

IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST

HOUSE CONCURRENT RESOLUTION NO. 42

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTH LEGISLATURE - SECOND SESSION

Relating to a study by the
Legislative Council regarding
the sale of bonds by political
subdivisions.

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

WHEREAS many political subdivisions in Alaska have sold general obligation bonds at unfavorable rates of interest; and

WHEREAS the waste of public money resulting from the sale of bonds at rates higher than necessary is due to a combination of factors such as insufficient and unreliable information on the financial status of the issuing community being distributed in the bond markets; inadequate distribution of information, even when sufficient, in the bond markets; unfamiliarity with the practices of the markets and inexperience in selling bonds; and

WHEREAS poor bond ratings for some political subdivisions of the state adversely affect the marketability of the general obligation bonds of other political subdivisions and the state itself; and

WHEREAS the anticipated development of the state and its political subdivisions will, to a substantial extent, depend upon their ability to finance capital improvements on favorable terms; and

WHEREAS other states have developed means for providing their political subdivisions with advice and assistance in marketing bonds, with the result that these local government bodies command

favorable interest rates on their issues;

BE IT RESOLVED that the Legislative Council is directed to review the local bonding situation in the state, study those means used in other states to provide political subdivisions with assistance in their bonding problems, and report its findings, together with any suggested legislation it deems appropriate, to the legislature in January, 1967.