

HOUSE BILL NO. 21

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JOSEPHSON

Introduced: 1/21/15

Referred: Transportation, Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to regional transit authorities."**

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

3 * **Section 1.** AS 29.35 is amended by adding new sections to read:

4 **Article 9A. Regional Transit Authorities.**

5 **Sec. 29.35.750. Purpose and creation of an authority.** (a) The purpose of a
6 regional transit authority is to provide for public transportation by commuter rail
7 service or other means within the boundaries of the authority.

8 (b) A regional transit authority may be created in one of the following ways:

9 (1) the governing body of a municipality may, by ordinance, create the
10 authority as a public corporation of the municipality;

11 (2) the governing bodies of two or more municipalities may, by
12 substantially identical ordinances adopted by each of the governing bodies, create the
13 authority as a public corporation of the municipalities.

14 (c) One or more municipalities may join an authority established under (b)(1)
15 or (2) of this section on the adoption of substantially identical ordinances by the

governing bodies of each affected municipality.

(d) The enabling ordinance by which an authority is established

(1) must

(A) specify the powers, boundaries, and limitations of the authority, consistent with AS 29.35.750 - 29.35.799;

(B) require the authority to submit a development plan, including the anticipated costs of the project, to the governing body of each municipality that created the authority; the development plan submitted under this subparagraph must include consideration of commuter rail service as a means for providing public transportation within the boundaries of the authority;

(C) specify the number, qualifications, manner of appointment or election, and terms of members of the board of directors required by AS 29.35.770; and

(D) prohibit the authority from establishing a regional public transportation system unless the authority has demonstrated to the governing body of each municipality that created the authority that the development plan for the system is economically feasible;

(2) may provide

(A) that the commissioner of transportation and public facilities, or the commissioner's designee, serves as a member of the board;

(B) for the selection of a member of the policy board of a metropolitan planning organization formed under 23 U.S.C. 134 to serve on the board.

(e) An authority is a body corporate and politic and an instrumentality of the municipality or municipalities creating it but has a separate and independent legal existence. Creation of the authority is an exercise of a municipality's transportation system powers.

(f) Nothing in AS 29.35.750 - 29.35.799 prevents a municipality or municipalities from creating or participating in a public corporation, including a regional transit authority, in any form or manner not prohibited by law. However,

AS 29.35.750 - 29.35.799 apply only to and may be used only by an authority created under this section.

Sec. 29.35.752. Dissolution of an authority; withdrawal from authority. (a)

The enabling ordinance creating a regional transit authority must provide for the manner by which the authority may be dissolved. If an authority ceases to exist, its assets shall be distributed to each municipality that was participating in the authority on the day before the date of dissolution, in proportion to the municipality's contribution to the authority, less any outstanding debt or obligation of that municipality to the authority. Any obligation to bondholders then outstanding shall first be satisfied in full.

(b) A municipality that is participating in an authority with one or more other municipalities may withdraw from participation without dissolving the authority. The contributions to the authority made by the withdrawing municipality remain the property of the authority, and the municipality remains liable for obligations under any agreement with the authority or other participating municipalities unless the agreement is changed by the contractual parties. A municipality withdraws from participation in an authority by adopting an ordinance repealing the ordinance adopted under AS 29.35.750(b)(2) or (c).

(c) Notwithstanding AS 29.26.100, the powers of initiative and referendum may not be used for withdrawing a municipality from participation in an authority with one or more other municipalities.

Sec. 29.35.754. Municipal property. (a) A municipality may transfer and otherwise convey or lease real property and improvements to real property to a regional transit authority for use by the authority for the purposes set out in the ordinance adopted under AS 29.35.750(b) or (c).

(b) A municipality may transfer and otherwise assign or lease personal property to an authority for use by the authority for the purposes set out in the ordinance adopted under AS 29.35.750(b) or (c).

