

SENATE BILL NO. 170

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Introduced: 1/21/22

Referred: Transportation, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska marine highway system; establishing the Alaska Marine**
2 **Highway Corporation; and providing for an effective date."**

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

4 * **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
5 to read:

6 FINDINGS AND PURPOSES. (a) The legislature finds that

7 (1) the Alaska marine highway system is an essential part of the state
8 transportation system and warrants continued and predictable state support;

9 (2) the economies of many communities in the state depend on a steady and
10 stable marine highway system level of service;

11 (3) many state residents depend on the Alaska marine highway system to meet
12 basic human needs, including access to food and medical care;

13 (4) the Alaska marine highway system is necessary to connect coastal
14 communities that cannot be connected by roads or bridges;

(5) the state's tourism industry is greatly enhanced by a dependable marine highway system; and

(6) efficient and prudent management of the Alaska marine highway system will benefit the state's economy and foster economic development.

(b) The purposes of establishing the Alaska Marine Highway Corporation are to

(1) enable the Alaska marine highway system to manage the system and operate in a manner that will enhance performance and accountability by allowing the system to account for and spend its generated revenue;

(2) provide the management tools necessary to efficiently operate the Alaska marine highway system;

(3) provide for, within constitutional limits, a predictable funding base for the operations of the Alaska marine highway system;

(4) provide for predictability and stability in the service level furnished to communities served by the Alaska marine highway system through accurate planning and scheduling;

(5) encourage prudent administration through cost management, long-term planning, and accurate budgeting;

(6) increase revenue from the operation of the Alaska marine highway system consistent with the public interest;

(7) meet the obligation to provide for public welfare set out in art. VII, sec. 5, of the Constitution of the State of Alaska.

* **Sec. 2.** AS 12.05.020 is amended to read:

Sec. 12.05.020. Offenses committed on aircraft or ferries and other watercraft owned or operated by the state. A person may be prosecuted under the laws of this state for an offense committed on or against an aircraft owned or operated by the state or a ferry or other watercraft owned or operated by the state, including the Alaska Marine Highway Corporation, even if the aircraft, ferry, or watercraft is in airspace or water outside the state when the offense is alleged to have occurred. This jurisdiction is in addition to that provided by AS 44.03 and any other jurisdictional basis expressed or implied in law.

* **Sec. 3.** AS 19.10.399(8) is amended to read:

(8) "highway" means the entire width between the boundary lines of every way that is publicly maintained when a part of it is open to the public for purposes of vehicular travel, including [BUT NOT LIMITED TO] every street and the Alaska [STATE] marine highway system but not vehicular ways or areas;

* **Sec. 4.** AS 23.05.360(f) is amended to read:

(f) For purposes of holding hearings, the members of the board sit in panels of three members. The chair designates the panel that will consider a matter. Each panel must include a representative of management, a representative of labor, and a representative from the general public. A member of one panel may serve on the other panel when the chair considers it necessary for the prompt administration of AS 23.40.070 - 23.40.260 (Public Employment Relations Act), [OR] AS 42.40 (Alaska Railroad Corporation Act), or AS 42.50 (Alaska Marine Highway Corporation Act).

* **Sec. 5.** AS 23.05.370(a) is amended to read:

(a) The agency shall

(1) establish its own rules of procedure;

(2) exercise general supervision and direct the activities of staff assigned to it by the department;

(3) prepare and submit to the governor an annual report on labor relations problems it has encountered during the previous year, including recommendations for legislative action; the agency shall notify the legislature that the report is available;

(4) serve as the labor relations agency under AS 23.40.070 - 23.40.260 (Public Employment Relations Act) and carry out the functions specified in that Act; [AND]

(5) serve as the railroad labor relations agency for the Alaska Railroad under AS 42.40 (Alaska Railroad Corporation Act) and carry out the functions specified in that Act; and

(6) at the request of the Alaska Marine Highway Corporation, serve as the labor relations agency for the Alaska marine highway system under AS 42.50 (Alaska Marine Highway Corporation Act) and carry out the functions

1 specified in that Act.

2 * **Sec. 6.** AS 23.40.040 is amended to read:

3 **Sec. 23.40.040. Collective bargaining agreement.** The corporation
 4 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] or an
 5 authorized representative, in accordance with AS 23.40.020 and 23.40.030
 6 [AS 23.40.020 - 23.40.030], may negotiate and enter into collective bargaining
 7 agreements concerning wages, hours, working conditions, and other employment
 8 benefits with the employees of the corporation [DIVISION OF MARINE
 9 TRANSPORTATION] engaged in operating the state ferry system as masters or
 10 members of the crews of vessels, or with other employees of the corporation, or
 11 their bargaining agent. A collective bargaining agreement is not final without the
 12 concurrence of the board of directors of the corporation [COMMISSIONER OF
 13 TRANSPORTATION AND PUBLIC FACILITIES]. The corporation
 14 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] may
 15 make provision in the collective bargaining agreement for the settlement of labor
 16 disputes by arbitration. In this section, "corporation" means the Alaska Marine
 17 Highway Corporation established by AS 42.50.010.

18 * **Sec. 7.** AS 28.90.990(a)(15) is amended to read:

19 (15) "highway" means the entire width between the boundary lines of
 20 every way that is publicly maintained when a part of it is open to the public for
 21 purposes of vehicular travel, including [BUT NOT LIMITED TO] every street and the
 22 Alaska [STATE] marine highway system but not vehicular ways or areas;

23 * **Sec. 8.** AS 29.35.722 is amended to read:

24 **Sec. 29.35.722. Ownership or operation of certain state facilities**
 25 **prohibited.** The state may not, without the approval of the legislature,

26 (1) convey or transfer the [ALASKA MARINE HIGHWAY
 27 SYSTEM, THE] Anchorage or Fairbanks international airports, or any other state
 28 asset, except undeveloped state land as provided in AS 38.05.810 or surplusd
 29 property, to an authority; or

30 (2) enter into an agreement with an authority under which the authority
 31 would operate the [ALASKA MARINE HIGHWAY SYSTEM, THE] Anchorage or

1 Fairbanks international airports, or any other state facility, system, or function that
2 employs one or more employees.

3 * **Sec. 9.** AS 35.27.030(1) is amended to read:

4 (1) "building" or "facility" means a permanent improvement
5 constructed by the department or the corporation; "building" or "facility" [; THE
6 TERM]

7 (A) includes [, BUT IS NOT LIMITED TO,]

8 (i) schools, office buildings, and court buildings;

9 (ii) other buildings [WHICH] the commissioner
10 determines are designed for substantial public use;

11 (iii) [BOATS AND VESSELS OF THE MARINE
12 HIGHWAY SYSTEM;

13 (iv)] transportation facilities that [WHICH]
14 accommodate traveling passengers;

15 (B) excludes other transportation facilities and boats and
16 vessels of the Alaska marine highway system;

17 * **Sec. 10.** AS 35.27.030 is amended by adding new paragraphs to read:

18 (3) "Alaska marine highway system" has the meaning given in
19 AS 42.50.990;

20 (4) "corporation" means the Alaska Marine Highway Corporation
21 established by AS 42.50.010.

22 * **Sec. 11.** AS 36.30.990(1) is amended to read:

23 (1) "agency"

24 (A) means a department, institution, board, commission,
25 division, authority, public corporation, the Alaska Pioneers' Home, the Alaska
26 Veterans' Home, or other administrative unit of the executive branch of state
27 government;

28 (B) does not include

29 (i) the University of Alaska;

30 (ii) the Alaska Railroad Corporation;

31 (iii) the Alaska Housing Finance Corporation;

(iv) a regional Native housing authority created under AS 18.55.996 or a regional electrical authority created under AS 18.57.020;

(v) [THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, IN REGARD TO THE REPAIR, MAINTENANCE, AND RECONSTRUCTION OF VESSELS, DOCKING FACILITIES, AND PASSENGER AND VEHICLE TRANSFER FACILITIES OF THE ALASKA MARINE HIGHWAY SYSTEM;

(vi)] the Alaska Aerospace Corporation;

(vi) [(vii)] the Alaska Retirement Management Board;

(vii) [(viii)] the Alaska Seafood Marketing Institute;

(viii) [(ix)] the Alaska children's trust and the Alaska Children's Trust Board;

(ix) [(x)] the Alaska Industrial Development and Export Authority;

(x) the Alaska Marine Highway Corporation;

* **Sec. 12.** AS 39.20.310 is amended to read:

Sec. 39.20.310. Exceptions. Except as provided in AS 39.20.275, AS 39.20.200 - 39.20.330 do not apply to

(1) members of the state legislature, the governor, the lieutenant governor, and justices and judges of the supreme and superior courts and of the court of appeals, but nothing in AS 39.20.200 - 39.20.330 may be construed to diminish the salaries fixed by law for these officers by reason of absence from duty on account of illness or otherwise;

(2) magistrates serving the state on less than a full-time basis;

(3) officers, members of the teaching staff, and employees of the University of Alaska;

(4) persons employed in a professional capacity to make a temporary and special inquiry, study, or examination as authorized by the governor, the legislature, or a legislative committee;

(5) members of boards, commissions, and authorities who are not otherwise employed by the state;

(6) temporary employees hired for periods of less than 12 consecutive months;

(7) persons employed by the Alaska Marine Highway Corporation [DIVISION OF MARINE TRANSPORTATION] as masters and members of the crews operating the Alaska marine highway [STATE FERRY] system or other employees of the Alaska Marine Highway Corporation who are covered by collective bargaining agreements as provided in AS 23.40.040, except as expressly provided by law;

(8) persons employed by the state who are covered by collective bargaining agreements as provided in AS 23.40.210, except as expressly provided by law.

