

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 14, 2024

1:32 p.m.

**MEMBERS PRESENT**

Representative Kevin McCabe, Chair  
Representative Sarah Vance, Vice Chair  
Representative Tom McKay  
Representative Craig Johnson  
Representative Jesse Sumner (via teleconference)  
Representative Louise Stutes  
Representative Genevieve Mina

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION(S): COLLABORATION BETWEEN FAIRBANKS AREA SURFACE  
TRANSPORTATION (FAST) PLANNING AND ALASKA DEPT. OF  
TRANSPORTATION & PUBLIC FACILITIES

- HEARD

HOUSE BILL NO. 122

"An Act 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."

- MOVED CSHB 122(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 386

"An Act relating to the obstruction of airports and runways; relating to the obstruction of highways; establishing the crime of obstruction of free passage in public places; relating to the obstruction of public places; relating to the crime of trespassing; relating to the obstruction of navigable waters; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 122

SHORT TITLE: RAILROAD CORP. FINANCING

SPONSOR(S): REPRESENTATIVE(S) TOMASZEWSKI

|          |     |                                 |
|----------|-----|---------------------------------|
| 03/17/23 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/17/23 | (H) | TRA, FIN                        |
| 02/20/24 | (H) | TRA AT 1:30 PM BARNES 124       |
| 02/20/24 | (H) | -- MEETING CANCELED --          |
| 02/27/24 | (H) | TRA AT 1:30 PM BARNES 124       |
| 02/27/24 | (H) | Heard & Held                    |
| 02/27/24 | (H) | MINUTE(TRA)                     |
| 03/14/24 | (H) | TRA AT 1:00 PM BARNES 124       |

**WITNESS REGISTER**

JACKSON FOX, Executive Director  
Fairbanks Area Surface Transportation Planning  
Fairbanks, Alaska

**POSITION STATEMENT:** Gave a PowerPoint, titled "Fairbanks Area Surface Transportation (FAST) Planning."

MAYOR BRYCE WARD  
Fairbanks North Star Borough  
Fairbanks, Alaska

**POSITION STATEMENT:** Answered questions during a PowerPoint, titled "Collaboration between Fairbanks Area Surface Transportation (FAST) Planning and Alaska Dept. of Transportation & Public Facilities."

REPRESENTATIVE FRANK TOMASZEWSKI  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, introduced HB 122.

ZACH YOUNG, Staff  
Representative Frank Tomaszewski  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained HB 122 on behalf Representative Frank Tomaszewski, prime sponsor.

MEGHAN CLEMENS, External Affairs Director  
Alaska Railroad Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 122.

BILL O'LEARY, President & CEO  
Alaska Railroad Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 122.

MARK DAVIS, Special Counsel  
Alaska Industrial Development and Export Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 122.

JEFF SAN JUAN, Program Manager  
Alaska Industrial Development and Export Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 122.

#### **ACTION NARRATIVE**

[1:32:53 PM](#)

**CHAIR KEVIN MCCABE** called the House Transportation Standing Committee meeting to order at 1:32 p.m. Representatives Vance, Mina, McCabe, and Sumner (via teleconference) were present at the call to order. Representatives C. Johnson, McKay, and Stutes arrived as the meeting was in progress.

**PRESENTATION(S): Collaboration between Fairbanks Area Surface  
Transportation (FAST) Planning and Alaska Dept. of  
Transportation & Public Facilities**

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CHAIR MCCABE announced that the first order of business would be the Collaboration between Fairbanks Area Surface Transportation (FAST) Planning and Alaska Dept. of Transportation & Public Facilities presentation.

[1:36:01 PM](#)

JACKSON FOX, Executive Director, Fairbanks Area Surface Transportation (FAST) Planning, began a PowerPoint presentation [hard copy included in the committee packet], on slide 2, titled "Overview," which read as follows [original punctuation provided]:

- Metropolitan Planning Organizations (MPOs)
  - Who we are &What we do
- Planning Area Boundary
- Policy Board &Committees
  - Who we work with
- Required Transportation Plans
  - Relationship between MTP,TIP, & STIP
- Supplemental Planning Efforts

MR. FOX proceeded to slide 3, titled "Metropolitan Planning Organizations (MPOs)," which is something that he explained is done across the U.S. The slide read as follows [original punctuation provided]:

