

AMENDMENT #2

OFFERED IN THE HOUSE  
TO: CSHB 23(FIN)

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**  
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**  
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **\*\* Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation  
11 as a subsidiary corporation. The board shall be the board of directors of the Knik  
12 Crossing Development Corporation.

13 **\* Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development  
16 Corporation is to develop, stimulate, and advance the economic welfare of the state  
17 and further the development of public transportation systems in the vicinity of the  
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the  
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as  
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the  
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),  
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of  
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,  
5 or provided by the Knik Crossing Development Corporation; notwithstanding  
6 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under  
7 this paragraph may exceed the actual operating cost of the use of the bridge, facility,  
8 or service;

9 (2) pledge, encumber, transfer, or otherwise obligate revenue derived  
10 by the Knik Crossing Development Corporation from the ownership, use, or operation  
11 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik  
12 Crossing Development Corporation or money that the legislature may appropriate,  
13 except a state tax or license, as security for bonds or other indebtedness or agreements  
14 of the Knik Crossing Development Corporation;

15 (3) perform reconnaissance studies and engineering, survey, and  
16 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

17 (4) exercise powers of eminent domain or file a declaration of taking  
18 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -  
19 09.55.460 to acquire land or an interest in land; the Knik Crossing Development  
20 Corporation's exercise of powers under this paragraph may not exceed the permissible  
21 exercise of those powers by the state;

22 (5) confer with municipal and other governments, metropolitan  
23 planning organizations, and the Department of Transportation and Public Facilities,  
24 concerning the Knik Arm bridge.

25 (b) The Knik Crossing Development Corporation shall coordinate the exercise  
26 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge  
27 with the department, and with the mayors of the Municipality of Anchorage and the  
28 Matanuska-Susitna Borough.

29 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may  
30 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of  
31 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its

1 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik  
2 Crossing Development Corporation and bond premiums may not be included in the  
3 aggregate amount, but may be in addition to the amount authorized under this section.

4 (b) In addition to the security that may be provided to bonds of the Knik  
5 Crossing Development Corporation under the powers granted to the Knik Crossing  
6 Development Corporation under AS 18.56.086(a), the Knik Crossing Development  
7 Corporation may pledge revenue derived by the Knik Crossing Development  
8 Corporation from the ownership, use, and operation of its toll facilities, including  
9 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik  
10 Crossing Development Corporation.

11 (c) The Knik Crossing Development Corporation may not issues bonds, or a  
12 series of bonds, if the effective interest rate over the life of the bonds exceeds 11  
13 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer  
14 Index of 20 Municipal Bond Average Yields for the week previous to the date of the  
15 sale of the bonds, whichever is higher.

16 (d) Notwithstanding any other provisions of this chapter, the trust agreement,  
17 or other similar document under which the Knik Crossing Development Corporation  
18 issues bonds, must contain an agreement by the Knik Crossing Development  
19 Corporation that the Knik Crossing Development Corporation will at all times  
20 maintain fees, rents, tolls, rates, or other charges sufficient to

21 (1) pay the costs of operation and maintenance of the Knik Arm bridge  
22 and its appurtenant facilities and the principal of and interest on bonds issued under  
23 the trust agreement as the bonds severally become due and payable;

24 (2) provide for debt service coverage as considered necessary by the  
25 Knik Crossing Development Corporation for the marketing of its bonds; and

26 (3) provide for renewals, replacements, and improvements of the Knik  
27 Arm bridge, and to maintain reserves required by the terms of the trust agreement or  
28 other similar document.

29 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or  
30 more issues of its bonds, the Knik Crossing Development Corporation may establish  
31 one or more special funds, called "capital reserve funds," and shall pay into those

