEASE EXECUTED AFTER JANUARY 1, 1966,
4 WHICH PROVIDES FOR A PAYMENT OR PAYMENTS BY THE STATE IN EXCESS OF
5 \$12,000 ANNUALLY IS VALID UNLESS THE USE OF THE SPACE TO BE PROVIDED
6 FOR BY SUCH CONTRACT OR LEASE HAS BEEN EXPRESSLY APPROVED BY THE
7 LEGISLATURE BY CONCURRENT RESOLUTION.]

8 (b) The department may enter into lease-financing agreements
9 only with the Alaska State Housing Authority acting as the Alaska
10 State Building Authority. A lease-financing agreement must provide
11 that lease payments are subject to annual appropriation. If the de-
12 partment intends to enter into an agreement under this subsection, the
13 department shall provide notice to the legislature and to the state
14 bond committee. The notice must include the anticipated annual lease
15 payment and the anticipated principal amount of the debt to be issued
16 by the Alaska State Housing Authority acting as the Alaska State
17 Building Authority. The department may not enter into an agreement
18 under this subsection until the state bond committee has approved the
19 proposal for the issuance of debt under AS 37.15.770.

20 * Sec. 9. AS 37.15.040 is amended to read:

21 Sec. 37.15.040. SALE OF BONDS. Before selling an issue or
22 series of bonds, the state bond committee shall give notice inviting
23 sealed bids in such manner as it may prescribe. If satisfactory bids
24 are received, the bonds offered for sale shall be awarded to the
25 highest responsible bidder or bidders. If the state bond committee
26 determines that the bids received are not satisfactory as to price or
27 responsibility of the bidders, it may reject all bids received.

28 * Sec. 10. AS 37.15.110 is amended to read:

29 Sec. 37.15.110. CREATION AND MEMBERSHIP OF STATE BOND COMMITTEE.

was this
in 1934

1 There is created within the Department of Revenue a committee known as
2 the "state bond committee," the members of which are the commissioner
3 of commerce and economic development, the commissioner of administra-
4 tion, and the commissioner of revenue. [If a member of the committee
5 is absent or otherwise unable to act, the member's designee [IN THE
6 DEPARTMENT] shall act as a member of the committee in the member's
7 place.]

8 * Sec. 11. AS 37.15.130 is amended to read:

9 Sec. 37.15.130. OFFICERS, RECORDS AND PROCEEDINGS. The commis-
10 sioner of commerce and economic development is the chairman of the
11 state bond committee and the commissioner of revenue is the secretary.
12 A majority of the members of the committee constitute a quorum. The
13 committee shall keep a full, complete, and permanent record of its
14 proceedings. All records and correspondence of the committee must
15 [SHALL] be kept in the office of the commissioner of revenue. For the
16 purpose of this chapter and AS 44.62.310, public notice of 24 hours or
17 more is adequate notice of a meeting of the committee at which the
18 issuance of bonds is authorized. SAME LANGUAGE AS AHEC.

19 * Sec. 12. AS 37.15.140 is amended to read:

20 Sec. 37.15.140. DUTIES OF STATE BOND COMMITTEE. (a) The state
21 bond committee shall adopt the resolution and prepare the documents
22 ~~necessary for the~~ issuance, sale, and delivery of state general obli-
23 gation bonds.

24 (b) The state bond committee shall prepare an annual report to
25 be submitted to the governor and legislature before March 31 of each
26 year. The report must show (1) all outstanding debt of debt-issuing
27 entities of the state; (2) the anticipated effect on the finances and
28 credit of the state, including the effect on long-term debt capacity
29 and creditworthiness, resulting from that debt; (3) which long-term

ADD
DEBT
CMT
Comments

1 debt is state supported and which is supported only by revenue attri-
2 butable to the project being financed by the debt; (4) all long-term
3 capital lease obligations of the state; (5) the volume of short-term
4 debt issued and retired during the year by debt-issuing entities of
5 the state; (6) specific identification of each issue for which the
6 state has pledged some form of indirect support for the debt, includ-
7 ing any moral obligation of the state to support the debt; (7) future
8 bonding and debt capacity implications of legislation enacted in the
9 previous legislative session; and (8) the recommended debt issuance
10 capacity of the state for the next two years following the year of the
11 report.

12 (c) The state bond committee may develop written policies con-
13 cerning debt of the state.

