

Introduced by: Mayor
Date: April 7, 1987
Vote: 10 Yes, 5 No
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 87-38

SUPPORTING THE REPEAL OF STATE RESTRICTIONS ON REFUNDING SCHOOL BONDED DEBT.

WHEREAS, the Kenai Peninsula Borough has outstanding indebtedness of \$164,115,000 for school construction projects eligible for reimbursement by the State of Alaska pursuant to AS 14.11.100; and

WHEREAS, the State has proposed to reduce reimbursement for school construction debt to substantially below that mandated by law, which reduction will have to be funded by increased taxes on borough property owners; and

WHEREAS, the reduction proposed by Governor Cowper's recommended budget for fiscal year 1988 would cost the borough \$7,700,000 resulting in an estimated mill rate increase of 2.5 mills based upon current debt service; and

WHEREAS, the borough can issue refunding bonds for its school construction debt to lengthen maturities reducing annual debt service in order to provide relief to borough taxpayers; and

WHEREAS, under AS 14.16.100(j) a refunding to lengthen bond maturities would forfeit a substantial portion of the borough's entitlement to debt reimbursement; and

WHEREAS, it is in the best interest of the borough and the State of Alaska to grant maximum flexibility and discretion to local government to adjust debt structures to suit local financial conditions; and

WHEREAS, lowering annual debt service additionally benefits the State of Alaska by reducing cash needs at a time when revenues have substantially declined;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

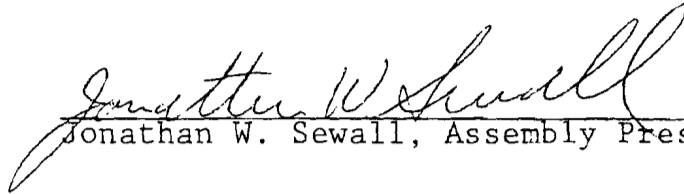
Section 1. That AS 14.11.100(j) be amended by the Alaska State Legislature to permit municipalities to refund school bond debt with lengthened maturities without any loss of reimbursement under the formula provided in said statute.

Section 2. That the assembly supports efforts to repeal AS 14.11.100(J)(2) and opposes the imposition of any additional requirements or restrictions on school refunding bonds.

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Section 3. That copies of this resolution be sent to Governor Steve Cowper; Senators Binkley, Fischer, Kerttula and Szymanski; and Representatives Cato, Navarre, Swackhammer, Wallis and Zawacki.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 21st DAY OF April, 1987.


Jonathan W. Sewall, Assembly President

ATTEST:


Borough Clerk