

**CS FOR SENATE BILL NO. 118 (TRANSPORTATION)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE TRANSPORTATION COMMITTEE**

**Offered: 4/5/91  
Referred: Finance**

**Sponsor(s): SENATORS JONES, Zharoff, Halford, Pearce**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to ferries and ferry terminals and establishing the Alaska Marine  
2 Highway Authority."

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

4 \* **Section 1. PURPOSE.** The purpose of this Act is to establish an authority for the operation,  
5 management, planning, and construction of facilities for the marine highway system with a legal  
6 existence independent of and separate from the state government. The authority shall be the exclusive  
7 state agency directly associated with the operation, management, planning, and construction of facilities  
8 for the marine highway system.

9 \* **Sec. 2.** AS 19 is amended by adding a new chapter to read:

10 **CHAPTER 55. ALASKA MARINE HIGHWAY AUTHORITY.**

11 **ARTICLE 1. CREATION AND ORGANIZATION.**

12 **Sec. 19.55.010. ALASKA MARINE HIGHWAY AUTHORITY.** The Alaska Marine  
13 Highway Authority is established. The authority is a public corporation of the state. The  
14 corporation is an instrumentality of the state in the Department of Transportation and Public

1 Facilities but has a legal existence independent of and separate from the state and has continuing  
2 succession until its existence is terminated by law.

3 Sec. 19.55.020. DIRECTORS. (a) The board of directors of the authority consists of  
4 seven directors. One director is the commissioner of transportation and public facilities and six  
5 directors are appointed by the governor. The six appointed members must be state residents  
6 except as provided in (1) of this subsection. One appointed member must be a representative of  
7 the tourist industry who meets one of the requirements under (1) - (4) of this subsection, and one  
8 must be a representative of the commercial carriers who meets one of the requirements under  
9 (1) - (4) of this subsection. Appointed members must include

10 (1) a representative of the maritime industry; a person who is not a state resident  
11 may be appointed under this paragraph;

12 (2) a member of a maritime union;

13 (3) two residents of Southeast Alaska;

14 (4) a resident of the Gulf of Alaska area west of Icy Cape; and

15 (5) a person who represents the interests of the public.

16 (b) The appointed directors serve four-year terms and may be removed by the governor  
17 only for cause. Each director shall hold office for the term of the director's appointment and  
18 until a successor is appointed and qualified. A director is qualified for reappointment. A  
19 vacancy in a directorship occurring other than by expiration of term shall be filled in the same  
20 manner as the original appointment but only for the unexpired term.

21 (c) The directors shall comply with AS 39.50 (Conflict of Interest). Each director before  
22 entering upon the director's duties shall subscribe to an oath to perform the duties of office  
23 faithfully, impartially, and justly to the best of the director's ability. A record of the oath shall  
24 be filed with the Office of the Governor.

25 (d) An appointed director is entitled to compensation at a rate of \$300 for each day the  
26 director is engaged in actual performance of duties under this chapter. The board of directors  
27 of the authority may provide by regulation for compensation for partial days for an appointed  
28 director. In addition, an appointed director is entitled to travel and per diem expenses authorized  
29 for state boards and commissions under AS 39.20.180.

30 Sec. 19.55.030. OFFICERS AND QUORUM. The directors shall elect one of their  
31 number as chair of the board of directors. The directors shall elect a secretary and a treasurer

1 who need not be directors, and the same person may be elected to serve both as secretary and  
2 treasurer. The powers of the authority are vested in the directors, and four directors of the  
3 authority constitute a quorum. Except as provided in AS 19.55.050(7), action may be taken and  
4 motions and resolutions adopted by the board of directors at a meeting by the affirmative vote  
5 of at least four directors. A vacancy in the board of directors of the authority does not impair  
6 the right of a quorum to exercise all the powers and perform all the duties of the board.

7 Sec. 19.55.040. STAFF. (a) The board of directors shall employ a chief executive  
8 officer who serves at the pleasure of the board.

9 (b) The chief executive officer may, with the approval of the board, select and employ  
10 additional staff as necessary, including additional administrative officers. The chief executive  
11 officer may appoint, employ, and remove at the pleasure of the chief executive officer with the  
12 approval of the board the following employees of the authority:

- 13 (1) port captain;
- 14 (2) port engineer;
- 15 (3) marine facilities engineering manager;
- 16 (4) reservation and marketing manager;
- 17 (5) customer services supervisor;
- 18 (6) administrative services director;
- 19 (7) deputy and assistant directors.

