

SENATE BILL NO. 302

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Introduced: 3/30/00

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Anchorage International Airport Commission and relating
2 to state airports and the international airports revenue bond program; and
3 providing for an 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 airport at Anchorage is a critical air transportation link
9 between the Orient, Europe, and North America, is a major point of access to Alaska for
10 international and interstate air travelers, and is a major hub for the shipment of cargo
11 throughout the Pacific Rim and the Northern Hemisphere. In order to protect and maintain
12 the viability and competitive position of the Anchorage International Airport, it is in the best
13 interest of the state to vest management of the airport in an independent instrumentality of the
14 state that can provide effective marketing of the airport; efficient, responsive, and integrated

1 management of the airport; and competitive services and facilities to users of the airport.

2 (b) The purpose of this Act is to

3 (1) establish a commission for the operation, management, planning, and
4 construction of facilities for the state-owned and state-operated international airport at
5 Anchorage;

6 (2) protect the rights, investment, and security of the holders of international
7 airports revenue bonds issued before and after the restructuring of the international airports
8 revenue bond program beginning on January 1, 2001;

9 (3) restructure the international airports revenue bond program under
10 AS 37.15.410 - 37.15.550 to provide that, after January 1, 2001,

11 (A) international airports revenue bonds may be issued only for the
12 benefit of the state-owned and state-operated international airport at either Anchorage
13 or Fairbanks and that the repayment of those bonds shall be made from the revenue
14 generated by the airport for which the bonds are issued; and

15 (B) repayment of existing international airports revenue bonds shall be
16 repaid from revenue generated by the Anchorage International Airport.

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

18 **Chapter 45. Anchorage International Airport Commission.**

19 **Article 1. Creation and Organization.**

20 **Sec. 02.45.010. Commission established.** (a) The Anchorage International
21 Airport Commission is established as a public corporation of the state. The
22 commission is an instrumentality of the state in the Department of Community and
23 Economic Development but has a legal existence independent of and separate from the
24 state and has continuing succession until its existence is terminated by law.

25 (b) The commission is the exclusive state agency responsible for the operation,
26 management, planning, marketing, construction, and maintenance of facilities at the
27 state-owned and state-operated international airport located at Anchorage.

28 (c) The powers of the commission are vested in the board of directors of the
29 commission.

30 **Sec. 02.45.020. Board of directors.** (a) The board of directors of the
31 commission consists of seven voting members appointed by the governor in accordance

1 with this section:

2 (1) two members who are residents of the Municipality of Anchorage
3 and are nominated by the mayor of the Municipality of Anchorage;

4 (2) one member who is a representative of a labor organization that
5 represents employees of the commission; and

6 (3) four members who are residents of the state.

7 (b) The members of the board appointed under (a) of this section shall have
8 appropriate and relevant experience in the management or operation of airports or of
9 aviation or related business enterprises.

10 (c) The commissioner of community and economic development is a
11 nonvoting, ex officio member of the board. The commissioner may designate a person
12 to serve on the board in the commissioner's absence.

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

15 (e) The appointed members of the board shall comply with the requirements
16 of AS 39.50 (public official financial disclosure) and AS 39.52 (Alaska Executive
17 Branch Ethics Act).

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

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

29 **Sec. 02.45.040. Compensation and expenses.** (a) A member of the board,
30 other than the commissioner and the commissioner's designee, is entitled to
31 compensation not to exceed \$400 for each day the member is engaged in the actual

1 performance of duties as a member of the board for a maximum of 60 days in a
 2 calendar year. The board may provide by rule for compensation for partial days
 3 during which an appointed member is engaged in actual performance of duties as a
 4 member of the board.

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

9 **Sec. 02.45.050. Meetings.** (a) The board shall hold at least four regular
 10 meetings each year. The board may hold special meetings at the call of the chair or
 11 at the request of three members of the board.

12 (b) Meetings of the board are open to the public in accordance with
 13 AS 44.62.310 - 44.62.312.

14 **Sec. 02.45.060. Officers and quorum.** (a) The board shall elect a chair and
 15 a vice-chair from among its members. A member of the board may not serve as chair
 16 for two consecutive terms. The chair and vice-chair serve for terms of two years.

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

19 (c) Four voting members of the board constitute a quorum. Action may be
 20 taken and motions and resolutions adopted by the board at a meeting by the affirmative
 21 vote of at least four members. Members may not vote by proxy. A vacancy in the
 22 membership of the board does not impair the right of a quorum to exercise all the
 23 powers and perform all the duties of the board.

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

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

30 (b) The board may appoint other officers and engage professional and technical
 31 advisors as independent contractors.

1 (c) The board shall prescribe the duties and compensation of commission
2 employees, including the airport manager.

3 (d) The airport manager may hire employees of the commission and, subject
4 to the approval of the board, engage professional and technical advisors under contract
5 with the commission.

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

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

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

25 (d) The board may adopt a rule on an emergency basis only when necessary
26 for the orderly operation of the commission's facilities or programs. The requirements
27 of (a) - (c) of this section do not apply to the adoption of an emergency rule under this
28 subsection. However, within 10 days after the adoption of an emergency rule, the
29 commission shall give notice of its action that substantially complies with the notice
30 requirements of this section. A rule adopted under this subsection remains in effect
31 for not more than 120 days. To prevent an emergency rule from lapsing, the board

1 may adopt the same rule under (a) - (c) of this section before the end of the 120-day
2 period.

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

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

8 (1) for substantial failure by the board to comply with this section; or

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

12 **Article 2. Powers and Duties.**

13 **Sec. 02.45.100. Powers and duties of commission.** (a) In addition to other
14 powers granted in this chapter, the commission may

15 (1) sue and be sued;

16 (2) adopt and alter an official seal;

17 (3) maintain an office in the state;

18 (4) acquire, hold, use, and dispose of its money;

19 (5) acquire, hold, use, lease, rent, construct, and dispose of property for
20 its purposes; and

21 (6) do all acts necessary to carry out this chapter that are not expressly
22 prohibited by law.

23 (b) The commission shall

24 (1) operate, manage, plan, improve, market, construct, and maintain the
25 facilities of the state-owned and state-operated international airport located at
26 Anchorage;

27 (2) fix and pay from funds available to the commission compensation
28 for officers, employees, and consultants employed by the commission; and

29 (3) adopt and enforce

30 (A) bylaws of the commission establishing procedures consistent
31 with AS 02.45.080 for the adoption of rules and emergency rules;

1 (B) rules for the conduct of its business and for the use of its
2 services and facilities;

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

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

14 **Sec. 02.45.120. Acquisition of land and easements.** The commission, as part
15 of the cost of constructing, maintaining, or improving airport facilities, may acquire
16 by purchase, gift, grant, or exchange land in fee simple or an interest in land that the
17 commission considers necessary for present or future public use, either temporary or
18 permanent, including easements in airport hazards or land outside the boundaries of
19 the airport necessary to permit the removal, elimination, and obstruction marking or
20 obstruction lighting of airport hazards or to prevent the establishment of airport
21 hazards. By the same means, the commission may obtain material, including clay,
22 gravel, sand, or rock, or the land necessary to obtain the material.

