

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

April 9, 2013

9:35 a.m.

MEMBERS PRESENT

Representative Craig Johnson, Chair
Representative Mike Chenault
Representative Mike Hawker
Representative Bob Herron
Representative Wes Keller
Representative Kurt Olson
Representative Max Gruenberg

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Shelley Hughes

COMMITTEE CALENDAR

HOUSE BILL NO. 23

"An Act relating to bonds of the Knik Arm Bridge and Toll Authority; relating to reserve funds of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

- HEARD & HELD

HOUSE BILL NO. 167

"An Act relating to the regulation of architects, engineers, land surveyors, and landscape architects."

- MOVED CSHB 167(RLS) OUT OF COMMITTEE

SENATE BILL NO. 31

"An Act naming the runway at the state-owned airport in Akhiok the Jim Andie and Robin Starrett Memorial Runway."

- MOVED HCS SB 31(RLS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 23

SHORT TITLE: KNIK ARM CROSSING; AHFC

SPONSOR(s): REPRESENTATIVE(s) NEUMAN, HUGHES

01/16/13 (H) PREFILE RELEASED 1/7/13
01/16/13 (H) READ THE FIRST TIME - REFERRALS
01/16/13 (H) TRA, FIN
02/28/13 (H) TRA AT 2:00 PM BARNES 124
02/28/13 (H) Heard & Held
02/28/13 (H) MINUTE(TRA)
03/12/13 (H) TRA AT 1:00 PM BARNES 124
03/12/13 (H) Heard & Held
03/12/13 (H) MINUTE(TRA)
03/21/13 (H) TRA AT 1:00 PM BARNES 124
03/21/13 (H) Moved Out of Committee
03/21/13 (H) MINUTE(TRA)
03/22/13 (H) TRA RPT 5DP 2AM
03/22/13 (H) DP: LYNN, JOHNSON, GATTIS, ISAACSON,
P.WILSON
03/22/13 (H) AM: FEIGE, KREISS-TOMKINS
03/28/13 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/28/13 (H) Heard & Held
03/28/13 (H) MINUTE(FIN)
04/02/13 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/02/13 (H) Moved CSHB 23(FIN) Out of Committee
04/02/13 (H) MINUTE(FIN)
04/03/13 (H) FIN RPT CS(FIN) 3DP 1NR 6AM
04/03/13 (H) DP: NEUMAN, T.WILSON, STOLTZE
04/03/13 (H) NR: THOMPSON
04/03/13 (H) AM: KAWASAKI, HOLMES, MUNOZ, EDGMON,
GARA, COSTELLO
04/08/13 (H) RETURNED TO RLS COMMITTEE
04/09/13 (H) RLS AT 9:30 AM CAPITOL 120

BILL: HB 167

SHORT TITLE: ARCHITECTS, ENGINEERS, SURVEYORS

SPONSOR(s): LABOR & COMMERCE

03/15/13 (H) READ THE FIRST TIME - REFERRALS
03/15/13 (H) L&C
03/29/13 (H) L&C AT 3:15 PM BARNES 124
03/29/13 (H) Moved Out of Committee
03/29/13 (H) MINUTE(L&C)
04/01/13 (H) L&C RPT 3DP 2NR
04/01/13 (H) DP: SADDLER, JOSEPHSON, OLSON

04/01/13 (H) NR: CHENAULT, REINBOLD
04/09/13 (H) RLS AT 9:30 AM CAPITOL 120

BILL: SB 31

SHORT TITLE: NAMING AKHIOK RUNWAY AND KODIAK AIRPORT

SPONSOR(s): STEVENS

01/22/13 (S) READ THE FIRST TIME - REFERRALS
01/22/13 (S) TRA
02/07/13 (S) TRA AT 1:30 PM BUTROVICH 205
02/07/13 (S) Moved SB 31 Out of Committee
02/07/13 (S) MINUTE(TRA)
02/08/13 (S) TRA RPT 5DP
02/08/13 (S) DP: EGAN, FAIRCLOUGH, DYSON, FRENCH,
BISHOP
02/20/13 (S) TRANSMITTED TO (H)
02/20/13 (S) VERSION: SB 31
02/22/13 (H) READ THE FIRST TIME - REFERRALS
02/22/13 (H) TRA
03/05/13 (H) TRA AT 1:00 PM BARNES 124
03/05/13 (H) Moved Out of Committee
03/05/13 (H) MINUTE(TRA)
03/07/13 (H) TRA RPT 6DP
03/07/13 (H) DP: LYNN, JOHNSON, ISAACSON, GATTIS,
KREISS-TOMKINS, P.WILSON
04/08/13 (H) RETURNED TO RLS COMMITTEE
04/09/13 (H) RLS AT 9:30 AM CAPITOL 120

WITNESS REGISTER

REPRESENTATIVE MIA COSTELLO
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 23, presented
Amendment 1.

DAN FAUSKE, CEO/Executive Director
Alaska Housing Finance Corporation (AHFC)
Department of Revenue;

President, Alaska Gasline Development Corporation (AGDC)

POSITION STATEMENT: Provided testimony on proposed Amendment 1
to CSHB 23(FIN).

REPRESENTATIVE MARK NEUMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as one of the joint prime sponsors of HB 23.

MICHAEL FOSTER, Chair
Board of Directors
Knik Arm Bridge and Toll Authority (KABATA)

POSITION STATEMENT: Testified in opposition to Amendment 1 to CSHB 23(FIN).

ANNA LATHIM, Staff
Representative Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented Amendment 1 to HB 167 on behalf of the House Labor and Commerce Standing Committee of which Representative Olson is the chair.

ASTRID ROSE, Staff
Representative Alan Austerman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented Amendment 1 to SB 31.

ACTION NARRATIVE

[9:35:58 AM](#)

CHAIR CRAIG JOHNSON called the House Rules Standing Committee meeting to order at 9:35 a.m. Representatives Chenault, Hawker, Herron, Keller, Olson, Gruenberg, and Johnson were present at the call to order. Also in attendance was Representative Hughes.

HB 23-KNIK ARM CROSSING; AHFC

[9:36:18 AM](#)

CHAIR JOHNSON announced that the first order of business would be HOUSE BILL NO. 23, "An Act relating to bonds of the Knik Arm Bridge and Toll Authority; relating to reserve funds of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund." [Before the committee was CSHB 23(FIN).]