- Urbanized Areas with 50,000+ population
  - In Alaska → Anchorage, Fairbanks, & MatSu
- Federally mandated and funded
- Carries out Transportation Planning Process under 23 CFR 450, Subpart C, to develop the region's Long- and Short-Range Transportation Plans
- Empowers local governments in the transportation decision-making process
- Continuously engages the public in transportation planning and projects

[1:39:11 PM](#)

MR. FOX advanced to slide 4, titled "Intergovernmental Operating Agreement." He added that the agreement could be found on the FAST website, and it outlines how FAST coordinates and collaborates with the Department of Transportation & Public Facilities (DOT&PF).

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MR. FOX, in response to Chair McCabe, elaborated on the organization type. He then moved to slide 5, which showed a map of the planning area boundary, and it related back to the census as to what is considered to be urbanized versus rural. Within the boundary, he said, there are 12 city limits including the University of Alaska Fairbanks (UAF) campus. He proceeded to slide 6, titled "Our Office," which read as follows [original punctuation provided]:

- 501(c)(3) Non-profit Corporation (established April 2019)

- MPO Staff
  - Executive Director (1.0 FTE)
  - Transportation Planner (2.0 FTE)
  - Administrative Assistant (part-time, 0.5 FTE)
- Support Staff
  - DOT&PF Planner (0.5 FTE)
  - Borough Transportation Planner (0.5 FTE)

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REPRESENTATIVE STUTES asked who the DOT&PF planner is.

MR. FOX replied the DOT&PF planner in Fairbanks is Randi Bailey. He continued on slide 7, titled "Board, Committees, & Working Groups," which featured the policy board technical committee. He noted all the committees meet on a monthly basis and are open to the public.

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CHAIR MCCABE asked which board a communication to the Federal Highway Administration (FHWA) would go through.

MR. FOX replied that all formal communications go through the technical committee and policy board, the latter which has to approve the content of the communications.

CHAIR MCCABE requested copies of the last communications specifically dealing with the Statewide Transportation Improvement Program (STIP).

MR. FOX replied that he would provide the documents. He proceeded to slide 8, titled "Policy Board (MPO Decision-making Body) Concurrently serves as Board of Directors for Non-profit Corporation." He said there are seven seats consisting of five local government and two state seats. He moved to slide 9, titled "Technical Committee (Primary Advisory Body)." The slide featured 18 committee members filling three seats for city representatives, four seats for borough representatives, six seats for state representatives, two military seats, and seats for the railroad tribal organizations as well as a freight representative.

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CHAIR MCCABE asked Mr. Fox to elaborate on the freight representative.

MR. FOX replied the representative is from a local freight hauling company, which is currently ALS Transportation. He continued on slide 10, titled "Other FAST Planning Committees," which read as follows [original punctuation provided]:

- Bicycle & Pedestrian Advisory Committee
  - Agency, Local Interest Groups, & Public members
- Project Enhancement Committee
  - Engineers, Architects, & Maintenance Managers
- Seasonal MobilityTask Force
  - DOT&PF Maintenance, City PublicWorks, Borough Rural Services, Borough Parks & Recreation, MACSTransit, UAF Operations, School District, Access Alaska (disabilities)

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MR. FOX, in response to Chair McCabe, confirmed that it is normal for FAST to comment on statewide projects; the MPO has been in existence for 25 years; each time a STIP is developed and advertised for public input, comments have been provided statewide. In response to a follow-up question, he deferred to Maor Bryce Ward.

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MAYOR BRYCE WARD, Fairbanks North Star Borough, addressed Representative McCabe's inquiry and explained that through every STIP development, it is typical for FAST to look at statewide allocations for transportation for comparison purposes. He added there is interest in seeing as many transportation dollars come to the Interior, as well as the other MPOs making sure prioritized projects get the necessary funding.

CHAIR MCCABE agreed, but pointed out that Kenai has no MPO and, for example, no way to comment on the Fairbanks projects. He said he understood the level of frustration from many Alaskans wondering why Fairbanks feels the need to comment on other areas.

