

ALASKA LEGISLATURE COMMITTEE FILES DO. 1902

1799 SLC SB 590 - SB 630

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(10) procure insurance against any loss in connection with its operation;

(11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

(12) borrow money as provided in AS 18.56.010 — 18.56.210 to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;

(13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and such other expenses as are necessary or incident to this borrowing;

(14) under AS 18.56.088, adopt and publish regulations respecting its lending programs and such other regulations as are necessary to effectuate its purposes;

(15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;

(16) promote research and development in scientific methods of constructing low-cost and energy-efficient residential housing of high durability;

(17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under AS 18.56.010 — 18.56.210, including contracts with any person, firm, corporation, governmental agency or other entity;

(18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;

(19) sue and be sued in its own name;

(20) adopt an official seal;

(21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;

(23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this AS 18.56.010 — 18.56.210;

(24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obli-

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gations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America;

(25) Repealed by § 21, ch 106 SLA 1981;

(26) Repealed by § 21, ch 106 SLA 1981;

(27) (deleted). (§ 1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972; am §§ 6, 7 ch 167 SLA 1978; am § 14 ch 72 SLA 1979; am § 21 ch 106 SLA 1980; am § 51 ch 115 SLA 1981)

Effect of amendments. — The 1978 amendment substituted "under AS 18.56.088, adopt" for "make" at the beginning of paragraph (14), deleted "rules and" preceding "regulations" in two places in paragraph (14), and added former paragraph (25).

The 1979 amendment added former paragraphs (26) and (27).

The 1980 amendment added "and for its other corporate purposes" at the end of the introductory paragraph, inserted "mortgages" preceding "loans, notes" near the middle of paragraph (6), inserted "certificates" preceding "commitments and other evidences" near the end of paragraph (6),

substituted "as provided in AS 18.56.010 -- 18.56.210" for "as herein provided" following "borrow money" near the beginning of paragraph (12), inserted "and energy-efficient" preceding "residential housing" near the middle of paragraph (16), and repealed paragraphs (25) through (27) which concerned the establishment of a rural housing insurance account, a rural housing hazard insurance fund and a rural housing title insurance fund.

The 1981 amendment, effective July 28, 1981, repealed paragraph (1) which concerned the power to make or participate in the making of construction loans.

Sec. 18.56.091. Home ownership fund. There is established in the corporation the home ownership fund, consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage loan purchase program by providing a subsidy to the persons in an amount not greater than the difference between

(1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and

(2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

Sec. 18.56.092. Veterans' loans for residential housing.

Repealed by § 77 ch 106 SLA 1980.

Editor's notes. — The repealed section derived from § 7 ch. 151 SLA 1975.

Legislative history reports. — For

report on ch. 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

Sec. 18.56.093. Insurance. (a) There is established in the corporation the housing insurance fund, the rural housing hazard insurance

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Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SB 595 Summary:

Establishes in AHFC the Veterans Housing General Obligation Bond Loan Fund consisting of proceeds from G.O. bonds issued for the purpose and appropriated to it by the legislature. Provides that money in the fund may only be used to assist financing of housing for vets through AHFC loan program AS 18.56.010-210. Effective date will be the effective date on an amendment to the constitution which would allow a state debt for the financing of housing.

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HEALTH AND SAFETY

§ 18.56.010

(c) A housing authority created by this section may not transact business or exercise powers granted to it until the governing body of the named association has, by proper resolution, declared that there is a need for the authority to function, gives it the authority to function and has named its commissioners as provided under (d) of this section.

(d) The governing body of the association in question shall, after determining that it wishes to have a regional native housing authority, appoint five persons to serve as the board of commissioners of the authority. The term of office of each member is for three years except that, of the commissioners first appointed, one shall serve for a term of one year and two shall serve for a term of two years. Vacancies shall be filled by the governing body of the association in question.

(e) Questions arising as to jurisdiction and boundary disputes as a result of the jurisdictional lines set out by (a) of this section shall be resolved by the governing board of the Alaska Federation of Natives. (§ 1 ch 123 SLA 1971)

Chapter 56. Alaska Housing Finance Corporation.

Section		Section
10. Findings and purpose		110. Bonds and notes
20. Alaska Housing Finance Corporation	Corpo-	115. Prohibited bidding on bonds and notes
30. Corporation governing body		120. Validity of any pledge
40. Meetings of board		130. Remedies
45. Minutes of meetings		140. Negotiable instruments
50. Administration of affairs		150. Obligations eligible for investment
55. Legal advisor		160. Refunding obligations
60. Board may employ personnel		170. Credit of state not pledged
70. Personnel exempt from State Personnel Act	State	180. Officers not liable
80. Interdepartmental cooperation		190. Tax exemption
85. Investment of state surplus		200. Annual report
90. General powers		210. Definitions
100. Housing development fund		

Sec. 18.56.010. Findings and purpose. (a) There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exist within the state remote, underdeveloped or blighted areas where the development of decent, safe and sanitary housing is necessary to economic growth. These conditions are inimical to the safety, health, welfare and prosperity of the residents of the state and to the sound growth of urban and rural communities.

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of safe and sanitary homes at prices or rents which persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the

economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas. It is imperative that the supply of housing for persons of lower and moderate income and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares further that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public. (§ 1 ch 107 SLA 1971; am § 1 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment, in subsection (a), inserted "or moderate" in the first sentence, inserted "and moderate" in that sentence, added the second sentence, and substituted "These conditions are" for "This shortage is" at the beginning of the third sentence. In the first sentence of subsection (b), the amendment inserted "and moderate" in three places, inserted "or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas," inserted "state and," and inserted "or of,

remote, underdeveloped or blighted areas." In the second sentence of subsection (b), the amendment inserted "and moderate" and inserted "and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas." In the first sentence of subsection (c), the amendment inserted "and moderate" and "or persons in remote, underdeveloped or blighted areas."

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Commerce, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state. (§ 1 ch 107 SLA 1971)

Sec. 18.56.030. Corporation governing body. The corporation shall be governed by a board of directors, consisting of the commissioner of commerce and four members appointed by the governor. Members serve without compensation except that each member may be reimbursed by the corporation for actual and necessary expenses at the same rate as set out in AS 39.20.180. (§ 1 ch 107 SLA 1971)

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Sec. 18.56.040. Meetings of board. The board shall elect a chairman from among its membership at its first meeting in each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months. (§ 1 ch 107 SLA 1971)

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor. (§ 1 ch 107 SLA 1971)

Sec. 18.56.050. Administration of affairs. The board may manage the assets and business of the corporation and prescribe, amend and repeal bylaws, rules and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board may delegate to one or more of its directors, officers, agents or employees those powers and duties it considers proper. The board may delegate supervision of the administration of the corporation to an executive officer. (§ 1 ch 107 SLA 1971)

Sec. 18.56.055. Legal advisor. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

Sec. 18.56.060. Board may employ personnel. The board may appoint other officers, hire employees and agents, and engage professional and technical advisors as employees or as independent contractors. The board shall prescribe the duties and compensation of corporation personnel. (§ 1 ch 107 SLA 1971)

Sec. 18.56.070. Personnel exempt from State Personnel Act. The personnel of the corporation are exempt from AS 39.25 to the same extent as the personnel of the Alaska State Housing Authority. (§ 1 ch 107 SLA 1971)

Sec. 18.56.080. Interdepartmental cooperation. All departments, agencies and public corporations of the state may provide information, services, facilities and loans to the corporation upon its request. The corporation may reimburse departments, agencies and public corporations of the state for loans advanced or for expenses incurred on the corporation's behalf. (§ 1 ch 107 SLA 1971)

Sec. 18.56.085. Investment of state surplus. Notwithstanding other provisions of law, when the commissioner of revenue determines that there is in the state treasury a surplus above an amount sufficient to meet current cash expenditure needs, the surplus may be invested, in addition to the investments permitted by AS 37.10.070(a), in residential mortgages owned by the corporation and secured by real estate within the state, which investments shall be subject to the terms

and conditions that the corporation and the commissioner of revenue may provide in any contract of sale. Investments allowed by this section shall be made as provided for other investments of the state money under AS 37.10.070(a), (f), (g) and (i). The terms and conditions of any contract of sale authorized to be made under this section may include but are not limited to:

- (1) the investment by the state in a specified or determinable amount of mortgages;
- (2) the existence of a prior lien on and pledge of the mortgages invested in by the state;
- (3) provisions relating to the subordination of the state's interest in and application of annual payments of principal and interest or the proceeds of a permitted sale of, or insurance or prepayments on, the mortgages; and
- (4) the right of the corporation to repurchase the mortgages at a predetermined price. (§ 2 ch 81 SLA 1972)

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.090. General powers. In addition to other powers granted in this chapter, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state

(1) make or participate in the making of construction loans to sponsors, developers and builders of land development or residential housing, if the corporation determines that construction loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(2) make or participate in the making of mortgage loans to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation

(A) has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or

(B) has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or

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such other factors as will tend to increase or improve the supply of residential housing within the state;

(4) make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;

(5) make loans from the housing development fund;

(6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its loans, notes, bonds, commitments and other evidences of indebtedness;

(7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

(8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other instrument or document securing a construction, land development, mortgage or temporary loan of any type permitted by this chapter;

(9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;

(10) procure insurance against any loss in connection with its operation;

(11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

(12) borrow money as herein provided to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;

(13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and such other expenses as are necessary or incident to this borrowing;

(14) make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effectuate its purposes;

(15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it,

(16) promote research and development in scientific methods of constructing low-cost residential housing of high durability;

(17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;

(18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;

(19) sue and be sued in its own name;

(20) adopt an official seal;

(21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;

(23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America. (§ 1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "and moderate" and "or persons located in remote, underdeveloped or blighted areas of the state" in the introductory language, rewrote paragraph (3), inserted "and moderate" and "or owners or purchasers of

residential housing in remote, underdeveloped or blighted areas of the state" in paragraph (4) and added paragraph (24).

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.100. Housing development fund. (a) There is created a special revolving loan fund to be known as the "housing development fund" to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation.

(b) Consistent with § 90 of this chapter, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

(1) defray development costs of sponsors, builders, and developers of residential housing;

(2) provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments

and pay of partial redemption of this chapter

(3) purchase and construct residential housing for sponsors, not other than reasonable

(c) To the extent of

(1) grant of fund notes

(2) all other debt or other debt section.

(d) The corporation shall pay whatever amount is due on the fund.

(e) The corporation shall, from time to time, provide for the authorized use of the treasury. The corporation shall, at the request of the governor, purchase of funds for making housing revenue securities contained in the fund and submit to the governor for his approval. The corporation shall forward to the governor a copy of the housing development fund redemption conditions, any interest accrued in place of payment of trust coupons. The fund notes as to the coupon fund interest, and the corporation shall mutilate,

(f) The corporation shall, from time to time, provide for the authorized use of the treasury. The corporation shall, at the request of the governor, purchase of funds for making housing revenue securities contained in the fund and submit to the governor for his approval. The corporation shall forward to the governor a copy of the housing development fund redemption conditions, any interest accrued in place of payment of trust coupons. The fund notes as to the coupon fund interest, and the corporation shall mutilate,

and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments under § 90(4) of this chapter; or

(3) purchase, make, or participate in the making of mortgage and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or residential housing, if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund and the proceeds of sale of fund notes; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purpose of providing funds for the fund. The commissioner of revenue is authorized to purchase fund notes with surplus funds in the state treasury. Before submission of the executive budget to the legislature, the commissioner of revenue shall annually recommend to the governor the anticipated amounts of surplus funds available for purchase of fund notes in the fiscal year encompassed by the budget. In making his recommendation to the governor, the commissioner of revenue shall consider the expenditure and revenue projections contained in the most recent revenue source document prepared for and submitted to the legislature by the administration. If the governor agrees with the recommendation of the commissioner of revenue he shall forward the recommendation to the corporation.