[9:36:28 AM](#)

REPRESENTATIVE KELLER moved that the committee adopt Amendment 1, labeled 28-LS0141\O.24, Martin, 4/8/13. [Text provided at the end of the section of minutes pertaining to HB 23.]

CHAIR JOHNSON objected.

[9:37:06 AM](#)

REPRESENTATIVE MIA COSTELLO, Alaska State Legislature, explained that Amendment 1 transfers the Knik Arm Bridge and Toll Authority (KABATA) to the Alaska Housing Finance Corporation (AHFC) as a subsidiary corporation. The AHFC Board would become KABATA's board and AHFC would retain all the powers the current KABATA Board has. Amendment 1 would name the subsidiary corporation the Knik Crossing Development Corporation (KCDC). Most of Amendment 1 is conforming changes to change references from "**authority**" to "**corporation**". Amendment 1 preserves AS 19.75, which is the enabling statute for KABATA. Furthermore, Amendment 1 provides for a smooth transition of the assets, obligations, rights, titles, interest, agreements, contracts, instruments, indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants, loans, fees, rents, tolls, civil actions, revenue, funds, insurance, licenses, permits, studies, and intellectual property to AHFC. Amendment 1 would also automatically transfer KABATA's current budget. Additionally, Amendment 1 allows for the current KABATA Board to serve as an advisory board to the KCDC Board for one year. Representative Costello told the committee that this bridge has been discussed since before statehood and the purpose of Amendment 1 is to bring the best team forward. She opined that marrying the KABATA Board with AHFC's experience will provide solid footing for this project moving forward. Under the proposal in Amendment 1, there would be new energy as AHFC reviews all of the activities, returns to the legislature with a report, and works hand-in-hand with the individuals currently working on this project. In conclusion, Representative Costello encouraged the committee to seriously consider Amendment 1.

[9:40:56 AM](#)

REPRESENTATIVE GRUENBERG asked whether anyone will discuss the legal changes of Amendment 1, including liability for debts and anything else that may be created as a result of this amendment. Representative Gruenberg expressed concern regarding whether AHFC will be responsible for any of KABATA's existing or future

debts. He expressed further concern with the relationship between KABATA and the proposed new entity, KCDC.

[9:42:21 AM](#)

CHAIR JOHNSON related his understanding from AHFC staff that additional language may need to be included.

[9:43:26 AM](#)

DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue; President, Alaska Gasline Development Corporation (AGDC), responding to Representative Gruenberg, began by noting that since [Amendment 1] occurred late in the day yesterday, he was not completely up to speed on the matter. In discussions with counsel and others today regarding [Amendment 1], the main goal is to take care with what is brought into AHFC in terms of how it matches up with the AA+ rating of AHFC and how rating analysts and others view it in terms of AHFC's rating. Therefore, much care needs to be taken with the language, which is under review now.

[9:44:27 AM](#)

REPRESENTATIVE GRUENBERG inquired as to the legal relationships between [AHFC and KCDC] and between KCDC and KABATA. He then expressed the need for there to be an understanding as to how well the proposal in Amendment 1 fits with the mission of AHFC and its bond rating. He then questioned whether the subsidiary corporation type of entity is the best choice from the perspective of protecting the state and AHFC.

MR. FAUSKE informed the committee that when the Northern Tobacco Securitization Corporation was created a number of years ago, it was created as a subsidiary corporation and issued bonds that were solely the responsibility of the corporation of AHFC. He noted that AGDC was treated much the same way. Therefore, there are ways to accomplish this.

[9:47:02 AM](#)

REPRESENTATIVE GRUENBERG expressed another concern regarding whether KCDC being under AHFC would create a potential conflict of interest.

MR. FAUSKE, noting that he did so when AHFC took on AGDC, assured the committee that the proposal in Amendment 1 wouldn't

result in anything suffering due to some additional work. He related his view that this is a finance mechanism, and thus is a solvable issue.

[9:48:20 AM](#)

REPRESENTATIVE GRUENBERG inquired as to whether AHFC's team needs time to review Amendment 1.

MR. FAUSKE related his belief that in a few hours the committee will see legislation that is very similar to House Bill 369 from the 26th Alaska State Legislature, which enabled AGDC to come into existence. Although AHFC is busy with HB 4 and HB 50, the AHFC team is fine and can address [Amendment 1] in a fairly quick timeframe.

[9:49:47 AM](#)

CHAIR JOHNSON acknowledged that this proposal had come before AHFC very quickly, and therefore he asked whether AHFC can do it and still provide the citizens of the state and the legislature a certain level of confidence that this is moving forward in the appropriate direction.

MR. FAUSKE answered absolutely, but highlighted the need to study [the proposal in Amendment 1]. He mentioned that he knows some of those involved with KABATA and he has a lot of faith in their capabilities and thus will seek their guidance in putting together an appropriate package.

[9:50:38 AM](#)

REPRESENTATIVE GRUENBERG inquired as to how AHFC will deal with KABATA's less than stellar rating in its recent audit.

MR. FAUSKE answered that AHFC will analyze and discuss [the audit] with those involved with KABATA to determine whether there are issues that can be solved or whether there are misunderstandings or overstatements in the audit.

[9:51:47 AM](#)

REPRESENTATIVE MARK NEUMAN, Alaska State Legislature, speaking as one of the joint prime sponsors of HB 23, stated that HB 23 encompasses six years' worth of work that has been scrutinized by various entities, including the administration, the Department of Law (DOL), the Department of Revenue (DOR), and

the Department of Transportation & Public Facilities (DOT&PF) to ensure that the state's interests are protected. He then expressed concern that there seems to be a need to place [KABATA] under AHFC because of a public perception. However, there will always be folks, he opined, who oppose projects. In fact, some have said that if this project went through the military base, they wouldn't object to it at all. He expressed further concern with the unknown impacts of last-minute changes and noted that the governor is fully onboard with CSHB 23(FIN) because of his faith in his staff. Representative Neuman then related the need to ensure that the reserve fund is in place in order for the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) loan to proceed, which is projected to be let in the next three months. At stake is a TIFIA loan at a low interest rate in the amount of \$350 million to the private partner from the federal government to ensure that the tariff rates are low, which is not dissimilar to the efforts to ensure that the rates for in-state gas are low under HB 4. Furthermore, [CSHB 23(FIN)] includes an increase from \$500 million to \$600 million in federal funds for private activity bonds that would go to the private partner. He reiterated the need to ensure the state doesn't risk losing those funds to build this road project and maintain the best toll rate for Alaskans. He also expressed concern with the message the [adoption of Amendment 1] would send to industry. Representative Neuman opined that having only recently reviewed Amendment 1, he doesn't know exactly what it does to HB 23. However, for the last three years, the best people Alaska has have scrutinized HB 23 and even reached out to CitiGroup Global Markets Inc. ("CitiGroup"), one of the most recognized financial institutions in the world, to be used as an advisor [to KABATA]. [The KABATA] has secured the financial advice of David Livingstone, CitiGroup, who has put together 48 3P projects in his career. Mr. Livingstone is the head 3P project developer design for CitiGroup as a financial advisor. The financials for KABATA, he stressed, are very complete and are [the product] of some of the best in the world. He highlighted that Mr. Livingstone, CitiGroup, and Mr. Stark, Department of Law, have worked on HB 23 for five years. Representative Neuman then stressed concern regarding the possibility of delay of the project that would cause Alaska to lose this project because of politics.

