

SENATE BILL NO. 303

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Introduced: 2/17/06

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the Knik Arm Bridge and Toll Authority Act and the powers and
2 authority of the authority to finance construction and maintenance of the Knik Arm
3 Bridge, to set and collect tolls, and to carry out its duties, and making conforming
4 changes to statutes relating to issuance, renewal, or reinstatement of driver's licenses
5 and to levy on permanent fund dividends; and providing for an effective date."

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

7 * **Section 1.** AS 19.75.111 is amended to read:

8 **Sec. 19.75.111. Powers and duties of the authority.** (a) Except as otherwise
9 explicitly made applicable to the authority, the performance of the authority's
10 duties and the exercise of its powers, including its powers to issue bonds and
11 otherwise incur debt, shall be governed exclusively by this chapter. In furtherance
12 of its purposes, the authority may

13 (1) own, acquire, construct, develop, create, reconstruct, equip,

1 operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant
2 facilities;

3 (2) sue and be sued;

4 (3) adopt a seal;

5 (4) adopt, amend, and repeal regulations under AS 44.62 and establish
6 bylaws;

7 (5) make and execute agreements, contracts, and all other instruments
8 with any public or private person, governmental unit or agency, corporation, or
9 other business entity lawfully conducting business in the United States for the
10 exercise of its powers and functions under this chapter and for the financing, design,
11 construction, maintenance, improvement, or operation of facilities, properties, or
12 projects of the authority, including making and executing contracts with any
13 person, firm, corporation, governmental agency, or other entity for the purpose of

14 (A) incurring indebtedness, obtaining investments in the
15 authority's projects, acquiring or granting lump sum payments for
16 services in advance or in arrears, grants, and other financing; and

17 (B) entering into public-private partnerships or service
18 contracts in any form;

19 (6) in its own name acquire, lease, rent, sell, or convey real and
20 personal property;

21 (7) issue and refund bonds [AND OTHERWISE INCUR
22 INDEBTEDNESS,] in accordance with this chapter [AS 19.75.211], in order to pay
23 the cost of the Knik Arm bridge and its appurtenant facilities; the authority may also
24 secure payment of the bonds or other indebtedness as provided in this chapter
25 [AS 19.75.221];

26 (8) incur other indebtedness, including lines of credit and
27 indebtedness to the Federal Highway Administration, United States Department
28 of Transportation, under 23 U.S.C. 101 - 164 (Transportation Infrastructure
29 Finance and Innovation Act of 1998), as amended;

30 (9) apply for and accept gifts, grants, or loans from a federal agency or
31 an agency or instrumentality of the state, or from a municipality, private organization,

1 or other source, **including obtaining title to state, local government, or privately**
 2 **owned land, directly or through a department of the state having jurisdiction of**
 3 **the land;**

4 **(10)** [(9)] fix and collect fees, rents, tolls, rates, or other charges for the
 5 use of the Knik Arm bridge and appurtenant facilities, or for a service developed,
 6 operated, or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents,
 7 tolls, rates, and other charges fixed and collected under this paragraph may exceed the
 8 actual operating cost of the use of the bridge, facility, or service;

9 **(11) bring civil actions, refer criminal actions to the appropriate**
 10 **authority, and take other actions or enter into agreements with law enforcement**
 11 **and collection agencies to enforce the collection of its fees, rents, tolls, rates, other**
 12 **charges, penalties, and other obligations;**

13 **(12)** [(10)] pledge, **encumber, transfer, or otherwise obligate** fees,
 14 rents, tolls, rates, charges, or other revenue of the authority as security for bonds **or**
 15 **other indebtedness or agreements** of the authority;

16 **(13)** [(11)] deposit or invest its funds, subject to agreements with
 17 bondholders;

18 **(14)** [(12)] procure insurance against any loss in connection with its
 19 operation;

20 **(15)** [(13)] contract for and engage the services of consultants, experts,
 21 and financial and technical advisors that the authority considers necessary for the
 22 exercise of its powers and functions under this chapter;

23 **(16)** [(14)] apply for, obtain, hold, and use permits, licenses, or
 24 approvals from appropriate agencies of the state, the United States, a foreign country,
 25 and any other proper agency in the same manner as any other person;

