

HOUSE BILL NO. 146

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/23/01

Referred: Community and Regional Affairs, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the issuance of certificates of participation to finance deferred**
2 **maintenance projects, and a construction project, for certain public harbor facilities;**
3 **giving notice of and approving the entry into, and the issuance of certificates of**
4 **participation in, lease-financing agreements for those public harbor facility projects;**
5 **repealing a provision relating to the financing of construction and renovation of facilities**
6 **for certain ports and harbors; and providing for an effective date."**

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

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

10 FINDINGS; INTENT. (a) Except for the Nome harbor and dock, the facilities
11 described in sec. 2 of this Act are currently owned by the state and are in need of substantial
12 investment in capital maintenance and upgrades. The City of Nome is in need of additional
13 money for a capital project at the Nome harbor and dock.

1 (b) The legislature intends to provide for the required investment, and intends transfer
 2 of ultimate ownership of and responsibility for the state-owned harbor facilities to local
 3 municipalities.

4 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
 5 read:

6 HARBOR FACILITIES LEASES AUTHORIZED. (a) The Department of
 7 Transportation and Public Facilities is authorized and directed to develop a plan for
 8 improvement and financing of the state-owned harbor facilities listed in (b) of this section and
 9 for the transfer of ownership and responsibility for the improved facilities, subject to the
 10 limitations set out in this Act, to the municipalities listed in (b) of this section. The
 11 Department of Transportation and Public Facilities is authorized to lease the harbor facilities
 12 from the municipalities listed in (b) of this section, including the City of Nome, under the
 13 authority of AS 35.10.110.

14 (b) The Department of Transportation and Public Facilities shall allocate the net
 15 proceeds derived from the lease-financing agreements authorized in sec. 5 of this Act for
 16 capital maintenance and upgrade projects, including the City of Nome's project, to the
 17 following harbor facility projects, in the amount allocated for each facility:

FACILITY/PROJECT	ALLOCATION
(1) Whittier - Whittier Small Boat Harbor	\$2,449,000
(2) Valdez - Valdez Small Boat Harbor	3,212,000
(3) Seldovia - Seldovia Small Boat Harbor	2,628,000
(4) Petersburg - North Harbor, Middle Harbor, South Harbor	3,729,000
(5) Juneau - Auke Bay Harbor, Aurora Harbor, Harris Harbor, Douglas Harbor and Dock, North Douglas Launch Ramp, Taku Harbor	7,119,000
(6) Ketchikan - Thomas Basin Harbor, Ryus Float, Bar Harbor South, Bar Harbor North, Hole in the Wall Harbor, Knudson Cove Harbor	7,876,000
(7) Sitka - Thomsen Harbor, Crescent Harbor, Sealing Cove Harbor	4,469,000
(8) Cordova - Cordova Harbor	4,876,000

1	(9) Klawock - Klawock Harbor and Seaplane Float	896,000
2	(10) Yakutat - Yakutat Harbor	526,000
3	(11) Wrangell - Standard Harbor, Reliance Harbor, Inner Harbor	
4	Fish and Game Dock, Shoemaker Harbor	3,492,000
5	(12) Nome - Nome Harbor and Dock	1,000,000
6	(13) Adak - Adak Boat Harbor	500,000

7 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 DELEGATION OF AUTHORITY FOR LEASE-FINANCING AGREEMENTS. The
10 Department of Transportation and Public Facilities is delegated the Department of
11 Administration's authority under AS 36.30.085 to enter into lease-financing agreements for
12 the harbor facility projects described in sec. 2 of this Act.

13 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 LEASE-FINANCING PAYMENTS. (a) The lease payments owed under lease-
16 financing agreements executed under sec. 3 of this Act are subject to annual appropriation by
17 the legislature.

18 (b) The legislature intends that the marine motor fuel tax under collected under
19 AS 43.40.010 will provide enough revenue to the general fund to make all lease payments;
20 however, if that revenue source is insufficient, the payments may be made from any other
21 valid revenue source, subject to appropriation.

22 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 NOTICE OF THE ENTRY INTO AND FINANCING OF LEASE-FINANCING
25 AGREEMENTS. (a) Subject to annual appropriation, the Department of Transportation and
26 Public Facilities is authorized to enter into lease-financing agreements for the harbor facility
27 projects described in sec. 2 of this Act.

28 (b) The state bond committee is authorized to provide for the issuance of certificates
29 of participation in one or more series in the aggregate principal amount of \$43,680,000 for the
30 cost of the projects described in sec. 2 of this Act. The estimated total cost of construction,
31 acquisition, and equipping the projects is \$43,680,000. The estimated annual amount of rental

1 obligations under the lease-financing agreements is \$4,525,000. The estimated total lease
 2 payments for the full term of the lease-financing agreements is \$64,063,916. In this
 3 subsection, "costs of construction" includes credit enhancement and underwriting expenses,
 4 rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee fees,
 5 capitalized interest, and interest earnings used for lease payments.

6 (c) Under terms approved by the Department of Transportation and Public Facilities,
 7 the leasehold interests of the state in projects described in sec. 2 of this Act that are financed
 8 under this section may terminate following the payment and retirement of the certificates of
 9 participation or at another later date as considered reasonable by the Department of
 10 Transportation and Public Facilities. The plan prepared by the Department of Transportation
 11 and Public Facilities under sec. 2 of this Act may provide for the transfer of title to some or all
 12 of the state-owned harbor facilities to the municipalities identified in sec. 2 of this Act, with a
 13 leaseback to the department, as long as the title to the state-owned facilities transfers to
 14 municipal ownership no later than the final payment and retirement of all certificates of
 15 participation issued to finance the respective projects.

16 (d) The state bond committee may contract for credit enhancement, underwriting,
 17 credit ratings, bond counsel, financial advisor, printing, and trustee services that the
 18 committee considers necessary in financing the projects described in sec. 2 of this Act.

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

21 **NOTICE AND APPROVAL OF AGREEMENTS.** Section 5 of this Act constitutes
 22 the notice and approval of the lease-financing agreements described in sec. 2 this Act that is
 23 required by AS 36.30.085.

24 * **Sec. 7.** AS 29.60.700 is repealed

25 * **Sec. 8.** This Act takes effect July 1, 2001.