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3/26/15

CS FOR SENATE BILL NO. 50(NRG)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE SPECIAL COMMITTEE ON ENERGY

**Offered:
Referred:**

Sponsor(s): SENATE 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

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

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

(2) the project applicant is financially responsible;

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

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

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

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

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

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

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

(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. AS 44.88.900(16) is amended to read:

(16) "qualified energy development" means a development in the state that involves

(A) transmission, generation, conservation, storage, or distribution of heat or electricity;

(B) liquefaction, regasification, distribution, storage, or use of natural gas; in this subparagraph, "distribution" does not include [EXCEPT] a natural gas pipeline project for transporting natural gas from the North Slope or Cook Inlet to market unless the pipeline has a diameter of 12 inches or less and transports the natural gas to Interior Alaska;

(C) distribution or storage of refined petroleum products;

* Sec. 5. The uncoded 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

1 amount of \$275,000,000 for the development, construction, and installation of, and the
2 start-up costs of operation and maintenance for, a liquefied natural gas production
3 plant and system and affiliated infrastructure in the state that will provide natural
4 gas to Interior Alaska as a primary market [ON THE NORTH SLOPE] and [A]
5 natural gas delivery and distribution systems [SYSTEM] and affiliated infrastructure
6 that will provide natural gas to [IN] Interior Alaska.

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

9 Sec. 25. The Alaska Industrial Development and Export Authority may issue
10 bonds to finance the acquisition, design, and construction of aircraft maintenance air
11 cargo/air transport support facilities located at Anchorage International Airport, to be
12 owned by the Authority. The principal amount of the bonds may not exceed \$28,000,000
13 [\$85,000,000]. This section grants the legislative approval required by AS 44.88.095.

14 * Sec. 7. Section 2, ch. 27, SLA 1993, as amended by sec. 19, ch. 111, SLA 1996; sec. 3,
15 ch. 27, SLA 1993; sec. 7, ch. 76, SLA 1995; sec. 24, ch. 111, SLA 1996; secs. 24(a) and
16 24(b), ch. 109, SLA 1998; sec. 24(d), ch. 109, SLA 1998, as amended by sec. 1, ch. 93, SLA
17 2006; and sec. 1, ch. 37, SLA 2004, are repealed.

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