26 **(17)** [(15)] perform reconnaissance studies and engineering, survey,
 27 and design studies with respect to the Knik Arm bridge and its appurtenant facilities;

28 **(18)** [(16)] exercise powers of eminent domain or file a declaration of
 29 taking as necessary for the Knik Arm bridge and appurtenant facilities under
 30 AS 09.55.240 - 09.55.460 to acquire land or an interest in land;

31 **(19)** [(17)] confer with municipal and other governments, metropolitan

1 planning organizations, and the department, concerning the Knik Arm bridge;

2 (20) [(18)] do all acts and things necessary to carry out the powers
3 expressly granted or necessarily implied in this chapter; **nothing in this chapter**
4 **limits the powers of the authority that are expressly granted or necessarily**
5 **implied.**

6 (b) The authority shall

7 (1) prepare an annual report of its operations to include a balance
8 sheet, an income statement, a statement of changes in financial position, a
9 reconciliation of changes in equity accounts, a summary of significant accounting
10 principles, an auditor's report, comments regarding the year's business, and prospects
11 for the next year; the report shall be completed by the third day of each regular session
12 of the legislature, and the authority shall notify the governor, the commissioner of the
13 department, the presiding officers of each house of the legislature, and the Legislative
14 Budget and Audit Committee that the report is available;

15 (2) comply with the provisions of AS 37.07 (Executive Budget Act),
16 except that AS 37.07 does not apply to the activities of the authority that relate to the
17 authority's borrowing of money as provided in this chapter, including the issuing of its
18 obligations or evidence of that borrowing and the repayment of the debt obligation;

19 (3) establish a personnel management system for hiring employees and
20 setting employee-benefit packages;

21 (4) establish procedures, rules, and rates governing per diem and travel
22 expenses of the employees of the authority in substantial conformity to statutes,
23 procedures, rules, and rates applicable to state employees of similar state entities;

24 (5) coordinate the exercise of its powers to plan, design, construct,
25 operate, and maintain the Knik Arm bridge with the department, and with the mayors
26 of the Municipality of Anchorage and the Matanuska-Susitna Borough;

27 **(6) have the exclusive authority to determine and fix fees, rents,**
28 **tolls, rates, and other charges, including the tolls for the use of the bridge and**
29 **appurtenant facilities and for the use of all other properties under the control of**
30 **or owned or managed by the authority.**

31 * **Sec. 2.** AS 19.75 is amended by adding a new section to read:

1 **Sec. 19.75.113. Assets, funds, and revenue of the authority.** (a) The
2 Department of Revenue shall separately account for all funds, assets, and revenue of
3 the authority.

4 (b) The deposit or investment of money in the authority's funds may be made
5 as the board determines. The interest earned on or profits derived from the deposit,
6 investment, or sale of an investment by the authority are funds of the authority.

7 * **Sec. 3.** AS 19.75.211 is amended to read:

8 **Sec. 19.75.211. Bonds of the authority.** Notwithstanding any other
9 provision of law, the [THE] authority may borrow money and issue and refund
10 bonds on which the principal and interest are paid out of and secured by the gross
11 revenue derived by the authority from the ownership, use, and operation of its
12 toll facilities, including [PAYABLE FROM] money derived from the fees, rents,
13 tolls, rates, charges, and other revenue of the authority under this chapter and any
14 other revenue or money that the legislature may appropriate, except a state tax
15 or license. Before issuing bonds for the Knik Arm bridge, the authority shall submit to
16 the state bond committee a description of the bond issue and a preliminary prospectus,
17 offering circular, or official statement relating to the bond issue. Bonds may not be
18 issued unless the state bond committee finds, based upon the information submitted by
19 the authority under this section and other information that is reasonably available to
20 the committee, that the Knik Arm bridge revenue and other revenue available to the
21 authority can be reasonably expected to be adequate for payment of the principal **of**
22 and interest on the bonds to be issued and that issuance of the bonds by the authority
23 would not be expected to adversely affect the ability of the state or its political
24 subdivisions to market bonds. [BONDS MAY NOT BE ISSUED UNLESS THE
25 PRINCIPAL AMOUNT OF THE BOND ISSUE IS AUTHORIZED BY LAW.]