[9:59:30 AM](#)

REPRESENTATIVE NEUMAN then referred to the report written by Kris Curtis, Legislative Auditor, Legislative Audit Division, in

which she states that "traffic projections are based on economic assumptions and data that are unreasonably optimistic," which sets a tone for the reader. The report, however, actually says, "This also suggests that [Wilbur Smith and Associates] WSA's projections may be somewhat optimistic." The report also says to base it on the ISER toll revenues. The 2009 [ISER] traffic projections for 2010 were 80,300 with a total for Anchorage and the Mat-Su of 368,600. The actual census report was about 89,000 and thus ISER was about 9,000 under the actual count with a total of 381,000. He then related that the KABATA projection for 2035 was 191,000, while the 2009 ISER projection was 171,000. If one takes into account the 9,000 that ISER was short from the 2010 census and correlates and corrects it to the actual census, the KABATA and ISER difference is 103 people in the year 2035. Those projections are fairly close, he remarked. Representative Neuman stressed that there hasn't been a chance to discuss the real numbers, which he opined is important.

REPRESENTATIVE NEUMAN stated that there have been supplied estimates of total revenue starting in 2017 at \$6,700, which he characterized as fairly low. Furthermore, the projection on out growth doesn't include any chance of a pipeline being built. The Alaska Stand Alone Pipeline (ASAP) is projected to be constructed at Point MacKenzie, which is where this bridge is planned to cross and where there is 14 square miles of industrial land. Due to the aforementioned, he suggested there will likely be more expansion and growth than there is now. Returning to Amendment 1, Representative Neuman reiterated his concern regarding whether it will cause a "hiccup" in the availability of approximately \$950 million in federal low interest loans to the private partner of this project. Such a delay will kill this project, he opined. He pointed out that HB 23 has a zero fiscal note and allows DOL, DOR, and DOT&PF to put forth a request for proposals (RFP) that states a maximum moral obligation of \$1.14 billion. The aforementioned, he said, is the absolute worst case scenario in terms of cost and Mr. Stark testified in the House Finance Committee that the chance of that is 5 percent. More likely, this project will come online on time due to the professionals that work for the state, he opined. Representative Neuman stated that he will support Amendment 1 if the administration, Mr. Fauske, and Mr. Foster find there is no problem with delaying the project and no problem with the loss of [the TIFIA] funds. However, if it's determined the project will be delayed, which will essentially kill the project, then he can't support Amendment 1. As a member of the Mat-Su delegation, Representative Neuman pointed

out that there are 13,000 people driving down the Glenn Highway daily and their lives are put on the line.

[10:07:34 AM](#)

CHAIR JOHNSON requested that Representative Neuman speak to Amendment 1 and offer his concluding remarks.

[10:07:42 AM](#)

REPRESENTATIVE NEUMAN reiterated that he can support Amendment 1 if it doesn't delay the project or place the federal funds at risk.

[10:08:21 AM](#)

MICHAEL FOSTER, Chair, Board of Directors, KABATA, related opposition to Amendment 1. He told the committee that he first learned of Amendment 1 in a meeting Saturday in Senator Huggins' office with Representatives Costello, Pruitt, and Holmes. In discussions regarding the purpose of Amendment 1, he was told that it's all about credibility and that KABATA's credibility is lacking. Mr. Foster, noting that he is a volunteer not paid staff, related his belief that the credibility of KABATA has [improved] since he took over four to five years ago. Furthermore, adding this project to AHFC at a point at which it's close to reality is an added burden. Moreover, KABATA is transportation and is different than dealing with pipelines or housing, with which AHFC deals. Mr. Foster reiterated his opposition to Amendment 1. If the sole purpose of Amendment 1 is to strengthen the credibility of KABATA, he passionately requested that the committee not pass Amendment 1 but rather pass the legislation as approved by the governor and allow the project to move forward. Mr. Foster assured the committee that the credibility of KABATA will be strengthened and the project will be a success. Furthermore, he couldn't recall any time in the past three years when KABATA's credibility had been called into question, rather he recalled quite the opposite. Therefore, he characterized Amendment 1 as throwing the baby out with the bath water. If the desire is to strengthen KABATA's credibility, he urged the committee to pass the legislation as it will strengthen KABATA's credibility in the market and with the federal government related to the TIFIA funds.

[10:12:45 AM](#)

REPRESENTATIVE HERRON inquired as to KABATA's response to the auditor.

MR. FOSTER informed the committee that KABATA had three opportunities to respond to the Legislative Budget and Audit Committee through the pre-management letter, the management letter, and the preliminary report. He then directed the committee's attention to Appendix D on page 37 of the audit, which is the Legislative Budget and Audit Committee's review of their model versus KABATA's model. The Legislative Budget and Audit Committee model is based on local micro economics. The KABATA model is based on regional economics that is a traditional job growth model linked to local conditions, and thus is based on Anchorage, Wasilla, Fairbanks, and Knik. He highlighted that the Legislative Budget and Audit Committee model states that there are smaller amounts of residential in the [Knik Goose Bay] KGB corridor. However, Mr. Foster emphasized that the KGB corridor is one of the fastest growing regions as exemplified by the increase in transportation from 12,000 to 18,000 in 10 years. Furthermore, the Fairview area would be the fourth largest city in the state if it were to incorporate. The KABATA model, on the other hand, is based on a larger amount of residential of KGB with the effects of the bridge. Mr. Foster said that he could go through [Appendix D] point-by-point. The difference between the models is that the Legislative Budget and Audit Committee used the Mat-Su Borough School District model as its basis, which doesn't include the impacts of the Knik Arm Crossing. He related that the reason for the aforementioned is because at the time of the model, they couldn't determine for certain when [the Knik Arm Crossing impact] would occur. Therefore, the Legislative Budget and Audit Committee model is based on no social, economic, or demographic growth in the Knik Goose Bay Point MacKenzie area as a result of the crossing. However, KABATA's model and analysis does include the Knik Arm Crossing. Appendix D on page 37 sums it up, he stressed. He agreed with Representative Neuman that there is a large difference between "unreasonably optimistic," which is supposed to be an unbiased opinion by the Legislative Budget and Audit Committee, and the "somewhat optimistic" opinion of the consultant. He pointed out that later in the report the consultant says that [KABATA's] regional model is probably fairer than a local model. However, as a one-person shop out of Arizona, the consultant has limited resources and time. Furthermore, the consultant doesn't even know where the project is located as illustrated by the cover photograph of Turnagain Arm rather than Knik Arm.