20 (c) In addition to its staff of employees, the board of directors may contract for and  
21 engage the services of consultants and professional, technical, and financial advisors the authority  
22 considers necessary for the purpose of developing information, conducting hearings, studies,  
23 investigations, or other proceedings, or otherwise exercising its powers.

24 Sec. 19.55.045. EMPLOYEES OF THE AUTHORITY. (a) Employees of the authority  
25 are state employees.

26 (b) Eligible employees of the authority shall participate in the supplemental employee  
27 benefits program under AS 39.30.150 - 39.30.180 and in the public employees' retirement system  
28 under AS 39.35. The authority shall pay the employer's contributions required under  
29 AS 39.30.150 - 39.30.180 and AS 39.35.

## 30 ARTICLE 2. POWERS AND DUTIES.

31 Sec. 19.55.050. POWERS OF AUTHORITY. In addition to other powers granted in this

1 chapter, the authority may

2 (1) sue and be sued;

3 (2) adopt and alter an official seal;

4 (3) adopt and enforce bylaws and regulations for the conduct of its business and  
5 for the use of its services and facilities;

6 (4) maintain offices at a place in the state and at places out of the state that are  
7 served by the marine highway system;

8 (5) establish terms and conditions of employment by the authority and conduct  
9 or designate a representative to conduct labor negotiations with employees;

10 (6) subject to appropriation by the legislature, acquire, hold, use, and dispose of  
11 its income, revenues, funds, and money;

12 (7) acquire, hold, use, lease, rent, construct, and dispose of personal property for  
13 its purposes, except that the authority may dispose of a ferry only on approval of at least five of  
14 its directors;

15 (8) acquire, hold, use, lease, or rent real property and dispose of real property  
16 under AS 19.55.130;

17 (9) exercise the power of eminent domain;

18 (10) operate, maintain, improve, and extend a system of ferries connecting with  
19 the public roads and highways of the state and including the boats, vessels, wharves, docks,  
20 approaches, landings, and appurtenances the authority determines to be necessary or desirable for  
21 safe and efficient operation of the ferry system so as to best serve the public;

22 (11) do all acts and things necessary, convenient, or desirable to carry out the  
23 powers expressly granted or necessarily implied in this chapter;

24 (12) establish annual rates and tariffs, after public hearings;

25 (13) modify scheduled routes, after public hearings.

26 Sec. 19.55.060. DUTIES OF AUTHORITY. The authority shall

27 (1) assist the residents, businesses, and communities of the state in obtaining  
28 optimal marine passenger and freight service;

29 (2) schedule vessel sailings to optimize the frequency of service to all ports;

30 (3) encourage and integrate with other public and private carriers to the greatest  
31 extent possible to provide ferry service within the state and between Alaskan ports and ports

1 outside the state in order to provide optimum service within the state;

2 (4) provide reservation access and marketing information throughout the state;

3 (5) encourage vessel construction, maintenance, and service in the state to the  
4 greatest extent possible;

5 (6) employ residents of the state to the greatest extent legally possible;

6 (7) recognize Alaska-based unions and employee associations to the greatest  
7 extent legally possible.

8 Sec. 19.55.070. USE OF NAME AUTHORIZED. The authority is authorized to operate  
9 its ferry system under the name "Alaska Marine Highway System".

10 Sec. 19.55.080. COMPREHENSIVE LONG-RANGE PLAN. The authority, with the  
11 cooperation of the Department of Transportation and Public Facilities, shall prepare a  
12 comprehensive long-range plan for the development and improvement of the marine highway  
13 system and shall revise and update the plan at least every five years.

#### 14 ARTICLE 3. ACQUISITION OF PROPERTY.

15 Sec. 19.55.100. ACQUISITION OF LAND AND INTERESTS IN LAND. The authority,  
16 as part of the cost of constructing, maintaining, or improving the marine highway system, may  
17 acquire by purchase, gift, exchange, or eminent domain land in fee simple or interests in land that  
18 it considers necessary and reasonable for either temporary or permanent public use. By the same  
19 means, the authority may obtain material, including clay, gravel, sand, or rock, or the land  
20 necessary to obtain the material, including access to it. The authority may acquire the land or  
21 material notwithstanding the fact that title to it is vested in the state or a department, agency,  
22 commission, or institution of the state.