* **Sec. 13.** AS 39.25.110(16) is amended to read:

(16) persons employed by the Alaska Marine Highway Corporation [DIVISION OF MARINE TRANSPORTATION AS MASTERS AND MEMBERS OF THE CREWS OF VESSELS WHO OPERATE THE STATE FERRY SYSTEM AND WHO ARE COVERED BY A COLLECTIVE BARGAINING AGREEMENT PROVIDED IN AS 23.40.040];

* **Sec. 14.** AS 39.35.680(22) is amended to read:

(22) "member" or "employee"

(A) means a person eligible to participate in the plan and who is covered by the plan;

(B) includes

- (i) an active member;
- (ii) an inactive member;
- (iii) a vested member;
- (iv) a deferred vested member;
- (v) a nonvested member;
- (vi) a disabled member;
- (vii) a retired member;

- 1 (viii) an elected public officer under AS 39.35.381;
- 2 (C) does not include
- 3 (i) former members;
- 4 (ii) persons compensated on a contractual or fee basis;
- 5 (iii) casual or emergency workers or nonpermanent
- 6 employees as defined in AS 39.25.200;
- 7 (iv) persons covered by the Alaska Teachers'
- 8 Retirement System except as provided under AS 39.35.131 and
- 9 39.35.381, or persons covered by a university retirement program;
- 10 (v) employees of the Alaska Marine Highway
- 11 Corporation [DIVISION OF MARINE TRANSPORTATION]
- 12 engaged in operating the Alaska marine highway [STATE FERRY]
- 13 system who are covered by a union or group retirement system to
- 14 which the Alaska Marine Highway Corporation [STATE] makes
- 15 contributions;
- 16 (vi) justices of the supreme court or judges of the court
- 17 of appeals or of the superior or district courts of Alaska;
- 18 (vii) the administrative director of the Alaska Court
- 19 System appointed under art. IV, sec. 16 of the state constitution unless
- 20 the director becomes a member under AS 39.35.158;
- 21 (viii) members of the elected public officers' retirement
- 22 system (former AS 39.37); and
- 23 (ix) contractual employees of the legislative branch of
- 24 state government under AS 24.10.060(f);
- 25 (D) may include employees [OF THE DIVISION OF
- 26 MARINE TRANSPORTATION] excluded under (C)(v) of this paragraph **if**
- 27 [PROVIDED THAT]
- 28 (i) the [STATE OF] Alaska Marine Highway
- 29 Corporation formally agrees to their inclusion through the process of
- 30 collective bargaining; and
- 31 (ii) no collective bargaining agreement has the effect of

obligating contributions made by the state under AS 39.30.150 in the event the state resumes participation in the federal social security system;

* **Sec. 15.** AS 39.35.680 is amended by adding a new paragraph to read:

(44) "Alaska Marine Highway Corporation" means the corporation established by AS 42.50.010.

* **Sec. 16.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(65) the board of directors of the Alaska Marine Highway Corporation (AS 42.50.020 - 42.50.060).

* **Sec. 17.** AS 42 is amended by adding a new chapter to read:

Chapter 50. Alaska Marine Highway Corporation.

Article 1. Establishment and Organization.

Sec. 42.50.010. Establishment of the corporation. The Alaska Marine Highway Corporation is established as a public corporation and instrumentality of the state within the Department of Commerce, Community, and Economic Development. The corporation has a legal existence independent of and separate from the state.

Sec. 42.50.020. Board of directors. (a) The board of directors shall exercise the powers of the corporation.

(b) The board consists of

(1) the commissioner of commerce, community, and economic development; the commissioner may not designate another person to serve in this position;

(2) the commissioner of transportation and public facilities; the commissioner may designate the deputy commissioner to serve in this position; and

(3) five members appointed by the governor and confirmed by a majority of the members of the legislature sitting in joint session.

(c) Three of the members appointed under (b)(3) of this section shall be residents of different regions of the state as follows:

(1) one member shall be a resident of the state from the region described as Southeast Alaska, residing east of 141 degrees West longitude;

(2) one member shall be a resident of the state from the region

described as Southcentral Alaska, residing west of 141 degrees West longitude and east of 152 degrees West longitude;

(3) one member shall be a resident of the state from the region described as Southwest Alaska, residing west of 152 degrees West longitude.

(d) Three of the members appointed under (b)(3) of this section shall be residents of a community served by the Alaska marine highway system.

(e) Two of the members appointed under (b)(3) of this section shall be residents of any region in the state.

(f) Collectively, the members appointed under (b)(3) of this section shall have experience in all of the following:

- (1) marine vessel construction;
- (2) marine vessel repair;
- (3) marine operations;
- (4) large-scale business management;
- (5) marine business logistics; and
- (6) large-scale financial management.

(g) Not more than one member appointed under (b)(3) of this section may be a current or former member of a union whose employees work for the corporation.

(h) Except as provided in (g) of this section, a member appointed under (b)(3) of this section may not be a current state employee during the member's term.

Sec. 42.50.030. Terms of office. Members of the board who are appointed under AS 42.50.020(b)(3) shall serve staggered terms of five years, unless they resign before the end of a term or are removed by the board for cause.

Sec. 42.50.040. Vacancies. (a) The governor shall fill a vacancy on the board of a member appointed under AS 42.50.020(b)(3) by appointing another person to serve the balance of the unexpired term. A person appointed under this section shall serve on the board from the date of appointment until the expiration of the term.

(b) A vacancy on the board does not impair the authority of a quorum of members of the board to exercise the powers and perform the duties of the board.

Sec. 42.50.050. Compensation and expenses. (a) A member of the board who is appointed under AS 42.50.020(b)(3) is entitled to compensation at a rate of \$400 for

each day the member is engaged in the actual performance of duties as a member of the board. The board may provide by regulation for compensation for partial days during which a member appointed under AS 42.50.020(b)(3) is engaged in actual performance of duties as a member of the board.

(b) In addition to compensation under (a) of this section, a member of the board appointed under AS 42.50.020(b)(3) is entitled to per diem and travel expenses authorized for state boards and commissions under AS 39.20.180.

(c) A member of the board appointed under AS 42.50.020(b)(3) whose term has expired shall serve until a successor has been appointed.

Sec. 42.50.060. Board officers. The board shall elect from among the members appointed under AS 42.50.020(b)(3) a chair and vice-chair and establish the duties of the chair and vice-chair by regulation.

Article 2. Management.

Sec. 42.50.100. Management by the board. (a) The board is responsible for the management of the corporation.

(b) In managing the corporation, the board

(1) is responsible for the management of the financial and legal obligations of the Alaska marine highway system;

(2) shall operate the Alaska marine highway system as a commercial entity that is available to the public for the transportation of goods and passengers at set rates;

(3) shall provide for the safe, efficient, and economical transportation of goods and passengers to meet the needs of the state;

(4) shall review all state and other land disposal proposals to aid in planning for future development or expansion of transportation services;

(5) shall coordinate with the Department of Transportation and Public Facilities on the state's long-range transportation plan under AS 44.42.050 when preparing the comprehensive long-term plan required by AS 42.50.270;

(6) shall ensure that the accounting procedures of the corporation meet generally accepted accounting principles consistent with industry standards for comparable transportation systems; and

(7) may submit a corrective action report to the governor and the legislature if the board finds that the Department of Transportation and Public Facilities is not considering plans developed by the board when preparing the state's long-range transportation plan under AS 44.42.050.

Sec. 42.50.110. Executive officers. (a) The board shall appoint a chief executive officer and a chief financial officer of the corporation. A member of the board may not be the chief executive officer or chief financial officer. The chief executive officer and chief financial officer serve at the pleasure of the board.

(b) In addition to the officers appointed under (a) of this section, the board may appoint other executive officers for the corporation.

(c) The board shall set the compensation for an executive officer appointed under this section.

Sec. 42.50.120. Delegation. (a) The board shall by regulation delegate to the chief executive officer the powers and duties that are necessary or appropriate for the management of the daily affairs and operation of the corporation. The board may by regulation require the exercise of a delegated power or duty to be subject to board approval.

(b) Notwithstanding (a) of this section, specific board approval is required to

- (1) mortgage or pledge corporation assets;
- (2) donate property or other assets belonging to the corporation;
- (3) act as a surety or guarantor;
- (4) adopt a long-range capital improvement and program plan;
- (5) adopt annual reports;
- (6) effect general comprehensive increases and decreases in rates;
- (7) add or remove a port of call;
- (8) select independent auditors and accountants;
- (9) enter into collective bargaining agreements;
- (10) adopt annual budgets;
- (11) begin a capital project with an estimated completion cost of more than \$500,000 or an estimated completion time of more than one year;
- (12) exchange, donate, sell, or otherwise convey the entire interest in

1 an asset of the corporation;

2 (13) enter into labor agreements or service contracts exceeding
3 \$250,000 a year.

4 **Article 3. Administrative Provisions.**

5 **Sec. 42.50.140. Meetings of the board.** (a) The chair of the board shall call
6 meetings of the board at least once every three months. The chair or a majority of the
7 members of the board may call other meetings of the board as necessary. The chair
8 shall preside at meetings.

9 (b) The meetings of the board are open to the public under AS 44.62.310,
10 except as provided by AS 44.62.310 for executive sessions. The board shall provide
11 by regulation for a method of providing reasonable notice to the public of its meetings.