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MR. FOX moved to slide 11, titled "Primary [Required] Transportation Plans." He said FAST's primary function is to carry out the transportation planning process for projects within their boundaries. Slide 12 showed graphics of all the transportation projects over the next 20 years, but he noted they are subject to change. He added that the map is a result of a very comprehensive analysis of the transportation needs from many factors. He continued on slide 13, which showed lists of short-range FAST planning projects, 2023-2027, and non-FAST planning projects.

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REPRESENTATIVE STUTES asked Mr. Fox for further understanding why he is commenting on projects that are outside FAST's boundary.

MR. FOX referred to Mayor Ward's comments and stated that he had many project needs in his area, and for example, Matanuska-Susitna ("Mat-Su") has many needs as well, being it has the fastest growing population in the state. On projects related outside of FAST's boundaries, he explained there may be a more equitable share of funds.

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CHAIR MCCABE brought up that in the last 13 years, Fairbanks received six times more money than any other area in the state.

MR. FOX replied he was aware that the northern region office had done very well in securing federal transportation dollars.

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REPRESENTATIVE STUTES expressed that she was alarmed to learn it seemed it was more about how much money was coming in versus the safety of Alaskans on some of these projects.

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MR. FOX moved to slide 14, titled "What happens before a project is built," which featured a flow chart on how the planning process works from needs through construction.

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MR. FOX moved to slide 15, titled "STIP vs. TIP," which he stated were very similar spreadsheets featuring statewide versus local projects. He proceeded to slide 16, headed "TIP," which featured transportation improvement programs within local boundaries. On slide 17, titled "Relationship between MTP, TIP, & STIP," he briefly highlighted the relationship between the programs and the long-range plan.

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MR. FOX, in response to Representative Mina, spoke about how his MPO engaged in the process of developing a STIP. In response to a question from Chair McCabe regarding telling the media that a STIP had been rejected by the FHWA, referred to the original STIP that expired in September 2023 and needed a six-month extension. To a follow-up question regarding the Alaska Railroad Corporation (ARRC), he explained that for the MTP and TIP there is a requirement to list all the railroad projects within an area's boundaries and spoke of a planning effort with DOT&PF and ARRC to eliminate some of the conflicts with rail crossings in the area.

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MR. FOX moved to slide 18, titled "Other Required Plans," and summarized the four plans on the slide which included a Unified Planning Work Program, a Regional [Air Quality] Emissions Analysis, a Public Participation Plan, and a Title VI Plan [Civil Rights].

MR. FOX, in response to Chair McCabe, referred to slide 19, titled "Air Quality Conformity Freeze," and explained that there were letters that came out through the policy board to the Environmental Protection Agency (EPA) about frustrations with tying the air quality issues with federal dollars. He gave a brief history of emissions issues in Fairbanks and penalty phases brought about by the EPA. He said FAST is experiencing some of the penalty right now and explained that there is a "conformity freeze," highlighted on slide 19, titled "Air Quality Conformity Freeze," which read as follows [original punctuation provided]:

- Final EPA Rulemaking
  - Took effect January 4th
  - Expected to last 24 months
  
- During a Conformity Freeze:

- No amendments are allowed for MTP and TIP, except for Exempt projects
- Only projects in first 4 years of MTP and TIP may move forward - 2023 to 2026
- If StateAir Plan deficiencies are not corrected within 24 months, highway sanctions are imposed

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CHAIR MCCABE encouraged the committee to come up with a resolution to the federal government to address the issue.

MR. FOX noted that FAST may try to pursue a "protective finding" so that federal highway dollars are preserved. He added that when the time comes, he will reach out. He continued the presentation on slide 20, titled "Supplemental Plans," which were not required plans for the MPO, he said. The four plans listed on the slide were freight mobility, road/rail crossing reduction, road service area expansion, and bike/pedestrian. He advanced to slide 21, titled "Supplemental Plans Under Development," and he summarized plans FAST is currently formulating. Slide 22 featured a cooperative agreement letter that noted a proposed expansion to 16 communities outside of FAST boundaries. It is a new partnership with DOT&PF, he said.

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MR. FOX moved to slide 23, titled "Who Maintains My Road? Interactive Map." The slide featured a variety of different initiatives, and he noted the map could be found online. He added that it had been popular with many different entities.