(f) The principal and interest on fund notes is payable solely from the housing development fund. The corporation shall determine the date of the fund notes of each issue, the maturity of the notes, the redemption provisions, if any, including redemption terms and conditions, the form and manner of execution of the notes, including any interest coupons to be attached to them, the denomination and the place of payment of principal and interest, which may be a bank, trust company, or agent, including the purchaser of any fund notes. The fund notes may be issued in coupon or in registered form, or both. The corporation may provide for the registration of any coupon fund notes as to principal or interest, or both, and for the reconversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the exchange of registered and coupon fund notes. The corporation may provide for the replacement of fund notes which are mutilated, destroyed, lost or stolen.

(g) Fund notes shall bear interest at the rate, and shall be sold in the manner and for the price the corporation determines.

(h) If an officer whose signature or a facsimile of whose signature appears on any fund notes or coupons attached to them ceases to be an officer before the delivery of the fund notes or coupons, his signature or facsimile is valid for all purposes as if he had remained in office until delivery.

(i) The proceeds of sale of fund notes shall be used solely for the purposes for which issued and shall be disbursed in the manner and under the restrictions the corporation provides in the resolution authorizing the issuance of the fund notes.

(j) Fund notes may be issued without the consent of any government agency and without any other proceedings or conditions other than those which are specifically required by this chapter and the provisions of the resolution authorizing the issuance of the fund notes.

(k) No loan may be made by the corporation from the housing development fund except in accordance with a written agreement which shall include, but need not be limited to, the following terms and conditions:

(1) the proceeds of loans shall be used only for the purposes for which the loan is made, as provided in the agreement;

(2) the loan shall be repaid in full as provided in the agreement;

(3) all repayments in connection with a loan to defray development costs shall be made concurrent with receipt by the borrower of the proceeds of a construction loan or mortgage loan, or at such other times as the corporation considers reasonably necessary or practicable; and

(4) security for repayment shall be specified and shall be upon terms and conditions as the corporation considers necessary or practicable to insure all repayments. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "and moderate" in subsection (b)(2). Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.110. Bonds and notes. (a) The corporation, by resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes is payable from corporation funds, excluding funds in the housing development fund. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or

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(d) Bonds or bond anticipation notes may be sold in the manner, on the terms and at the price the corporation determines.

(e) If an officer whose signature or a facsimile of whose signature appears on any bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In any resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has power by provisions in the resolution which will constitute covenants of the corporation and contracts with the holders of the bonds or bond anticipation notes

(1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of any bonds or notes;

(2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;

(3) to covenant as to the use and disposition of any and all payments of principal or interest received by the corporation on mortgage loans, construction loans or other investments held by the corporation;

(4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;

(5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

(6) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;

(7) to covenant as to the issuance of additional bonds or notes, or as to

limitations on the issuance of additional bonds or notes and the incurring of other debts;

(8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

(9) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;

(10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;

(11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;

(12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;

(13) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;

(14) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of any principal or interest of any mortgage loans or construction loans;

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or

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outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section. (§ 1 ch 107 SLA 1971)

Sec. 18.56.115. Prohibited bidding on bonds and notes. (a) No person who provides fiscal programming or marketing assistance to the corporation in connection with the issuance or sale of the corporation's bonds or bond anticipation notes may bid or negotiate on the bonds or notes.

(b) The sale of bonds or notes of the corporation to a person who is prohibited from bidding on the bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section, "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 4 ch 102 SLA 1974)

Sec. 18.56.120. Validity of any pledge. The pledge of assets or revenues of the corporation to the payment of the principal or interest on any obligations of the agency is valid and binding from the time the pledge is made and any such assets or revenues are immediately subject to the lien of the pledge without physical delivery or further act. The lien of any pledge is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether those parties have notice of the lien of the pledge. Nothing herein prohibits the corporation from selling assets subject to any pledge, except that any sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations. (§ 1 ch 107 SLA 1971)

Sec. 18.56.130. Remedies. A holder of obligations or coupons attached to them issued under the provisions of this chapter, and a

trustee under any trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity, may enforce all rights granted hereunder or under the trust agreement or resolution, or under any other contract executed by the corporation under this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the corporation or by any officer of it. (§ 1 ch 107 SLA 1971)

Sec. 18.56.140. Negotiable instruments. All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to any applicable provisions for registration. (§ 1 ch 107 SLA 1971)

Sec. 18.56.150. Obligations eligible for investment. Obligations issued under the provisions of this chapter are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. These obligations may be deposited with any state or municipal officer of any agency or political subdivision of the state for any purpose for which the deposit of bonds, notes or obligations of the state is authorized by law. (§ 1 ch 107 SLA 1971)

Sec. 18.56.160. Refunding obligations. (a) The corporation may provide for the issuance of refunding obligations for the purpose of refunding any obligations then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the obligations. The issuance of the obligations, the maturities and other details of them, the rights of the holders of them, and the rights, duties and obligations of the corporation in respect of them are governed by the provisions of this chapter which relate to the issuance of obligations, insofar as those provisions may be appropriate therefor.

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding obligations. Pending the application of the proceeds of any such refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them, to the payment of any interest on the refunding obligations and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the

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interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

Sec. 18.56.170. Credit of state not pledged. (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Sec. 18.56.180. Officers not liable. No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

Sec. 18.56.190. Tax exemption. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

Sec. 18.56.200. Annual report. The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation. (§ 1 ch 107 SLA 1971)

Sec. 18.56.210. Definitions. In this chapter, unless the context clearly indicates a different meaning

(1) "corporation" means the Alaska Housing Finance Corporation created by this chapter;

(2) "board" means the board of directors of the corporation;

(3) "development costs" means the costs approved by the corporation as appropriate expenditures which may be incurred by sponsors, builders and developers of residential housing, before commitment and initial advance of the proceeds of a construction loan or of a mortgage loan, including but not limited to

(A) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the corporation, payments for the purchase of the properties;

(B) legal and organizational expenses, including payments of attorney fees, project manager, clerical and other staff salaries, office rent and other incidental expenses;

(C) payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work;

(D) expenses for tenant surveys and market analyses; and

(E) necessary application and other fees;

(4) "governmental agency" means any department, division, public agency, political subdivision or other public instrumentality of the state or the federal government;

(5) "housing development fund" means the housing development fund created by § 100 of this chapter;

(6) "construction loan" means a construction loan for land development or residential housing which is secured by a federally insured or guaranteed mortgage or which is insured or guaranteed by the United States or an instrumentality thereof, or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a loan, or a construction loan for land development or residential housing which land development or residential housing will be secured by a mortgage loan;

(7) "mortgage" or "mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such commitment, which the corporation determines meets the conditions described in § 100(k) of this chapter or which shall be secured upon such terms and conditions as the corporation considers necessary or practicable to insure all repayments;

(8) "land development" means the process of acquiring land primarily for residential housing construction for persons of lower and moderate income and making, installing or constructing nonresidential housing improvements, including water, sewer and other utilities,

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roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the corporation considers necessary or desirable to prepare the land primarily for residential housing construction;

(9) "obligations" means any bonds, bond anticipation notes or fund notes authorized to be issued by the agency under the provisions of this chapter;

(10) "persons of lower and moderate income" means a person or persons considered by the corporation to require assistance available under this chapter on account of insufficient or inadequate personal or family income or otherwise limited personal financial resources, taking into consideration, without limitation, such factors as

(A) the amount of the total income of the persons available for housing needs;

(B) the size of the family;

(C) the cost and condition of housing facilities available;

(D) standards established for various federal programs determining eligibility based on income of the persons; and

(E) the ability of the persons to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing;

(11) "residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations without limitation as to form of lawful occupancy, whether rental, under contract, fee ownership, cooperative housing, condominium or other lawful forms of ownership, for persons of lower and moderate income, or in remote, underdeveloped or blighted areas, including the acquisition, construction or rehabilitation of land, buildings and improvements thereto, and such other nonhousing facilities as may be incidental or appurtenant thereto;

(12) "remote, underdeveloped or blighted areas" means areas considered by the corporation to require assistance available under this chapter on account of insufficient availability of the residential housing necessary to promote, develop or maintain the economic growth or potential of the area, taking into consideration, without limitation, the following:

(A) the population, resources and environment of the area;

(B) the present availability and condition of residential housing in and near the area;

(C) the cost of construction and rehabilitation of residential housing in the area;

(D) the availability of other federal or state sponsored programs to facilitate the development of residential housing in the area; and

(E) the ability of residents of the area to finance the purchase of residential housing or to rent or lease such housing at rates comparable

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Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

Summary SB 596:

Provides for the issuance of \$115,000,000 in G.O. Bonds for the purpose of housing loans for vets, through AHFC. Requires that the question of whether the bonds should be issued be submitted to the voters at the next general election. Effective immediately.

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

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

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

Chapter 15. State Bonding Act.

Article

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

Article 1. General Obligation Bonds.

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

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

Revisor's note. — The following laws relate to issuance of general obligation bonds under the provisions of this chapter.
Ch. 170, SLA 1960, and ch. 50, SLA 1961, provide for the issuance of bonds in the amount of \$23,000,000 for ferries and ferry facilities and roads and highways.
Ch. 171, SLA 1960, and ch. 54, SLA 1961, provide for the issuance of bonds in the

amount of \$1,500,000 for vocational education schools.
Ch. 172, SLA 1960, and ch. 64, SLA 1961, provide for the issuance of bonds in the amount of \$2,000,000 for gymnasium and general utility facilities for the University of Alaska.
Ch. 173, SLA 1960, ch. 66, SLA 1961, and ch. 100, SLA 1962, provide for the issuance

of bonds in the amount of \$2,600,000 for hospital construction and equipment matching funds.

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

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

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

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

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

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

Ch. 48, SLA 1964, as amended by ch. 68, SLA 1966, and ch. 28, SLA 1967, provide for the issuance of bonds in the amount of \$8,185,000 to meet the effects of the March 27, 1964, earthquake.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ch. 118, SLA 1974, provides for the issuance of bonds in the amount of \$7,900,000 to pay the cost of library resource centers and community libraries.

Ch. 118, SLA 1974, provides for the issuance of bonds in the amount of \$10,400,000 to pay the cost of trunk and secondary airport construction.

Ch. 122, SLA 1974, provides for the issuance of bonds in the amount of \$37,900,000 to pay for highway, ferry and local service road and trail construction.

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

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

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

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

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

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

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

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

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

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

Ch. 243, SLA 1976, provided for the issuance of bonds in the amount of \$26,980,000 for paying the cost of capital improvements for the University of Alaska. This bond issue was rejected at the general election held November 2, 1976.

Ch. 247, SLA 1976, provides for the issuance of bonds in the amount of \$58,860,000 for paying the cost of highway, ferry and local service road and trails construction.

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

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

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

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

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

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

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

For legislative committee reports on (1) ch. 50, SLA 1961, relating to ferry bonds, see 1961 House Journal, pp. 223-224; (2) ch. 66, SLA 1961, relating to hospital bond standards, see 1961 House Journal, pp. 268-264; (3) ch. 65, SLA 1961, relating to bush airfield bonds, see 1961 House Journal, pp. 280-281; (4) ch. 183, SLA 1970 (SB 442 am FCC), relating to capital improvements to state correctional buildings, see 1970 Senate Journal, p. 574; (5) ch. 222, SLA 1970 (FCCS SB 431), relating to capital improvements to certain airports in the state, see 1970 House Journal, p. 1529; 1970 Senate Journal, p. 1276. For legislative committee report on capital improvement program, see 1960 House Journal, pp. 231-234, 258.

