

**CS FOR HOUSE BILL NO. 519(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/30/02

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing priority treatment under the Right-of-Way Leasing Act for an  
2 Alaska North Slope natural gas project; authorizing the Alaska Railroad Corporation to  
3 provide financing for the acquisition, construction, improvement, maintenance,  
4 equipping, or operation of facilities for the transportation by others of natural gas  
5 resources within and outside the state and to issue its bonds to finance those facilities;  
6 exempting an Alaska North Slope natural gas project from state and municipal property  
7 taxes during construction and initial operation, and eliminating the authority of a  
8 municipality to levy a sales or use tax on property or services used or to be used on the  
9 project; providing, through the Department of Community and Economic Development,  
10 emergency financial assistance for municipalities affected by natural gas development;  
11 expanding the scope for the kinds of gas development projects that may become  
12 qualified projects under the Alaska Stranded Gas Development Act to natural gas

1 **projects, including an Alaska North Slope natural gas pipeline and any spurs; extending**  
 2 **the deadline for submitting applications under the Alaska Stranded Gas Development**  
 3 **Act; and 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 section  
 6 to read:

7 FINDINGS AND INTENT. The legislature finds that

8 (1) a vast quantity of gas in Alaska is currently stranded from commercial  
 9 development, in part due to the cost associated with providing access to markets for that gas;  
 10 the Alaska North Slope has the largest known discovered natural gas resources, estimated to  
 11 be 35 trillion cubic feet, in the United States and has undiscovered gas resources estimated to  
 12 be in excess of 100 trillion cubic feet;

13 (2) demand for natural gas in the lower 48 states is expected to experience  
 14 record growth; the lower 48 states have an inadequate resource base to meet this expected  
 15 demand, and there is an urgency to make an Alaska natural gas pipeline project move forward  
 16 to fill this gap with North American gas rather than with gas from uncertain sources overseas;

17 (3) it is important for the United States to have a reliable and affordable source  
 18 of domestic natural gas for energy for its economy, for the well-being of its citizens, for the  
 19 growth of its businesses, and for the national security;

20 (4) the North Slope of Alaska is one of the few known locations in the United  
 21 States that can supply significant natural gas supplies to the lower 48 states for years to come;

22 (5) during the past three decades, several companies and entities have studied  
 23 different ways to commercialize Alaska North Slope gas and have been unsuccessful in  
 24 identifying an economic project; most recently, the three major producers, through their  
 25 Alaska Gas Producers Pipeline Team, have studied a southern route approximately following  
 26 a route along the Trans Alaska Pipeline System from Pump Station One to Delta Junction and  
 27 along the Alaska Highway through Alaska and Canada to the lower 48 states and a northern  
 28 route off the shore of the Arctic National Wildlife Refuge in the Beaufort Sea, and have  
 29 concluded that neither is sufficiently economic, given the magnitude of the risks associated  
 30 with the project; however, at least one producer has indicated a willingness to proceed further

1 if federal and state enabling legislation with provisions to mitigate long-term natural gas price  
2 risks and for fiscal certainty and incentives is enacted;

3 (6) the major producers have proposed new federal enabling legislation that  
4 they believe will expedite the construction and operation of a natural gas pipeline from the  
5 North Slope to the lower 48 states;

6 (7) in addition to the state's receipt of revenue from taxes and royalties,  
7 Alaskans will benefit from the commercialization of Alaska North Slope natural gas through  
8 opportunities for in-state use of the natural gas and for participation by Alaskans in  
9 construction, maintenance, and operation of a natural gas pipeline project;

10 (8) because of the high cost of providing access to markets for Alaska North  
11 Slope gas, exploration efforts on the North Slope have historically focused on oil; recently,  
12 some companies have expressed interest in gas exploration; if the infrastructure needed to  
13 provide access to market for Alaska North Slope gas were available, new gas exploration  
14 efforts might be initiated on the Alaska North Slope and in other basins that currently remain  
15 largely unexplored for oil and gas; it is vital to the State of Alaska that there be continued and  
16 robust exploration and development of natural gas resources on the Alaska North Slope;

17 (9) Alaskans need a portion of the gas from a natural gas pipeline project for  
18 in-state use; however, it is unlikely that markets will develop within the state that would need  
19 more than a relatively small portion of the volume of gas already discovered on the Alaska  
20 North Slope; it is vital for economic development that Alaska communities and businesses  
21 have access under fair and reasonable terms to the pipeline for in-state use of Alaska North  
22 Slope natural gas;

