A BILL

FOR AN ACT ENTITLED

"An Act authorizing financing for certain public transportation projects; giving notice of and approving the entry into, and the issuance of revenue obligations that provide participation in, lease-financing agreements for those transportation projects; and providing for an effective date."

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

* Section 1. The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSPORTATION PROJECT ALLOCATION. The Department of Transportation and Public Facilities shall allocate the net proceeds derived from the sale of revenue obligations authorized in sec. 4 of this Act for construction or acquisition of the following state transportation projects among those projects as follows, subject to reallocation among the projects under AS 37.07.080(e):

1. Anchorage: Glenn Highway congestion $ 37,500,000
(2) Anchorage: Lake Otis and Tudor intersection improvements 4,300,000

(3) Anchorage: Raspberry Road extension 2,400,000

(4) Fairbanks: Gaffney Road upgrade 6,250,000

(5) Fairbanks: Cartwright Road extension 3,650,000

(6) Kenai Peninsula Borough: Kalifornsky Beach Road rehabilitation 10,000,000

(7) Matanuska-Susitna Borough: Palmer-Wasilla Highway expansion 6,000,000

(8) Richardson Highway passing lane additions mileposts 265 - 341 5,000,000

(9) Prince of Wales: Hollis to Klawock pavement 5,000,000

(10) Sitka: Rocky Gutierrez Airport access improvements 3,500,000

(11) Kodiak: Rezanof Drive rehabilitation and intersection safety improvements 4,300,000

(12) Nome: city streets, phase 2 5,000,000

(13) Glacier Highway: road extension 5,000,000

* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to read:

DELEGATION OF AUTHORITY FOR LEASE-FINANCING AGREEMENTS. The Department of Transportation and Public Facilities is delegated the Department of Administration's authority under AS 36.30.085 to enter into lease-financing agreements in connection with the issuance of revenue obligations to finance the state transportation projects described in sec. 1 of this Act.

* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:

LEASE-FINANCING PAYMENTS. (a) The lease payments owed under lease-financing agreements executed under sec. 2 of this Act are subject to annual appropriation by the legislature.

(b) The legislature intends that federal money in the form of apportionments from the Federal Highway Administration for federal highway grants will provide revenue that may be
appropriated for the lease payments; however, if that revenue source is insufficient, the payments may be appropriated from any other valid revenue source.

* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to read:

NOTICE OF THE ENTRY INTO AND FINANCING OF REVENUE OBLIGATIONS. (a) Subject to annual appropriation, the Department of Transportation and Public Facilities is authorized to enter into lease-financing agreements for the issuance of revenue obligations for the state transportation projects described in sec. 1 of this Act.

(b) The state bond committee is authorized to provide for the issuance of revenue obligations in one or more series in the aggregate principal amount of $99,400,000 for the costs of construction of the projects described in sec. 1 of this Act. The principal amount includes the estimated cost of $97,900,000 for constructing, acquiring, and equipping the projects described in sec. 1 of this Act; and an amount for the cost of issuing the revenue obligations of $1,500,000. The estimated annual amount of rental obligations under the lease-financing agreements is $8,561,000. The estimated total lease payments for the full term of the lease-financing agreements is $136,976,000.

(c) The average annual debt service on revenue obligations to be issued under this Act may not exceed 25 percent of the most recent annual obligation authority received by the State of Alaska from the Federal Highway Administration for the state's federal highway program. As further protection for the holders of the revenue obligations, the resolution of the state bond committee authorizing the issuance of the revenue obligations authorized under this Act shall include the same percentage limitation on the average annual debt service for all outstanding revenue obligations payable from the State of Alaska's federal highway program.

(d) The state bond committee may contract for credit enhancement, underwriting, credit ratings, bond counsel, financial advisor, printing, and trustee services that the committee considers necessary in financing the projects described in sec. 1 of this Act.

(e) There is created the 2005 state transportation project fund. The proceeds of the revenue obligations issued under this Act shall be deposited into the 2005 state transportation project fund.

(f) In this section,

(1) "costs of construction" includes credit enhancement and underwriting
expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee
fees, and interest earnings used for lease payments;

(2) "revenue obligation" means a certificate of participation in the right to
receive a payment under a lease-financing agreement made to finance the costs of
construction or acquisition of a state transportation project.

* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
read:

NOTICE AND APPROVAL OF AGREEMENTS. Section 4 of this Act constitutes
the notice and approval of lease-financing agreements to finance the transportation projects
described in sec. 1 of this Act that is required by AS 36.30.085.

* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
read:

STATE TRANSPORTATION PROJECTS IN METROPOLITAN PLANNING
AREAS. If an amount allocated in sec. 1 of this Act for a state transportation project in a
metropolitan planning area is not sufficient to complete the project, it is the intent of the
legislature that the metropolitan planning organization for the metropolitan planning area
include the project in the organization's transportation improvement program and fund the
project to completion.

* Sec. 7. This Act takes effect July 1, 2005.