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

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

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

81 C.J.S. States §§ 179 to 190.

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

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

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

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

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

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

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

Sec. 37.15.030. Interest rate and maturity. Each issue or series of bonds shall bear interest at an effective rate over the life of the bonds not to exceed eight per cent a year. The bonds shall mature in not more than 30 years from date of issue, unless a longer period is specifically authorized by statute. (§ 1 ch 175 SLA 1960; am § 2 ch 104 SLA 1967; am § 1 ch 92 SLA 1970; am § 1 ch 29 SLA 1976)

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

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

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

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

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

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

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

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

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

81 C.I.S. States § 189.

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

Am. Jur. reference. — 43 Am. Jur., Public Securities and Obligations, §§ 108 to 116.

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

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

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

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

"lieutenant governor" in conformity with the 1970 Alaska constitutional amendment

(SJR 2) changing the designation of that office.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Legislative committee report. — For report on ch. 127, SLA 1974 (SCSHB 817 am S), see 1974 House Journal, p. 657.

Article 2. Bond Anticipation Notes.

Section	Section
300. Borrowing in anticipation of sale of bonds permitted	350. Security for repayment of revenue bonds
310. Issuance of notes	360. Limitation on issuance of notes
320. [Repealed]	370. Use of proceeds from sale of notes
330. Repayment of notes	380. Sale of notes
340. Security for repayment of general obligation bonds	390. Execution of notes

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

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

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

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

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

Sec. 37.15.310. Issuance of notes. The state bond committee shall issue notes for the amounts borrowed with a maturity date not to exceed

one year from the date of issue. All the notes are payable at a fixed place, on or before a fixed time, or at a fixed time, from the proceeds of the sale of bonds, in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes. Interest on the notes is payable at a fixed place, on or before a fixed time, out of appropriations made for the payment of interest on general obligation notes or bonds of the state. (§ 1 ch 42 SLA 1964; am § 1 ch 127 SLA 1976)

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

Sec. 37.15.320. Issuance of new notes.
Repealed by § 3 ch 41 SLA 1967.

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

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

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

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

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

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

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

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

Revisor's note (1971). — In this section "secretary of state" has been changed to "lieutenant governor" in conformity with the 1970 Alaska constitutional amendment (SJR 2) changing the designation of that office.

Article 3. International Airports Revenue Bonds.

Section	Section
410. Bond authorization	490. Bond negotiability
420. Construction fund	500. Airport charges
430. Revenue fund	510. State improvements to airports
440. Redemption fund	520. Refunding
450. Bond terms	530. Bonds as legal investments
460. Bond resolution	540. Statutory construction
470. Enforcement by holder	550. Definitions
480. Amounts required for payments	

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

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

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

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

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

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

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

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

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

ownership, lease, use and operation of the airports, and of all the facilities of them and out of any other revenues or money which the state legislature may provide exclusive of any state tax or license. (§ 1 ch 149 SLA 1972; am § 1 ch 66 SLA 1974)

Effect of amendment. — The 1974 amendment substituted "\$34,825,000" for "\$31,225,000" in the first sentence.

Sec. 37.15.420. Construction fund. (a) There is a special fund of the state known as the "International Airports Construction Fund," into which shall be paid the proceeds of the sale of the bonds (except any accrued interest paid on them, which shall be paid into the bond redemption fund) and any grant or other money which is legally provided for the same purposes for which the bonds are authorized. The money in the construction fund shall be used to pay the costs of acquiring, equipping, constructing and installing additions and improvements to and extensions of and facilities for the airports and costs incidental thereto, including costs of the authorization, issuance and sale of the bonds. To the extent provided in the bond resolution, money in the construction fund may also be used for the payment of interest on the bonds during the period of actual construction, and for such further period, not exceeding one year after the period of construction, as may be provided in the bond resolution. Money in the construction fund may also be transferred to the bond redemption fund, to the extent provided in the bond resolution, to establish a reserve for the payment of the principal of and interest on the bonds.

(b) The bond resolution may provide for the investment of money in the construction fund in such manner as the committee may determine. The interest earned upon or any profits derived from the sale of this investment shall be deposited in and become a part of the construction fund. (§ 1 ch 149 SLA 1972)

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

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

"(2) \$8,700,000 for the acquisition, construction and equipping of airport

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

"(3) \$2,000,000 for the acquisition, construction and equipping of airport facilities as authorized in AS 37.15.510 at Fairbanks International Airport (authorized by ch. 173, SLA 1970); and

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

Sec. 37.15.430. Revenue fund. (a) There is another special fund of the state, known as the "International Airports Revenue Fund," which shall be completely segregated and set apart from all other funds of the state, which is a trust fund for the uses and purposes provided in §§ 410 — 550 of this chapter, and into which shall be paid all revenues, fees, charges and rentals derived by the state from the ownership, lease, use and operation of the airports and all of the facilities and improvements of them and facilities and improvements used in connection with them. These revenues, charges, fees and rentals shall not include the proceeds of any state tax or license. The money in the revenue fund shall only be used for the purpose of paying or securing the payment of the principal of and interest on the bonds and of and on any other revenue bonds issued by authorization of the legislature to provide funds to acquire, equip, construct and install additions and improvements to, and extensions of and facilities for, the airports and to be payable out of the revenue fund, the purpose of paying the normal and necessary costs of maintaining and operating the airports and all of the improvements and facilities of them, the purpose of paying the costs of renewals, replacements and extraordinary repairs to the airports and all of the improvements and facilities of them, the purpose of redeeming before their fixed maturities any and all revenue bonds issued for the purposes of the airports, the purpose of providing funds to acquire, construct and install necessary additions and improvements to and extensions of and facilities for the airports and all of their facilities, and the purpose of providing funds to pay any and all other cost relating to the ownership, use and operation of the airports.

(b) The investment of money in the revenue fund may be made in such manner as the committee may determine. The interest earned upon or any profits derived from the sale of this investment shall be deposited in and become a part of the revenue fund. (§ 1 ch 149 SLA 1972)

Sec. 37.15.440. Redemption fund. There is another special fund of the state, known as the "International Airports Revenue Bond Redemption Fund," which is a trust fund for paying and securing the payment of the principal of and interest and redemption premium, if any, on the bonds and which shall be at all times completely segregated and set apart from all other funds of the state. The committee, on behalf of the state, shall obligate and bind the state to set aside and pay into the bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the money in the revenue fund sufficient to pay the principal of and interest and redemption premium, if any, on the bonds as the payments become due and, if it considers it necessary, to set aside and maintain reserves for this purpose. The bond redemption fund shall be drawn upon for the purpose of paying the principal of and interest and redemption premium, if any, on the bonds, and the bonds do not constitute a general obligation of the state. (§ 1 ch 149 SLA 1972)

Sec. 37.15.450. Bond terms. (a) The bonds shall be sold in such amounts or series and at such time or times as determined by the committee. Before selling a series of bonds, the committee shall give notice inviting sealed bids in such manner as it may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If the committee determines that the bids received are not satisfactory as to price or responsibility of the bidders, it may reject all bids received. The bonds, or each series of them, shall be sold at such a price so that the effective interest rate over the life of the bonds does not exceed eight per cent per year. Interest shall be payable annually or semiannually.

(b) The bonds shall mature at such time or times as fixed by the committee. The bonds may be subject to redemption before their fixed maturities as determined by the committee and with such premium or premiums as fixed by the committee, but no bond may be subject to redemption before its fixed maturity date unless the right so to redeem that bond is expressly mentioned on the face of the bond. The bonds may be in denominations determined by the committee; may be issued in coupon form or in fully registered form, and may be registrable as to principal or both principal and interest, all under such regulations and conditions as the committee shall provide; shall be payable as to principal and interest at such place or places as may be determined by the committee; shall be signed on behalf of the state by the governor and shall be attested by the lieutenant governor, both of which signatures may be facsimile signatures; shall have the seal of the state impressed, printed or lithographed on them, and each of the interest coupons attached to them shall be signed by the facsimile signatures of these officials; shall be issued under and subject to such terms, conditions and covenants providing for the payment of the principal of them and interest on them and such other terms, conditions, covenants and protective features safeguarding this payment and relating to the maintenance, operation and improvement of the airports as found necessary by the committee, which covenants may include a provision requiring the setting aside and maintenance of certain reserves to secure the payment of this principal and interest. The committee may provide that any additional bonds authorized after June 27, 1972 by the legislature to be payable out of the same source or sources as the bonds authorized as of that date may later be issued on a parity with the bonds authorized as of that date upon compliance with any conditions which the committee may prescribe.

(c) If found reasonably necessary, the committee may select a trustee or trustees for the holders of the bonds or any series of them, for the safeguarding and disbursement of any of the money in any of the funds created by §§ 420, 430 and 440 of this chapter, or for such duties with respect to the authentication, delivery and registration of the bonds as

the committee may determine, and shall fix the rights, duties, powers and obligations of the trustee or trustees.

(d) In its determination of all of the matters and questions relating to the issuance and sale of the bonds and the fixing of the maturities, terms, conditions and covenants of them as provided in (a), (b) and (c) of this section, the decisions of the committee shall be those found to be reasonably necessary for the best interests of the state and its inhabitants, and those which will accomplish the most advantageous sale of the bonds, with due regard, however, to necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to the airports and to all improvements to them and facilities of them owned, used, operated or leased in connection with them, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes. Any such decisions of the committee, as expressed in any bond resolution, are final and conclusive when any bonds have been issued pursuant to the bond resolution.

(e) A bond resolution may provide that the bonds issued shall contain a recital that they are issued under §§ 410 — 550 of this chapter, and any such bonds containing this recital shall be conclusively considered to be valid and to have been issued in conformity with §§ 410 — 550 of this chapter.

(f) The validity of the authorization and issuance of bonds is not affected by any proceedings for the acquisition or construction of the additions, improvements, extensions or facilities for which the bonds have been issued or by any contracts in connection with the acquisition or construction. (§ 1 ch 149 SLA 1972; am §§ 1, 2 ch 19 SLA 1973)

Revisor's note (1973). — AS 37.15.450 was derived from § 7, ch. 88, SLA 1961, as amended by § 8, ch. 62, SLA 1968 and § 3, ch. 173, SLA 1970. In the last sentence of what is now designated subsection (b), the only differences between the wording here and in those earlier versions are that "hereafter" was changed to "after the effective date of this Act" and "authorized by this Act" (in two places) was changed to

"authorized as of that date." The latter change suggests that the date referred to in the former change is June 27, 1972, the effective date of the Act putting these provisions in the Alaska Statutes, rather than April 15, 1961, the effective date of the original international airports bond authorization Act. Therefore, under AS 01.05.031(b)(5), the 1972 date has been inserted in the text.

Sec. 37.15.460. Bond resolution. The committee is authorized and directed to adopt the bond resolution and prepare all other documents and proceedings necessary for the issuance, sale and delivery of the bonds or any part or series of them. The bond resolution shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of the bonds or each series of them. The committee shall also determine and provide for the date and manner of sale of the bonds, and shall provide whether the notice of sale is to be published elsewhere in

addition to the publication required by § 450 of this chapter. (§ 1 ch 149 SLA 1972)

Sec. 37.15.470. Enforcement by holder. The holder of any bonds or the trustee for the holders of the bonds or any series of them, may by appropriate proceedings in the courts of record of the state, require and compel the transfer, setting aside and payment of money and the enforcement of all of the terms, conditions and covenants as required and provided in §§ 410 — 550 of this chapter and in the bond resolution. (§ 1 ch 149 SLA 1972)

Sec. 37.15.480. Amounts required for payments. The committee shall, before December 31 of each year, commencing with the year in which the bonds are issued, certify to the commissioners of revenue and transportation and public facilities the amounts required in the next ensuing calendar year by the bond resolution or resolutions to be paid out of the revenue fund into the bond redemption fund and to be paid into and maintained in any reserve fund or account or any other fund or account created by the bond resolution or resolutions, and shall also certify to the commissioners the last date or dates upon which payments may be made. (§ 1 ch 149 SLA 1972)

Editor's note. — Pursuant to Executive Order No. 39 (1977), the reference to the commissioner of transportation and public facilities has been substituted for a reference to the commissioner of public works near the middle of the section.