23 **Sec. 02.45.130. Authority to acquire property for the purpose of exchange.**
24 When the commission declares that it is in the best public interest of the state to do
25 so, the commission may acquire by purchase, gift, grant, or exchange privately or
26 publicly owned land or an interest in land for the purpose of exchanging the land or
27 interest in land for privately or publicly owned land or an interest in land that the
28 commission is authorized by law to acquire.

29 **Sec. 02.45.140. Indemnification.** (a) If the person acted in good faith on
30 behalf of the commission and within the scope of the person's official duties or
31 powers, the commission may defend and indemnify a current or former member of the

1 board, an employee, or an agent of the commission against all costs, expenses,
 2 judgments, and liabilities, including attorney fees, incurred by or imposed upon that
 3 person in connection with a civil or criminal action in which the person is involved
 4 by affiliation with the commission.

5 (b) The commission may purchase insurance to protect and hold personally
 6 harmless its employees, agents, and board members from an action, claim, or
 7 proceeding arising out of the performance, purported performance, or failure of
 8 performance, in good faith, of duties for, or employment with, the commission and to
 9 hold them harmless from expenses, including attorney fees, connected with the
 10 defense, settlement, or monetary judgments from that action, claim, or proceeding.
 11 The purchase of insurance is discretionary with the board, and insurance is not
 12 considered to be compensation to the insured person.

13 **Sec. 02.45.150. Insurance.** Except as provided in AS 02.45.140(b), the
 14 commission shall protect its assets, services, and employees by purchasing insurance
 15 or providing for certain self-insurance retentions. The commission shall also maintain
 16 casualty, property, and other insurance in amounts reasonably calculated to cover
 17 potential claims against the commission or the state for bodily injury, death, or
 18 disability and property damage that may arise from or be related to commission
 19 operations and activities.

20 **Sec. 02.45.160. Fidelity bond.** The commission shall obtain a fidelity bond
 21 in an amount determined by the board for board members and each executive officer
 22 responsible for accounts and finances. A bond must be in effect during the entire
 23 tenure in office of the bonded person.

24 **Article 3. International Airport Facilities.**

25 **Sec. 02.45.200. Operation and use privileges.** (a) The commission may
 26 enter into contracts, leases, and other arrangements covering periods not exceeding 55
 27 years with a person, a municipality, a state agency, or the United States, granting the
 28 privilege of using or improving the airport or air navigation facility, a portion of the
 29 airport or air navigation facility, or space in the airport or air navigation facility for
 30 commercial, governmental, or other public purposes, including private plane tie down,
 31 or conferring the privilege of supplying goods, commodities, services, or facilities at

1 the airport or air navigation facility. The commission may establish the terms and
2 conditions and fix the charges, rentals, and fees for the privileges or services that are
3 reasonable and uniform for the same class of privilege or service. Charges, rentals,
4 or fees authorized by this subsection may be fixed by order of the board or by
5 negotiated or competitively offered contract. The fixing of charges, rentals, or fees as
6 permitted under this subsection is not subject to AS 37.10.050(a). The terms,
7 conditions, charges, rentals, and fees shall be established with due regard to the
8 property and improvements used and the expense of operation to the state. However,
9 use of airport land and buildings by the Alaska Wing, Civil Air Patrol and its
10 squadrons shall be permitted without rental charges. The commission shall provide for
11 public notice and an opportunity to comment before a charge, rental, or fee is fixed
12 by order of the board as permitted under this subsection. The public may not be
13 deprived of its rightful, equal, and uniform use of the airport, air navigation facility,
14 or a portion of the airport or air navigation facility.

15 (b) If the commission permits space in the airport to be used as lounges for
16 members of the United States armed forces, the Alaska National Guard, the Alaska
17 Naval Militia, or the Alaska State Defense Force and if the lounges are operated by
18 persons exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code), the
19 commission may not charge rent for the use of the space.

20 (c) The commission may, by contract or other arrangement, upon a
21 consideration fixed by the board, grant to a qualified municipality or person for a
22 reasonable period of time the privilege of operating the airport or a portion of the
23 airport as an agent of the commission. A municipality or person granted that privilege
24 may not operate the airport or portion of the airport other than as a public airport or
25 enter into a contract, lease, or other arrangement in connection with the operation that
26 the commission may not have undertaken under this section.

27 (d) Notwithstanding the right of the public to rightful, equal, and uniform use
28 under (a) of this section, before the expiration of a land lease, including the
29 termination of a lease in holdover status, entered into under this section, the lessee may
30 apply for a new lease, or for an extended term under the existing lease, for the same
31 land. The commission shall approve the application for a new land lease or an

1 extended term under this section without offering the land to other persons for leasing
2 if

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

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

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

10 (f) At the expiration, termination, or cancellation of a land lease entered into
11 under this section, or under provisions of AS 02.15.090 as those provisions read before
12 the effective date of this section,

13 (1) a lessee who owns the improvements described under (e) of this
14 section shall continue to own the permanent improvements that the lessee constructed
15 or purchased on a leasehold if the lessee is granted, under (d) of this section, a new
16 lease or an extension of the term of a lease for the same land;

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

19 (3) at the option of the lessee, the permanent improvements owned by
20 the lessee may be sold by the commission at public auction with the proceeds from the
21 sale of the improvements going to the lessee, less administrative costs of the auction
22 and obligations owed under the lease to the commission; the successful bidder has the
23 same right to enter into a new lease under (d) of this section without the commission's
24 offering the land to other persons for leasing;

25 (4) after notice by the commission, the permanent improvements owned
26 by the lessee shall be removed at the lessee's sole expense if

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

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

31 (C) the commission makes written findings that the permanent

1 improvements are a hazard to the public health and safety;

2 (5) title to the permanent improvements vests in the commission if the
3 commission purchases or otherwise contracts for the ownership of the permanent
4 improvements or if the lessee abandons the permanent improvements.

5 **Sec. 02.45.210. Sale and delivery of in-bond merchandise.** (a) The
6 commission shall allow the sale and delivery of in-bond merchandise at the airport
7 only by an exclusive contract.

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

12 (c) After an exclusive contract described in (b) of this section expires, the
13 commission shall enter into one exclusive contract and, on its expiration, additional
14 successive exclusive contracts for the sale and delivery of in-bond merchandise at the
15 airport. Except under the existing and future exclusive contracts described in this
16 section, the commission may not permit or confer a right upon a person to offer to sell,
17 sell, or deliver in-bond merchandise at the airport.

18 (d) The commission shall offer the exclusive contract required by this section
19 by competitive bid and shall award the contract after considering the generation of
20 maximum revenue for the international airports revenue fund under AS 37.15.430.