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MAYOR WARD rejoined the discussion and stressed that MPOs are a great partnership between the state and the local communities. He acknowledged that there was often frustration between "bridging the gap" between a member of the public and government agencies, and the MPOs give the opportunity for the community to come together and be a part of the planning efforts, and in turn benefit DOT&PF.

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CHAIR MCCABE expressed his appreciation to the presenters. He questioned what the mission statement for the 501(c)(3) would be and how it would influence projects outside of FAST boundaries.

MR. FOX replied that he did not have it in front of him, but that in general, the mission statement is to carry out the transportation planning process and to do that on behalf of the local governments that have a stake in the local transportation network.

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REPRESENTATIVE MINA asked whether MPOs in other states comment on their area only or also comment on other projects.

MR. FOX replied he could not speak to that without seeing other examples of comment letters from other states.

### **HB 122-RAILROAD CORP. FINANCING**

[2:21:46 PM](#)

CHAIR MCCABE announced that the final order of business would be HOUSE BILL NO. 122, "An Act 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."

[2:22:31 PM](#)

REPRESENTATIVE FRANK TOMASZEWSKI, Alaska State Legislature, as prime sponsor, introduced HB 122. He noted that this is a re-introduction of the bill and would answer any questions and take amendments at the will of the committee.

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ZACH YOUNG, Staff, Representative Frank Tomaszewski, Alaska State Legislature, on behalf Representative Tomaszewski, prime sponsor of HB 122, paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

The purpose of HB 122 is to enable the Alaska Railroad Corporation to secure financing for the critical replacement of its passenger dock and associated terminal facility in Seward, Alaska. By issuing revenue bonds, the Alaska Railroad Corporation can address infrastructure needs, enhance transportation

services, and contribute to the economic vitality of the region.

The existing passenger dock and terminal facility play a crucial role in supporting tourism, commerce, and transportation along the scenic Alaska Railroad route. However, due to wear and aging, these facilities require immediate attention. The proposed financing through revenue bonds will allow for timely upgrades, ensuring safe and efficient operations for passengers, freight, and tourism-related activities.

The replacement project aims to enhance the overall experience for travelers, promote economic growth, and maintain the Alaska Railroad's status as a vital transportation link within the state. By investing in modern infrastructure, we can continue to connect communities, foster tourism, and support local businesses.

HB 122 represents a collaborative effort to address critical infrastructure needs while maintaining fiscal responsibility. We appreciate your support for this legislation, which will benefit Alaskans and visitors alike.

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CHAIR MCCABE announced that the committee would take up amendments.

REPRESENTATIVE MCKAY moved to adopt Amendment 1 to HB 122, labeled 33-LS0623\A.1, Klein, 2/8/24, which read as follows:

Page 1, line 13:

Delete "\$150,000,000"

Insert "\$135,000,000"

CHAIR MCCABE objected for the purpose of discussion.

REPRESENTATIVE MCKAY explained that the change would reduce the maximum principal amount of revenue bonds the ARCC can issue for the replacement of their passenger dock and terminal facility in Seward, Alaska.

CHAIR MCCABE removed his objection to the motion to adopt Amendment 1. There being no further objection, Amendment 1 was adopted.

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The committee took a brief at-ease at 2:26 p.m.

[2:26:29 PM](#)

CHAIR MCCABE moved to adopt Amendment 2 to HB 122, labeled 33-LS0623\A.2, Klein, 2/21/24, which read as follows:

Page 1, line 3, following "**Alaska;**":

Insert "**authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the completion of the Port MacKenzie Rail Extension in Point MacKenzie, Alaska;**"

Page 2, following line 6:

Insert a new bill section to read:

**\* Sec. 2.** 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 completion of the Port MacKenzie Rail Extension in Point MacKenzie, 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 \$58,000,000. 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 extension of the Alaska Railroad Corporation's rail from Point MacKenzie, Alaska, to Houston, Alaska, and associated costs. The bonds shall be repaid from 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."

Renumber the following bill section accordingly.

REPRESENTATIVE STUTES objected for the purpose of discussion.

CHAIR MCCABE summarized that Amendment 2 would authorize ARRC to complete the Port MacKenzie rail extension. He noted he had done the amendment before on the floor two years in a row.