10:16:04 AM

REPRESENTATIVE HERRON then inquired as to when the P3 agreement will be final.

MR. FOSTER answered that the P3 agreement won't be final until the legislation is known because it's part of the RFP process. Once the legislation is known and can be offered to the private developer, the RFP can be completed, which he estimated will take 2-3 months to complete through DOL. At that point, sometime in the summer it should be issued.

10:16:41 AM

REPRESENTATIVE HAWKER opined that if there is going to be such a severe indictment of the state legislative auditor in public, she should be given the chance to respond. The audit, he stated, was conducted by and in accordance with professional auditing standards.

CHAIR JOHNSON agreed to do so when the committee returns to this issue.

10:17:30 AM

CHAIR JOHNSON announced that the committee would recess to the call of chair.

[The adoption of Amendment 1 to HB 23 with an objection by Chair Johnson was left pending. HB 23 was held over.]

Amendment 1 to CSHB 23(FIN)

Page 1, line 1:

Delete "**relating to bonds of the Knik Arm Bridge and Toll Authority**"

Insert "**creating the Knik Crossing Development Corporation as a subsidiary of the Alaska Housing Finance Corporation; relating to bonds of the Knik Crossing Development Corporation**"

Page 1, line 2:

Delete "**authority**"

Insert "**corporation**"

Page 1, line 3:

Delete "**authority**"

Insert "**corporation**"
Delete "**Arm**"

Page 1, following line 5:

Insert new bill sections to read:

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

(b) The corporation shall create the Knik Crossing Development Corporation as a subsidiary corporation. The board shall be the board of directors of the Knik Crossing Development Corporation and is authorized to exercise all the powers and duties set out in AS 19.75.

*** Sec. 2.** AS 19.75.011 is amended to read:

Sec. 19.75.011. Purpose. The purpose of the corporation [AUTHORITY] created by this chapter is to develop, stimulate, and advance the economic welfare of the state and further the development of public transportation systems in the vicinity of the Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage and the Matanuska-Susitna Borough.

*** Sec. 3.** AS 19.75.021(a) is repealed and reenacted to read:

(a) The Knik Crossing Development Corporation shall be a subsidiary corporation created by the Alaska Housing Finance Corporation under AS 18.56.086.

*** Sec. 4.** AS 19.75.021(b) is amended to read:

(b) The corporation [AUTHORITY] may not be terminated as long as it has bonds, notes, or other obligations outstanding. Upon termination of the corporation [AUTHORITY], its rights and property pass to the Alaska Housing Finance Corporation [STATE].

*** Sec. 5.** AS 19.75.031 is repealed and reenacted to read:

Sec. 19.75.031. Board of directors of corporation. The board of directors for the Alaska Housing Finance Corporation shall be the board of directors for the Knik Crossing Development Corporation.

*** Sec. 6.** AS 19.75.041(a) is amended to read:

(a) The powers of the corporation [AUTHORITY] are vested in the board.

*** Sec. 7.** AS 19.75.041(c) is amended to read:

(c) [THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE BOARD TO SERVE AS THE CHAIR OF THE BOARD.] The

[VOTING] members of the board shall elect a chair and other officers they determine desirable.

* **Sec. 8.** AS 19.75.051 is amended to read:

Sec. 19.75.051. Executive director. The corporation [AUTHORITY] shall employ an executive director who may not be a member of the board. The executive director shall serve at the pleasure of the board. The board shall establish the duties and compensation of the executive director.

* **Sec. 9.** AS 19.75.081 is amended to read:

Sec. 19.75.081. Legal advisor. The attorney general is the legal counsel for the corporation [AUTHORITY]. The attorney general shall advise the corporation [AUTHORITY] in legal matters and represent it in suits.

* **Sec. 10.** AS 19.75.111 is amended to read:

Sec. 19.75.111. Powers and duties of the corporation [AUTHORITY]. (a) Except as otherwise explicitly made applicable to the corporation [AUTHORITY], the performance of the corporation's [AUTHORITY'S] duties and the exercise of its powers, including its powers to issue bonds and otherwise incur debt, shall be governed exclusively by this chapter. In furtherance of its purposes, the corporation [AUTHORITY] may

(1) own, acquire, construct, develop, create, reconstruct, equip, operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant facilities;

(2) sue and be sued;

(3) adopt a seal;

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

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

(A) incurring indebtedness, obtaining investments in the corporation's [AUTHORITY'S]

projects, acquiring or granting lump sum payments for services in advance or in arrears, grants, and other financing; and

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

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

(7) issue and refund bonds in accordance with this chapter, in order to pay the cost of the Knik Arm bridge and its appurtenant facilities; the corporation [AUTHORITY] may also secure payment of the bonds as provided in this chapter;

(8) incur other indebtedness, including lines of credit and indebtedness to the Federal Highway Administration, United States Department of Transportation, under 23 U.S.C. 601 - 610 (Transportation Infrastructure Finance and Innovation Act of 1998), as amended, and secure that indebtedness as provided in this chapter;

(9) apply for and accept gifts, grants, or loans from a federal agency or an agency or instrumentality of the state, or from a municipality, private organization, or other source, including obtaining title to state, local government, or privately owned land, directly or through a department of the state having jurisdiction of the land;