21 (e) The commission shall actively supervise the operations under each
22 exclusive contract for the sale and delivery of in-bond merchandise in order to ensure
23 the effectiveness of the operations. To supervise contract operations under this section,
24 the commission shall adopt rules that provide for review of the reasonableness of price
25 schedules, quality, and assortment of merchandise, and customer service.

26 (f) This section does not apply to deliveries of in-bond merchandise as cargo
27 to airlines. In this subsection, "cargo" means goods carried by an airline under an
28 agreement between the shipper and the airline, other than a passenger ticket, that are
29 accepted, carried, and handled separately from passenger baggage and that are
30 delivered to a location other than a baggage claim area; "cargo" does not include goods
31 carried by an airline as baggage, whether belly-loaded or hand-carried and whether

1 accompanied or unaccompanied by a passenger.

2 **Sec. 02.45.220. Police powers vested.** The officers and employees of the
3 commission whom the board may designate have general police powers in aid of the
4 enforcement of this chapter and of the powers exercised by the commission under
5 AS 02.15 and AS 02.25. The persons designated under this section shall meet the
6 minimum standards for police officers adopted under AS 18.65.130 - 18.65.290.

7 **Sec. 02.45.230. Regulation of ground transportation at airports.**
8 Notwithstanding the provisions of AS 02.45.200, the commission may not exclude
9 taxis, buses, limousines that carry passengers for hire, or courtesy cars from the
10 highways, parking facilities, or other portions of the airport designated for operation
11 or parking of ground transportation vehicles. The commission may regulate by rule
12 the operations of taxis, buses, limousines, and courtesy cars as necessary to promote
13 efficient operation of the airport. In this section, "courtesy car" means a motor vehicle
14 owned or operated by a hotel, motel, or other place of public accommodation for the
15 transportation of its guests to and from the airport at the request of the guest and for
16 which a service charge is not made to the guest.

17 **Sec. 02.45.240. Liens.** The commission may enforce the payment of charges
18 for repairs, improvements, storage, or care of personal property made or furnished by
19 the commission or its agents in connection with the operation of the airport or an air
20 navigation facility owned or operated by the commission. The commission has those
21 lien rights generally allowed by law to secure payment for those services.

22 **Article 4. Fiscal Procedures.**

23 **Sec. 02.45.300. Commission program and financial plan.** (a) The
24 commission shall assure the development of a system of results-based operation
25 designed to increase efficiency and effectiveness of programs and services of the
26 commission.

27 (b) The commission shall, with participation of its employees, develop methods
28 for measuring commission results. A group or committee established by the
29 commission to develop methods of measuring results must include a representative of
30 each of the bargaining units that represents employees of the commission.

31 **Sec. 02.45.310. Program execution.** (a) The commission has power to

1 administer its programs and is responsible for the proper management of the airport.

2 (b) The governor may direct the reduction of expenditures by the commission
3 during the fiscal year only if the governor determines that the planned expenditures can
4 no longer be made due to factors outside the control of the state that make the
5 expenditures factually impossible.

6 **Sec. 02.45.320. Acceptance of money from federal and other sources.** The
7 commission may accept federal money and money from other public or private sources
8 to accomplish the purposes of this chapter. Federal money accepted under this chapter
9 shall be accepted and expended by the commission under the terms and conditions
10 prescribed by federal law and regulations.

11 **Sec. 02.45.330. Annual report.** By January 15 of each year, the commission
12 shall submit to the governor a concise report describing the operations, income, and
13 expenditures for the preceding fiscal year. The report must contain information
14 substantially similar to that required by the United States Securities and Exchange
15 Commission Form 10-K. The report must also include financial statements audited by
16 an independent outside auditor.

17 **Sec. 02.45.340. Annual audit.** The commission shall have a certified audit
18 of its financial records prepared annually by an independent certified public
19 accountant. The audit is a public record.

20 **Article 5. General Provisions.**

21 **Sec. 02.45.900. Commission employees.** (a) Employees of the commission
22 are public employees but are not employees of the state.

23 (b) Notwithstanding (a) of this section, employees of the commission who
24 were state employees the day before they were transferred to the commission shall
25 continue to participate in the supplemental employee benefits program under
26 AS 39.30.150 - 39.30.180 and in the public employees' retirement system under
27 AS 39.35. The commission shall pay the employer's contributions required under
28 AS 39.30.150 - 39.30.180 and under AS 39.35.

29 (c) The commission may elect to participate in the supplemental employee
30 benefits program under AS 39.30.150 - 39.30.180 and in the public employees'
31 retirement system under AS 39.35 for employees of the commission not described in

1 (b) of this section.

2 (d) The commission is a public employer, and employees of the commission
3 are public employees, for purposes of AS 23.40.070 - 23.40.260 (Public Employment
4 Relations Act).

5 **Sec. 02.45.910. Application of existing laws.** Unless specifically provided
6 otherwise in this chapter, the following laws do not apply to the operations of the
7 commission:

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

9 (2) AS 37.07;

10 (3) AS 39, except as provided in this chapter and in AS 39.35.152;

11 (4) AS 44.62.010 - 44.62.300.

12 **Sec. 02.45.990. Definitions.** In this chapter, unless the context requires
13 otherwise,

14 (1) "airport" means the international airport owned and operated by the
15 state at Anchorage;

16 (2) "board" means the board of directors of the commission;

17 (3) "commission" means the Anchorage International Airport
18 Commission.

19 **Sec. 02.45.995. Short title.** This chapter may be cited as the Anchorage
20 International Airport Commission Act.

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

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

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

28 (2) encourage and develop aeronautics and the establishment and
29 operation of a state system of airports through cooperation **among the department,**
30 **the commission, and** [WITH] municipalities, and otherwise, including cooperation
31 with the federal government and acceptance and utilization of federal funds allotted

1 for this purpose.

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

3 (b) The department may enter into contracts necessary or advisable to the
4 execution of the powers granted **to the department** [IT] by this chapter. Where the
5 planning, acquisition, construction, improvement, maintenance, or operation of an
6 airport or air navigation facility **subject to the jurisdiction of the department** is
7 financed wholly or partially with federal money, the department, as agent of the state,
8 or of a municipality, or person, may let contracts in the manner prescribed by the
9 federal authorities acting under the laws and rules and regulations of the United States.

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

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

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

16 (a) For the purposes specified in AS 02.15.060, the department may, by
17 purchase, gift, devise, lease, condemnation, or otherwise, acquire real or personal
18 property, or any interest in the property, including easements in airport hazards or land
19 outside the boundaries of an airport or airport site, necessary to permit the removal,
20 elimination, **obstruction marking** [OBSTRUCTION-MARKING], or **obstruction**
21 **lighting** [OBSTRUCTION-LIGHTING] of airport hazards, or to prevent the
22 establishment of airport hazards. The department may acquire existing airports and air
23 navigation facilities in the same manner except it may not acquire or take over an
24 airport or air navigation facility owned or controlled by **the commission**, a
25 municipality, or **a** person without the consent of the **commission**, municipality, or
26 person.