Sec. 37.15.490. Bond negotiability. The bonds and the coupons attached to them are fully negotiable instruments under the laws of the state. (§ 1 ch 149 SLA 1972)

Sec. 37.15.500. Airport charges. The commissioner of transportation and public facilities shall fix and collect such fees, charges and rentals derived by the state from the ownership, lease, use and operation of the airports and all of the facilities and improvements of them or used in connection with them as will provide revenues sufficient to comply with all of the covenants of the bond resolution. (§ 1 ch 149 SLA 1972)

Editor's note. — Pursuant to Executive Order No. 39 (1977), the reference to the commissioner of transportation and public facilities has been substituted for a reference to the commissioner of public works.

Sec. 37.15.510. State improvements to airports. The state is authorized to acquire, equip, construct and install additions and improvements to and extensions of the airports, facilities for the landing, parking, loading, storing, repairing, safety and utility of aircraft at the airports and passenger, freight and terminal facilities, including safety equipment and devices at the airports, found to be necessary by the commissioner of transportation and public facilities. (§ 1 ch 149 SLA 1972)

Editor's note. — Pursuant to Executive Order No. 39 (1977), the reference to the commissioner of transportation and public facilities has been substituted for a reference to the commissioner of public works at the end of the section.

Sec. 37.15.520. Refunding. (a) The bonds or any part of them may be refunded at or before their maturity by the issuance of refunding revenue bonds of the state if in the opinion of the committee refunding is advantageous to and in the best interests of the state and its inhabitants.

(b) The issuance of refunding bonds need not be authorized by an Act of the legislature, and the committee is authorized and directed to adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, exchange or sale, and delivery of such bonds. All provisions of §§ 410 — 550 of this chapter applicable to revenue bonds are applicable to the refunding bonds and to the issuance, sale or exchange of them, except as otherwise provided in this section.

(c) Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded by them, and, in addition, for the payment of all expenses incident to the calling, retiring or paying of the outstanding bonds, and the issuance of the refunding bonds. These expenses include the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold, any amount necessary to be made available for the payment of interest upon the refunding bonds from the date of sale of them to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call of them or agreement with the holders of them, and the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing on them to the date of the call or retirement. (§ 1 ch 149 SLA 1972)

Sec. 37.15.530. Bonds as legal investments. The bonds are legal investments for all banks, trust companies, savings banks, savings and loan associations and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustees and other fiduciaries. The bonds may be accepted as security for deposits of all funds of the state and its political subdivisions. (§ 1 ch 149 SLA 1972)

Sec. 37.15.540. Statutory construction. Sections 410—550 of this chapter shall be liberally construed in order to carry out the purposes for which they were enacted, and all existing laws in conflict with any of these sections are superseded insofar as necessary to accomplish the purposes of and carry out the provisions of these sections. (§ 1 ch 149 SLA 1972)

(1) "airports" means the international airports owned and operated by the state and located at or near the cities of Anchorage and Fairbanks;

(2) "bond redemption fund" means the International Airports Revenue Bond Redemption Fund created by § 440 of this chapter, including any accounts which are created in that fund after the effective date of this Act;

(3) "bond resolution" means the resolution or resolutions authorizing the issuance of bonds, adopted by the committee under § 460 of this chapter;

(4) "bonds" means the international airports revenue bonds authorized by §§ 410 — 550 of this chapter;

(5) "commissioner of transportation and public facilities" means the principal executive officer of the Department of Transportation and Public Facilities of the state as provided in AS 44.42.010, or his successor;

(6) "commissioner of revenue" means the principal executive officer of the Department of Revenue of the state as provided in AS 44.25.010, or his successor;

(7) "committee" means the state bond committee created by § 110 of this chapter, or any other committee, body, department or officer of the state which or who succeeds to the rights, powers, duties and obligations of the state bond committee by lawful Act of the legislature;

(8) "construction fund" means the International Airports Construction Fund created by § 420 of this chapter;

(9) "revenue fund" means the International Airports Revenue Fund created by § 430 of this chapter. (§ 1 ch 149 SLA 1972)

Editor's note. — Pursuant to Executive Order No. 39 (1977), the references to the commissioner of transportation and public facilities, the Department of Transportation and Public Facilities, and AS

44.42.010 have been substituted for references to the commissioner of public works, the Department of Public Works, and AS 44.43.010.

Chapter 20. Acceptance of Federal Funds.

Section	Section
10. Acceptance of federal grants and transfers of property	30. Jurisdiction of accepted property
20. Federal Transitional Grants Account	40. Alaska Native Fund

Sec. 37.20.010. Acceptance of federal grants and transfers of property. The governor is authorized to accept on behalf of the state all federal grants and transfers of property of an emergency, transitional or omnibus nature upon conditions imposed by the federal government. (§ 1 ch 176 SLA 1959)

Transitional Grants Account. All grants or money accepted under this chapter shall be deposited in this special account. (§ 2 ch 176 SLA 1959)

Sec. 37.20.030. Jurisdiction of accepted property. (a) All chattels accepted under the provisions of §§ 10 and 20 of this chapter are subject to the jurisdiction of the Department of Administration for distribution to the appropriate department.

(b) All lands accepted under the provisions of §§ 10 and 20 of this chapter are subject to the jurisdiction of the Department of Natural Resources.

(c) All public buildings accepted under the provisions of §§ 10 and 20 of this chapter are subject to the jurisdiction of the Department of Transportation and Public Facilities. (§§ 3 — 5 ch 176 SLA 1959)

Editor's note. — Pursuant to Executive Order No. 39 (1977), the reference to the Department of Transportation and Public Facilities has been substituted for a reference to the Department of Public Works.

conveniently be handled separately from the land, without regard to whether it is located on lands under the jurisdiction of the Department of Public Works [now Department of Transportation and Public Facilities] or the Department of Natural Resources, except that in the case of buildings, the ordinary fixtures of the buildings will follow the jurisdiction of the buildings. 1961 Op. Att'y Gen., No. 9.

Jurisdiction. — The Department of Administration has primary jurisdiction over the disposal of all chattels owned by the state or any other property which may

Sec. 37.20.040. Alaska Native Fund. The amount required by federal law to be paid into the Alaska Native Fund established by P. L. 92-203 is not revenue of the state, except for the purpose of calculating the amount to be placed in the Alaska Permanent Fund, and shall be paid by the commissioner of revenue to the Alaska Native Fund directly on receipt. (§ 1 ch 107 SLA 1977)

Chapter 25. Miscellaneous Provisions.

Section	Section
10. Unexpended balances of one-year appropriations	20. Unexpended balances of appropriation for capital projects

Sec. 37.25.010. Unexpended balances of one-year appropriations. (a) The unexpended balance of a one-year appropriation authorized in an appropriation bill lapses on June 30 of the fiscal year for which appropriated. However, a valid obligation (encumbrance) existing on June 30 is automatically reappropriated for the fiscal year beginning on the succeeding July 1 if it is recorded with the Department of Administration by August 31 of the succeeding fiscal year.

(b) An indebtedness arising from a prior year for which the appropriation has lapsed shall be paid from the current year's appropriations, if (1) this expenditure does not exceed the balance lapsed;

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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

November 19, 1981

Honorable Bob Mulcahy
Chairman
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Thank you for your request for a position statement and fiscal note on each of HB 386, CSHB 524 (L&C) and SB 606.

Fiscal notes are enclosed.

Our position on HB 386, an act relating to business corporations, is that there will be no fiscal effect on the Department of Commerce and Economic Development or the Division of Banking and Securities. The Department neither endorses nor objects to the substantive intent of the bill. The Department objects procedurally because a draft revision of AS 10.05 has been completed under the direction of the Code Revision Committee. Parties interested in HB 386 should contact John W. Abbott, Attorney at Law and Chairman, Code Revision Commission, 601 W. 5th, Suite 820, Anchorage, Alaska 99501 (907/276-3222), or Catherine Walsh, Secretary, Code Revision Committee, Juneau, Alaska 99811 (907/465-4878).

Our position on CSHB 524 (L&C), an act relating to small loans, is that there will be no fiscal effect on the Department of Commerce and Economic Development or the Division of Banking and Securities. The Department neither endorses nor objects to the bill.

Essentially, CSHB 524 (L&C) allows for interest adjustments on small loans, on an annual basis, if the Anchorage consumer price index exceeds 10% in any calendar year. This automatic rate adjustment should make it unnecessary to constantly initiate rate adjustments by legislative action.

On SB 606, an act relating to ownership of financial institutions by out-of-state bank holding companies, this Department and the Division of Banking and Securities, although not necessarily advocating interstate banking, do support the full legislative process in determining the needs of the state, its citizens, and a sound financial community. We opposed the special interest activity noted on this subject last session.

Honorable Bob Mulcahy

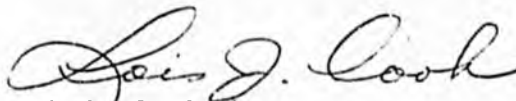
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November 19, 1981

SB 606 is acceptable inasmuch as it is not limited or restrictive to any size, condition, location, etc., of the bank holding company or subsidiary bank. We feel if interstate banking is going to be a benefit to the state it should go through the bank holding company structure. This will tend to preserve the dual banking system and also maintain some Alaska (community) management control and local interest of the subsidiary bank.

As to the regulatory scheme toward the proposed legislation, we see no problem as specifics in public protection are covered under the Alaska Banking Code and can be implemented by regulations. If, however, restricted activity or limiting provisions are amended into the bill, there may be serious problems in regulations and enforcement ability by the Department.

Sincerely,



Lois J. Cook
Acting Deputy Commissioner

LJC/wfs 5/5

Enclosures



Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

Bank Holding Companies: A bank holding company is a nonbank corporate organization serving as the parent organization for at least one or more banking subsidiaries. There are both multibank (consolidating ownership of several banks) and one bank holding companies (one bank and several nonbank subsidiaries) which have increased in importance since the mid-1960's. By 1977, more than 2/3's of all bank deposits were in banks controlled by holding companies. They serve as a vehicle for diversification and a source of funds for their subsidiary banks. The Federal Reserve Board has been given broad powers to regulate bank holding companies.



PENINSULA SAVINGS AND LOAN ASSOCIATION

Alaska's First State Savings and Loan Association

November 20, 1981

Mr. Michael Thill
Committee Aide
Senate Labor and Commerce
Alaska State Legislature
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Mr. Thill:

In reply to your letter of November 10th, regarding SB 606 that was introduced in final days of the 1981 legislature.

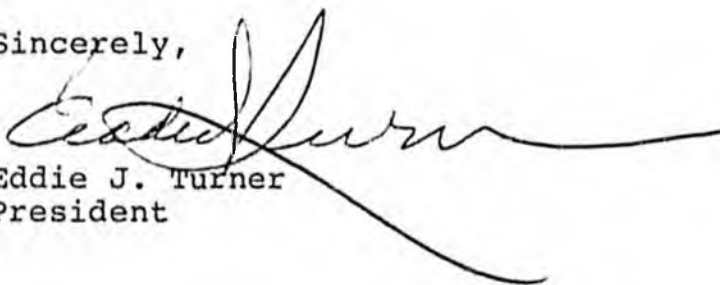
The holding company approach is best because it will allow the respective Alaskan bank to maintain its separate identity and be more readily accepted by the public.

Competitive competition is a healthy environment and will benefit the consumer residents of Alaska. In addition, more private capital is needed for the continued growth of commercial projects in the state.

The primary lender on large projects are often times outside financial institutions. Therefore it would be preferable for these ventures to be originated in Alaska.

I would therefore support SB 606 because of its benefit to the consumer residents.

