

**CS FOR HOUSE BILL NO. 399 (TRANSPORTATION)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION**

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 2/7/92

Referred: Community & Regional Affairs, Finance

Sponsor(s): REPRESENTATIVES BAKER, Larson, Choquette, B.Davis, C.Davis, Gonzales, Gruenberg, Hudson, Jacko, Mackie, M.A.Miller, G.Phillips, R.Phillips, Taylor, Ulmer, Zawacki, Sharp, Ivan

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the establishment of port authorities by municipalities; and providing
2 for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1. LEGISLATIVE FINDINGS AND POLICY.** (a) The legislature finds that

5 (1) the development of ports for waterborne and other commerce is vital to attainment
6 of an efficient and effective transportation network in the state;

7 (2) the development of ports is vital to the economic well-being of the state and of the
8 future development of industry in the state;

9 (3) article X, sec. 13, Constitution of the State of Alaska, authorizes municipalities to
10 make agreements for the cooperative or joint administration of functions or powers and, under that
11 authority, two or more municipalities may by agreement establish an authority in accordance with this
12 Act.

13 (b) It is the policy of the state and, in the interest of promoting the health, security, and general
14 welfare of all of the people of the state, a public purpose to provide the means for establishing a more

1 efficient transportation system and to encourage economic growth in the state, including the development
2 of its natural resources, by authorizing municipalities to create municipal port authorities with power to
3 acquire and construct ports for waterborne and other commerce, to borrow money for the same, and
4 otherwise to exercise the powers, duties, and functions as provided in this Act.

5 * Sec. 2. AS 29.35 is amended by adding new sections to read:

6 **ARTICLE 9. PORT AUTHORITIES.**

7 **Sec. 29.35.600. ESTABLISHMENT OF PORT AUTHORITIES; BOARD.** (a) The
8 governing body of a municipality may create by ordinance a port authority as a public
9 corporation with any or all of the powers provided in AS 29.35.600 - 29.35.795. An authority
10 established under this subsection shall have the name of the municipality followed by the words
11 "Municipal Port Authority."

12 (b) The governing bodies of two or more municipalities may create by parallel ordinances
13 adopted by each of the governing bodies a port authority as a public corporation. An authority
14 established under this subsection shall have the name, or a significant part of the name, of each
15 municipality or a similar geographical phrase followed by the words "Municipal Port Authority."

16 (c) One or more additional municipalities may join an authority established under (a) or
17 (b) of this section upon the adoption of parallel ordinances by the governing bodies of each
18 affected municipality.

19 (d) A port authority created under this section is a body corporate and politic and an
20 instrumentality of the municipality or municipalities creating it but having a separate and
21 independent legal existence.

22 (e) A municipality that may add port powers only after complying with AS 29.35.300 -
23 29.35.350 shall comply with those provisions before exercising powers under AS 29.35.600 -
24 29.35.795.

25 (f) An authority shall be governed by a board of directors, which shall exercise the
26 powers of the authority. The ordinances adopted under (a) - (c) of this section must specify the
27 number, qualifications, manner of appointment, and terms of members of the board.

28 (g) At least one member of a board must be a person with at least five years of
29 experience in port management, who may be a person who is not a state resident. All other
30 members of a board must be state residents.

31 (h) Nothing in AS 29.35.600 - 29.35.795 authorizes a municipality to exercise a power

1 that has not been granted under those provisions.

2 **Sec. 29.35.605. PURPOSE OF AUTHORITIES.** The purpose of an authority is to
3 provide for the development of a port or ports for waterborne and other commerce within the
4 territory of the authority.