14 * Sec. 13. AS 37.15.150 is amended to read:

15 Sec. 37.15.150. STAFF AND [COMMITTEE MAY EMPLOY] SPECIAL SER-
16 VICES. The state bond committee may appoint an executive director who
17 may, with approval of the committee, select and employ additional
18 staff as necessary. Employees of the committee are in the partially
19 exempt service under AS 39.25.120. If the [STATE BOND] committee
20 considers it necessary and advisable, it may procure architectural or
21 engineering, fiscal agent or municipal investment, legal, and other
22 expert or specialized services at reasonable and customary fees to
23 assist it in accomplishing the most advantageous sale of the bonds.
24 The fees may be paid from the proceeds of the sale or advanced from
25 the contingency fund in the Office [OFFICE] of the Governor [GOVERNOR]
26 or otherwise.

27 * Sec. 14. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in such amounts or series and at
29 such time or times as determined by the committee. Before selling a

1 series of bonds, the committee shall give notice inviting sealed bids
2 in such manner as it may prescribe. If satisfactory bids are re-
3 ceived, the bonds offered for sale must [SHALL] be awarded to the
4 highest responsible bidder or bidders. If the committee determines
5 that the bids received are not satisfactory as to price or respon-
6 sibility of the bidders, it may reject all bids received. The bonds,
7 or each series of them, must [SHALL] be sold at such a price so that
8 the effective interest rate over the life of the bonds does not exceed
9 11 percent per year or that rate of interest which is 125 percent of
10 the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields
11 for the week previous to the date of sale of the bonds, whichever is
12 higher. Interest must [SHALL] be payable annually or semiannually.

13 * Sec. 15. AS 37.15 is amended by adding a new article to read:

14 ARTICLE 5. STATE-SUPPORTED DEBT.

15 Sec. 37.15.770. STATE AGENCY DEBT. (a) The state bond commit-
16 tee shall review proposals for the issuance of debt by or on behalf of

17 (1) the Alaska State Housing Authority acting as the Alaska
18 State Building Authority for the purpose of providing public build-
19 ings; and

20 (2) the University of Alaska.

21 (b) The committee may review the general programs and financing
22 plans of the agency that proposes to issue the debt as well as the
23 specific aspects of the proposed debt issue, including

24 (1) amounts;

25 (2) times;

26 (3) maturities;

27 (4) debt structure and security features;

28 (5) credit enhancements;

29 (6) use of proceeds;

*That's not
what it says*

- 1 (7) official documents;
- 2 (8) planned rating agency presentations; and
- 3 (9) selection, retention, or compensation of financial
- 4 advisors, bond counsel, trustees, underwriters, and other profession-
- 5 als.

6 (c) The state bond committee shall consider approval of the
7 amount and time of sale of the debt. (The committee shall approve the
8 issuance of the debt if, in its judgment, issuance of the debt is in
9 the best interests of the state) The committee may limit approval of
10 the issuance of debt upon compliance with terms established by the
11 committee.

12 (d) At the time of sale of the debt, the state bond committee
13 shall review the bids or pricing of the debt, including discounts,
14 underwriting spreads, and interest rates. If the committee determines
15 that the bids or prices are not satisfactory or that the bidders are
16 not responsible, the agency may not sell the debt.

17 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
18 state bond committee, in its judgment, determines that the amount or
19 retirement of debt issued by municipalities and subject to reimburse-
20 ment by the state under AS 14.11.100 is not in the best interests of
21 the state, the committee may

22 (1) establish an amount or amounts, for any or all years
23 before the maturity of all of that municipal debt, which may not be
24 exceeded by the Department of Education in approving requests under
25 AS 14.11.103; or

26 (2) establish, under AS 14.11.100(j)(3), a term required
27 for the maturities of municipal debt authorized by local voters after
28 March 31, 1986.

29 * Sec. 16. AS 39.25.120(c) is amended by adding a new paragraph to

*What does this
mean?*

1 read:

2 (19) employees of the state bond committee.

3 * Sec. 17. This Act takes effect immediately in accordance with AS 01.-

4 10.070(c).

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 20, 1986

The Honorable John Sund
Chairman
House Loans Committee
P.O. Box V
Juneau, AK 99811

Dear Chairman Sund:

Lease purchase financing was contemplated by the delegates to the constitutional convention when they incorporated Section 11 in Article IX. Statutory authority to do this type of financing was given to the Alaska State Housing Authority in 1966 where Chapter 60, SLA 1966, was enacted. A copy of that Act is enclosed for your ready reference.

