

# Alaska State Legislature



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## Representative Lesil McGuire District 17

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### **HB 156 Expands Options for Capital Bonding** **McGuire Measure Makes Municipal Redevelopment More Likely**

(JUNEAU) – Municipalities would be more likely to use an underutilized bonding method to finance development of new construction or redevelopment of blighted urban areas under a bill the House passed today.

House Bill 156 would eliminate a confusing and unnecessary element of state law regarding tax increment financing that has proved confusing to bond underwriters and prevented use of that popular financing option in other states, said Rep. Lesil McGuire (R-Anchorage), who sponsored the bill.

“Tax increment financing is a creative mechanism that aids in development of areas inside municipalities,” said McGuire. In tax increment financing, a municipal development agency charged with improving a blighted area, or building a parking garage, convention center or other public facility sells bonds to pay for the work, using as collateral the increase in value of the property upon completion. It can only be used in the development or redevelopment of public property.

Though Alaska law has allowed municipalities the option of using tax increment financing since 1988, no one has used it for fear that a confusing clause requires separate analysis of each project, or even requiring a separate source of collateral, McGuire said.

“The Alaska statute has laid dormant since 1988, partly because it’s a very unusual statute that confuses bond underwriters, who already go through a strict process of determining securitization based on each individual bond issuance,” she said. “The language is unique to Alaska, it is confusing, and it has deterred financing in the past,” she said.

By eliminating that clause, McGuire hopes to encourage construction of needed public facilities, and help owners of blighted property find a creative way to finance improvements.

The bill moves next to the Senate for consideration.

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**Broadcasters note:** Comments are available on the Majority Actuality Line 1-800-478-6540