

Introduced: 4/20/78
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HCS CS SENATE BILL NO. 603 (Rules) Amy Amitt
3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Gas Pipeline Financing
7 Authority; and providing for an effective date."

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

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

10 Sec. 44.55.010. LEGISLATIVE FINDINGS. The legislature finds
11 that:

12 (1) timely construction of the Alaska Highway Natural Gas
13 Pipeline Project is in the best interest of the state and of the
14 United States;

15 (2) state assistance to the financing of the project will
16 promote an essential public purpose in assuring early transportation
17 to market of Prudhoe Bay natural gas;

18 (3) the project is essential to the development of the
19 natural resources and the long-term economic growth of the state, and
20 will directly and indirectly alleviate unemployment in the state;

21 (4) additional benefits to Alaska from the project include
22 increased state and local tax revenue, enhanced availability of
23 natural gas for Alaska communities, and stimulus and expansion of the
24 private sector economy, including greater potential for development of
25 in-state manufacturing, refining and processing facilities;

26 (5) construction of the project is a matter of immediate
27 statewide concern; there is no existing general law adequate for the
28 purpose of assisting with financing of the project, as provided in
29 this chapter;

1 (6) it is a public purpose of the State of Alaska to promote
2 early completion of the project through the creation of an instrumen-
3 tality empowered to sell revenue bonds, the interest on which is
4 exempt from federal income tax, and to use the proceeds to purchase or
5 otherwise acquire obligations issued with respect to the project.

6 Sec. 44.55.020. CREATION OF AUTHORITY. There is created the
7 Alaska Gas Pipeline Financing Authority. The authority is a public
8 corporation of the state. It is an instrumentality of the state
9 within the Department of Revenue, but has a legal existence independent
10 of and separate from the state. Exercise by the authority of the
11 powers conferred by this chapter is an essential governmental function
12 of the state.

13 Sec. 44.55.030. MEMBERSHIP. The membership of the authority
14 consists of the commissioner of revenue, the commissioner of commerce
15 and economic development, and the commissioner of natural resources.
16 The commissioner of revenue is chairman of the authority. If a member
17 is unable for any reason to attend a meeting of the authority, he or she
18 may, by a written instrument filed with the authority, designate a per-
19 son within his or her department to act in his or her place at the
20 meeting. For all purposes of this chapter, the designee is a member
21 of the authority at the meeting.

22 Sec. 44.55.040. OFFICERS AND QUORUM. The members may elect
23 other officers as they consider desirable. Two members constitute a
24 quorum. Action may be taken and motions and resolutions adopted by
25 the authority at a meeting by the affirmative vote of at least two
26 members.

27 Sec. 44.55.050. COMPENSATION. The members of the authority are
28 entitled to reimbursement from the authority for actual expenses
29 incurred in the performance of their duties.

1 Sec. 44.55.060. STAFF. The authority may employ an executive
2 director who may, with the approval of the authority, select and
3 employ additional staff as necessary. Employees of the authority are
4 in the exempt service under AS 39.25.110. In addition to its staff of
5 regular employees, the authority may contract for and engage the
6 services of bond counsel, consultants, experts, and financial advisors
7 the authority considers necessary for the purpose of developing infor-
8 mation, furnishing advice, or conducting studies, investigations,
9 hearings, or other proceedings.

10 Sec. 44.55.070. LEGAL COUNSEL. The attorney general is the
11 legal counsel for the corporation. He shall advise the corporation in
12 legal matters and represent it in legal actions.

13 Sec. 44.55.080. PURPOSE OF AUTHORITY. The purpose of the autho-
14 rity is to assist in the financing of the project through the issuance
15 of revenue bonds as provided in this chapter.