Also enclosed are memoranda of the Attorney General, dated October 14, 1983, Wohlforth & Flint, dated January 17, 1984, and Birch, Horton, Bittner, Pestinger and Anderson, dated April 4, 1984. These memoranda deal with different questions arising out of lease purchase or, as it is frequently termed, lease revenue financing. As is pointed out in footnote 3 of the Birch, Horton et al., memorandum, between 1966 and 1974 ASHA financed 11 projects under the grant of authority contained in Chapter 60, SLA 1966.

In the context of this substantial history of activity in the area of lease revenue financing, I should like to reiterate that the purpose of HB 519 is 1) to establish a single landlord agency for the leasing by the state of buildings financed by lease revenue bonds and, 2) to provide the authority in the State Bond Committee to manage debt so acquired in a logical manner.

The bill merely seeks to order a potentially chaotic situation with regard to this type of financing. It does not mandate lease revenue financing any more than Section 11, Article IX, mandates such financing. Indeed, nothing in either the constitution or in statute compels the usage of such financing or, for that matter, compels the usage of any type of term financing. All public works projects could be financed through construction appropriations. All could be financed through general obligation bonds. Many, but not all, could be financed through revenue bonds. The method of financing should be chosen to accord with the best interests of the State after careful analysis of the short- and long-term implications of the financing.

As pointed out by Governor Sheffield in his transmittal letter, rating agencies have begun to take into account all state supported debt

The Honorable John Sund
February 20, 1986
Page 2

when measuring the creditworthiness of a state or a particular financing. It is the informed belief of the members of the State Bond Committee that to fail to enact HB 519 as applicable to all branches of government is to fail to bring order and control to the management of the state's debt.

Some concern has been expressed that the State Bond Committee would, under the terms of HB 519, be vested with the ability to thwart the will of the Legislature by refusing to issue debt or allow the issuance of debt on a whim. The State Bond Committee has been in existence since 1960 and has managed the issuance of general obligation and revenue debt sold since that time. This debt has financed a substantial number of public works for the judicial branch and the executive branch. The management of that debt in a sound manner has resulted in the state's present rating of AA by Standard & Poors and a comparable rating from Moody's, the foremost rating agencies in the United States. I know of no instance when the State Bond Committee has made a judgment as to the value of the project itself. The judgments made by the Committee have been those solely relating to the debt, and the project itself has only been of interest for the role it plays in structuring the debt.

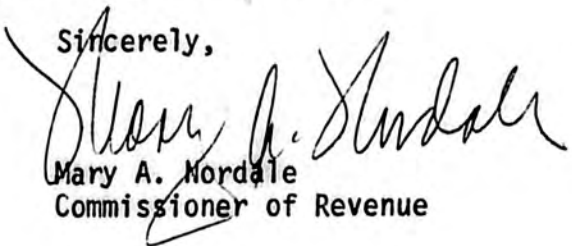
One difficulty could be presented and that would be when the dollar value of several projects, all ready for financing, exceeded the calculated capacity for new debt. Obviously, if all projects arose within one branch of government, that branch would have to establish financing priorities. If the projects arose in more than one branch, negotiations or consultations between or among those branches, conducted by the heads of those branches, would be required to establish financing priorities. The State Bond Committee would render to the negotiators what assistance it could, but since it has no authority to make selections of projects, it could not establish the priorities.

I call your attention to Section 12 of HB 519 which would require the State Bond Committee to report to the Legislature before March 31 of each year, not only as to existing debt, but also future debt and debt capacity. This is a new requirement and is sought as an additional element in the ordering and management of state debt. Such a report would enable the Legislature to make the discrete judgments it must make in authorizing or approving the projects presented during the budget process by each agency of government requiring the construction of public works projects.

The Honorable John Sund
February 20, 1986
Page 3

Such centralization of management and reporting will greatly assist the state in maintaining creditworthiness in the nation's financial markets and, more importantly, fulfill on an orderly basis the needs of the public for sound and balanced development of public facilities.

Sincerely,



Mary A. Nordale
Commissioner of Revenue

MAN:m11
86-49

Enclosures

cc: Members of House Loans Committee



LAWS OF ALASKA

1966

Source:

Chapter No:

SB 198 am by Conference Committee

60

AN ACT

To provide public buildings for the use of the state and its political subdivisions.