5 **Sec. 29.35.610. POWERS.** In addition to its other powers, an authority may

- 6 (1) sue and be sued;
- 7 (2) have a seal and alter it at pleasure;
- 8 (3) adopt and amend bylaws for its organization and internal management;
- 9 (4) adopt regulations governing the exercise of its corporate powers;
- 10 (5) acquire an interest in a project as necessary or appropriate to provide financing
11 for the project, whether by purchase, gift, or lease;
- 12 (6) lease to others a project acquired by it for the rentals and upon the terms and
13 conditions the authority may consider advisable, including, without limitation, provisions for
14 adoptions to purchase or renew;
- 15 (7) issue bonds and otherwise incur indebtedness in order to pay the cost of a
16 project or projects or in order to provide money for the authority's purposes under
17 AS 29.35.600 - 29.35.795 and to secure payment of the bonds or other indebtedness as provided
18 in AS 29.35.600 - 29.35.795;
- 19 (8) sell, by installment sale or otherwise, exchange, donate, convey, or encumber
20 in any manner by mortgage or by creation of another security interest, real or personal property
21 owned by it, or in which it has an interest, including a project, when, in the judgment of the
22 authority, the action is in furtherance of its corporate purposes;
- 23 (9) accept gifts, grants, or loans from, and enter into contracts or other
24 transactions regarding them, with a federal agency or an agency or instrumentality of the state,
25 a municipality, private organization, or other source;
- 26 (10) deposit or invest its funds, subject to agreements with bondholders;
- 27 (11) purchase or insure loans to finance the costs of projects;
- 28 (12) own, operate, regulate, and exercise police powers with respect to, a port or
29 ports to the extent provided in the ordinance or ordinances adopted under AS 29.35.600;
- 30 (13) enter into loan agreements with respect to one or more projects upon the
31 terms and conditions the authority considers advisable;

1 (14) acquire, manage, and operate projects as the authority considers necessary
2 or appropriate to serve a public purpose;

3 (15) assist private lenders to make loans to finance the costs of projects through
4 loan commitments, short-term financing, or otherwise;

5 (16) accept gifts, grants, or loans from any source;

6 (17) enter into contracts or other transactions with a federal agency, an agency
7 or instrumentality of the state or a municipality, or a private organization or other entity
8 consistent with the exercise of a power under AS 29.35.600 - 29.35.795;

9 (18) charge fees or other forms of remuneration for the use or possession of
10 projects in accordance with the agreements described in this section, other agreements relating
11 to the projects, covenants, or representations made in bond documents relating to the projects,
12 or regulations of the authority relating to the projects; and

13 (19) enter into contracts or agreements with respect to the exercise of its powers,
14 and do all things necessary or convenient to carry out its corporate purposes and exercise the
15 powers granted in AS 29.35.600 - 29.35.795.

16 Sec. 29.35.615. CHIEF EXECUTIVE OFFICER AND EMPLOYEES. (a) The board
17 shall appoint a chief executive officer of the authority who serves at the pleasure of the board.
18 The board shall fix the compensation of the chief executive officer.

19 (b) The chief executive officer of an authority may appoint and fix the compensation for
20 other employees. The compensation for an employee appointed under this subsection is subject
21 to board approval.

22 Sec. 29.35.620. DUTIES OF CHIEF EXECUTIVE OFFICER. The board shall establish
23 by bylaw the duties and responsibilities of the chief executive officer, which must include those
24 powers and duties necessary or appropriate for the management of the daily affairs and operations
25 of the authority. A board may, through the bylaws, require that the exercise of a specific power,
26 duty, or responsibility is subject to board approval.

27 Sec. 29.35.625. BYLAWS AND REGULATIONS. (a) A board shall adopt bylaws and
28 appropriate regulations to carry out its functions and the purposes of AS 29.35.600 - 29.35.795,
29 including regulations to safeguard property owned, managed, or transported by the authority and
30 to protect employees and persons using the authority's property or services.

31 (b) A board shall adopt bylaws as soon after the establishment of the authority as

1 possible and may from time to time amend those bylaws. The bylaws may contain any provision
2 not in conflict with law for the management of the business of the authority and for the conduct
3 of the affairs of the authority, including

- 4 (1) the time, place, and manner of calling, conducting, and giving notice of
- 5 meetings of the board and committees of the board, if any;
- 6 (2) the compensation of directors, if any;
- 7 (3) the appointment and authority of committees of the board, if any;
- 8 (4) the appointment, duties, compensation, and tenure of officers;
- 9 (5) procedures for adopting regulations;
- 10 (6) procedures for amendment of the bylaws;
- 11 (7) procedures for making annual reports and financial statements; and
- 12 (8) other matters for the conduct of business by the board.

13 Sec. 29.35.630. PUBLIC DISCLOSURE OF INFORMATION. (a) Except as provided
14 under (b) of this section, information in the possession of an authority is public and is open to
15 public inspection at reasonable times.

16 (b) Notwithstanding AS 09.25.100 - 09.25.220, an authority may through its bylaws or
17 by regulation designate and withhold public disclosure of matters of a privileged or proprietary
18 nature. Those matters include personnel records, communications with and work product of legal
19 counsel, and other information including proprietary information associated with specific shippers,
20 divisions, and contract rate agreements.

