

CS FOR SENATE BILL NO. 99(L&C) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Amended: 4/25/14

Offered: 3/21/14

Sponsor(s): SENATOR MCGUIRE

REPRESENTATIVES Muñoz, Kito III, Kreiss-Tomkins, Peggy Wilson, Isaacson, Josephson, Gara

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Industrial Development and Export Authority revolving fund; limiting the use of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for certain loans and loan guarantees and allowing the development fund to be used as security for a bond guarantee; amending the definition of 'qualified energy development'; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project and the Niblack project; and relating to legislative approval for a loan from the power project fund for the Blue Lake hydroelectric project."

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

*** Section 1.** AS 44.88.660 is amended to read:

Sec. 44.88.660. Alaska Industrial Development and Export Authority

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

19 * **Sec. 2.** AS 44.88.690(a) is amended to read:

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

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

26 (2) a loan guarantee **if the amount of the guarantee** [THAT] exceeds
 27 \$20,000,000.

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

29 (c) Notwithstanding (a) of this section, the authority may use the Alaska
 30 Industrial Development and Export Authority sustainable energy transmission and
 31 supply development fund established in AS 44.88.660 as security for a bond

1 guarantee.

2 * **Sec. 4.** AS 44.88.900(14) is amended to read:

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

5 (A) transmission, generation, conservation, storage, or
6 distribution of heat or electricity;

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

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

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

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

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

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

25 LEGISLATIVE APPROVAL; NIBLACK PROJECT. (a) The Alaska Industrial
26 Development and Export Authority may issue bonds to finance the infrastructure and
27 construction costs of the Niblack project. The Niblack project includes a mineral processing
28 mill, associated dock, and loading and related infrastructure facilities at the Gravina Island
29 Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island. The
30 mineral processing mill, associated dock, and loading and related infrastructure facilities at
31 the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of

1 Wales Island, shall be owned and operated by the authority or financed under AS 44.88.172.
2 The principal amount of the bonds provided by the authority for the Niblack project may not
3 exceed \$125,000,000 and may include the costs of issuing bonds considered reasonable and
4 appropriate by the Alaska Industrial Development and Export Authority.

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

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

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