Sincerely,


Eddie J. Turner
President

Blazy Mall - Sterling Highway
Pouch 1000
Soldotna, Alaska 99669
907/262-9166

Pioneer Avenue
P.O. Box 1985
Homer, Alaska 99603
907/235-7735



PEOPLES BANK AND TRUST

POUCH 7007 • 8TH AND G STREET • ANCHORAGE, ALASKA 99501 7007 • (907) 276-8080

DONALD V. RHODES,
President
& Chief Exec. Officer

December 23, 1981

Mr. Michael Thill,
Committee Aide
Senate Labor and Commerce
Alaska State Legislature
Pouch "V"
Juneau, Ak 99811

RE: SENATE BILL #606

Dear Mr. Thill,

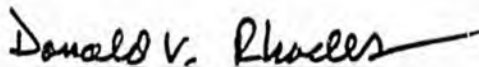
I am writing in response to your letter of November 10, 1981 which requested comment on the issue of changing the laws relating to the ownership of financial institutions.

We generally support the idea of allowing out-of-state holding companies to enter the Alaskan market place through the acquisition of existing banks. We feel that the specific bill you enclosed is not satisfactory because it would not prevent out-of-state banks from forming a new bank in our state and then immediately buying the new organization. We feel that any change in the law should provide for a minimum 5-year term, and probably closer to 10 years, before a newly formed bank could be acquired.

We also question the need for an out-of-state holding company to post a bond, assuming that any such transaction would require Federal regulatory approval, which would not be granted unless the acquiring institution was in sound financial condition.

These comments are particularly directed at the specific bill and also directed at the particular circumstance. I would be pleased to discuss the matter with you more fully at your convenience and/or as other bills surface during the fourth-coming legislative session.

Sincerely,



Donald V. Rhodes,
President & Chief Executive Officer

DVR/su

Alaska Pacific Bank

A Subsidiary of Alaska Pacific Bancorporation

December 4, 1981

Mr. Michael Thill
Committee Aide
Senate Labor and Commerce Committee
Pouch V
State Capital
Juneau, Alaska 99811


Dear Mr. Thill:

Thank you very much for giving me the opportunity to comment on Senate Bill #606.

We are still in the process of developing our posture related to the interstate banking issue; however, I will comment on one minor item in the bill. In Section 2 Paragraph (e), reference is made to acquiring and owning the stock of a state bank. This should probably include national banks as well.

This is an extremely important piece of legislation and when we complete our thorough analysis and the development of our position, I will be back in contact with you.

Cordially,



Robert R. Richards
President



First National Bank
OF FAIRBANKS

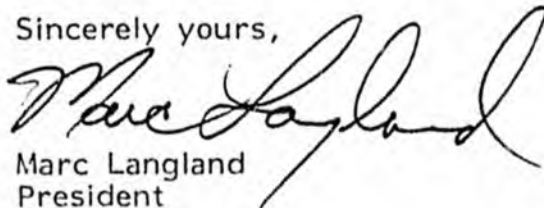
November 25, 1981

Mr. Michael Thill
Committee Aid
Senate Labor &
Commerce Committee
Pouch B, State Capital
Juneau, Alaska 99811

Dear Mr. Thill:

In response to your inquiry concerning SB 606, the Alaska Banker's Association is currently putting together a bill that we would find acceptable. We do not find SB 606 to be acceptable. Rather than elaborate on the unacceptable points, we prefer to wait for the Banker's Associations' consensus to be presented, then I would be happy to answer any questions you might have concerning that bill.

Sincerely yours,



Marc Langland
President



ADMINISTRATIVE OFFICES
(907) 586-1015 586-1017
311 NORTH FRANKLIN ST.
JUNEAU, ALASKA 99801

November 20, 1981

Mr. Michael Thill
Senate Labor and Commerce Committee
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Mr. Thill:

Thank you very much for your letter of November 10th regarding Senate Bill 606.

We are concerned on the effect of the above bill as it appears that this piece of legislation is lacking in two areas:

1. The legislation, as written, is fairly restrictive, in that it does not provide the opportunity for all financial institutions (credit unions, Federal and state chartered savings and loans, Federal and State chartered banks) the same opportunity to be owned or controlled by owners outside of Alaska.

2. Most importantly, we are concerned that the continued availability of loans or credit for the typical Alaskan household or business.

It is entirely possible that when the ownership of a financial institution moves outside the State of Alaska, the new owners will compare Alaska loan applications with loan applications from their customers in their home State. The result, I fear, may mean a shortage of loanable funds for Alaskans, as our typical local credits do not compare on paper with their counterparts outside the State of Alaska.

We may find a situation developing similar to the market acceptance of Alaska Bonds which, in spite of all our wealth and potential, still does not have the same good credit rating as the commercially developed areas of our country.



ALASKA'S PIONEER

Mr. Michael Thill

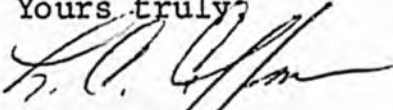
-2-

November 20, 1981

We have no objection to the intent, as long as the above two areas are resolved to your satisfaction.

Thank you for the opportunity to comment on this legislation.

Yours truly,



L.C. Coffman
President

cc: Rick Lauber
Willis Kirkpatrick,

LCC:ss



ALASKA'S PIONEER



NATIONAL
Bank of Alaska

Corporate Headquarters P.O. Box 600 • Anchorage, Alaska 99510 • (907) 276-1132

November 18, 1981

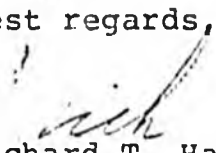
Mr. Michael Thill
Alaska State Legislature
Senate
Labor & Commerce Committee
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Michael:

We have received Senate Bill 606 dated June 24, 1981.

We do not think this bill is properly drafted to allow interest banking. By the time the session is under way our attorneys may possibly have reviewed it and given us some suggestions. We do not oppose nor support the bill at this time but will be willing to give you any technical advice that you may want.

Best regards,


Richard T. Hall
Senior Vice President

RTH/dlk

THE B.M.



BEHRENS BANK

P. O. BOX 1367 JUNEAU, ALASKA 99802
(207) 586-6800

REMINGTON LOW
PRESIDENT & CHAIRMAN OF THE BOARD

November 27, 1981

Mr. Michael Thill, Committee Aide
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Thill:

Personally I could live with Senator Ferguson's bill although I believe that the Alaska Bankers Association is coming up with one that will be slightly better.

It is my understanding that the bankers bill will put a limitation on any banks being started up and then immediately sold to outside banks. This limitation is necessary to prevent outside banks from furnishing the seed money to start the banks and then immediately acquiring them. A newly created bank should not be able to sell to an outside bank for a period of at least five years to prevent abuse.

Sincerely,

REMINGTON LOW
President and Chairman
of the Board

RL:dd

Oldest Bank in Alaska



W. PETER RAMBERG
VICE CHAIRMAN of the BOARD
and CHIEF EXECUTIVE OFFICER

November 18, 1981

Mr. Michael Thill
Committee Aide
Senate Labor and Commerce
Pouch V, State Capitol
Juneau, AK 99811

Dear Mr. Thill:

It is a pleasure to reply to your letter of November 10 addressed to Mr. Li-pei Wu, who resigned from the bank last July.

Our thoughts on the proposed Senate Bill 606 are that we favor permitting out-of-state bank holding companies to acquire any bank in the state of Alaska, either state-chartered or operating under a national charter like ourselves. However, we oppose any action permitting out-of-state banks to establish branches within this state.

Furthermore, we would favor, if possible, obtaining reciprocal permission from states in which out-of-state holding companies might be domiciled. For example, if California bank holding companies were to be allowed to acquire banks in Alaska, we would like to see Alaska holding companies permitted to acquire banks in California. We do not, however, consider such reciprocity an essential feature to our first position.

Should you have any further questions, please do not hesitate to let me know.

Sincerely yours,

A handwritten signature in cursive script that reads 'W. Peter Ramberg'.



ED HERSCHLER
GOVERNOR

W.J. STRIKE
DEPUTY STATE EXAMINER
307-777-7798

K.H. MCILHENNY
SENIOR BANK EXAMINER
307-777-7797

D.C. PEASLEY
WYO. UNIFORM CONSUMER CREDIT CODE
307-777-7775

OFFICE OF STATE EXAMINER

819 WEST PERSHING BLVD.
CHEYENNE, WYOMING 82002

DWIGHT D. BONHAM
STATE EXAMINER

November 16, 1981

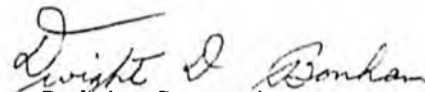
Michael Thill, Committee Aide
Labor and Commerce Committee
Alaska State Legislature
Senate
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Mr. Thill:

Responding to your letter of November 10, 1981 please be advised that Wyoming statutes are silent on the matter of out-of-state holding companies owning stock in our state banks. We feel comfortable with the present Federal holding company prohibition on out-of-state purchases or control.

The newly proposed "emergency" bail out of troubled financial institutions is of concern to Wyoming and required a personal visit to our Senators in Washington, D.C., incident to the Conference of State Bank Supervisors Federal Legislative Conference.

Sincerely,


Dwight D. Bonham
State Examiner

DDB/cp



JAMES A. RHODES
Governor

STATE OF OHIO
Department of Commerce
Division of Banks

FREDERICK E. MILLS
Superintendent of Banks

J. GORDON PELTIER
Director of Commerce

Two Nationwide Plaza Columbus, Ohio 43215
(Corner Chestnut & High Streets)

Telephone:
Area Code 614-466-2932

November 25, 1981

Mr. Michael Thill
Committee Aide
Senate Labor and Commerce Committee
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Mr. Thill:

This reply is in response to your recent letter asking whether Ohio law permits out-of-state bank holding companies to participate in the acquisition and ownership of the voting shares or other capital stock of state-chartered banks.

Ohio law is void of any laws or regulations relative to the formation or operation of bank holding companies. Further, we are not aware of any pending legislation in this area. Federal regulations in this area would be deferred to, and, if applicable, Ohio law does have a provision prohibiting foreign banking (O.R.C. 1101.05).

I trust this reply is responsive to your request.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Frederick E. Mills".

Frederick E. Mills
Superintendent of Banks

Alaska Statutes

Title 6. Banks and Financial Institutions.

Chapter

- 01. Administration (§§ 06.01.010 — 06.01.050)
- 05. Alaska Banking Code (§§ 06.05.005 — 06.05.545)
- 10. Model Foreign Bank Loan Act (§§ 06.10.010 — 06.10.050)
- 15. Mutual Savings Bank Act (§§ 06.15.010 — 06.15.380)
- 20. Alaska Small Loans Act (§§ 06.20.010 — 06.20.920)
- 25. Trust Companies (§§ 06.25.010 — 06.25.350)
- 30. Alaska Savings Association Act (§§ 06.30.005 — 06.30.915)
- 35. Uniform Common Trust Fund Act (§§ 06.35.010 — 06.35.050)
- 40. Premium Financing Act (§§ 06.40.010 — 06.40.190)

Chapter 01. Administration.

Section

- 10. Examination fees and assessments
- 20. General powers of department
- 30. Orders and injunctions; notice and hearings; regulations

Section

- 40. Examination policy
- 50. Definitions

Editor's note. — Section 55, ch. 169, SLA 1978, contains a severability clause.

Sec. 06.01.010. Examination fees and assessments. (a) The expenses of the department reasonably incurred in the examination or investigation of all financial institutions or applications to establish financial institutions regulated by the department under this title shall be charged to and paid by each financial institution as provided in (b) of this section.

(b) The commissioner shall assess every financial institution, and every applicant to establish a financial institution, a fee for the actual expenses incurred by the department in connection with any examination or investigation, whether regular or special. The fee shall include the proportionate part of the salaries and cost of employee benefits of the examiners while conducting examinations or investigations and while preparing reports of them, and transportation costs and per diem of each examiner while away from his duty station. However, the cost to the financial institution in connection with an examination may not exceed \$7,500 per examination. The assessment shall be made by the commissioner as soon as feasible after the

examination or investigation has been completed. All assessments shall be paid to and received by the department by each institution within 30 days after receipt of notice of the assessment.