Sec. 29.35.756. Powers and duties. (a) If provided in the enabling ordinance, a regional transit authority may

(1) sue and be sued;

- 1 (2) have a seal and alter it;
- 2 (3) acquire an interest in a project as necessary or appropriate to
- 3 provide financing for the project, whether by purchase, gift, or lease;
- 4 (4) lease to others a project acquired by the authority on the terms and
- 5 conditions the authority may consider advisable, including provisions for purchase or
- 6 renewal;
- 7 (5) sell, by installment sale or otherwise, exchange, donate, convey, or
- 8 encumber in any manner, by mortgage or by creation of another security interest, real
- 9 or personal property that it owns or in which it has an interest, including a project,
- 10 when the authority determines the action is in furtherance of the authority's purposes;
- 11 (6) accept gifts, grants, or loans, under the terms and conditions
- 12 imposed under the gift, grant, or loan, and enter into contracts, conveyances, or other
- 13 transactions with a federal agency or an agency or instrumentality of the state, a
- 14 municipality, a private organization, or another person;
- 15 (7) deposit or invest the authority's funds, subject to agreements with
- 16 bondholders;
- 17 (8) purchase or insure loans to finance the costs of projects;
- 18 (9) provide for security within the boundaries of the authority;
- 19 (10) enter into loan agreements for one or more projects on the terms
- 20 and conditions the authority considers advisable;
- 21 (11) acquire, manage, and operate projects the authority considers
- 22 necessary or appropriate to serve the authority's purposes;
- 23 (12) assist private lenders to make loans to finance the costs of projects
- 24 through loan commitments, short-term financing, or otherwise;
- 25 (13) charge fees or other forms of remuneration for the use or
- 26 possession of projects under the agreements described in this subsection, other
- 27 agreements relating to the projects, covenants, or representations made in bond
- 28 documents relating to the projects, or regulations of the authority relating to the
- 29 projects;
- 30 (14) exercise the powers of eminent domain and declaration of taking
- 31 within its physical boundaries under AS 29.35.030 to acquire land or materials for the

1 purposes of the authority;

2 (15) regulate land use within the boundaries of the authority;

3 (16) defend and indemnify a current or former member of the board,
4 employee, or agent of the authority against all costs, expenses, judgments, and
5 liabilities, including attorney fees, incurred by or imposed on that person in connection
6 with a civil or criminal action in which the person is involved because of the person's
7 affiliation with the authority if the person acted in good faith on behalf of the authority
8 and within the scope of the person's official duties and powers;

9 (17) purchase insurance to protect and hold harmless its employees,
10 agents, and board members from an action, claim, or proceeding arising out of the
11 performance of, purported performance of, or failure to perform in good faith duties
12 for the authority or arising out of employment with the authority and to hold them
13 harmless from expenses connected with the defense, settlement, or monetary
14 judgments from that action, claim, or proceeding; the purchase of insurance is subject
15 to the discretion of the board; insurance purchased under this paragraph is not
16 compensation to the insured person; and

17 (18) protect its assets, services, and employees by purchasing
18 insurance or providing for certain self-insurance retentions.

19 (b) An authority shall maintain casualty, property, business interruption,
20 marine, boiler and machinery, pollution liability, and other insurance in amounts
21 reasonably calculated to cover potential claims against the authority or a municipality
22 for bodily injury, death, or disability, and property damage that arise from or are
23 related to operations and activities of the authority.

24 **Sec. 29.35.758. Bonds of a regional transit authority.** (a) If authorized by the
25 enabling ordinance, a regional transit authority may borrow money and issue bonds on
26 which the principal and interest are payable

27 (1) exclusively from the income and receipts of, or other money
28 derived from, the project financed with the proceeds of the bonds;

29 (2) exclusively from the income and receipts of, or other money
30 derived from, designated projects or other sources, whether they are financed, insured,
31 or guaranteed in whole or in part with the proceeds of the bonds; or

1 (3) from its income and receipts or a designated part or parts of them.

2 (b) All bonds shall be sold at public or private sale in the manner, for the price
3 or prices, and at the time or times, the authority may determine. Before issuing bonds,
4 an authority shall provide for consideration at least sufficient, in the judgment of the
5 authority, to

6 (1) pay the principal of and interest on the bonds as they become due;

7 (2) create and maintain the reserves for the payment that the authority
8 considers necessary or desirable; and

9 (3) meet all obligations in connection with and all costs necessary to
10 service the bonds, unless the bond agreement provides that the obligations are to be
11 met or costs are to be paid by a party other than the authority.

