

**CS FOR HOUSE BILL NO. 302(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 4/22/02**

**Referred: Today's Calendar**

**Sponsor(s): REPRESENTATIVE WHITAKER**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Gas Corporation, a public corporation, and providing**  
2 **for its structure, management, responsibilities, and operation, and requiring the**  
3 **development of a project plan to evaluate whether construction and operation of a**  
4 **natural gas transmission pipeline project by the corporation is feasible."**

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

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

8 FINDINGS AND INTENT. (a) The legislature finds that

9 (1) art. VIII, sec. 1, Constitution of the State of Alaska, provides that it is the  
10 policy of the state to encourage the settlement of its land and the development of its resources  
11 by making them available for maximum use consistent with the public interest;

12 (2) art. VIII, sec. 2, Constitution of the State of Alaska, requires the legislature  
13 to provide for the utilization, development, and conservation of all natural resources  
14 belonging to the state, including land and waters, for the maximum benefit of its people;

1 (3) the production of oil and gas from state land is an important source of  
2 revenue to the state and job opportunities for all the people of the state;

3 (4) natural gas located on the North Slope is a valuable resource to the state  
4 that has not been produced for sale in the market place;

5 (5) the amount of natural gas located on the North Slope is substantial and, if  
6 sold, will generate significant revenue to the state and opportunities and benefits to its people  
7 for many years into the future;

8 (6) maximum benefit to the people of the State of Alaska by the sale of North  
9 Slope natural gas may be realized only through public ownership of a corporate entity that  
10 performs the essential government function of providing transportation infrastructure that  
11 otherwise may not be provided; and

12 (7) failure to produce and sell the natural gas resource located in the state for  
13 the maximum benefit of its people is in direct conflict with the provisions of the Constitution  
14 of the State of Alaska.

15 (b) The intent of this Act is to

16 (1) provide the people of the state the maximum benefit possible through  
17 extraction of natural resources as required by the Constitution of the State of Alaska;

18 (2) foster and promote the long-term economic growth and development of the  
19 state;

20 (3) recognize that the production, ownership, and sale of natural gas is in the  
21 long-term and maximum best interest of the citizens of the state;

22 (4) establish a means by which the state can bring North Slope natural gas  
23 resources to market;

24 (5) create a public corporation with the powers, duties, and functions  
25 necessary to facilitate the ownership of transportation infrastructure required for the sale of  
26 North Slope natural gas;

27 (6) require the corporation to contract with private sector entities for the  
28 following services and functions in order to bring natural gas from the North Slope to market:

29 (A) the design and construction of the natural gas pipeline system; and

30 (B) the operation and maintenance of the natural gas pipeline system.

31 \* **Sec. 2.** AS 41 is amended by adding a new chapter to read:

1 **Chapter 41. Alaska Gas Corporation.**

2 **Article 1. Establishment of the Corporation.**

3 **Sec. 41.41.010. Establishment of the corporation.** (a) There is established  
4 the Alaska Gas Corporation, the purpose of which is to provide one or more of the  
5 following services and functions in order to bring natural gas from the North Slope to  
6 market:

7 (1) the design and construction of the project; and

8 (2) the operation and maintenance of the project.

9 (b) The corporation is a public corporation and an instrumentality of the state  
10 within the Department of Revenue.

11 (c) The corporation has a legal existence independent of and separate from the  
12 state.

13 (d) The transportation of natural gas from the North Slope by the Alaska Gas  
14 Corporation is an essential government function of the state.

15 (e) The corporation may not be terminated as long as it has bonds, notes, or  
16 other obligations outstanding.

17 **Sec. 41.41.020. Corporation governing body.** (a) The corporation shall be  
18 governed by a board of directors consisting of six members appointed by the governor  
19 from the public, who may not hold another state or federal office, position, or  
20 employment, either elective or appointive, except as a member of the armed forces of  
21 either the United States or this state.

22 (b) The members of the board must have recognized competence and wide  
23 experience in finance, business management, and gas industry-related endeavors.

24 (c) The board shall annually elect a chair, and may elect other officers, from  
25 among its members.

26 **Sec. 41.41.030. Term of office.** The members of the board shall be appointed  
27 for terms of four years, and they may be reappointed. The terms of the members shall  
28 be staggered so that no more than two terms of members expire each year.