(c) Any financial institution which fails to make the payments required by the commissioner under (a) and (b) of this section within the time specified is subject to a penalty of not more than \$100 each day it is late. The penalty, together with the amount due under (a) of this section, may be recovered in a civil action brought by the department. (§ 42 ch 169 SLA 1978)

Sec. 06.01.020. General powers of department. The commissioner may by regulation authorize financial institutions, except licensees subject to ch. 20 of this title, to exercise any of the powers conferred upon a federally chartered bank, trust company, savings association, or other federally chartered institution doing business in this state which is subject to the regulations of the United States Comptroller of the Currency, the Federal Reserve Board, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation or the successor or successors of them, if the commissioner finds that the exercise of the power both:

- (1) serves the public convenience and advantage; and
- (2) equalizes and maintains the quality of competition between state-chartered financial institutions and corresponding federally chartered financial institutions. (§ 42 ch 169 SLA 1978)

Sec. 06.01.030. Orders and injunctions; notice and hearings; regulations. (a) Whenever it appears to the commissioner that a person has engaged in an act or practice in violation of any provision of this title or of a regulation adopted under it, the commissioner may

(1) if he considers it to be in the public interest, issue an order directing the person to stop the act or practice; reasonable notice and an opportunity for a hearing must be given before issuing the order; however, the commissioner may issue a temporary order pending the hearing which remains in effect until 10 days after the hearing is held and which becomes final if the person to whom the notice is addressed does not request a hearing within 15 days after receipt of the notice; or

(2) bring an action in the superior court to enjoin the acts or practices and to enforce compliance with this title or a regulation adopted under it; upon a proper showing, the department is entitled to the appropriate remedy, and a receiver or conservator may be appointed for the defendant or the defendant's assets; the commissioner is not required to post a bond.

(b) Except as provided in (a) of this section, the department shall give public notice of each proposed action, but it is not required to hold a hearing before taking the action unless it receives written opposition to the proposed action. Written opposition must be filed with the department within the time specified by the department. In cases

involving ext department m application to hold a hearin

(c) Hearing AS 44.62.330 as required b

(d) The de provisions of this section. 7 regulations a

(e) For the this title, and or an officer affirmations, evidence, and memoranda, department c SLA 1978)

As to facts former AS 06.0

Sec. 06.01. department examinations institutions s corporation. |

Sec. 06.01. context other

(1) "comm economic dev

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Article

- 1. Powers of th
- 2. Banking Pra
- 3. Organization
- 4. Liquidation,
- 5. Prohibited P
- 6. General Prov

(e) The term "bank service corporation" means a corporation organized to perform bank services for two or more banks, each of which owns part of the capital stock of the corporation. (§ 8 ch 157 SLA 1970)

Legislative committee report. — For (Judiciary), see 1970 House Journal, p. report on ch. 157, SLA 1970 (CSHB 643 1085.

Sec. 06.05.232. Leasing of real and personal property. (a) The department may authorize a bank to become the owner and lessor of real or personal property acquired upon the specific request of and for the use of a customer, if

(1) the original lease is executed in writing before acquisition of the property to be leased;

(2) the terms of the lease require payment to the bank during the minimum period of the lease of an amount of money that will exceed the total expenditure by the bank for acquisition, ownership, maintenance and protection of the property;

(3) the total of the expenditures by the bank for acquisition, ownership, maintenance and protection of the leased property and other loans to any one lessee by the bank do not exceed the limits on loans to one borrower under § 205 of this chapter;

(4) in the case of real property, the lease agreement provides that upon its expiration the lessee will become owner of the property;

(5) Repealed by § 4 ch 56 SLA 1971.

(b) The aggregate investment in property under this section and §§ 230(1) and 231 of this chapter may not exceed the bank's combined capital, surplus and undivided profits.

(c) Payments by a lessee to a bank for property leased under this section are considered rent rather than interest.

(d) Real property retained by a bank upon termination of a lease authorized under this section, as the result of default by the lessee, shall be utilized or disposed of as provided by regulation of the department. (§ 9 ch 157 SLA 1970; am § 4 ch 56 SLA 1971)

Legislative committee report. — For (Judiciary), see 1970 House Journal, p. report on ch. 157, SLA 1970 (CSHB 643 1085.

Sec. 06.05.235. Bank holding companies. (a) It is unlawful for a company to own, control or hold with power to vote 25 per cent or more of the capital stock of one or more state banks or state bank holding companies subject to regulation under this chapter. Nothing in this subsection prohibits a company from qualifying as a bank holding company under (c) of this section. However, when it becomes a bona fide necessity to avoid loss for a creditor to accept shares of stock in one or more banks or bank holding companies constituting more than 25 per cent of the ownership or control of a bank or bank holding company in payment of indebtedness owing to the creditor, shares of stock may be

accepted, l companies under the

(b) A dc chapter an office and operations voting sha assets of, c may requi an amount by the pro controlled full protec examinatic departmen than once in accorda

(c) The companies practice.

(d) A pe who violat a misdeme than \$5,00 and in the (§ 3.167 ch 1961; am § SLA 1976;

Effect of amendment, prior to the commerce" / the end of th. (a), in the first of subsection

Sec. 06.1 departmen directors o place it di violation c required o an examin departmen operation ; directors l

accepted, but the shares of the one or more banks or bank holding companies exceeding that 25 per cent shall be promptly disposed of under the supervision of the department.

(b) A domestic bank holding company, as defined in § 540 of this chapter and organized under AS 10.05, which maintains its principal office and place of business in the state and conducts its principal operations in the state, may acquire and own all or any portion of the voting shares or other capital stock of, or all or substantially all of the assets of, one or more banks or bank holding companies. The department may require a holding company to post a bond with the department in an amount equal to the paid-in capital and paid-in surplus represented by the proportion of bank stock directly or indirectly owned, held, or controlled by it under conditions the department may prescribe to assure full protection of the public. The holding company is subject to an examination by the department or a competent person designated by the department when the department considers it necessary, but not less than once each year. The holding company shall pay an examination fee in accordance with AS 06.01.010.

(c) The department may adopt regulations for bank holding companies to assure financially sound banking organization and practice.

(d) A person, or an officer, director, agent, or employee of the person, who violates a regulation adopted under (c) of this section is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$5,000, or by imprisonment for not more than one year, or by both; and in the case of a corporation, by a fine of not more than \$10,000. (§ 3.167 ch 129 SLA 1951; am § 1 ch 194 SLA 1959; am § 1 ch 139 SLA 1961; am § 1 ch 53 SLA 1962; am § 1 ch 124 SLA 1966; am § 18 ch 218 SLA 1976; am § 16 ch 169 SLA 1978)

Effect of amendments. — The 1976 amendment, in this section as it existed prior to the 1978 amendment, deleted "of commerce" following "commissioner" at the end of the third sentence of subsection (a), in the first, second, and third sentences of subsection (b), and in subsection (c).

The 1978 amendment rewrote this section.

Editor's note. — Section 55, ch. 169, SLA 1978, contains a severability clause.

Sec. 06.05.238. Required directors' meetings and statements to the department. The department may require a meeting of the board of directors of a state bank to be held in the manner and at the time and place it directs, when, in the judgment of the department, a serious violation of this chapter is involved. Any report of an examination required or allowed by this chapter, any conclusions drawn from such an examination by the department, any recommendations made by the department relative to it, and any other matters concerning the operation and condition of the bank may be presented to the board of directors by the department. Each member of the board of directors

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 606
Title An Act Relating to the Ownership of Financial Institutions
Requested by Senate Labor and Commerce Committee Date November 9, 1981

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Consumer Protection
BRU, Program, or Subprogram(s) Affected Financial Institutions

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0	0	0	0	0
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		0	0	0	0	0
400 COMMODITIES		0	0	0	0	0
500 EQUIPMENT		0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER (Specify Fund Source)		0	0	0	0	0

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE November 12, 1981

PREPARED BY Willis E. Kirkpatrick
AGENCY Department of Commerce & Economic Development

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Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SB 609; Comments from the Ombudsman, Jack Chenowith;

SB 609 was drafted in response to a situation concerning the flow of information from AHFC to the public. During September and October, interest rates jumped from 10% to 12%, and after members of the public began making inquiries of AHFC, the ombudsman received many complaints. The complaints referred to the mechanics of making administrative changes in AHFC, and the ombudsman began to research the issue.

Apparantly AHFC uses a seller services manual as a guideline for administrative actions, and senior staff members have made changes to the manual without the benefit of a public hearing or board sanctions. Public inquiry revealed that AHFC staff were referencing unwritten guidelines, creating further confusion to the public, and the bill was drafted as an effort to alleviate confusion and misinformation.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 609:

Amends AS 18.56.088 by adding a new sub-section: The board shall adopt regulations affecting:

- 1) Loan Standards
- 2) Practices or rules that effect borrower eligibility
- 3) loan service charges
- 4) Characteristics of housing eligible for loans

Sec. 18.56.052. Executive director. The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 3 ch 167 SLA 1978)

Sec. 18.56.060. Employment of personnel. The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 1 ch 107 SLA 1971; am § 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

Effect of amendments. — The 1978 amendment rewrote this section. The 1980 amendment added "including the executive director" at the end of the section.

Sec. 18.56.070. Personnel exempt from state Personnel Act. The personnel of the corporation are exempt from AS 39.25.010 — 39.25.220. (§ 1 ch 107 SLA 1971; am § 17 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment deleted "to the same extent as the personnel of the Alaska State Housing Authority" at the end of the section.

Sec. 18.56.080. Interdepartmental cooperation. All departments, agencies and public corporations of the state may provide information, services, facilities and loans to the corporation upon its request. The corporation shall, upon request, reimburse departments, agencies and public corporations of the state for services or facilities provided, loans advanced or expenses incurred on the corporation's behalf at the request of the corporation. (§ 1 ch 107 SLA 1971; am § 18 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "shall, upon request" for "may" following "The corporation" near the beginning of the second sentence, inserted "services or facilities provided" preceding "loans advanced" near the middle of the second sentence, deleted "for" preceding "expenses" near the middle of the second sentence, and added "at the request of the corporation" at the end of the section.

Sec. 18.56.085. Investment of state surplus.
Repealed by § 77 ch 106 SLA 1980.

Editor's notes. — The repealed section derived from § 2 ch. 81 SLA 1972.

Sec. 18.56.088. Administrative procedure. (a) Except for AS 44.62.310 and 44.62.312, regarding public meetings, and AS

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Administrative
AS 18.56.088
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44.62.320(a) regarding legislative review of regulations, the Administrative Procedure Act (AS 44.62.010 — 44.62.650) does not apply to AS 18.56.010 — 18.56.210. The corporation shall make available to members of the public copies of the regulations adopted under (b) — (e) of this section. Within 45 days after adoption, the chairman of the board shall submit a regulation adopted under (b) — (e) of this section to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 — 24.20.460. The provisions of AS 44.62.320(a) apply to regulations adopted under (b) — (e) of this section.

(b) The board may adopt regulations by motion or by resolution or in any other manner permitted by its bylaws.

(c) The board may adopt regulations to carry out the purposes of AS 18.56.010 — 18.56.210, and shall adopt regulations necessary for the following purposes:

(1) determination of borrower eligibility including, but not limited to, income limitations and the determination of remote, underdeveloped or blighted areas of the state;

(2) loan guidelines and terms including but not limited to maximum loan amounts and required loan-to-value ratios, but excluding mortgage loan interest rates;

(3) characteristics of housing eligible for loans or purchase of loans; and

(4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject specified in (c) (1) — (4) of this section, the board shall give public notice of the proposed action by publishing the notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the board or the corporation. The public notice must include a statement of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the proposed subject of the regulation. On the date and at the time and place designated in the notice, the board shall give each interested person or his authorized representative, or both, the opportunity to present statements, arguments, or contentions in writing, and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The board shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the board may continue or postpone the hearing to a time and place which it determines. A regulation which is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal,

remains the same and the original notice was written so as to assure that members of the public are reasonably notified of the proposed subject of the board's action in order for them to determine whether their interests could be affected by the board's action on that subject.