23 (10) the construction and operation of a natural gas pipeline in the state and  
24 the sale of Alaska North Slope gas is critical to the health and welfare of the state;

25 (11) for a natural gas pipeline project to become economically viable and  
26 competitive, the estimated costs of constructing the project and the associated financial risk  
27 must be reduced significantly; changes in the local, state, and federal tax structure may also be  
28 necessary to make commercialization of the gas resources economically viable by, in part,  
29 structuring tax and royalty incentives related to the project and providing as much clarity and  
30 certainty as possible regarding the taxes that would apply to a project throughout its life;

31 (12) art. IX, sec. 4, Constitution of the State of Alaska, empowers the

1 legislature to create tax exemptions by general law, and the creation of tax exemptions to  
 2 make Alaska North Slope gas commercially viable and competitive is consistent with the  
 3 legislature's responsibility under art. VIII, sec. 2, Constitution of the State of Alaska;

4 (13) good faith efforts by producers and other companies engaged in the  
 5 design, construction, and operation of the natural gas pipeline voluntarily to provide  
 6 employment opportunities for Alaska residents and opportunities for Alaska businesses are in  
 7 the long-term interests of the state;

8 (14) there has been a history of costly disputes between producers of oil and  
 9 the state over the determination of the production taxes due for oil produced and sold, in part  
 10 because of disputes over the definition of terms pertinent to the calculation of the tax;

11 (15) it is in the state's best interest to provide clarity and certainty to the  
 12 process of determining a producer's tax and royalty liability, AS 43.82 (Alaska Stranded Gas  
 13 Development Act) provides, among other provisions, in AS 43.82.020, 43.82.200, and  
 14 43.82.210, mechanisms for the state and the sponsor of a North Slope natural gas pipeline  
 15 project to negotiate a contract that could provide that clarity and certainty and resolve other  
 16 important issues, including accommodating the interests of affected municipalities.

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

19 FINDINGS, INTENT, AND PURPOSE OF SECTIONS 4 - 6 AND 15. (a) The  
 20 Alaska State Legislature finds that

21 (1) the Alaska Railroad Corporation is uniquely suited to serve essential  
 22 functions of the state by providing financing for a facility for the transportation of certain  
 23 natural gas resources located within the state;

24 (2) providing financing for that facility furthers the purposes of both the state  
 25 and the Alaska Railroad Corporation by assuring that the state's natural gas resources will be  
 26 transported to their appropriate markets, thus creating revenue for the Alaska Railroad  
 27 Corporation and for the state and providing employment opportunities for residents of the  
 28 state;

29 (3) the facility also will enhance and improve the state's ability to develop and  
 30 transport other natural resources of the state, including oil and gas resources located off the  
 31 North Slope of this state; and

1 (4) these results are essential purposes of the state and the achievement of  
2 these purposes is critical to the health and welfare of the state.

3 (b) A purpose of secs. 4 - 6 and 15 of this Act is to clarify the statutory functions and  
4 powers of the Alaska Railroad Corporation by expressly including the power to provide  
5 financing for transportation facilities as described in those sections of this Act.

6 (c) It is the intent of the legislature that

7 (1) secs. 4 - 6 and 15 of this Act be construed broadly to permit the Alaska  
8 Railroad Corporation the greatest flexibility to accomplish the purpose described in (b) of this  
9 section within the limitations set out in those sections of this Act; and

10 (2) other provisions of AS 42.40 in existence before the enactment of secs. 4 -  
11 6 and 15 of this Act be similarly construed to complement the provisions of this Act.

12 \* **Sec. 3.** AS 38.35 is amended by adding a new section to read:

13 **Sec. 38.35.240. Expeditious priority treatment by state officials and**  
14 **agencies in support of development and construction of an Alaska North Slope**  
15 **natural gas project under this chapter.** (a) In the development and construction of  
16 an Alaska North Slope natural gas project that requires the grant of a right-of-way  
17 lease under this chapter, every state official and agency shall give full cooperation to  
18 the commissioner, or to any official to whom delegation of the authority of the  
19 commissioner is made by or under law, consistent with the provisions of the law  
20 administered by the official or agency, by issuing or granting necessary permits,  
21 certificates, authorizations, and similar actions required to be taken at the earliest  
22 practicable date, with action to be taken on an expedited basis and, notwithstanding  
23 any other provision of law, having precedence over any like matter pending before the  
24 official or agency.