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

* Section 1. AS 18.55.010 is amended to read:

Sec. 18.55.010. PURPOSE OF SECS. 10 - 290 OF THIS CHAPTER. The purpose of secs. 10 - 290 of this chapter is to remedy the acute housing shortage that exists in certain localities of the state by undertaking slum clearance, low-cost housing projects, housing for persons and their families engaged in national defense activities in the state, and housing projects and housing for veterans of World War II and other citizens of the state and to remedy the short supply of necessary public buildings by providing for the financing, construction and acquisition of public buildings for lease to the state and its political subdivisions.

* Sec. 2. AS 18.55.100(a)(15) is amended to read:

(15) arrange or contract for the financing, design, construction and acquisition of public buildings

for lease to the state or a political subdivision of the state in accordance with secs. 10 - 290 of this chapter.

* Sec. 3. AS 18.55 is amended by adding a new section to read:

Sec. 18.55.105. LEASE OF AUTHORITY'S PUBLIC BUILDINGS TO POLITICAL SUBDIVISIONS. (a) A public building owned by the authority may not be leased to a political subdivision of the state except upon execution of a prior agreement of lease of the premises between the state and the authority. An agreement of lease shall grant an option to the state to apply rental payments made under the lease towards purchase of the premises and receive conveyance of title upon satisfaction of the purchase price. The purchase price shall be a sum equal to all costs of the authority in financing, designing, constructing and acquiring the premises leased and shall include the cost of amortizing indebtedness incurred for those purposes. Total rental payments required under the lease shall equal the purchase price of the premises leased. Upon execution of an agreement of lease between the state and the authority, the state may sublease or assign its interest in the lease to a political subdivision which satisfies the requirements of (b) of this section. A sublease or lease assignment shall include the same option of purchase and right to conveyance of title upon satisfaction of the purchase price as is afforded the state in its agreement of lease with the authority. In case of a sublease to a political subdivision, the state shall covenant with the sublessee that it will not exercise its option to purchase the premises subleased during the term of the sublease.

05-23-62
laws of the
inadequate, un-
other calamity,
a local facility,
sublease or lease a
(1) the
authority as author-
or assignment of the
(b) a political s-

a political subdivision of the
Sec. 10 - 290 of this chapter.
ed by adding a new section to
OF AUTHORITY'S PUBLIC BUR-
a) A publi-

(b) A political subdivision may qualify for a sublease or assignment of the state's interest in a lease with the authority as authorized by (a) of this section only if

(1) the premises which are the subject of the sublease or lease assignment are sought as a replacement for a local facility which is condemned, destroyed by fire or other calamity, or is certified by a state official to be inadequate, unsafe, or otherwise unsatisfactory under the laws of the state for its intended use;

(2) the purchase price of the premises does not exceed \$2,500,000;

(3) the amount of total indebtedness outstanding on all premises subleased or assigned by the state under this section does not exceed \$7,500,000;

(4) the political subdivision agrees to assign to the state, as security for payments required under the proposed sublease or lease assignment, receipts of state taxes shared with the political subdivision, to the extent of the amount of any default in payments required under the proposed sublease or lease assignment;

(5) the Department of Commerce investigates and certifies to the governor the feasibility of a proposed sublease or lease assignment, including but not limited to certification of the fiscal capacity of the political subdivision to meet payments required under the proposed sublease or lease assignment;

(6) the proposed sublease or lease assignment is ratified by referendum vote of a majority of the qualified voters voting in a regular or special local election

provided that the voters are apprised specifically on the ballot of

(A) the term of years of the proposed sublease or lease assignment;

(B) the amount of required payments;

(C) the security required under (4) of this subsection;

(D) the option to purchase and right of conveyance; and

(E) other terms and conditions of the proposed sublease or lease assignment, as determined by the governing body of the political subdivision;

(7) the proposed sublease or lease assignment is ratified by the legislature by concurrent resolution.

(c) If a political subdivision party to a sublease or lease assignment authorized by this section fails to make timely payment of sums due to be paid under the sublease or lease assignment, the state, upon not less than 90 days' notice to the governing body of the political subdivision, may assess, levy and collect taxes within the political subdivision in an amount equal to the payments due and limited to those taxes which the political subdivision is authorized to assess, levy and collect under other provisions of law. Assessment, levy, collection and enforcement of collection shall be at the time and in the manner authorized the political subdivision under other provisions of law.

