

**2d CS FOR HOUSE BILL NO. 23(RLS)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE

Offered: 4/11/13

Referred: Today's Calendar

Sponsor(s): REPRESENTATIVES NEUMAN AND HUGHES, Keller, Stoltze

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act creating the Knik Crossing Development Corporation as a subsidiary**  
2 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**  
3 **Knik Crossing Development Corporation."**

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

5 \* **Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

6 (b) The corporation shall create the Knik Crossing Development Corporation  
7 as a subsidiary corporation. The board of directors of the Knik Crossing Development  
8 Corporation shall consist of the members of the board of the corporation.

9 \* **Sec. 2.** AS 18.56 is amended by adding new sections to read:

10 **Article 2A. Knik Crossing Development Corporation.**

11 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development  
12 Corporation is to develop, stimulate, and advance the economic welfare of the state  
13 and further the development of public transportation systems in the vicinity of the  
14 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the

1 Municipality of Anchorage and the Matanuska-Susitna Borough.

2 (b) The Knik Crossing Development Corporation may not be terminated as  
3 long as it has bonds, notes, or other obligations outstanding. Upon termination of the  
4 Knik Crossing Development Corporation, its rights and property pass to the state.

5 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the  
6 Knik Crossing Development Corporation by the corporation under AS 18.56.086(a),  
7 the Knik Crossing Development Corporation may

8 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of  
9 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,  
10 or provided by the Knik Crossing Development Corporation; notwithstanding  
11 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under  
12 this paragraph may exceed the actual operating cost of the use of the bridge, facility,  
13 or service;

14 (2) pledge, encumber, transfer, or otherwise obligate revenue derived  
15 by the Knik Crossing Development Corporation from the ownership, use, or operation  
16 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik  
17 Crossing Development Corporation or money that the legislature may appropriate,  
18 except a state tax or license, as security for bonds or other indebtedness or agreements  
19 of the Knik Crossing Development Corporation;

20 (3) perform reconnaissance studies and engineering, survey, and  
21 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

22 (4) exercise powers of eminent domain or file a declaration of taking  
23 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -  
24 09.55.460 to acquire land or an interest in land; the Knik Crossing Development  
25 Corporation's exercise of powers under this paragraph may not exceed the permissible  
26 exercise of those powers by the state;

27 (5) confer with municipal and other governments, metropolitan  
28 planning organizations, and the Department of Transportation and Public Facilities,  
29 concerning the Knik Arm bridge.

30 (b) The Knik Crossing Development Corporation shall coordinate the exercise  
31 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge

1 with the Department of Transportation and Public Facilities, and with the mayors of  
2 the Municipality of Anchorage and the Matanuska-Susitna Borough.

3 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may  
4 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of  
5 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its  
6 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik  
7 Crossing Development Corporation and bond premiums may not be included in the  
8 aggregate amount, but may be in addition to the amount authorized under this section.

9 (b) In addition to the security that may be provided to bonds of the Knik  
10 Crossing Development Corporation under the powers granted to the Knik Crossing  
11 Development Corporation under AS 18.56.086(a), the Knik Crossing Development  
12 Corporation may pledge revenue derived by the Knik Crossing Development  
13 Corporation from the ownership, use, and operation of its toll facilities, including  
14 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik  
15 Crossing Development Corporation.

16 (c) The Knik Crossing Development Corporation may not issues bonds, or a  
17 series of bonds, if the effective interest rate over the life of the bonds exceeds 11  
18 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer  
19 Index of 20 Municipal Bond Average Yields for the week previous to the date of the  
20 sale of the bonds, whichever is higher.

21 (d) Notwithstanding any other provisions of this chapter, the trust agreement,  
22 or other similar document under which the Knik Crossing Development Corporation  
23 issues bonds, must contain an agreement by the Knik Crossing Development  
24 Corporation that the Knik Crossing Development Corporation will at all times  
25 maintain fees, rents, tolls, rates, or other charges sufficient to

26 (1) pay the costs of operation and maintenance of the Knik Arm bridge  
27 and its appurtenant facilities and the principal of and interest on bonds issued under  
28 the trust agreement as the bonds severally become due and payable;

29 (2) provide for debt service coverage as considered necessary by the  
30 Knik Crossing Development Corporation for the marketing of its bonds; and