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

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

(12) pledge, encumber, transfer, or otherwise obligate revenue derived by the corporation [AUTHORITY] from the ownership, use, or operation of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the corporation [AUTHORITY] or money that the legislature may

appropriate, except a state tax or license, as security for bonds or other indebtedness or agreements of the corporation [AUTHORITY];

(13) deposit or invest its funds, subject to agreements with bondholders;

(14) procure insurance against any loss in connection with its operation;

(15) contract for and engage the services of consultants, experts, and financial and technical advisors that the corporation [AUTHORITY] considers necessary for the exercise of its powers and functions under this chapter;

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

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

(18) exercise powers of eminent domain or file a declaration of taking as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 - 09.55.460 to acquire land or an interest in land; the corporation's [AUTHORITY'S] exercise of powers under this paragraph may not exceed the permissible exercise of those powers by the state;

(19) confer with municipal and other governments, metropolitan planning organizations, and the department, concerning the Knik Arm bridge;

(20) do all acts and things necessary to carry out the powers expressly granted or necessarily implied in this chapter; nothing in this chapter limits the powers of the corporation [AUTHORITY] that are expressly granted or necessarily implied.

(b) The corporation [AUTHORITY] shall

(1) prepare an annual report of its operations to include a balance sheet, an income statement, a statement of changes in financial position, a reconciliation of changes in equity accounts, a summary of significant accounting principles, an auditor's report, comments regarding the year's business, and prospects for the next year; the report shall be completed by the third day of each regular session of the legislature, and the corporation [AUTHORITY] shall notify the governor, the commissioner of the department, the presiding officers

of each house of the legislature, and the Legislative Budget and Audit Committee that the report is available;

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

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

(4) establish procedures, rules, and rates governing per diem and travel expenses of the employees of the corporation [AUTHORITY] in substantial conformity to statutes, procedures, rules, and rates applicable to state employees of similar state entities;

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

(6) have the exclusive authority to determine and fix fees, rents, tolls, rates, and other charges, including the tolls for the use of the bridge and appurtenant facilities and for the use of all other properties under the control of or owned or managed by the corporation [AUTHORITY].

* **Sec. 11.** AS 19.75.113 is amended to read:

Sec. 19.75.113. Assets, funds, and revenue of the corporation [AUTHORITY]. (a) The Department of Revenue shall separately account for all funds, assets, and revenue of the corporation [AUTHORITY].

(b) The deposit or investment of money in the corporation's [AUTHORITY'S] funds may be made as the board determines. The interest earned on or profits derived from the deposit, investment, or sale of an investment by the corporation [AUTHORITY] are funds of the corporation [AUTHORITY]."

Page 1, line 6:

Delete "**Section 1**"

Insert "**Sec. 12**"

Renumber the following bill sections accordingly.

Page 1, line 7:

Delete "authority"
Insert "corporation"

Page 1, line 10:

Delete "authority"
Insert "corporation"

Page 1, line 12:

Delete "authority"
Insert "corporation"

Page 1, line 14:

Delete "authority"
Insert "corporation"

Page 2, following line 2:

Insert a new bill section to read:

*** Sec. 13.** AS 19.75.211(b) is amended to read:

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

Renumber the following bill sections accordingly.

Page 2, line 4:

Delete "authority"
Insert "corporation [AUTHORITY]"

Page 2, line 8:

Delete "authority"
Insert "corporation"

Page 2, line 9:

Delete "authority"
Insert "corporation"

Page 2, line 12:

Delete "authority"
Insert "corporation"

Page 2, line 15:
Delete "authority"
Insert "corporation"

Page 2, line 18:
Delete "authority"
Insert "corporation"

Page 2, line 19:
Delete "authority"
Insert "corporation"

Page 2, line 21:
Delete "authority"
Insert "corporation"

Page 2, following line 23:
Insert new bill sections to read:

"* Sec. 16. AS 19.75.221(a) is amended to read:

(a) In the discretion of the corporation [AUTHORITY], an issue of bonds may be secured by a trust indenture or trust agreement between the corporation [AUTHORITY] and a corporate trustee, by a secured loan agreement or other instrument, or by a resolution giving powers to a corporate trustee, by means of which the corporation [AUTHORITY] may

(1) make agreements with the trustee or the holders of the bonds that the corporation [AUTHORITY] determines to be necessary or desirable, including agreements as to the

(A) application, investment, deposit, use, and disposition of

(i) the proceeds of bonds of the corporation [AUTHORITY];

(ii) money or other property of the corporation [AUTHORITY]; or

(iii) money or other property in which the corporation [AUTHORITY] has an interest;

(B) fixing and collecting of fees, rents, tolls, rates, or other charges;

(C) assignment by the corporation [AUTHORITY] of its rights in any contract with respect to the Knik Arm bridge or in a mortgage or other

security interest created with respect to the Knik Arm bridge to a trustee for the benefit of bondholders;

(D) terms and conditions under which the corporation [AUTHORITY] may issue additional bonds;

(E) vesting in a trustee of rights, powers, duties, money, or property in trust for the benefit of bondholders, including the right to enforce payment, performance, and all other rights of the corporation [AUTHORITY] or of the bondholders, under a lease, power of contract, contract of sale, mortgage, security agreement, or trust by injunction or other proceeding or by taking possession by agent or otherwise, and operating the Knik Arm bridge and collecting rents or other consideration and applying the same in accordance with the trust agreement;

(2) pledge, mortgage, or assign money, leases, agreements, property, or other rights or assets of the corporation [AUTHORITY] either presently in hand or to be received in the future, or both; and

(3) provide for any other matters that affect the security or protection of the bonds.

* **Sec. 17.** AS 19.75.221(b) is amended to read:

(b) Notwithstanding any other provisions of this chapter, the trust agreement must contain an agreement by the corporation [AUTHORITY] that the corporation [AUTHORITY] will at all times maintain fees, rents, tolls, rates, or other charges sufficient to

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

(2) provide for debt service coverage as considered necessary by the corporation [AUTHORITY] for the marketing of its bonds; and

(3) provide for renewals, replacements, and improvements of the Knik Arm bridge, and to maintain reserves required by the terms of the trust agreement.