16 Sec. 44.55.090. GENERAL POWERS. In furtherance of its purpose,
17 the authority has the following powers in addition to its other powers:

- 18 (1) to sue and be sued;
- 19 (2) to have a seal and alter it at pleasure;
- 20 (3) to make and alter by-laws for its organization and
21 internal management;
- 22 (4) to maintain an office at any place in the state;
- 23 (5) to acquire, hold, use, mortgage, encumber, or otherwise
24 dispose of income, revenue, funds, memberships, contracts, bonds or
25 other property or interests in a corporation or other legal entity, or
26 any other real or personal property;
- 27 (6) to accept gifts, grants, or loans from, and enter into
28 contracts or other transactions with, any national, state, or munici-
29 pal government, or agency or instrumentality of a government, or with

1 any private organization, or other source;

2 (7) to deposit or invest its funds subject to agreements
3 with bondholders and other parties; and

4 (8) to enter into contracts or agreements with respect to
5 the exercise of its powers, and to do all things necessary or convenient
6 to carry out its purpose and to exercise the powers granted in this
7 chapter.

8 Sec. 44.55.100. BONDS OF THE AUTHORITY. (a) The authority may
9 borrow money and issue revenue bonds, the interest on which is exempt
10 from federal income tax, up to the principal amount of one billion
11 dollars. Bonds of the authority may be issued for the purpose of
12 purchasing or otherwise acquiring any obligation issued with respect
13 to the project in any form which is fixed and certain as to terms of
14 repayment. The principal and interest on the bonds are payable from
15 the income and receipts or other money derived by the authority with
16 respect to the project, except to the extent payable out of money attri-
17 butable to the proceeds of the sale of the bonds or out of income from
18 the temporary investment of those proceeds.

19 (b) The bonds issued by the authority do not constitute an
20 indebtedness or other liability of the state or of a political sub-
21 division of the state, but are payable solely from the income and
22 receipts or other funds or property of the authority. The authority
23 may not pledge the faith or credit of the state or of a political sub-
24 division of the state, to the payment of a bond, and the issuance of a
25 bond by the authority may not directly or indirectly or contingently
26 obligate the state or a political subdivision of the state in any
27 manner, except as specifically provided in this chapter.

28 (c) Bonds must be authorized by resolution of the authority and
29 must be dated and mature as the resolution provides. Bonds must bear

1 interest at the rate or rates, be in the denominations, be in the
2 form, either coupon or registered, carry the registration privileges,
3 be executed in the manner, be payable in the medium of payment, at the
4 place or places, and be subject to the terms of redemption which the
5 resolution provides.

6 (d) All bonds, regardless of form or character, are negotiable
7 instruments for all the purposes of the Uniform Commercial Code.

8 (e) All bonds may be sold at public or private sale in the
9 manner, for the price, and at the time which the authority determines.

10 (f) The authority may enter into leases, installment sale or
11 purchase agreements, and loan or other financing agreements necessary
12 or desirable to secure the bonds. Before the issuance of bonds, the
13 authority shall make provision by agreement for payment of amounts at
14 least sufficient in the judgment of the authority to pay the principal
15 of and interest on the bonds as they become due and to establish or
16 maintain the reserves for payment, if any, as the authority considers
17 necessary or desirable.

18 Sec. 44.55.110. TRUST INDENTURES AND TRUST AGREEMENTS. In the
19 discretion of the authority, an issue of bonds may be secured by a
20 trust indenture or trust agreement between the authority and a cor-
21 porate trustee (which may be a trust company, bank, or national banking
22 association, with corporate trust powers, located inside or outside
23 the state) or by a secured loan agreement or other instrument or under
24 a resolution giving powers to a corporate trustee by means of which
25 the authority may:

26 (1) make and enter into all agreements with the trustee or
27 the holders of the bonds which the authority may determine to be
28 necessary or desirable;

29 (2) pledge, mortgage, or assign money, agreements, property

1 or other assets of the authority either presently in hand or to be
2 received in the future, or both; and

3 (3) provide for any other matters of like or different
4 character which may in any way affect the security or protection of
5 the bonds.

6 Sec. 44.55.120. NONLIABILITY ON BONDS. Neither the members of
7 the authority nor a person executing the bonds is liable personally on
8 the bonds or subject to personal liability or accountability by reason
9 of the issuance of the bonds.