21 Sec. 29.35.635. ANNUAL REPORT. Within 90 days following the end of the fiscal year
22 of an authority, the board shall distribute to the mayor and governing body of each municipality
23 participating in the authority a report describing the operations and financial condition of the
24 authority during the preceding fiscal year. The report may include suggestions for legislation
25 relating to the structure, powers, or duties of the authority or operation of facilities of the
26 authority. Subject to AS 29.35.630, the report must itemize the cost of providing each category
27 of service offered by the authority and the income generated by each category.

28 Sec. 29.35.640. AUDITS. (a) The board shall have the financial records of an authority
29 audited annually by an independent certified public accountant experienced in port authority
30 accounting. The board shall have an annual performance audit conducted by a recognized port
31 management expert to assure that the authority is being managed and operated effectively and

1 efficiently in accordance with the requirements of law and that each appropriation is used to
2 directly support those services for which the appropriation was requested.

3 (b) An authority shall make all of its financial records available to an auditor appointed
4 by the mayor of a municipality participating in the authority for examination.

5 Sec. 29.35.645. MUNICIPAL PROPERTY. (a) A municipality may transfer and
6 otherwise convey or lease real property and any improvements to it to an authority for use by
7 the authority and enter into necessary agreements respecting the property within the purposes set
8 out in the ordinance adopted under AS 29.35.600.

9 (b) A municipality may transfer and otherwise assign or lease personal property to an
10 authority for use by the authority and enter into necessary agreements respecting the property
11 within the purposes set out in the ordinance adopted under AS 29.35.600.

12 Sec. 29.35.650. CONVEYANCE OF OTHER LAND TO AUTHORITY. An authority
13 and a municipality participating in the authority may enter into an agreement with the state, the
14 federal government, or a person for the conveyance, transfer, or lease to the authority of land that
15 is necessary or useful for present or future purposes of the authority.

16 Sec. 29.35.655. EMINENT DOMAIN. (a) An authority may exercise the power of
17 eminent domain within its physical boundaries under AS 09.55.240 - 09.55.460 to acquire land
18 for authority purposes consistent with AS 29.35.600 - 29.35.795. Notwithstanding AS 09.55.250,
19 an authority may acquire a fee simple title whenever, in the judgment of the board, ownership
20 of a fee simple title is necessary to carry out the purposes of AS 29.35.600 - 29.35.795.

21 (b) An authority may file a declaration of taking in the manner provided for the state
22 under AS 09.55.420.

23 (c) The power of eminent domain conferred under this section includes the power to
24 obtain, within its physical boundaries, clay, gravel, sand, timber, rock, or other material for the
25 operation of the authority, the land necessary to obtain the material, and access to the land and
26 material.

27 Sec. 29.35.660. LAND USE REGULATIONS. A board may adopt exclusive regulations
28 governing land use by parties having interest in or permits for land owned or managed by an
29 authority. The power conferred by this section is exercised for the common health, safety, and
30 welfare of the public and, to the extent constitutionally permissible, may not be limited by the
31 terms and conditions of leases, contracts, or other transactions.

1 **Sec. 29.35.665. LIMITATION OF LIABILITY.** A liability incurred by an authority shall
2 be satisfied exclusively from the assets or revenue of the authority. A creditor or other person
3 does not have a right of action against the state or a municipality participating in an authority
4 because of a debt, obligation, or liability of an authority.

5 **Sec. 29.35.670. FIDELITY BOND.** An authority shall obtain a fidelity bond in an
6 amount determined by the board for board members and each executive officer responsible for
7 accounts and finances of that authority. A fidelity bond must be in effect during the entire tenure
8 in office of the bonded person.

9 **Sec. 29.35.675. INDEMNIFICATION.** An authority may defend and indemnify a current
10 or former member of the board, employee, or agent of the authority against all costs, expenses,
11 judgments, and liabilities, including attorney fees, incurred by or imposed upon that person in
12 connection with a civil or criminal action in which the person is involved as a result of the
13 person's affiliation with the authority if the person acted in good faith on behalf of the authority
14 and within the scope of the person's official duties or powers.

15 **Sec. 29.35.680. INSURANCE.** (a) An authority may purchase insurance to protect and
16 hold harmless its employees, agents, and board members from an action, claim, or proceeding
17 arising out of the performance, purported performance, or failure of performance in good faith,
18 of duties for, or employment with the authority and to hold them harmless from expenses
19 connected with the defense, settlement, or monetary judgments from that action, claim, or
20 proceeding. The purchase of insurance is subject to the discretion of the board. Insurance
21 purchased under this subsection may not be considered compensation to the insured person.

