

SENATE BILL NO. 189

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR TIM KELLY

Introduced: 1/10/00

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the international airports in Anchorage and Fairbanks and
2 establishing the Alaska International Airport Authority; and providing for an
3 effective date."

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
6 section to read:

7 FINDINGS AND PURPOSE. (a) The Alaska State Legislature finds that the state-
8 owned and state-operated international airports at Anchorage and Fairbanks are critical air
9 transportation links between the Orient, Europe, and North America, are the major points of
10 access to Alaska for international and interstate air travelers, and are major hubs for the
11 shipment of cargo throughout the Pacific Rim and the Northern Hemisphere. In order to
12 protect and maintain the viability and competitive position of the Anchorage and Fairbanks
13 international airports, it is in the best interest of the state to vest management of these airports
14 in an independent authority that can provide effective marketing of the airports; efficient,

1 responsive, and integrated management of the airports; and competitive services and facilities
2 to users of the airports.

3 (b) The purpose of this Act is to establish an authority for the operation, management,
4 planning, and construction of facilities for the state-owned and state-operated international
5 airports at Anchorage and Fairbanks.

6 * **Sec. 2.** AS 02 is amended by adding a new chapter to read:

7 **Chapter 45. Alaska International Airport Authority.**

8 **Article 1. Creation and Organization.**

9 **Sec. 02.45.010. Alaska International Airport Authority.** (a) The Alaska
10 International Airport Authority is established as a public corporation of the state. The
11 corporation is an instrumentality of the state in the Department of Transportation and
12 Public Facilities but has a legal existence independent of and separate from the state
13 and has continuing succession until its existence is terminated by law.

14 (b) The authority is the exclusive state agency responsible for the operation,
15 management, planning, marketing, construction, and maintenance of facilities for the
16 state-owned and state-operated international airports located at Anchorage and
17 Fairbanks.

18 (c) The powers of the authority are vested in the board of directors of the
19 authority.

20 **Sec. 02.45.020. Board of directors.** (a) The board of directors of the
21 authority consists of seven voting members appointed by the governor in accordance
22 with this section:

23 (1) two members who are residents of the Municipality of Anchorage;

24 (2) two members who are residents of the Fairbanks North Star
25 Borough; and

26 (3) three members, at least two of whom are residents of the state.

27 (b) The appointed members of the board described under (a) of this section
28 shall have appropriate and relevant experience in the management or operation of
29 airports or of aviation or related business enterprises, except that

30 (1) at least one member shall be a representative of a labor organization
31 that represents employees of the authority;

1 (2) at least one member shall have experience in the management of
2 scheduled airline service;

3 (3) at least one member shall have experience in general aviation in the
4 state; and

5 (4) at least one member shall have airport management experience at
6 an airport serving a community with a population of at least 60,000 persons.

7 (c) The commissioner of transportation and public facilities is a nonvoting, ex
8 officio member of the board. The commissioner may designate a person to serve on
9 the board in the commissioner's absence.

10 (d) The appointed members of the board serve for staggered terms of four
11 years. The terms of the appointed members begin on January 1.

12 (e) The appointed members of the board shall comply with the requirements
13 of AS 39.50 (public official financial disclosure).

14 (f) The appointed members of the board may neither be employed by the state,
15 including the University of Alaska, nor hold an elected state or municipal office.

16 **Sec. 02.45.030. Removal of members.** The governor may remove an
17 appointed member of the board for cause, including incompetence, neglect of duty, or
18 misconduct in office. Before a member is removed for cause, the member shall be
19 given a copy of the charges and afforded an opportunity to publicly present a defense
20 in person or by counsel upon not less than 10 days' notice. If a member is removed
21 for cause, the governor shall file with the lieutenant governor a complete statement of
22 all charges made against the member and the governor's findings based on the charges,
23 together with a complete record of the proceedings. The governor may suspend a
24 member of the board pending a final action under this section.

25 **Sec. 02.45.040. Compensation and expenses.** (a) A member of the board,
26 other than the commissioner and the commissioner's designee, is entitled to
27 compensation not to exceed \$400 for each day the member is engaged in the actual
28 performance of duties as a member of the board for a maximum of 60 days in a
29 calendar year. The board may provide by rule for compensation for partial days
30 during which an appointed member is engaged in actual performance of duties as a
31 member of the board.

1 (b) In addition to compensation under (a) of this section, a member of the
2 board, other than the commissioner and the commissioner's designee, is entitled to per
3 diem and travel expenses authorized by law for state boards and commissions under
4 AS 39.20.180.

5 **Sec. 02.45.050. Meetings.** (a) The board shall hold at least four regular
6 meetings each year. The site of the regular meetings shall rotate between Anchorage
7 and Fairbanks.

8 (b) The board may hold special meetings at the call of the chair or at the
9 request of three members of the board.

10 **Sec. 02.45.060. Officers and quorum.** (a) The board shall elect a chair and
11 a vice-chair from among its members. A member of the board may not serve as chair
12 for two consecutive terms. The chairmanship of the board shall rotate between
13 members of the board appointed under AS 02.45.020(a)(1) and members of the board
14 appointed under AS 02.45.020(a)(2). The chair and vice-chair serve for terms of two
15 years.

16 (b) The board shall elect a secretary, who need not be a member. The
17 secretary serves at the pleasure of the board.

18 (c) Four members of the board constitute a quorum. Action may be taken and
19 motions and resolutions adopted by the board at a meeting by the affirmative vote of
20 at least four members, of which at least one member must be a member appointed
21 under AS 02.45.020(a)(1) and at least one member must be a member appointed under
22 AS 02.45.020(a)(2). Members may not vote by proxy. A vacancy in the membership
23 of the board does not impair the right of a quorum to exercise all the powers and
24 perform all the duties of the board.

25 (d) Members may participate in meetings of the board by electronic means.

26 **Sec. 02.45.070. Staff.** (a) The board shall employ a manager for the
27 Anchorage International Airport and a manager for the Fairbanks International Airport.
28 Airport managers shall be selected on the basis of education, experience, training, and
29 expertise in management of airports. Airport managers serve at the pleasure of the
30 board. Between meetings of the board, the airport managers shall report to the chair
31 of the board.

1 (b) The board shall employ officers and employees as necessary for the
2 efficient operation of the airports.

3 (c) The board may employ executive, administrative, fiscal, and legal officers
4 and employees as the board considers necessary for the efficient management of the
5 authority. The board shall seek to minimize unnecessary duplication of staff and
6 functions at airports operated by the authority.

7 **Sec. 02.45.080. Rules and emergency rules.** (a) The board shall adopt rules
8 to carry out its functions and the purposes of this chapter, including rules to safeguard
9 property owned by the authority and to protect employees and persons using the
10 authority's property or services. At least 15 days before the adoption of a rule, the
11 board shall give public notice of the proposed action by publishing a notice in at least
12 two newspapers of general circulation in the state and by mailing a copy of the notice
13 to each person who has requested notice of proposed changes to its rules. The notice
14 must state the time, place, and nature of the proceedings and must contain a summary
15 of the subject of the proposed rule.

16 (b) On the date and at the time and place designated in the notice required
17 under (a) of this section, the board shall provide each interested person an opportunity
18 to present statements in writing concerning the proposed rule and shall give members
19 of the public an opportunity to present oral statements for a minimum period of at least
20 one hour.

21 (c) The board shall consider all relevant matters presented to it before adopting
22 a rule. The board may take action on a rule that varies in content from the summary
23 provided with the notice of the proposed rule if the summary reflected the subject of
24 the rule in a way that provided reasonable notice to the public about whether the
25 authority's action on that subject could affect the public's interest.

26 (d) The board may adopt a rule on an emergency basis only when necessary
27 for the orderly operation of the authority's facilities or programs. The requirements
28 of (a) - (c) of this section do not apply to the adoption of an emergency rule under this
29 subsection. However, within 10 days after the adoption of an emergency rule, the
30 authority shall give notice of its action that substantially complies with the notice
31 requirements of this section. A rule adopted under this subsection remains in effect

1 for not more than 120 days. To prevent an emergency rule from lapsing, the board
 2 may adopt the same rule under (a) - (c) of this section before the end of the 120-day
 3 period.

4 (e) Failure to mail a notice to a person under (a) or (d) of this section does not
 5 invalidate an action taken by the board.

6 (f) An interested person may challenge a rule adopted by the board by bringing
 7 an action in the superior court. In addition to other grounds, a court may declare a
 8 rule invalid

9 (1) for substantial failure by the authority to comply with this section;
 10 or

11 (2) if the rule was adopted under (d) of this section, upon the ground
 12 that the emergency rule was not necessary for the orderly operation of the authority's
 13 facilities or programs.

14 **Article 2. Powers and Duties.**

15 **Sec. 02.45.100. Powers and duties of authority.** (a) In addition to other
 16 powers granted in this chapter, the authority may

- 17 (1) sue and be sued;
 18 (2) adopt and alter an official seal;
 19 (3) maintain an office in the state;
 20 (4) acquire, hold, use, and dispose of its money, subject to
 21 appropriation by the legislature;
 22 (5) acquire, hold, use, lease, rent, construct, and dispose of property for
 23 its purposes;
 24 (6) issue revenue bonds in the amount authorized by law; and
 25 (7) do all acts necessary to carry out this chapter that are not expressly
 26 prohibited by law.