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

28 (a) In operating an airport or air navigation facility owned or controlled by the
29 state **and subject to the jurisdiction of the department**, the department may enter
30 into contracts, leases, and other arrangements covering periods not exceeding 55 years
31 with a person, **a** municipality, or the United States, granting the privilege of using or

1 improving an airport or air navigation facility, [OR] a portion of **an airport or air**
 2 **navigation facility**, [IT] or space in **an airport or air navigation facility** [IT] for
 3 commercial, governmental, or other public purposes, including private plane tie down,
 4 [;] or conferring the privilege of supplying goods, commodities, services, or facilities
 5 at an airport or air navigation facility. The department may establish the terms and
 6 conditions and fix the charges, rentals, and fees for the privileges or services that are
 7 reasonable and uniform for the same class of privilege or service. Charges, rentals,
 8 or fees authorized by this subsection may be fixed for the international **airport at**
 9 **Fairbanks** [AIRPORTS] by order of the commissioner or by negotiated or
 10 competitively offered contract. Notwithstanding AS 37.10.050(a), the fixing of
 11 charges, rentals, or fees as permitted under this subsection is not subject to the
 12 adoption of regulation provisions of AS 44.62 (Administrative Procedure Act). The
 13 terms, conditions, charges, rentals, and fees shall be established with due regard to the
 14 property and improvements used and the expense of operation to the state. However,
 15 use of state land and buildings by the Alaska Wing, Civil Air Patrol and its squadrons
 16 shall be permitted without rental charges. If the department permits space in state-
 17 owned or state-controlled airports **that are subject to the jurisdiction of the**
 18 **department** to be used as lounges for members of the United States armed forces, the
 19 Alaska National Guard, the Alaska Naval Militia, or the Alaska State **Defense Force**
 20 [MILITIA] and if the lounges are operated by persons exempt from taxation under 26
 21 U.S.C. 501(c)(3) (Internal Revenue Code), rent may not be charged for the use of the
 22 space. The department shall provide for public notice and an opportunity to comment
 23 before a charge, rental, or fee is fixed by order of the commissioner as permitted under
 24 this subsection. The public may not be deprived of its rightful, equal, and uniform use
 25 of the airport, air navigation facility, or a portion of them.

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

27 (b) The department may by contract or other arrangement, upon a
 28 consideration fixed by **the department** [IT], grant to a qualified municipality or person
 29 for a reasonable period of time the privilege of operating, as agent of the state or
 30 otherwise, an airport owned or controlled by the state **and subject to the jurisdiction**
 31 **of the department**. A municipality or person granted that privilege may not operate

1 the airport other than as a public airport or enter into a contract, lease, or other
 2 arrangement in connection with the operation that the department may not have
 3 undertaken under (a) or (c) - (e) of this section.

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

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

9 * **Sec. 10.** AS 02.15.091(a) is amended to read:

10 (a) Under (b) and (c) of this section, the department shall allow the sale and
 11 delivery of in-bond merchandise at an international airport **under the jurisdiction of**
 12 **the department** only by an exclusive contract.

13 * **Sec. 11.** AS 02.15.091(b) is amended to read:

14 (b) While the exclusive contracts for the sale and delivery of in-bond
 15 merchandise at international airports **under the jurisdiction of the department** that
 16 exist on June 15, 1982, are in effect, the department may not permit or confer a right
 17 on any other person to offer to sell, sell, or deliver in-bond merchandise at an
 18 international airport **under the jurisdiction of the department.**

19 * **Sec. 12.** AS 02.15.091(c) is amended to read:

20 (c) After the exclusive contracts existing on June 15, 1982, are no longer in
 21 effect, the department shall enter into one exclusive contract and, on its expiration,
 22 additional successive exclusive contracts for the sale and delivery of in-bond
 23 merchandise at each international airport **under the jurisdiction of the department.**
 24 Except under the existing and future exclusive contracts described in this section, the
 25 department may not permit or confer a right upon any person to offer to sell, sell, or
 26 deliver in-bond merchandise at an international airport **under the jurisdiction of the**
 27 **department.**

28 * **Sec. 13.** AS 02.15.091(d) is amended to read:

29 (d) The department shall offer the exclusive contracts required by this section
 30 by competitive bid or by competitive proposals. If the department offers the exclusive
 31 contracts by competitive bid, the department shall award the contracts after considering

1 the generation of maximum revenue for the International Airports Revenue Fund
 2 established by AS 37.15.430 **to repay bonds issued for the benefit of international**
 3 **airports under the jurisdiction of the department.** If the department offers the
 4 exclusive contracts by competitive proposals, the department shall award the contracts
 5 after considering factors that include depth of management, financial ability,
 6 demonstrated experience at other locations, quality of services and products, success
 7 in marketing programs, character and improvements of proposed facilities, and the
 8 generation of optimum revenue for the fund.

9 * **Sec. 14.** AS 02.15.095 is amended to read:

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

20 * **Sec. 15.** AS 02.15.100 is amended to read:

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

27 * **Sec. 16.** AS 02.15.102 is amended to read:

28 **Sec. 02.15.102. Use of airports for utilities.** (a) A utility facility may be
 29 constructed, placed, or maintained across, along, over, under, or within a state airport,
 30 **subject to the jurisdiction of the**

31 **(1) department,** only **under** [IN ACCORDANCE WITH] regulations

1 adopted or procedures prescribed by the department and only if authorized by a written
2 permit issued by the department;

3 **(2) commission under AS 02.45, only under rules adopted by the**
4 **commission and only if authorized by written permit issued by the commission.**

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

7 * **Sec. 17.** AS 02.15.104 is amended to read:

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

9 (a) If, incident to the construction of an airport project, the department **or commission**
10 determines and orders that a utility facility located across, along, over, under, or within
11 a state airport **subject to its jurisdiction** must be changed, relocated, or removed, the
12 utility owning or maintaining the facility shall change, relocate, or remove **the facility**
13 [IT] in accordance with the order, within a reasonable time set by the department **or**
14 **commission** in the order.