23 Sec. 19.55.110. AUTHORITY TO ACQUIRE PROPERTY FOR THE PURPOSE OF  
24 EXCHANGE. When a majority of the directors of the authority declares that it is in the best  
25 public interest of the state, the authority may acquire by purchase, gift, exchange, or eminent  
26 domain privately or publicly owned land or an interest in land for the purpose of exchanging the  
27 land for privately or publicly owned land that the authority is authorized by law to acquire.

28 Sec. 19.55.120. EMINENT DOMAIN. (a) The authority may exercise the power of  
29 eminent domain under AS 09.55.240 - 09.55.460 to acquire land on behalf of the state for the  
30 purposes of this chapter. Notwithstanding AS 09.55.250, the authority may acquire a fee simple  
31 title whenever, in the judgment of the board, ownership of a fee simple title is necessary to carry

1 out the purposes of this chapter.

2 (b) The authority may file a declaration of taking in the manner provided for the state  
3 under AS 09.55.420.

4 (c) The power of eminent domain conferred under this section includes the power to  
5 obtain clay, gravel, sand, timber, rock, or other material for the operation of the authority, the  
6 land necessary to obtain the material, and access to the land and material.

7 (d) The exercise of the power of eminent domain requires the prior approval of the  
8 governor.

9 Sec. 19.55.130. DISPOSAL OF LAND OR INTERESTS IN LAND. (a) The authority  
10 may vacate land or interests in land acquired for use in the marine highway system by executing  
11 and filing a deed in the appropriate recording district. Upon vacating, title reverts to the persons,  
12 heirs, successors, or assigns in whom it was vested at the time of the taking.

13 (b) The authority may transfer land not considered necessary for use in the marine  
14 highway system to the Department of Natural Resources for disposal. The proceeds of disposal  
15 by the Department of Natural Resources shall be credited to the funds from which the purchase  
16 was originally made.

17 ARTICLE 4. VESSELS AND FERRY TERMINAL FACILITIES.

18 Sec. 19.55.310. FERRY TERMINAL FACILITIES. (a) The authority may construct,  
19 purchase, or lease ferry terminal facilities at locations it selects for the loading and unloading of  
20 passengers and vehicles under their own power, on and off ferries. The authority shall repair and  
21 maintain those facilities that it owns.

22 (b) The authority may adopt regulations governing the use of ferry terminal facilities by  
23 the public.

24 Sec. 19.55.320. CONNECTION OF FACILITIES TO HIGHWAYS. The authority may  
25 connect ferry terminal facilities with local highway systems.

26 Sec. 19.55.330. NAMING OF VESSEL OR FACILITY. (a) A vessel or facility of the  
27 marine highway system constructed or acquired by the authority may only be named by law.

28 (b) A maritime vessel must bear the name of an Alaska glacier.

29 (c) A vessel used principally on the inland waterways of the state must bear the name  
30 of an historical vessel that used the rivers of the state.

31 Sec. 19.55.340. EXISTING FACILITIES NOT AFFECTED. A ferry terminal facility

1 in existence and serving the public on January 1, 1959, is not affected by AS 19.55.310 -  
2 19.55.320.

3 ARTICLE 5. GENERAL PROVISIONS.

4 Sec. 19.55.900. BUDGET AND APPROPRIATIONS. The authority shall submit its  
5 annual budget to the legislature through the governor as provided for state agencies by the  
6 Executive Budget Act (AS 37.07). The authority shall expend money appropriated by the  
7 legislature as authorized by the legislature.

8 Sec. 19.55.910. ANNUAL REPORT. By January 15 of each year, the board of directors  
9 of the authority shall submit to the governor and the legislature a comprehensive report  
10 describing the operations, income, and expenditures for the preceding fiscal year.

11 Sec. 19.55.920. ANNUAL AUDIT. The authority shall have its financial records audited  
12 annually by a certified public accountant. The legislative auditor may prescribe the form and  
13 content of the financial records of the authority and shall have access to those records at any  
14 time.

15 Sec. 19.55.930. SUPPORT SERVICES. On request of the authority the Department of  
16 Administration shall provide support services to the authority on the same basis as a state  
17 department. Support services available to the authority include use of the state accounting  
18 system, payroll system, and computer and telecommunications networks.

