

CS FOR HOUSE BILL NO. 275(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/2/05

Offered: 4/28/05

Sponsor(s): HOUSE FINANCE COMMITTEE

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 TRANSPORTATION PROJECT ALLOCATION. The Department of Transportation
9 and Public Facilities shall allocate the net proceeds derived from the sale of revenue
10 obligations authorized in sec. 4 of this Act for construction or acquisition of the following
11 state transportation projects among those projects as follows, subject to reallocation among
12 the projects under AS 37.07.080(e):

PROJECT	ALLOCATION
(1) Anchorage: Glenn Highway congestion	\$ 37,500,000

1	(2) Anchorage: Lake Otis and Tudor intersection improvements	4,300,000
2	(3) Anchorage: Raspberry Road extension	2,400,000
3	(4) Fairbanks: Gaffney Road upgrade	6,250,000
4	(5) Fairbanks: Cartwright Road extension	3,650,000
5	(6) Kenai Peninsula Borough: Kalifornsky Beach Road	10,000,000
6	rehabilitation	
7	(7) Matanuska-Susitna Borough: Palmer-Wasilla Highway	6,000,000
8	expansion	
9	(8) Richardson Highway passing lane additions	5,000,000
10	mileposts 265 - 341	
11	(9) Prince of Wales: Hollis to Klawock pavement	5,000,000
12	(10) Sitka: Rocky Gutierrez Airport access	3,500,000
13	improvements	
14	(11) Kodiak: Rezanof Drive rehabilitation and intersection	4,300,000
15	safety improvements	
16	(12) Nome: city streets, phase 2	5,000,000
17	(13) Glacier Highway: road extension	5,000,000

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

20 DELEGATION OF AUTHORITY FOR LEASE-FINANCING AGREEMENTS. The
21 Department of Transportation and Public Facilities is delegated the Department of
22 Administration's authority under AS 36.30.085 to enter into lease-financing agreements in
23 connection with the issuance of revenue obligations to finance the state transportation projects
24 described in sec. 1 of this Act.

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

27 LEASE-FINANCING PAYMENTS. (a) The lease payments owed under lease-
28 financing agreements executed under sec. 2 of this Act are subject to annual appropriation by
29 the legislature.

30 (b) The legislature intends that federal money in the form of apportionments from the
31 Federal Highway Administration for federal highway grants will provide revenue that may be

1 appropriated for the lease payments; however, if that revenue source is insufficient, the
2 payments may be appropriated from any other valid revenue source.

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

5 NOTICE OF THE ENTRY INTO AND FINANCING OF REVENUE
6 OBLIGATIONS. (a) Subject to annual appropriation, the Department of Transportation and
7 Public Facilities is authorized to enter into lease-financing agreements for the issuance of
8 revenue obligations for the state transportation projects described in sec. 1 of this Act.

9 (b) The state bond committee is authorized to provide for the issuance of revenue
10 obligations in one or more series in the aggregate principal amount of \$99,400,000 for the
11 costs of construction of the projects described in sec. 1 of this Act. The principal amount
12 includes the estimated cost of \$97,900,000 for constructing, acquiring, and equipping the
13 projects described in sec. 1 of this Act; and an amount for the cost of issuing the revenue
14 obligations of \$1,500,000. The estimated annual amount of rental obligations under the lease-
15 financing agreements is \$8,561,000. The estimated total lease payments for the full term of
16 the lease-financing agreements is \$136,976,000.

17 (c) The average annual debt service on revenue obligations to be issued under this Act
18 may not exceed 25 percent of the most recent annual obligation authority received by the
19 State of Alaska from the Federal Highway Administration for the state's federal highway
20 program. As further protection for the holders of the revenue obligations, the resolution of the
21 state bond committee authorizing the issuance of the revenue obligations authorized under
22 this Act shall include the same percentage limitation on the average annual debt service for all
23 outstanding revenue obligations payable from the State of Alaska's federal highway program.

24 (d) The state bond committee may contract for credit enhancement, underwriting,
25 credit ratings, bond counsel, financial advisor, printing, and trustee services that the
26 committee considers necessary in financing the projects described in sec. 1 of this Act.

27 (e) There is created the 2005 state transportation project fund. The proceeds of the
28 revenue obligations issued under this Act shall be deposited into the 2005 state transportation
29 project fund.

30 (f) In this section,

31 (1) "costs of construction" includes credit enhancement and underwriting

1 expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee
 2 fees, and interest earnings used for lease payments;

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

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

8 NOTICE AND APPROVAL OF AGREEMENTS. Section 4 of this Act constitutes
 9 the notice and approval of lease-financing agreements to finance the transportation projects
 10 described in sec. 1 of this Act that is required by AS 36.30.085.

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

13 STATE TRANSPORTATION PROJECTS IN METROPOLITAN PLANNING
 14 AREAS. If an amount allocated in sec. 1 of this Act for a state transportation project in a
 15 metropolitan planning area is not sufficient to complete the project, it is the intent of the
 16 legislature that the metropolitan planning organization for the metropolitan planning area
 17 include the project in the organization's transportation improvement program and fund the
 18 project to completion.

19 * **Sec. 7.** This Act takes effect July 1, 2005.