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

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

21 (1) by the department **or the commission** as a cost of airport
22 construction [,] if the utility facility is installed or authorized after June 11, 1986,
23 under a utility permit or a regulation **adopted by the department or the commission**
24 and is installed in the location specified in the permit **or the regulation**;

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

28 (3) by the department **or the commission** as a cost of airport
29 construction [,] if the utility facility was installed before the location became part of
30 a state airport or before permits were required;

31 (4) by the department **or the commission** as a cost of airport

1 construction [,] if the utility permit that requires the utility to pay the relocation cost
 2 was issued more than five years before the contract for the airport construction project
 3 was first advertised;

4 (5) by the utility in all other cases unless, **for airports subject to the**
 5 **jurisdiction of the**

6 (A) **department**, the commissioner finds it is in the public
 7 interest for the cost to be paid by the department;

8 (B) **commission, the board of the commission finds that it**
 9 **is in the public interest for the cost to be paid by the commission.**

10 * **Sec. 18.** AS 02.15.106 is amended to read:

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

21 * **Sec. 19.** AS 02.15.108 is amended to read:

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

1 * **Sec. 20.** AS 02.15.110 is amended to read:

2 **Sec. 02.15.110. Unauthorized encroachments.** If an unauthorized
3 encroachment exists in, on, under, or over a state airport, the department **or the**
4 **commission, as appropriate,** may require the removal of the encroachment, at the
5 expense of the owner, in the manner provided in AS 02.15.112 - 02.15.114.

6 * **Sec. 21.** AS 02.15.112 is amended to read:

7 **Sec. 02.15.112. Notice of removal of unauthorized encroachment.** **The**
8 **department or the commission, as appropriate, shall give notice to** [NOTICE
9 SHALL BE GIVEN] the owner, occupant, or person in possession of an unauthorized
10 encroachment, or to another person causing or permitting the encroachment to exist,
11 by serving upon any of them a notice demanding the removal of the encroachment
12 within a time limit set by the department **or the commission.** The notice must
13 describe the encroachment with reasonable certainty as to its character and location.
14 Service of the notice may be made by certified mail.

15 * **Sec. 22.** AS 02.15.114 is amended to read:

16 **Sec. 02.15.114. Removal at owner's expense after noncompliance; removal**
17 **expense.** After a failure of the owner of an unauthorized encroachment to comply
18 with a notice or order of the department **or the commission** under AS 02.15.104,
19 02.15.108, or 02.15.112, the department **or the commission, as appropriate,** may
20 remove the encroachment, or cause **the encroachment** [IT] to be removed. The owner
21 of the unauthorized encroachment shall pay to the department **or the commission**

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

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

27 (3) **the** costs and expense of suit.

28 * **Sec. 23.** AS 02.15.120 is amended to read:

29 **Sec. 02.15.120. Assistance to construct, enlarge, or improve air navigation**
30 **facilities.** The department may match available funds with those of **the commission,**
31 municipalities, federal agencies, or other state agencies, for project costs relating to the

1 construction, enlargement, or improvement of airports. The department may assist
 2 persons in the construction, enlargement, and improvement of airports and air
 3 navigation facilities. The airports and facilities, until they are abandoned as such, shall
 4 be at all times available for the use of and accessible to the general public, and
 5 maintained as public airports and facilities.

6 * **Sec. 24.** AS 02.15.130 is amended to read:

7 **Sec. 02.15.130. Assistance to the federal government, municipalities, and**
 8 **other persons.** The department may make available its engineering, maintenance, and
 9 other services, with or without charge, to **the commission**, the federal government,
 10 [OR TO] a municipality, or **a** person in connection with the planning, acquisition,
 11 construction, improvement, maintenance, or operation of airports or air navigation
 12 facilities.

13 * **Sec. 25.** AS 02.15.205(a) is amended to read:

14 (a) A person, **excluding the commission**, may not construct, reconstruct,
 15 relocate, or extend an airport, airstrip, or private air facility within two miles of a
 16 federal-aid highway or proposed federal-aid highway without first obtaining the written
 17 approval of the commissioner, as provided by regulation.

18 * **Sec. 26.** AS 02.15.260(13) is amended to read:

19 (13) "international airport" means an international airport owned and
 20 operated by the state **that is under the jurisdiction of the department**;

21 * **Sec. 27.** AS 02.15.260 is amended by adding a new paragraph to read:

22 (18) "commission" means the Anchorage International Airport
 23 Commission.

24 * **Sec. 28.** AS 02.25.110(4) is amended to read:

25 (4) "department" means the Department of Transportation and Public
 26 Facilities **with regard to airports that are not subject to AS 02.45 and the**
 27 **Anchorage International Airport Commission with regard to airports that are**
 28 **subject to AS 02.45**;

29 * **Sec. 29.** AS 02.25.110 is amended by adding a new paragraph to read:

30 (8) "regulation" includes rules adopted by the board of directors of the
 31 Anchorage International Airport Commission.

1 * **Sec. 30.** AS 18.65.290(6) is amended to read:

2 (6) "police officer" means

3 (A) a full-time employee of the state or a municipal police
4 department with the authority to arrest and issue citations; detain a person taken
5 into custody until that person can be arraigned before a judge or magistrate;
6 conduct investigations of violations of and enforce criminal laws, regulations,
7 and traffic laws; search with or without a warrant persons, dwellings, and other
8 forms of property for evidence of a crime; and take other action consistent with
9 exercise of these enumerated powers when necessary to maintain the public
10 peace;

11 (B) an officer or employee of the Department of Transportation
12 and Public Facilities who is stationed at an international airport **under the**
13 **jurisdiction of the department** and has been designated to have the general
14 police powers authorized under AS 02.15.230(a);

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

17 **(D) an officer or employee of the Anchorage International**
18 **Airport Commission who is stationed at the Anchorage International**
19 **Airport and has been designated to have the general police powers**
20 **authorized under AS 02.45.220;**

21 * **Sec. 31.** AS 19.10.270 is amended by adding a new subsection to read:

22 (d) In this section,

23 (1) "commissioner" means the commissioner of transportation and
24 public facilities with regard to airports not subject to AS 02.45 and the board of
25 directors of the Anchorage International Airport Commission with regard to airports
26 subject to AS 02.45;

27 (2) "regulation" includes a rule adopted by the board of directors of the
28 Anchorage International Airport Commission.

29 * **Sec. 32.** AS 23.10.037(b) is amended to read:

30 (b) The provisions of (a) of this section do not apply to the state or a political
31 subdivision of the state when dealing with police officers in its employ or with persons

1 applying to be employed as police officers. In this subsection, "police officers"
 2 includes officers and employees of the Department of Transportation and Public
 3 Facilities **or the Anchorage International Airport Commission** who are stationed at
 4 an international airport and have been designated to have the general police powers
 5 authorized under AS 02.15.230(a) **or AS 02.45.220**.

6 * **Sec. 33.** AS 35.27 is amended by adding a new section to read:

7 **Sec. 35.27.025. Application to the Anchorage International Airport**
 8 **Commission.** This chapter applies to the Anchorage International Airport
 9 Commission. Compliance with this chapter is the sole responsibility of the Anchorage
 10 International Airport Commission with regard to the public buildings and facilities of
 11 the commission.