12 (c) The board shall keep minutes of each meeting.

13 (d) The board may by regulation authorize holding meetings by
14 telecommunication and electronic devices.

15 **Sec. 42.50.150. Quorum and voting.** (a) Four members of the board constitute
16 a quorum for the transaction of business.

17 (b) Four affirmative votes are required for board action. The board shall
18 provide by regulation for the manner of voting, except that the board may not provide
19 for voting by proxy. The regulations may provide for voting by telecommunication
20 and electronic devices.

21 **Sec. 42.50.160. Executive sessions.** In addition to the subjects listed in
22 AS 44.62.310(c), the board may hold an executive session to discuss matters relating
23 to the corporation's legal position and to the corporation's acquisition or disposal of
24 assets.

25 **Sec. 42.50.170. Regulations.** (a) The board shall adopt, amend, supplement,
26 revise, or repeal regulations to carry out its functions and the purposes of this chapter.
27 The regulations shall include provisions to safeguard property owned, managed, or
28 transported by the corporation and to protect employees and persons using the
29 corporation's property or services. The adoption of regulations is not subject to
30 AS 44.62 (Administrative Procedure Act), but the board shall comply with
31 AS 42.50.180 and 42.50.190 when adopting regulations.

1 (b) A regulation authorized by (a) of this section must establish a standard of
2 general application for the corporation to implement, interpret, or make specific the
3 law enforced or administered by it or to govern its procedures.

4 **Sec. 42.50.180. Procedures for adopting regulations.** (a) At least 30 days
5 before the adoption of a regulation, the board shall give public notice of the proposed
6 regulation action by publishing a notice in at least three newspapers of general
7 circulation in the state, by posting the notice on the Alaska Online Public Notice
8 System (AS 44.62.175), and by mailing a copy of the notice to each person who has
9 requested notice of the proposed adoption, amendment, or repeal of the corporation's
10 regulations. The notice must state the time, place, and nature of the proceedings and
11 must contain a summary of the subject of the proposed regulation. In this subsection,
12 "newspaper of general circulation" has the meaning given in AS 09.35.140(d).

13 (b) On the date and at the time and place designated in the notice required
14 under (a) of this section, the board shall provide each interested person an opportunity
15 to present statements in writing concerning the proposed regulation action and shall
16 give members of the public an opportunity to present oral statements.

17 (c) The board shall consider all relevant matters presented to it before
18 adopting a regulation. The board may take action on a regulation that varies in content
19 from the summary provided with the notice of the proposed regulation action if the
20 subject of the regulation was reflected in the summary and it provided reasonable
21 notice to the members of the public as to whether their interests could be affected by
22 the board's action on that subject.

23 (d) If necessary, the board shall establish in the bylaws of the corporation
24 additional procedures for adopting regulations.

25 **Sec. 42.50.190. Emergency regulations.** (a) The board shall establish in the
26 bylaws of the corporation a procedure for the adoption of a regulation on an
27 emergency basis. The board may adopt an emergency regulation only when necessary
28 for the orderly operation of the Alaska marine highway system. The requirements of
29 AS 42.50.180 do not apply to actions taken under this section. However, within 10
30 days after the adoption of a regulation on an emergency basis, the board shall give
31 notice of its action. The notice must substantially comply with the notice requirements

1 of AS 42.50.185(a).

2 (b) An action taken under this section remains in effect for not more than 120
3 days. To prevent an emergency regulation from lapsing, the board may adopt the same
4 regulation under AS 42.50.180 before the end of the 120-day period.

5 **Sec. 42.50.200. Validity of regulations.** (a) Failure to mail notice to a person
6 under AS 42.50.180(a) or 42.50.190(a) does not invalidate an action taken by the
7 board.

8 (b) An interested person may challenge a regulation adopted by the board by
9 bringing an action in the superior court. In addition to other grounds, a court may
10 declare the adoption, amendment, or repeal of a regulation invalid

11 (1) for substantial failure by the board to comply with AS 42.50.180 or
12 42.50.190; or

13 (2) if the regulation was adopted under AS 42.50.190, on the grounds
14 that the emergency regulation was not necessary for the orderly operation of the
15 Alaska marine highway system.

16 **Sec. 42.50.210. Application of regulation adoption requirements.** Adoption
17 of a regulation is not subject to AS 42.50.180 - 42.50.190 if the regulation

18 (1) relates only to the internal management of the corporation;

19 (2) relates to specific rates, tariffs, and contract rate agreements;

20 (3) relates to service schedules; or

21 (4) is directed to a specifically named person or to a group of persons
22 and does not apply to the general public.

23 **Sec. 42.50.220. Public disclosure of information.** (a) Except as provided
24 under (b) of this section, information in the possession of the corporation is public and
25 is open to public inspection at reasonable times under AS 40.25.110.

26 (b) The corporation may by regulation designate and withhold public
27 disclosure of matters of a privileged or proprietary nature. Those matters include
28 personnel records, communications with and work product of legal counsel, and
29 proprietary information associated with specific shippers and contract rate agreements.

30 **Sec. 42.50.230. Internet website.** The corporation shall establish or participate
31 with the Department of Administration or another governmental agency in using or

1 creating an Internet website for the corporation. The Internet website must be
 2 accessible in all communities in the state that have the capability of accessing the
 3 Internet, including communities in the unorganized borough, and must be accessible at
 4 the lowest Internet website access speed that is used in the state.

5 **Sec. 42.50.240. Service schedules.** Except in the case of an emergency, before
 6 the corporation establishes a service schedule for the Alaska marine highway system
 7 or changes a service schedule, the corporation shall publish a notice of the proposed
 8 service schedule or service schedule change on the Internet website established under
 9 AS 42.50.230 for at least 30 days and allow members of the public to comment on the
 10 proposed service schedule or service schedule change.

11 **Article 4. Powers and Duties.**

12 **Sec. 42.50.250. General powers.** In addition to the exercise of other powers
 13 authorized by law, the corporation may

- 14 (1) adopt a seal;
- 15 (2) adopt bylaws governing the business of the corporation;
- 16 (3) sue and be sued;
- 17 (4) appoint trustees and agents of the corporation and establish their
 18 powers and duties;
- 19 (5) have the Department of Law represent the corporation or have an
 20 attorney who is an employee of the corporation represent the corporation;
- 21 (6) make contracts and execute written documents necessary or
 22 convenient in the exercise of the corporation's powers and duties;
- 23 (7) acquire by purchase, lease, bequest, devise, gift, exchange, the
 24 satisfaction of debts, the foreclosure of mortgages, or other method, personal property,
 25 rights, rights-of-way, franchises, easements, and interests in land;
- 26 (8) hold, maintain, use, operate, improve, lease, exchange, donate,
 27 convey, alienate, encumber, or otherwise grant a security interest in, or authorize use
 28 or dispose of, real property or personal property, subject to other provisions of this
 29 chapter;
- 30 (9) contract with, pursue, and accept transfers, gifts, grants of money
 31 or property, or loans from the United States and the state or its political subdivisions,

1 subject to other provisions of federal or state law or municipal ordinances;

2 (10) undertake and provide for the management, operation,
3 maintenance, use, and control of all of the property of the corporation, including all
4 real property and personal property of the Alaska marine highway system transferred
5 under this chapter;

6 (11) recommend to the legislature and the governor tax, financing, or
7 financial arrangements the corporation considers appropriate for expansion or
8 extension and operation of the Alaska marine highway system;

9 (12) maintain offices and ferry terminal facilities at places designated
10 by the corporation;

11 (13) apply to the state, the United States, and foreign countries or other
12 governmental agencies for the permits, licenses, rights-of-way, or approvals necessary
13 to construct, maintain, and operate transportation and related services, and obtain,
14 hold, and reuse the licenses and permits in the same manner as other operators of ferry
15 vessel systems;

16 (14) set the rates to be charged for services provided by the Alaska
17 marine highway system, which may include reduced rates for residents of the state;

18 (15) establish the routes, schedules, and types of service to be provided
19 by the Alaska marine highway system, except that each sailing must show anticipated
20 incremental revenues that meet or exceed all projected direct incremental costs of
21 providing the service;

22 (16) enter into projected revenue assurance agreements with a public
23 or private entity to authorize the addition of a sailing that are subject to appropriation;

24 (17) enter into contracts, leases, and other agreements with connecting
25 carriers, shippers, and other persons related to the services, activities, operations,
26 property, vessels, and ferry terminal facilities of the corporation;

27 (18) lease space within a facility or vessel owned by the corporation
28 for commercial advertisements;

29 (19) offer food, drinks, entertainment, personal services, or other
30 products to passengers for profit;

31 (20) grant access to property owned by the corporation to outside

1 interests when the property is not in use for operation of the Alaska marine highway
2 system in exchange for rental fees;

3 (21) plan for and undertake expansion of the Alaska marine highway
4 system and contract with other modes of transportation service connecting to the
5 Alaska marine highway system;

6 (22) hire and discharge employees and determine the hours of
7 employment, the compensation and fringe benefits, and the personnel policies
8 affecting the working conditions of employees, except for the general policies
9 describing the function and purposes of an employer;

10 (23) consent to the modification of the rate of interest, to the time of
11 payment of an installment of principal or interest, or to another term of a loan,
12 contract, or agreement to which the corporation is a party;

13 (24) acquire, hold, and dispose of stock, memberships, contracts,
14 general partnership interests, limited partnership interests, or interests in another
15 corporation, association, partnership, joint venture, or other legal entity, and exercise
16 the powers or rights in connection with the interests that are provided in agreements
17 and that are allowed by law concerning the satisfaction of debts;

18 (25) create one or more subsidiary corporations that are partially or
19 wholly owned or controlled by the corporation and that engage in business directly
20 related to the operation of the Alaska marine highway system;

21 (26) undertake and provide for the acquisition, construction,
22 maintenance, equipping, and operation of vessels, ferry terminal facilities, and related
23 programs;

24 (27) enter into agreements with a state agency, political subdivision of
25 the state, or other instrumentality of the state;

26 (28) determine the fiscal year for the corporation;

27 (29) enter into agreements to subcontract out delivery of services;

28 (30) do all things necessary or desirable to carry out the powers and
29 duties of the corporation granted or necessarily implied in this chapter, other laws of
30 the state, federal government laws, or federal government regulations.

