

Chapter 47. Municipal Debt.

Article

1. Revenue Anticipation Notes (§§ 29.47.010 - 29.47.040)
2. Bond Anticipation Notes (§§ 29.47.080 - 29.47.140)
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Article 1. Revenue Anticipation Notes.

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Sec. 29.47.010. Borrowing in anticipation of revenue.

A municipality that is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing. (§ 14 ch 74 SLA 1985)

Sec. 29.47.020. Issuance of notes.

A municipality may by ordinance or resolution authorize the issuance of revenue anticipation notes. The governing body may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution that provides for the manner of their sale. (§ 14 ch 74 SLA 1985)

Sec. 29.47.030. Issuance of notes in anticipation of state or federal grants.

(a) A municipality, on adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or nonnegotiable revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes mature not later than the end of the next fiscal year. (§ 14 ch 74 SLA 1985)

Sec. 29.47.040. Priority of repayment.

The payment of the principal and interest on revenue anticipation notes is payable from revenues, and their payment additionally shall be secured by a pledge of the full faith and credit of the municipality issuing them. (§ 14 ch 74 SLA 1985)

Article 2. Bond Anticipation Notes.**Section**

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Sec. 29.47.080. Bond anticipation borrowing.

A municipality 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 ordinance and ratified by a majority vote at an election;
- (2) the revenue bonds to be sold have been authorized by ordinance. (§ 14 ch 74 SLA 1985)

Sec. 29.47.090. Issuance of notes.

The governing body shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before 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. (§ 14 ch 74 SLA 1985)

Sec. 29.47.100. Issuance of new notes.

If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the governing body shall issue new notes in order to meet payment of the notes then maturing, or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes may not be outstanding for a total elapsed time of more than three years. (§ 14 ch 74 SLA 1985)

Sec. 29.47.110. Repayment of notes.

Every note is payable from the proceeds of the sale of bonds that the notes anticipated or from the proceeds of the sale of new bond anticipation notes. (§ 14 ch 74 SLA 1985)

Sec. 29.47.120. Security.

(a) Notwithstanding other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith and credit of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) Notes issued in anticipation of the sale of revenue bonds and the interest on them are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued. (§ 14 ch 74 SLA 1985)

Sec. 29.47.130. Limitation.

The total amount of notes issued and outstanding may at no time exceed the total amount of bonds authorized to be issued. (§ 14 ch 74 SLA 1985)

Sec. 29.47.140. Use of proceeds.

The proceeds from the sale of 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. (§ 14 ch 74 SLA 1985)

Article 3. General Obligation Bonds.**Section**

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Sec. 29.47.180. General obligation bonds.

A municipality may acquire, construct, improve, and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes. (§ 14 ch 74 SLA 1985)

Sec. 29.47.190. Vote and notice of existing indebtedness required.

(a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority vote at an election. Any municipal voter may vote in the bond election, except as otherwise provided by law.

(b) Before a general obligation bond issue election, the governing body shall have published a notice of the total existing bond indebtedness at least once a week for three

consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice must include

- (1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;
- (2) the cost of the debt service on the current indebtedness;
- (3) the total assessed value of property in the municipality. (§ 14 ch 74 SLA 1985)

Sec. 29.47.200. Payment.

(a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount to pay or secure the payment of the principal and interest on bonds, regardless of whether the bonds are in default or in danger of default.

(b) General obligation bonds issued for acquiring, constructing, improving and equipping a municipally owned utility or other revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a home rule charter. This subsection applies to home rule and general law municipalities. (§ 14 ch 74 SLA 1985)

Article 4. Revenue Bonds.

Section

- 240. Revenue bonds
- 250. No election required

- 260. Applicability of AS 37.10.085

Sec. 29.47.240. Revenue bonds.

(a) A municipality may issue negotiable or nonnegotiable revenue bonds for a public enterprise or public corporation of the municipality where the only security is the revenue of the public enterprise or corporation.

(b) A municipality may issue its revenue bonds to finance the purchase of residential mortgage loans. The revenue bonds issued under this subsection are payable solely from the principal and interest of the mortgage loans and from other amounts pledged by the municipality, except the pledge of revenues derived from taxes. Revenue bonds issued under this subsection do not constitute a general obligation of the municipality. (§ 14 ch 74 SLA 1985)

Sec. 29.47.250. No election required.

An election is not required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance. (§ 14 ch 74 SLA 1985)

Sec. 29.47.260. Applicability of AS 37.10.085.

The prohibitions of AS 37.10.085 do not apply to the issuance of revenue bonds or the use of proceeds from revenue bonds by a home rule or general law municipality. (§ 14 ch 74 SLA 1985)

Article 5. Refunding Bonds.