12 (c) Bonds shall be authorized by resolution of the authority and shall be dated
13 and mature as the resolution may provide, except that a bond may not mature more
14 than 40 years after the date of its issue. Bonds shall bear interest at the rate or rates, be
15 in the denominations, be in the form, either coupon or registered, carry the registration
16 privileges, be executed in the manner, be payable in the medium of payment, at the
17 place or places, and be subject to the terms of redemption that the resolution or a
18 subsequent resolution may provide.

19 (d) All bonds issued under this section, regardless of form or character, are
20 negotiable instruments for all the purposes of AS 45.01 - AS 45.08, AS 45.12,
21 AS 45.14, and AS 45.29 (Uniform Commercial Code).

22 **Sec. 29.35.760. Bonds eligible for investment.** Bonds issued under
23 AS 29.35.758 are securities in which public officers and public bodies of the state and
24 its political subdivisions, insurance companies, trust companies, banks, investment
25 companies, executors, administrators, trustees, and other fiduciaries may properly and
26 legally invest funds, including capital in their control or belonging to them. The bonds
27 may be deposited with a state or municipal officer of an agency or political
28 subdivision of the state for any purpose for which the deposit of bonds of the state is
29 authorized by law.

30 **Sec. 29.35.762. Pledge of revenue; credit.** (a) The pledge of revenue of a
31 regional transit authority to the payment of the principal of or interest on bonds or

notes of the authority is valid and binding from the time the pledge is made, and the revenue is immediately subject to the lien of the pledge without physical delivery or further act. The lien of a pledge is valid and binding against all parties having claims of any kind against the authority, regardless of whether those parties have notice of the lien of the pledge.

(b) The state and municipalities participating in an authority are not liable for the debts of that authority. Bonds issued under AS 29.35.758 are payable solely from the revenue of the authority and do not constitute a

(1) debt, liability, or obligation of the state or a municipality; or

(2) pledge of the faith and credit of the state or a municipality.

(c) An authority may not pledge the credit or the taxing power of the state or its municipalities. A bond issued under AS 29.35.758 must contain on its face a statement that

(1) the authority is not obligated to pay it or the interest on it except from the revenue pledged for it; and

(2) the faith and credit of the taxing power of the state or of a political subdivision of the state is not pledged to the payment of it.

Sec. 29.35.764. Pledges of the state and municipalities. The state and municipalities participating in an authority pledge to and agree with the holders of bonds issued under AS 29.35.758 and with the federal agency, if any, that loans or contributes funds for a project of the authority that the state and the municipalities participating in the authority will not limit or alter the rights and powers vested in the authority by its enabling ordinance or other law so that it is unable to fulfill the terms of a contract made by it with those holders or that federal agency or in any way impair the rights and remedies of those holders or that federal agency until the bonds, together with the interest on them and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of those holders or that federal agency, are fully met and discharged. An authority may include this pledge and agreement of the state and the municipalities participating in the authority, to the extent that it refers to holders of bonds of the authority, in a contract with those holders and, to the extent that it relates to a federal agency, in a

1 contract with that federal agency.

2 **Sec. 29.35.766. Limitation of liability; fidelity bond.** (a) Any liability, debt,
3 or judgment incurred by a regional transit authority shall be satisfied exclusively from
4 the assets or revenue of the authority. A creditor or other person does not have a right
5 of action against the state or a municipality participating in an authority because of a
6 debt, obligation, or liability of an authority.

7 (b) A board member or employee of an authority is not subject to personal
8 liability or accountability because of the execution or issuance of bonds under
9 AS 29.35.758.

10 (c) An authority shall obtain a fidelity bond in an amount determined by the
11 board for board members and each executive officer responsible for accounts and
12 finances of that authority. A fidelity bond must be in effect during the entire tenure in
13 office of the bonded person.