* Sec. 4. AS 18.55.238(2) is amended to read:

(2) "public buildings" means a publicly owned structure leased to the state or a political subdivision of

ers are apprised specifically on the

the term of years of the proposed

assignment;

the state for governmental, public or educational use;

-5-

Approved by Governor April 7, 1966
Actual effective date: July 6, 1966

MEMORANDUM

State of Alaska

TO: Hon. Daniel A. Casey, Commissioner
Department of Transportation &
Public Facilities
AND
Hon. Lisa Rudd, Commissioner
Department of Administration

DATE: October 14, 1983
FILE NO: 366-101-84
TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Construction financing of a public facility by lease agreement

By: William F. Cummings
Assistant Attorney General
Transportation Section-Juneau
James L. Baldwin
James L. Baldwin
Assistant Attorney General
Governmental Affairs-Juneau

The Department of Administration (DOA) and Department of Transportation and Public Facilities (DOT/PF) have requested our advice whether there is sufficient authority granted by law to permit a state agency to finance the construction of a public facility on state land under a lease agreement with a developer and owner of the facility other than the state. Briefly, the lease agreement consists of a conveyance of a leasehold interest in state land to a developer who constructs a facility on the land which is leased back to the state. Upon expiration of the lease agreement, the facility either reverts to the state or the state has an option to purchase it.

Using this financing technique, DOA proposes to centralize state offices in Anchorage and DOT/PF proposes to construct a legislative hall in Juneau. Under both proposals, facilities owned by others would be located on state land. 1/ The answers to your questions involve consideration of the issues set out below.

1. Does financing a public facility through a lease agreement violate provisions of the Alaska Constitution governing the creation of state debt?

We believe that the financing of construction by lease is valid only if terms and conditions are imposed which provide sufficient evidence that future legislatures are not bound to ap-

1/ We believe that other public facilities are being studied for financing by lease agreement including facilities for the Alaska Vocational Technical Training Center in Seward and a maximum security prison.

Hon. Daniel A. Casey,
Commissioner of Transportation
Hon. Lisa S. Rudd,
Commissioner of Administration

October 14, 1983
Page #2
366-101-84

appropriate money for the rental. 2/ Article IX, section 8 of the Alaska Constitution prohibits the creation of public debt except for capital improvements and then only after authorization by the legislature and a vote of the people. The lease transactions proposed are a means to finance the construction of public facilities without directly appropriating from the general fund for the cost of construction or authorizing the creation of debt by selling general obligation bonds. This makes it imperative that the state's right to possess and use the facility is contingent on annual appropriations from revenue anticipated for the fiscal year in which the lease obligation is incurred. Traditionally, appropriations for lease payments are considered operating appropriations which lapse on June 30 of the fiscal year. A lease agreement which provides for termination of the leasehold if sufficient appropriations to pay rent are not enacted will negate the conclusion that a debt is created. A one-year lease with automatic annual renewal for a maximum number of years upon enactment of an appropriation to finance the annual rent has been approved as a term which negates any possibility that a debt is created. Gude v. City of Lakewood, 636 P.2d 691 (Colo. 1981). See also Glennon Heights, Inc. v. Central Bank and Trust, 658 P.2d 872 (Colo. 1983).

2. Does existing law prevent a state agency from entering into a lease agreement for the construction of a public facility?

The lease of state office space is governed by AS 37.05.220 -- 37.05.280. These statutes require a competitive bidding process with award of the contract by DOA to the lowest responsible bidder for the lease. However, the statutes provide one further requirement for office space leases which is lacking in other state contracts for the purchase of goods or services. AS 37.05.280 provides in relevant part that "no contract or lease executed after January 1, 1966, which provides for a payment or payments by the state in excess of \$12,000 annually is valid unless the use of the space to be provided for by such contract or lease has been expressly approved by the legislature by concurrent resolution." This provision requires legislative approval of virtually all leases which the state executes to procure office and other space. However, we believe that this part of the

2/ The advice given in this memorandum is consistent with the majority of state courts which have considered the question. E.g., Bulman v. McCrane, 312 A.2d 857 (N.J. 1973); State ex rel. Thomson v. Gisel, 72 N.W.2d 577 (Wisc. 1958); but see Opinion of the Justices, 79 A.2d 753 (Me. 1951).