31 **Sec. 42.50.260. Audit.** (a) The board shall have the financial records of the

1 corporation audited annually by an independent certified public accountant
2 experienced in marine transportation system accounting.

3 (b) The corporation shall make all of its financial records available for
4 examination by an auditor appointed by the governor and the legislative audit division
5 established by AS 24.20.241. The disclosure of this information to the public by the
6 auditor or legislative audit division is subject to AS 42.50.220 and the regulations
7 implementing that section.

8 **Sec. 42.50.270. Comprehensive long-term plan.** The corporation shall
9 prepare a comprehensive long-term plan for the operations, maintenance, and vessel
10 replacement of the Alaska marine highway system covering 30 years. The corporation
11 shall revise and update the long-term plan every five years. The plan must include
12 provisions for vessel replacement after 30 years of vessel operation and information
13 regarding costs for passengers and vehicles and per ton of freight for each route by
14 season. The plan must include priorities and goals for the Alaska marine highway
15 system and a proposed strategic maintenance and vessel replacement plan and may
16 recommend performance measures, including output, efficiency, and effectiveness
17 measures. The plan may include proposed legislation. The corporation shall submit a
18 report including the comprehensive long-term plan, revisions, and updates to the
19 Department of Transportation and Public Facilities and the senate secretary and chief
20 clerk of the house of representatives and notify the legislature when the report is
21 available.

22 **Sec. 42.50.280. Operations and performance report.** (a) Not later than 90
23 days after the corporation's fiscal year ends, the board shall submit to the governor,
24 senate secretary, and chief clerk of the house of representatives an operations and
25 performance report on the corporation's fiscal year that just ended.

26 (b) The operations and performance report required under (a) of this section
27 must

28 (1) include the results of the financial audit performed under
29 AS 42.50.260(a) for the fiscal year, and the gross revenue generated, and expenses
30 incurred during the fiscal year;

31 (2) provide an analysis of the difference between estimates for the

1 previous fiscal year and the actual revenues and costs reported by the corporation;

2 (3) include anticipated gross revenues to be generated and expenses to
3 be incurred during the fiscal year;

4 (4) provide projections of the gross revenue to be generated and
5 expenses to be incurred during the next fiscal year;

6 (5) itemize the revenue and cost figures in (1) - (4) of this subsection
7 by category of service and route;

8 (6) provide the number of passengers and vehicles carried by the
9 vessels of the Alaska marine highway system during the fiscal year, separated by
10 route;

11 (7) provide the status at the end of the fiscal year of vessel and
12 building replacement and maintenance projects under the comprehensive long-term
13 plan required under AS 42.50.270;

14 (8) describe the activities planned by the corporation for the next fiscal
15 year, including, as applicable,

16 (A) any expansion, reduction, or diversification of the services
17 that were provided by the Alaska marine highway system on the date of
18 transfer by the state of the assets of the Alaska marine highway system to the
19 corporation, or otherwise provided under this chapter, if the board determines
20 the expansion, reduction, or diversification represents a significant and
21 permanent change in the level and nature of services provided; the description
22 must describe the proposed undertaking in detail and specify

23 (i) the undertaking's financial effect on the corporation;

24 (ii) the undertaking's effect on the level and nature of
25 services provided by the Alaska marine highway system; and

26 (iii) the reasons the undertaking is necessary or
27 desirable to achieve the purposes of this chapter;

28 (B) any proposal for an appropriation of money to pay for the
29 services of the Alaska marine highway system;

30 (C) the exchange, donation, sale, or other conveyance of an
31 entire interest in an asset of the Alaska marine highway system;

1 (D) acquisition of a vessel;

2 (E) the addition or removal of a port of call; and

3 (F) the lease of corporation land for more than 95 years unless
4 the corporation reserves the right to terminate the lease if the land is needed for
5 the Alaska marine highway system.

6 (c) The corporation may include in the report required by (a) of this section
7 suggestions for legislation relating to the structure, powers, duties, or operations of the
8 corporation or to the operation, vessels, ferry terminal facilities, or motor vehicles of
9 the corporation.

10 **Sec. 42.50.290. Required travel and compensation report.** In addition to the
11 reports required under AS 42.50.270 and 42.50.280, the board shall file a travel and
12 compensation report with the Department of Administration by January 21 of each
13 year as required under AS 37.05.210.

14 **Sec. 42.50.300. Use of corporation assets.** The corporation shall apply all
15 money, property, other assets, and credit of the corporation toward activities
16 authorized by this chapter. The corporation may not issue shares of stock, pay
17 dividends, make private distributions of assets, make loans to board members or
18 employees, or engage in business for private benefit. A person having the possession
19 or control of the money, the property, or another asset of the corporation, or the credit
20 of the corporation, may not use the asset or credit for a purpose that is not authorized
21 by this chapter or other law.

22 **Sec. 42.50.310. Maintenance of motor vehicles.** The corporation may
23 contract with the Department of Transportation and Public Facilities to maintain and
24 service the rolling stock of motor vehicles used by the corporation to operate the
25 Alaska marine highway system at a competitive rate for services rendered. If the board
26 determines that alternative maintenance and service options are more cost-effective,
27 the corporation is not required to contract with the Department of Transportation and
28 Public Facilities.

29 **Sec. 42.50.320. Indemnification.** (a) If the person acted in good faith on
30 behalf of the corporation and within the scope of official duties or powers, the
31 corporation may defend and indemnify a current or former member of the board,

1 employee, or agent of the corporation against all costs, expenses, judgments, and
 2 liabilities, including attorney fees, incurred by or imposed on that person in connection
 3 with a civil or criminal action in which the person is involved by affiliation with the
 4 corporation.

5 (b) The corporation may purchase insurance to protect and hold personally
 6 harmless its employees, agents, and board members from an action, claim, or
 7 proceeding arising out of the performance, purported performance, or failure of
 8 performance, in good faith, of duties for, or employment with, the corporation and to
 9 hold its employees, agents, and board members harmless from expenses connected
 10 with the defense, settlement, or monetary judgments arising from the action, claim, or
 11 proceeding. The purchase of insurance is discretionary with the board, and the
 12 insurance is not considered to be compensation to the insured person.

13 **Article 5. Corporation Property.**

14 **Sec. 42.50.350. Property leases, easements, permits, and disposals.** (a) The
 15 corporation may lease, subject to (b) of this section, grant easements in or permits for,
 16 or otherwise authorize use of portions of corporation property. However, the
 17 corporation may not convey its entire interest in any of its property, except as provided
 18 by AS 42.50.360 and 42.50.370.

19 (b) If the corporation makes a lease or other disposal of property to a party
 20 other than the state, the lease or disposal must be made for fair market value as
 21 determined by a qualified appraiser, or made by competitive bidding.

22 **Sec. 42.50.360. Sale of property not necessary for corporation purposes.**

23 (a) The corporation may sell corporation property if the board finds that

24 (1) the property is not necessary for the purposes of the corporation;
 25 and

26 (2) the sale is in the best interest of the state.

27 (b) The sale of land is subject to the terms and conditions of this section and
 28 AS 42.50.350(b).

29 (c) Before offering property for sale under this section, the corporation shall

30 (1) publish public notice of the proposed sale that includes the finding
 31 by the board that the property is not necessary for the purposes of the corporation and

1 that the sale is in the best interest of the state; and

2 (2) provide notice to persons having a leasehold interest in the property
3 proposed to be sold and offer the leaseholders the right of first refusal.

4 (d) The legislature may appropriate proceeds of a property sale under this
5 section to the corporation.

6 **Sec. 42.50.370. Vacation of easements.** The corporation may vacate an
7 easement acquired under this chapter by executing and filing a deed in the appropriate
8 recording district.

9 **Sec. 42.50.380. Public use of corporation land.** Upon request of a
10 municipality or the state, the corporation may authorize use of corporation land for
11 public purposes.

12 **Sec. 42.50.390. Acquisition of property.** The corporation may acquire in its
13 own name property that is useful for the corporation's purposes and is

14 (1) under the control of a state agency, state corporation, or the federal
15 government;

16 (2) owned by or located in another state or foreign country; or

17 (3) made available under AS 44.68.110 - 44.68.140.

18 **Sec. 42.50.400. Exchange of land.** The corporation may exchange land with
19 the United States, municipalities, individuals, and corporations, including corporations
20 formed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act).

21 **Sec. 42.50.410. Adverse possession; prescriptive easements.** A person may
22 not acquire by adverse possession or prescriptive easement, or in any other manner
23 except by conveyance from or formal vacation by the corporation, title to or an interest
24 in land owned by the corporation or under its jurisdiction.