26 * **Sec. 4.** AS 19.75.211 is amended by adding new subsections to read:

27 (b) The bonds of the authority may be sold in the amounts or series and at the
28 time determined by its board of directors. Bonds, or a series of bonds, may not be sold
29 if the effective interest rate over the life of the bonds exceeds 11 percent a year or a
30 rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal
31 Bond Average Yields for the week previous to the date of the sale of the bonds,

1 whichever is higher.

2 (c) The authority may issue bonds in an aggregate amount not to exceed
3 \$500,000,000, plus the cost of issuance.

4 (d) The amount of refunding bonds that may be issued by the authority and
5 bond premiums may not be included in the aggregate amount, but may be in addition
6 to the amount authorized by (c) of this section.

7 * **Sec. 5.** AS 19.75.221 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of law, the authority may establish
9 other funds and reserves as the board of directors may determine reasonable and
10 prudent for the issuance of bonds or for the conduct of the business and affairs of the
11 authority. The interest earned on or profit derived from these funds and reserves shall
12 be the property of the authority.

13 * **Sec. 6.** AS 19.75.241(b) is amended to read:

14 (b) The bonds issued by the authority do not constitute an indebtedness or
15 other liability of the state or of a political subdivision of the state other than the
16 authority, but shall be payable solely from the income, receipts, or other money or
17 property of the authority. **All documents prepared by and used in or for the**
18 **issuance of bonds by the authority must state that they are prepared by or for the**
19 **authority.**

20 * **Sec. 7.** AS 19.75.241(c) is amended to read:

21 (c) The authority may not pledge the faith or credit of the state or of a political
22 subdivision of the state other than the authority, and the issuance of a bond by the
23 authority does not directly, indirectly, or contingently obligate the state or a political
24 subdivision of the state to apply money from, levy, or pledge any form of taxation to
25 the payment of the bond **or to make payments due on the bonds from any source of**
26 **funds not pledged for repayment of the bonds.**

27 * **Sec. 8.** AS 19.75 is amended by adding new sections to article 2 to read:

28 **Sec. 19.75.330. Bond terms.** (a) The bonds of the authority mature at the time
29 fixed by the board. The bonds may be subject to redemption before their fixed
30 maturities as determined by the board and with the premium fixed by the board, but a
31 bond may not be subject to redemption before its fixed maturity date unless the right

1 to redeem that bond is expressly mentioned on the face of the bond. The bonds

2 (1) may be in denominations determined by the board;

3 (2) may be issued in coupon form or in fully registered form, and may
4 be registrable as to principal or both principal and interest, all under regulations and
5 conditions the board provides;

6 (3) are payable as to principal and interest at the place determined by
7 the board;

8 (4) shall be signed on behalf of the authority as the board may direct;
9 the signatures may be facsimile signatures; each of the interest coupons attached to the
10 bonds shall be signed by the facsimile signatures of the officials as the board may
11 direct;

12 (5) shall have the seal of the authority impressed, printed, or
13 lithographed on them; and

14 (6) shall be issued under and subject to the terms, conditions, and
15 covenants, providing for the payment of the principal of and interest on the bonds and
16 the other terms, conditions, covenants, and protective features safeguarding this
17 payment and relating to the maintenance, operation, and improvement of the toll
18 facilities as found necessary by the board, which covenants may include a provision
19 requiring the setting aside and maintenance of certain reserves to secure the payment
20 of the principal and interest.

21 (b) The board may select a trustee or trustees for the holders of the bonds or
22 any series of the bonds, for the safeguarding and disbursement of any of the money in
23 any of the funds created under this chapter or for the duties of authentication, delivery,
24 and registration of the bonds as the board may determine. The board shall fix the
25 rights, duties, powers, and obligations of the trustee or trustees.

26 (c) In determining the matters and questions relating to the issuance and sale
27 of the bonds and the fixing of the maturities, terms, conditions, covenants, and other
28 subjects of the bonds as provided in (a) and (b) of this section, the decisions of the
29 board shall be those found to be reasonably necessary for the best interests of the
30 authority and the construction, operation, and maintenance of its facilities, and those
31 that will accomplish the most advantageous sale of the bonds, giving due regard to (1)

1 necessary or normal costs of maintenance and operation; (2) renewals and
 2 replacements of and repairs to the toll facilities; (3) all improvements to toll facilities
 3 and property of toll facilities owned, used, operated, or leased in connection with toll
 4 facilities; (4) the future growth and expansion of all of the facilities; and (5) the
 5 possibility of additional revenue bond financing for toll facilities purposes. A decision
 6 of the board as expressed in any bond resolution, is final when any bonds have been
 7 issued under the bond resolution.