REPRESENTATIVE STUTES asked whether the completion of Port MacKenzie had been anticipated by ARRC.

CHAIR MCCABE said there is no current plan, just "circling around" the financing.

REPRESENTATIVE STUTES asked whether the bonding would require a public vote.

CHAIR MCCABE replied no.

[2:28:30 PM](#)

REPRESENTATIVE MINA stated that she was curious about ARRC's perspective on Amendment 2.

[2:28:50 PM](#)

MEGHAN CLEMENS, External Affairs Director, Alaska Railroad Corporation, explained that ARRC is supportive of rail infrastructure and actively pursuing opportunities to build the Port MacKenzie rail extension. Having the bond authorization would expedite the process; therefore, ARRC had no objection toward Amendment 2 to HB 122.

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REPRESENTATIVE VANCE questioned why bonding authority was not included for the northern rail extension as well.

CHAIR MCCABE indicated that that was considered, but he anticipated it may be easier to "take it in small chunks."

[2:30:58 PM](#)

REPRESENTATIVE VANCE asked Ms. Clemens if this were to pass what the next step in the bonding authority would be.

MS. CLEMENS replied that the next step is to continue trying to identify a commercial customer that would be able to secure the bond debt.

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REPRESENTATIVE MINA asked whether ARRC would typically have funding secured prior to asking for the bond authority.

MS. CLEMENS suggested Mr. O'Leary weigh in on the question.

[2:33:30 PM](#)

BILL O'LEARY, President & CEO, Alaska Railroad Corporation, joined the discussion on HB 122 and, in response to Representative Mina, stated it has gone both ways over the years but the majority of the time there is a specific revenue source identified prior to coming to the legislature.

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REPRESENTATIVE STUTES removed her objection.

[2:34:36 PM](#)

REPRESENTATIVE MINA objected.

[2:34:42 PM](#)

A roll call vote was taken. Representatives C. Johnson, McKay, Vance, Stutes, and McCabe voted in favor of Amendment 2 to HB 122. Representative Mina voted against it. Therefore, Amendment 2 to HB 122 was adopted by a vote of 5-1.

[2:35:39 PM](#)

REPRESENTATIVE STUTES moved to adopt Amendment 3 to HB 122, labeled 33-LS0623\A.3, Walsh, 3/4/24, which read:

Page 1, line 11, following "issuance.":

Insert "The replacement dock and terminal facility must accommodate Alaska marine highway system vessels."

CHAIR MCCABE objected for the purpose of discussion.

[2:35:47 PM](#)

REPRESENTATIVE STUTES [moved to adopt] Conceptual Amendment 1 to Amendment 3 to add "with side loading doors" following "highway system vessels".

REPRESENTATIVE C. JOHNSON objected.

[2:36:47 PM](#)

REPRESENTATIVE STUTES explained Conceptual Amendment 3, as it would be amended by Conceptual Amendment 1.

[2:37:37 PM](#)

REPRESENTATIVE C. JOHNSON asked, "Why would we limit our options?"

[2:38:18 PM](#)

REPRESENTATIVE STUTES replied that was a consideration, but there is not a timeline on when rebuilding the cargo dock will begin. She said when the cargo dock is rebuilt, it will accept the front, back, and side loading vessels. She pointed out that allowing these vessels to be used at the same dock as the cruise ships, there is accessibility.

[2:38:55 PM](#)

CHAIR MCCABE agreed with Representative Stutes and offered his belief that the design change to the dock that would allow a front-loading vessel would be fairly significant at this point.

[2:40:19 PM](#)

REPRESENTATIVE VANCE asked whether the bonding amount request would change.

MS. CLEMENS replied it does not change the scope or "price tag" of the proposed passenger dock. She added that the cargo dock has a construction plan in place and the project is funded, but the timeline has been pushed slightly since federal dollars are involved, she said.

[2:41:28 PM](#)

REPRESENTATIVE C. JOHNSON removed his objection to Conceptual Amendment 1 to Amendment 3. There being no further objection, Conceptual Amendment 1 to Amendment 3 was adopted.

CHAIR MCCABE announced that Amendment 3, [as amended], was adopted.