27 (b) The authority shall
 28 (1) operate, manage, plan, improve, market, construct, and maintain the
 29 facilities of the state-owned and state-operated international airports located at
 30 Anchorage and Fairbanks; and

31 (2) adopt and enforce

1 (A) bylaws of the authority establishing procedures consistent
2 with AS 02.45.080 for the adoption of rules and emergency rules;

3 (B) rules for the conduct of its business and for the use of its
4 services and facilities;

5 (C) personnel rules necessary to establish a system of personnel
6 administration substantially equivalent to the state personnel rules adopted
7 under AS 39.

8 **Sec. 02.45.110. Public nature of authority activities.** The planning,
9 construction, improvement, maintenance, and operation of an airport, whether by the
10 authority separately or jointly with another state agency, municipality, or person, and
11 the exercise of other powers granted to the authority are public and governmental
12 functions exercised for a public purpose and matters of public necessity. Land and
13 other property and privileges acquired and used by or on behalf of the authority for the
14 purposes enumerated in this chapter are acquired and used for public and governmental
15 purposes and as a matter of public necessity.

16 **Sec. 02.45.120. Acquisition of land and easements.** The authority, as part
17 of the cost of constructing, maintaining, or improving airport facilities, may acquire
18 by purchase, gift, grant, exchange, or eminent domain land in fee simple or easements
19 that the authority considers necessary for present or future public use, either temporary
20 or permanent, including easements in airport hazards or land outside the boundaries
21 of an airport, necessary to permit the removal, elimination, and obstruction marking
22 or obstruction lighting of airport hazards or to prevent the establishment of airport
23 hazards. By the same means, the authority may obtain material, including clay, gravel,
24 sand, or rock, or the land necessary to obtain the material. The authority may acquire
25 the land or material notwithstanding the fact that title to the land or material is vested
26 in the state or a department, agency, commission, or institution of the state.

27 **Sec. 02.45.130. Authority to acquire property for the purpose of exchange.**
28 When the authority declares that it is in the best public interest of the state to do so,
29 the authority may acquire by purchase, gift, grant, exchange, or eminent domain
30 privately or publicly owned land or an interest in land for the purpose of exchanging
31 the land or interest in land for privately or publicly owned land or an interest in land

1 that the authority is authorized by law to acquire.

2 **Sec. 02.45.140. Eminent domain.** (a) The authority may exercise the power
3 of eminent domain under AS 09.55.240 - 09.55.460 to acquire land for airport
4 purposes consistent with this chapter. Notwithstanding AS 09.55.250, the authority
5 may acquire a fee simple title whenever, in the judgment of the authority, ownership
6 of a fee simple title is necessary to carry out the purposes of this chapter.

7 (b) The authority may file a declaration of taking in the manner provided for
8 the state under AS 09.55.420.

9 (c) The exercise of the power of eminent domain by the authority requires the
10 prior approval of the governor.

11 **Sec. 02.45.150. Indemnification.** (a) If the person acted in good faith on
12 behalf of the authority and within the scope of the person's official duties or powers,
13 the authority may defend and indemnify a current or former member of the board,
14 employee, or agent of the authority against all costs, expenses, judgments, and
15 liabilities, including attorney fees, incurred by or imposed upon that person in
16 connection with a civil or criminal action in which the person is involved by affiliation
17 with the authority.

18 (b) The authority may purchase insurance to protect and hold personally
19 harmless its employees, agents, and board members from an action, claim, or
20 proceeding arising out of the performance, purported performance, or failure of
21 performance, in good faith, of duties for, or employment with, the authority and to
22 hold them harmless from expenses connected with the defense, settlement, or monetary
23 judgments from that action, claim, or proceeding. The purchase of insurance is
24 discretionary with the board, and insurance is not considered to be compensation to the
25 insured person.

26 **Sec. 02.45.160. Insurance.** Except as provided in AS 02.45.150(b), the
27 authority shall protect its assets, services, and employees by purchasing insurance or
28 providing for certain self-insurance retentions. The authority shall also maintain
29 casualty, property, and other insurance in amounts reasonably calculated to cover
30 potential claims against the authority or state for bodily injury, death, or disability and
31 property damage that may arise from or be related to authority operations and

1 activities.

2 **Sec. 02.45.170. Fidelity bond.** The authority shall obtain a fidelity bond in
3 an amount determined by the board for board members and each executive officer
4 responsible for accounts and finances. A bond must be in effect during the entire
5 tenure in office of the bonded person.

6 **Article 3. International Airport Facilities.**

7 **Sec. 02.45.200. Operation and use privileges.** (a) The authority may enter
8 into contracts, leases, and other arrangements covering periods not exceeding 55 years
9 with a person, a municipality, or the United States, granting the privilege of using or
10 improving an airport or air navigation facility, a portion of an airport or air navigation
11 facility, or space in an airport or air navigation facility for commercial, governmental,
12 or other public purposes, including private plane tie down, or conferring the privilege
13 of supplying goods, commodities, services, or facilities at an airport or air navigation
14 facility. The authority may establish the terms and conditions and fix the charges,
15 rentals, and fees for the privileges or services that are reasonable and uniform for the
16 same class of privilege or service. Charges, rentals, or fees authorized by this
17 subsection may be fixed for the international airports by order of the board or by
18 negotiated or competitively offered contract. The fixing of charges, rentals, or fees as
19 permitted under this subsection is not subject to AS 37.10.050(a). The terms,
20 conditions, charges, rentals, and fees shall be established with due regard to the
21 property and improvements used and the expense of operation to the state. However,
22 use of state land and buildings by the Alaska Wing-Civil Air Patrol and its squadrons
23 shall be permitted without rental charges. The authority shall provide for public notice
24 and an opportunity to comment before a charge, rental, or fee is fixed by order of the
25 board as permitted under this subsection. The public may not be deprived of its
26 rightful, equal, and uniform use of the airport, air navigation facility, or a portion of
27 the airport or air navigation facility.

28 (b) If the authority permits space in an airport to be used as lounges for
29 members of the United States armed forces, the Alaska National Guard, the Alaska
30 Naval Militia, or the Alaska State Militia and if the lounges are operated by persons
31 exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code), the authority

1 may not charge rent for the use of the space.

2 (c) The authority may, by contract or other arrangement, upon a consideration
3 fixed by the board, grant to a qualified municipality or person for a reasonable period
4 of time the privilege of operating, as agent of the state or otherwise, an airport owned
5 or controlled by the authority. A municipality or person granted that privilege may not
6 operate the airport other than as a public airport or enter into a contract, lease, or other
7 arrangement in connection with the operation that the authority may not have
8 undertaken under (a), (b), or (d) - (f) of this section.

9 (d) Notwithstanding the right of the public to rightful, equal, and uniform use
10 under (a) of this section, before the expiration of a land lease, including the
11 termination of a lease in holdover status, entered into under this section, the lessee may
12 apply for a new lease, or for an extended term under the existing lease, for the same
13 land. The board shall approve the application for a new land lease or an extended
14 term under this section without offering the land to other persons for leasing if

15 (1) the lessee is in compliance with the terms and conditions of the
16 existing or holdover lease; and

17 (2) the continued use of the leasehold is consistent with written airport
18 operation policies and is in the state's best interest.

19 (e) A land lessee owns title to the permanent improvements that the lessee
20 constructed or purchased during the term of the lease, unless the lease expressly
21 provides that the state is the owner of the permanent improvements.

22 (f) At the expiration, termination, or cancellation of a land lease entered into
23 under this section,

24 (1) a lessee who owns the improvements under (e) of this section shall
25 continue to own the permanent improvements that the lessee constructed or purchased
26 on a leasehold if the lessee is granted, under (d) of this section, a new lease or an
27 extended term for the same land;

28 (2) a lessee may sell the permanent improvements owned by the lessee
29 to a succeeding lessee of the same land;

30 (3) at the option of the lessee, the permanent improvements owned by
31 the lessee may be sold by the state at public auction with the proceeds from the sale

1 of the improvements going to the lessee, less administrative costs of the auction and
 2 obligations owed under the lease to the state; the successful bidder has the same right
 3 to enter into a new lease under (d) of this section without the authority offering the
 4 land to other persons for leasing;

5 (4) after notice by the authority, the permanent improvements owned
 6 by the lessee shall be removed at the lessee's sole expense if

7 (A) the permanent improvements do not comply with written
 8 airport operational policies or are not in the state's best interest;

9 (B) the permanent improvements are not sold under (2) or (3)
 10 of this subsection; or

11 (C) the authority makes written findings that the permanent
 12 improvements are a hazard to the public health and safety;

13 (5) title to the permanent improvements vests in the authority if the
 14 authority purchases or otherwise contracts for the ownership of the permanent
 15 improvements or if the lessee abandons the permanent improvements.