29 **Sec. 41.41.040. Removal and vacancies.** (a) The governor may remove a  
30 member of the board from office only for cause. A removal by the governor must be  
31 in writing and must state the reason for the removal. A member who is removed by

1 the governor may not participate in board business and may not be counted for  
 2 purposes of establishing a quorum after the member receives written notice of removal  
 3 from the governor. A member who is removed by the governor is not entitled to  
 4 honoraria, per diem, or travel expenses authorized under AS 41.41.060 for work  
 5 performed after the member receives the written notice of removal.

6 (b) The governor shall promptly fill a vacancy on the board by appointment.  
 7 An appointee to a vacancy shall hold office for the balance of the term for which the  
 8 appointee's predecessor on the board was appointed.

9 (c) A vacancy on the board does not impair the authority of a quorum of the  
 10 board to exercise all the powers and perform all the duties of the board.

11 **Sec. 41.41.050. Quorum and voting.** Four members of the board constitute a  
 12 quorum for the transaction of business and the exercise of the powers and duties of the  
 13 board. Action may be taken only upon the affirmative vote of a majority of the full  
 14 membership of the board.

15 **Sec. 41.41.060. Compensation of board members; per diem and travel**  
 16 **expenses.** (a) Members of the board receive an honorarium of \$400 for each day  
 17 spent at a meeting of the board or at a meeting of a subcommittee of the board or at a  
 18 public meeting as a representative of the board.

19 (b) Members of the board are entitled to per diem and travel expenses  
 20 authorized for boards and commissions under AS 39.20.180.

21 **Sec. 41.41.070. Corporation staff.** (a) The board may employ and determine  
 22 the salary of an executive director.

23 (b) The executive director may, with the approval of the board, select and  
 24 employ additional staff as necessary.

25 (c) An employee of the corporation, including the executive director, may not  
 26 be a member of the board. The executive director and the other employees of the  
 27 board are in the exempt service under AS 39.25.110.

28 (d) In addition to its employees, the corporation may contract for and engage  
 29 the services of bond counsel, legal counsel, consultants, experts, and financial advisors  
 30 the corporation considers necessary for the purpose of developing information,  
 31 furnishing advice, or conducting studies, investigations, hearings, or other

1 proceedings.

2 **Sec. 41.41.080. Conflicts of interest.** (a) Members of the board and the  
3 executive director of the corporation are subject to the provisions of AS 39.50.

4 (b) If a member of the board or an employee of the corporation acquires,  
5 owns, or controls an interest, direct or indirect, in an entity or project in which assets  
6 of the corporation are invested, the member shall immediately disclose the interest to  
7 the board. The disclosure is a matter of public record and shall be included in the  
8 minutes of the board meeting next following the disclosure.

9 **Sec. 41.41.090. Corporation budget.** (a) The revenue earned by corporate  
10 operations must be identified as the source of the operating budget of the corporation  
11 in the state's operating budget under AS 37.07 (Executive Budget Act).

12 (b) Earnings of the corporation in excess of future operating needs shall accrue  
13 and be transferred to the state general fund once each year, not later than January 15,  
14 after the first full year of operation.

15 **Sec. 41.41.100. Audits.** The Legislative Budget and Audit Committee may  
16 provide for an annual post audit and annual operational and performance evaluations  
17 of the corporation's operations and budget.

18 **Sec. 41.41.110. Reports and publications.** (a) By September 30 of each  
19 year, the board shall publish a report of the corporation for distribution to the governor  
20 and the public. The board shall notify the legislature that the report is available.

21 (b) The report must include financial statements audited by independent  
22 outside auditors and a statement of the amount of money received by the corporation  
23 from its operations during the period covered.

24 **Sec. 41.41.120. Political activities.** The resources of the corporation may not  
25 be used to finance or influence political activities.

26 **Sec. 41.41.130. Public access to information.** (a) Information in the  
27 possession of the corporation is a public record, except that information that discloses  
28 the particulars of the business or affairs of a private enterprise or investor is  
29 confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140.  
30 Confidential information may be disclosed only for the purposes of an official law  
31 enforcement investigation or when its production is required in a court proceeding.

1 (b) The restrictions of (a) of this section do not prohibit the publication of  
 2 statistics presented in a manner that prevents the identification of particular reports,  
 3 items, persons, or enterprises.