31 (3) provide for renewals, replacements, and improvements of the Knik

1 Arm bridge, and to maintain reserves required by the terms of the trust agreement or  
2 other similar document.

3 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or  
4 more issues of its bonds, the Knik Crossing Development Corporation may establish  
5 one or more special funds, called "capital reserve funds," and shall pay into those  
6 capital reserve funds the proceeds of the sale of its bonds and any other money that is  
7 available to the Knik Crossing Development Corporation for the purposes of those  
8 funds. The funds shall be established only if the Knik Crossing Development  
9 Corporation determines that the establishment would enhance the marketability of the  
10 bonds. All money held in a capital reserve fund, except as provided in this section,  
11 shall be used as required solely for the payment of the principal of and interest on  
12 bonds or of the sinking fund payments with respect to those bonds, the purchase or  
13 redemption of bonds, or the payment of a redemption premium required to be paid  
14 when those bonds are redeemed before maturity. However, money in a fund may not  
15 be withdrawn from the fund at any time in an amount that would reduce the amount of  
16 the fund to less than the capital reserve requirement set out in (b) of this section,  
17 except for the purpose of making, with respect to those bonds, payment, when due, of  
18 principal, interest, redemption premiums, and the sinking fund payments for the  
19 payment of which other money of the Knik Crossing Development Corporation is not  
20 available. Income or interest earned by or increment to a capital reserve fund due to  
21 the investment of the fund or any other amounts in the fund may be transferred by the  
22 Knik Crossing Development Corporation to other funds or accounts of the Knik  
23 Crossing Development Corporation to the extent that the transfer does not reduce the  
24 amount of the capital reserve fund below the capital reserve fund requirement.

25 (b) If the Knik Crossing Development Corporation decides to issue bonds  
26 secured by a capital reserve fund, the bonds may not be issued if the amount in the  
27 capital reserve fund is less than the amount of the capital reserve fund requirement, if  
28 any, established by resolution of the Knik Crossing Development Corporation, unless  
29 the Knik Crossing Development Corporation, at the time of issuance of the  
30 obligations, deposits in the capital reserve fund from the proceeds of the obligations to  
31 be issued or from other sources an amount that, together with the amount then in the

1 fund, will not be less than the capital reserve fund requirement.

2 (c) In computing the amount of a capital reserve fund for the purpose of this  
3 section, securities in which all or a portion of the fund is invested shall be valued by  
4 some reasonable method established by the Knik Crossing Development Corporation  
5 by resolution. Valuation on a particular date shall include the amount of any interest  
6 earned or accrued to that date.

7 (d) Notwithstanding any other provision of law, the Knik Crossing  
8 Development Corporation may establish other funds and reserves as the board of  
9 directors may determine reasonable and prudent for the issuance of bonds or for the  
10 conduct of the business and affairs of the Knik Crossing Development Corporation.  
11 The interest earned on or profit derived from these funds and reserves shall be  
12 accounted for separately and may be appropriated to the Knik Crossing Development  
13 Corporation. Deposits made into the reserve fund established under this section must  
14 include

15 (1) revenue derived by the Knik Crossing Development Corporation  
16 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,  
17 rates, charges, or other revenue of the Knik Crossing Development Corporation;

18 (2) money that the legislature has appropriated for that purpose; and

19 (3) other money that may be made available to the Knik Crossing  
20 Development Corporation from other sources.

21 (e) Money in a reserve fund established under (d) of this section

22 (1) shall be used only for

23 (A) the payment of monetary obligations, liabilities, and  
24 indebtedness of the Knik Crossing Development Corporation, including  
25 termination payment obligations, under agreements for the financing, design,  
26 construction, maintenance, improvement, or operation of facilities, properties,  
27 or projects of the Knik Crossing Development Corporation; and

28 (B) planning, permitting, design, acquisition, construction,  
29 maintenance, improvement, or operation of transportation-related projects,  
30 facilities, properties, systems, or equipment of the Knik Crossing Development  
31 Corporation or other public entities, including expansions, extensions, and

1 capacity improvements, eligible under applicable federal and state law to be  
2 funded from toll revenue;

3 (2) may not be used for the purpose of planning, permitting, design,  
4 acquisition, construction, maintenance, improvement, or operation of projects,  
5 facilities, properties, systems, or equipment under (1)(B) of this subsection if the  
6 withdrawal would reduce the amount in the reserve fund to less than the reserve fund  
7 requirement.

8 (f) In computing the amount of a reserve fund established under (d) of this  
9 section, securities in which all or a portion of the fund is invested shall be valued by a  
10 reasonable method established by the Knik Crossing Development Corporation by  
11 resolution or established by the terms of the agreement for which the fund serves as  
12 security. Valuation must include the amount of interest earned or accrued as of the  
13 date of the valuation.

14 (g) The chair of the Knik Crossing Development Corporation shall annually,  
15 not later than January 30, certify in writing to the governor and the legislature the  
16 amount, if any, required to restore the capital reserve fund established under (a) of this  
17 section to the capital reserve fund requirement, or a reserve fund established under (d)  
18 of this section to the reserve fund requirement. The duty of the chair of the board to  
19 report annually to the governor and the legislature terminates upon the cumulative  
20 appropriation to the Knik Crossing Development Corporation, after January 1, 2013,  
21 of \$1,140,000,000.

22 (h) Nothing in this section creates a debt or liability of the state.