16 **Sec. 02.45.210. Sale and delivery of in-bond merchandise.** (a) The
 17 authority shall allow the sale and delivery of in-bond merchandise at an airport only
 18 by an exclusive contract.

19 (b) If an exclusive contract for the sale and delivery of in-bond merchandise
 20 at an airport exists on the effective date of this section, the authority may not permit
 21 or confer a right on another person to offer to sell, sell, or deliver in-bond merchandise
 22 at that airport except as provided in (c) of this section.

23 (c) After exclusive contracts described in (b) of this section expire, the
 24 authority shall enter into one exclusive contract and, on its expiration, additional
 25 successive exclusive contracts for the sale and delivery of in-bond merchandise at each
 26 airport. Except under the existing and future exclusive contracts described in this
 27 section, the authority may not permit or confer a right upon a person to offer to sell,
 28 sell, or deliver in-bond merchandise at an airport.

29 (d) The authority shall offer the exclusive contracts required by this section
 30 by competitive bid and shall award the contracts after considering the generation of
 31 maximum revenue for the international airports revenue fund under AS 37.15.430.

1 (e) The authority shall actively supervise the operations under each exclusive
 2 contract for the sale and delivery of in-bond merchandise in order to ensure the
 3 effectiveness of the operations. To supervise contract operations under this section,
 4 the authority shall adopt rules that provide for review of the reasonableness of price
 5 schedules, quality, and assortment of merchandise, and customer service.

6 (f) This section does not apply to deliveries of in-bond merchandise as cargo
 7 to airlines. In this subsection, "cargo" means goods carried by an airline under an
 8 agreement between the shipper and the airline, other than a passenger ticket, that are
 9 accepted, carried, and handled separately from passenger baggage and that are
 10 delivered to a location other than a baggage claim area; "cargo" does not include goods
 11 carried by an airline as baggage, whether belly-loaded or hand-carried and whether
 12 accompanied or unaccompanied by a passenger.

13 **Sec. 02.45.220. Police powers vested.** The officers and employees of the
 14 authority whom the board may designate have general police powers in aid of the
 15 enforcement of this chapter and of the powers exercised by the authority under
 16 AS 02.15 and AS 02.25. The persons designated under this section shall meet the
 17 minimum standards for police officers adopted under AS 18.65.130 - 18.65.290.

18 **Sec. 02.45.230. Regulation of ground transportation at airports.**
 19 Notwithstanding the provisions of AS 02.45.200, the authority may not exclude taxis,
 20 buses, or limousines that carry passengers for hire or courtesy cars from the highways,
 21 parking facilities, or other portions of an airport designated for operation or parking
 22 of ground transportation vehicles. The authority may regulate by rule the operations
 23 of taxis, buses, limousines, and courtesy cars as necessary to promote efficient
 24 operation of an airport. In this section, "courtesy car" means a motor vehicle owned
 25 or operated by a hotel, motel, or other place of public accommodation for the
 26 transportation of its guests to and from the airport at the request of the guest and for
 27 which no service charge is made to the guest.

28 **Sec. 02.45.240. Liens.** The authority may enforce the payment of charges for
 29 repairs, improvements, storage, or care of personal property made or furnished by the
 30 authority or its agents in connection with the operation of an airport or air navigation
 31 facility owned or operated by the authority. The authority has those lien rights

1 generally allowed by law to secure payment for those services.

2 **Sec. 02.45.250. International airport advisory committees.** (a) The board
3 shall establish an advisory committee for each airport and shall prescribe by rule the
4 powers, duties, and procedures of each committee. An advisory committee serves only
5 as an advisor and may not exercise or be delegated a substantive power conferred on
6 the board by law. An advisory committee may take action by a majority vote of its
7 members.

8 (b) The advisory committee for the Anchorage International Airport consists
9 of the two members of the board from the Municipality of Anchorage who are
10 appointed under AS 02.45.020(a)(1) and one other member of the board chosen by the
11 chair of the board. The advisory committee shall act as an advisor to the manager of
12 the Anchorage International Airport.

13 (c) The advisory committee for the Fairbanks International Airport consists of
14 the two members of the board from the Fairbanks North Star Borough who are
15 appointed under AS 02.45.020(a)(2) and one other member of the board chosen by the
16 chair of the board. The advisory committee shall act as an advisor to the manager of
17 the Fairbanks International Airport.

18 **Article 4. Fiscal Procedures.**

19 **Sec. 02.45.300. Authority program and financial plan.** (a) The authority
20 shall assure the development of a system of results-based operation designed to
21 increase efficiency and effectiveness of programs and services of the authority.
22 Toward that end, the authority shall, on a semi-annual basis, identify results-based
23 measures that have been used to work toward achievement of the mission statement
24 and desired results issued by the legislature and of other goals of the authority, and set
25 out the results as measured. The authority shall also prepare information that shall be
26 compiled and submitted on December 15 each year to the office of management and
27 budget, the legislature, and the legislative finance division; this information must

28 (1) identify the mission of the authority and desired results established
29 by the legislature;

30 (2) identify the goals and objectives the authority will use to achieve
31 the legislature's mission and desired results;

1 (3) set out the results of any user-group surveys and, if the results do
2 not agree with the mission and desired results, goals, and objectives, explain why;

3 (4) include written, defined methods of measuring results that apply to
4 the responsibilities, products, and services of the authority;

5 (5) identify results-based measures that have been used to work toward
6 achievement of the mission statement and desired results issued by the legislature and
7 other goals of the authority, and set out the results as measured;

8 (6) identify surveys or other methods of gathering user-group opinions
9 that have been used by the authority to identify ways to improve its programs;

10 (7) identify methods of measuring performance when the mission
11 statement and desired results issued by the legislature involve more than one authority
12 and make recommendations to eliminate duplication of government functions and
13 waste;

14 (8) identify ways in which the authority has involved its employees in
15 the development of methods of measuring results, including opportunities for employee
16 representatives to participate in committees established to develop methods of
17 measuring results;

18 (9) include the budget requested to carry out the authority's proposed
19 plans in the succeeding fiscal year, including information reflecting the expenditures
20 during the last fiscal year, the expenditures authorized for the current fiscal year, the
21 expenditures proposed for the succeeding fiscal year, an explanation of the services to
22 be provided, the total number of positions for all persons employed or under contract
23 by the agency for personal services, including those rendered for capital improvement
24 projects, the need for the services, the cost of the services, and other information
25 requested by the office of management and budget;

26 (10) include a report of receipts of the authority during the last fiscal
27 year, an estimate of receipts during the current fiscal year, and an estimate of receipts
28 for the succeeding fiscal year;

29 (11) identify legislation required to implement the proposed programs
30 and financial plans;

31 (12) include an evaluation of the advantages and disadvantages of

1 specific alternatives to existing or proposed activities or administrative methods of the
2 authority.

3 (b) The document prepared under (a) of this section must describe the
4 relationship of the services provided by the authority to those services provided by
5 other government agencies and nongovernmental organizations.

6 (c) If the authority fails to transmit the program and financial information
7 required under (a) of this section on the specified date, the governor may prepare the
8 information.

9 (d) All goals and objectives, plans, programs, estimates, budgets, and other
10 documents forwarded to the governor by the authority under this section are public
11 information on and after the date they are forwarded.

12 (e) The authority shall, with participation of its employees, develop methods
13 for measuring authority results. A group or committee established by the authority to
14 develop methods of measuring results shall include a representative of each of the
15 bargaining units that represents employees of the authority.

16 **Sec. 02.45.310. Program execution.** (a) Except as limited by executive
17 decisions of the governor, the mission statements and desired results issued by the
18 legislature, appropriations by the legislature, and other provisions of law, the authority
19 has power to administer its programs and is responsible for the proper management of
20 the airports.

21 (b) The governor may direct the reduction of expenditures by the authority
22 during the fiscal year only if the governor determines that the planned expenditures can
23 no longer be made due to factors outside the control of the state that make the
24 expenditures factually impossible.

25 **Sec. 02.45.320. Acceptance of money from federal and other sources.** The
26 authority may accept federal money and money from other public or private sources
27 to accomplish the purposes of this chapter; however, the authority may not expend the
28 money without appropriation of the money by the legislature. Federal money accepted
29 under this chapter shall be accepted and expended by the authority under the terms and
30 conditions prescribed by federal law and regulations.

31 **Sec. 02.45.330. Annual report.** By January 15 of each year, the authority

1 shall submit to the governor, the legislature, the mayor of the Municipality of
 2 Anchorage, the mayor of the Fairbanks North Star Borough, and the mayor of the City
 3 of Fairbanks a concise report describing the operations, income, and expenditures for
 4 the preceding fiscal year. The report must contain information substantially similar to
 5 that required by the Security and Exchange Commission form 10-K. The report must
 6 also include financial statements audited by an independent outside auditor.

7 **Sec. 02.45.340. Annual audit.** The authority shall have a certified audit of
 8 its financial records prepared annually by an independent certified public accountant.

9 **Sec. 02.45.350. Responsibility of authority for revenue bonds.** The
 10 authority succeeds to all rights, duties, powers, and obligations of the state bond
 11 committee regarding the issuance, sale, and repayment of revenue bonds authorized
 12 under AS 37.15.410 - 37.15.550.