10 Sec. 44.55.130. PLEDGE OF THE STATE. The state pledges to agree
11 with the holders of bonds issued under this chapter, that the state
12 will not limit or alter the rights and powers vested in the authority
13 by this chapter to fulfill the terms of any contract made by the
14 authority with those holders, or in any way impair the rights and
15 remedies of those holders until the principal amount of the bonds,
16 together with interest on them, with interest on unpaid installments
17 of that interest, and all costs and expenses in connection with any
18 action or proceeding by or on behalf of those holders, are fully met
19 and discharged. The authority is authorized to include this pledge
20 and agreement of the state in a contract with those holders.

21 Sec. 44.55.140. EXEMPTION FROM TAXATION. All property of the
22 authority is public property devoted to an essential public and govern-
23 mental function and is exempt from all taxes of the state or a politi-
24 cal subdivision of the state, including without limitation all boroughs,
25 cities, and unified municipalities. All bonds of the authority are
26 issued by a body corporate and politic of the state and for an essen-
27 tial public and governmental purpose, and the bonds, the interest on
28 them, and the income and receipts pledged to pay or secure the payment
29 of the bonds or interest on them, are at all times exempt from taxation

1 by or under the authority of the state, except for inheritance and
2 estate taxes on transfers by or in contemplation of death. Nothing in
3 this section affects or limits an exemption from license fees, property
4 taxes, or excise, income or any other taxes, provided under any other
5 law, nor does it create a tax exemption with respect to the interest
6 of any business enterprise or other person, other than the authority,
7 in any property, assets, income, receipts, project, or lease, whether
8 or not financed under this chapter.

9 Sec. 44.55.150. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
10 bonds of the authority are securities in which all public officers and
11 bodies of the state and all municipalities and municipal subdivisions,
12 all insurance companies and associations and other persons carrying on
13 an insurance business, all banks, bankers, trust companies, savings
14 banks, savings associations, including savings and loan associations
15 and building and loan associations, investment companies, and other
16 persons carrying on a banking business, all administrators, guardians,
17 executors, trustees and other fiduciaries, and all other persons or
18 entities whatsoever who are, as of the effective date of this Act, or
19 may hereafter be, authorized to invest in bonds or other obligations
20 of the state, may properly and legally invest funds, including capital
21 in their control or belonging to them. Notwithstanding any other pro-
22 visions of law, the bonds of the authority are also securities which
23 may be deposited with and may be received by all public officers and
24 bodies of this state and all municipalities and municipal subdivisions
25 for any purpose for which the deposit of bonds or other obligations of
26 the state is, as of the effective date of this Act, or may hereafter
27 be, authorized.

28 Sec. 44.55.160. REGULATIONS. The authority may adopt regulations
29 to implement the purposes of this chapter.

1 Sec. 44.55.170. ANNUAL AUDIT. The authority shall have its
2 financial records audited annually by the legislative auditor or by a
3 certified public accountant approved by the legislative auditor. The
4 legislative auditor may prescribe the form and content of the financial
5 records of the authority and is entitled to access to these records at
6 any time.

7 Sec. 44.55.180. ANNUAL REPORT. Before December 1 of each year,
8 the authority shall submit to the governor and the legislature a
9 comprehensive report, in form prescribed by the governor, describing
10 operations, income, and expenditures for the preceding 12-month period.

11 Sec. 44.55.900. DEFINITIONS. In this chapter

12 (1) "authority" means the Alaska Gas Pipeline Financing
13 Authority, established under this chapter;

14 (2) "bonds" means bonds, notes, or other evidences of
15 indebtedness of the authority;

16 (3) "project" means the gas transmission pipeline (together
17 with all related property and facilities) to extend from the Prudhoe
18 Bay area on the North Slope of Alaska to a connection with the Trans-
19 Canada Pipeline on the Alaska-Canada border, as described in the
20 President's report entitled "Decision and Report to Congress on the
21 Alaska Natural Gas Transportation System", issued by the President on
22 September 22, 1977, under provisions of the Alaska Natural Gas Trans-
23 portation Act of 1976, and includes planning, design, and construction
24 of the pipeline and facilities.

25 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).