23 (i) In this section,

24 (1) "capital reserve fund requirement" means the amount required to be  
25 on deposit in a reserve fund established under (a) of this section as of the date of  
26 computation, as determined by resolution of the Knik Crossing Development  
27 Corporation or by the terms of the agreement for which the fund serves as security;  
28 and

29 (2) "reserve fund requirement" means the amount required to be on  
30 deposit in a reserve fund established under (d) of this section on the date of the  
31 computation, as determined by resolution of the Knik Crossing Development

1 Corporation or by the terms of the agreement for which the fund serves as security.

2 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of  
3 the Knik Crossing Development Corporation and its assets, income, and receipts are  
4 declared to be the property of a political subdivision of the state and are exempt from  
5 all taxes and special assessments of the state or a political subdivision of the state.  
6 Notwithstanding any law to the contrary, rights and interests in real and personal  
7 property, assets, income, and receipts, including concession, franchise, leasehold, or  
8 other real or personal property rights and interests, held by a private person or  
9 enterprise under a public-private partnership agreement entered into under this  
10 chapter, except any rights and interests of the private person in property serving a  
11 business, commercial, or other purpose not necessary to operate the facilities,  
12 properties, or projects of the Knik Crossing Development Corporation, shall be  
13 exempt from all ad valorem taxes on real or personal property and special property tax  
14 assessments of the state or a political subdivision of the state. All bonds of the Knik  
15 Crossing Development Corporation are declared to be issued by a political subdivision  
16 of the state and for an essential public and governmental purpose. The bonds, the  
17 interest on the bonds, the income from the bonds and the transfer of the bonds, and all  
18 assets, income, and receipts pledged to pay or secure the payment of the bonds or  
19 interest on the bonds are, at all times, exempt from taxation by or under the authority  
20 of the state, except for inheritance and estate taxes and taxes on transfers by or in  
21 contemplation of death. Nothing in this section affects or limits an exemption from  
22 license fees, property taxes, or excise, income, or other taxes provided under any other  
23 law.

24 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any  
25 contrary provision of law, the activities of the Knik Crossing Development  
26 Corporation are exempt from land use planning, zoning, permitting, or other similar  
27 governmental powers of political subdivisions of the state.

28 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a  
29 facility owned, controlled, or managed by the Knik Crossing Development  
30 Corporation for which a toll or fee is imposed is liable for the payment of the toll or  
31 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,

1 is used without the owner's knowledge and incurs the toll or fee during operation.

2 \* **Sec. 3.** AS 36.30.015(f) is amended to read:

3 (f) The board of directors of the Alaska Housing Finance Corporation,  
 4 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial  
 5 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE  
 6 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL  
 7 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62  
 8 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement  
 9 Management Board shall adopt regulations under AS 37.10.240, to govern the  
 10 procurement of supplies, services, professional services, and construction for the  
 11 respective public corporation and board. The regulations must reflect competitive  
 12 bidding principles and provide vendors reasonable and equitable opportunities to  
 13 participate in the procurement process and must include procurement methods to meet  
 14 emergency and extraordinary circumstances. Notwithstanding the other provisions of  
 15 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial  
 16 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL  
 17 AUTHORITY,] and the Alaska Retirement Management Board shall comply with  
 18 AS 36.30.170(b).

19 \* **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

20 (45) a subsidiary of the Alaska Housing Finance Corporation created under  
 21 AS 18.56.086 for the purpose of planning, financing, or constructing in-state natural gas  
 22 pipeline projects or for the purpose of aiding in the planning, financing, or constructing of in-  
 23 state natural gas pipeline projects; **or a subsidiary of the Alaska Housing Finance**  
 24 **Corporation created under AS 18.56.086 for the purpose of constructing a bridge to**  
 25 **span Knik Arm.**

26 \* **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,  
 27 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,  
 28 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,  
 29 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,  
 30 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

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

1 read:

2 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,  
3 indebtedness, obligations, liabilities, commitments, investments, leases, real and personal  
4 property, lines of credit, gifts, grants, loans, fees, rents, tolls, civil actions, revenue, funds,  
5 insurance, permits, licenses, studies, and intellectual property of the Knik Arm Bridge and  
6 Toll Authority are transferred to and may be assumed by the Knik Crossing Development  
7 Corporation. Nothing in this section creates a liability or obligation of the Alaska Housing  
8 Finance Corporation.

9 (b) All procurements of the Knik Arm Bridge and Toll Authority that have not  
10 resulted in the award of a contract as of the effective date of this Act may be adopted and may  
11 continue as procurements of the Knik Crossing Development Corporation.

12 (c) For one year following the effective date of this Act, the members of the board of  
13 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of  
14 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik  
15 Crossing Development Corporation. While serving as a nonvoting advisory board under this  
16 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority  
17 shall serve without compensation but are entitled to per diem and travel expenses as provided  
18 by the Alaska Housing Finance Corporation.