12 * **Sec. 34.** AS 35.27.030(1) is amended to read:

13 (1) "building" or "facility" means a permanent improvement constructed
 14 by the department **or the Anchorage International Airport Commission**; the term

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

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

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

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

20 (iv) transportation facilities **that** [WHICH] accommodate
 21 traveling passengers;

22 (B) excludes other transportation facilities;

23 * **Sec. 35.** AS 36.10.180(a) is amended to read:

24 (a) The preferences established in AS 36.10.150 - 36.10.175 apply to work
 25 performed

26 (1) under a contract for construction, repair, preliminary surveys,
 27 engineering studies, consulting, maintenance work, or any other retention of services
 28 necessary to complete a given project that is let by the state or an agency of the state,
 29 a department, office, state board, commission, public corporation, or other
 30 organizational unit of or created under the executive, legislative, or judicial branch of
 31 state government, including the University of Alaska, **and the Anchorage**

1 **International Airport Commission**, and the Alaska Railroad Corporation, or by a
 2 political subdivision of the state, including a regional school board with respect to an
 3 educational facility under AS 14.11.020;

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

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

8 (4) on a public works project under a grant to an unincorporated
 9 community under AS 37.05.317 or AS 37.06.020; and

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

12 * **Sec. 36.** AS 36.30.015(e) is amended to read:

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

29 * **Sec. 37.** AS 36.30.050(c) is amended to read:

30 (c) The lists may be used by the chief procurement officer or an agency when
 31 issuing invitations to bid or requests for proposals under this chapter. The lists may

1 be used by the legislative council, the court system, **the Anchorage International**
 2 **Airport Commission**, and the Alaska Railroad Corporation.

3 * **Sec. 38.** AS 36.30.850(b)(8) is amended to read:

4 (8) acquisitions or disposals of property and other contracts relating to
 5 airports under AS 02.15.070, 02.15.090, 02.15.091, **AS 02.45.120, 02.45.200,**
 6 **02.45.210,** and AS 44.88;

7 * **Sec. 39.** AS 36.30.990(1) is amended to read:

8 (1) "agency"

9 (A) means a department, institution, board, commission,
 10 division, authority, public corporation, the Alaska Pioneers' Home, or other
 11 administrative unit of the executive branch of state government;

12 (B) does not include

13 (i) the University of Alaska;

14 (ii) the Alaska Railroad Corporation;

15 (iii) the Alaska Housing Finance Corporation;

16 (iv) a regional Native housing authority created under
 17 AS 18.55.996 or a regional electrical authority created under
 18 AS 18.57.020;

19 (v) the Department of Transportation and Public
 20 Facilities, in regard to the repair, maintenance, and reconstruction of
 21 vessels, docking facilities, and passenger and vehicle transfer facilities
 22 of the Alaska marine highway system;

23 (vi) the Alaska Aerospace Development Corporation;

24 (vii) the Alaska State Pension Investment Board;

25 (viii) the Alaska Seafood Marketing Institute;

26 **(ix) the Anchorage International Airport**

27 **Commission;**

28 * **Sec. 40.** AS 37.15.410 is amended to read:

29 **Sec. 37.15.410. Bond authorization.** For the purpose of providing part or all
 30 of the money to be used, with or without any grants or other money that may become
 31 available, the issuance and sale of revenue bonds of the state in a total principal sum

1 not to exceed \$305,000,000 is authorized to acquire, equip, construct, and install the
 2 additions, improvements, extensions, and facilities authorized in AS 37.15.510. The
 3 principal of and interest on these bonds shall be paid out of and secured by the gross
 4 revenue derived by the state from the ownership, lease, use, and operation of the state-
 5 owned and state-operated international airports at Anchorage and Fairbanks as
 6 provided under AS 37.15.500 [AIRPORTS], and of all the facilities of the airports
 7 [THEM], and out of any other money that may be appropriated for the purpose.

8 * **Sec. 41.** AS 37.15.420(c) is amended to read:

9 (c) By January 1 of each year, the board of the Anchorage International
 10 Airport Commission and the commissioner of transportation and public facilities
 11 shall each submit to the legislature an annual spending plan that contains information
 12 regarding the planned expenditure of money from the construction fund during the next
 13 fiscal year. The spending plan must include

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

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

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

20 (4) the amounts that the Anchorage International Airport
 21 Commission and the Department of Transportation and Public Facilities [STATE]
 22 will spend from the construction fund for purposes other than contract payments and
 23 a description of each of those purposes, including financing costs, administrative and
 24 other overhead costs, and contingencies.

25 * **Sec. 42.** AS 37.15.430(a) is amended to read:

26 (a) There is established an enterprise fund known as the "International Airports
 27 Revenue Fund," into which shall be paid all revenue, fees, charges, and rentals derived
 28 by the state from the ownership, lease, use, and operation of the airports and all of the
 29 facilities and improvements of the airports [THEM] and facilities and improvements
 30 used in connection with them as provided under AS 37.15.500. The Anchorage
 31 International Airport account and the Fairbanks International Airport account

1 are established within the fund. The revenue, charges, fees, and rentals may not
 2 include the proceeds of any state tax or license. The money in the revenue fund may
 3 only be used for the purpose of

4 (1) paying or securing the payment of the principal of and interest on
 5 the bonds and of and on any other revenue bonds issued

6 (A) before January 1, 2001, by authorization of the legislature
 7 to provide money to acquire, equip, construct, and install additions and
 8 improvements to, and extensions of and facilities for, the state-owned and
 9 state-operated international airports at Anchorage and Fairbanks, and to be
 10 payable out of the revenue fund and out of the Anchorage International
 11 Airport account in the revenue fund;

12 (B) on or after January 1, 2001, by authorization of the
 13 legislature to provide money to acquire, equip, construct, and install
 14 additions and improvements to, and extensions of and facilities for, the
 15 Anchorage International Airport, and to be payable out of the Anchorage
 16 International Airport account in the revenue fund; and

17 (C) on or after January 1, 2001, by authorization of the
 18 legislature to provide money to acquire, equip, construct, and install
 19 additions and improvements to, and extensions of and facilities for, the
 20 Fairbanks International Airport, and to be payable out of the Fairbanks
 21 International Airport account in the revenue fund;

22 (2) paying the normal and necessary costs of maintaining and operating
 23 each of the airports and all of the improvements and facilities of each of the airports
 24 from the revenue generated by that airport [THEM];

25 (3) paying the costs of renewals, replacements, and extraordinary
 26 repairs to each of the airports and all of the improvements and facilities of each of the
 27 airports from the revenue generated by that airport [THEM];

28 (4) redeeming before their fixed maturities any and all revenue bonds
 29 issued

30 (A) before January 1, 2001, for the purposes of the state-
 31 owned and state-operated international airports at Anchorage and

Fairbanks;

(B) on or after January 1, 2001, for the purposes of the Anchorage International Airport, and to be payable out of the Anchorage International Airport account in the revenue fund; and

(C) on or after January 1, 2001, for the purposes of the Fairbanks International Airport, and to be payable out of the Fairbanks International Airport account in the revenue fund;