25 **Article 6. Financial Provisions.**

26 **Sec. 42.50.500. Limitation of liability.** A person does not have a right of
27 action against the state because of a debt, obligation, or liability of the corporation and
28 may satisfy the debt, obligation, or liability only from the assets or revenue of the
29 corporation.

30 **Sec. 42.50.510. Fidelity bond.** The corporation may obtain a fidelity bond in
31 an amount determined by the board for board members and each executive officer

1 responsible for accounts and finances. The bond must be in effect during the entire
2 tenure in office of the bonded person.

3 **Sec. 42.50.520. Insurance.** In addition to the insurance allowed under
4 AS 42.50.320(b), if the board determines the insurance purchase prudent, the board
5 shall protect corporation assets, services, and employees by purchasing liability and
6 casualty insurance.

7 **Sec. 42.50.530. Operating fund.** (a) The Alaska marine highway system
8 operating fund is established as a separate fund in the corporation. The fund consists
9 of money appropriated to the fund by the legislature for the operation of the Alaska
10 marine highway system, including appropriations of gross revenue generated from the
11 operation of the Alaska marine highway system as described in AS 42.50.540.

12 (b) Nothing in this chapter exempts money appropriated to the Alaska marine
13 highway system operating fund from the requirements of AS 37.07 (Executive Budget
14 Act).

15 (c) The corporation may use the money in the Alaska marine highway system
16 operating fund for the operation of the Alaska marine highway system without further
17 appropriation. Money appropriated to the fund does not lapse.

18 **Sec. 42.50.540. Revenue accounting fund.** The revenue accounting fund is
19 established as a separate fund in the corporation. The corporation shall deposit in the
20 fund the gross revenue generated from the operation of the Alaska marine highway
21 system during each fiscal year. The corporation shall account for the gross revenue
22 deposited in the fund. The legislature may appropriate the gross revenue deposited in
23 the fund to the Alaska marine highway system operating fund established under
24 AS 42.50.530.

25 **Sec. 42.50.550. Vessel maintenance and replacement account.** (a) The
26 vessel maintenance and replacement account is created as separate account in the
27 Alaska marine highway system operating fund established under AS 42.50.530 for the
28 maintenance and replacement of marine vessels.

29 (b) The account consists of

30 (1) money appropriated to the corporation by the legislature for the
31 maintenance and replacement of vessels; and

(2) money transferred to the account by the corporation under (c) of this section.

(c) The corporation shall transfer from the Alaska marine highway system operating fund established under AS 42.50.530 the lesser of the following amounts of money appropriated to the corporation, to the extent the appropriation for the money is consistent with use for the maintenance and replacement of vessels and to the extent the money covers the following amount:

(1) one-tenth of the projected costs of vessel maintenance and replacement listed in the long-term plan required by AS 42.50.270; or

(2) an amount necessary to bring the balance of the fund equal to the total amount projected to be needed during the next 10 years.

(d) The corporation may use the money in the account for the maintenance and replacement of vessels without further appropriation.

Sec. 42.50.560. Appropriations. The corporation may request a direct appropriation or grant from the legislature to assist in carrying out the provisions of this chapter.

Sec. 42.50.570. Minimum service assurance agreement from the state. (a) The state shall enter into an assurance agreement that is subject to appropriation each year with the corporation to guarantee funding for

(1) sailings a year between Juneau and each southeast community served by the corporation with a population greater than 300 residents, except Metlakatla;

(2) sailings a year between Metlakatla and Ketchikan;

(3) sailings a year between Juneau and each southeast community served by the corporation with a population less than 300 residents;

(4) sailings a year between Cordova and either Valdez or Whittier;

(5) sailings a year between Whittier and each southcentral community served by the corporation with a population less than 300 residents;

(6) Canadian bypass routes a year from Bellingham, Ketchikan, Juneau, Haines, and Yakutat, and in reverse;

(7) routes a year between either Valdez or Whittier and Alaska east of

1 139 degrees West longitude, and in reverse;

2 (8) sailings a year servicing the Aleutian Chain, the island of Kodiak,
3 and the surrounding islands from Homer and Seldovia, and in reverse.

4 (b) The agreement required by this section must assure that the cost of each
5 sailing is reimbursed if ticket sales are insufficient to generate adequate revenue.

6 (c) The corporation and the state shall agree to the assured amount for each
7 sailing by determining the direct cost of fuel and labor, plus a prorated amount for
8 overhead and maintenance.

9 (d) Rates for tickets on sailings guaranteed by an assurance agreement with
10 the state must be set so that ticket revenues would cover the assured amount of each
11 sailing if 80 percent of all tickets for that sailing are sold.

12 (e) Nothing prevents the state and the corporation from signing assurance
13 agreements beyond the minimum level required by this section, subject to
14 appropriation.

15 **Sec. 42.50.580. Dividends to the state.** On the last day of each fiscal year of
16 the corporation, the corporation shall pay as a dividend to the general fund any amount
17 by which the Alaska marine highway operating fund established under AS 42.50.530
18 exceeds the projected costs of operating the corporation through the next fiscal year.

19 **Article 7. Bonds.**

20 **Sec. 42.50.600. General provisions.** (a) The corporation may issue bonds by
21 resolution of the board to provide money to carry out the purposes of the corporation.
22 The board shall determine the types of bonds that the corporation may issue.

23 (b) Bonds may be issued in one or more series and shall, as provided by the
24 resolution of the board,

25 (1) be dated;

26 (2) bear fixed or variable interest at a specified annual rate or rates or
27 within a maximum rate;

28 (3) be in a specified denomination;

29 (4) be in a coupon or registered form;

30 (5) carry conversion or registration provisions;

31 (6) have a specified rank or priority;

(7) be executed in the specified manner and form;

(8) be payable as specified from the sources, in the medium of payment, and place or places inside or outside the state;

(9) be subject to authentication by a trustee or fiscal agent; and

(10) be subject to terms of redemption with or without premium.

(c) Bonds may be sold in the manner, on the terms, and at the price the board determines. Notes shall mature at the time or times determined by the board. Except for bond anticipation notes, notes, or other obligations, bonds shall mature at the time, not exceeding 50 years after their date, determined by the board.

Sec. 42.50.610. Negotiable instruments. Bonds issued under this chapter and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to applicable provisions for registration.

Sec. 42.50.620. Bonds eligible for investment. Bonds issued under this chapter are securities in which all public officers and public bodies of the state and the state's political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly invest funds, including capital in their control or belonging to them. These bonds may be deposited with a state or municipal officer of an agency or political subdivision of the state for any purpose for which the deposit of bonds of the state is authorized by law.

Sec. 42.50.630. Payment of bonds. (a) The principal of and interest on bonds of the corporation are payable from corporation money or assets. Bonds may be additionally secured by a pledge of a grant or contribution from the federal government, a municipality, a corporation, an association, an institution, or a person, or a pledge of money, income, or revenue of the corporation from any source.

(b) Before issuing bonds to provide the financing described in AS 42.50.600 for real or personal property to be owned in whole or in part by an entity other than the corporation, the corporation shall enter into one or more contracts, leases, or other forms of agreement that the corporation determines will provide sufficient consideration to

(1) pay the principal of and interest on the bonds as they become due;

1 (2) create and maintain any reserves for the bond payments that the
2 corporation considers necessary or desirable; and

3 (3) pay all costs necessary to issue, service, or additionally secure the
4 bonds, including trustee's fees and bond insurance premiums, unless these costs are to
5 be paid from bond proceeds or by a party other than the corporation.

6 **Sec. 42.50.640. Security for bonds.** At the discretion of the board, an issue of
7 bonds may be secured by a trust indenture, which may be a trust company, bank or
8 national banking association, with corporate trust powers, located inside or outside the
9 state, or by a secured loan agreement or other instrument or under resolution giving
10 powers to a corporate trustee by means of which the corporation may

11 (1) make and enter into any and all the covenants and agreements with
12 the trustees or the holders of the bonds that the corporation may determine to be
13 necessary or desirable, including covenants, provisions, limitations, and agreements as
14 to

15 (A) the application, investment, deposit, use, and disposition of
16 the proceeds of bonds of the corporation or of money or other property of the
17 corporation or in which it has an interest;

18 (B) the fixing and collection of rentals, charges, fees, or other
19 consideration for, and the other terms to be incorporated in, contracts with
20 respect to the use of any of the corporation's property;

21 (C) the fixing and collection of tariffs, fees, charges, or other
22 consideration for the use or service of the Alaska marine highway system by
23 passengers and other users and freight;

24 (D) the terms and conditions on which additional bonds of the
25 corporation may be issued;

26 (E) the vesting in the trustee of rights and remedies exercisable
27 by the trustee for the protection of the holders of bonds of the corporation and
28 not otherwise in violation of law and the restriction of the rights of an
29 individual holder of bonds of the corporation;

30 (2) pledge, mortgage, or assign money, leases, agreements, assets, or
31 property of the corporation either presently in hand or to be received in the future, or

1 both; and

2 (3) provide for any other matters of like or different character that in
3 any way affect the security or protection of the bonds.

4 **Sec. 42.50.650. Independent financial advisor.** In negotiating the private or
5 public sale of bonds to an underwriter, the board shall retain a financial advisor who is
6 independent from the underwriter.

7 **Sec. 42.50.660. Validity of signatures.** If an officer of the corporation whose
8 signature or a facsimile of whose signature appears on bonds or coupons attached to
9 them ceases to be an officer before the delivery of the bond or coupon, the signature or
10 facsimile is valid the same as if the person had remained in office until delivery.