(e) A regulation or order of repeal on a subject specified in (c) of this section may be adopted as an emergency regulation or order of repeal if the board makes a finding in its order of adoption or repeal, including a statement of the facts which constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation's loan and bonding programs. The requirements of (d) of this section do not apply to the initial adoption of an emergency regulation covering a subject specified in (c) (1) — (4) of this section; however, upon adoption of an emergency regulation, the board shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. No emergency regulation adopted under this subsection remains in effect more than 120 days unless the board complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b) — (e) of this section becomes effective immediately upon its adoption by the board, unless otherwise specifically provided by the order of adoption.

(g) The provisions of (b) — (e) of this section do not apply to regulations governing interest rates on the corporation's mortgage loan programs.

(h) The board shall adopt regulations in accordance with (a)—(f) of this section which establish a procedure by which a seller of mortgage loans may appeal a decision of the corporation not to purchase mortgage loans offered by the seller. (§ 5 ch 167 SLA 1978; am § 19 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment added subsection (h).

NOTES TO DECISIONS

Applied in *Horowitz v. Alaska Bar Ass'n*, Sup. Ct. Op. No. 2059 (File Nos. 4310, 4311), 609 P.2d 39 (1980).

Sec. 18.56.089. Executive Budget Act. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07.010 — 37.07.130) for fiscal years beginning after June 30, 1981. (§ 20 ch 106 SLA 1980)

Sec. 18.56.090. General powers. In addition to other powers granted in AS 18.56.010 — 18.56.210, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state and for its other corporate purposes.

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Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SB 611:

Revises the criminal penalties for reckless operation of an aircraft to bring them into accord with the revised criminal code.

Provides for a class A misdemeanor for reckless or careless operation of an aircraft while under the influence of alcohol or drugs.

Class B misdemeanor:

- 1) operating an aircraft without a two-way radio
- 2) while a crew member is under the influence of alcohol or drugs;
- 3) to fly a land plane so low over water that it can not safely be landed on ground
- 4) or to fly with passengers under certain adverse weather conditions.

Currently, these violations are listed as misdemeanors, without the revised criminal code categories. No effective date provided.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 611:

Section 1: Relates to classes of misdemeanor offenses for various infractions of statutes and regulations affecting the operation of aircraft.

Section 2: Provides that a person operating a civil aircraft without a license or permit issued in accordance with this chapter and federal law is guilty of a class A misdemeanor. Further, a person who flies or causes a civil aircraft to be flown in this state, without a license or permit for that aircraft, is guilty of a class B misdemeanor.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

CRIMINAL DIVISION

POUCH KC - STATE CAPITOL
JUNEAU, ALASKA 99811

January 19, 1982

The Honorable Bob Mulcahy
Chairman, Senate Labor and Commerce Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 611, Criminal Penalties for
Unlawful Operation of Aircraft

Dear Senator Mulcahy:

Michael Thill of your staff recently requested that this department provide a fiscal note and position statement on SB 611, an Act revising the criminal penalties for unlawful operation of an aircraft. The attached fiscal note estimates that enactment of this bill will not have a fiscal impact on this department.

SB 611 revises the penalty structure for certain offenses involving the unlawful operation of an aircraft in a manner that is consistent with the penalty structure of the revised criminal code in Titles 11 and 12. In doing so, it authorizes terms of imprisonment up to a maximum of one year for offenses classified as class A misdemeanors and a maximum sentence of 90 days for offenses classified as class B misdemeanors. We believe that classifying offenses consistent with the penalty structure in the criminal code will help to insure a more rational grading of offenses in terms of seriousness, and we therefore support this bill.

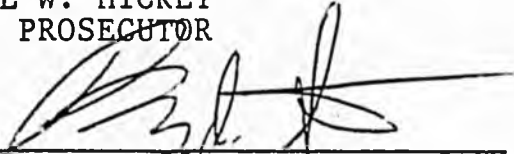
If we can be of further assistance to the committee on this bill, do not hesitate to contact me at your convenience.

Very truly yours,

WILSON L. CONDON
ATTORNEY GENERAL

DANIEL W. HICKEY
CHIEF PROSECUTOR

By:


Barry Jeffrey Stern
Assistant Attorney General

BJS:lb



District Court

State of Alaska

FOURTH JUDICIAL DISTRICT
604 BARNETTE STREET, RM. 329

FAIRBANKS, ALASKA

99701

October 20, 1981

CHAMBERS OF
HUGH H. CONNELLY, JUDGE

M.R. Charney,
Executive Director
Room 102 Behrends Bldg.
Juneau, Alaska 99811

Re: Criminal Penalties for
AS 02.35.030-Airmen License
Required (See AS 02.35.120
Penalty)
and
AS 02.30.030-Reckless Operation
(See AS 02.30.040 Penalty)

Dear Mr. Charney,

Recently I heard my second case involving Reckless Operation of an Aircraft in AS 02.30.030, and my first case of Operating a Civil Aircraft Without a License in AS 02.35.030, and would respectfully suggest that these two crimes be made either Class "C" felonies or Class "A" misdemeanors.

In regard to AS 02.30.030-Reckless Operation of Aircraft: When you consider that the operation of a motor vehicle while under the influence of intoxicating liquor or other habit forming drugs is a Class "A" misdemeanor carrying a maximum penalty of \$5000.00 fine or 1 year in jail or both, and also carrying a mandatory minimum jail sentence with no provision for probation or parole on a first offense, the \$500.00 maximum penalty with no possible jail sentence for the Operation of an Aircraft While Under the Influence of Intoxicating Liquor or Drugs appears to be grossly inadequate. When you consider the potential danger to passengers, the pilot himself, the aircraft, people at or near airports, and other aircraft which may be located

Page 2 (Penalties in AS 02.35.120 and AS 02.30.040)

at and near airports, it is my recommendation that the offense of Reckless Operation of Aircraft should be a Class "C" felony, or at least a Class "A" misdemeanor.

In regard to AS 02.35.030-Airmen License Required: In my recent case a person was operating a Cessna 180 airplane without a license. It is respectfully recommended that the penalty provision found in AS 02.35.120 be changed to a Class "A" misdemeanor because of the potential danger to other aircraft, passengers and the public in and around airports.

Cordially,



Hugh H. Connelly
District Court Judge

HHC/ajw

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 611
 Title Criminal Penalties for Unlawful Operation of Aircraft
 Requested by Senate Labor & Commerce Committee Date 1/13/82

II. FISCAL DETAIL

Agency Affected Department of Law
 Program Category Affected Administration of Justice
 BRU, Program, Or Subprogram(s) Affected Prosecution
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

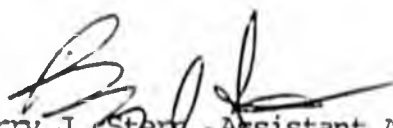
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This bill restructures the penalties for certain offenses involving the unlawful operation of aircraft and is not expected to have any fiscal impact on the prosecution of cases or result in any additional costs.

IV. DATE January 15, 1982 PREPARED BY  Assistant Attorney General
 AGENCY Department of Law
 Original: Legislative Finance PHONE 465-3429
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

COMMITTEE MINUTES FORM

This form is to be prepared and submitted to the Committee Records Staff within the next legislative day following the public hearing or committee meeting. Please submit this form completed with the following information pursuant to Rule 23 of the Uniform Rules.

Committee Name: Senate Labor and Commerce

Date: 8 February, 1982

Members Present: Senator Mulcahy, Chairman

Senator Fahrenkamp

Senator Ziegler

Senator Rodey was excused from a call of Senate;

Public hearing or committee meeting on: SB 513, SB 590, Sb 611

COMMITTEE CALENDAR

<u>bill number</u>	<u>bill title</u>
SB 611	"An act revising the criminal penalties for unlawful operation of an aircraft."

<u>bill number</u>	<u>bill title</u>

WITNESS REGISTER

Witness Name: Senator Bill Ray

Affiliation: Senator and sponsor of the bill

Address: Alaska State Legislature

Phone: 465-4921

Summarized Position Statement: Supported passage of the legislation and expounded on the circumstances which prompted its introduction;

PREVIOUS ACTION

Reference Number:

Statutory Reference:

Amendments Formally Considered:

Member Moving Adoption: Senator Fahrenkamp

Action: Passed or Failed with individual recommendations

Voting Record: 2 do pass (Sen Mulcahy and Sen Fahrenkamp)

1 No recommendation (Senator Ziegler)

ACTION NARRATIVE

Tape Recording

Number 0000

Chair opens at 013 with members 3 present etc.

Testimony of Senator Ray begins at tape reading 017 and continues through tape reading 164;

(6) "structure" means an object constructed or installed by man, including buildings, towers, smokestacks and overhead transmission lines;

(7) "tree" means any object of natural growth. (§ 1 ch 12 SLA 1951; am Executive Order No. 39, § 11 (1977)).

Effect of amendment. — The 1977 amendment substituted the reference to the Department of Transportation and Public Facilities for a reference to the Department of Public Works in paragraph (4).

Meaning of "bush airfield". — See McLemore v. Harris, Sup. Ct. Op. No. 102 (File No. 197), 374 P.2d 410 (1962).

Sec. 02.25.120. Short title. This chapter may be cited as the Airport Zoning Act. (§ 7 ch 12 SLA 1951)

Chapter 30. Operation of Aircraft.

Section	Section
10. Two-way radios required	30. Reckless operation
20. Unauthorized operation. [Repealed effective January 1, 1980]	40. Penalties
	50. Definitions

Sec. 02.30.010. Two-way radios required. It is unlawful to operate a commercial aircraft carrying passengers for a distance greater than 25 miles from an airport unless the aircraft is equipped with a two-way radio installation capable of transmitting and receiving for a distance of at least 50 miles under normal conditions. (§ 3 ch 128 SLA 1949)

Sec. 02.30.020. Unauthorized operation. [Repealed effective January 1, 1980] Any person who tampers with, taxies, flies or operates an aircraft without the consent of the owner without intent to steal it shall be guilty of a misdemeanor. The consent of the owner of the aircraft shall not be presumed or implied because of the owner's consent on a previous occasion. (§ 4 ch 128 SLA 1949)

Cross reference. — See AS 11.46.480 through 11.46.486, relating to criminal mischief, effective January 1, 1980. repealed this section effective January 1, 1980.

Section repealed effective January 1, 1980. — Section 21, ch. 166, SLA 1978,

Sec. 02.30.030. Reckless operation. (a) No person may operate an aircraft in the air or on the ground or water while under the influence of intoxicating liquor, narcotics, or other habit-forming drugs, or operate an aircraft in the air or on the ground or water in a careless or reckless manner so as to endanger the life or property of another. In a proceeding charging careless or reckless operation of aircraft in violation of this section, the court, in determining whether the operation was careless or reckless, shall consider the standards for safe operation of aircraft prescribed by federal statutes or regulations governing aeronautics.

(b) No person passenger who i habit-forming d

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(d) The pilot take off if there surfaces of th performance of SLA 1949)

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Section

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Sec. 02.35.1 flown in this s under federal

(b) No person may operate an aircraft occupied by a crew member or passenger who is obviously under the influence of intoxicating liquor or habit-forming drugs.

(c) No person may operate a single engine land plane over water at such an altitude as to make it impossible to effect a landing upon land or a beach in the event of a complete engine failure.