25 (b) In the commissioner's consideration of an application under this chapter  
26 for a lease for the Alaska North Slope natural gas project, the commissioner may limit  
27 the scope of review, analysis, and finding for the applicant's proposed lease  
28 application under this chapter to a particular phase of the project if, in the judgment of  
29 the commissioner, the project is capable of proceeding in discrete phases and

30 (1) the uses and activities involving the project on the land for which  
31 the approval is to be granted are part of that discrete phase;

1 (2) before the next phase of the project may proceed, the commissioner  
 2 gives public notice and opportunity for comment about that phase, unless the use or  
 3 activity to be approved is subject to a consistency determination under AS 46.40 and  
 4 public notice and the opportunity to comment are provided under AS 46.40.096(c);

5 (3) the commissioner's approval is required before the next phase of  
 6 the project may proceed; and

7 (4) the commissioner sets out the reasons for proceeding on the  
 8 application in discrete phases.

9 (c) In this section, "Alaska North Slope natural gas project" means "North  
 10 Slope natural gas pipeline" as set out in AS 38.35.120(a)(1)(B), including the facilities  
 11 that are necessary for, and to the extent used for, treating and conditioning the gas to  
 12 be transported, and the components of the processing plants associated with natural  
 13 gas conditioning, to be constructed or modified to follow generally a route that  
 14 parallels the Trans Alaska Pipeline System and the Alaska Highway to the Canadian  
 15 border, or to tidewater for liquefied natural gas, and any spur lines to serve people in  
 16 the state, to transport natural gas derived from the area of the state lying north of 64  
 17 degrees North latitude.

18 \* **Sec. 4.** AS 42.40.250 is amended by adding a new paragraph to read:

19 (31) provide financing for the acquisition, construction, improvement,  
 20 maintenance, equipping, and operation of facilities for the transportation of natural gas  
 21 resources within and outside the state without regard to whether the facilities are or  
 22 will be owned in whole or in part by the corporation or located on land owned by the  
 23 corporation.

24 \* **Sec. 5.** AS 42.40.630 is amended by adding new subsections to read:

25 (b) Before issuing bonds to provide the financing described in  
 26 AS 42.40.250(31) for a facility to be owned in whole or in part by an entity other than  
 27 the corporation, the corporation shall enter into a contract, lease, or other form of  
 28 agreement that will, in the judgment of the corporation, provide sufficient  
 29 consideration to

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

31 (2) create and maintain the reserves for the payments that the

1 corporation considers necessary or desirable; and

2 (3) pay all costs necessary to service or additionally secure the bonds,  
3 including trustee's fees and bond insurance premiums, unless these costs are to be paid  
4 by a party other than the corporation.

5 (c) Before issuing bonds to provide the financing described in  
6 AS 42.40.250(31), whether for a facility to be owned by the corporation or for a  
7 facility to be owned as described in (b) of this section, the corporation shall obtain the  
8 prior approval of the governor.

9 \* **Sec. 6.** AS 42.40 is amended by adding a new section to read:

10 **Sec. 42.40.695. Public purpose of bonds.** Bonds of the corporation issued to  
11 finance facilities described in AS 42.40.250(31) are issued by a public corporation and  
12 an instrumentality of the state for an essential public and governmental purpose.

13 \* **Sec. 7.** AS 43.56.020(a) is amended to read:

14 (a) The following are exempt from local taxes levied or authorized under  
15 AS 43.56.010(b):

16 (1) property rights attached to or inherent in the right to explore for or  
17 produce oil or gas;

18 (2) oil or gas leases or properties, whether producing or not;

19 (3) oil or gas in place;

20 (4) oil or gas produced or extracted in the state;

21 (5) the value of intangible drilling expenses and exploration expenses;

22 (6) an interest in property described in AS 43.55.017(a);

23 **(7) an interest in taxable property that is part of an Alaska North**  
24 **Slope natural gas project, whether or not, under AS 43.82, the project has been**  
25 **determined by the commissioner of revenue to meet the requirements of**  
26 **AS 43.82.100, from the project's construction commencement date, as determined**  
27 **by the commissioner, until 24 full calendar months after the project is placed in**  
28 **service, but not later than December 31, 2012, but the commissioner shall extend**  
29 **this date after project construction has commenced if that construction is delayed**  
30 **due to litigation or to shortages of supplies for construction that are not due to or**  
31 **under the control of a taxpayer who is a producer, as that term is defined in**

