

Offered: 5/1/85
Referred: Rules

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 280 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the authorization of bonds or
7 notes for the DeLong Mountain transportation project,
8 establishing conditions under which the bonds or
9 notes may be issued; and providing for an effective
10 date."

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

12 * Section 1. The Alaska Industrial Development Authority is authorized
13 to issue bonds or notes in a principal amount not to exceed \$175,000,000 to
14 provide financing for the DeLong Mountain transportation project.

15 * Sec. 2. Before bonds or notes authorized under sec. 1 of this Act may
16 be issued, the Alaska Industrial Development Authority shall comply with
17 AS 44.88.173 and shall incorporate into the final finance plan for the
18 DeLong Mountain transportation project the following terms and conditions:

19 (1) Cominco, Ltd. is required to agree in writing that

20 (A) Cominco, Ltd. will pay for all or a portion of the
21 operation and maintenance of facilities constructed as part of the
22 project based on the use Cominco Alaska makes of the facilities com-
23 pared to the use made by others;

24 (B) if Cominco Alaska ceases to develop the Red Dog Mine
25 after costs have been incurred by the Alaska Industrial Development
26 Authority for the project, Cominco, Ltd. will pay the authority for
27 those costs together with interest from the date the costs were in-
28 curred;

29 (C) toll fees paid by Cominco Alaska for the use of

1 facilities constructed as part of the project to the Alaska Industrial
2 Development Authority may be periodically adjusted if the price of
3 zinc rises above a level that yields a return on investment commensurate with risk;
4

5 (2) the United States government makes available land in the
6 Cape Krusenstern National Monument that is included in the proposed land
7 exchange with NANA Regional Corporation to the corporation for construction
8 of a transportation system;

9 (3) NANA Regional Corporation is required to agree in writing to
10 make available to the Alaska Industrial Development Authority, at no more
11 than fair market value, land needed for the port and road constructed as
12 part of the project and land needed for future expansion of the road and
13 port;

14 (4) tax exempt financing for the project is used to the maximum
15 extent possible;

16 (5) a toll schedule, that may be periodically adjusted, is
17 established for use of facilities constructed as part of the project that

18 (A) ensures a reasonable return on the state's investment
19 in the project; and

20 (B) guarantees equitable access to the facilities by all
21 users and potential users, including access to private property and
22 access for travel necessary and related to resource exploration and
23 development for which valid permits have been obtained and travel in
24 support of resource exploration and development;

25 (6) contracts for the construction of the port and road are
26 subject to AS 36;

27 (7) reasonable access to the port and road is guaranteed to all
28 users;

29 (8) the Alaska Industrial Development Authority will own and

1 operate the facilities collectively referred to as the DeLong Mountain
2 transportation project.

3 * Sec. 3. Before bonds or notes authorized under sec. 1 of this Act may
4 be issued, the Alaska Industrial Development Authority shall

5 (1) report in writing to the legislative budget and audit com-
6 mittee that the conditions under sec. 2 of this Act have been met; and

7 (2) agree with the Department of Revenue in writing to deliver
8 all money generated by the DeLong Mountain transportation project to the
9 Department of Revenue for deposit in the general fund, other than money
10 necessary for payment of the principal and interest on bonds or notes
11 issued under sec. 1 of this Act and except as may otherwise be provided in
12 the bond or note covenants.

13 * Sec. 4. As used in this Act, "reasonable return" means a rate of
14 return on the total investment of the state of at least five percent.

15 * Sec. 5. This Act takes effect July 1, 1985.