4 **Article 2. Powers of the Corporation.**

5 **Sec. 41.41.200. Powers of the corporation.** In furtherance of corporate  
 6 purposes, in addition to other powers, the corporation may

- 7 (1) sue and be sued;
- 8 (2) adopt a seal;
- 9 (3) adopt, amend, and repeal bylaws and regulations;
- 10 (4) make and execute contracts and other instruments;
- 11 (5) in its own name acquire property, lease, rent, convey, or acquire  
 12 real and personal property; a project site or part of a project site may be acquired by  
 13 eminent domain;
- 14 (6) issue bonds and otherwise incur indebtedness in accordance with  
 15 AS 41.41.300 - 41.41.410 in order to pay the cost of a project;
- 16 (7) accept gifts, grants, or loans from and enter into contracts or other  
 17 transactions regarding gifts, grants, or loans with a federal agency or an agency or  
 18 instrumentality of the state, a municipality, private organization, or other source;
- 19 (8) enter into contracts or agreements with a federal agency, agency or  
 20 instrumentality of the state, municipality, or public or private individual or entity, with  
 21 respect to the exercise of its powers;
- 22 (9) charge fees or other forms of remuneration for the use of properties  
 23 and facilities of the corporation;
- 24 (10) defend and indemnify a current or former member of the board or  
 25 an employee or agent of the authority against the costs, expenses, judgments, and  
 26 liabilities as a result of actions taken in good faith on behalf of the authority; and
- 27 (11) purchase insurance to protect its assets, services, and employees  
 28 against liabilities that may arise from authority operations and activities.

29 **Article 3. Revenue Bonds and Notes.**

30 **Sec. 41.41.300. Bonds and notes of the corporation.** (a) The corporation,  
 31 by resolution, may issue revenue bonds and bond anticipation notes in order to provide

1 funds to carry out the purposes set out in AS 41.41.010(a).

2 (b) The principal and interest on the revenue bonds or notes authorized and  
3 issued under (a) of this section are payable from corporation funds. Bond anticipation  
4 notes may be payable from the proceeds of the sale of bonds or from the proceeds of  
5 the sale of other bond anticipation notes or, in the event bond or bond anticipation note  
6 proceeds are not available, the notes may be paid from other funds or assets of the  
7 corporation.

8 (c) Bonds or notes may be additionally secured by a pledge of a grant or  
9 contribution from the federal government, or a corporation, association, institution, or  
10 person, or a pledge of money, income, or revenues of the corporation from any source.

11 (d) Bonds or bond anticipation notes of the corporation may be issued in one  
12 or more series and shall be dated, bear interest at the rate or rates per year or within the  
13 maximum rate, be in the denomination, be in the form, either coupon or registered,  
14 carry the conversion or registration provisions, have the rank or priority, be executed  
15 in the manner and form, be payable at the times, from the sources, and in the medium  
16 of payment and place or places within or outside the state, be subject to authentication  
17 by a trustee or fiscal agent, and be subject to the terms of redemption with or without  
18 premium, as the resolution of the corporation may provide. Bond anticipation notes  
19 shall mature at the time or times that are determined by the corporation. Bonds shall  
20 mature at a time not exceeding a number of years from their date that is determined by  
21 the corporation. Before the preparation of definitive bonds or bond anticipation notes,  
22 the corporation may issue interim receipts or temporary bonds or bond anticipation  
23 notes, with or without coupons, exchangeable for bonds or bond anticipation notes  
24 when these definitive bonds or bond anticipation notes have been executed and are  
25 available for delivery.

26 (e) Bonds or bond anticipation notes may be sold in the manner and on the  
27 terms the corporation determines.

28 (f) If an officer whose signature or a facsimile of whose signature appears on a  
29 bond, note, or coupon attached to them ceases to be an officer before the delivery of  
30 the bond, note, or coupon, the signature or facsimile is valid the same as if the officer  
31 had remained in office until delivery.

