

**CS FOR HOUSE BILL NO. 105(ENE)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the programs and bonds of the Alaska Industrial Development and**  
2 **Export Authority; related to the financing authorization through the Alaska Industrial**  
3 **Development and Export Authority of a liquefied natural gas production plant and**  
4 **natural gas energy projects and distribution systems in the state; amending and**  
5 **repealing bond authorizations granted to the Alaska Industrial Development and Export**  
6 **Authority; and providing for an effective date."**

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

8 \* **Section 1.** AS 44.88.095(c) is amended to read:

9 (c) Before entering into a lease or other agreement under AS 44.88.090(e)  
10 regarding a project for which the authority agrees to issue bonds in an amount in  
11 excess of **\$10,000,000** [\$6,000,000], there must be filed with the authority a certified  
12 copy of a resolution of the governing body of the political subdivision of the state, if  
13 any, in which the project is to be located, consenting to the location of the project. The

1 consent need only refer to the general nature of the project ultimately to be acquired **or**  
2 **financed**, as set out in a request of the proposed project applicant. Before entering into  
3 a lease or other agreement under AS 44.88.090(e) regarding a project, the authority  
4 shall find, on the basis of all information reasonably available to it, that

5 (1) the project and its development under this chapter will be  
6 economically advantageous to the state and the general public welfare and will  
7 contribute to the economic growth of the state;

8 (2) the project applicant is financially responsible;

9 (3) provision to meet increased demand **on** [UPON] public facilities  
10 that might result from the project is reasonably assured; and

11 (4) the project will provide, or retain, employment reasonably related  
12 to the amount of the financing by the authority, considering the amount of investment  
13 **for each** [PER] employee for comparable facilities and other relevant factors.

14 \* **Sec. 2.** AS 44.88.095(g) is amended to read:

15 (g) The authority may issue bonds in an amount greater than **\$25,000,000**  
16 [\$10,000,000] to assist in the financing of a development project under AS 44.88.172 -  
17 44.88.177 only if approved by law, excluding refunding bonds. Refunding bonds may  
18 be issued without further approval by law in a principal amount sufficient to provide  
19 funds for the payment of all bonds to be refunded by them and, in addition, for the  
20 payment of all other amounts that the authority considers appropriate in connection  
21 with the refunding, including expenses incident to the redeeming, calling, retiring, or  
22 paying of the outstanding bonds, the funding of reserves, and the issuance of the  
23 refunding bonds.

24 \* **Sec. 3.** AS 44.88.155(d) is amended to read:

25 (d) A loan participation purchased by the authority with assets of the  
26 enterprise development account or with proceeds of bonds secured by assets of the  
27 enterprise development account

28 (1) may not exceed **\$25,000,000** [\$20,000,000]; however, in the case  
29 of a loan participation for qualified energy development, the loan participation may  
30 exceed **\$25,000,000** [\$20,000,000] with legislative approval;

31 (2) may not be purchased unless

1 (A) the project applicant is not, or, if the applicant is not a  
 2 single proprietorship, all members of the business enterprise or enterprises  
 3 constituting the project applicant are not, in default on another loan made by  
 4 the state or by a public corporation of the state; and

5 (B) at least 10 percent of the principal amount of the loan is  
 6 retained by the loan originator, or the loan is for financing improvements in  
 7 energy efficiency;

8 (3) may not be purchased if the loan to be purchased exceeds 75  
 9 percent of the appraised value of the collateral offered as security for the loan unless  
 10 the amount of the loan in excess of this limit is federally insured or guaranteed or is  
 11 insured by a qualified mortgage insurance company, except that the loan to be  
 12 purchased under this paragraph may not exceed the total of loan proceeds used to  
 13 refinance an existing debt plus the cost of new construction, expansion, or acquisition  
 14 unless the proceeds from the additional amounts of the loan to be purchased are  
 15 restricted to uses approved by the authority to finance commercial activity in the state  
 16 by a business enterprise;

17 (4) may not be purchased if the participation in the loan to be  
 18 purchased is for a term longer than the following, except that a loan under (A) or (C)  
 19 of this paragraph may not have a term longer than three-quarters of the authority's  
 20 estimate of the life of the collateral offered as security for the loan:

21 (A) 40 years from the date the loan is made in the case of a  
 22 loan participation for a project described in AS 44.88.900(11)(E);

23 (B) 50 years from the date the loan is made in the case of a loan  
 24 participation for qualified energy development;

25 (C) 25 years from the date the loan is made in the case of a loan  
 26 participation for other projects;

27 (5) may be made only if the participation in the loan to be purchased  
 28 contains amortization provisions; the amortization provisions

29 (A) must be complete and satisfactory to the authority and  
 30 require periodic payments by the borrower;

31 (B) may allow the loan originator to amortize the portion of the

loan retained by the loan originator using a shorter amortization schedule than the amortization schedule for the portion of the loan held by the authority if

(i) in the authority's opinion, the project financed can support the increased debt service; and

(ii) the accelerated amortization schedule is required to induce the originator to make the loan;

(6) may be made only if the participation in the loan to be purchased is in the form and contains the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens, and other matters the authority prescribes; and

(7) may be made only if the participation in the loan to be purchased is secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under the loan documents entered into with the borrower.

\* **Sec. 4.** Section 2(a), ch. 27, SLA 1993, as amended by sec. 19, ch. 111, SLA 1996, is amended to read:

(a) The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of a port facility and related loading and conveyor equipment related to the development and operation of a bulk commodity loading and shipping terminal, to be located at Point MacKenzie [. THE TERMINAL MAY BE LOCATED ANYWHERE WITHIN COOK INLET]. The facility will be owned by the authority. The principal amount of the bonds may not exceed \$50,000,000.

\* **Sec. 5.** The uncodified law of the State of Alaska enacted in sec. 11(a), ch. 26, SLA 2013, is amended to read:

(a) The Alaska Industrial Development and Export Authority, through the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), may provide financing up to a principal amount of \$275,000,000 for the development, construction, and installation of, and the start-up costs of operation and maintenance for, a liquefied natural gas production

1 plant and system and affiliated infrastructure **in the state that will provide natural**  
2 **gas to Interior Alaska** [ON THE NORTH SLOPE] and [A] natural gas distribution  
3 **systems** [SYSTEM] and affiliated infrastructure **that will provide natural gas to** [IN]  
4 Interior Alaska.

5 \* **Sec. 6.** The uncodified law of the State of Alaska enacted in sec. 25, ch. 123, SLA 1990,  
6 as repealed and reenacted by sec. 1, ch. 3, FSSLA 1992, is amended to read:

7 Sec. 25. The Alaska Industrial Development and Export Authority may issue  
8 bonds to finance the acquisition, design, and construction of aircraft maintenance air  
9 cargo/air transport support facilities located at Anchorage International Airport, to be  
10 owned by the Authority. The principal amount of the bonds may not exceed **\$28,000,000**  
11 **[\$85,000,000]**. This section grants the legislative approval required by AS 44.88.095.

12 \* **Sec. 7.** Section 3, ch. 27, SLA 1993; sec. 7, ch. 76, SLA 1995; sec. 24, ch. 111, SLA  
13 1996; secs. 24(a) and 24(b), ch. 109, SLA 1998; sec. 24(d), ch. 109, SLA 1998, as amended  
14 by sec. 1, ch. 93, SLA 2006; and sec. 1, ch. 37, SLA 2004, are repealed.

15 \* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).