8 (d) A bond resolution may provide that the bonds issued must contain a recital
 9 that the bonds are issued under this chapter, and any bonds containing this recital are
 10 conclusively considered to be valid and to have been issued in conformity with this
 11 chapter.

12 (e) The validity of the authorization and issuance of bonds is not affected by
 13 any proceeding for the acquisition or construction of the additions, improvements, or
 14 facilities for which the bonds have been issued or by any contract in connection with
 15 the acquisition or construction.

16 **Sec. 19.75.332. Bond resolution.** When issuing bonds of the authority, the
 17 board shall adopt the bond resolution and prepare all other documents and proceedings
 18 necessary for the issuance, sale, and delivery of the bonds or any part or series of
 19 them. The bond resolution shall fix the principal amount, denomination, date,
 20 maturities, place or places of payment, rights of redemption, if any, terms, form,
 21 conditions, and covenants of the bonds or each series of them. The board shall also
 22 determine and provide for the date and manner of sale of the bonds, and shall provide
 23 where the notice of sale, if any, is to be published.

24 **Sec. 19.75.334. Enforcement by holder.** The holder of any bonds or the
 25 trustee for the holders of the bonds or any series of them, may, by appropriate
 26 proceedings in state court, compel the transfer, setting aside, and payment of money
 27 and the enforcement of all of the terms, conditions, and covenants as required and
 28 provided in AS 19.75.330 and 19.75.332 and in the bond resolution.

29 **Sec. 19.75.336. Bond negotiability.** The bonds and the coupons attached to
 30 them are fully negotiable instruments under the laws of the state.

31 **Sec. 19.75.338. Refunding.** (a) The bonds or any part of them may be

1 refunded at or before their maturity by the issuance of refunding revenue bonds of the
2 authority if, in the opinion of the board, refunding is advantageous to and in the best
3 interest of the authority.

4 (b) The issuance of refunding bonds need not be authorized by an act of the
5 legislature. The board shall adopt the resolution authorizing refunding and prepare all
6 other documents and proceedings necessary for the issuance, exchange or sale, and
7 delivery of the bonds. All provisions of AS 19.75.211 - 19.75.271 and AS 19.75.330 -
8 19.75.340 applicable to revenue bonds are applicable to the refunding bonds and to the
9 issuance, sale, or exchange of the bonds, except as otherwise provided in this section.

10 (c) Refunding bonds may be issued in a principal amount sufficient to provide
11 money for the payment of all bonds to be refunded by them and, in addition, for the
12 payment of all expenses incident to the calling, retiring, or paying of the outstanding
13 bonds, and the issuance of the refunding bonds. These expenses include the difference
14 in amount between the par value of the refunding bonds and any amount less than par
15 for which the refunding bonds are sold, any amount necessary to be made available for
16 the payment of interest on the refunding bonds from the date of sale of them to the
17 date of payment of the bonds to be refunded or to the date on which the bonds to be
18 refunded will be paid under the call of the bonds or agreement with the holders of
19 them, and the premium, if any, necessary to be paid in order to call or retire the
20 outstanding bonds and the interest accruing on the outstanding bonds to the date of the
21 call or retirement.

22 **Sec. 19.75.340. Bonds as legal investments.** Bonds of the authority, including
23 toll facilities bonds, are legal investments for all banks, trust companies, savings
24 banks, savings and loan associations, and other persons carrying on a banking
25 business, all insurance companies and other persons carrying on an insurance business,
26 and all executors, administrators, trustees, and other fiduciaries. The bonds may be
27 accepted as security for deposits of all money of the state and its political subdivisions.

28 * **Sec. 9.** AS 19.75 is amended by adding new sections to read:

29 **Sec. 19.75.915. Liability for payment of tolls.** (a) The owner of a vehicle
30 using a facility owned, controlled, or managed by the authority for which a toll or fee
31 is imposed is liable for the payment of the toll or fee solely because of the vehicle

1 ownership, unless the vehicle, except a rental vehicle, is used without the owner's
2 knowledge and incurs the toll or fee during operation.