* **Sec. 18.** AS 19.75.221(c) is amended to read:

(c) For the purpose of securing one or more issues of its bonds, the corporation [AUTHORITY] may establish one or more special funds, called "capital reserve funds," and shall pay into those capital reserve funds the proceeds of the sale of its bonds and any other money that is available to the corporation [AUTHORITY] for the purposes of those funds. The funds shall be established only if the

corporation [AUTHORITY] determines that the establishment would enhance the marketability of the bonds. All money held in a capital reserve fund, except as provided in this section, shall be used as required solely for (1) the payment of the principal of and interest on bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the payment of a redemption premium required to be paid when those bonds are redeemed before maturity. However, money in a fund may not be withdrawn from the fund at any time in an amount that would reduce the amount of the fund to less than the capital reserve requirement set out in (d) of this section, except for the purpose of making, with respect to those bonds, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the corporation [AUTHORITY] is not available. Income or interest earned by or increment to a capital reserve fund due to the investment of the fund or any other amounts in the fund may be transferred by the corporation [AUTHORITY] to other funds or accounts of the corporation [AUTHORITY] to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

* **Sec. 19.** AS 19.75.221(d) is amended to read:

(d) If the corporation [AUTHORITY] decides to issue bonds secured by a capital reserve fund, the bonds may not be issued if the amount in the capital reserve fund is less than the amount of the capital reserve fund requirement, if any, established by resolution of the corporation [AUTHORITY], unless the corporation [AUTHORITY], at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, will not be less than the capital reserve fund requirement.

* **Sec. 20.** AS 19.75.221(f) is amended to read:

(f) If the corporation [AUTHORITY] decides to issue bonds secured by a capital reserve fund, the bonds may not be issued until 30 days after the corporation [AUTHORITY] has mailed notification to the state bond committee and the Legislative Budget and Audit Committee by certified mail of its intention to establish a capital reserve fund to secure the bond

issue. The notification must include the amount of the capital reserve fund to be established, the amount of bonds proposed to be issued, and the total cost for which the bonds are to be issued. The notification shall be accompanied by an estimate by the corporation [AUTHORITY] of the need to withdraw money from the capital reserve fund during the term of the bond issue, the amount that may be necessary to withdraw, and the time at which withdrawals are estimated to be needed. By January 30 of each year, the corporation [AUTHORITY] shall prepare, and provide to the state bond committee and the Legislative Budget and Audit Committee, a revised estimate, considering the same factors, and a statement of all withdrawals that have occurred from the date of issuance of the bonds to the end of the preceding calendar year."

Renumber the following bill sections accordingly.

Page 2, line 25:

Delete "authority"

Insert "corporation [AUTHORITY]"

Page 2, line 28:

Delete "authority"

Insert "corporation [AUTHORITY]"

Page 2, line 29:

Delete "authority."

Insert "corporation."

Page 2, line 31:

Delete "authority"

Insert "corporation"

Page 3, line 2:

Delete "authority"

Insert "corporation"

Page 3, line 5:

Delete "authority"

Insert "corporation"

Page 3, line 6:

Delete "sources."

Insert "sources [AUTHORITY]."

Page 3, line 11:
Delete "authority"
Insert "corporation"

Page 3, line 13:
Delete "authority"
Insert "corporation"

Page 3, line 14:
Delete "authority's"
Insert "corporation's"

Page 3, line 15:
Delete "authority's"
Insert "corporation's"

Page 3, line 19:
Delete "authority"
Insert "corporation"

Page 3, line 29:
Delete "authority" in both places
Insert "corporation" in both places

Page 4, line 2:
Delete "authority"
Insert "corporation"

Page 4, line 8:
Delete "authority"
Insert "corporation"

Page 4, line 11:
Delete "authority"
Insert "corporation"

Page 4, line 15:
Delete "authority"
Insert "corporation"

Page 4, following line 16:
Insert new bill sections to read:
"* **Sec. 23.** AS 19.75.231 is amended to read:
Sec. 19.75.231. Validity of pledge. It is the
intention of the legislature that a pledge made in
respect of bonds shall be perfected and shall be valid
and binding from the time the pledge is made, that the

money or property so pledged and after that received by the corporation [AUTHORITY] shall immediately be subject to the lien of the pledge without physical delivery or further act, and that the lien of the pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the corporation [AUTHORITY] irrespective of whether the parties have notice. Neither the resolution, trust agreement, nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code in order to be perfected or to be valid, binding, or effective against the parties. This section does not affect title to or conveyances of real property, and does not limit the applicability of AS 40.17.080(b).

* **Sec. 24.** AS 19.75.241 is amended to read:

Sec. 19.75.241. Nonliability on bonds. (a) Neither the members of the board nor a person executing the bonds of the corporation [AUTHORITY] is liable personally on the bonds or is subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the corporation [AUTHORITY] do not constitute an indebtedness or other liability of the state or of a political subdivision of the state other than the corporation [AUTHORITY], but shall be payable solely from the income, receipts, or other money or property of the corporation [AUTHORITY]. All documents published by the corporation [AUTHORITY] or to which the corporation [AUTHORITY] is a signatory and used in or for the issuance of bonds by the corporation [AUTHORITY] must state that they are prepared by or for the corporation [AUTHORITY].

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

(d) Each obligation issued under this chapter other than a state guaranteed bond shall contain on

its face a statement that the corporation [AUTHORITY] is not obligated to pay it nor the interest on it except from the revenue or assets of the corporation [AUTHORITY] and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

* **Sec. 25.** AS 19.75.251 is amended to read:

Sec. 19.75.251. Pledge of the state. The state pledges to and agrees with the holders of bonds issued under this chapter and with a federal agency that loans or contributes money in respect to the Knik Arm bridge that the state will not limit or alter the rights and powers vested in the corporation [AUTHORITY] under this chapter to fulfill the terms of a contract made by the corporation [AUTHORITY] with the holders or federal agency or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The corporation [AUTHORITY] may include this pledge and agreement of the state, insofar as it refers to holders of bonds of the corporation [AUTHORITY], in a contract with the holders and, insofar as it relates to a federal agency, in a contract with the federal agency."

Renumber the following bill sections accordingly.

Page 4, line 19:

Delete "authority"

Insert "corporation [AUTHORITY]"

Page 4, line 28:

Delete "authority"

Insert "corporation"

Page 4, line 30:

Delete "authority"

Insert "corporation [AUTHORITY]"

Page 5, following line 11:

Insert new bill sections to read:

"* **Sec. 27.** AS 19.75.271 is amended to read:

Sec. 19.75.271. Bonds legal investments for fiduciaries. The bonds of the corporation [AUTHORITY] are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loan associations and building and loan associations, investment companies, and other persons carrying on banking business, all administrators, guardians, executors, trustees, and other fiduciaries, and other persons who are now or may afterward be authorized to invest in bonds or other obligations of the state may properly and legally invest money, including capital in their control or belonging to them. Notwithstanding any other provision of law, the bonds of the corporation [AUTHORITY] are also securities that may be deposited with and may be received by all public officers and bodies of the state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may afterward be authorized.