11 **Sec. 42.50.670. Validity of pledge.** (a) The pledge of assets or revenue of the
12 corporation to the payment of the principal of or interest on bonds of the corporation is
13 valid and binding from the time the pledge is made, and the assets or revenue are
14 immediately subject to the lien of the pledge without physical delivery or further act.
15 The lien of a pledge is valid and binding against all parties having claims of any kind
16 against the corporation, irrespective of whether those parties have notice of the lien of
17 the pledge.

18 (b) Nothing in this section prohibits the corporation from selling assets subject
19 to a pledge, except that a sale may be restricted by the trust agreement or resolution
20 providing for the issuance of the bonds.

21 **Sec. 42.50.680. Pledge of the state.** The state pledges to and agrees with the
22 holders of bonds issued under this chapter and with the federal agency that loans or
23 contributes funds in respect to a project that the state will not limit or alter the rights
24 and powers vested in the corporation by this chapter to fulfill the terms of a contract
25 made by the corporation with the holders or federal agency, or in any way impair the
26 rights and remedies of the holders until the bonds together with the interest on them
27 with interest on unpaid installments of interest, and all costs and expenses in
28 connection with an action or proceeding by or on behalf of the holders, are fully met
29 and discharged. The corporation is authorized to include this pledge and agreement of
30 the state, insofar as it refers to holders of bonds of the corporation, in a contract with
31 the holders and insofar as it relates to a federal agency, in a contract with the federal

1 agency.

2 **Sec. 42.50.690. Remedies.** A holder of bonds issued under this chapter or of
3 coupons attached to them, and a trustee under a trust agreement or resolution
4 authorizing the issuance of the bonds, except as restricted by a trust agreement or
5 resolution, either at law or in equity, may

6 (1) enforce all rights granted under this chapter, the trust agreement or
7 resolution, or any other contract executed by the corporation under this chapter; and

8 (2) compel the performance of all duties of the corporation required by
9 this chapter or by the trust agreement or resolution.

10 **Sec. 42.50.700. Credit of state not pledged.** (a) The state and its political
11 subdivisions are not liable for the debts of the corporation. Bonds issued under this
12 chapter are payable solely from the revenue or assets of the corporation and do not
13 constitute a

14 (1) debt, liability, or obligation of the state or of a political subdivision
15 of the state; or

16 (2) pledge of the faith and credit of the state or of a political
17 subdivision of the state.

18 (b) The corporation may not pledge the credit or the taxing power of the state
19 or its political subdivisions. Each bond issued under this chapter shall contain on its
20 face a statement that

21 (1) the corporation is not obligated to pay it or the interest on it except
22 from the revenue or assets pledged for it; and

23 (2) neither the faith and credit nor the taxing power of the state or of a
24 political subdivision of the state is pledged to the payment of it.

25 **Sec. 42.50.710. Limitation on personal liability.** A board member or
26 employee of the corporation is not subject to personal liability or accountability
27 because of the execution or issuance of bonds.

28 **Article 8. Personnel and Labor Relations.**

29 **Sec. 42.50.720. Political activities.** (a) A person may not use the money or
30 other property of the corporation for political activities. However, board members and
31 employees may communicate with and appear before committees of the United States

1 Congress, the state legislature, and governing bodies of municipalities in connection
2 with matters directly affecting the corporation.

3 (b) A board member or employee who violates this section is personally
4 subject to a civil penalty assessed by a judge of the superior court in an amount not to
5 exceed \$5,000. Any person may bring an action to enforce this section.

6 **Sec. 42.50.730. Corporation employees.** (a) Employees of the corporation are
7 employees of the corporation and not of the state. However, employees of the
8 corporation shall be treated as employees of the state for the purposes of AS 23.40 and
9 AS 39.

10 (b) Except as provided in this subsection, employees of the corporation are
11 covered by AS 23.10.050 - 23.10.150 (Alaska Wage and Hour Act). However, the
12 terms of a collective bargaining agreement mutually agreed on by an organization
13 representing corporation employees and the corporation may provide that
14 AS 23.10.050 - 23.10.150 do not apply to corporation employees to the extent set out
15 in the collective bargaining agreement.

16 **Sec. 42.50.740. Collective bargaining agreement.** The corporation may
17 negotiate and enter into collective bargaining agreements concerning wages, hours,
18 working conditions, and other employment benefits with the employees of the
19 corporation engaged in operating the Alaska marine highway system as masters or
20 members of the crews of vessels or other employees of the corporation or their
21 bargaining agent.

22 **Article 9. Miscellaneous Provisions.**

23 **Sec. 42.50.800. Claims.** (a) If a person has a claim or lawsuit involving
24 activities of the corporation, including actions based on contract, quasi-contract, or
25 tort, the person shall bring the claim or lawsuit against the corporation and may not
26 bring the claim or lawsuit against the state.

27 (b) For the purposes of actionable claims, undertakings, payments of
28 judgments, execution, interest, punitive damages, statutes of limitations, costs, and
29 similar matters related to the presentation and prosecution of claims by and against the
30 corporation, the corporation and its board members and employees have the same
31 rights, privileges, and immunities as the state and state officers.

1 (c) A claim against the corporation is not subject to the provisions of AS 44.77
2 regarding claims against the state.

3 (d) The corporation is not subject to the provisions of AS 44.80.010(1)
4 regarding the state being a party to an action.

5 **Sec. 42.50.810. Naming of vessels and facilities.** (a) The board may name a
6 vessel or facility constructed or acquired by the corporation.

7 (b) A vessel must bear the name of an Alaska glacier.

8 **Sec. 42.50.820. Exemption from taxation.** (a) Subject to (b) of this section,
9 the property of the corporation, including its assets, income, and receipts, are exempt
10 from all taxes and special assessments of the state or a political subdivision of the
11 state.

12 (b) Promissory notes and the interest and income from them, and all fees,
13 charges, funds, revenue, income, and other money pledged or available to pay or
14 secure the payment of the notes or interest on them, are exempt from taxation by the
15 state or a political subdivision of the state.

16 (c) This section does not affect or limit an exemption from license fees,
17 property taxes, or excise, income, or other taxes, provided under any other law, nor
18 does it create a tax exemption with respect to the interest of a person other than the
19 corporation.

20 **Sec. 42.50.830. Transportation of members of the Alaska organized**
21 **militia.** To the extent that space is available, the corporation shall provide free
22 transportation on vessels of the Alaska marine highway system for a member of the
23 Alaska National Guard, the Alaska Naval Militia, or the Alaska State Defense Force
24 who is en route to or from drill, training, or other official militia activities.

25 **Sec. 42.50.840. Maintenance of vessels.** (a) A vessel owned by the
26 corporation shall be maintained and repaired at a shipyard facility located in the state
27 unless the board determines in writing that there is no shipyard facility located in the
28 state that is equipped or qualified to perform the particular maintenance or repair
29 required, or, after taking into consideration the five percent preference under
30 AS 36.30.321(a) and the interport differential, that the proposed cost of the
31 maintenance or repair work is unreasonable. A detailed list of the costs and factors

1 considered in calculating the interport differential must be provided to each person
2 who expresses an interest in submitting a bid to perform maintenance or repair work
3 on a marine vessel owned by the corporation.

4 (b) The competitive bid provisions of AS 36.30 do not apply to a contract for
5 the maintenance or repair of a marine vessel owned by the corporation if the contract
6 is awarded to a shipyard facility in the state.

7 (c) The board shall adopt regulations establishing the criteria that the
8 corporation shall use to determine whether the cost of maintenance or repair work at a
9 shipyard facility located in the state is reasonable under (a) of this section. The board
10 shall designate by regulation the designated base port for each vessel operated by the
11 corporation; however, the designated base port for marine vessels of the Alaska
12 marine highway system is Ketchikan for vessels primarily serving the portion of the
13 state east of the longitude of Icy Cape and Seward for vessels primarily serving the
14 remainder of the state. A vessel's designated base port is the vessel's delivery and
15 redelivery port.

16 (d) The board shall adopt regulations establishing the criteria that the
17 corporation shall use in calculating the interport differential under this section. The
18 criteria for calculating the interport differential must include costs incurred from the
19 time that the vessel leaves the vessel's designated base port to enter the shipyard
20 facility until the time that the vessel returns to the designated base port from the
21 shipyard facility.

22 (e) In this section, "interport differential" includes all costs related to the
23 performance of the maintenance or repair work of a marine vessel at a shipyard,
24 including travel costs incurred moving the vessel from its designated base port to the
25 shipyard, additional fuel consumption, cost of lubricants, other engine and deck stores,
26 and other consumables, maintenance costs incurred during running time, costs of crew
27 transfers, including airfare between the designated base port and the shipyard, wages
28 in travel status, crew room and board, and other interport costs identified by the board.

29 **Sec. 42.50.850. Application of existing laws.** Unless specifically provided
30 otherwise in this chapter, the following laws do not apply to the operations of the
31 corporation:

- (1) AS 30.15;
- (2) AS 35;
- (3) AS 37.10.085;
- (4) AS 38;
- (5) AS 44.62.010 - 44.62.160, 44.62.180 - 44.62.305, and 44.62.320.

Article 10. General Provisions.

