

CS FOR HOUSE BILL NO. 423(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 3/27/02
Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Railroad; authorizing the Alaska Railroad Corporation**
2 **to provide financing for the acquisition, construction, improvement, maintenance,**
3 **equipping, or operation of facilities for the transportation of natural gas resources**
4 **within and outside the state by others; authorizing the Alaska Railroad Corporation to**
5 **issue bonds to finance those facilities; and providing for an effective date."**

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

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

9 FINDINGS, INTENT, AND PURPOSE. (a) The Alaska State Legislature finds that

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

13 (2) providing financing for that facility furthers the purposes of both the state

1 and the Alaska Railroad Corporation by assuring that the state's natural gas resources will be
2 transported to their appropriate markets, thus creating revenue for the Alaska Railroad
3 Corporation and for the state and providing employment opportunities for residents of the
4 state;

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

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

10 (b) A purpose of this Act is to clarify the statutory functions and powers of the Alaska
11 Railroad Corporation by expressly including the power to provide financing for transportation
12 facilities as described in this Act.

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

14 (1) this Act be construed broadly to permit the Alaska Railroad Corporation
15 the greatest flexibility to accomplish the purpose described in (b) of this section within the
16 limitations set out in this Act; and

17 (2) other provisions of AS 42.40 in existence before the enactment of this Act
18 be similarly construed to complement the provisions of this Act.

19 * **Sec. 2.** AS 42.40.250 is amended by adding a new paragraph to read:

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

25 * **Sec. 3.** AS 42.40.630 is amended by adding a new subsection to read:

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

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

1 (2) create and maintain the reserves for the payments that the
2 corporation considers necessary or desirable; and

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

6 * **Sec. 4.** AS 42.40 is amended by adding a new section to read:

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

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

12 LEGISLATIVE AUTHORIZATION AND APPROVAL. (a) Subject to the
13 requirements of AS 42.40.630(b), enacted by sec. 3 of this Act, the Alaska Railroad
14 Corporation is authorized to issue bonds under the power granted to it in AS 42.40 to finance
15 the construction of a natural gas pipeline and related facilities for the transportation of natural
16 gas recovered from the North Slope of this state. The maximum principal amount of bonds
17 that the Alaska Railroad Corporation may issue under this section is \$17,000,000,000. The
18 Alaska Railroad Corporation may issue the bonds in a single issuance or in several issuances,
19 without limitation as to number of issuances or timing, and as the Alaska Railroad
20 Corporation determines best furthers the purpose of financing the gas pipeline and related
21 facilities described in this section. The Alaska Railroad Corporation shall negotiate with the
22 producers of the gas or with one or more other entities as the Alaska Railroad Corporation
23 considers appropriate, and shall enter into agreements with those producers or one or more
24 other entities to provide revenue sufficient to accomplish the purposes described in
25 AS 42.40.630. The proceeds of the bonds described in this section shall be used only for
26 facilities that are owned by one or more entities other than the Alaska Railroad Corporation.

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

29 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).