22 (b) An authority may protect its assets, services, and employees by purchasing insurance
23 or providing for certain self-insurance retentions. An authority may also maintain casualty,
24 property, business interruption, marine, boiler and machinery, pollution liability, and other
25 insurance in amounts reasonably calculated to cover potential claims against the authority or a
26 municipality for bodily injury, death or disability, and property damage that may arise from or
27 be related to authority operations and activities.

28 **Sec. 29.35.685. NO TAXING AUTHORITY.** An authority may not levy an income or
29 other tax.

30 **Sec 29.35.690. BONDS OF A PORT AUTHORITY.** (a) An authority may borrow
31 money and may issue bonds on which the principal and interest are payable

1 (1) exclusively from the income and receipts or other money derived from the
2 project or financed with the proceeds of the bonds;

3 (2) exclusively from the income and receipt or other money derived from
4 designated projects or other sources whether or not they are financed, insured, or guaranteed in
5 whole or in part with the proceeds of the bonds; or

6 (3) from its income and receipts or other assets generally or a designated part or
7 parts of them.

8 (b) Bonds shall be authorized by resolution of the authority, be dated, and shall mature
9 as the resolution may provide, except that a bond may not mature more than 40 years from the
10 date of its issue. Bonds shall bear interest at the rate or rates, be in the denominations, be in the
11 form, either coupon or registered, carry the registration privileges, be executed in the manner, be
12 payable in the medium of payment, at the place or places, and be subject to the terms of
13 redemption that the resolution or a subsequent resolution may provide.

14 (c) All bonds, regardless of form or character, shall be negotiable instruments for all of
15 the purposes of AS 45.01 - AS 45.09 (Uniform Commercial Code).

16 (d) All bonds may be sold at public or private sale in the manner, for the price or prices,
17 and at the time or times that the authority may determine.

18 (e) Before issuing bonds, an authority shall provide for consideration at least sufficient,
19 in the judgment of the authority, to pay the principal and interest on the bonds as they become
20 due and to create, maintain the reserves for the payment that the authority considers necessary
21 or desirable, and meet all obligations in connection with the lease or agreement and all costs
22 necessary to service the bonds, unless the lease or agreement provides that the obligations are
23 to be met or costs are to be paid by a party other than the authority.

24 (f) The superior court shall have jurisdiction to hear and determine suits, actions, or
25 proceedings relating to an authority, including suits, actions, or proceedings brought to foreclose
26 or otherwise enforce a mortgage, pledge, assignment, or security interest brought by or for the
27 benefit or security of a holder of the authority's bonds or by a trustee for or other representative
28 of the holders.

29 Sec. 29.35.695. DEVELOPMENT PLAN. (a) Before undertaking the construction and
30 acquisition of a project, an authority shall prepare a development plan for submission to the
31 governing body or governing bodies that created it. The development plan must contain

- 1 (1) a description of the proposed project;
2 (2) a description of any existing improvements in the project area to be affected
3 by the project;
4 (3) an estimate of the project cost and a statement of the proposed method of
5 financing and the proposed lease or other contractual arrangements with respect to the project.

6 (b) Upon receipt of a development plan from an authority, the governing body shall hold
7 a public hearing and shall thereafter either approve or reject the plan or approve it with
8 modification.

9 Sec. 29.35.700. BONDS ELIGIBLE FOR INVESTMENT. Bonds issued under
10 AS 29.35.690 are securities in which all public officers and public bodies of the state and its
11 political subdivisions, all insurance companies, trust companies, banks, investment companies,
12 executors, administrators, trustees, and other fiduciaries may properly and legally invest funds,
13 including capital in their control or belonging to them. The bonds may be deposited with a state
14 or municipal officer of an agency or political subdivision of the state for any purpose that the
15 deposit of bonds of the state is authorized by law.

16 Sec. 29.35.705 VALIDITY OF PLEDGE. The pledge of assets or revenue of an
17 authority to the payment of the principal or interest on bonds or notes of the authority is valid
18 and binding from the time the pledge is made, and the assets or revenue are immediately subject
19 to the lien of the pledge without physical delivery or further act. The lien of a pledge is valid
20 and binding against all parties having claims of any kind against the authority irrespective of
21 whether those parties have notice of the lien of the pledge.