1           **Sec. 41.41.310. Covenants.** (a) In a resolution of the corporation authorizing  
2 or relating to the issuance of bonds or bond anticipation notes, the corporation has  
3 power by provisions in the resolution that will constitute covenants of the corporation  
4 and contracts with the holders of the bonds or bond anticipation notes to

5                   (1) pledge to a payment or purpose all or a part of its revenues to  
6 which its right then exists or may thereafter come into existence, and the money  
7 derived from the revenues, and the proceeds of bonds or notes;

8                   (2) covenant as to the use and disposition of payments of principal or  
9 interest received by the corporation on loans or other investments held by the  
10 corporation;

11                   (3) covenant as to establishment of reserves or sinking funds and the  
12 making of provision for and the regulation and disposition of the reserves or sinking  
13 funds;

14                   (4) covenant with respect to or against limitations on a right to sell or  
15 otherwise dispose of property of any kind;

16                   (5) covenant as to bonds and notes to be issued, and their limitations,  
17 terms, and conditions, and as to the custody, application, and disposition of the  
18 proceeds of the bonds and notes;

19                   (6) covenant as to the issuance of additional bonds or notes, or as to  
20 limitations on the issuance of additional bonds or notes and the incurring of other  
21 debts;

22                   (7) covenant as to the payment of the principal of or interest on the  
23 bonds or notes, as to the sources and methods of the payment, as to the rank or priority  
24 of the bonds or notes with respect to a lien or security, or as to the acceleration of the  
25 maturity of the bonds or notes;

26                   (8) provide for the replacement of lost, stolen, destroyed, or mutilated  
27 bonds or notes;

28                   (9) covenant as to the redemption of bonds or notes and privileges of  
29 their exchange for other bonds or notes of the corporation;

30                   (10) covenant to create or authorize the creation of special funds of  
31 money to be held in pledge or otherwise for operating expenses, payment or

1 redemption of bonds or notes, reserves, or other purposes;

2 (11) establish the procedure, if any, by which the terms of a contract or  
3 covenant with or for the benefit of the holders of bonds or notes may be amended or  
4 abrogated, the amount of bonds or notes the holders of which must consent to  
5 amendment or abrogation, and the manner in which the consent may be given;

6 (12) covenant as to the custody of property or investments, their  
7 safekeeping and insurance, and the use and disposition of insurance money;

8 (13) agree with a corporate trustee that may be a trust company or  
9 bank having the powers of a trust company within or outside the state as to the  
10 pledging or assigning of revenue or funds to which or in which the corporation has  
11 rights or an interest; the agreement may further provide for other rights and remedies  
12 exercisable by the trustee as may be proper for the protection of the holders of a bond  
13 or note of the corporation and not otherwise in violation of law and may provide for  
14 the restriction of the rights of an individual holder of bonds or notes of the  
15 corporation;

16 (14) appoint and provide for the duties and obligations of a paying  
17 agent or paying agents or other fiduciaries as the resolution may provide within or  
18 outside the state;

19 (15) limit the rights of the holders of a bond or note to enforce a pledge  
20 or covenant securing the bonds or notes;

21 (16) make covenants other than and in addition to the covenants  
22 expressly authorized in this section of like or different character, and to make  
23 covenants to do or refrain from doing acts and things as may be necessary or  
24 convenient and desirable in order to better secure bonds or notes or that, in the  
25 absolute discretion of the corporation, will tend to make bonds or notes more  
26 marketable, notwithstanding that the covenants, acts, or things may not be enumerated  
27 in this section.

28 **Sec. 41.41.320. Limitations of issuance of bonds.** (a) The corporation may  
29 not issue bonds in an amount that exceeds the amount of bonds authorized to be issued  
30 by the legislature.

31 (b) This section does not apply to the issuance by the corporation of refunding

1 bonds or to the issuance by the corporation of bonds the proceeds of which are  
2 intended to be used to refinance the loans held by the corporation.

3 **Sec. 41.41.330. Independent financial advisor.** In negotiating the private  
4 sale of bonds or bond anticipation notes to an underwriter, the corporation may retain  
5 a financial advisor. A financial advisor retained under this section must be  
6 independent from the underwriter.

7 **Sec. 41.41.340. Validity of pledge.** (a) The pledge of assets or revenue of the  
8 corporation to the payment of the principal or interest on an obligation of the  
9 corporation is valid and binding from the time the pledge is made, and the assets or  
10 revenue are immediately subject to the lien of the pledge without physical delivery or  
11 further act. The lien of a pledge is valid and binding against all parties having claims  
12 in tort, contract, or otherwise against the corporation, irrespective of whether those  
13 parties have notice of the lien of the pledge.