19 Sec. 19.55.940. APPLICATION OF EXISTING LAWS. AS 36.30 does not apply to the  
20 operations or property of the authority, except as specifically provided in that chapter.

21 Sec. 19.55.990. DEFINITIONS. In this chapter, unless the context requires otherwise,

22 (1) "authority" means the Alaska Marine Highway Authority;

23 (2) "ferry" means a vessel used in the common carriage of passengers and  
24 vehicles in intrastate or interstate commerce.

25 Sec. 19.55.995. SHORT TITLE. This chapter may be cited as the Alaska Marine  
26 Highway Authority Act.

27 \* Sec. 3. AS 03.53.010(a) is amended to read:

28 (a) An animal may not be transported into the state aboard a ferry operated by the  
29 Alaska Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION OF THE  
30 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES] unless the animal's  
31 owner, custodian, or attendant possesses a valid health certificate for the animal. This certificate

1 shall accompany the animal or be in the possession of the animal's owner, custodian, or attendant  
2 aboard the ferry and shall be presented when requested by an employee of the state ferry system  
3 at the time the owner, custodian, or attendant makes arrangements to transport the animal, boards  
4 the ferry with the animal, or at any other time.

5 \* Sec. 4. AS 19.65.050 is amended to read:

6 Sec. 19.65.050. LEGISLATIVE FINDINGS, PURPOSE, AND INTENT. (a) The  
7 legislature finds that

8 (1) the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] is  
9 an essential part of the state transportation system, and that it warrants continued and predictable  
10 state support;

11 (2) many communities' economies are dependent on a steady and stable marine  
12 highway system service level;

13 (3) the state's tourism industry is greatly enhanced by a dependable marine  
14 highway transportation network; and

15 (4) efficient and prudent management of the system will benefit the state's  
16 economy and foster economic development.

17 (b) It is the purpose of AS 19.65.050 - 19.65.100 to

18 (1) enable the authority [ALASKA MARINE HIGHWAY SYSTEM] to manage  
19 and operate in a manner that will enhance performance and accountability by allowing the  
20 authority [SYSTEM] to account for and spend its generated revenue;

21 (2) provide the management tools necessary to efficiently operate the authority  
22 [ALASKA MARINE HIGHWAY SYSTEM];

23 (3) within constitutional constraints, provide for a predictable funding base for  
24 authority [SYSTEM] operations; and

25 (4) provide for predictability and stability in the service level furnished to  
26 communities served by the authority [SYSTEM].

27 (c) It is the intent of AS 19.65.050 - 19.65.100 to

28 (1) encourage prudent administration through cost management and accurate  
29 budgeting by the board of directors [MANAGERS] of the authority [ALASKA MARINE  
30 HIGHWAY SYSTEM];

31 (2) increase revenue from the operation of the authority [SYSTEM] consistent

1 with the public interest, increase service consistent with sound fiscal policy, and assist the  
2 prudent management and operation of the authority [SYSTEM]; and

3 (3) achieve stability in the level of service communities can anticipate through  
4 accurate planning and scheduling.

5 \* Sec. 5. AS 19.65.060 is amended to read:

6 Sec. 19.65.060. ALASKA MARINE HIGHWAY AUTHORITY [SYSTEM] FUND. (a)

7 There is created, as a special account in the general fund, the Alaska marine highway authority  
8 [MARINE HIGHWAY SYSTEM] fund, into which shall be deposited

9 (1) the gross revenue of the authority [ALASKA MARINE HIGHWAY  
10 SYSTEM];

11 (2) money that is appropriated to the [ALASKA MARINE HIGHWAY SYSTEM]  
12 fund by the legislature in an amount that is consistent from year to year and is the amount  
13 necessary, after consideration of gross revenue, to provide stable services to the public consistent  
14 with the provisions of AS 19.65.050(b)(4); unless otherwise provided by the legislature,  
15 appropriations to the fund under this paragraph [, WHICH APPROPRIATIONS] are not  
16 one-year appropriations and [THE BALANCES OF WHICH] do not lapse under AS 37.25.010;  
17 and

18 (3) any other money that is appropriated to the [ALASKA MARINE HIGHWAY  
19 SYSTEM] fund by the legislature; unless otherwise provided by the legislature,  
20 appropriations to the fund under this paragraph [, WHICH APPROPRIATIONS] are not  
21 one-year appropriations and [THE BALANCES OF WHICH] do not lapse under AS 37.25.010.