(5) providing money to acquire, construct, and install necessary additions and improvements to and extensions of and facilities for **each of** the airports and all of their facilities **from the revenue generated by that airport;** and

(6) providing money to pay any and all other costs relating to the ownership, use, and operation of **each of** the airports **from the revenue generated by that airport.**

* **Sec. 43.** AS 37.15.430(b) is amended to read:

(b) The investment of money in the revenue fund, **including the accounts in the revenue fund,** may be made in the manner that the committee may determine. The interest earned upon or any profits derived from the sale of this investment shall be deposited in and become a part of the revenue fund **and the accounts in the revenue fund.**

* **Sec. 44.** AS 37.15.480 is amended to read:

Sec. 37.15.480. Amounts required for payments. The committee shall, before December 31 of each year, commencing with the year in which the bonds are issued, certify to the commissioners of revenue and transportation and public facilities **and to the board of the Anchorage International Airport Commission** the amounts required in the next ensuing calendar year by the bond resolution or resolutions to be paid out of the revenue fund into the bond redemption fund and to be paid into and maintained in any reserve fund or account or any other fund or account created by the bond resolution or resolutions, and shall also certify to the commissioners **and the board** the last date or dates upon which payments may be made.

* **Sec. 45.** AS 37.15.500 is amended to read:

Sec. 37.15.500. Airport charges. (a) As provided in AS 02.15.090(a), the

1 commissioner of transportation and public facilities shall fix and collect the fees,
 2 charges, and rentals derived by the state from the ownership, lease, use, and
 3 operation of the Anchorage International Airport and all of the associated
 4 facilities and improvements that will provide revenue sufficient to comply with all
 5 of the covenants of the bond resolutions for bonds sold for the benefit of the
 6 Anchorage International Airport. The fees, charges, and rentals collected under
 7 this subsection shall be deposited in the Anchorage International Airport account
 8 of the revenue fund.

9 (b) As provided in AS 02.15.090(a), the commissioner of transportation and
 10 public facilities shall fix and collect the fees, charges, and rentals derived by the state
 11 from the ownership, lease, use, and operation of the Fairbanks International Airport
 12 [AIRPORTS] and all of the associated facilities and improvements that will provide
 13 revenue sufficient to comply with all of the covenants of the bond resolutions for
 14 bonds sold for the benefit of the Fairbanks International Airport. The fees,
 15 charges, and rentals collected under this subsection shall be deposited in the
 16 Fairbanks International Airport account of the revenue fund [RESOLUTION].

17 * **Sec. 46.** AS 37.15.500(a) is amended to read:

18 (a) As provided in AS 02.45.200(a) [AS 02.15.090(a)], the board of the
 19 Anchorage International Airport Commission [COMMISSIONER OF
 20 TRANSPORTATION AND PUBLIC FACILITIES] shall fix and collect the fees,
 21 charges, and rentals derived by the state from the ownership, lease, use, and operation
 22 of the Anchorage International Airport and all of the associated facilities and
 23 improvements that will provide revenue sufficient to comply with all of the covenants
 24 of the bond resolutions for bonds sold for the benefit of the Anchorage International
 25 Airport. The fees, charges, and rentals collected under this subsection shall be
 26 deposited in the Anchorage International Airport account of the revenue fund.

27 * **Sec. 47.** AS 37.15.510 is amended to read:

28 **Sec. 37.15.510. State improvements to airports.** The state is authorized to
 29 acquire, equip, construct, and install additions and improvements to and extensions of
 30 the airports, facilities for the landing, parking, loading, storing, repairing, safety, and
 31 utility of aircraft at the airports and passenger, freight, and terminal facilities, including

1 safety equipment and devices at the airports, found to be necessary **for the Anchorage**
 2 **International Airport by the board of the Anchorage International Airport**
 3 **Commission and for the Fairbanks International Airport** by the commissioner of
 4 transportation and public facilities.

5 * **Sec. 48.** AS 38.05.030(b) is amended to read:

6 (b) The provisions of this chapter do not apply to any power, duty, or authority
 7 now or in the future granted to the Department of Transportation and Public Facilities
 8 **or the Anchorage International Airport Commission** in the name of the state, to
 9 acquire, use, lease, dispose of, or exchange real property, or any interest in real
 10 property. Land assigned by the division of lands to the Department of Transportation
 11 and Public Facilities **or the Anchorage International Airport Commission** shall be
 12 returned to the management of the division of lands when **the land** [IT] is no longer
 13 needed for the purposes assigned.

14 * **Sec. 49.** AS 38.05.030 is amended by adding a new subsection to read:

15 (h) Except for land that is required to be returned to the department under (b)
 16 of this section, the Anchorage International Airport Commission may dispose of real
 17 property (1) acquired by the commission under AS 02.45.120, or (2) acquired by the
 18 Department of Transportation and Public Facilities and transferred to the commission
 19 under provisions of the Act creating the commission. Land conveyed under this
 20 subsection to a municipality for less than fair market value shall be credited against
 21 the municipality's entitlement under AS 29.65.

22 * **Sec. 50.** AS 39.25.120(c)(11) is amended to read:

23 (11) airport managers in the Department of Transportation and Public
 24 Facilities employed at the [ANCHORAGE AND] Fairbanks International **Airport**
 25 [AIRPORTS];

26 * **Sec. 51.** AS 39.35 is amended by adding a new section to read:

27 **Sec. 39.35.152. Anchorage International Airport Commission employees.**

28 (a) An employee of the Anchorage International Airport Commission who was an
 29 employee of the state on the day before the employee was transferred to the
 30 commission under sec. 58 of this Act shall be included in the system.

31 (b) An employee of the Anchorage International Airport Commission who is

1 not covered under (a) of this section shall be included in the system on the effective
2 date of the commission's participation in the system for that employee.

3 * **Sec. 52.** AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (56) Anchorage International Airport Commission (AS 02.45.010).