3 (b) Unpaid tolls or fees due the authority by a person entitled to receive an
4 Alaska permanent fund dividend shall be a lien on and entitled to payment from the
5 permanent fund dividend of the person from the date the authority notifies the
6 Department of Revenue of the amount due and owing 30 days after the due date.

7 (c) Upon agreement between the authority and the commissioner of
8 administration, a vehicle owner liable for an unpaid toll or fee due the authority may,
9 after 30 days after the due date, be barred from obtaining or renewing a driver's license
10 or a vehicle registration or license, regardless of whether the vehicle was used at the
11 authority's facilities or incurred the toll or fee, until the toll or fee is paid in full.

12 **Sec. 19.75.920. Statutory construction.** This chapter shall be liberally
13 construed in order to carry out the purposes for which it was enacted. All existing laws
14 in conflict with this chapter are superseded as necessary to accomplish the purposes of
15 this chapter.

16 * **Sec. 10.** AS 19.75.980 is amended to read:

17 **Sec. 19.75.980. Definitions.** In this chapter, **except as otherwise provided**
18 **and** unless the context requires otherwise,

19 (1) "authority" means the Knik Arm Bridge and Toll Authority;

20 (2) "board" means the board of directors of the authority;

21 (3) "department" means the Department of Transportation and Public
22 Facilities;

23 **(4) "state bond committee" means the state bond committee**
24 **created by AS 37.15.110.**

25 * **Sec. 11.** AS 28.15.031(b) is amended to read:

26 (b) The department may not issue an original or duplicate driver's license to,
27 nor renew or reinstate the driver's license of, a person

28 (1) whose license is suspended or revoked, except as otherwise
29 provided in this chapter;

30 (2) who fails to appear in court for the adjudication of a certain
31 vehicle, driver, or traffic offense when the person's appearance is required by statute,

1 regulation, or court rule;

2 (3) who is an habitual user of alcohol or another drug to such a degree
3 that the person is incapable of safely driving a motor vehicle;

4 (4) [REPEALED

5 (5)] when the department, based upon medical evidence, has
6 determined that because of the person's physical or mental disability the person is not
7 able to drive a motor vehicle safely;

8 (5) [(6)] who is unable to understand official traffic control devices as
9 displayed in this state or who does not have a fair knowledge of traffic laws and
10 regulations, as demonstrated by an examination;

11 (6) [(7)] who has knowingly made a false statement in the person's
12 application for a license or has committed fraud in connection with the person's
13 application for, or in obtaining or attempting to obtain, a license, or who has not
14 applied under oath on the form provided for the purpose of obtaining or attempting to
15 obtain a license or permit; [OR]

16 (7) [(8)] who is required under AS 28.20 to furnish proof of financial
17 responsibility and who has not done so; or

18 (8) who is liable for an unpaid toll or fee under AS 19.75.915(c).

19 * **Sec. 12.** AS 43.23.065(b) is amended to read:

20 (b) An exemption is not available under this section for permanent fund
21 dividends taken to satisfy

22 (1) child support obligations required by court order or decision of the
23 child support services agency under AS 25.27.140 - 25.27.220;

24 (2) court ordered restitution under AS 12.55.045 - 12.55.051,
25 12.55.100, or AS 47.12.120(b)(4);

26 (3) claims on defaulted education loans under AS 43.23.067;

27 (4) court ordered fines;

28 (5) writs of execution under AS 09.35 of a judgment that is entered

29 (A) against a minor in a civil action to recover damages and
30 court costs;

31 (B) under AS 34.50.020 against the parent, parents, or legal

1 guardian of an unemancipated minor;

2 (6) a debt owed by an eligible individual to an agency of the state,
3 including the University of Alaska, unless the debt is contested and an appeal is
4 pending, or the time limit for filing an appeal has not expired;

5 (7) a debt owed to a person for a program for the rehabilitation of
6 perpetrators of domestic violence required under AS 12.55.101, AS 18.66.100(c)(15),
7 AS 25.20.061(3), or AS 33.16.150(f)(2);

8 **(8) an unpaid toll or fee under AS 19.75.915(b).**

9 * **Sec. 13.** This Act takes effect immediately under AS 01.10.070(c).