(d) The pilot of an aircraft carrying passengers shall not attempt to take off if there is a coating of snow, frost or ice on the wings or control surfaces of the aircraft in an amount sufficient to reduce the performance of the aircraft and endanger the occupants. (§ 5 ch 128 SLA 1949)

ALR references. — Negligence in connection with aircraft and aviation, 69 ALR 326; 83 ALR 352; 99 ALR 184. Criminal offenses relating to aviation and aircraft, 69 ALR 337; 83 ALR 408; 99 ALR 209.

Sec. 02.30.040. Penalties. A person violating any of the provisions of this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500. (§ 7 ch 128 SLA 1949)

Sec. 02.30.050. Definitions. In this chapter "operate aircraft" means to use, navigate, pilot or taxi an aircraft in the airspace over this state, or upon the land or water inside this state. (§ 6 ch 128 SLA 1949)

Chapter 35. Uniform Air Licensing Act.

<p>Section</p> <p>10. Federal law followed</p> <p>20. Aircraft license required</p> <p>30. Airman license required</p> <p>40. Registration of aircraft</p> <p>50. Registration of airmen</p> <p>60. Proper officer to make and certify copies of licenses</p> <p>70. Receipts for certified certificates</p> <p>80. Exceptions to application of chapter</p> <p>90. License and permit to be exhibited on request</p>	<p>Section</p> <p>100. Temporary permit</p> <p>110. Emergency rations and equipment</p> <p>115. Downed aircraft transmitting devices</p> <p>120. Penalties for violation of chapter</p> <p>130. Penalty for violation of § 90 or 110 of this chapter</p> <p>140. Uniformity of interpretation</p> <p>150. "Department" and "commissioner" defined</p> <p>160. Short title</p>
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Sec. 02.35.010. Federal law followed. It is declared that the policy, principles, and practices established by the United States Air Commerce Act of 1926, and all amendments to it are adopted and extended and made applicable to cover all air traffic in this state, so far as not covered by federal law. (§ 32-6-2 ACLA 1949)

ALR references. — Registration; permits; licenses, and license taxes, 83 ALR certificates of air worthiness and the like; 336; 99 ALR 179.

Sec. 02.35.020. Aircraft license required. No civil aircraft may be flown in this state unless it has an appropriate existing license or permit under federal law. (§ 32-6-3 ACLA 1949)

Sec. 02.35.030. Airman license required. No person may act as an airman of a civil aircraft when that aircraft is flown or operated in this state unless that person has an appropriate existing license or permit under federal law. (§ 32-6-4 ACLA 1949)

Sec. 02.35.040. Registration of aircraft. No aircraft shall be operated or be flown in this state until a certified copy of federal license or permit, as required in AS 02.35.020, has been filed with the department, and persons operating aircraft in the state shall within 30 days after the first day of January of each year file a certified copy of the federal license or permit with the department. (§ 32-6-5 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.050. Registration of airmen. No person may act as an airman of a civil aircraft when that aircraft is flown or operated in the state until a certified copy of that person's federal license or permit, as required in AS 02.35.030, has been filed with the department, and every airman of any civil aircraft in the state shall within 30 days after the first day of January of each year file a certified copy of his federal license or permit with the department. (§ 32-6-6 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.060. Proper officer to make and certify copies of licenses. The certified copies of licenses and permits required to be filed with the department under the provisions of this chapter may be made and certified by any officer authorized to administer oaths and having an official seal, inside or outside the state. No charge may be made by the department for the filings required. (§ 32-6-7 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.070. Receipts for certified certificates. The department, upon receipt of certified certificates as provided by AS 02.35.020 — 02.35.050, shall immediately issue to the proper party a receipt for the certified certificate, which is prima facie evidence that the party has complied with the registration requirements of this chapter. (§ 32-6-8 ACLA 1949; am § 16 ch 123 SLA 1949)

Probative value of receipt. — The receipt for the certified certificate, which is made prima facie evidence by this section, would be better evidence of the issuance and registration and contents of a pilot's license than the testimony of a witness thereto. This receipt would be of equal probative value with the license itself, and cover the additional point of compliance with the law of Alaska. *Smith v. Pacific Alaska Airways, Inc.*, 9 Alaska 86, 89 F.2d 253 (9th Cir.), cert. denied, 9 Alaska 234, 302 U.S. 700, 58 S. Ct. 20, 82 L. Ed. 541 (1937).

Sec. 02.35.080. Exceptions to application of chapter. The provisions of this chapter do not apply to the first entry of a civil aircraft or airman while engaged exclusively in commercial flying, constituting an act of interstate or foreign commerce, nor does it apply to a public aircraft. (§ 32-6-10 ACLA 1949)

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Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 614:

Appropriates the sum of \$50,000,000 from the general fund to the rural electrification revolving loan fund in the Alaska Power Authority. Further provides that the appropriation made by this act is for capitalization of a loan fund and does not lapse in accordance with AS 37.25.010.

BILL ANALYSIS

ASSIGNMENT DATE _____

UNASSIGNED _____

DEPARTMENT Commerce & Economic Development Alaska Power Authority	SPONSOR (PRINCIPAL) Kerttula	BILL NO. SB614
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DEPARTMENT POSITION
Amount appropriated is in excess of needs for FY83 which are estimated at \$6.5 million.

DIVISION DIRECTOR	DATE	COMMISSIONER	DATE
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GOVERNOR'S OFFICE USE

POSITION NOTED POSITION APPROVED POSITION DISAPPROVED

BY: _____ DATE: _____

SUMMARY

(1) RELATED BILLS (SIMILAR OR CONFLICTING)
(2) OTHER AGENCIES AFFECTED BY BILL.

(2) a. ORGANIZATIONAL SUPPORT FOR BILL Electric utilities and consumers currently without central service		(2) b. ORGANIZATIONAL OPPOSITION TO BILL Unknown
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(3) PROGRAM EFFECTS OF BILL
Bill would heavily capitalize the RERLF for six to eight years and would fund a program to extend electric service to numerous areas of rural Alaska with a heavy subsidy by the State.

(4) FISCAL IMPACT: NONE FISCAL ANALYSIS ATTACHED

(5) AMENDMENTS PROPOSED:
The enabling statute should be amended to clarify terms of loans, principal repayment provisions, and to simplify the administrative requirements of the program.

(6) COMMENTS:

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 616 - An act making a special appropriation to the rural
 Title electrification revolving loan fund; and providing for an effective date.
 Requested by Kerttula Date _____

II. FISCAL DETAIL

Agency Affected Alaska Power Authority, Dept of Commerce & Economic Development
 Program Category Affected Energy Development
 BRU, Program, Or Subprogram(s) Affected Alaska Power Authority
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		25.0	27.2	29.6		
200 TRAVEL		5.0	5.5	6.0		
300 CONTRACTUAL		8.0	8.8	9.7		
400 COMMODITIES		2.0	2.1	2.3		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		40.0	43.6	47.6		

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		40.0	43.6	47.6		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1	1	1		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

In addition to the \$50 million cost of this bill to capitalize the fund, the Power Authority will experience operating budget costs associated with administration of the loan fund due to the procedures established in Chapter 118, SLA1981 creating the fund. One-half time of a loan officer will be required to administer the program. In addition to personnel costs, there will be costs associated with travel to borrower locations to audit expenditure of funds and inspect funded improvements, travel to Citizen Advisory Committee meetings and legal costs associated with loan document preparation. Estimated expenditures beyond FY83 are inflated at 9%/year.

IV. DATE 2/3/82 PREPARED BY T.J. McGuire
 AGENCY Alaska Power Authority
 Original: Legislative Finance PHONE 76-0001
 cc: Budget and Management
 Prime Sponsor (First Legislator Name(s))
 33-001 (Rev. 12/81)

Sec. 37.25.030. Appropriations for projects of the Alaska energy center. An appropriation to the Alaska Energy Center for a research, development, or demonstration project under AS 46.12.120(2) is valid for the duration of the project and the unexpended balance for the project shall be carried forward to subsequent fiscal years. (§ 6 ch 148 SLA 1970)

Chapter 35. Alaska Paperwork Reduction and Simplification Act.

Section

10 — 70. [Expired]

Secs. 37.35.010 — 37.35.070. Legislative intent; creation and duties of paperwork reduction coordinator; compliance by agencies; report to legislature; construction; definitions; short title.

Expired pursuant to § 2, ch. 147, SLA 1979.

Editor's notes. — The expired chapter derived from § 1, ch. 147, SLA 1977.

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Sec. 44.83.361. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the Alaska Power Authority. The fund consists of

- (1) appropriations made to the fund; and
- (2) principal and interest payments on loans made under this section.

(b) The authority may make loans from the rural electrification revolving loan fund to electric utilities certified by the Alaska Public Utilities Commission. A loan from the fund may be made only for the purpose of extending new electric service into an area of the state that an electric utility may serve under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission. A loan may be made from the fund to an electric utility if the utility invests the money necessary to provide one pole, one span of line, one transformer, and one service drop for each consumer for whom immediate service would be provided by the extension of electric service. However, a loan may not be made from the fund unless

- (1) the loan is recommended by a loan advisory committee appointed under AS 44.83.363; and
- (2) the extension of electric service would provide immediate service to at least three consumers.

(c) A loan from the rural electrification revolving loan fund shall bear an annual rate of interest of two percent of the unpaid balance of the loan.

(d) When a loan is made by the authority under this section, the electric utility receiving the loan

(1) shall, in addition to the rates that it is authorized to charge, charge the consumers served by the electric service extended with the loan proceeds an amount sufficient to pay the interest costs of the loan;

(2) shall pay to the authority annually an amount equal to

- (A) interest of two percent on the unpaid balance of the loan; and
- (B) payments on the unpaid balance of the principal of the loan for each new consumer served by the electric service during the preceding year for which the loan was made; payments on the unpaid balance of the principal of the loan shall be made at a rate equal to the difference between the actual cost of making the service connection to the consumers and the minimum investment per consumer required of the utility before a loan is made under (b) of this section.

(e) The authority shall

(1) adopt regulations necessary to carry out the provisions of this section;

(2) administer the rural electrification revolving loan fund; and

(3) submit to the legislature within the first 10 days of each regular legislative session a report of actions taken by the authority under this section and an accounting of the rural electrification revolving loan fund. (§ 1 ch 118 SLA 1981)

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STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 24, 1982

SUBJECT: Sunset of state agencies, boards and
commissions -- CSSSSB 630 (SA)

TO: Senator Arliss Sturgulewski

FROM: Edward H. Hein *EHA*
Legislative Counsel

You have asked for a section-by-section analysis of
CSSSSB 630 (SA).

Sec. 1. The title of AS 44.66.010 and the first sentence of subsections (a), (b) and (c) have been amended to include state agencies, and in subsections (b) and (c) also state boards. The last half of the first sentence of subsection (a) has been reworded for purposes of clarity. In Paragraph (11) the statutory reference to the Council on Domestic Violence and Sexual Assault has been renumbered in accordance with changes made during the interim by the Revisor of Statutes.

In subsection (b) a new sentence has been added to provide that during the year for which a "terminated" agency, board or commission is extended for the purpose of concluding its affairs, its powers and authority are not reduced. The meaning of this sentence is not clear. One interpretation is that it means that the agency, board or commission may exercise its powers and authority only for the purpose of concluding its affairs. Another interpretation is that the agency, board or commission may continue to exercise all its powers and authority and carry on "business as usual".

Subsection (c) provides that the legislature has authority to continue or reestablish a state agency, board or commission for a period not to exceed four years unless it decides to continue or reestablish the agency, board or commission for a period exceed for years.

Senator Arliss Sturgulewski
Page 2
February 24, 1982

Sec. 2 provides for an immediate effective date if the section is approved by a two-thirds vote of each house. The act would take effect on 12:01 am on the day after it is signed by the governor or the day after he gives written notice that he is allowing the act to become effective without his approval.

EHH:_jb