13 **Article 5. General Provisions.**

14 **Sec. 02.45.900. Authority employees.** (a) Employees of the authority are not
 15 employees of the state.

16 (b) Notwithstanding (a) of this section, employees of the authority who were
 17 state employees the day before they were transferred to the authority shall continue to
 18 participate in the supplemental employee benefits program under AS 39.30.150 -
 19 39.30.180 and in the public employees' retirement system under AS 39.35. The
 20 authority shall pay the employer's contributions required under AS 39.30.150 -
 21 39.30.180 and under AS 39.35.

22 (c) The authority may engage in collective bargaining with its employees.

23 **Sec. 02.45.910. Application of existing laws.** Unless specifically provided
 24 otherwise in this chapter, the following laws do not apply to the operations of the
 25 authority:

26 (1) AS 36.30, except as provided in that chapter;

27 (2) AS 37.07;

28 (3) AS 39, except as provided in this chapter;

29 (4) AS 44.62.010 - 44.62.300.

30 **Sec. 02.45.990. Definitions.** In this chapter, unless the context requires
 31 otherwise,

1 (1) "airport" means the international airports owned and operated by
2 the state and located at or near the cities of Anchorage and Fairbanks;

3 (2) "authority" means the Alaska International Airport Authority;

4 (3) "board" means the board of directors of the authority;

5 (4) "bonds" means the international airports revenue bonds authorized
6 by AS 37.15.410 - 37.15.550;

7 (5) "capital improvement" means a project for the construction,
8 rehabilitation, rebuilding, enlarging, or improving of all or a part of the international
9 airport system, as determined by the authority to be necessary or desirable for efficient
10 operation of the international airports and to best serve the public.

11 **Sec. 02.45.995. Short title.** This chapter may be cited as the Alaska
12 International Airport Authority Act.

13 * **Sec. 3.** AS 02.15.010 is amended to read:

14 **Sec. 02.15.010. Purpose.** The purpose of this chapter is to

15 (1) further the public interest in aeronautical progress by providing for
16 the protection of persons and promotion of safety in aeronautics through appropriate
17 measures consistent with and supplementary to but not duplicating federal aeronautics
18 laws and regulations, with a view to the least possible interference with aviation
19 activity compatible with the general welfare;

20 (2) encourage and develop aeronautics and the establishment and
21 operation of a state system of airports through cooperation **among the department,**
22 **the authority, and** [WITH] municipalities, and otherwise, including cooperation with
23 the federal government and acceptance and utilization of federal funds allotted for this
24 purpose.

25 * **Sec. 4.** AS 02.15.020(b) is amended to read:

26 (b) The department may enter into contracts necessary or advisable to the
27 execution of the powers granted **to the department** [IT] by this chapter. Where the
28 planning, acquisition, construction, improvement, maintenance, or operation of an
29 airport or air navigation facility **subject to the jurisdiction of the department** is
30 financed wholly or partially with federal money, the department, as agent of the state,
31 or of a municipality, or person, may let contracts in the manner prescribed by the

1 federal authorities acting under the laws and rules and regulations of the United States.

2 * **Sec. 5.** AS 02.15.060 is amended to read:

3 **Sec. 02.15.060. Establishment, operation, and maintenance.** Except as
 4 otherwise provided under this title, the [THE] department may plan, establish,
 5 construct, enlarge, improve, maintain, equip, operate, regulate, protect, and police
 6 airports and air navigation facilities within the state.

7 * **Sec. 6.** AS 02.15.070(a) is amended to read:

8 (a) For the purposes specified in AS 02.15.060, the department may, by
 9 purchase, gift, devise, lease, condemnation, or otherwise, acquire real or personal
 10 property, or any interest in the property including easements in airport hazards or land
 11 outside the boundaries of an airport or airport site, necessary to permit the removal,
 12 elimination, obstruction-marking, or obstruction-lighting of airport hazards, or to
 13 prevent the establishment of airport hazards. The department may acquire existing
 14 airports and air navigation facilities in the same manner except it may not acquire or
 15 take over an airport or air navigation facility owned or controlled by the authority,
 16 a municipality, or a person without the consent of the authority, municipality, or
 17 person.

18 * **Sec. 7.** AS 02.15.090(a) is amended to read:

19 (a) In operating an airport or air navigation facility owned or controlled by the
 20 state and subject to the jurisdiction of the department, the department may enter
 21 into contracts, leases, and other arrangements covering periods not exceeding 55 years
 22 with a person, a municipality, or the United States, granting the privilege of using or
 23 improving an airport or air navigation facility, [OR] a portion of an airport or air
 24 navigation facility, [IT] or space in an airport or air navigation facility [IT] for
 25 commercial, governmental, or other public purposes, including private plane tie down
 26 [;] or conferring the privilege of supplying goods, commodities, services, or facilities
 27 at an airport or air navigation facility. The department may establish the terms and
 28 conditions and fix the charges, rentals, and fees for the privileges or services that are
 29 reasonable and uniform for the same class of privilege or service. [CHARGES,
 30 RENTALS, OR FEES AUTHORIZED BY THIS SUBSECTION MAY BE FIXED
 31 FOR THE INTERNATIONAL AIRPORTS BY ORDER OF THE COMMISSIONER

1 OR BY NEGOTIATED OR COMPETITIVELY OFFERED CONTRACT.]

2 Notwithstanding AS 37.10.050(a), the fixing of charges, rentals, or fees as permitted
 3 under this subsection is not subject to the adoption of regulation provisions of
 4 AS 44.62 (Administrative Procedure Act). The terms, conditions, charges, rentals, and
 5 fees shall be established with due regard to the property and improvements used and
 6 the expense of operation to the state. However, use of state land and buildings by the
 7 Alaska Wing, Civil Air Patrol and its squadrons shall be permitted without rental
 8 charges. If the department permits space in state-owned or state-controlled airports
 9 **that are subject to the jurisdiction of the department** to be used as lounges for
 10 members of the United States armed forces, the Alaska National Guard, the Alaska
 11 Naval Militia, or the Alaska State Militia and if the lounges are operated by persons
 12 exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code), rent may
 13 not be charged for the use of the space. The department shall provide for public
 14 notice and an opportunity to comment before a charge, rental, or fee is fixed by order
 15 of the commissioner as permitted under this subsection. The public may not be
 16 deprived of its rightful, equal, and uniform use of the airport, air navigation facility,
 17 or a portion of them.

18 * **Sec. 8.** AS 02.15.090(b) is amended to read:

19 (b) The department may by contract or other arrangement, upon a
 20 consideration fixed by **the department** [IT], grant to a qualified municipality or person
 21 for a reasonable period of time the privilege of operating, as agent of the state or
 22 otherwise, an airport owned or controlled by the state **and subject to the jurisdiction**
 23 **of the department**. A municipality or person granted that privilege may not operate
 24 the airport other than as a public airport or enter into a contract, lease, or other
 25 arrangement in connection with the operation that the department may not have
 26 undertaken under (a) or (c) - (e) of this section.

27 * **Sec. 9.** AS 02.15.090(d) is amended to read:

28 (d) A [LAND] lessee **of land under this section** owns title to the permanent
 29 improvements that the lessee constructed or purchased during the term of the lease,
 30 unless the lease expressly provides that the state is the owner of the permanent
 31 improvements.

1 * **Sec. 10.** AS 02.15.095 is amended to read:

2 **Sec. 02.15.095. Courtesy cars.** Notwithstanding the provisions of
 3 AS 02.15.090(a), **in operating an airport subject to the jurisdiction of the**
 4 **department**, the department may not exclude from the streets, roads, highways,
 5 parking facilities, or other portions of **the** [A STATE-OPERATED] airport designated
 6 for operation or parking of ground transportation vehicles, nor may the department
 7 prohibit from picking up and discharging passengers [,] those motor vehicles
 8 commonly known as "courtesy cars." **In this section, "courtesy cars" means motor**
 9 **vehicles** [""] owned or operated by hotels, motels, or other similar places of public
 10 accommodation for the transportation of their guests to and from the airport at the
 11 request of the guest and for which service no charge is made to the guest.

12 * **Sec. 11.** AS 02.15.100 is amended to read:

13 **Sec. 02.15.100. Liens.** The department may enforce the payment of any
 14 charges for repairs, improvements, storage, or care of personal property made or
 15 furnished by the department or its agents [,] in connection with the operation of an
 16 airport or air navigation facility owned or operated by the state **and subject to the**
 17 **jurisdiction of the department**. The state has those lien rights generally allowed by
 18 law to secure payment for those services.

19 * **Sec. 12.** AS 02.15.102 is amended to read:

20 **Sec. 02.15.102. Use of airports for utilities.** (a) A utility facility may be
 21 constructed, placed, or maintained across, along, over, under, or within

22 (1) a state airport, **subject to the jurisdiction of the department**, only
 23 **under** [IN ACCORDANCE WITH] regulations adopted or procedures prescribed by
 24 the department and only if authorized by a written permit issued by the department;

25 (2) a state airport, **subject to the jurisdiction of the authority under**
 26 **AS 02.45, only under rules adopted by the authority and only if authorized by**
 27 **written permit issued by the authority**.