1 capital reserve funds the proceeds of the sale of its bonds and any other money that is  
2 available to the Knik Crossing Development Corporation for the purposes of those  
3 funds. The funds shall be established only if the Knik Crossing Development  
4 Corporation determines that the establishment would enhance the marketability of the  
5 bonds. All money held in a capital reserve fund, except as provided in this section,  
6 shall be used as required solely for the payment of the principal of and interest on  
7 bonds or of the sinking fund payments with respect to those bonds, the purchase or  
8 redemption of bonds, or the payment of a redemption premium required to be paid  
9 when those bonds are redeemed before maturity. However, money in a fund may not  
10 be withdrawn from the fund at any time in an amount that would reduce the amount of  
11 the fund to less than the capital reserve requirement set out in (b) of this section,  
12 except for the purpose of making, with respect to those bonds, payment, when due, of  
13 principal, interest, redemption premiums, and the sinking fund payments for the  
14 payment of which other money of the Knik Crossing Development Corporation is not  
15 available. Income or interest earned by or increment to a capital reserve fund due to  
16 the investment of the fund or any other amounts in the fund may be transferred by the  
17 Knik Crossing Development Corporation to other funds or accounts of the Knik  
18 Crossing Development Corporation to the extent that the transfer does not reduce the  
19 amount of the capital reserve fund below the capital reserve fund requirement.

20 (b) If the Knik Crossing Development Corporation decides to issue bonds  
21 secured by a capital reserve fund, the bonds may not be issued if the amount in the  
22 capital reserve fund is less than the amount of the capital reserve fund requirement, if  
23 any, established by resolution of the Knik Crossing Development Corporation, unless  
24 the Knik Crossing Development Corporation, at the time of issuance of the  
25 obligations, deposits in the capital reserve fund from the proceeds of the obligations to  
26 be issued or from other sources an amount that, together with the amount then in the  
27 fund, will not be less than the capital reserve fund requirement.

28 (c) In computing the amount of a capital reserve fund for the purpose of this  
29 section, securities in which all or a portion of the fund is invested shall be valued by  
30 some reasonable method established by the Knik Crossing Development Corporation  
31 by resolution. Valuation on a particular date shall include the amount of any interest

1 earned or accrued to that date.

2 (d) Notwithstanding any other provision of law, the Knik Crossing  
3 Development Corporation may establish other funds and reserves as the board of  
4 directors may determine reasonable and prudent for the issuance of bonds or for the  
5 conduct of the business and affairs of the Knik Crossing Development Corporation.  
6 The interest earned on or profit derived from these funds and reserves shall be the  
7 property of the Knik Crossing Development Corporation. Deposits made into the  
8 reserve fund established under this section must include

9 (1) revenue derived by the Knik Crossing Development Corporation  
10 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,  
11 rates, charges, or other revenue of the Knik Crossing Development Corporation;

12 (2) money that the legislature has appropriated for that purpose; and

13 (3) other money that may be made available to the Knik Crossing  
14 Development Corporation from other sources.

15 (e) If the Knik Crossing Development Corporation executes a public-private  
16 partnership agreement that includes financing by the private partner for the purpose of  
17 securing the Knik Crossing Development Corporation's annual availability payment,  
18 the Knik Crossing Development Corporation may establish a reserve fund, called the  
19 "availability payment reserve fund," and shall pay into that reserve fund

20 (1) revenue derived by the Knik Crossing Development Corporation  
21 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,  
22 rates, charges, or other revenue of the Knik Crossing Development Corporation;

23 (2) money that the legislature has appropriated for that purpose; and

24 (3) other money that may be made available to the Knik Crossing  
25 Development Corporation from other sources.

26 (f) All money held in the availability payment reserve fund shall be used  
27 solely for the payment of annual availability payments the Knik Crossing  
28 Development Corporation is obligated to make under a public-private partnership  
29 agreement executed by the Knik Crossing Development Corporation. When the terms  
30 of the Knik Crossing Development Corporation's public-private partnership agreement  
31 expires, all future revenue derived by the Knik Crossing Development Corporation

1 shall be deposited into a new fund, to be established by the Knik Crossing  
2 Development Corporation under (d) of this section.

3 (g) The chair of the Knik Crossing Development Corporation shall annually,  
4 not later than January 30, certify in writing to the governor and the legislature the  
5 amount, if any, required to restore the capital reserve fund established under (a) of this  
6 section to the capital reserve fund requirement, or the availability payment reserve  
7 fund established under (e) of this section to an amount sufficient to pay the Knik  
8 Crossing Development Corporation's next availability payment. The legislature may  
9 appropriate to the Knik Crossing Development Corporation the amount certified by  
10 the chair of the board that is needed to restore the reserve fund to the amount needed  
11 for the next availability payment.

12 (h) Nothing in this section creates a debt or liability of the state.