Section

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| 300. Authorization | 330. Payment of refunding bonds |
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Sec. 29.47.300. Authorization.

If a municipality has outstanding general obligation or revenue bonds and the governing body determines that it would be financially advantageous to refund the bonds, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable

- (1) general obligation refunding bonds; or
- (2) revenue refunding bonds. (§ 14 ch 74 SLA 1985)

Sec. 29.47.310. Effect of refunding bonds.

The refunding bonds may take up and refund all or part of outstanding bonds at or before their maturity or redemption date. The governing body may include various series and issues of bonds in a single issue of refunding bonds. (§ 14 ch 74 SLA 1985)

Sec. 29.47.320. No election required.

An election is not required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance. However, when it is desirable to use general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question. (§ 14 ch 74 SLA 1985)

Sec. 29.47.330. Payment of refunding bonds.

General obligation refunding bonds are payable according to AS 29.47.200. Revenue refunding bonds are payable according to AS 29.47.240. (§ 14 ch 74 SLA 1985)

Sec. 29.47.340. Sale of refunding bonds.

General obligation or revenue refunding bonds may, at the discretion of the governing body, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds. (§ 14 ch 74 SLA 1985)

Article 6. Miscellaneous Provisions.

Section

<p>390. Other municipal financing</p> <p>400. Sale</p> <p>410. Forms and terms</p> <p>420. Interest rate</p> <p>430. Redemption before maturity</p> <p>440. Borough indebtedness</p>	<p>450. Service area debt</p> <p>460. Debt for improvement area projects</p> <p>470. Taxes or fees on transportation by certain air carriers prohibited</p> <p>480. Accrued actuarial liabilities of retirement systems</p>
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Sec. 29.47.390. Other municipal financing.

(a) A municipality may authorize by ordinance or resolution the issuance of negotiable or nonnegotiable revenue bonds to finance any project that serves a public purpose, and the bonds shall be secured and payable from any source except revenues, including tax revenue, of the municipality.

(b) Bonds issued under this section are not a debt or liability of the municipality and do not create or constitute an indebtedness, liability, or obligation of the municipality, nor do they constitute a pledge of faith, credit, or taxing power of the municipality. Each bond must contain on its face a statement that the municipality is not obligated to pay the principal or the interest on the bonds except from those sources indicated, and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of principal or interest on the bond.

(c) A municipality may

- (1) loan the proceeds of the bonds issued under this section;
- (2) pledge, mortgage or assign money, leases, agreements, property, or other assets of the project being financed;
- (3) enter into covenants and agreements concerning bonds issued under this section that the municipality determines to be desirable;
- (4) provide for any matter that affects the security of the bonds.

(d) In this section

- (1) "bonds" means bonds, notes, or other evidence of indebtedness;
- (2) "project" includes commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs. (§ 14 ch 74 SLA 1985)

Sec. 29.47.400. Sale.

Bonds and notes issued under this chapter may be sold at either public or private sale by the municipality in the manner and at the price it determines. (§ 14 ch 74 SLA 1985)

Sec. 29.47.410. Forms and terms.

The municipality may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and other requirements for issuing bonds or notes under this chapter. If an official whose signature appears on the bonds or coupons ceases to be an official before delivery of the bonds, the signature of the former official is valid as if the former official had remained in office until delivery. (§ 14 ch 74 SLA 1985)

Sec. 29.47.420. Interest rate.

The interest rate payable on a bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.45.010. (§ 14 ch 74 SLA 1985)

Sec. 29.47.430. Redemption before maturity.

A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note. (§ 14 ch 74 SLA 1985)

Sec. 29.47.440. Borough indebtedness.

(a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; or

(2) on a nonareawide basis for functions performed only in the borough area outside all cities; or

(3) on a service area basis for functions performed only in a service area.

(b) Payment of debt principal and interest as well as other costs shall be derived from the area incurring the debt under (a)(2) or (a)(3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that will benefit from the improvement. If the bonded indebtedness to be incurred is limited to the borough area outside all cities, the vote is limited to voters outside all cities. If the indebtedness to be incurred is limited to a service area, the vote is limited to voters in the service area. Only the full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt.

(d) The indebtedness of a municipality reclassified under AS 29.04.040 - 29.04.060 is not affected by reclassification. All property in a municipality that is reclassified remains subject to taxation to amortize bonded or other indebtedness affecting the municipality and authorized on the effective date of reclassification. (§ 14 ch 74 SLA 1985)

Sec. 29.47.450. Service area debt.

The indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt, notwithstanding a subsequent court determination that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All property in the service area remains subject to taxation to pay the bonded indebtedness. (§ 14 ch 74 SLA 1985)

Sec. 29.47.460. Debt for improvement area projects.

