

ALASKA STATE LEGISLATURE



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SENATE BILL 13 SPONSOR STATEMENT

"An Act relating to bonds of the Knik Arm Bridge and Toll Authority; relating to reserve funds of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

Senate Bill 13 amends the Knik Arm Bridge and Toll Authority's enabling statute to provide for a successful procurement for the Knik Arm Crossing project and to generate the best value for the state. The Knik Arm Crossing will significantly enhance Alaska's public infrastructure and further the movement of goods and people throughout our state. Passing this legislation this session is important for moving the Knik Arm Crossing toward a bridge opening in 2015.

This bill, written in consultation with the Knik Arm Bridge and Toll Authority (KABATA), which was established in 2003 by the Alaska Legislature, accomplishes many items deemed necessary for securing a successful public-private partnership, including:

- Increases KABATA's bonding authority from \$500 million to \$600 million:
 - The \$600 million number represents the same amount authorized under Private Activity Bonds (PABs) allocation from FHWA.
 - Lowers the cost of capital for the project and ultimately lowers the cost to end users.
 - Private partner is the borrower of any PABs issued.
- Clarifies that the bridge and associated facilities are exempt from state and local taxes:
 - Like any other transportation project in Alaska, the roads and bridges are not subject to property taxation.
 - Any private facilities developed outside the crossing will be taxable.
 - Property tax exemption reduces the availability payment and reduces the toll.
- Establishes a project reserve fund:
 - Provides a backstop for toll revenue fluctuations.
 - Enhances the credit worthiness of the project and reduces project costs
 - Will be repaid over the life of the project.
 - Keeps the tolls affordable to the traveling public

All of the above language clarifications and additions lower the capital costs of this much-needed infrastructure project and deliver benefits in a timely efficient manner.

SB 13 is a companion bill to House Bill 23, which is sponsored by Representative Mark Neuman.

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