

HOUSE BILL NO. 191

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 3/16/01

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing financing for certain public transportation projects; giving notice**
2 **of and approving the entry into, and the issuance of revenue obligations that provide**
3 **participation in, lease-financing agreements for those transportation projects; and**
4 **providing for an effective date."**

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 INTENT. It is the intent of the legislature that the state take full advantage of
9 innovative financing methods recognized by the Federal Highway Administration. The
10 legislature intends that the revenue obligations issued under this Act will be repaid from
11 appropriations of federal money derived from annual apportionments paid to the state by the
12 Federal Highway Administration.

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

1 TRANSPORTATION PROJECT ALLOCATION. The Department of Transportation
2 and Public Facilities shall allocate the net proceeds derived from the sale of revenue
3 obligations authorized in sec. 5 of this Act for construction or acquisition of the Glenn
4 Highway, Gambell Street to McCarrey Street, transportation project.

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

7 DELEGATION OF AUTHORITY FOR LEASE-FINANCING AGREEMENTS. The
8 Department of Transportation and Public Facilities is delegated the Department of
9 Administration's authority under AS 36.30.085 to enter into lease-financing agreements in
10 connection with the issuance of revenue obligations to finance the state transportation project
11 described in sec. 2 of this Act.

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

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

17 (b) The legislature intends that federal money in the form of apportionments from the
18 Federal Highway Administration for federal highway grants will provide enough revenue to
19 the general fund to make substantially all of the lease payments; however, if that revenue
20 source is insufficient, the payments may be made from any other valid revenue source, subject
21 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 ENTRY INTO AND FINANCING OF REVENUE OBLIGATIONS.

25 (a) Subject to annual appropriation, the Department of Transportation and Public Facilities is
26 authorized to enter into lease-financing agreements for the issuance of revenue obligations for
27 the state transportation project described in sec. 2 of this Act.

28 (b) The state bond committee is authorized to provide for the issuance of revenue
29 obligations in one or more series in the aggregate principal amount of \$58,365,000 for the
30 costs of construction of the project described in sec. 2 of this Act. The principal amount
31 includes the estimated cost of \$56,000,000 for constructing, acquiring, and equipping the

1 project described in sec. 2 of this Act; capitalized interest payments in the total amount of
 2 \$1,635,000; and an amount for the cost of issuing the revenue obligations of \$730,000. The
 3 estimated annual amount of rental obligations under the lease-financing agreements is
 4 \$5,600,000. The estimated total lease payments for the full term of the lease-financing
 5 agreements is \$92,530,000. Payment of principal and interest on revenue bonds issued under
 6 this subsection is subject to annual appropriation.

7 (c) The state bond committee may contract for credit enhancement, underwriting,
 8 credit ratings, bond counsel, financial advisor, printing, and trustee services that the
 9 committee considers necessary in financing the project described in sec. 2 of this Act.

10 (d) In this section,

11 (1) "costs of construction" includes credit enhancement and underwriting
 12 expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee
 13 fees, capitalized interest, and interest earnings used for lease payments; and

14 (2) "revenue obligation" means a certificate of participation in the right to
 15 receive a payment under a lease-financing agreement made to finance the costs of
 16 construction or acquisition of a state transportation project.

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

19 NOTICE AND APPROVAL OF AGREEMENTS. Section 5 of this Act constitutes
 20 the notice and approval of lease-financing agreements to finance the transportation project
 21 described in sec. 2 this Act that is required by AS 36.30.085.

22 * **Sec. 7.** This Act takes effect July 1, 2001.