14 **Sec. 29.35.768. Exemption from taxation.** (a) A regional transit authority
15 exercising the powers granted under AS 29.35.750 - 29.35.799 is in all respects for the
16 benefit of the people of the municipalities participating in the authority and the people
17 of the state in general, for their well-being and prosperity, and for the improvement of
18 their social and economic condition. The real and personal property of the authority
19 and its assets, income, and receipts are exempt from all taxes and special assessments
20 of the state or a political subdivision of the state.

21 (b) Bonds issued by the authority under AS 29.35.758 are issued for an
22 essential public and governmental purpose; therefore, the bonds, the interest and
23 income from them, and all fees, charges, funds, revenue, income, and other money
24 pledged or available to pay or secure the payment of the bonds or interest on them are
25 exempt from taxation except for inheritance, transfer, and estate taxes.

26 (c) Notwithstanding the provisions of (a) of this section, an authority and the
27 municipalities participating in the authority may enter into agreements under which
28 the authority agrees to pay the participating municipalities' payments in lieu of taxes
29 and special assessments on real and personal property of the authority that is within
30 the taxing jurisdiction of the municipality.

31 (d) Nothing in this section creates a tax exemption with respect to the interests

1 of a business enterprise or other person, other than the authority, in property, assets,
2 income, or receipts, whether or not financed under AS 29.35.750 - 29.35.799.

3 **Sec. 29.35.770. Administration of regional transit authority; board.** (a) A
4 regional transit authority shall be governed by a board of directors, which shall
5 exercise the powers of the authority.

6 (b) The board shall appoint a chief executive officer of the authority, who
7 serves at the pleasure of the board.

8 (c) The board shall fix the compensation of the chief executive officer, in an
9 amount that is not more than \$200,000 a year, exclusive of health and retirement
10 benefits and reimbursement of actual expenses.

11 **Sec. 29.35.772. Collective bargaining agreements.** (a) A collective
12 bargaining agreement for employees of the state or its political subdivisions who are
13 transferred to a regional transit authority remains in effect for the term of the
14 agreement or one year, whichever is longer, and is binding on the authority unless the
15 parties agree to the contrary before the agreement expires. A labor-management
16 negotiation impasse declared after a transfer of employees under this subsection but
17 before the negotiation of a new collective bargaining agreement shall be resolved as
18 provided in the collective bargaining agreement or, if the collective bargaining
19 agreement does not provide for a resolution, as provided in AS 23.40.070 - 23.40.260.

20 (b) Employees of the state or a political subdivision of the state transferred to
21 an authority shall retain, for one year following the date of transfer or for the duration
22 of a collective bargaining agreement transferred under (a) of this section, whichever is
23 greater, all rights of participation in fringe benefit programs available to the employees
24 on the day before the transfer, or in substantially equivalent programs.

25 (c) AS 23.40.070 - 23.40.260 apply to employees of an authority unless all
26 municipalities participating in the authority are exempt under AS 23.40.255(a).

27 **Sec. 29.35.774. Bylaws and regulations.** (a) The board of directors of a
28 regional transit authority shall adopt bylaws and appropriate regulations consistent
29 with the enabling ordinance to carry out its functions and purposes.

30 (b) The board shall adopt bylaws as soon after the authority is established as
31 possible and may, from time to time, amend those bylaws. The bylaws may contain

any provision not in conflict with law for managing the business of the authority and for conducting the affairs of the authority, including provisions relating to

(1) the time, place, and manner of calling, conducting, and giving notice of meetings of the board and committees of the board, if any;

(2) the compensation of directors, if any;

(3) the appointment and authority of committees of the board, if any;

(4) the appointment, duties, compensation, and tenure of officers, directors, the chief executive officer, and other employees, if any;

(5) procedures for adopting regulations;

(6) procedures for adopting bylaws;

(7) procedures for making annual reports and financial statements; and

(8) other matters for the conduct of business by the board.

Sec. 29.35.776. Authority subject to public records and open meetings laws. A regional transit authority is subject to AS 40.25.110 - 40.25.220 and to AS 44.62.310 and 44.62.312.

Sec. 29.35.778. Report and audit. (a) Within 90 days following the end of the fiscal year of a regional transit authority, the board of directors shall distribute to the mayor and governing body of each municipality participating in the authority a report describing the operations and financial condition of the authority during the preceding fiscal year and notify the legislature that the report is available.