13 (i) The Knik Crossing Development Corporation shall maintain a record of the  
14 annual certifications made by the chair under (g) of this section. When the total  
15 amount certified by the chair of the Knik Crossing Development Corporation as  
16 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the  
17 duty of the chair of the Knik Crossing Development Corporation to report terminates.

18 (j) In this section, "capital reserve fund requirement" means the amount  
19 required to be on deposit in a reserve fund established under (a) of this section as of  
20 the date of computation, as determined by resolution of the Knik Crossing  
21 Development Corporation or by the terms of the agreement for which the fund serves  
22 as security.

23 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of  
24 the Knik Crossing Development Corporation and its assets, income, and receipts are  
25 declared to be the property of a political subdivision of the state and are exempt from  
26 all taxes and special assessments of the state or a political subdivision of the state.  
27 Notwithstanding any law to the contrary, rights and interests in real and personal  
28 property, assets, income, and receipts, including concession, franchise, leasehold, or  
29 other real or personal property rights and interests, held by a private person or  
30 enterprise under a public-private partnership agreement entered into under this  
31 chapter, except any rights and interests of the private person in property serving a

1 business, commercial, or other purpose not necessary to operate the facilities,  
 2 properties, or projects of the Knik Crossing Development Corporation, shall be  
 3 exempt from all ad valorem taxes on real or personal property and special property tax  
 4 assessments of the state or a political subdivision of the state. All bonds of the Knik  
 5 Crossing Development Corporation are declared to be issued by a political subdivision  
 6 of the state and for an essential public and governmental purpose. The bonds, the  
 7 interest on the bonds, the income from the bonds and the transfer of the bonds, and all  
 8 assets, income, and receipts pledged to pay or secure the payment of the bonds or  
 9 interest on the bonds are, at all times, exempt from taxation by or under the authority  
 10 of the state, except for inheritance and estate taxes and taxes on transfers by or in  
 11 contemplation of death. Nothing in this section affects or limits an exemption from  
 12 license fees, property taxes, or excise, income, or other taxes provided under any other  
 13 law.

14 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any  
 15 contrary provision of law, the activities of the Knik Crossing Development  
 16 Corporation are exempt from land use planning, zoning, permitting, or other similar  
 17 governmental powers of political subdivisions of the state.

18 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a  
 19 facility owned, controlled, or managed by the Knik Crossing Development  
 20 Corporation for which a toll or fee is imposed is liable for the payment of the toll or  
 21 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,  
 22 is used without the owner's knowledge and incurs the toll or fee during operation.

23 \* **Sec. 3.** AS 36.30.015(f) is amended to read:

24 (f) The board of directors of the Alaska Housing Finance Corporation,  
 25 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial  
 26 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE  
 27 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL  
 28 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62  
 29 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement  
 30 Management Board shall adopt regulations under AS 37.10.240, to govern the  
 31 procurement of supplies, services, professional services, and construction for the

1        respective public corporation and board. The regulations must reflect competitive  
 2        bidding principles and provide vendors reasonable and equitable opportunities to  
 3        participate in the procurement process and must include procurement methods to meet  
 4        emergency and extraordinary circumstances. Notwithstanding the other provisions of  
 5        this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial  
 6        Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL  
 7        AUTHORITY,] and the Alaska Retirement Management Board shall comply with  
 8        AS 36.30.170(b).

9        \* **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

10                    (45) a subsidiary of the Alaska Housing Finance Corporation created  
 11        under AS 18.56.086 for the purpose of planning, financing, or constructing in-state  
 12        natural gas pipeline projects or for the purpose of aiding in the planning, financing, or  
 13        constructing of in-state natural gas pipeline projects; **or a subsidiary of the Alaska**  
 14        **Housing Finance Corporation created under AS 18.56.086 for the purpose of**  
 15        **constructing a bridge to span Knik Arm.**

16        \* **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,  
 17        19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,  
 18        19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,  
 19        19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,  
 20        19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

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

23                    TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,  
 24        indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,  
 25        loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and  
 26        intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik  
 27        Crossing Development Corporation.

28                    (b) For one year following the effective date of this Act, the members of the board of  
 29        directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of  
 30        this Act shall serve as a nonvoting advisory board to the board of directors of the Knik  
 31        Crossing Development Corporation. While serving as a nonvoting advisory board under this



1 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority  
2 shall serve without compensation but are entitled to per diem and travel expenses as provided  
3 by the Alaska Housing Finance Corporation."