14 (b) This section does not prohibit the corporation from selling assets subject to  
15 a pledge, except that a sale may be restricted by the trust agreement or resolution  
16 providing for the issuance of the obligations.

17 **Sec. 41.41.350. Capital reserve funds.** (a) For the purpose of securing one  
18 or more issues of its obligations, the corporation may establish one or more special  
19 funds, called "capital reserve funds," and shall pay into those capital reserve funds (1)  
20 money appropriated and made available by the state for the purpose of those funds, (2)  
21 proceeds of the sale of its obligations, to the extent provided in the resolution or  
22 resolutions of the corporation authorizing their issuance, and (3) other money that may  
23 be made available to the corporation for the purposes of those funds from another  
24 source. All money held in a capital reserve fund, except as provided in this section,  
25 shall be used as required solely for the payment of the principal of obligations or of  
26 the sinking fund payments with respect to those obligations; the purchase or  
27 redemption of obligations; the payment of interest on obligations; or the payment of a  
28 redemption premium required to be paid when those obligations are redeemed before  
29 maturity. However, money in a fund may not be withdrawn from that fund at any time  
30 in an amount that would reduce the amount of that fund to less than the capital reserve  
31 requirement set out in (b) of this section, except for the purpose of making, with

1 respect to those obligations, payment, when due, of principal, interest, redemption  
2 premiums, and the sinking fund payments for the payment of which other money of  
3 the corporation is not available. Income or interest earned by, or increment to, a  
4 capital reserve fund due to the investment of the fund or other amounts in it may be  
5 transferred by the corporation to other funds or accounts of the corporation to the  
6 extent that the transfer does not reduce the amount of the capital reserve fund below  
7 the capital reserve fund requirement.

8 (b) If the corporation decides to issue obligations secured by a capital reserve  
9 fund, the obligations may not be issued if the amount in the capital reserve fund is less  
10 than a percent, not exceeding 10 percent of the principal amount of all of those  
11 obligations secured by that capital reserve fund then to be issued and then outstanding  
12 in accordance with their terms, as may be established by resolution of the corporation,  
13 called the "capital reserve fund requirement," unless the corporation, at the time of  
14 issuance of the obligations, deposits in the capital reserve fund from the proceeds of  
15 the obligations to be issued or from other sources an amount that, together with the  
16 amount then in the fund, will not be less than the capital reserve fund requirement.

17 (c) In computing the amount of a capital reserve fund for the purpose of this  
18 section, securities in which all or a portion of the funds are invested shall be valued at  
19 par or, if purchased at less than par, at amortized costs as the term is defined by  
20 resolution of the corporation authorizing the issue of the obligations or by some other  
21 reasonable method established by the corporation by resolution. Valuation on a  
22 particular date must include the amount of interest earned or accrued to that date.

23 (d) To assure the continued operation and solvency of the corporation for the  
24 carrying out of its corporate purposes, provision is made in (a) of this section for the  
25 accumulation in capital reserve funds of an amount equal to their capital reserve fund  
26 requirement.

27 (e) The chair of the corporation shall annually, no later than January 2, make  
28 and deliver to the governor and chairs of the house and senate finance committees a  
29 certificate stating the sum, if any, required to restore a capital reserve fund to the  
30 capital reserve fund requirement. The legislature may appropriate that sum, and all  
31 sums appropriated during the current fiscal year by the legislature for the restoration

1 shall be deposited by the corporation in the appropriate capital reserve fund.

2 (f) Nothing in this section creates a debt or liability of the state.

3 **Sec. 41.41.360. Remedies.** A holder of obligations or coupons attached to  
4 them issued under the provisions of this chapter, and a trustee under a trust agreement  
5 or resolution authorizing the issuance of the obligations, except as restricted by a trust  
6 agreement or resolution, either at law or in equity, may enforce all rights granted  
7 hereunder or under the trust agreement or resolution, or under another contract  
8 executed by the corporation under this chapter, and may enforce and compel the  
9 performance of all duties required by this chapter or by the trust agreement or  
10 resolution to be performed by the corporation or by an officer of it.

11 **Sec. 41.41.370. Negotiable instruments.** All obligations and interest  
12 coupons attached to them are negotiable instruments under the laws of this state,  
13 subject only to applicable provisions for registration.