22 (b) Nothing in AS 19.65.050 - 19.65.100 [THIS CHAPTER] exempts money deposited  
23 into the [ALASKA MARINE HIGHWAY SYSTEM] fund from the requirements of AS 37.07  
24 (Executive Budget Act) or dedicates that money for a specific purpose.

25 \* Sec. 6. AS 19.65.070 is amended to read:

26 Sec. 19.65.070. REVENUE ACCOUNTING. (a) The authority [ALASKA MARINE  
27 HIGHWAY SYSTEM] shall account for and remit to the Department of Revenue in accordance  
28 with AS 37.10.050 all gross revenue generated from the operation of the authority [ALASKA  
29 MARINE HIGHWAY SYSTEM] during each fiscal year [ANNUAL OPERATING CYCLE].  
30 The money shall then be deposited in the Alaska marine highway authority [MARINE  
31 HIGHWAY SYSTEM] fund.

1 (b) The authority [ALASKA MARINE HIGHWAY SYSTEM] shall submit a written  
2 report to the legislature, not [NO] later than the 10th day of each regular legislative session,  
3 regarding the previous fiscal year [ANNUAL OPERATING CYCLE]. The report must identify

4 (1) gross revenue generated during the previous fiscal year [ANNUAL  
5 OPERATING CYCLE];

6 (2) gross revenue generated during the current fiscal year [ANNUAL  
7 OPERATING CYCLE] and an estimate of gross revenue for the remainder of the current fiscal  
8 year [ANNUAL OPERATING CYCLE];

9 (3) projections of the gross revenue to be generated during the next fiscal year  
10 [ANNUAL OPERATING CYCLE]; and

11 (4) the difference between previous gross revenue estimates prepared under this  
12 section and the revenues actually generated.

13 \* Sec. 7. AS 19.65.080 is amended to read:

14 Sec. 19.65.080. ANNUAL APPROPRIATION. (a) Commencing with appropriations  
15 for the fiscal year that begins July 1, 1991, on an annual basis and under AS 37.07 (Executive  
16 Budget Act), the legislature may appropriate amounts from the [ALASKA MARINE HIGHWAY  
17 SYSTEM] fund for management and operation of [TO] the authority [ALASKA MARINE  
18 HIGHWAY SYSTEM].

19 (b) The authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC  
20 FACILITIES] may request the legislature to appropriate money from the [ALASKA MARINE  
21 HIGHWAY SYSTEM] fund to the authority [MARINE HIGHWAY SYSTEM] for capital  
22 improvements, if

23 (1) the appropriation under (a) of this section has been made;

24 (2) the amount in the fund, without regard to the appropriation under (a) of this  
25 section, exceeds the total of gross revenue deposited in the fund and the general fund  
26 appropriations under AS 19.65.060(a)(2) by 10 percent; and

27 (3) the amount requested for appropriation under this subsection does not exceed  
28 50 percent of the balance remaining after the appropriation for annual management and  
29 operations is made under (a) of this section.

30 (c) The unexpended and unobligated balance of money appropriated from the [ALASKA  
31 MARINE HIGHWAY SYSTEM] fund lapses into the [ALASKA MARINE HIGHWAY

1 SYSTEM] fund at the end of the fiscal year for which it was appropriated.

2 \* **Sec. 8.** AS 19.65.100 is amended to read:

3 Sec. 19.65.100. DEFINITIONS. In AS 19.65.050 - 19.65.100,

4 (1) **"authority" means the Alaska Marine Highway Authority** ["ANNUAL  
5 OPERATING CYCLE" MEANS THE ANNUAL STATE FISCAL YEAR BEGINNING ON  
6 JULY 1 AND ENDING AT MIDNIGHT ON THE FOLLOWING JUNE 30];

7 (2) **"fiscal year" has the meaning given in AS 37.07.120;**

8 (3) **"fund" means the Alaska marine highway authority fund;**

9 (4) **"gross revenue" means all money, except money refunded to ticket holders**  
10 **and others for unused services, that is generated from the operation of the authority** [ALASKA  
11 MARINE HIGHWAY SYSTEM], including that derived from vessel operations and uses of  
12 **authority** [ALASKA MARINE HIGHWAY SYSTEM] facilities.