(a) A municipality may issue bonds to finance or to make loans to finance the acquisition, construction, rehabilitation, or development of public improvements in improvement areas. The municipality may issue the bonds as general obligation bonds or as revenue bonds or as a combination of revenue bonds, general obligation bonds, and other forms of indebtedness. The municipality may pledge revenues described in (b) of this section, payments to be made by users and owners of the improvements, payments to be made by borrowers of the proceeds of the bonds, and any other revenues available to the municipality to the payment of bonds issued under this subsection. To the extent that the municipality issues general obligation bonds under this subsection, the provisions of AS 29.47.180 - 29.47.200 apply to the bonds. To the extent that the municipality issues revenue bonds under this subsection, the provisions of AS 29.47.250 and 29.47.260 apply to the bonds.

(b) A municipality may provide by ordinance that the tax increment from the taxes levied each year by or on behalf of the municipality on the property in an improvement area shall be issued to pay the principal and interest on bonds issued under (a) of this section for improvements in that improvement area, and may irrevocably pledge the tax increment from the area for that purpose. The area described in the ordinance may be a service area. Nothing in this section obligates a municipality that has issued bonds under (a) of this section and pledged a tax increment to the payment of those bonds under this subsection to levy any tax in the improvement area or any other area or to levy a tax at any particular rate within the improvement area or any other area.

(c) The power granted by this section is in addition to other powers granted to municipalities and does not restrict or limit the powers municipalities may have under other provisions of law.

(d) In this section,

(1) "bonds" means bonds, notes, and other forms of indebtedness;

(2) "improvement area" means an area that a municipality determines to be

(A) a blighted area on the basis of the substantial presence of factors such as excessive vacant land on which structures were previously located, abandoned or vacant buildings, substandard structures, and delinquencies in payment of real property taxes; or

(B) an area that is capable of being substantially improved based on the property value within the area;

(3) "tax increment" means the portion of a tax that is attributable to the difference between the value of property within an improvement area shown on the

taxing agency's assessment roll for the year when the taxes are levied and the value of the property shown on the taxing agency's last assessment roll that was equalized before the improvements in the improvement area were authorized. (§ 2 ch 118 SLA 1988; am § 1 ch 20 SLA 2001; am § 1 ch 126 SLA 2002)

Effect of amendments. — The 2002 amendment, effective October 3, 2002, rewrote this section.

Sec. 29.47.470. Taxes or fees on transportation by certain air carriers prohibited.

Notwithstanding other provisions of law, a municipality may not levy or collect a tax or fee on the air transportation of individuals or goods by a federally certificated air carrier other than a tax or fee authorized under 49 U.S.C. 40116(e) or 40117. This section applies to home rule and general law municipalities. (§ 2 ch 29 SLA 1994; am § 82 ch 21 SLA 2000)

Effect of amendments. — The 2000 amendment, effective April 28, 2000, substituted “49 U.S.C. 40116(e) or 40117” for “49 U.S.C. App 1513(b) or (e)” in the first sentence.

Sec. 29.47.480. Accrued actuarial liabilities of retirement systems.

(a) A municipality, or two or more municipalities jointly, may enter into a lease or other contractual agreement with a trustee, or the Alaska Municipal Bond Bank Authority or a subsidiary of the authority, a subsidiary of the Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension Obligation Bond Corporation in connection with the issuance of obligations by a state entity to prepay all or a portion of each participating municipality's share of the accrued actuarial liabilities of retirement systems. Obligations issued for purposes described in this subsection must be secured and payable as provided in the agreement or under an authorizing ordinance. The agreement or ordinance may provide for reserves and for protective covenants.

(b) Amounts paid by a participating municipality in connection with obligations issued by a state entity under this section, together with proceeds of the obligations and interest or earnings, may be pooled into one or more funds or accounts, including one or more debt service funds. The assets in any of the funds or accounts may be pledged to the holders of the obligations.

(c) A municipality may enter into a funds diversion agreement with a state agency regarding payment of money on behalf of the municipality that may be applied to payments under a lease, other agreement, or obligation issued under this section. The funds diversion agreement must provide, subject to any conditions set out in the funds diversion agreement, that all or a portion of the funds otherwise payable to the municipality by the state agency shall be paid directly to the trustee, the Alaska Municipal Bond Bank Authority, or its subsidiary, a subsidiary of the Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension Obligation Bond Corporation, to satisfy, in whole or part, the municipality's payments under the lease, other agreement, or obligations. Nothing in this subsection or in a funds diversion

agreement entered into under this subsection obligates the state or a state agency to pay any amount to or on behalf of a municipality that the municipality is not otherwise entitled to receive or to make any payments of principal or interest on the obligations.

(d) For purposes of this section, "obligations" means bonds, notes, commercial paper, certificates of participation, or other contractual obligations. (§ 6 ch 35 SLA 2008 Effective immediately.)