22 Sec. 29.35.710. CREDIT OF STATE OR A MUNICIPALITY NOT PLEDGED. (a) The
23 state and municipalities participating in an authority are not liable for the debts of that authority.
24 Bonds issued under AS 29.35.690 are payable solely from the revenue or assets of the authority
25 and do not constitute a

- 26 (1) debt, liability, or obligation of the state or a municipality; or
27 (2) pledge of the faith and credit of the state or a municipality.

28 (b) An authority may not pledge the credit or the taxing power of the state or its
29 municipalities. A bond issued under AS 29.35.600 - 29.35.795 must contain on its face a
30 statement that

- 31 (1) the authority is not obligated to pay it or the interest on it except from the

1 revenue or assets pledged for it; and

2 (2) the faith and credit or the taxing power of the state or of a political
3 subdivision of the state is not pledged to the payment of it.

4 **Sec. 29.35.715. PLEDGES OF THE STATE AND MUNICIPALITIES.** The state and
5 municipalities participating in the authority pledge to and agree with the holders of bonds issued
6 under AS 29.35.690 and with the federal agency, if any, that loans or contributes funds in respect
7 to a project of the authority, that the state and the municipalities participating in the authority will
8 not limit or alter the rights and powers vested in the authority by AS 29.35.600 - 29.35.795 to
9 fulfill the terms of a contract made by the authority with those holders or that federal agency,
10 or in any way impair the rights and remedies of those holders or that federal agency until the
11 bonds, together with the interest on them and interest on unpaid installments of interest, and all
12 costs and expenses in connection with an action or proceeding by or on behalf of those holders
13 or that federal agency, are fully met and discharged. An authority is authorized to include this
14 pledge and agreement of the state and the municipalities participating in the authority, insofar as
15 it refers to holders of bonds of the authority, in a contract with those holders, and insofar as it
16 relates to a federal agency, in a contract with that federal agency.

17 **Sec. 29.35.720. EXEMPTION FROM TAXATION.** (a) The exercise of the powers
18 granted under AS 29.35.600 - 29.35.795 is in all respects for the benefit of the people of the
19 municipalities participating in the authority and the people of the state in general, for their well-
20 being and prosperity, and for the improvement of their social and economic condition. The real
21 and personal property of an authority and its assets, income, and receipts are exempt from all
22 taxes and special assessments of the state or a political subdivision of the state.

23 (b) Bonds issued by the authority under AS 29.35.690 are issued for an essential public
24 and governmental purpose; therefore, the bonds, interest and income from them, and all fees,
25 charges, funds, revenue, income, and other money pledged or available to pay or secure the
26 payment of the bonds or interest on them are exempt from taxation except for inheritance,
27 transfer, and estate taxes.

28 (c) Notwithstanding the provisions of (a) of this section, an authority and a municipality
29 participating in the authority may enter into agreements under which the authority agrees to pay
30 the municipality payments in lieu of taxes on real and personal property of the authority that is
31 within the taxing jurisdiction of the municipality. Payments made under this subsection may only

1 be used for police and fire protection, construction and maintenance of roads, utilities, sidewalks,
2 and similar improvements within the boundaries of the authority.

3 (d) Nothing in this section creates a tax exemption with respect to the interests of a
4 business enterprise or other person, other than the authority, in property, assets, income, receipts,
5 or off-street parking facility, whether or not financed under AS 29.35.600 - 29.35.795.

6 Sec. 29.35.725. REMEDIES. A holder of bonds or notes issued by an authority under
7 AS 29.35.600 - 29.35.795 or coupons attached to the bonds, and a trustee under a trust agreement
8 or resolution authorizing the issuance of the bonds, except as restricted by a trust agreement or
9 resolution, either at law or in equity, may

10 (1) enforce all rights granted under AS 29.35.600 - 29.35.795, the trust agreement
11 or resolution, or another contract executed by the authority; and

12 (2) compel the performance of all duties of the authority required by
13 AS 29.35.600 - 29.35.795 or the trust agreement or resolution.

14 Sec. 29.35.730. LIMITATION ON PERSONAL LIABILITY. A board member or
15 employee of an authority is not subject to personal liability or accountability because of the
16 execution or issuance of bonds.

17 Sec. 29.35.740. CLAIMS. For the purpose of actionable claims, undertakings, payments
18 of judgments, execution, interest, punitive damages, statutes of limitations, bonds, costs, and
19 similar matters related to the presentation and prosecution of claims by and against an authority,
20 an authority and its board members and employees enjoy the same rights, privileges, and
21 immunities as a municipality and municipal officers.