* **Sec. 28.** AS 19.75.281 is amended to read:

Sec. 19.75.281. Audit. The legislative auditor annually shall audit, or cause to have audited, the financial records of the corporation [AUTHORITY]. The legislative auditor may prescribe the form and content of the financial records of the corporation [AUTHORITY] and shall have access to these records at any reasonable time.

* **Sec. 29.** AS 19.75.301 is amended to read:

Sec. 19.75.301. Insurance. The corporation [AUTHORITY] shall keep in force public liability insurance in an amount reasonably calculated to cover potential claims for bodily injury, death or disability, and property damage that may arise from or be related to its operation and activities, naming the state as an additional insured.

* **Sec. 30.** AS 19.75.311 is amended to read:

Sec. 19.75.311. Safeguarding of money. The corporation [AUTHORITY] shall maximize revenue from and deposit all money in depositories acceptable to the commissioner of revenue and otherwise safeguard the money under instructions as the commissioner of revenue may from time to time issue.

* **Sec. 31.** AS 19.75.321 is amended to read:

Sec. 19.75.321. Fidelity bond. The corporation [AUTHORITY] shall obtain a fidelity bond in an amount determined by the board, for the members of the board and any official responsible for corporation [AUTHORITY] accounts and finances. A bond must be in effect for the tenure of the bonded person.

* **Sec. 32.** AS 19.75.330(a) is amended to read:

(a) The bonds of the corporation [AUTHORITY] mature at the time fixed by the board. The bonds may be subject to redemption before their fixed maturities as determined by the board, or by the corporation's [AUTHORITY'S] executive director when delegated that responsibility under AS 19.75.332, and with the premium fixed by the board, but a bond may not be subject to redemption before its fixed maturity date unless the right to redeem that bond is expressly mentioned on the face of the bond. The bonds

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

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

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

(4) shall be signed on behalf of the corporation [AUTHORITY] as the board may direct; the signatures may be facsimile signatures; each of the interest coupons, if any, attached to the bonds shall be signed by the facsimile signatures of the officials as the board may direct;

(5) shall have the seal of the corporation [AUTHORITY] impressed, printed, or lithographed on them; and

(6) shall be issued under and subject to the terms, conditions, and covenants, providing for the payment of the principal of and interest on the bonds and the other terms, conditions, covenants, and protective features safeguarding this payment and relating to the operations, maintenance, or capital improvements as found necessary by the board, which covenants may include a provision requiring the setting aside and maintenance of certain reserves to secure the payment of the principal and interest or for operations, maintenance, or capital improvements.

* **Sec. 33.** AS 19.75.330(c) is amended to read:

(c) In determining the matters and questions relating to the issuance and sale of the bonds and the fixing of the maturities, terms, conditions, covenants, and other subjects of the bonds as provided in (a) and (b) of this section, the decisions of the board shall be those found to be reasonably necessary for the best interests of the corporation [AUTHORITY] and the construction, operation, and maintenance of its facilities, and those that will accomplish the most advantageous sale of the bonds, giving due regard to (1) necessary or normal costs of maintenance and operation; (2) renewals and replacements of and repairs to the toll facilities; (3) all improvements to toll facilities and property of toll facilities owned, used, operated, or leased in connection with toll facilities; (4) the future growth and expansion of all of the facilities; and (5) the possibility of additional revenue bond financing for toll facilities purposes. A decision of the board as expressed in any bond resolution is final when any bonds have been issued under the bond resolution.

* **Sec. 34.** AS 19.75.332 is amended to read:

Sec. 19.75.332. Bond resolution. (a) When issuing bonds of the corporation [AUTHORITY], the board shall adopt the bond resolution and approve all other documents and proceedings necessary for the issuance, sale, and delivery of the bonds or any part or series of them. The bond resolution shall fix the aggregate principal amount and denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions, and covenants of the bonds or each series of them. The board shall also determine and provide for the date and manner of sale of the bonds, and shall provide where the notice of sale, if any, is to be published.

(b) The board may delegate to the corporation's [AUTHORITY'S] executive director the authority to approve final principal maturities and dates, interest rates, redemption rights, and interest payment dates under the terms and conditions the board determines by resolution.

* **Sec. 35.** AS 19.75.338(a) is amended to read:

(a) The bonds or any part of them may be refunded at or before their maturity by the issuance of refunding revenue bonds of the corporation [AUTHORITY] if, in the opinion of the board, refunding

is advantageous to and in the best interest of the corporation [AUTHORITY].

* **Sec. 36.** AS 19.75.340 is amended to read:

Sec. 19.75.340. Bonds as legal investments. Bonds of the corporation [AUTHORITY], including toll facilities bonds, are legal investments for all banks, trust companies, savings banks, savings and loan associations, and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustees, and other fiduciaries. The bonds may be accepted as security for deposits of all money of the state and its political subdivisions."

Re-number the following bill section accordingly.

Page 5, line 13:

Delete "**Arm**"

Delete "Arm"

Page 5, line 24:

Delete "authority"

Insert "corporation"

Page 5, line 25:

Delete "authority"

Insert "corporation"

Page 5, line 26:

Delete "authority"

Insert "corporation"

Page 5, line 27:

Delete "Arm"

Page 5, line 29:

Delete "authority" in both places

Insert "corporation" in both places

Page 5, following line 30:

Insert new bill sections to read:

"* **Sec. 38.** AS 19.75.911 is amended to read:

Sec. 19.75.911. Exemption from local regulation.

Notwithstanding any contrary provision of law, the activities of the corporation [AUTHORITY] are exempt from land use planning, zoning, permitting, or other

similar governmental powers of political subdivisions of the state.

* **Sec. 39.** AS 19.75.915 is amended to read:

Sec. 19.75.915. Liability for payment of tolls.

The owner of a vehicle using a facility owned, controlled, or managed by the corporation [AUTHORITY] for which a toll or fee is imposed is liable for the payment of the toll or fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle, is used without the owner's knowledge and incurs the toll or fee during operation.