Sec. 42.50.990. Definitions. In this chapter, unless the context indicates otherwise,

- (1) "Alaska marine highway system" means the vessels, ferry terminal facilities, motor vehicles, and other properties that provide public marine transportation in, from, or to the state;
- (2) "board" means the board of directors established by AS 42.50.020;
- (3) "collective bargaining agreement" means an agreement entered into under AS 23.40.040;
- (4) "corporation" means the Alaska Marine Highway Corporation established by AS 42.50.010;
- (5) "employees" means all persons employed by the corporation;
- (6) "executive officer" means an executive officer appointed under AS 42.50.110;
- (7) "ferry" means a vessel used to carry passengers and vehicles in intrastate or interstate commerce;
- (8) "ferry terminal facility" means a facility for loading and unloading passengers and vehicles;
- (9) "labor organization" includes an organization constituted wholly or partly to bargain collectively or deal with employers, including the state and its political subdivisions, concerning grievances, terms, or conditions of employment or other mutual aid or protection in connection with employees;
- (10) "land" means an interest in real property, including tide and submerged land, and a right appurtenant to the interest;
- (11) "real property" includes interest in real property;
- (12) "regulation" means a regulation authorized by AS 42.50.170.

1 **Sec. 42.50.995. Short title.** This chapter may be cited as the Alaska Marine
2 Highway Corporation Act.

3 * **Sec. 18.** AS 43.40.010 is amended by adding a new subsection to read:

4 (m) The legislature may appropriate funds from the special highway fuel tax
5 account identified in (g) of this section to the Alaska marine highway system operating
6 fund established under AS 42.50.530 for expenditure by the Alaska Marine Highway
7 Corporation for the Alaska marine highway system. In this subsection, "Alaska marine
8 highway system" has the meaning given in AS 42.50.990.

9 * **Sec. 19.** AS 44.19.027 is amended to read:

10 **Sec. 44.19.027. Emergency assistance transportation.** If the governor
11 determines that public safety or health conditions in an area of the state require
12 emergency assistance, the governor may use state-owned and state-operated
13 transportation facilities, aircraft, vessels of the Alaska **Marine Highway Corporation**
14 [MARINE HIGHWAY SYSTEM], or railroad rolling stock of the Alaska Railroad to
15 deliver compassionate aid for distribution to the affected area, including food, water,
16 fuel, clothing, medicine, and other supplies provided by nonprofit organizations.

17 * **Sec. 20.** AS 44.29.300(a) is amended to read:

18 (a) There is established in the Department of Health and Social Services the
19 Statewide Suicide Prevention Council, consisting of 17 members, as follows:

20 (1) two members of the senate, appointed by the president of the
21 senate, one of whom shall be a member of the majority and one of whom shall be a
22 member of the minority;

23 (2) two members of the house of representatives, appointed by the
24 speaker of the house of representatives, one of whom shall be a member of the
25 majority and one of whom shall be a member of the minority;

26 (3) 13 members appointed by the governor, as follows:

27 (A) two persons who are employed in the executive branch of
28 state government, one of whom shall represent the Department of Health and
29 Social Services and one of whom shall represent the Department of Education
30 and Early Development;

31 (B) one member of the Advisory Board on Alcoholism and

1 Drug Abuse;

2 (C) one member of the Alaska Mental Health Board;

3 (D) one person recommended by the Alaska Federation of
4 Natives, Inc.;

5 (E) one person who is an employee of a secondary school;

6 (F) one person who is active in a youth organization;

7 (G) one person who has experienced the death by suicide of a
8 member of the person's family;

9 (H) one person who resides in a rural community in the state
10 that is not connected to the main road system of the state by road or by the
11 Alaska marine highway system [TO THE MAIN ROAD SYSTEM OF THE
12 STATE];

13 (I) one person who is a member of the clergy;

14 (J) one person who, when appointed, is at least 16 years of age
15 but not more than 24 years of age;

16 (K) one person who is discharged from, retired from, or
17 engaged in active duty military service in the armed forces of the United
18 States, including the United States Coast Guard, the Army National Guard, the
19 Air National Guard, or a reserve unit of the armed forces of the United States,
20 or who is a mental health provider, social worker, or other person actively
21 providing a health care service to discharged, retired, or active military
22 personnel; and

23 (L) one public member.

24 * **Sec. 21.** AS 44.33.010 is amended to read:

25 **Sec. 44.33.010. Commissioner of commerce, community, and economic**
26 **development.** The principal executive officer of the Department of Commerce,
27 Community, and Economic Development is the commissioner of commerce,
28 community, and economic development. Except with respect to the commissioner's
29 membership on the board of directors of the Alaska Railroad Corporation and the
30 Alaska Marine Highway Corporation, whenever a statute provides that the
31 commissioner is a member of a board, council, or other similar entity, the

1 commissioner may designate an employee of the department to act in the
2 commissioner's place.

3 * **Sec. 22.** AS 44.42.020(a) is amended to read:

4 (a) The department shall

5 (1) plan, design, construct, and maintain all state modes of
6 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
7 and similar facilities, **except for the Alaska marine highway system;**

8 (2) study existing transportation modes and facilities in the state to
9 determine how they might be improved or whether they should continue to be
10 maintained;

11 (3) study alternative means of improving transportation in the state
12 with regard to the economic costs of each alternative and its environmental and social
13 effects;

14 (4) develop a comprehensive, long-range, intermodal transportation
15 plan for the state, **which must incorporate the comprehensive long-term plan**
16 **developed under AS 42.50.270, and explain the department's rationale for any**
17 **conflict between the plans;**

18 (5) study alternatives to existing modes of transportation in urban areas
19 and develop plans to improve urban transportation;

20 (6) cooperate and coordinate with and enter into agreements with
21 federal, state, and local government agencies and private organizations and persons in
22 exercising its powers and duties;

23 (7) manage, operate, and maintain state transportation facilities and all
24 docks, floats, breakwaters, and buildings, including all state highways, vessels,
25 railroads, pipelines, airports, and aviation facilities; **this paragraph does not apply to**
26 **the Alaska marine highway system;**

27 (8) study alternative means of transportation in the state, considering
28 the economic, social, and environmental effects of each alternative;

29 (9) coordinate and develop state and regional transportation systems,
30 considering deletions, additions, and the absence of alterations;

31 (10) develop facility program plans for transportation and state

1 buildings, docks, and breakwaters required to implement the duties set out in this
 2 section, including but not limited to functional performance criteria and schedules for
 3 completion;

4 (11) supervise and maintain all state automotive and mechanical
 5 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
 6 Fish and Game or the Department of Public Safety; for state vehicles maintained by
 7 the department, the department shall, every five years, evaluate the cost, efficiency,
 8 and commercial availability of alternative fuels for automotive purposes, and the
 9 purpose for which the vehicles are intended to be used, and convert vehicles to use
 10 alternative fuels or purchase energy efficient vehicles whenever practicable; the
 11 department may participate in joint ventures with public or private partners that will
 12 foster the availability of alternative fuels for all automotive fuel consumers; **except as**
 13 **provided in AS 42.50.310, this paragraph does not apply to the Alaska marine**
 14 **highway system;**

15 (12) supervise aeronautics inside the state, under AS 02.10;

16 (13) implement the safety and financial responsibility requirements for
 17 air carriers under AS 02.40;

18 (14) inspect weights and measures;

19 (15) at least every four years, study alternatives available to finance
 20 transportation systems in order to provide an adequate level of funding to sustain and
 21 improve the state's transportation system.

22 * **Sec. 23.** AS 44.42.020 is amended by adding a new subsection to read:

23 (c) In this section, "Alaska marine highway system" has the meaning given in
 24 AS 42.50.990.

25 * **Sec. 24.** AS 44.99.030(a) is amended to read:

26 (a) Notwithstanding other provisions of law, the following entities may not
 27 contract with a person to pay the person money or other thing of value to lobby the
 28 state, a municipality of the state, or an agency of the state or municipality:

29 (1) Alaska Aerospace Corporation;

30 (2) Alaska Commercial Fishing and Agriculture Bank;

31 (3) Alaska Energy Authority;

- (4) Alaska Housing Finance Corporation;
- (5) Alaska Industrial Development and Export Authority;
- (6) Alaska Medical Facility Authority;
- (7) Alaska Mental Health Trust Authority;
- (8) Alaska Municipal Bond Bank Authority;
- (9) Alaska Permanent Fund Corporation;
- (10) Alaska Railroad Corporation;
- (11) [REPEALED
- (12)] Alaska Seafood Marketing Institute;
- (12)** [(13)] Alaska Student Loan Corporation;
- (13) Alaska Marine Highway Corporation.**

* **Sec. 25.** AS 19.65.011, 19.65.020, 19.65.030, 19.65.035, 19.65.050, 19.65.060, 19.65.070, 19.65.080, 19.65.100, 19.65.110, 19.65.120, 19.65.130, 19.65.140, 19.65.150, 19.65.160, 19.65.170, 19.65.180, 19.65.190, 19.65.195; AS 35.10.015(c), 35.10.015(d); AS 36.30.015(g), 36.30.850(b)(28); AS 36.90.049; and AS 37.05.550 are repealed.

* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: INITIAL BOARD MEMBERS. Not later than 90 days after the effective date of AS 42.50, added by sec. 17 of this Act, the governor shall appoint the initial board members of the corporation under AS 42.50.020(b)(3) and (c) - (i), added by sec. 17 of this Act, for staggered terms as provided by AS 39.05.055. In this section,

(1) "board" means the board of directors of the corporation;

(2) "corporation" means the Alaska Marine Highway Corporation established by AS 42.50.010, added by sec. 17 of this Act.

* **Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: INITIAL APPOINTMENT AND DELEGATION OF POWERS AND DUTIES. At the first meeting of the board, the board shall appoint and delegate to the chief executive officer the powers and duties identified in AS 42.50.120(a), added by sec. 17 of this Act. In this section,

(1) "board" means the board of directors of the corporation;

1 (2) "corporation" means the Alaska Marine Highway Corporation established
2 by AS 42.50.010, added by sec. 17 of this Act.