Hon. Daniel A. Casey,
Commissioner of Transportation
Hon. Lisa S. Rudd,
Commissioner of Administration

October 14, 1983
Page #3
366-101-84

statute is invalid for two reasons.

Article II of the Alaska Constitution requires that the legislature exercise the law-making power by the passage of a bill not by the adoption of a concurrent resolution. State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980). Furthermore, the requirement for legislative approval of a lease is a violation of the doctrine of the separation of powers. Governmental power is allocated among the three branches of government by the Alaska Constitution. Some powers are logically allocated to the executive and others to the legislature. The power to execute the law on behalf of the state is one which falls to the executive. Alaska Const. art. III, § 16. It is the role of the legislature to enact laws which establish the conditions under which the executive may enter into leases. Alaska Const. art. II, § 1. However, it is not appropriate for the legislature to reserve a veto power over the enforcement decisions made by the executive. The legislature may amend or repeal the leasing authority for DOA. However, the legislature may not usurp the executive function to lease facilities without destroying the system of checks and balances inherent in our tripartite system of government. 3/ Bradner v. Hammond, 553 P.2d 1 (Alaska 1976).

DOT/PF has limited authority to dispose of land acquired for public works other than highways. 4/ DOT/PF may "vacate land or part of it, or rights in land acquired for public work purposes" by executing and filing a deed in the appropriate recording district upon vacating. AS 35.20.070. "Title reverts to the persons, heirs, successors, or assigns in whom it was vested at the time of the taking." Id. All other disposals of land acquired for public works are conducted by the Department of Natural Resources (DNR).

Before DNR may lease state land, the public must be informed of the nature and terms of the conveyance. Alaska Const. art. VIII, § 10; AS 38.05.035(a)(14), 38.05.345. DNR, acting in

3/ The cited portion of AS 37.05.280 was held invalid on the basis of separation of powers and improper exercise of the law making power by the superior court in Marine View Tenants' Association v. ASHA, No. 1JU-80-1037 CIV (Nov. 1, 1981). That case was not appealed. However, this decision has limited precedential value until a final decision is rendered by the Alaska Supreme Court.

4/ AS 19.05.070 grants broader discretion to dispose of land acquired for highway purposes.

Hon. Daniel A. Casey,
Commissioner of Transportation
Hon. Lisa S. Rudd,
Commissioner of Administration

October 14, 1983
Page #4
366-101-84

concert with DOA, must prescribe a disposal procedure for state land which provides the safeguards required by law and permits the construction of a facility which the state will lease from the developer. That procedure may include the grant of a lease under AS 38.05.315 to the state agency responsible for the facility. The lease granted by DNR will allow the lessee agency to sublease the land for development of a leased public facility under specified terms which will include prior DNR review and selection of the sublessee according to AS 37.05.230. The sublease of the land will continue in effect long enough to secure financing for the facility. The payment of rent under the lease to the state agency for the facility would be contingent on the enactment of annual appropriations. If the lease is terminated by the failure to appropriate, the lessor would be the successor to the state agency's right to possess the building until reversion or exercise of the option to purchase.

3. Does existing law prevent a state agency from obtaining financing from a municipality to design and construct a state-occupied facility on state-owned property and then enter into an agreement with the municipality for pay-back without competitive bidding?

DOT/PF is proposing to finance the construction of the legislative hall by lease agreement. The City and Borough of Juneau (city) would sell tax exempt municipal revenue bonds, secured by the lease payments to be paid by the state. The state would then supervise the design and construction of the facilities and be the contracting authority.

As a general proposition, DOT/PF has the authority to make contracts with municipalities for public works. AS 35.05.-040(7). The purpose of this form of contract is further defined by AS 35.15.080(c), which provides in relevant part, "[a] municipality may request joint assumption of responsibilities with the department relating to the planning, design, and construction of a public works project." The term "public works" is very broad and includes public buildings. A public building is one which is "owned or controlled and held by the state for government or public use." AS 35.25.020(5) and (6).