1 **AS 31.05.170, or not due to or under the control of a project sponsor; for**  
 2 **purposes of this paragraph, "Alaska North Slope natural gas project" has the**  
 3 **meaning given in AS 38.35.240.**

4 \* **Sec. 8.** AS 43.56.020(b) is amended to read:

5 (b) There is exempt from state taxes levied or authorized under  
 6 AS 43.56.010(a),

7 **(1)** before the construction commencement date, property that is  
 8 committed by contract or other agreement for use in this state primarily for the  
 9 production or pipeline transportation of gas or unrefined oil, or in the operation or  
 10 maintenance of facilities for the production or pipeline transportation of gas or  
 11 unrefined oil; **and**

12 **(2) taxable property described in (a)(7) of this section, subject to**  
 13 **the procedures set out in (d) of this section.**

14 \* **Sec. 9.** AS 43.56.020 is amended by adding new subsections to read:

15 (d) For the Alaska North Slope natural gas project, the exemptions provided in  
 16 (a)(7) and (b)(2) of this section do not apply unless a taxpayer, or a person acting  
 17 under contract with the taxpayer or the project's sponsor,

18 (1) complies with all relevant requirements of 15 U.S.C. 717z (Natural  
 19 Gas Act) and 15 U.S.C. 719 - 719o (Alaska Natural Gas Transportation Act of 1976),  
 20 as applicable to the project;

21 (2) complies with all valid federal, state, and municipal laws relating to  
 22 hiring Alaska residents and contracting with Alaska businesses to work in the state in  
 23 the design, construction, and operation of the project to the extent the residents and  
 24 businesses are available, competitively priced, and qualified, and the taxpayer or  
 25 project sponsor does not discriminate against Alaska residents or businesses;

26 (3) advertises for available positions in newspapers in the location  
 27 where the work is to be performed and in other publications distributed throughout the  
 28 state, including in rural areas, and uses Alaska job service organizations located  
 29 throughout the state and not just in the location where the work is to be performed in  
 30 order to notify Alaskans of work opportunities on the project;

31 (4) within the constraints of law, encourages the owner's contractors to

1 train and subsequently to hire state residents consistent with (2), (3), and (5) of this  
2 subsection;

3 (5) recruits, within the constraints of law, and employs state residents  
4 as workers on available jobs; the owner shall prepare and submit to the commissioner  
5 of labor and workforce development

6 (A) on an annual basis, a report that sets out in detail the  
7 specific measures that the owner and the owner's contractors have taken or are  
8 planning to take

9 (i) to recruit qualified state residents for available jobs  
10 and that describes job training opportunities; and

11 (ii) to use Alaska businesses;

12 (B) on a quarterly basis, a report concerning the use of state  
13 residents, including the number of residents hired or employed during the  
14 previous period;

15 (6) makes, to the extent permitted by law, reasonable efforts

16 (A) to employ Alaska firms that are available and qualified to  
17 perform engineering and construction services; and

18 (B) to fabricate or manufacture in the state needed gas  
19 production and pipeline modules and other facilities;

20 (7) agrees to apply, and does apply the full value of the tax exemptions  
21 provided in (a)(7) and (b)(2) of this section and AS 43.56.030(2)(A) and (C) to reduce  
22 the natural gas pipeline tariff;

23 (8) agrees to submit an application under AS 43.82.120; and

24 (9) requires that its agents and contractors, the agents and contractors  
25 of a person acting under contract, or the agents and contractors of a project sponsor,  
26 negotiate to obtain, where possible, a project labor agreement for the employment of  
27 laborers and mechanics for the construction, operation, and maintenance of the  
28 project.

29 (e) The provisions of (d) of this section do not create or abridge individual  
30 rights and do not create a private right of action or claim by any person.