3 * **Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 TRANSITION: INITIAL REGULATIONS AND ORDERS, AND MANAGEMENT
6 EMPLOYEES. (a) Within 120 days after the first board meeting, the board shall adopt the
7 initial regulations necessary for the operation of the corporation and the Alaska marine
8 highway system.

9 (b) The board may provide by resolution that regulations and orders in effect on the
10 date of the transfer of Alaska marine highway system property to the corporation remain in
11 effect until amended or repealed by the board. AS 42.50.180 and 42.50.190, added by sec. 17
12 of this Act, do not apply to actions taken under this section.

13 (c) The corporation may hire employees for the management of the corporation before
14 its operation of the Alaska marine highway system begins.

15 (d) In this section,

16 (1) "Alaska marine highway system" has the meaning given in AS 42.50.990,
17 added by sec. 17 of this Act;

18 (2) "board" means the board of directors of the corporation;

19 (3) "corporation" means the Alaska Marine Highway Corporation established
20 by AS 42.50.010, added by sec. 17 of this Act.

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

23 TRANSITION: DEPARTMENT NEGOTIATION, NONRENEWAL, AND
24 TERMINATION OF COLLECTIVE BARGAINING AGREEMENTS. (a) Notwithstanding
25 another provision of this Act, on the effective date of this section, the department shall enter
26 into negotiations with a union to assign the state's interest in the collective bargaining
27 agreement with the union to the corporation.

28 (b) When the department and a union have reached an agreement under (a) of this
29 section, the state shall assign the state's interest in the collective bargaining agreement to the
30 corporation.

31 (c) If, by June 30, 2023, the department and a union cannot reach an agreement under

(a) of this section to assign the collective bargaining agreement to the corporation, the department shall terminate the collective bargaining agreement at the time and in the manner provided under the terms of the collective bargaining agreement.

(d) A contract between the department and a union that is assigned to the corporation expires not later than two years from the effective date of AS 42.50, added by sec. 17 of this Act, unless this provision conflicts with a provision in the contract.

(e) In this section,

(1) "collective bargaining agreement" means the collective bargaining agreement entered into between the department and a union under AS 23.40.040;

(2) "corporation" means the Alaska Marine Highway Corporation established by AS 42.50.010, added by sec. 17 of this Act;

(3) "department" means the Department of Transportation and Public Facilities;

(4) "union" means the

(A) International Organization of Masters, Mates, and Pilots;

(B) Marine Engineers' Beneficial Association;

(C) Inlandboatmen's Union representing the Unlicensed Marine Unit;

(D) Alaska State Employees Association; or

(E) Alaska Public Employees Association.

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

TRANSITION: CORPORATION NEGOTIATION OF COLLECTIVE BARGAINING AGREEMENTS. (a) The corporation shall negotiate and enter into a collective bargaining agreement with a union after all of the following have occurred:

(1) the board has been appointed under sec. 26 of this Act;

(2) the chief executive officer has been appointed and delegated powers under sec. 27 of this Act;

(3) the corporation has adopted regulations under sec. 28 of this Act; and

(4) the department has assigned an agreement with a union to the corporation under sec. 29(b) of this Act, and the agreement has later terminated, or the agreement with the union has terminated under sec. 29(c) of this Act.

(b) The corporation may negotiate and enter into labor agreements with unions and individual employees before the corporation begins operating the Alaska marine highway system, as long as the agreements have an effective date that is not earlier than July 1, 2023.

(c) In this section,

(1) "board" means the board of directors of the corporation;

(2) "collective bargaining agreement" means an agreement entered into under AS 23.40.040;

(3) "corporation" means the Alaska Marine Highway Corporation established by AS 42.50.010, added by sec. 17 of this Act;

(4) "department" means the Department of Transportation and Public Facilities;

(5) "union" means the

(A) International Organization of Masters, Mates, and Pilots;

(B) Marine Engineers' Beneficial Association;

(C) Inlandboatmen's Union representing the Unlicensed Marine Unit;

(D) Alaska State Employees Association; or

(E) Alaska Public Employees Association.

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

TRANSITION: TRANSFER OF ASSETS; ASSUMPTION OF RIGHTS, LIABILITIES, AND OBLIGATIONS. (a) On June 1, 2023,

(1) the Department of Transportation and Public Facilities shall transfer to the corporation the vessels, ferry port facilities, real property, and vehicles and other personal property used for the Alaska marine highway system; the corporation shall take title in its own name to this property; and

(2) the corporation shall assume all rights, liabilities, and obligations of the Alaska marine highway system.

(b) In this section,

(1) "Alaska marine highway system" has the meaning given in AS 42.50.990, added by sec. 17 of this Act;

(2) "corporation" means the Alaska Marine Highway Corporation established

1 by AS 42.50.010, added by sec. 17 of this Act.

2 * **Sec. 32.** The uncoded law of the State of Alaska is amended by adding a new section to
3 read:

4 TRANSITION: OPERATION OF MARINE HIGHWAY SYSTEM BY
5 CORPORATION. The corporation shall begin operating the Alaska marine highway system
6 on July 1, 2023. In this section,

7 (1) "Alaska marine highway system" has the meaning given in AS 42.50.990,
8 added by sec. 17 of this Act;

9 (2) "corporation" means the Alaska Marine Highway Corporation established
10 by AS 42.50.010, added by sec. 17 of this Act.

11 * **Sec. 33.** The uncoded law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITION: MISCELLANEOUS PROVISIONS. All contracts, rights, liabilities,
14 bonds, notes, or other obligations of the Alaska marine highway system as owned and
15 operated by the Department of Transportation and Public Facilities that are created by or
16 under a law amended or repealed by this Act, and in effect on the effective date of this
17 section, remain in effect notwithstanding this Act's taking effect, with all contracts, rights,
18 liabilities, bonds, notes, or other obligations of the Alaska marine highway system becoming
19 contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Marine Highway
20 Corporation established by AS 42.50.010, added by sec. 17 of this Act, with the same
21 limitations and provisions as under a contract, right, liability, bond, note, or other obligation
22 of the former Alaska marine highway system owned and operated by the Department of
23 Transportation and Public Facilities. In this section, "Alaska marine highway system" has the
24 meaning given in AS 42.50.990, added by sec. 17 of this Act.

25 * **Sec. 34.** The uncoded law of the State of Alaska is amended by adding a new section to
26 read:

27 TRANSITIONAL PROVISION: REPORT OF TRANSFERRED ASSETS. The
28 Department of Transportation and Public Facilities shall prepare or direct the preparation of
29 all necessary financial reports of the assets to be transferred by the department under sec. 31
30 of this Act as of the close of business on the day before the effective date of the transfer.

31 * **Sec. 35.** The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITION: INITIAL REPORTS. (a) Notwithstanding AS 42.50.280, added by
3 sec. 17 of this Act, the Alaska Marine Highway Corporation shall file its first operations and
4 performance report required under AS 42.50.280, added by sec. 17 of this Act, within 90 days
5 following the end of its second fiscal year. The report must cover the first two fiscal years of
6 the corporation.

7 (b) Notwithstanding AS 42.50.290, added by sec. 17 of this Act, the board of
8 directors of the Alaska Marine Highway Corporation shall file its first travel and
9 compensation report required under AS 42.50.290, added by sec. 17 of this Act, with the
10 Department of Administration by January 21 of the third calendar year after this Act takes
11 effect.

12 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 TRANSITION: INITIAL AUDIT. Notwithstanding AS 42.50.260(a), added by sec. 17
15 of this Act, the board of directors of the Alaska Marine Highway Corporation established by
16 AS 42.50.010, added by sec. 17 of this Act, shall have the first audit required under
17 AS 42.50.260(a), added by sec. 17 of this Act, performed after the second fiscal year of the
18 corporation. The audit must cover the first and second fiscal years of the corporation.

19 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 CONDITIONAL EFFECT; NOTIFICATION. (a) Section 13 of this Act takes effect
22 only if the commissioner of commerce, community, and economic development notifies the
23 revisor of statutes in writing as required under (b) of this section.

24 (b) The commissioner of commerce, community, and economic development shall
25 notify the revisor of statutes in writing of the date that the Department of Transportation and
26 Public Facilities has assigned to the Alaska Marine Highway Corporation under sec. 29 of this
27 Act, or terminated under sec. 29 of this Act, all collective bargaining agreements with the
28 following:

- 29 (1) the International Organization of Masters, Mates, and Pilots;
- 30 (2) the Marine Engineers' Beneficial Association;
- 31 (3) the Inlandboatmen's Union representing the Unlicensed Marine Unit;

1 (4) the Alaska State Employees Association; and

2 (5) the Alaska Public Employees Association.

3 (c) In this section,

4 (1) "Alaska Marine Highway Corporation" means the Alaska Marine Highway
5 Corporation established by AS 42.50.010, added by sec. 17 of this Act;

6 (2) "collective bargaining agreement" means an agreement entered into under
7 AS 23.40.040.

8 * **Sec. 38.** If, under sec. 37 of this Act, sec. 13 of this Act takes effect, it takes effect the day
9 after the date the commissioner of commerce, community, and economic development
10 notifies the revisor of statutes under sec. 37 of this Act.

11 * **Sec. 39.** Except as provided in sec. 38 of this Act, this Act takes effect immediately under
12 AS 01.10.070(c).