22 Sec. 29.35.750. APPLICATION OF EXISTING LAWS. Unless specifically provided
23 otherwise in AS 29.35.600 - 29.35.795, the following laws do not apply to the operations of an
24 authority:

25 (1) AS 19, except for AS 19.25.080 - 19.25.180 and AS 19.27;

26 (2) AS 23.40.070 - 23.40.260

27 (3) AS 35;

28 (4) AS 38;

29 (5) AS 39.

30 Sec. 29.35.760. CONFLICTING LAWS INAPPLICABLE. If provisions of
31 AS 29.35.600 - 29.35.795 conflict with the provisions of other state law, the provisions of

1 AS 29.35.600 - 29.35.795 prevail.

2 Sec. 29.35.770. DISTRIBUTION OF ASSETS. If an authority ceases to exist, its assets
3 shall be distributed to the municipalities that participated in the authority in proportion to the
4 difference between their contributions to the authority and any outstanding debt or obligation of
5 that municipality to the authority, provided that any obligation to bondholders then outstanding
6 shall first be satisfied in full.

7 Sec. 29.35.790. DEFINITIONS. In AS 29.35.600 - 29.35.795, unless the context
8 otherwise requires,

9 (1) "authority" means a port authority established under AS 29.35.600;

10 (2) "board" means the board of directors of an authority;

11 (3) "bonds" includes bonds, bond anticipation notes, notes, refunding bonds, or
12 other forms of indebtedness of the authority;

13 (4) "bylaws" or "bylaws of the authority" means the guidelines adopted by and
14 amended by the board from time to time in accordance with AS 29.35.600 - 29.35.795;

15 (5) "port" means a facility of commerce located within the state;

16 (6) "project" means a port, dock, and administrative facilities, including property
17 necessary in connection with the operation of a port;

18 (7) "project cost" or "cost of a project" means all or any part of the aggregate
19 costs determined by an authority to be necessary to finance the construction or acquisition of a
20 project, including without limitation the cost of acquiring real property, the cost of constructing
21 buildings and improvements, the cost of financing the project, including, without limitation,
22 interest charges before, during, or after construction or acquisition of the project, costs related
23 to the determination of the feasibility, planning, design, or engineering of the project and, to the
24 extent determined necessary by the authority, administrative expenses, the cost of machinery or
25 equipment to be used in the operation or rehabilitation of a port, and all other costs, charges,
26 fees, and expenses that may be determined by the authority to be necessary to finance the
27 construction or acquisition;

28 (8) "real property" or "land" means any interest in real property, including tidal
29 and submerged land, and any right appurtenant to the interest, and, without limitation, interests
30 less than full title such as easements, uses, leases, and licenses;

31 (9) "regulation" means a standard of general application or the amendment,

1 supplement, revision, or repeal of a standard adopted by an authority to implement, interpret, or
2 made specific the law enforced or administered by it or to govern its procedure.

3 Sec. 29.35.795. SHORT TITLE. AS 29.35.600 - 29.35.795 may be referred to as the
4 Municipal Port Authority Act.

5 * Sec. 3. AS 44.85.410(3) is amended to read:

6 (3) "municipal bond" means a bond or note or evidence of debt that constitutes

7 (A) a general obligation bond that is a direct and general obligation of a
8 political subdivision of the state, all the taxable property within which is subject to
9 taxation to pay the bond, note, or evidence of debt, and the interest without limitation, as
10 to rate or amount generally to the extent permitted by law or to avoid a default as
11 provided for second class cities under AS 29.45.590;

12 (B) a revenue bond, except a revenue bond for electrical generation
13 purposes other than diesel-powered generation, issued by a municipality or a port
14 authority that [WHICH] pledges the revenue of a revenue-producing capital
15 improvement and that [WHICH] is payable solely from the revenue of the
16 revenue-producing capital improvement;

17 (C) a general obligation bond or revenue bond combined or additionally
18 secured;

19 (D) a bond of a borough issued as a general obligation of a service area
20 under AS 29.47.440 or former AS 29.58.340; or

21 (E) an obligation of a municipality secured only by

22 (i) special assessments on benefited property;

23 (ii) tax increments and a letter of credit or equal security; or

24 (iii) a lease for equipment or building improvements if the state is

25 not a lessee;

26 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).