14 **Sec. 41.41.380. Obligations eligible for investment.** Obligations issued  
15 under the provisions of this chapter are securities in which all public officers and  
16 public bodies of the state and its political subdivisions, all insurance companies, trust  
17 companies, banking associations, investment companies, executors, administrators,  
18 trustees, and other fiduciaries may properly and legally invest funds, including capital  
19 in their control or belonging to them. These obligations may be deposited with a state  
20 or municipal officer of an agency or political subdivision of the state for a purpose for  
21 which the deposit of bonds, notes, or obligations of the state is authorized by law.

22 **Sec. 41.41.390. Refunding bonds.** (a) The corporation may provide for the  
23 issuance of refunding bonds for the purpose of refunding an obligation then  
24 outstanding that have been issued under the provisions of this chapter, including the  
25 payment of redemption premium on them and interest accrued or to accrue to the date  
26 of redemption of the obligations. The issuance of the bonds, the maturities and other  
27 details of them, the rights of the holders of them, and the rights, duties, and obligations  
28 of the corporation in respect of them are governed by the provisions of this chapter  
29 that relate to the issuance of obligations insofar as those provisions may be  
30 appropriate.

31 (b) Refunding bonds may be sold or exchanged for outstanding bonds issued

1 under this chapter, and, if sold, the proceeds may be applied, in addition to another  
 2 authorized purpose, to the purchase, redemption, or payment of the outstanding  
 3 obligations. Pending the application of the proceeds of refunding bonds, with any  
 4 other available funds, to the payment of the principal, accrued interest, and redemption  
 5 premium on the obligations being refunded, and, if so provided or permitted in the  
 6 resolution authorizing the issuance of the refunding bonds or in the trust agreement  
 7 securing them, to the payment of any interest on the refunding bonds and expenses in  
 8 connection with the refunding, the proceeds may be invested in direct obligations of,  
 9 or obligations the principal of and the interest on which are unconditionally  
 10 guaranteed by, the United States that mature or that will be subject to redemption, at  
 11 the option of the holders of them, not later than the respective dates when the  
 12 proceeds, together with the interest accruing on them, will be required for the purposes  
 13 intended.

14 **Sec. 41.41.400. Credit of state not pledged.** (a) Obligations issued under  
 15 the provisions of this chapter do not constitute a debt, liability, or obligation of the  
 16 state or of a political subdivision of the state or a pledge of the faith and credit of the  
 17 state or of a political subdivision of the state but are payable solely from the revenue  
 18 or assets of the corporation. Each obligation issued under this chapter must contain on  
 19 its face a statement that the corporation is not obligated to pay it or the interest on it  
 20 except from the revenue or assets of the corporation and that neither the faith and  
 21 credit nor the taxing power of the state or of a political subdivision of the state is  
 22 pledged to the payment of the principal of or the interest on the obligation.

23 (b) Expenses incurred by the corporation in carrying out the provisions of this  
 24 chapter are payable from funds provided under this chapter, and liability may not be  
 25 incurred by the corporation in excess of these funds.

26 **Sec. 41.41.410. Officers not liable.** A board member or other officer of the  
 27 corporation is not subject to personal liability or accountability by reason of having  
 28 executed or issued an obligation.

#### 29 **Article 4. Property of the Corporation.**

30 **Sec. 41.41.450. Property of the corporation.** The corporation may acquire,  
 31 by purchase, lease, or gift, upon terms that it considers proper, land, structures, real or

1 personal property rights, rights-of-way, franchises, easements, and other interests in  
 2 land it considers necessary or convenient for the financing of the project or a part of  
 3 the project.

4 **Article 5. General Provisions.**

5 **Sec. 41.41.900. Tax exemption.** (a) The exercise of the powers granted by  
 6 this chapter will be in all respects for the benefit of the people of the state, for their  
 7 well-being and prosperity, and for the improvement of their social and economic  
 8 conditions. The corporation is not required to pay a tax or assessment on property  
 9 owned by the corporation under the provisions of this chapter or on the income from  
 10 it.

11 (b) All obligations issued under this chapter are declared to be issued by a  
 12 body corporate and public of the state and for an essential public and governmental  
 13 purpose, and the obligations, and the interest and income on and from the obligations,  
 14 and all fees, charges, funds, revenues, income, and other money pledged or available  
 15 to pay or secure the payment of the obligations, or interest on the obligations, are  
 16 exempt from state taxation except for transfer, inheritance, and estate taxes.

