SENATE CS FOR HOUSE BILL NO. 127(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/15/22
Referred: Rules

Sponsor(s): REPRESENTATIVES LEBON, Schrage, Rasmussen, Snyder, Zulkosky

SENATOR Hughes

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Municipal Bond Bank Authority; authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska; and providing for an effective date."

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

*** Section 1.** AS 44.85.010(a) is amended to read:

(a) It is the policy of the state to

(1) foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by municipalities in the state to finance capital improvements or for other authorized purposes, to assist these municipalities in fulfilling their capital needs and requirements by use of borrowed money within statutory interest rate or cost of borrowing limitations, to the greatest extent possible to reduce costs of borrowed money to taxpayers and residents of the state, and equally to encourage continued investor interest in the purchase of bonds or

notes of municipalities as sound and preferred securities for investment;

(2) encourage municipalities to continue their independent undertakings and financing of capital improvements and other authorized purposes and to assist them by making capital funds available at reduced interest costs for orderly financing of capital improvements and other purposes especially during periods of restricted credit or money supply, particularly for those municipalities not otherwise able to borrow for capital needs;

(3) assist municipalities to provide for adequate insurance coverage by authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or nonnegotiable revenue bonds, notes, or certificates of participation either directly or through an entity it may create for the purpose of providing a self-insurance program for municipalities or municipal joint insurance arrangements organized under AS 21.76;

(4) assist governmental employers to prepay all or a portion of their share of unfunded accrued actuarial liabilities of retirement systems in an effort to reduce their costs of satisfying their contractual obligations to provide retirement and other benefits to public employees through the issuance of bonds, notes, commercial paper, or other obligations by the bond bank authority or by a subsidiary corporation created by the bond bank authority under AS 44.85.085, but only after submitting a proposal to the Legislative Budget and Audit Committee and if the state bond rating is the equivalent of AA- or better; this assistance is limited as provided in AS 37.15.903;

(5) assist the University of Alaska [TO PROVIDE HEATING OR ENERGY PROJECTS] by providing capital funds through loans that minimize costs and the effects on the debt capacity of the University of Alaska;

(6) assist regional health organizations to provide health care facilities by providing capital funds through loans that minimize costs and the effects on the debt capacity of regional health organizations when the commissioner of health and social services anticipates a state financial benefit and an increase in regional quality of care;

(7) assist joint action agencies in providing public utilities, including hydroelectric power projects, through loans and bonds that minimize costs and the

effects on the debt capacity of public utilities and joint action agencies.

*** Sec. 2.** AS 44.85.090 is amended to read:

Sec. 44.85.090. Limitations. Under this chapter, the bond bank authority may not

(1) make loans of money to a person, firm, or corporation except as provided in this chapter;

(2) emit bills of credit, accept deposits of money for time or demand deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a private or commercial banking business, or act as a savings bank or savings and loan association;

(3) be or constitute a bank or trust company within the jurisdiction or under the control of a regulatory or supervisory board or department of the state, [OR] the Comptroller of the Currency of the United States, [OR] the <u>**United States**</u> Department of the Treasury, or <u>**the Board of Governors for the**</u> Federal Reserve <u>**System**</u> [BOARD OF THE UNITED STATES];

(4) be or constitute a bank, banker, or dealer in securities within the meaning of or subject to the provisions of securities, securities exchange, or securities dealers law [,] of the United States or of this [STATE] or [OF] another state; or

(5) issue bonds or notes to a regional health organization unless

(A) [THE BOND BANK AUTHORITY FINANCES NOT MORE THAN 49 PERCENT OF A PROJECT;

(B)] the remaining costs of a project are secured or delivered to the bond bank authority before the bond bank authority provides financing [UNDER (A) OF THIS PARAGRAPH]; and

<u>**(B)**</u> [(C)] the bonds or notes do not exceed <u>**$250,000,000**</u> [$102,500,000] for a single project.

*** Sec. 3.** AS 44.85.180(e) is amended to read:

(e) Notwithstanding (a), (b), and (c) of this section, the bond bank authority may issue its bonds or notes

(1) in principal amounts not to exceed <u>**$500,000,000**</u> [$87,500,000] for the purpose of making loans to the University of Alaska; and

(2) in principal amounts not to exceed **<u>$500,000,000</u>** [$205,000,000] at any one time for the purpose of making loans to a regional health organization; this paragraph does not apply to bonds or notes issued to fund or refund bonds or notes.

*** Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE AUTHORIZATION AND APPROVAL. (a) The Alaska Railroad Corporation is authorized to issue revenue bonds under AS 42.40.250 to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska, and associated costs, including, without limitation, reserves for debt service and capitalized interest, if necessary or appropriate, and costs of issuance. The maximum principal amount of bonds that the Alaska Railroad Corporation may issue under this section is $60,000,000. The Alaska Railroad Corporation may issue the bonds in a single issuance or in several issuances, without limitation as to number of issuances or timing, and as the Alaska Railroad Corporation determines best furthers the purpose of financing the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska, and associated costs. The bonds shall be repaid from dock revenue or other funds available to the Alaska Railroad Corporation. The general credit of the Alaska Railroad Corporation and the state may not be pledged for the repayment of the bonds.

(b) The authorization under (a) of this section extends to bonds issued to refund the bonds authorized in this Act. The principal amount of the bonds authorized in this Act may be increased in an issue of refunding bonds in an amount equal to the costs of refunding.

(c) This section constitutes the approval required by AS 42.40.285 for the issuance of the bonds described in this section.

(d) The bonds authorized to be issued under this section are issued by a public corporation and an instrumentality of the state for an essential public and governmental purpose.

(e) In this section, "bonds" means bonds, bond anticipation notes, notes, refunding bonds, or other obligations.

*** Sec. 5.** Section 4 of this Act takes effect immediately under AS 01.10.070(c).