

Alaska State Legislature



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Senate Passes Options for Capital Bonding **McGuire's HB 156 Improves Municipal Redevelopment Odds**

(JUNEAU) – The Senate gave the Legislature's final approval today to House Bill 156, aimed at helping developers use an innovative method of financing to build new public facilities or renovate blighted urban areas.

Sponsored by Rep. Lesil McGuire (R-Anchorage), HB 156 eliminates a confusing element of state law regarding tax increment financing, a process in which municipal development agencies can sell bonds to pay for public development or urban renewal projects, using the anticipated increase in property value upon completion as collateral.

“Public agencies in many other states use this financing method to build needed public infrastructure, but confusion among bond underwriters regarding Alaska's law has inhibited their willingness to take advantage of our statute,” McGuire said.

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 appears to require 100 percent collateral, McGuire said.

“Underwriters already go through a strict process of determining securitization based on each individual bond issuance,” McGuire said. “The language in Alaska's statute raises questions that have discouraged its use, to our detriment.”

By eliminating that clause with HB 156, McGuire hopes to encourage construction of needed public facilities and help owners of blighted property find a creative way to finance improvements.

The bill now goes to the governor for his signature.

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