

1 IN THE HOUSE

BY MR. STRANDBERG

2 HOUSE BILL NO. 258

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the establishment of a  
7 state transportation authority; and provid-  
8 ing for an effective date."

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

10 \* Section 1. AS 44 is amended by adding a new chapter to read:

11 CHAPTER 60. ALASKA TRANSPORTATION AUTHORITY

12 ARTICLE 1. CREATION AND ORGANIZATION

13 Sec. 44.60.010. ALASKA TRANSPORTATION AUTHORITY. The  
14 Alaska Transportation Authority is established as a public  
15 body corporate and politic.

16 Sec. 44.60.020. ALASKA TRANSPORTATION AUTHORITY BOARD.  
17 The Alaska Transportation Authority Board is established as  
18 the governing body of the authority.

19 Sec. 44.60.030. APPOINTMENT AND COMPOSITION OF BOARD.

20 (a) The board consists of seven members who are residents  
21 of the state. Members of the board are appointed by the  
22 governor and they serve at his pleasure. No more than four  
23 members may be of the same political party.

24 (b) The appointment of members to the board must be  
25 confirmed by the legislature meeting in joint session. A  
26 member may act and receive compensation from his appointment  
27 until his confirmation or rejection by the legislature.

28 (c) Public officers or employees are eligible for  
29 appointment to the board without forfeiture of any public

1 office, position or employment.

2 Sec. 44.60.040. TERM OF OFFICE. The term of service  
3 for a member of the board is five years. The term of one  
4 member shall expire on February 1 of each year, except that  
5 on February 1 of the third and fifth years the terms of two  
6 members shall expire. A member appointed to fill a vacancy  
7 occurring other than by expiration of a term shall serve for  
8 the unexpired term of the member he succeeds.

9 Sec. 44.60.050. CONFLICT OF INTEREST. No member of  
10 the board may be associated with any public service corpora-  
11 tion which provides a service for profit similar to any of  
12 the services of the authority, nor may a member have any  
13 interest in a business that may be favorably or unfavorably  
14 affected by the authority.

15 Sec. 44.60.060. OFFICERS. At the first regular meeting  
16 of every odd-numbered year the board shall elect from among  
17 its members a chairman, a vice chairman and a secretary.  
18 The commissioner of revenue shall be the treasurer of the  
19 authority without voting rights or additional compensation.

20 Sec. 44.60.070. COMPENSATION AND EXPENSES. Members of  
21 the board receive no salary, but are entitled to per diem  
22 and travel expenses authorized by law for other boards for  
23 time spent in the service of the authority.

24 Sec. 44.60.080. BOARD MEETINGS. (a) The meetings of  
25 the board are public.

26 (b) The board shall keep minutes of each meeting and  
27 send a certified copy to the governor.

28 Sec. 44.60.090. QUORUM. Four members constitute a  
29 quorum for the transaction of business unless the bylaws

1 require a larger number.

2 Sec. 44.60.100. PUBLIC HEARINGS. The board shall hold  
3 public hearings before it sets or alters charges or termi-  
4 nates a service.

5 Sec. 44.60.110. OATH AND BOND. Members of the board  
6 shall take the oath required of all public officers, and  
7 shall execute an official bond to the state in the amount of  
8 \$5,000 with satisfactory sureties approved by the commission-  
9 er of revenue. The oath and bond shall be filed with the  
10 commissioner of revenue.

11 Sec. 44.60.120. EXECUTIVE DIRECTOR AND EMPLOYEES OF THE  
12 AUTHORITY. (a) The board may employ a person as the execu-  
13 tive director of the authority. He shall be professionally  
14 trained and experienced in the performance of his duties.  
15 The selection of the executive director is subject to the  
16 approval of the governor. The executive director shall not  
17 have any interest in a business that may be affected, favor-  
18 ably or unfavorably, by the operation of the authority. The  
19 board may delegate to the executive director the powers and  
20 duties it considers proper.

21 (b) The board shall, under the merit principle, deter-  
22 mine the number of officers and employees of the authority  
23 and their compensation and duties.

24 ARTICLE 2. POWERS AND DUTIES

25 Sec. 44.60.140. POWER OF AUTHORITY. (a) The authority  
26 is established to construct, acquire, maintain, and operate  
27 airports and landing fields; bridges; ferry boats, ferry  
28 systems, slips and terminals; ports and port and harbor  
29 facilities, which may include an examination of the coast

1 line to determine what prospective harbor areas should be  
2 reserved for development; railroads; tunnels; and any other  
3 transportation project which is in the interest of the public,  
4 whether on the state, regional, or local level.