17 **Sec. 41.41.990. Definitions.** In this chapter,

18 (1) "board" means the board of directors of the Alaska Gas  
 19 Corporation;

20 (2) "corporation" means the Alaska Gas Corporation;

21 (3) "project" means the gas transmission pipeline, together with all  
 22 related property and facilities, to extend from the Prudhoe Bay area on the North Slope  
 23 of Alaska to the interior of Alaska and from there either along a route proximate to the  
 24 Alaska Highway to interconnect with a gas transmission pipeline in Canada or to  
 25 tidewater at a point on Prince William Sound, or both, and includes planning, design,  
 26 and construction of the pipeline and related facilities.

27 \* **Sec. 3.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

28 (G) Alaska Gas Corporation;

29 \* **Sec. 4.** AS 39.50.200(b) is amended by adding a new paragraph to read:

30 (57) the board of directors and executive director of the Alaska Gas  
 31 Corporation (AS 41.41.020).

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

3           DEVELOPMENT OF PROJECT PLAN. (a) The Joint Committee on Natural Gas  
4 Pipelines (Twenty-Second Legislature, Legislative Resolve 32) shall submit a report to the  
5 governor, the speaker of the house, and the president of the senate no later than the first day of  
6 the Second Regular Session of the Twenty-Third Alaska State Legislature based on  
7 conclusions drawn by qualified engineering, consulting, and other entities considered  
8 appropriate as to whether the construction and operation of a natural gas transmission pipeline  
9 project, as defined in AS 41.41.990, added by sec. 2 of this Act, by a public corporation is  
10 feasible.

11           (b) The feasibility study must be a general description of the requirements and current  
12 status of the requirements set out in (a) of this section with respect to gas supply, engineering,  
13 technical, financial, regulatory, and market access matters relating to the project. In addition,  
14 the plan must include the following specific items and findings and recommendations on each  
15 item:

16                   (1) the proposed methods and procedures by which the project will be  
17 financed, including the amounts and times of issuance of bonds by the corporation;

18                   (2) the method of securing the bonds;

19                   (3) projected debt service requirements of the bonds;

20                   (4) projected revenues, for the period of time during which reasonable  
21 projections can be made, that will be available to the corporation to meet debt service  
22 requirement;

23                   (5) documentation that contractors have undertaken

24                           (A) to use their best efforts to advertise for, recruit, and employ  
25 qualified residents of the state;

26                           (B) to subcontract with existing licensed Alaska firms within the state  
27 and, in subcontracting with those firms, to encourage the contractors to employ and,  
28 when necessary, train existing state residents;

29                           (C) to enter into contracts with Alaska-licensed vendors, contractors,  
30 and suppliers for the provision of supplies and services; and

31                           (D) to conduct quarterly audits of the performance of the contractors

1 under (A) - (C) of this paragraph and to report the results of these audits to the  
2 legislature and other interested state officials in a timely manner;

3 (6) the estimated number of Alaska workers who will be employed under the  
4 provisions of (5) of this subsection, the estimated total number of workers to be employed on  
5 the project during construction, the estimated dollar volume of contracts that will be let to  
6 Alaska contractors or firms under the provisions of (5) of this subsection, and the estimated  
7 total dollar volume of contracts that will be let for the project during construction; and

8 (7) documentation that the necessary documents and exhibits have been filed  
9 before the appropriate federal regulatory agencies.

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

12 INITIAL APPOINTMENTS OF MEMBERS OF ALASKA GAS CORPORATION  
13 BOARD OF DIRECTORS. (a) The governor shall appoint the initial members of the board  
14 of directors of the Alaska Gas Corporation under AS 41.41.020, added by sec. 2 of this Act,  
15 not later than 30 days after the date of submission of the report to the governor under sec. 5(a)  
16 of this Act and only if the report that is submitted to the governor concludes that construction  
17 and operation of a natural gas transmission pipeline project, as defined in AS 41.41.990,  
18 added by sec. 2 of this Act, by a public corporation is feasible.

19 (b) Of the members first appointed under AS 41.41.020(a), enacted by sec. 2 of this  
20 Act,

- 21 (1) two members shall be appointed to four-year terms;  
22 (2) one member shall be appointed to a three-year term;  
23 (3) two members shall be appointed to two-year terms; and  
24 (4) one member shall be appointed to a one-year term.