13 \* **Sec. 9.** AS 23.40.040 is amended to read:

14 Sec. 23.40.040. COLLECTIVE BARGAINING AGREEMENT. The **Alaska Marine**  
15 **Highway Authority** [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES]  
16 or an authorized representative, in accordance with AS 23.40.020 - 23.40.030, may negotiate and  
17 enter into collective bargaining agreements concerning wages, hours, working conditions, and  
18 other employment benefits with the employees of the **authority** [DIVISION OF MARINE  
19 TRANSPORTATION] engaged in operating the state ferry system as masters or members of the  
20 crews of vessels or their bargaining agent. [A COLLECTIVE BARGAINING AGREEMENT  
21 IS NOT FINAL WITHOUT THE CONCURRENCE OF THE COMMISSIONER OF  
22 TRANSPORTATION AND PUBLIC FACILITIES.] The **authority** [COMMISSIONER OF  
23 TRANSPORTATION AND PUBLIC FACILITIES] may make provision in the collective  
24 bargaining agreement for the settlement of labor disputes by arbitration.

25 \* **Sec. 10.** AS 35.10.015(c) is amended to read:

26 (c) In this section, "public facilities" includes vessels owned by the state and operated  
27 by the **Alaska Marine Highway Authority** [DIVISION OF MARINE TRANSPORTATION OF  
28 THE DEPARTMENT AS A PART OF THE ALASKA MARINE HIGHWAY SYSTEM]. All  
29 ferries owned or operated by the state shall be equipped with elevators or other passenger lifting  
30 equipment, ramps, or other facilities and devices to ensure that these vessels are accessible to and  
31 usable by physically handicapped, aged, or infirm passengers. In this subsection, "accessible to

1 and usable by" means that a physically handicapped, aged, or infirm passenger can board,  
2 disembark, and move between decks and about the public areas aboard a state ferry with personal  
3 comfort and safety, and with safety to, other passengers and members of the crew.

4 \* **Sec. 11.** AS 35.10.015(d) is amended to read:

5 (d) A [AFTER JUNE 25, 1976, A] ferry may not be constructed, lengthened, completely  
6 renovated, or purchased for use or entered into service by the Alaska Marine Highway  
7 Authority [DIVISION OF MARINE TRANSPORTATION OF THE DEPARTMENT AS A  
8 PART OF THE ALASKA MARINE HIGHWAY SYSTEM] that does not include adequate  
9 facilities and devices to ensure that the vessel is accessible to and usable by physically  
10 handicapped, aged, or infirm passengers. Some staterooms and all restrooms, indoor passageways,  
11 outdoor weather decks, and other public areas aboard the vessel shall be so designed and  
12 constructed as to permit access and use by physically handicapped, aged, or infirm passengers,  
13 including but not limited to those persons occupying a wheelchair.

14 \* **Sec. 12.** AS 35.27 is amended by adding a new section to read:

15 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.

16 This chapter applies to the Alaska Marine Highway Authority. Compliance with this chapter is  
17 the sole responsibility of the authority with respect to the public buildings and facilities of the  
18 authority.

19 \* **Sec. 13.** AS 35.27.030(1) is amended to read:

20 (1) "building" or "facility" means a permanent improvement constructed by the  
21 department or authority; the term

22 (A) includes, but is not limited to,

23 (i) schools, office buildings, and court buildings;

24 (ii) other buildings which the commissioner determines are  
25 designed for substantial public use;

26 (iii) boats and vessels of the marine highway system;

27 (iv) transportation facilities which accommodate traveling  
28 passengers;

29 (B) excludes other transportation facilities;

30 \* **Sec. 14.** AS 35.27.030 is amended by adding a new paragraph to read:

31 (4) "authority" means the Alaska Marine Highway Authority.

1 \* Sec. 15. AS 36.30.015 is amended by adding a new subsection to read:

2 (g) The board of directors of the Alaska Marine Highway Authority shall adopt policies  
3 to manage the procurement of supplies, services, professional services, and construction. The  
4 policies must be based on principles of competitive procurement consistent with this chapter to  
5 satisfy the special requirements of the authority as determined by the board of directors of the  
6 authority.