5 * **Sec. 53.** AS 39.52.960(2) is amended to read:

6 (2) "agency" means a department, **the** office of the governor, or **an**
7 entity in the executive branch, including [BUT NOT LIMITED TO] the University of
8 Alaska, public or quasi-public corporations, boards or commissions, [AND] the Alaska
9 Railroad Corporation, **and the Anchorage International Airport Commission;**

10 * **Sec. 54.** AS 39.52.960(4) is amended to read:

11 (4) "board or commission" means a board, commission, authority, or
12 board of directors of a public or quasi-public corporation, established by statute in the
13 executive branch, including the Alaska Railroad **Corporation and the Anchorage**
14 **International Airport Commission,** but excluding members of a negotiated regulation
15 making committee under AS 44.62.710 - 44.62.800;

16 * **Sec. 55.** AS 39.52.960(12) is amended to read:

17 (12) "instrumentality of the state" means a state agency or
18 administrative unit, whether in the legislative, judicial, or executive branch, including
19 such entities as the University of Alaska, the Alaska Railroad **Corporation, the**
20 **Anchorage International Airport Commission,** and any public or quasi-public
21 corporations, boards, or commissions; the term includes municipalities;

22 * **Sec. 56.** AS 44.42.020(a)(7) is amended to read:

23 (7) manage, operate, and maintain state transportation facilities and all
24 docks, floats, breakwaters, and buildings, including all state highways, vessels,
25 railroads, pipelines, **and** airports [,] and aviation facilities **other than airports and**
26 **aviation facilities under the jurisdiction of the Anchorage International Airport**
27 **Commission under AS 02.45;**

28 * **Sec. 57.** AS 44.88.080(25) is amended to read:

29 (25) to make cooperative agreements with the **Anchorage**
30 **International Airport Commission** [DEPARTMENT OF TRANSPORTATION AND
31 PUBLIC FACILITIES], acting on behalf of the international airports revenue fund

1 established under AS 37.15.430, to acquire, equip, operate, maintain, construct, or
2 install facilities that will enhance the competitiveness of the international airports
3 **under the jurisdiction of the commission**, including a cooperative agreement to lend
4 amounts from the international **airports** [AIRPORT] revenue fund to finance the
5 development or improvement of utilities serving the airports;

6 * **Sec. 58.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 TRANSITION. (a) All real property used or controlled by the Department of
9 Transportation and Public Facilities, Anchorage International Airport, and all appropriations,
10 records, equipment, and other personal property of the Department of Transportation and
11 Public Facilities, Anchorage International Airport, on the day before the effective date of this
12 subsection shall be transferred to the Anchorage International Airport Commission to
13 implement the provisions of this Act.

14 (b) All employees of the Department of Transportation and Public Facilities assigned
15 to the management, operation, and maintenance of the Anchorage International Airport on the
16 day before the effective date of this subsection shall be transferred to the Anchorage
17 International Airport Commission as employees of the commission. The commissioner of
18 transportation and public facilities shall determine which employees are transferred to the
19 commission.

20 (c) Classified state employees transferred to the Anchorage International Airport
21 Commission under (b) of this section retain the rights and status of state employees until the
22 expiration dates of the collective bargaining agreements covering those employees that are in
23 effect on the day before the effective date of (b) of this section.

24 (d) The Anchorage International Airport Commission is bound by the collective
25 bargaining agreements covering employees transferred to the commission under (b) of this
26 section for the terms of the agreements. Nothing in this Act terminates or modifies a
27 collective bargaining unit, recognition of an exclusive bargaining representative, or a collective
28 bargaining agreement covering employees that are transferred to the Anchorage International
29 Airport Commission under this Act if the unit, recognition, or agreement is in effect on the
30 day before the effective date of (b) of this section.

31 (e) Notwithstanding AS 02.45.900(a), as added by sec. 2 of this Act, and (c) and (d)

1 of this section, the Anchorage International Airport Commission shall operate under personnel
2 rules adopted under AS 39 until January 1, 2004, or until the commission adopts its own
3 personnel rules under AS 02.45.100(b), as added by sec. 2 of this Act, whichever occurs first.

4 (f) All contracts, leases, rights, liabilities, bonds, notes, or other obligations of the
5 Department of Transportation and Public Facilities created by or under a law amended or
6 repealed by this Act and in effect on the effective date of this section, remain in effect
7 notwithstanding this Act's taking effect, with all contracts, leases, rights, liabilities, bonds,
8 notes, or other obligations of the Department of Transportation and Public Facilities,
9 Anchorage International Airport, becoming contracts, leases, rights, liabilities, bonds, notes,
10 and other obligations of the Anchorage International Airport Commission for the terms
11 provided.

12 * **Sec. 59.** The uncodified law of the State of Alaska is amended by adding a new section
13 to read:

14 **PAYMENT OF DIVIDEND.** During fiscal years 2004, 2005, 2006, and 2007, the
15 board of the Anchorage International Airport Commission shall, after determining the amount
16 of the unrestricted revenue of the commission necessary for the payment of the costs related
17 to the international airports revenue bonds and for the essential operations of the commission,
18 authorize the transfer of an amount not to exceed \$4,000,000 each fiscal year from the
19 Anchorage International Airport account in the "International Airports Revenue Fund" to the
20 Fairbanks International Airport account in the revenue fund, for the payment of the costs of
21 the state-owned and state-operated international airport at Fairbanks.

22 * **Sec. 60.** The uncodified law of the State of Alaska is amended by adding a new section
23 to read:

24 **INTERIM MANAGEMENT OF THE ANCHORAGE INTERNATIONAL AIRPORT.**

25 (a) Notwithstanding other provisions of this Act, until the board of the Anchorage
26 International Airport Commission convenes its first meeting, the commissioner of
27 transportation and public facilities shall manage the state-owned and state-operated
28 international airport at Anchorage under applicable laws that are in effect on the day before
29 the effective date of sec. 1 of this Act.

30 (b) Notwithstanding AS 02.45.060, as added by sec. 2 of this Act, the commissioner
31 of transportation and public facilities is the chair pro tempore of the board of directors of the

1 Anchorage International Airport Commission until the board elects a chair from among its
2 members at its first meeting.

3 (c) The board of the Anchorage International Airport Commission shall convene its
4 first meeting as soon as practicable after appointment of at least five voting members by the
5 governor.

6 * **Sec. 61.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 INITIAL APPOINTMENTS. Notwithstanding AS 02.45.020, as added by sec. 2 of
9 this Act, and AS 39.05.055, the governor shall designate

10 (1) two persons initially appointed to the board of directors of the Anchorage
11 International Airport Commission to serve as members of the board until December 31, 2004;

12 (2) two persons initially appointed to the board of directors of the Anchorage
13 International Airport Commission to serve as members of the board until December 31, 2005;

14 (3) two persons initially appointed to the board of directors of the Anchorage
15 International Airport Commission to serve as members of the board until December 31, 2006;

16 (4) one person initially appointed to the board of directors of the Anchorage
17 International Airport Commission to serve as a member of the board until December 31, 2007.

18 * **Sec. 62.** The uncodified law of the State of Alaska is amended by adding a new section
19 to read:

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

26 * **Sec. 63.** Sections 1, 40, 42, 43, and 45 of this Act take effect January 1, 2001.

27 * **Sec. 64.** AS 02.45.900, as added by sec. 2 of this Act, and secs. 41, 44, 46, 47, 51, and
28 56 - 59 of this Act take effect on the day on which the board of the Anchorage International
29 Airport Commission convenes its first meeting. The commissioner of transportation and
30 public facilities shall inform the revisor of statutes and the lieutenant governor of the date on
31 which the board of directors of the Anchorage International Airport Commission convenes its

1 first meeting.

2 * **Sec. 65.** Except as provided by secs. 63 and 64 of this Act, this Act takes effect

3 January 1, 2003.