[2:41:50 PM](#)

REPRESENTATIVE MCKAY moved to adopt [Conceptual] Amendment 4 to HB 122, labeled 33-LS0623\A.4, Walsh, 3/14/24, which read as follows:

Page 1, line 3, following "Alaska;":

Insert "authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance infrastructure that supports development of critical mineral and rare earth element projects;"

Page 2, following line 6:

Insert a new bill section to read:

"\* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE APPROVAL: STATEWIDE CRITICAL MINERAL AND RARE EARTH ELEMENT INFRASTRUCTURE PROJECTS. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance infrastructure and construction costs of infrastructure that support the development of critical mineral and rare earth element projects located in the state. The critical mineral and rare earth element project infrastructure shall be owned and operated by the authority or financed under AS 44.88.172, 44.88.650 - 44.88.690, or 44.88.800 - 44.88.840. The principal amount of the bonds provided by the authority for critical mineral and rare earth

element projects may not exceed \$300,000,000 and may include the costs of issuing bonds considered reasonable and appropriate by the authority. The bonds shall be repaid from revenues of the authority.

(b) The Alaska Industrial Development and Export Authority may issue the bonds under this section in a single issuance or in several issuances, without limitation as to the number of issuances or timing, and as the authority determines best furthers the purpose of financing infrastructure that supports the development of critical mineral and rare earth element projects in the state.

(c) The bonds authorized by this section may not be considered in calculating the authority's bonding limitation for a 12-month period under AS 44.88.095(a).

(d) This section constitutes legislative approval required by AS 44.88.095(g)."

Renumber the following bill section accordingly.

[2:41:52 PM](#)

REPRESENTATIVE STUTES objected.

REPRESENTATIVE MCKAY explained that [Conceptual] Amendment 4 would allow Alaska Industrial Development and Export Authority (AIDEA) to issue bonds in the amount up to \$300 million to finance infrastructure and construction costs necessary to develop critical mineral and rare earth projects located in Alaska. The amendment grants the legislative approval necessary for AIDEA to issue bonds and finance economically viable projects. He further related example projects.

CHAIR MCCABE noted that the amendment was brought in late; therefore, it is a conceptual amendment by Representative McKay.

[2:43:56 PM](#)

REPRESENTATIVE STUTES opined that Conceptual Amendment 4 "junks up the bill" and makes the bill less likely to go anywhere. She added her belief that it is not germane to the original bill and maintained her objection.

[2:44:27 PM](#)

REPRESENTATIVE VANCE understood the bill would go to the House Finance Committee next, and she requested that the amendment sponsor give more details on, once bonded, what kind of process there is with the legislature and public on each of the various projects.

REPRESENTATIVE MCKAY referred the inquiry to a member of AIDEA.

[2:46:30 PM](#)

MARK DAVIS, Special Counsel, AIDEA, joined the discussion on HB 122 and directed his response to Representative Vance. He said this is a preauthorization for bonds that would be issued under AIDEA but not revenue bonds. He said AIDEA issues two types of bonds and has products all over the state that deal with critical minerals. If a project were being developed and needed to go back to the legislature for bonding approval, then it would take time, and sometimes that means the deal does not go forward, he said. He summarized that AIDEA is asking for preauthorization for rare earth metals, but that they are not the debt of the state.

[2:47:51 PM](#)

REPRESENTATIVE STUTES inquired whether, if the bond authorization is issued, there would be a requirement to come back to the legislature in order to get authorization for that particular project using the funds.

MR. DAVIS replied not if it was for the rare earth metals. He added if it were any other kind of bond for a different purpose, then it would not be an authorization. Any bond issuance has to go through all governance, he said, to make sure they track and make sense.

[2:49:00 PM](#)

CHAIR MCCABE, considering time, announced that HB 386, which had a public testimony component, would be held until the next hearing. He apologized to those listening specifically for HB 386.

[2:49:45 PM](#)

REPRESENTATIVE STUTES offered her understanding that if AIDEA has a project and needs bonding, it must explain the reason behind it to the legislature.

MR. DAVIS confirmed that is correct and added that if the general obligation (GO) bonds are less than \$25 million, then AIDEA can issue them by themselves and issue revenue bonds as well.

[2:50:51 PM](#)

REPRESENTATIVE MINA asked Mr. Davis whether AIDEA has pursued this language in a separate bill or a committee bill throughout this legislature.