7 \* Sec. 16. AS 36.30.990(1) is amended to read:

8 (1) "agency"

9 (A) means a department, institution, board, commission, division,  
10 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of  
11 the executive branch of state government;

12 (B) does not include

13 (i) the University of Alaska;

14 (ii) the Alaska State Housing Authority;

15 (iii) the Alaska Railroad Corporation;

16 (iv) the Alaska Housing Finance Corporation;

17 (v) a regional Native housing authority created under  
18 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

19 **(vi) the Alaska Marine Highway Authority;**

20 \* Sec. 17. AS 37.05.550 is amended to read:

21 Sec. 37.05.550. ALASKA MARINE HIGHWAY AUTHORITY [SYSTEM] VESSEL  
22 REPLACEMENT FUND. (a) There is in the general fund the Alaska Marine Highway  
23 Authority [MARINE HIGHWAY SYSTEM] vessel replacement fund. The fund consists of  
24 money appropriated to it by the legislature. Money appropriated to the fund does not lapse. The  
25 Department of Revenue shall manage the fund. Interest received on money in the fund shall be  
26 accounted for separately and may be appropriated into the fund annually. The legislature may  
27 appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of  
28 additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.

29 (b) The legislature may appropriate to the fund money received by the state as Alaska  
30 Marine Highway Authority [MARINE HIGHWAY SYSTEM] program receipts or from a  
31 settlement or final judicial determination of the Dinkum Sands case (United States v. Alaska) and

1 the North Slope royalty case (State v. Amerada Hess, et al.) and not deposited into the Alaska  
2 permanent fund under AS 37.13.010(a)(1) or (2) or into the public school trust fund under  
3 AS 37.14.150.

4 \* **Sec. 18.** AS 39.20.310(8) is amended to read:

5 (8) persons employed by the Alaska Marine Highway Authority [DIVISION  
6 OF MARINE TRANSPORTATION] as masters and members of the crews operating the state  
7 ferry system who are covered by collective bargaining agreements as provided in AS 23.40.040,  
8 except as expressly provided by law;

9 \* **Sec. 19.** AS 39.25.110(16) is amended to read:

10 (16) persons employed by the Alaska Marine Highway Authority [DIVISION  
11 OF MARINE TRANSPORTATION] as masters and members of the crews of vessels who  
12 operate the state ferry system and who are covered by a collective bargaining agreement provided  
13 in AS 23.40.040;

14 \* **Sec. 20.** AS 39.25.110 is amended by adding a new paragraph to read:

15 (30) the following employees of the Alaska Marine Highway Authority:

- 16 (A) chief executive officer;
- 17 (B) deputy or assistant director;
- 18 (C) port captain;
- 19 (D) port engineer;
- 20 (E) marine facilities engineering manager;
- 21 (F) reservation and marketing manager;
- 22 (G) customer services supervisor;
- 23 (H) administrative services supervisor.

24 \* **Sec. 21.** AS 39.30.150(b) is amended to read:

25 (b) Employees of the Alaska Marine Highway Authority [DIVISION OF MARINE  
26 TRANSPORTATION] included in the public employees' retirement system through the process  
27 of collective bargaining under AS 39.35.680(21)(D) may, under the terms of a collective  
28 bargaining agreement, utilize contributions made under (a) of this section on their behalf to offset  
29 the costs of inclusion in the public employees' retirement system; however,

30 (1) the state is placed under no obligation to continue making contributions under  
31 this section if the state resumes participation in the federal social security system;

1 (2) the bargaining agreement must provide a mechanism for satisfying any  
2 residual liabilities that might exist if the state resumes participation in the federal social security  
3 system; and

4 (3) funds contributed under (a) of this section on behalf of employees who are  
5 not covered by maritime union contracts may not be obligated or expended to pay any costs  
6 associated with the inclusion of authority [MARINE TRANSPORTATION] employees in the  
7 public employees' retirement system under this subsection.