(b) The report required in (a) of this section

(1) must itemize the cost of providing each category of service offered by the authority and the income generated by each category and include a detailed assessment of damage to or enhancement of the quality of the environment of the state resulting from the authority's operation of its public transportation system for the authority's preceding fiscal year;

(2) may include suggestions for legislation relating to the structure, powers, or duties of the authority or operation of facilities of the authority.

(c) The board shall have the financial records of the authority audited annually by an independent certified public accountant.

(d) An authority shall make all of its financial records available for

1 examination to an auditor appointed by a municipality participating in the authority.

2 **Sec. 29.35.780. Claims and remedies.** (a) The superior court has jurisdiction
3 to hear and determine suits, actions, or proceedings relating to an authority, including
4 suits, actions, or proceedings brought to foreclose or otherwise enforce a mortgage,
5 pledge, assignment, or security interest brought by or for the benefit or security of a
6 holder of the authority's bonds or by a trustee for or other representative of the holders.

7 (b) A holder of bonds or notes or coupons attached to the bonds issued by an
8 authority under AS 29.35.758, and a trustee under a trust agreement or resolution
9 authorizing the issuance of the bonds, except as restricted by a trust agreement or
10 resolution, either at law or in equity, may

11 (1) enforce all rights granted under AS 29.35.750 - 29.35.799, the trust
12 agreement or resolution, or another contract executed by the authority; and

13 (2) compel the performance of all duties of the authority required by
14 AS 29.35.750 - 29.35.799 or the trust agreement or resolution.

15 (c) In judicial and regulatory proceedings by and against an authority, an
16 authority and its board members and employees enjoy the same rights, privileges, and
17 immunities as a municipality and municipal officers.

18 **Sec. 29.35.790. Conflicting laws inapplicable.** If a provision of AS 29.35.750
19 - 29.35.799 conflicts with another provision of this title, the provision of AS 29.35.750
20 - 29.35.799 prevails.

21 **Sec. 29.35.799. Definitions.** In AS 29.35.750 - 29.35.799, unless the context
22 otherwise requires,

23 (1) "authority" means a regional transit authority established under
24 AS 29.35.750;

25 (2) "board" means the board of directors of a regional transit authority;

26 (3) "bonds" includes bonds, bond anticipation notes, notes, refunding
27 bonds, or other forms of indebtedness of the authority;

28 (4) "bylaws" means the guidelines adopted by and amended by the
29 board of directors from time to time under AS 29.35.750 - 29.35.799;

30 (5) "commuter rail service" means passenger train service within an
31 urban, suburban, or metropolitan area;

(6) "costs of projects" means all or any part of the aggregate costs determined by a regional transit authority to be necessary to finance the construction or acquisition of a project, including, without limitation,

(A) the cost of acquiring real property;

(B) the cost of constructing buildings and improvements;

(C) the cost of financing the project, including, without limitation, interest charges before, during, or after construction or acquisition of the project;

(D) costs related to determining the feasibility of, planning, design of, or engineering of the project and, to the extent determined necessary by the authority, administrative expenses;

(E) the costs of machinery or equipment to be used in the operation or rehabilitation of a transit facility or operation; and

(F) all other costs, charges, fees, and expenses that the authority determines necessary to finance the construction or acquisition;

(7) "land" or "real property" means any interest in real property, including tidal and submerged land, any right appurtenant to the interest, and, without limitation, interests less than full title, such as easements, uses, leases, and licenses;

(8) "project" means a capital project related or incidental to public transportation;

(9) "public transportation" means transportation by a conveyance that provides regular and continuing general or special transportation to the public;

(10) "regulation" means a standard of general application or the amendment, supplement, revision, or repeal of a standard adopted by a regional transit authority to implement, interpret, or make specific the law enforced or administered by it or to govern its procedure.

* **Sec. 2.** AS 29.71.800 is amended by adding a new paragraph to read:

(26) "transportation system" means the infrastructure and carriers necessary to provide for public or private transportation of goods and individuals, including ports, marinas, railways, terminals, highways, roads, and trails, as well as motor vehicles, trains, and watercraft.