5 (b) The authority has, but is not limited to, the  
6 following powers:

7 (1) sue and be sued in its official corporate  
8 name, provided that suits for an injunction cannot be brought  
9 against it without the approval of the attorney general;

10 (2) make contracts;

11 (3) acquire through gift, grant, purchase, lease,  
12 the powers of eminent domain, or otherwise, and hold, use,  
13 enjoy, lease, sell, or otherwise dispose of any and all real  
14 and personal property;

15 (4) fix, alter, and collect charges for the use  
16 of its projects, or its services, at reasonable rates deter-  
17 mined by the authority for the purpose of providing for the  
18 payment of the general expenses of the authority, the con-  
19 struction, acquisition, and operation of its projects and  
20 properties, the payment of the principal of and interest on  
21 its obligations, and to fulfill the terms and provisions of  
22 any agreement made with the purchasers or holders of its  
23 obligations;

24 (5) borrow money, make and issue negotiable notes,  
25 bonds, and other evidences of indebtedness or obligations of  
26 the authority; secure the payment of its bonds, or any part  
27 of them, by establishing a lien on all or part of its reven-  
28 ues and by making agreements with the purchasers or holders  
29 of its bonds or with others in connection with its bonds,

1 whether issued or to be issued; and in general to provide  
2 for the security of its bonds and the rights of the holders;

3 (6) borrow money and accept grants of real and  
4 personal property from and enter into contracts, leases or  
5 other transactions with the federal government;

6 (7) enter on any lands, waters and premises for  
7 the purpose of making surveys, soundings and examinations;

8 (8) enter into agreements with the state, any of  
9 its political subdivisions or other public agencies for the  
10 undertaking of any project;

11 (9) acquire, by assignment from the state, con-  
12 tracts which are not complete and which involve any of the  
13 undertakings authorized by this chapter;

14 (10) enter into agreements with the state in order  
15 to utilize the staff and facilities of the Department of  
16 Public Works in planning, contracting for, construction of,  
17 maintaining, or operating any project.

18 Sec. 44.60.150. LIMITATION ON POWER OF AUTHORITY. The  
19 power of the authority is limited by the following provi-  
20 sions:

21 (1) No project may be undertaken unless it has  
22 been approved by the governor.

23 (2) The authority has no power to levy taxes or  
24 to pledge the credit or the taxing power of the state, and  
25 no debt or obligation of the authority may be considered a  
26 debt or obligation of the state.

27 Sec. 44.60.160. POWERS OF BOARD. The board shall  
28 manage the properties and business of the authority and may  
29 prescribe bylaws, rules and regulations. Rules and regula-

1 tions of the board shall be promulgated in accordance with  
2 the Administrative Procedure Act.

3 Sec. 44.60.170. ANNUAL REPORTS. Before December 1 of  
4 each year, the board shall submit to the governor and the  
5 legislature a general report and a personnel report. This  
6 requirement is for informational purposes and does not mean  
7 that the state may regulate the budget or personnel policies  
8 of the authority. The general report shall describe the  
9 authority's operations, fiscal transactions, financial con-  
10 dition and future plans in a comprehensive form to be  
11 prescribed by the governor. The personnel report shall  
12 describe the authority's personnel administration, including  
13 its policies on recruitment, classification, promotion, com-  
14 pensation, employee services, and other related personnel  
15 matters.

16 Sec. 44.60.180. DEPARTMENT OF ADMINISTRATION TO AUDIT  
17 RECORDS. The authority shall allow the Department of Admin-  
18 istration and the legislative auditor to audit its accounts  
19 and books at any time. The Department of Administration may  
20 prescribe the form and content of the financial records of  
21 the authority and shall audit these records annually. If an  
22 external or private audit is satisfactory in the judgment of  
23 the Department of Administration, it may be accepted in lieu  
24 of the state audit.

25 Sec. 44.60.190. AWARD OF CONTRACTS. If the estimated  
26 cost of a project exceeds \$2,500, the contract shall be  
27 awarded to the lowest responsible bidder after advertising  
28 for bids. This is not to be construed to limit the power  
29 of the authority to construct a project itself or by agreement

1 with the federal or state government.

2 ARTICLE 3. FINANCIAL PROVISIONS

3 Sec. 44.60.200. INITIAL CAPITAL. Appropriations  
4 necessary for the initial operation of the authority are  
5 authorized.

6 Sec. 44.60.210. REVENUE BONDS. (a) The authority may,  
7 by resolution of the board, issue revenue bonds.

8 (b) These bonds shall mature no later than 40 years  
9 after their date of issue, bear an interest rate not exceed-  
10 ing six per cent, be either coupon or fully registered with-  
11 out coupons, carry registration exchangeability and inter-  
12 changeability privileges, be subject to terms of redemption  
13 at prices not exceeding 105 per cent of the principal, be  
14 entitled to priorities in the revenues of the authority as  
15 the bond resolutions may provide, and may contain provisions  
16 for protecting and enforcing the rights of the bondholders  
17 as may be reasonable and proper and not in violation of the  
18 law.

19 (c) The bonds shall be sold to the highest responsible  
20 bidder after public notice. If no bids are received or the  
21 authority determines that the bids are not satisfactory as  
22 to the price or the responsibility of the bidder, the author-  
23 ity may reject any bids received and either readvertise or  
24 sell the bonds at a private sale.

25 (d) The authority may enter into agreements with banks,  
26 trust companies, the federal government, or any other person  
27 having power to provide security for its bonds, and may  
28 pledge all or any part of its revenues. The indenture agree-  
29 ment may contain provisions normally found in these agreements.