28 (b) The department **or the authority** may charge a fee for a permit **that it**
 29 **issues** [ISSUED] under this section.

30 * **Sec. 13.** AS 02.15.104 is amended to read:

31 **Sec. 02.15.104. Relocation of utility facilities incident to airport projects.**

1 (a) If, incident to the construction of an airport project, the department **or authority**
 2 determines and orders that a utility facility located across, along, over, under, or within
 3 a state airport **subject to its jurisdiction** must be changed, relocated, or removed, the
 4 utility owning or maintaining the facility shall change, relocate, or remove **the facility**
 5 [IT] in accordance with the order, within a reasonable time set by the department **or**
 6 **authority** in the order.

7 (b) If the utility facility is not changed, relocated, or removed in accordance
 8 with the order, a permit authorizing the facility issued by the department **or the**
 9 **authority** under AS 02.15.102 becomes invalid, and the facility will be considered an
 10 unauthorized encroachment subject to the provisions of AS 02.15.114.

11 (c) The cost of change, relocation, or removal, as defined in AS 02.15.260,
 12 ordered under (a) of this section is to be paid as follows:

13 (1) by the department **or the authority** as a cost of airport construction
 14 [,] if the utility facility is installed or authorized after June 11, 1986, under a utility
 15 permit or a regulation **adopted by the department** and is installed in the location
 16 specified in the permit **or the regulation**;

17 (2) by the department **or the authority** as a cost of airport construction
 18 [,] if the **utility** facility was installed before June 11, 1986, under a utility permit or
 19 utility easement and is in the location specified in the permit or easement;

20 (3) by the department **or the authority** as a cost of airport construction
 21 [,] if the utility facility was installed before the location became part of a state airport
 22 or before permits were required;

23 (4) by the department **or the authority** as a cost of airport construction
 24 [,] if the utility permit that requires the utility to pay the relocation cost was issued
 25 more than five years before the contract for the airport construction project was first
 26 advertised;

27 (5) by the utility in all other cases unless

28 **(A) for airports subject to the jurisdiction of the**
 29 **department**, the commissioner finds it is in the public interest for the cost to
 30 be paid by the department;

31 **(B) for airports subject to the jurisdiction of the authority,**

1 the board of directors of the authority finds that it is in the public interest
 2 for the cost to be paid by the authority.

3 * **Sec. 14.** AS 02.15.106 is amended to read:

4 **Sec. 02.15.106. Encroachment permits.** An encroachment may be
 5 constructed, placed, changed, or maintained across or within an airport, but only in
 6 accordance with regulations or procedures adopted by the department for airports
 7 subject to the jurisdiction of the department or with rules adopted by the
 8 authority for airports subject to the jurisdiction of the authority. An
 9 encroachment may not be constructed, placed, maintained, or changed until the
 10 encroachment [IT] is authorized by a written permit issued by the department or the
 11 authority, unless the department or the authority provides otherwise by regulation
 12 or rule. The department or the authority may charge a fee for a permit that it issues
 13 [ISSUED] under this section.

14 * **Sec. 15.** AS 02.15.108 is amended to read:

15 **Sec. 02.15.108. Relocation or removal of encroachment.** If, incidental to the
 16 construction or maintenance of a state airport, the department or the authority
 17 determines and orders that an encroachment previously authorized by written permit
 18 must be changed, relocated, or removed, the owner of the encroachment shall change,
 19 relocate, or remove the encroachment [IT] within a reasonable time set by the
 20 department or the authority in the order. The cost of the change, relocation, or
 21 removal shall be paid as provided in AS 02.15.104(c). If the owner does not change,
 22 relocate, or remove an encroachment within the time set by the department or the
 23 authority, the encroachment will be considered an unauthorized encroachment subject
 24 to the provisions of AS 02.15.114.

25 * **Sec. 16.** AS 02.15.110 is amended to read:

26 **Sec. 02.15.110. Unauthorized encroachments.** If an unauthorized
 27 encroachment exists in, on, under, or over a state airport, the department or the
 28 authority, as appropriate, may require the removal of the encroachment, at the
 29 expense of the owner, in the manner provided in AS 02.15.112 - 02.15.114.

30 * **Sec. 17.** AS 02.15.112 is amended to read:

31 **Sec. 02.15.112. Notice of removal of unauthorized encroachment.** The

1 **department or the authority, as appropriate, shall give notice to** [NOTICE SHALL
 2 BE GIVEN] the owner, occupant, or person in possession of an unauthorized
 3 encroachment, or to another person causing or permitting the encroachment to exist,
 4 by serving upon any of them a notice demanding the removal of the encroachment
 5 within a time limit set by the department **or the authority**. The notice must describe
 6 the encroachment with reasonable certainty as to its character and location. Service
 7 of the notice may be made by certified mail.

8 * **Sec. 18.** AS 02.15.114 is amended to read:

9 **Sec. 02.15.114. Removal at owner's expense after noncompliance; removal**
 10 **expense.** After a failure of the owner of an unauthorized encroachment to comply
 11 with a notice or order of the department **or the authority** under AS 02.15.104,
 12 02.15.108, or 02.15.112, the department **or the authority, as appropriate,** may
 13 remove the encroachment, or cause **the encroachment** [IT] to be removed. The owner
 14 of the unauthorized encroachment shall pay to the department **or the authority**

15 (1) the expense of the removal of the encroachment;

16 (2) all costs and expenses paid by the state as a result of a claim or
 17 claims filed against the state by third parties for damages due to delays because the
 18 encroachment was not changed, removed, or relocated according to the order of the
 19 department **or the authority**; and

20 (3) costs and expense of suit.

21 * **Sec. 19.** AS 02.15.120 is amended to read:

22 **Sec. 02.15.120. Assistance to construct, enlarge, or improve air navigation**
 23 **facilities.** The department may match available funds with those of **the authority,**
 24 municipalities, federal agencies, or other state agencies, for project costs relating to the
 25 construction, enlargement, or improvement of airports. The department may assist
 26 persons in the construction, enlargement, and improvement of airports and air
 27 navigation facilities. The airports and facilities, until they are abandoned as such, shall
 28 be at all times available for the use of and accessible to the general public, and
 29 maintained as public airports and facilities.

30 * **Sec. 20.** AS 02.15.130 is amended to read:

31 **Sec. 02.15.130. Assistance to the federal government, municipalities, and**

1 **other persons.** The department may make available its engineering, maintenance, and
 2 other services, with or without charge, to **the authority**, the federal government, [OR
 3 TO] a municipality, or **a** person in connection with the planning, acquisition,
 4 construction, improvement, maintenance, or operation of airports or air navigation
 5 facilities.

6 * **Sec. 21.** AS 02.15.205(a) is amended to read:

7 (a) A person **or the authority** may not construct, reconstruct, relocate, or
 8 extend an airport, airstrip, or private air facility within two miles of a federal-aid
 9 highway or proposed federal-aid highway without first obtaining the written approval
 10 of the commissioner, as provided by regulation.

11 * **Sec. 22.** AS 02.15.210 is amended to read:

12 **Sec. 02.15.210. Exclusive rights prohibited.** The department may not grant
 13 an exclusive right for the use of an airway, airport, or air navigation facility under its
 14 jurisdiction. This section does not prevent the making of contracts, leases, and other
 15 arrangements under AS 02.15.060 - 02.15.100 and 02.15.120, including exclusive
 16 contracts for the sale and delivery of in-bond merchandise [DESCRIBED IN
 17 AS 02.15.091].

18 * **Sec. 23.** AS 02.15.260 is amended by adding a new paragraph to read:

19 (18) "authority" means the Alaska International Airport Authority.

20 * **Sec. 24.** AS 02.25.110(4) is amended to read:

21 (4) "department" means the Department of Transportation and Public
 22 Facilities **with regard to airports that are not subject to AS 02.45 and the Alaska**
 23 **International Airport Authority with regard to airports that are subject to**
 24 **AS 02.45;**

25 * **Sec. 25.** AS 02.25.110 is amended by adding a new paragraph to read:

26 (8) "regulation" includes rules adopted by the board of directors of the
 27 Alaska International Airport Authority.

28 * **Sec. 26.** AS 18.65.290(6) is amended to read:

29 (6) "police officer" means

30 (A) a full-time employee of the state or a municipal police
 31 department with the authority to arrest and issue citations; detain a person taken

1 into custody until that person can be arraigned before a judge or magistrate;
 2 conduct investigations of violations of and enforce criminal laws, regulations,
 3 and traffic laws; search with or without a warrant persons, dwellings, and other
 4 forms of property for evidence of a crime; and take other action consistent with
 5 exercise of these enumerated powers when necessary to maintain the public
 6 peace;

7 (B) an officer or employee of the Alaska International Airport
 8 Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC
 9 FACILITIES] who is stationed at an international airport and has been
 10 designated to have the general police powers authorized under AS 02.45.220
 11 [AS 02.15.230(a)];

12 (C) a University of Alaska public safety officer with general
 13 police powers authorized under AS 14.40.043;

14 * **Sec. 27.** AS 19.10.270 is amended by adding a new subsection to read:

15 (d) In this section,

16 (1) "commissioner" means the commissioner of transportation and
 17 public facilities with regard to airports not subject to AS 02.45 and the board of
 18 directors of the Alaska International Airport Authority with regard to airports subject
 19 to AS 02.45;

20 (2) "regulation" includes a rule adopted by the board of directors of the
 21 Alaska International Airport Authority.