31 \* **Sec. 10.** AS 43.56.030 is amended to read:

1           **Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed  
 2 under AS 43.55, the taxes levied or authorized under AS 43.56.010(b) are in place of  
 3 **all other**

4           (1) [ALL OTHER] ad valorem taxes or other taxes imposed by a  
 5 municipality on property subject to tax under this chapter or exempted from taxation  
 6 by AS 43.56.020; and

7           (2) [ALL OTHER] taxes imposed by a municipality on or with respect  
 8 to the property subject to tax under this chapter or exempted from taxation by  
 9 AS 43.56.020, including, but not limited to,

10           (A) taxes on the retail sale or use of the property except for the  
 11 retail sales tax on the first \$1,000 of each sale; **however, the exception for**  
 12 **retail sales or use taxes on the first \$1,000 of each sale does not apply to a**  
 13 **retail sale or use involving property used or committed by contract or**  
 14 **other agreement for use in the development, construction, operation, or**  
 15 **maintenance of an Alaska North Slope natural gas project as that term is**  
 16 **defined in AS 38.35.240;**

17           (B) taxes on the sale or use of gas or unrefined oil;

18           (C) taxes on the sale or use of services used in or associated  
 19 with the property or in its maintenance or operation except for the sales tax on  
 20 the first \$1,000 of each sale; **however, the exception for retail sales or use**  
 21 **taxes on the first \$1,000 of each sale does not apply to a retail sale or use**  
 22 **involving services used in or associated with the property used or**  
 23 **committed by contract or other agreement for use in the development,**  
 24 **construction, operation, or maintenance of an Alaska North Slope natural**  
 25 **gas project as that term is defined in AS 38.35.240;**

26           (D) taxes on or measured by gross or net income from the  
 27 property, including income from the exploration for, production of, or pipeline  
 28 transportation of gas or unrefined oil or property; and

29           (E) any license, excise, fee, charge, or other tax on or  
 30 pertaining to the property or services.

31   \* **Sec. 11.** AS 43.56.210(2) is amended to read:

1 (2) "construction commencement date" means, **for property subject**  
 2 **to tax under this chapter used in the exploration for, production of, or pipeline**  
 3 **transportation of unrefined oil through a facility the construction of which was**  
 4 **begun before April 1, 1974,** the earlier of April 1, 1974, or the date the following  
 5 occur, **and, for property subject to tax under this chapter used in the exploration**  
 6 **for, production of, or pipeline transportation of North Slope natural gas through**  
 7 **an Alaska North Slope natural gas project, as that term is defined in**  
 8 **AS 38.35.240, the date on which all of the following have occurred:**

9 (A) there has been issued to the owner or an agent of the owner  
 10 right-of-way permits, leases, and title and other rights in land, and other  
 11 approvals, permits, licenses, and certificates, by federal, state, and local  
 12 agencies that a reasonable and prudent person would consider adequate to  
 13 commence construction of the facilities in the expectation that all other  
 14 approvals, permits, licenses, and certificates necessary for the completion of  
 15 facilities will be obtained;

16 (B) all approvals, permits, licenses, and certificates are in full  
 17 force and effect, unrevoked and without any modification that might jeopardize  
 18 the completion or continued construction of the facilities; and

19 (C) no order, judgment, decree, determination, or award of a  
 20 federal, state, or local court or administrative or regulatory agency enjoining,  
 21 either temporarily or permanently, the construction or the continuation of  
 22 construction of the facilities is in effect;

23 \* **Sec. 12.** AS 43.82.100 is amended to read:

24 **Sec. 43.82.100. Qualified project.** Based on information available to the  
 25 commissioner, the commissioner may determine that a proposal for new investment is  
 26 a qualified project under this chapter only if the project

27 (1) is a project **that principally involves**

28 **(A) the transportation of natural gas by pipeline to one or**  
 29 **more markets outside the state, including an Alaska North Slope natural**  
 30 **gas project as that term is defined in AS 38.35.240; or**

31 **(B) [FOR] the export of liquefied natural gas from the state to**

1                    **one or more other states or countries;**

2                    (2) would produce at least 500,000,000,000 cubic feet of stranded gas  
3 within 20 years from the commencement of commercial operations; and

4                    (3) is capable, subject to applicable commercial regulation and  
5 technical and economic considerations, of making gas available to meet the reasonably  
6 foreseeable demand in this state for gas within the economic proximity of the project.

7 \* **Sec. 13.** AS 43.82.170 is amended to read:

8                    **Sec. 43.82.170. Application deadline.** The commissioner of revenue or the  
9 commissioner of natural resources may not act on an application for a contract  
10 submitted under AS 43.82.120 unless the application is received by the Department of  
11 Revenue no later than **April 1, 2004** [JUNE 30, 2001].

