

Offered: 3/29/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 685 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Resources Corporation
7 and repealing the Alaska renewable resources develop-
8 ment fund and the Alaska renewable resources invest-
9 ment fund; and providing for an effective date."

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

11 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12 (1) it is in the best interests of the state to terminate the
13 operations of the Alaska Resources Corporation; and

14 (2) the Alaska Resources Corporation has made substantial loans
15 and equity investments in certain businesses as part of the performance of
16 its duties.

17 (b) It is the purpose of this Act to effect an orderly wind-up of
18 the affairs of the Alaska Resources Corporation.

19 * Sec. 2. AS 37.12.010 is amended to read:

20 Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is
21 created the Alaska Resources Corporation to carry out the purposes of
22 this chapter. The corporation is a public corporation of the state
23 and an instrumentality of the state within the Department of Revenue
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-
25 dependent of and separate from the state. The exercise by the corpo-
26 ration of the powers conferred by this chapter is considered an essen-
27 tial function of the state.

28 * Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29 Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 * Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development
4 capital fund is established in the corporation, consisting of money
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [AND
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS
7 MADE BY THE CORPORATION]. The development capital fund shall be used
8 to pay for liabilities of the corporation that might arise during the
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(a)].

15 * Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and
17 payments of interest and other income from loans of the corporation,
18 dividends received from capital stock investments, and money received
19 from the sale of equity investments or other assets of the corporation
20 must be deposited in the general fund.

21 * Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The
23 board consists of the commissioner of revenue, who shall serve as
24 chairman, and the commissioners of two other principal executive de-
25 partments designated by the governor. The term of office of these
26 board members continues until the corporation is dissolved.

27 * Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the
29 transaction of business and the exercise of the powers and duties of

1 the board.

2 * Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE
5 CORPORATION, AND] are entitled to per diem and travel expenses au-
6 thorized by law for state boards and commissions under AS 39.20.180.

7 * Sec. 9. AS 37.12 is amended by adding a new section to read:

8 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-
9 visions of law governing disposal of state property, the board may, at
10 either public or private sale, dispose of the assets of the corpo-
11 ration as required in AS 37.12.075. In addition, the corporation may
12 spend money to protect the assets of the corporation.

13 * Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

22 * Sec. 11. AS 38.05.180(g) is amended to read:

23 (g) The share of the net profit derived from a lease reserved to
24 the state under (f) of this section is royalty sale proceeds for the
25 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE
26 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

27 * Sec. 12. AS 38.05.180(i) is amended to read:

28 (i) The commissioner may provide for the establishment of an
29 exploration incentive credit system under which a lessee of state land

1 drilling an exploratory well on that land may earn credits based upon
2 the footage drilled and the region in which the well is situated. The
3 commissioner may also provide for credits to be earned by persons
4 performing geophysical work on state land, if that work is performed
5 during the two seasons immediately preceding an announced lease sale
6 and on land included within the sale area and the geophysical informa-
7 tion is made public following the sale. Credits may not exceed 50
8 percent of the cost of the drilling or geophysical work. Credits may
9 be used during a limited period established by the commissioner and
10 may be assigned during that period. Credits may be applied against
11 (1) oil and gas royalty and rental payments payable to the state or
12 (2) taxes payable under AS 43.55. A [NO] credit may not exceed 50
13 percent of the payment toward which it is being applied. Amounts due
14 the Alaska permanent fund (AS 37.10.065) [AND THE ALASKA RENEWABLE
15 RESOURCES DEVELOPMENT FUND (AS 37.11.020)] shall be calculated before
16 the application of credits under this subsection.

17 * Sec. 13. AS 43.05.010 is amended by adding a new paragraph to read:

18 (17) contract to manage the assets of the Alaska Resources
19 Corporation as provided in AS 37.12.075, and administer the outstand-
20 ing loan portfolio upon dissolution of the corporation.

21 * Sec. 14. AS 44.83.181(c) is amended to read:

22 (c) The plan of finance shall include recommendations of the
23 most appropriate means to finance a project, including, but not
24 limited to,

25 (1) the issuance of revenue bonds of the authority;

26 (2) the issuance of

27 (A) general obligation bonds of the state; or

28 (B) revenue bonds of the authority that [WHICH] are

29 guaranteed or partially guaranteed by the state;

- 1 (3) an appropriation from the general fund
2 (A) to pay debt service on bonds or for other project
3 purposes; or
4 (B) to reduce the amount of debt financing for the
5 project;
6 (4) a loan from the general fund;
7 (5) financing arrangements with other entities using le-
8 veraged leases or other financing methods;
9 (6) assistance from any federal agency, including, but not
10 limited to, the Rural Electrification Administration;
11 (7) a loan from the power project fund (AS 44.83.170(a)) [,
12 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or
13 (8) any combination of financing arrangements listed in
14 this subsection.

15 * Sec. 15. All but \$500,000 of the unexpended and unobligated money in
16 the development capital fund is transferred to the general fund.

17 * Sec. 16. AS 37.11; AS 37.12.035, 37.12.045, 37.12.060, 37.12.070(5),
18 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085, 37.12.125(1), 37.12.-
19 125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7); AS 44.66.010(a)(7), and
20 AS 44.83.080(16)(E) are repealed.

21 * Sec. 17. The Alaska Resources Corporation is dissolved. As of the
22 date of dissolution, administration of the outstanding loan portfolio along
23 with all attendant rights and obligations of the corporation is transferred
24 to the Department of Revenue.

25 * Sec. 18. AS 37.12.010 - 37.12.125 are repealed.

26 * Sec. 19. Sections 1 - 16 of this Act take effect immediately in
27 accordance with AS 01.10.070(c).

28 * Sec. 20. Sections 17 and 18 of this Act take effect July 1, 1989.