22 * **Sec. 28.** AS 23.10.037(b) is amended to read:

23 (b) The provisions of (a) of this section do not apply to the state or a political
 24 subdivision of the state when dealing with police officers in its employ or with persons
 25 applying to be employed as police officers. In this subsection, "police officers"
 26 includes officers and employees of the Alaska International Airport Authority
 27 [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES] who are
 28 stationed at an international airport and have been designated to have the general
 29 police powers authorized under AS 02.45.220 [AS 02.15.230(a)].

30 * **Sec. 29.** AS 35.27 is amended by adding a new section to read:

31 **Sec. 35.27.025. Application to the Alaska International Airport Authority.**

1 This chapter applies to the Alaska International Airport Authority. Compliance with
 2 this chapter is the sole responsibility of the Alaska International Airport Authority with
 3 regard to the public buildings and facilities of the authority.

4 * **Sec. 30.** AS 35.27.030(1) is amended to read:

5 (1) "building" or "facility" means a permanent improvement constructed
 6 by the department **or the Alaska International Airport Authority**; the term

7 (A) includes [, BUT IS NOT LIMITED TO,]

8 (i) schools, office buildings, and court buildings;

9 (ii) other buildings **that** [WHICH] the commissioner
 10 determines are designed for substantial public use;

11 (iii) boats and vessels of the marine highway system;

12 (iv) transportation facilities **that** [WHICH] accommodate
 13 traveling passengers;

14 (B) excludes other transportation facilities;

15 * **Sec. 31.** AS 36.10.180(a) is amended to read:

16 (a) The preferences established in AS 36.10.150 - 36.10.175 apply to work
 17 performed

18 (1) under a contract for construction, repair, preliminary surveys,
 19 engineering studies, consulting, maintenance work, or any other retention of services
 20 necessary to complete a given project that is let by the state or an agency of the state,
 21 a department, office, state board, commission, public corporation, or other
 22 organizational unit of or created under the executive, legislative, or judicial branch of
 23 state government, including the University of Alaska, **the Alaska International**
 24 **Airport Authority**, and the Alaska Railroad Corporation, or by a political subdivision
 25 of the state including a regional school board with respect to an educational facility
 26 under AS 14.11.020;

27 (2) on a public works project under a grant to a municipality under
 28 AS 37.05.315 or AS 37.06.010;

29 (3) on a public works project under a grant to a named recipient under
 30 AS 37.05.316;

31 (4) on a public works project under a grant to an unincorporated

1 community under AS 37.05.317 or AS 37.06.020; and

2 (5) on any other public works project or construction project that is
3 funded in whole or in part by state money.

4 * **Sec. 32.** AS 36.30.015(e) is amended to read:

5 (e) The board of directors of the Alaska Railroad Corporation, **the board of**
6 **directors of the Alaska International Airport Authority**, and the board of directors
7 of the Alaska Aerospace Development Corporation shall adopt procedures to govern
8 the procurement of supplies, services, professional services, and construction. The
9 procedures must be substantially equivalent to the procedures prescribed in this chapter
10 and in regulations adopted under this chapter. Notwithstanding the other provisions
11 of this subsection, the Alaska Railroad Corporation, **the Alaska International Airport**
12 **Authority**, and the Alaska Aerospace Development Corporation shall comply with
13 AS 36.30.170(b), and, when the Department of Transportation and Public Facilities
14 authorizes the Alaska Railroad Corporation to perform construction work instead of the
15 Department of Transportation and Public Facilities, the Alaska Railroad Corporation
16 shall use competitive sealed bidding or competitive sealed proposals under
17 AS 36.30.100 - 36.30.270 to procure the supplies, services, professional services, and
18 construction services necessary for the work and, to ensure the state obtains the lowest
19 cost for the project, may submit a bid or proposal for the work.

20 * **Sec. 33.** AS 36.30.050(c) is amended to read:

21 (c) The lists may be used by the chief procurement officer or an agency when
22 issuing invitations to bid or requests for proposals under this chapter. The lists may
23 be used by the legislative council, the court system, **the Alaska International Airport**
24 **Authority**, and the Alaska Railroad Corporation.

25 * **Sec. 34.** AS 36.30.850(b)(8) is amended to read:

26 (8) acquisitions or disposals of property and other contracts relating to
27 airports under AS 02.15.070, 02.15.090, **AS 02.45.120, 02.45.200, 02.45.210**
28 [02.15.091], and AS 44.88;

29 * **Sec. 35.** AS 36.30.990(1) is amended to read:

30 (1) "agency"

31 (A) means a department, institution, board, commission,

1 division, authority, public corporation, the Alaska Pioneers' Home, or other
2 administrative unit of the executive branch of state government;

3 (B) does not include

4 (i) the University of Alaska;

5 (ii) the Alaska Railroad Corporation;

6 (iii) the Alaska Housing Finance Corporation;

7 (iv) a regional Native housing authority created under
8 AS 18.55.996 or a regional electrical authority created under
9 AS 18.57.020;

10 (v) the Department of Transportation and Public
11 Facilities, in regard to the repair, maintenance, and reconstruction of
12 vessels, docking facilities, and passenger and vehicle transfer facilities
13 of the Alaska marine highway system;

14 (vi) the Alaska Aerospace Development Corporation;

15 (vii) the Alaska State Pension Investment Board;

16 (viii) the Alaska Seafood Marketing Institute;

17 **(ix) the Alaska International Airport Authority;**

18 * **Sec. 36.** AS 37.05 is amended by adding a new section to article 1 to read:

19 **Sec. 37.05.055. Delegation to the Alaska International Airport Authority.**

20 The commissioner of administration may delegate the performance of the functions
21 under this chapter as they relate to the Alaska International Airport Authority to the
22 authority and set the criteria and guidelines that shall be followed.

23 * **Sec. 37.** AS 37.15.415 is amended to read:

24 **Sec. 37.15.415. Continuing revenue bond debt service appropriation.** The

25 amounts required annually to pay the principal, interest, and redemption premium on
26 all issued and outstanding international airports revenue bonds of the state are
27 appropriated each fiscal year from the international airports revenue fund to the **board**
28 [STATE BOND COMMITTEE] to make all required payments of principal, interest,
29 and redemption premium.

30 * **Sec. 38.** AS 37.15.420(b) is amended to read:

31 (b) The bond resolution may provide for the investment of money in the

1 construction fund in a manner that the **board** [COMMITTEE] may determine. The
 2 interest earned upon or any profits derived from the sale of this investment shall be
 3 deposited in and become a part of the construction fund.

4 * **Sec. 39.** AS 37.15.420(c) is amended to read:

5 (c) By January 1 of each year, the **board** [COMMISSIONER OF
 6 TRANSPORTATION AND PUBLIC FACILITIES] shall submit to the legislature an
 7 annual spending plan that contains information regarding the planned expenditure of
 8 money from the construction fund during the next fiscal year. The spending plan must
 9 include

10 (1) the total amount of money to be spent from the construction fund;

11 (2) a description of the work to be performed on airport facilities that
 12 will be financed with money from the construction fund;

13 (3) the amount from the construction fund that will be spent under
 14 contracts with the private sector and a description of the goods or services to be
 15 provided to the state under each of the contracts;

16 (4) the amounts that the state will spend from the construction fund for
 17 purposes other than contract payments and a description of each of those purposes,
 18 including financing costs, administrative and other overhead costs, and contingencies.

19 * **Sec. 40.** AS 37.15.430(b) is amended to read:

20 (b) The investment of money in the revenue fund may be made in the manner
 21 that the **board** [COMMITTEE] may determine. The interest earned upon or any
 22 profits derived from the sale of this investment shall be deposited in and become a part
 23 of the revenue fund.

24 * **Sec. 41.** AS 37.15.440 is amended to read:

25 **Sec. 37.15.440. Redemption fund.** There is another special fund of the state,
 26 known as the "International Airports Revenue Bond Redemption Fund," which is a
 27 trust fund for paying and securing the payment of the principal of and interest and
 28 redemption premium, if any, on the bonds and which shall be at all times completely
 29 segregated and set apart from all other funds of the state. The **board** [COMMITTEE],
 30 on behalf of the state, shall obligate and bind the state to set aside and pay into the
 31 bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a

1 fixed amount of the money in the revenue fund sufficient to pay the principal of and
2 interest and redemption premium, if any, on the bonds as the payments become due
3 and, if **the board** [IT] considers it necessary, to set aside and maintain reserves for this
4 purpose. The bond redemption fund shall be drawn upon for the purpose of paying
5 the principal of and interest and redemption premium, if any, on the bonds, and the
6 bonds do not constitute a general obligation of the state.

