

**HOUSE BILL NO. 234**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 4/6/01

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the financing of construction and renovation of certain public**  
2 **facilities; and providing for an effective date."**

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

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

6 FINDINGS; INTENT. (a) The facilities described in sec. 2 of this Act are currently  
7 owned by the state and are in need of substantial investment in capital maintenance and  
8 upgrades.

9 (b) The legislature intends to provide for the required investment, and intends transfer  
10 of ultimate ownership of and responsibility for the state-owned harbor facilities to the  
11 municipality.

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

14 HARBOR FACILITIES LEASES AUTHORIZED. (a) The Department of

1 Transportation and Public Facilities is authorized and directed to develop a plan for  
 2 improvement and financing of the state-owned harbor facilities listed in (b) of this section and  
 3 for the transfer of ownership and responsibility for the improved facilities, subject to the  
 4 limitations set out in this Act, to the municipality listed in (b) of this section. The Department  
 5 of Transportation and Public Facilities is authorized to lease the harbor facilities from the  
 6 municipality listed in (b) of this section under the authority of AS 35.10.110.

7 (b) The Department of Transportation and Public Facilities shall allocate the net  
 8 proceeds derived from the lease-financing agreements authorized in sec. 5 of this Act for  
 9 capital maintenance and upgrade projects to the following harbor facility projects:

10	Ketchikan - Thomas Basin Harbor, Ryus Float, Bar Harbor	\$7,876,000
11	South, Bar Harbor North, Hole-in-the-Wall Harbor,	
12	Knudson Cove Harbor	

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

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

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

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

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

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

30 NOTICE OF THE ENTRY INTO AND FINANCING OF LEASE-FINANCING  
 31 AGREEMENTS. (a) Subject to annual appropriation, the Department of Transportation and

1 Public Facilities is authorized to enter into lease-financing agreements for the harbor facility  
2 projects described in sec. 2 of this Act.

3 (b) The state bond committee is authorized to provide for the issuance of certificates  
4 of participation in one or more series in the aggregate principal amount of \$7,876,000 for the  
5 cost of the projects described in sec. 2 of this Act. The estimated total cost of construction,  
6 acquisition, and equipping the projects is \$7,876,000. The estimated annual amount of rental  
7 obligations under the lease-financing agreements is \$815,000. The estimated total lease  
8 payments for the full term of the lease-financing agreements is \$12,225,000. In this  
9 subsection, "costs of construction" includes credit enhancement and underwriting expenses,  
10 rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee fees,  
11 capitalized interest, and interest earnings used for lease payments.

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

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

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

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

30 \* **Sec. 7.** AS 29.60.700 is repealed.

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