

ALASKA STATE LEGISLATURE

Rep. Mark Neuman

House District 10
600 E Railroad Avenue
Wasilla, AK 99654
907-376-2679
907-373-4745 – Fax
Rep.Mark.Neuman@akleg.gov



Sen. Charlie Huggins

Senate District E
600 E. Railroad Avenue
Wasilla AK 99654
907-376-4866
907-373-4724 – Fax
Sen.Charlie.Huggins@akleg.gov

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Dear Senators and Representatives,

In the last issue of the Alaska Legislative Digest (No. 12/2013) there was a section about House Bill 23 and Senate Bill 13. We discussed with Mr. Brander that some of the items in that piece were not accurate. The following are items printed in the articles followed by sub-bullet points with the corrected information:

- HB 23 and SB 13 are described as a “funding bill.”
 - This is not an appropriations bill as such it does not fund any project and actually has a zero Fiscal Note.
- “The bill provides that once the bridge is “available” for state use the state will cover any expenses, including past financing, design, or construction overruns, if toll revenues are insufficient.”
 - Not so, under the public-private partnership (P3) being used to deliver the bridge, financing, design or construction overruns are not the financial responsibility of the state – they are the responsibility of the private partner. The Authority’s financial responsibility is periodic availability payments to the private partner after the bridge is built, available for traffic and maintained to contractual standards. Those availability payments will be competitively bid and known up front before a contract is executed by the State.
- The first paragraph ended by saying the bill will increase KABATA’s bond issuance authority by \$100,000 to \$600,000.
 - HB 23 and SB 13 will increase KABATA’s bond issuance capacity by \$100 million. Raising it from \$500 million to \$600 million not \$100,000 to \$600,000. This change is sought due to the increased allocation available of the tax-exempt Private Activity Bond (PABs). Which the federal government has now allocated \$600 million in capacity to this project. These bonds require a governmental conduit issuer for the private partner to take advantage of. If the private partner chooses to use the PABs, the state is not liable for the repayment. This legislation simply seeks to raise KABATA’s bond issuance capacity to match the amount of PABs capacity allocated to the project by the federal government. These are not an obligation to the State.

Sincerely,

Handwritten signature of Rep. Mark Neuman in blue ink.

Rep. Mark Neuman

Handwritten signature of Sen. Charlie Huggins in blue ink.

Sen. Charlie Huggins