7 * **Sec. 42.** AS 37.15.450(a) is amended to read:

8 (a) The bonds may be sold at public or private sale in the manner, in the
9 amounts or series, and at the time or times that the **board** [COMMITTEE] determines.
10 However, the bonds, or each series of **bonds** [THEM], shall be sold at such a price so
11 that the effective interest rate over the life of the bonds does not exceed 11 percent per
12 year or that rate of interest that is 125 percent of the rate of the Bond Buyer Index of
13 20 Municipal Bond Average Yields for the week previous to the date of sale of the
14 bonds, whichever is higher. Interest shall be payable annually or semiannually.

15 * **Sec. 43.** AS 37.15.450(b) is amended to read:

16 (b) The bonds mature at the time or times fixed by the **board** [COMMITTEE].
17 The bonds may be subject to redemption before their fixed maturities as determined
18 by the **board** [COMMITTEE] and with a premium or premiums fixed by the **board**
19 [COMMITTEE], but a bond is not subject to redemption before its fixed maturity date
20 unless the right so to redeem that bond is expressly mentioned on the face of the bond.
21 The bonds may be in denominations determined by the **board** [COMMITTEE]; may
22 be issued in coupon form or in fully registered form, and may be registrable as to
23 principal or both principal and interest, all under **rules** [REGULATIONS] and
24 conditions that the **board** [COMMITTEE] shall provide; shall be payable as to
25 principal and interest at such place or places as may be determined by the **board**
26 [COMMITTEE]; shall be signed on behalf of the state by the governor and shall be
27 attested by the lieutenant governor, both of which signatures may be facsimile
28 signatures; shall have the seal of the state impressed, printed, or lithographed on them,
29 and each of the interest coupons attached to them shall be signed by the facsimile
30 signatures of these officials; shall be issued under and subject to such terms,
31 conditions, and covenants providing for the payment of the principal of them and

1 interest on them and such other terms, conditions, covenants, and protective features
2 safeguarding this payment and relating to the maintenance, operation, and improvement
3 of the airports as found necessary by the **board** [COMMITTEE], which covenants may
4 include a provision requiring the setting aside and maintenance of certain reserves to
5 secure the payment of this principal and interest. The **board** [COMMITTEE] may
6 provide that any additional bonds authorized after June 27, 1972, by the legislature to
7 be payable out of the same source or sources as the bonds authorized as of that date
8 may later be issued on a parity with the bonds authorized as of that date upon
9 compliance with any conditions **that** [WHICH] the **board** [COMMITTEE] may
10 prescribe.

11 * **Sec. 44.** AS 37.15.450(c) is amended to read:

12 (c) If found reasonably necessary, the **board** [COMMITTEE] may select a
13 trustee or trustees for the holders of the bonds or any series of them, for the
14 safeguarding and disbursement of any of the money in any of the funds created by
15 AS 37.15.420, 37.15.430, and 37.15.440, or for duties with respect to the
16 authentication, delivery, and registration of the bonds as the **board** [COMMITTEE]
17 may determine, and shall fix the rights, duties, powers, and obligations of the trustee
18 or trustees.

19 * **Sec. 45.** AS 37.15.450(d) is amended to read:

20 (d) In its determination of all of the matters and questions relating to the
21 issuance and sale of the bonds and the fixing of the maturities, terms, conditions, and
22 covenants of **the bonds** [THEM] as provided in (a), (b), and (c) of this section, the
23 decisions of the **board** [COMMITTEE] shall be those found to be reasonably
24 necessary for the best interests of the state and its inhabitants, and those that will
25 accomplish the most advantageous sale of the bonds, with due regard, however, to
26 necessary or normal costs of maintenance and operation, renewals, and replacements
27 of and repairs to the airports and to all improvements to them and facilities of them
28 owned, used, operated, or leased in connection with them, the future growth and
29 expansion of the airports and all of such facilities, and the possibility of additional
30 revenue bond financing for airports purposes. Any such decisions of the **board**
31 [COMMITTEE], as expressed in any bond resolution, are final and conclusive when

1 any bonds have been issued pursuant to the bond resolution.

2 * **Sec. 46.** AS 37.15.460 is amended to read:

3 **Sec. 37.15.460. Bond resolution.** The **board** [COMMITTEE] shall adopt the
4 bond resolution and prepare all other documents and proceedings necessary for the
5 issuance, sale, and delivery of the bonds or any part or series of **the bonds** [THEM].
6 The bond resolution must fix the principal amount, denomination, date, maturities,
7 place or places of payment, rights of redemption, if any, terms, form, conditions, and
8 covenants of the bonds or each series of **the bonds** [THEM]. The **board**
9 [COMMITTEE] shall also determine and provide for the date and manner of sale of
10 the bonds, and shall provide whether the notice of sale is to be published elsewhere
11 in addition to the publication required by AS 37.15.450.

12 * **Sec. 47.** AS 37.15.480 is amended to read:

13 **Sec. 37.15.480. Amounts required for payments.** The **board**
14 [COMMITTEE] shall, before December 31 of each year, commencing with the year
15 in which the bonds are issued, certify [TO THE COMMISSIONERS OF REVENUE
16 AND TRANSPORTATION AND PUBLIC FACILITIES] the amounts required in the
17 next ensuing calendar year by the bond resolution or resolutions to be paid out of the
18 revenue fund into the bond redemption fund and to be paid into and maintained in any
19 reserve fund or account or any other fund or account created by the bond resolution
20 or resolutions, and shall also certify [TO THE COMMISSIONERS] the last date or
21 dates upon which payments may be made.

22 * **Sec. 48.** AS 37.15.500 is amended to read:

23 **Sec. 37.15.500. Airport charges.** As provided in **AS 02.45.200, the board**
24 [AS 02.15.090(a), THE COMMISSIONER OF TRANSPORTATION AND PUBLIC
25 FACILITIES] shall fix and collect the fees, charges, and rentals derived by the state
26 from the ownership, lease, use, and operation of the airports and all of the facilities
27 and improvements that will provide revenue sufficient to comply with all of the
28 covenants of the bond resolution.

29 * **Sec. 49.** AS 37.15.510 is amended to read:

30 **Sec. 37.15.510. State improvements to airports.** The state is authorized to
31 acquire, equip, construct, and install additions and improvements to and extensions of

1 the airports, facilities for the landing, parking, loading, storing, repairing, safety, and
 2 utility of aircraft at the airports and passenger, freight, and terminal facilities, including
 3 safety equipment and devices at the airports, found to be necessary by the **board**
 4 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES].

5 * **Sec. 50.** AS 37.15.520(a) is amended to read:

6 (a) The bonds or any part of them may be refunded at or before their maturity
 7 by the issuance of refunding revenue bonds of the state if, in the opinion of the **board**,
 8 [COMMITTEE] refunding is advantageous to and in the best interests of the state and
 9 its inhabitants.

10 * **Sec. 51.** AS 37.15.520(b) is amended to read:

11 (b) The issuance of refunding bonds need not be authorized by an Act of the
 12 legislature, and the **board** [COMMITTEE] shall adopt the resolution or resolutions and
 13 prepare all other documents and proceedings necessary for the issuance, exchange or
 14 sale, and delivery of such bonds. All provisions of AS 37.15.410 - 37.15.550
 15 applicable to revenue bonds are applicable to the refunding bonds and to the issuance,
 16 sale, or exchange of them, except as otherwise provided in this section.

17 * **Sec. 52.** AS 37.15.550(3) is amended to read:

18 (3) "bond resolution" means the resolution or resolutions authorizing
 19 the issuance of bonds, adopted by the **board** [COMMITTEE] under AS 37.15.460;

20 * **Sec. 53.** AS 37.15.550 is amended by adding a new paragraph to read:

21 (10) "board" means the board of directors of the Alaska International
 22 Airport Authority, or any other committee, body, department, or officer of the state
 23 that or who succeeds to the rights, powers, duties, and obligations of the board by
 24 lawful Act of the legislature.

25 * **Sec. 54.** AS 38.05.030(b) is amended to read:

26 (b) The provisions of this chapter do not apply to any power, duty, or authority
 27 now or in the future granted to the Department of Transportation and Public Facilities
 28 **or the Alaska International Airport Authority** in the name of the state, to acquire,
 29 use, lease, dispose of, or exchange real property, or any interest in real property. Land
 30 assigned by the division of lands to the Department of Transportation and Public
 31 Facilities **or the Alaska International Airport Authority** shall be returned to the

1 management of the division of lands when **the land** [IT] is no longer needed for the
 2 purposes assigned.

3 * **Sec. 55.** AS 38.05.030 is amended by adding a new subsection to read:

4 (h) Except for land that is required to be returned to the department under (b)
 5 of this section, the Alaska International Airport Authority may dispose of real property
 6 (1) acquired by the authority under AS 02.45.120, or (2) acquired by the Department
 7 of Transportation and Public Facilities under AS 02.15.070 and transferred to the
 8 authority under provisions of the Act creating the authority. Land conveyed under this
 9 section to a municipality for less than fair market value shall be credited against the
 10 municipality's entitlement under AS 29.65.