We believe that DOT/PF may contract with the city for the planning, design and construction of the legislative hall. We reach this conclusion because under the provisions of the lease agreement, the state will have control over the building which it will hold for government or public use. Additionally, the state will have significant ownership interests in the facility because it holds fee title to the land upon which the build-

Hon. Daniel A. Casey,
Commissioner of Transportation
Hon. Lisa S. Rudd,
Commissioner of Administration

October 14, 1983
Page #5
366-101-84

ing will be constructed and at the expiration of the lease agreement, will own the building free of the interest of the city. However, a contract may not alter the city's responsibility for repaying the long term debt established to finance the cost of construction of the facility.

Our memorandum of May 9, 1983 indicated that AS 37.05.-230 generally required competitive bidding to award a lease agreement which provides for the construction of a public facility. However, competitive bidding is not required in all instances of public contracting. McKinnon v. Alpetco, 633 P.2d 281 (Alaska 1981). The lease transaction under consideration may present an instance where it is in the best interests of the state to negotiate directly with a municipality rather than offer the contract to the lowest bidder. See AS 37.05.230(2). A decision to negotiate directly requires a detailed finding of fact in writing by DOA. In the finding of fact, the commissioner must justify the conclusion that negotiation is in the best interests of the state. A municipality enjoys a preferred status when dealing with the state. Intergovernmental contracts are not governed by the same considerations applicable to the state when it is participating in the open market place. It is probable that a facility can be financed cheaper with municipal revenue bonds than by private means. It may be futile to obtain any advantage from the competitive bid process. If DOA sets out ultimate facts in the finding which supports the conclusion that negotiation furthers the public's interest, then competitive bidding is not required. Libby v. City of Dillingham, 612 P.2d 33, 45 (Alaska 1980) (Rabinowitz, J. concurring). However, the award without competitive bidding would be subject to judicial review to determine whether the decision was arbitrary, capricious or an abuse of discretion. McKinnon, 633 P.2d at 287; Hertz Drive-Ur-Self Systems, Inc. v. Tucson Airport Authority, 299 P.2d 1071 (Ariz. 1956); Volume Services Division of Interstate United Corp. v. Canteen Corp., 369 So. 2d 391 (Fla. App. 1979).

4. Does the appropriation to finance the site acquisition and planning for a legislative hall contain defects which prevent DOT/PF from proceeding with the project?

Section 95, ch. 106, SLA 1983 appropriates \$4,500,000 to DOT/PF plus other money received for land acquisition and facilities planning in Juneau. The land acquisition, planning, and preliminary design efforts for the legislative hall will be paid from this appropriation.

This section makes an appropriation from two sources: \$4,500,000 from the general fund and an unspecified amount from

Hon. Daniel A. Casey,
Commissioner of Transportation
Hon. Lisa S. Rudd,
Commissioner of Administration

October 14, 1983
Page #6
366-101-84

an unspecified source. 5/ This appropriation is for land acquisition and facility planning in Juneau.

The appropriation contains a unambiguous statement of purpose that DOT/PF is appropriated at least \$4,500,000 for land acquisition and facilities planning in Juneau. There is no specification of the public facility upon which the appropriation may be expended. The use of the \$4,500,000 appropriated for site acquisition, planning, and preliminary design for the legislative hall is within the purpose set out in the appropriation. However, the appropriation of money which may be received from other sources presents a serious legal issue. Because no amount is stated for the appropriation, sufficient authorization may not exist to expend the money beyond the \$4,500,000. 6/ Nonetheless, the unspecified source of the appropriation is presumably severable from the general fund part of the appropriation which is stated with specificity in the amount of \$4,500,000. AS 01.10.-030. Consequently, until you begin receiving amounts from "other sources," whatever they may be, the expenditure of general fund money authorized by the appropriation is not a problem.

CONCLUSION

We believe there is sufficient authority under existing law to finance the construction of a public facility by lease. However, because this financing technique is not specifically authorized by law, we cannot with absolute certainty advise you that a court would agree with our opinion. You should make allowance for this risk when you plan further development of each project to be financed by the lease purchase method.

WFC:ebc:prm/JLB:pjg

cc: Hon. Harold J. Raynolds, Jr.
Commissioner
Department of Education

5/ We presume "the other money received" was intended to include money to be provided under a lease agreement with the city as discussed in section 3, supra.

6/ Each appropriation must state an amount. AS 24.30.030. It is not necessary for the appropriation Act to set out the amount in dollars and cents if the appropriation contains provisions which make the amount capable of mathematical calculation. *Orbison v. Welsh*, 179 N.E.2d 727 (Ind. 1962).