1           Sec. 44.60.220. REMEDIES OF BONDHOLDERS. If the  
2 authority defaults in the payment of principal or interest  
3 on any bonds for a period of at least 30 days, or in the  
4 event that the authority fails or refuses to comply with the  
5 provisions of this chapter or defaults in any agreement made  
6 with holders of its bonds, the holders of 25 per cent of the  
7 value of the bonds then outstanding and affected by the  
8 authority's unlawful action or default may, subject to any  
9 limitations of the indenture or bond agreement, or in addi-  
10 tion to any remedies of the indenture or bond agreement,  
11 appoint a trustee to represent the bondholders. The trustee  
12 may bring an action in the superior court of this state to  
13 enforce the rights of the bondholders as may be established  
14 by indentures or other agreements, as may be reasonable and  
15 proper, and in all cases in accordance with the following  
16 provisions:

17           (1) Before a trustee initiates an action in the  
18 superior court, he shall give notice in writing to the  
19 authority, the legislature, and attorney general of the  
20 state. If the legislature is in session when notice is  
21 given, the trustee may not initiate an action until it  
22 adjourns. If the legislature is not in session, the trustee  
23 may not initiate an action until 45 days after the convening  
24 of the next regular session. If the legislature satisfies  
25 the claims of the bondholders, the default of the authority  
26 shall be cured. The attorney general may allow exceptions  
27 to this provision if a trustee is able to prove that an un-  
28 usual situation exists and serious harm would result if  
29 legal action were postponed.

1           (2) A receiver appointed by a court to operate  
2 and to collect the revenues of any project of the authority  
3 may not sell, assign, mortgage, or otherwise dispose of any  
4 of the assets belonging to the authority. It is the inten-  
5 tion of this chapter to limit the powers of a receiver to  
6 the operation of authority projects and to prohibit the sell-  
7 ing or otherwise disposing of any assets belonging to the  
8 authority.

9           Sec. 44.60.230. REFUNDING BONDS. (a) The authority  
10 may provide for the issuance, sale, or exchange of refunding  
11 bonds to redeem or retire bonds issued by it upon the terms,  
12 at the times, and in the manner which it considers advisable  
13 or as provided in contracts between the authority and bond-  
14 holders.

15           (b) All provisions of this chapter applicable to the  
16 issuance of bonds are applicable to funding or refunding  
17 bonds.

18           (c) The state reserves the right, except with projects  
19 constructed through interstate or international agreements,  
20 to require the authority to redeem outstanding authority  
21 bonds eight years after issuance and at a maximum premium of  
22 five per cent, or within a shorter period or at a lower  
23 premium as may be provided in contracts between the authority  
24 and bondholders. The authority may contract and legally bind  
25 itself to a longer redemption period or a higher premium,  
26 but this may not restrict the rights of the state as provided  
27 by this section.

28           Sec. 44.60.240. LIMITATION OF STATE POWER. The state  
29 pledges that it will do nothing to diminish or impair the

1 power of the authority so as to affect the security of the  
2 authority's financial obligations. The state further  
3 pledges that it will do nothing to alter the powers of the  
4 authority which would be inconsistent with contractual  
5 agreements between the authority and the federal government.

6 Sec. 44.60.250. EXEMPTION FROM TAXATION. The purpose  
7 of the authority is to benefit the people of the state by  
8 increasing their commerce, prosperity and general well-  
9 being. Because the authority has this purpose, it is free  
10 of all taxes and assessment in this state. Bonds issued by  
11 the authority, their transfer, and their income shall also  
12 be free of taxes and assessments, with the exception of in-  
13 heritance and estate taxes. The provisions of this section  
14 do not prevent the authority from entering into agreements  
15 with political subdivisions of the state to make payments in  
16 lieu of taxes.

17 ARTICLE 4. GENERAL PROVISIONS

18 Sec. 44.60.260. DEFINITIONS. In this chapter

19 (1) "authority" means the Alaska Transportation  
20 Authority;

21 (2) "board" means the Alaska Transportation  
22 Authority Board;

23 (3) "project" or "enterprise" means any structure,  
24 facility, system, works or other undertaking, together with  
25 all appurtenances which the authority is authorized to con-  
26 struct, improve, equip, furnish, maintain, acquire, or  
27 operate under the provisions of this chapter;

28 (4) "charges" includes fees, tolls, rates and  
29 rentals.

1           Sec. 44.60.270. SHORT TITLE. This chapter may be  
2           cited as the "Transportation Authority Act."

3           \* Sec. 2. Within 30 days after the effective date of this Act  
4           the governor shall appoint the Alaska Transportation Authority  
5           Board. At the time of these appointments, the governor shall  
6           designate which members have been appointed for the terms of ser-  
7           vice provided by AS 44.60.040. Within 14 days after the last of  
8           the original appointments have been made, the board shall meet  
9           and organize by electing from its members a chairman, a vice  
10          chairman, and a secretary.

11          \* Sec. 3. This Act takes effect on the day after its passage  
12          and approval or on the day it becomes law without such approval.

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