

SENATE CS FOR CS FOR HOUSE BILL NO. 297(FIN) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/17/14

Offered: 4/16/14

Sponsor(s): REPRESENTATIVES PRUITT, Gara, Millett, Johnson

SENATORS McGuire, Micciche

A BILL

FOR AN ACT ENTITLED

1 **"An Act recognizing the Alaska Housing Finance Corporation as the authorizing agency**
2 **to approve home energy rating systems for the state; relating to the Alaska Industrial**
3 **Development and Export Authority revolving fund; limiting the use of the Alaska**
4 **Industrial Development and Export Authority sustainable energy transmission and**
5 **supply development fund for certain loans and loan guarantees and allowing the**
6 **development fund to be used as security for a bond guarantee; amending the definition**
7 **of 'qualified energy development'; authorizing the Alaska Industrial Development and**
8 **Export Authority to issue bonds to finance the infrastructure and construction costs of**
9 **the Bokan-Dotson Ridge rare earth element project and the Niblack project; relating to**
10 **legislative approval for a loan from the power project fund for the Blue Lake**
11 **hydroelectric project; and providing for an effective date."**

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

1 * **Section 1.** AS 18.56 is amended by adding a new section to article 6 to read:

2 **Sec. 18.56.860. Home energy rating systems.** The corporation shall act as the
3 authorizing agency for purposes of approving home energy rating systems used in the
4 state.

5 * **Sec. 2.** AS 44.88.660 is amended to read:

6 **Sec. 44.88.660. Alaska Industrial Development and Export Authority**
7 **sustainable energy transmission and supply development fund.** The Alaska
8 Industrial Development and Export Authority sustainable energy transmission and
9 supply development fund is established in the authority. The development fund
10 consists of appropriations made to the development fund by the legislature, money or
11 other assets transferred to the development fund by **a vote of the members of** the
12 authority **under AS 44.88.050 from any other fund controlled by the authority,**
13 and unrestricted loan repayments, interest, or other income earned on loans,
14 investments, or assets of the development fund. The development fund is not an
15 account in the revolving [LOAN] fund established in AS 44.88.060, and the authority
16 shall account for the development fund separately from the revolving fund. The
17 authority may create additional accounts in the development fund. Subject to
18 agreements made with the holders of the authority's bonds or with other persons, the
19 authority may transfer amounts in an account in the development fund to another
20 account in the development fund. Amounts deposited in the development fund may be
21 pledged to the payment of bonds of the authority or expended for the purposes of
22 AS 44.88.650 - 44.88.690. The authority has the powers and responsibilities
23 established in AS 37.10.071 with respect to the investment of amounts held in the
24 development fund.

25 * **Sec. 3.** AS 44.88.690(a) is amended to read:

26 (a) Unless the authority has obtained legislative approval by law, the authority
27 may not **use the Alaska Industrial Development and Export Authority sustainable**
28 **energy transmission and supply development fund established in AS 44.88.660 to**
29 **make** [FINANCE OR PARTICIPATE IN FINANCING OF]

30 (1) **a loan for** more than one-third of the capital cost of qualified
31 energy development; or

1 (2) a loan guarantee **if the amount of the guarantee** [THAT] exceeds
2 \$20,000,000.

3 * **Sec. 4.** AS 44.88.690 is amended by adding a new subsection to read:

4 (c) Notwithstanding (a) of this section, the authority may use the Alaska
5 Industrial Development and Export Authority sustainable energy transmission and
6 supply development fund established in AS 44.88.660 as security for a bond
7 guarantee.

8 * **Sec. 5.** AS 44.88.900(14) is amended to read:

9 (14) "qualified energy development" means a **development**
10 [PROJECT] in the state that involves

11 (A) transmission, generation, conservation, storage, or
12 distribution of heat or electricity;

13 (B) liquefaction, regasification, distribution, storage, or use of
14 natural gas except a natural gas pipeline project for transporting natural gas
15 from the North Slope or Cook Inlet to market;

16 (C) distribution or storage of refined petroleum products;

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

19 LEGISLATIVE APPROVAL; BOKAN-DOTSON RIDGE RARE EARTH
20 ELEMENT PROJECT. (a) The Alaska Industrial Development and Export Authority may
21 issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge
22 rare earth element project. The Bokan-Dotson Ridge rare earth element project's surface
23 complex shall be owned and operated by the authority or financed under AS 44.88.172. The
24 principal amount of the bonds provided by the authority for the Bokan-Dotson Ridge rare
25 earth element project may not exceed \$145,000,000 and may include the costs of issuing
26 bonds considered reasonable and appropriate by the Alaska Industrial Development and
27 Export Authority.

28 (b) This section constitutes legislative approval required by AS 44.88.095(g).

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

31 LEGISLATIVE APPROVAL; NIBLACK PROJECT. (a) The Alaska Industrial

1 Development and Export Authority may issue bonds to finance the infrastructure and
2 construction costs of the Niblack project. The Niblack project includes a mineral processing
3 mill, associated dock, and loading and related infrastructure facilities at the Gravina Island
4 Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island. The
5 mineral processing mill, associated dock, and loading and related infrastructure facilities at
6 the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of
7 Wales Island, shall be owned and operated by the authority or financed under AS 44.88.172.
8 The principal amount of the bonds provided by the authority for the Niblack project may not
9 exceed \$125,000,000 and may include the costs of issuing bonds considered reasonable and
10 appropriate by the Alaska Industrial Development and Export Authority.

11 (b) This section constitutes legislative approval required by AS 44.88.095(g).

12 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **LEGISLATIVE APPROVAL OF LOAN FROM THE POWER PROJECT FUND.** If
15 the Alaska Energy Authority approves a loan to the City and Borough of Sitka for the Blue
16 Lake hydroelectric project, the legislature authorizes the Alaska Energy Authority to loan an
17 amount not to exceed \$18,600,000 from the power project fund (AS 42.45.010) to the City
18 and Borough of Sitka for the Blue Lake hydroelectric project. This section constitutes
19 legislative approval under AS 42.45.010(j) for a loan from the fund that exceeds \$5,000,000.

20 * **Sec. 9.** This Act takes effect July 1, 2014.