* **Sec. 40.** AS 19.75.980(2) is amended to read:

(2) "board" means the board of directors of the corporation [AUTHORITY];

* **Sec. 41.** AS 19.75.980(3) is amended to read:

(3) "department" means the Department of Revenue [TRANSPORTATION AND PUBLIC FACILITIES];

* **Sec. 42.** AS 19.75.980 is amended by adding a new paragraph to read:

(5) "corporation" means the Knik Crossing Development Corporation.

* **Sec. 43.** AS 36.30.015(f) is amended to read:

(f) The board of directors of the Alaska Housing Finance Corporation, notwithstanding AS 18.56.088, the membership of the Alaska Industrial Development and Export Authority, notwithstanding AS 44.88.085, and the board of directors of the Knik Crossing Development Corporation [KNIK ARM BRIDGE AND TOLL AUTHORITY] under AS 19.75.111, shall adopt regulations under AS 44.62 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement Management Board shall adopt regulations under AS 37.10.240, to govern the procurement of supplies, services, professional services, and construction for the respective public corporation and board. The regulations must reflect competitive bidding principles and provide vendors reasonable and equitable opportunities to participate in the procurement process and must include procurement methods to meet emergency and extraordinary circumstances. Notwithstanding the other provisions of this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial Development and Export Authority, the Knik Crossing Development Corporation [KNIK ARM BRIDGE AND TOLL AUTHORITY], and the Alaska Retirement Management Board shall comply with AS 36.30.170(b).

* **Sec. 44.** AS 39.25.110(39) is amended to read:

(39) the executive director and employees of the Knik Crossing Development Corporation [KNIK ARM BRIDGE AND TOLL AUTHORITY] under AS 19.75.051 and 19.75.061;

* **Sec. 45.** AS 39.50.200(b)(60) is amended to read:

(60) the board of directors of the Knik Crossing Development Corporation [KNIK ARM BRIDGE AND TOLL AUTHORITY] (AS 19.75.031 and 19.75.041);

* **Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments, indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants, loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik Crossing Development Corporation.

(b) For one year following the effective date of this Act, the members of the board of directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of this Act shall serve as a nonvoting advisory board to the board of directors of the Knik Crossing Development Corporation. While serving as a nonvoting advisory board under this subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority shall serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180."

[2:03:16 PM](#)

CHAIR JOHNSON reconvened the House Rules Standing Committee meeting at 2:03 p.m. Upon reconvening, Representatives Chenault, Hawker, Herron, Olson, and Johnson were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

HB 167-ARCHITECTS, ENGINEERS, SURVEYORS

[2:03:24 PM](#)

CHAIR JOHNSON announced that the next order of business would be HOUSE BILL NO. 167, "An Act relating to the regulation of

architects, engineers, land surveyors, and landscape architects."

[2:03:34 PM](#)

REPRESENTATIVE OLSON moved to adopt Amendment 1 to HB 167, which read [original punctuation provided]:

Page 3, line 14
Delete "**three** [FOUR]"
Insert "four"

CHAIR JOHNSON objected for purposes of discussion.

[2:03:58 PM](#)

ANNA LATHIM, Staff, Representative Olson, Alaska State Legislature, explained that although HB 167 passed out of the House Labor and Commerce Standing Committee without any unfavorable public testimony or concerns, late in the process some concerns arose. As HB 167 was originally written it would've required an architect stamp on fourplex units. Upon hearing concerns, Amendment 1 was drafted such that the language would return to existing statute. In response to Representative Chenault, Ms. Lathim specified that an architect stamp would be required on structures larger than a fourplex.

[2:05:38 PM](#)

CHAIR JOHNSON, upon determining no one else wished to testify, closed public testimony.

[2:06:27 PM](#)

CHAIR JOHNSON [withdrew] his objection and announced that upon hearing no further objections, Amendment 1 was adopted.

[2:06:38 PM](#)

REPRESENTATIVE OLSON moved to report HB 167, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 167(RLS) was reported from the House Rules Standing Committee.

SB 31-NAMING AKHIOK RUNWAY AND KODIAK AIRPORT

[2:07:00 PM](#)

CHAIR JOHNSON announced that the next order of business would be SENATE BILL NO. 31, "An Act naming the runway at the state-owned airport in Akhiok the Jim Andie and Robin Starrett Memorial Runway."

[2:07:13 PM](#)

REPRESENTATIVE OLSON moved to adopt Amendment 1, which read:

Page 1, line 2, following "Runway":

Insert "**; and naming the state-owned airport at Kodiak the Benny Benson State Airport**"

Page 1, line 4:

Delete "a new section"

Insert "new sections"

Page 1, following line 7:

Insert a new section to read:

"Sec. 35.40.360. Benny Benson State Airport. The state-owned airport at Kodiak is named the Benny Benson State Airport."

CHAIR JOHNSON objected for discussion purposes.

[2:07:23 PM](#)

ASTRID ROSE, Staff, Representative Alan Austerman, Alaska State Legislature, began by noting that she worked with Senator Stevens to develop Amendment 1. She explained that the original legislation names the Akhiok runway after two pilots that recently passed away. Amendment 1 aims to name the Kodiak state airport after Benny Benson. Benny Benson, who designed the Alaska State Flag, was born in Chignik on October 12, 1913, and therefore this year marks the 100th year anniversary of his birthday. Ms. Rose noted that Representative Austerman knew Benny Benson personally from their time worked together at the airport.

[2:08:47 PM](#)

REPRESENTATIVE HAWKER asked whether the state-owned airport at Kodiak already has a name. He also asked whether there is any opposition to this proposed name.

MS. ROSE answered that there is no opposition to the proposed name. In fact, she noted receipt of resolutions from the city and the borough in support of the name as well as letters of support from community members. She stated that the Kodiak airport doesn't currently have a name.

[2:09:18 PM](#)

REPRESENTATIVE GRUENBERG asked whether Chignik is on Kodiak Island.

MS. ROSE replied no, adding that it's on the Alaska Peninsula, although it's located in the Kodiak Island Borough.

[2:09:44 PM](#)

CHAIR JOHNSON, upon determining no one else wished to testify, closed public testimony.

[2:09:52 PM](#)

CHAIR JOHNSON removed his objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[2:10:11 PM](#)

REPRESENTATIVE OLSON moved to report SB 31, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS SB 31(RLS) was reported from the House Rules Standing Committee.

[2:10:40 PM](#)

ADJOURNMENT

CHAIR JOHNSON announced that the committee would stand in recess to the call of the chair. [This meeting was reconvened on April 10, 2013.]