



# LAWS OF ALASKA

1975

**Source**

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**Chapter No.**

112

## AN ACT

Relating to purchase of municipal bonds in cases of suit.

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

\* Section 1. AS 37.10.079(a) is amended to read:

(a) Notwithstanding the provisions of any other law, when the commissioner of revenue determines that there are funds in the state treasury above an amount sufficient to meet current demands, he may invest in general obligation bonds of political subdivisions of the state which meet the standards described in (b) of this section.

\* Sec. 2. AS 37.10.079(b)(2) is amended to read:

(2) the bond counsel nominated by the issuing political subdivision in connection with the original offer for sale of the bonds certifies

(A) that a lawsuit has been filed or is threatened which challenges the corporate existence of the issuer or its power to issue the bonds or to levy taxes to pay the bonds or otherwise prevents the statement as to litigation referred to in (1) of this subsection,

(B) that as a consequence of the filing of the suit, the bonds cannot be sold or can only be sold at interest rates substantially in excess of the interest rates the municipality would otherwise reasonably expect to pay, and

(C) [deleted]

(D) that, in his opinion, the municipality

is or will be pursuing all available means to establish the validity of the bonds so that the lawsuit will be ultimately determined so as to permit the delivery of the bonds with the statement as to litigation referred to in (1) of this subsection.

\* Sec. 3. AS 37.10.079(c) is amended to read:

(c) The purchase price for the bonds shall be their market value which is the price the commissioner of revenue determines most nearly equals the price the bonds would bear at the time of purchase if the bonds could then be delivered with an unqualified approving opinion of bond counsel as to the legality of the bonds and the other certificates and statements customary in the delivery of bonds of political subdivisions, provided, that this price shall not cause the effective interest rate on any of these bonds to exceed eight per cent per year. Before the purchase of the bonds by the commissioner of revenue, the political subdivision shall agree (1) to pay to the commissioner of revenue, to the extent any appropriation is made available, any loss incurred by the state on resale of the bonds by the state, or (2) if the commissioner of revenue so determines, (A) to repurchase the bonds from the commissioner of revenue at the same price as the bonds were sold to the state at such time as the political subdivision is able to sell and deliver other bonds to provide funds to repurchase the bonds purchased by the state or (B) to exchange the bonds purchased by the commissioner of revenue for bonds thereafter authorized by the political subdivision for the same purposes, bearing the same effective interest rate and issued with the unqualified approving opinion of bond counsel as to the legality of the bonds and the other documents customary in the delivery of bonds by political subdivisions. The commissioner of revenue may resell the bonds purchased from the political subdivision under this section to any purchaser or purchasers, or, in the alternative may resell the bonds to the political subdivision in accordance with the terms and conditions of this subsection. The proceeds of sale shall be paid into the general fund provided that any profit on the resale of the bonds shall be paid to the political subdivision.