MR. DAVIS stated he did not think the matter had been presented until very recently.

REPRESENTATIVE MINA asked whether there was a timeline or urgency for the passage of HB 122 and what would happen if the bill did not pass.

MS. CLEMENS confirmed that there is an urgency to pass HB 122 and how it relates to the construction timeline of the Seward passenger dock.

REPRESENTATIVE MINA asked Mr. Davis whether there was an urgency for the proposed amendment and what the result may be if the amendment does not go through.

MR. DAVIS offered his belief there was not urgency in the sense of ARRC.

[2:53:07 PM](#)

REPRESENTATIVE VANCE asked Mr. Davis whether there is a revenue that would be gained by the state through the projects once they start to get implemented.

MR. DAVIS answered yes.

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REPRESENTATIVE STUTES, adding to Representative Vance's question, inquired how there could be revenue for the state when there are no projects lined up.

MR. DAVIS clarified that bonds are one of the last things done on a project that is financed.

REPRESENTATIVE STUTES stated her belief that currently there are no projects lined up that would be utilizing the bonding dollars.

MR. DAVIS replied they are in discussions with companies that would like to have the bonding authority, and he said he believed they would come to fruition. He added they are not the same as ARRC type projects with already laid out, detailed plans.

REPRESENTATIVE STUTES reiterated that currently no projects are lined up that would utilize these dollars.

MR. DAVIS confirmed there are currently discussions with companies with the goal being to start projects within a reasonable period of time.

[2:55:29 PM](#)

REPRESENTATIVE C. JOHNSON pointed out that recently, AIDEA was designated as a state energy finance institution through the U.S. Department of Energy and asked whether that made funds available through the department to help with the projects and, if so, how the bond would play into that interaction.

MR. DAVIS confirmed the designation was correct and mentioned Title 17 [Clean Energy Funding], further explaining there are guarantees of loans and credit to projects that would be used with the bonding authorized by the amendment.

REPRESENTATIVE C. JOHNSON asked whether the dollars are substantial or a match.

MR. DAVIS stated the dollars could be substantial depending on the projects.

[2:57:23 PM](#)

JEFF SAN JUAN, Program Manager, AIDEA, added to Mr. Davis' comments that AIDEA had the ability to draw investment from other parts of private entities, and he referenced understanding the mineral potential in Alaska and how the state could capitalize on outside investment.

[2:58:54 PM](#)

REPRESENTATIVE MINA commented that she did not disagree with the amendment but needed time to think about what it does. She restated her opposition.

[2:59:49 PM](#)

CHAIR MCCABE welcomed any further discussion.

[3:00:20 PM](#)

REPRESENTATIVE STUTES maintained her objection.

[3:00:20 PM](#)

A roll call vote was taken. Representatives Sumner, C. Johnson, McKay, Vance, and McCabe voted in favor of Conceptual Amendment 4 to HB 122. Representatives Mina and Stutes voted against it. Therefore, Conceptual Amendment 4 was adopted by a vote of 5-2.

[3:00:59 PM](#)

The committee took an at-ease from 3:00 p.m. to 3:03 p.m.

[3:03:04 PM](#)

CHAIR MCCABE announced the committee would dispense with Amendment 5 and asked for the will of the committee in moving the underlying bill.

[3:03:32 PM](#)

REPRESENTATIVE MINA indicated that she would object to a motion to move the bill out of committee.

[3:04:01 PM](#)

CHAIR MCCABE opened public testimony on HB 122, as amended. After ascertaining no one wished to testify, he closed public testimony.

[3:04:33 PM](#)

REPRESENTATIVE VANCE moved to report HB 122, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[3:04:50 PM](#)

REPRESENTATIVE MINA objected.

[3:04:58 PM](#)

A roll call vote was taken. Representatives C. Johnson, McKay, Vance, Stutes, and McCabe voted in favor of the motion to report HB 122, as amended, out of committee with individual recommendations and the accompanying fiscal notes. Representative Mina voted against it. Therefore, CSHB 122(TRA) was reported out of the House Transportation Standing Committee by a vote of 5-1.

[3:05:35 PM](#)

CHAIR MCCABE discussed future business.

[3:06:38 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 3:07 p.m.