11 * **Sec. 56.** AS 39.35 is amended by adding a new section to read:

12 **Sec. 39.35.152. Alaska International Airport Authority employees.** (a) An
 13 employee of the Alaska International Airport Authority who was an employee of the
 14 state on the day before the employee was transferred to the authority under sec. 63 of
 15 this Act shall be included in the system.

16 (b) An employee of the Alaska International Airport Authority who is not
 17 covered under (a) of this section shall be included in the system on the effective date
 18 of the authority's participation in the system for that employee.

19 * **Sec. 57.** AS 39.50.200(b) is amended by adding a new paragraph to read:

20 (56) Alaska International Airport Authority (AS 02.45.010).

21 * **Sec. 58.** AS 39.52.960(2) is amended to read:

22 (2) "agency" means a department, **the** office of the governor, or **an**
 23 entity in the executive branch, including but not limited to the University of Alaska,
 24 public or quasi-public corporations, boards or commissions, [AND] the Alaska
 25 Railroad Corporation, **and the Alaska International Airport Authority;**

26 * **Sec. 59.** AS 39.52.960(4) is amended to read:

27 (4) "board or commission" means a board, commission, authority, or
 28 board of directors of a public or quasi-public corporation, established by statute in the
 29 executive branch, including the Alaska Railroad **Corporation and the Alaska**
 30 **International Airport Authority,** but excluding members of a negotiated regulation
 31 making committee under AS 44.62.710 - 44.62.800;

1 * **Sec. 60.** AS 39.52.960(12) is amended to read:

2 (12) "instrumentality of the state" means a state agency or
3 administrative unit, whether in the legislative, judicial, or executive branch, including
4 such entities as the University of Alaska, the Alaska Railroad **Corporation, the**
5 **Alaska International Airport Authority**, and any public or quasi-public corporations,
6 boards, or commissions; the term includes municipalities;

7 * **Sec. 61.** AS 44.42.020(a)(7) is amended to read:

8 (7) manage, operate, and maintain state transportation facilities and all
9 docks, floats, breakwaters, and buildings, including all state highways, vessels,
10 railroads, pipelines, **and** airports [,] and aviation facilities **other than airports and**
11 **aviation facilities managed, operated, and maintained by the Alaska International**
12 **Airport Authority under AS 02.45;**

13 * **Sec. 62.** AS 44.88.080(25) is amended to read:

14 (25) to make cooperative agreements with the **Alaska International**
15 **Airport Authority** [DEPARTMENT OF TRANSPORTATION AND PUBLIC
16 FACILITIES], acting on behalf of the international airports revenue fund established
17 under AS 37.15.430, to acquire, equip, operate, maintain, construct, or install facilities
18 that will enhance the competitiveness of the international airports **under the**
19 **jurisdiction of the authority**, including a cooperative agreement to lend amounts from
20 the international **airports** [AIRPORT] revenue fund to finance the development or
21 improvement of utilities serving the airports;

22 * **Sec. 63.** The uncodified law of the State of Alaska is amended by adding a new section
23 to read:

24 TRANSITION. (a) Real and personal property used and controlled by the Anchorage
25 International Airport or the Fairbanks International Airport on the effective date of this
26 subsection shall be transferred to the Alaska International Airport Authority.

27 (b) All employees of the Department of Transportation and Public Facilities assigned
28 to the management, operation, and maintenance of the Anchorage International Airport or the
29 Fairbanks International Airport on the effective date of this subsection shall be transferred to
30 the Alaska International Airport Authority as employees of the authority.

31 (c) Classified state employees transferred to the Alaska International Airport Authority

1 under (b) of this section retain the rights and status of state employees until the expiration
 2 dates of the collective bargaining agreements covering those employees that are in effect on
 3 the effective date of (b) of this section.

4 (d) The Alaska International Airport Authority is bound by the collective bargaining
 5 agreements covering employees transferred to the authority under (b) of this section for the
 6 terms of the agreements.

7 (e) Notwithstanding AS 02.45.900(a), as added by sec. 2 of this Act, and (c) and (d)
 8 of this section, the Alaska International Airport Authority shall operate under personnel rules
 9 adopted under AS 39 until January 1, 2002, or until the authority adopts its own personnel
 10 rules under AS 02.45.100(b), as added by sec. 2 of this Act, whichever occurs first.

11 * **Sec. 64.** The uncodified law of the State of Alaska is amended by adding a new section
 12 to read:

13 INTERIM MANAGEMENT OF THE INTERNATIONAL AIRPORTS. (a)
 14 Notwithstanding other provisions of this Act, until the board of directors of the Alaska
 15 International Airport Authority convenes its first meeting, the commissioner of transportation
 16 and public facilities shall manage the state-owned and state-operated international airports at
 17 Anchorage and Fairbanks under applicable laws that are in effect on the day before the
 18 effective date of sec. 1 of this Act.

19 (b) Notwithstanding AS 02.45.060, as added by sec. 2 of this Act, the commissioner
 20 of transportation and public facilities is the chair pro tempore of the board of directors of the
 21 Alaska International Airport Authority until the board elects a chair from among its members
 22 at its first meeting.

23 (c) The board of directors of the Alaska International Airport Authority shall convene
 24 its first meeting after appointment of at least five members, including the two members
 25 appointed under AS 02.45.020(a)(1), as added by sec. 2 of this Act, and the two members
 26 appointed under AS 02.45.020(a)(2), as added by sec. 2 of this Act.

27 * **Sec. 65.** The uncodified law of the State of Alaska is amended by adding a new section
 28 to read:

29 INITIAL APPOINTMENTS. (a) Notwithstanding AS 02.45.020, as added by sec. 2
 30 of this Act, one person initially appointed to serve on the board of directors of the Alaska
 31 International Airport Authority under AS 02.45.020(a)(1) shall serve as a member of the board

1 until December 31, 2002, and the other person initially appointed to serve on the board under
2 AS 02.45.020(a)(1) shall serve as a member of the board until December 31, 2004.

3 (b) Notwithstanding AS 02.45.020, as added by sec. 2 of this Act, one person initially
4 appointed to serve on the board of directors of the Alaska International Airport Authority
5 under AS 02.45.020(a)(2) shall serve as a member of the board until December 31, 2002, and
6 the other person initially appointed to serve on the board under AS 02.45.020(a)(2) shall serve
7 as a member of the board until December 31, 2004.

8 (c) Notwithstanding AS 02.45.020, as added by sec. 2 of this Act, two persons initially
9 appointed to serve on the board of directors of the Alaska International Airport Authority
10 under AS 02.45.020(a)(3) shall serve as members of the board until December 31, 2003, and
11 the other person initially appointed to serve on the board under AS 02.45.020(a)(3) shall serve
12 as a member of the board until December 31, 2001. The governor shall designate which
13 initial term a person appointed under AS 02.45.020(a)(3) shall serve under this subsection.

14 * **Sec. 66.** The uncodified law of the State of Alaska is amended by adding a new section
15 to read:

16 TRANSFER OF RESPONSIBILITY FOR INTERNATIONAL AIRPORTS REVENUE
17 BONDS. All rights, duties, powers, obligations, and authorities of the state bond committee
18 in regard to international airports revenue bonds under AS 37.15.410 - 37.15.550 are
19 transferred to the Alaska International Airport Authority.

20 * **Sec. 67.** The uncodified law of the State of Alaska is amended by adding a new section
21 to read:

22 SAVING CLAUSE. Litigation, hearings, investigations, and other proceedings pending
23 under a law amended or repealed by this Act, or in connection with functions transferred by
24 this Act, continue in effect and may be continued and completed notwithstanding a transfer
25 or amendment or repeal provided for by this Act. Regulations adopted under authority of a
26 law amended or repealed by this Act remain in effect for the term adopted or until repealed
27 or otherwise amended under the provisions of this Act.

28 * **Sec. 68.** AS 02.15.091, 02.15.260(13); and AS 39.25.120(c)(11) are repealed.

29 * **Sec. 69.** AS 37.15.550(5), 37.15.550(6), and 37.15.550(7) are repealed.

30 * **Sec. 70.** AS 02.45.900 and 02.45.910, as added by sec. 2 of this Act, and secs. 61, 63,
31 and 68 of this Act take effect on the day on which the board of directors of the Alaska

1 International Airport Authority convenes its first meeting. The commissioner of transportation
2 and public facilities shall inform the revisor of statutes and the lieutenant governor of the date
3 on which the board of directors of the Alaska International Airport Authority convenes its first
4 meeting.

5 * **Sec. 71.** AS 02.45.350, as added by sec. 2 of this Act, and secs. 37 - 53, 62, 66, and 69
6 of this Act take effect on January 1 of the calendar year following the calendar year in which
7 the board of directors of the Alaska International Airport Authority convenes its first meeting.
8 The commissioner of transportation and public facilities shall inform the revisor of statutes
9 and the lieutenant governor of the date on which the board of directors of the Alaska
10 International Airport Authority convenes its first meeting.

11 * **Sec. 72.** Except as provided by secs. 70 and 71 of this Act, this Act takes effect July 1,
12 2001.