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**CS FOR HOUSE BILL NO. 267(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/15/03

Referred: Rules

Sponsor(s): REPRESENTATIVES KOHRING, Crawford, Holm, Foster, Gara, Wolf, Lynn

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act authorizing the Alaska Railroad Corporation to provide financing for the**  
 2 **acquisition, construction, improvement, maintenance, equipping, and operation of a**  
 3 **natural gas pipeline and related facilities for the transportation of natural gas recovered**  
 4 **from the North Slope of this state; authorizing the Alaska Railroad Corporation to issue**  
 5 **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 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 a natural gas pipeline and related facilities  
 22 for the transportation of natural gas recovered from the North Slope of this state  
 23 without regard to whether the facilities are or will be owned in whole or in part by the  
 24 corporation or located on land owned by the 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 bond 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.

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

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