8 \* Sec. 22. AS 39.35.680(21) is amended to read:

9 (21) "member" or "employee"

10 (A) means a person eligible to participate in the system and who is  
11 covered by the system;

12 (B) includes

13 (i) active member;

14 (ii) inactive member;

15 (iii) vested member;

16 (iv) deferred vested member;

17 (v) non-vested member;

18 (vi) disabled member;

19 (vii) retired member;

20 (viii) an elected public officer under AS 39.35.381;

21 (C) does not include

22 (i) former members;

23 (ii) persons compensated on a contractual or fee basis;

24 (iii) casual or emergency workers or nonpermanent employees as  
25 defined in AS 39.25.200;

26 (iv) persons covered by the Alaska Teachers' Retirement System  
27 except as provided under AS 39.35.131 and 39.35.381, or persons covered by the  
28 optional university retirement program;

29 (v) employees of the Alaska Marine Highway Authority  
30 [DIVISION OF MARINE TRANSPORTATION] engaged in operating the state  
31 ferry system who are covered by a union or group retirement system to which the

1 state makes contributions;

2 (vi) justices of the supreme court or judges of the court of appeals  
3 or of the superior or district courts of Alaska; (vii) the administrative director of  
4 courts appointed under art. IV, sec. 16 of the state constitution unless the director  
5 becomes a member under AS 39.35.158; and

6 (viii) members of the elected public officers' retirement system  
7 (former AS 39.37);

8 (D) may include employees of the Alaska Marine Highway Authority  
9 [DIVISION OF MARINE TRANSPORTATION] excluded under (C)(v) of this paragraph  
10 provided that

11 (i) the State of Alaska, acting through the board of directors of  
12 the authority, formally agrees to their inclusion through the process of collective  
13 bargaining; and

14 (ii) no collective bargaining agreement has the effect of obligating  
15 contributions made by the state under AS 39.30.150 in the event the state resumes  
16 participation in the federal social security system;

17 \* Sec. 23. AS 39.50.200(b) is amended by adding a new paragraph to read:

18 (52) Alaska Marine Highway Authority (AS 19.55.010).

19 \* Sec. 24. AS 44.42.020(a)(1) is amended to read:

20 (1) plan, design, construct, and maintain all state modes of transportation and  
21 transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities, except  
22 that the department is not responsible for planning, design, construction, or maintenance  
23 of transportation modes or facilities under the jurisdiction of the Alaska Marine Highway  
24 Authority;

25 \* Sec. 25. AS 44.42.020(a)(7) is amended to read:

26 (7) manage, operate, and maintain state transportation facilities and all docks,  
27 floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines,  
28 airports, and aviation facilities, except that the department is not responsible for management,  
29 operation, or maintenance of transportation facilities, vessels, or equipment under the  
30 jurisdiction of the Alaska Marine Highway Authority;

31 \* Sec. 26. TRANSFER OF EMPLOYEES, APPROPRIATIONS, AND ASSETS TO THE ALASKA

1 MARINE HIGHWAY AUTHORITY. (a) Employees of the Department of Transportation and Public  
2 Facilities assigned to the management, operation, and maintenance of the Alaska marine highway system  
3 on the effective date of this Act are transferred to the Alaska Marine Highway Authority as state  
4 employees of the authority. The commissioner of transportation and public facilities shall determine  
5 which employees are transferred to the authority. An employee who is transferred to the authority under  
6 this subsection shall continue to participate without interruption in the supplemental employee benefits  
7 program under AS 39.30.150 - 39.30.180 and in the public employees' retirement system under  
8 AS 39.35, if the employee was a participant in these programs on the day before the employee was  
9 transferred to the authority.

10 (b) Nothing in this Act terminates or modifies recognition of an exclusive bargaining  
11 representative or a collective bargaining agreement that is in effect on the effective date of this Act.

12 (c) Subject to appropriation by the legislature, the unexpended and unobligated balances of  
13 operating and capital appropriations for the Department of Transportation and Public Facilities, Alaska  
14 marine highway system, shall be transferred to the Alaska Marine Highway Authority.

15 (d) Subject to appropriation by the legislature, the personal property assets and real property  
16 assets, including ferries, equipment, buildings, and associated facilities, of the Department of  
17 Transportation and Public Facilities, Alaska marine highway system, shall be transferred to the Alaska  
18 Marine Highway Authority.

19 \* Sec. 27. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY  
20 AUTHORITY. Notwithstanding AS 19.55.020(b), enacted by sec. 2 of this Act, the terms of the initially  
21 appointed members of the Alaska Marine Highway Authority shall be staggered as set out in  
22 AS 39.05.055(4).

23 \* Sec. 28. AS 19.60 and AS 19.65.020 are repealed.