12 \* **Sec. 14.** As 44.33 is amended by adding a new section to read:

13                    **Article 5A. Natural Gas Pipeline Impact Assistance.**

14                    **Sec. 44.33.440. Natural gas pipeline impact assistance.** (a) It is the  
15 intention of the legislature to provide temporary emergency financial assistance to  
16 municipalities for the purpose of meeting certain extraordinary operating and capital  
17 improvement expenditures necessitated by population growth resulting from natural  
18 gas pipeline development construction. It is the further intention of the legislature that  
19 the state respond promptly to the needs of municipalities that are related to the effect  
20 of natural gas pipeline development.

21                    (b) Subject to legislative appropriations for the purpose, the department may  
22 make grants to a municipality that is affected by natural gas pipeline development,  
23 demonstrating extraordinary municipal and educational operating expenditures that are  
24 beyond its reasonable capability to meet from growth in receipts from current  
25 municipal revenue sources. Grants made under this subsection may be expended only  
26 for municipal and educational operating services.

27                    (c) Grants made under this section may not be used directly or indirectly to  
28 reduce current municipal tax rates.

29                    (d) Where the impact of rapid, sudden population growth threatens to develop  
30 open space land that otherwise would remain free of urban development, the  
31 department may make grants to a municipality affected by natural gas pipeline

1 development, contributing an equal amount for the acquisition or improvement of  
 2 open space or greenbelt lands, recreation facilities, parks, or wildlife refuges. A grant  
 3 under this subsection may exceed \$500,000. A grant made under this subsection may  
 4 not be used directly or indirectly to reduce current municipal tax rates or to retire  
 5 existing bonded indebtedness.

6 (e) Grants under this section may be made only upon application by the  
 7 municipality to the department. Each grant application must state the intended use for  
 8 which the grant will be expended.

9 (f) A municipality receiving grants under this section shall

10 (1) maintain a separate account for the grants received under this  
 11 section;

12 (2) provide for an annual independent audit of the separate account for  
 13 grants received under this section; and

14 (3) submit a copy of the independent audit report to the department.

15 (g) The department may adopt regulations necessary to carry out the purpose  
 16 of this section.

17 (h) In this section,

18 (1) "department" means the Department of Community and Economic  
 19 Development;

20 (2) "municipality" means a home rule or general law city or borough,  
 21 including but not limited to a unified municipality;

22 (3) "operating expenditures" means personal services, contractual  
 23 services, travel, commodities, and up to \$20,000 for each item of equipment, except  
 24 that the term does not include any of these items if the item is part of a capital  
 25 improvement expenditure; relocatable classrooms necessary for expanded school  
 26 enrollment are not subject to the \$20,000 limitation.

27 \* **Sec. 15.** The uncoded law of the State of Alaska is amended by adding a new section to  
 28 read:

29 **LEGISLATIVE AUTHORIZATION AND APPROVAL.** (a) Subject to the  
 30 requirements of AS 42.40.630(b), enacted by sec. 5 of this Act, the Alaska Railroad  
 31 Corporation is authorized to issue bonds under the power granted to it in AS 42.40 to finance

1 the construction of a natural gas pipeline and related facilities for the transportation of natural  
2 gas recovered from the North Slope of this state. The maximum principal amount of bonds  
3 that the Alaska Railroad Corporation may issue under this section is \$17,000,000,000. The  
4 Alaska Railroad Corporation may issue the bonds in a single issuance or in several issuances,  
5 without limitation as to number of issuances or timing, and as the Alaska Railroad  
6 Corporation determines best furthers the purpose of financing the gas pipeline and related  
7 facilities described in this section. The Alaska Railroad Corporation shall negotiate with the  
8 producers of the gas or with one or more other entities as the Alaska Railroad Corporation  
9 considers appropriate, and shall enter into agreements with those producers or one or more  
10 other entities to provide revenue sufficient to accomplish the purposes described in  
11 AS 42.40.630.

12 (b) This section constitutes the approval required by AS 42.40.285 for the issuance of  
13 the bonds described in this section.

14 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 **RETROACTIVITY.** Sections 12 and 13 of this Act are retroactive to July 1, 2001.

17 \* **Sec. 17.** Sections 7 - 11 and 14 of this Act are effective January 1, 2003.

18 \* **Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect immediately under  
19 AS 01.10.070(c).