

SCOMM

#34:13

FILE COPYSTATE OF ALASKA
FISCAL NOTE

Revision Date 5/25 , 1983

I. REQUEST

Bill/Resolution No.: CSHB 377(C&RA)
 Title: Financing regional transportation
 Sponsor: H. Community & Regional Affairs
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected:
 Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Catherine Wallen *Wallen*
 Division: Administrative Services

Phone: 465-2504
 Date: 5/25/83

Approved by Commissioner: Richard A. Lyon *R*
 Department: Commerce and Economic Development

Date: 5/26/83

Distribution:

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 Copy to Requestor (if different from Sponsor)

3/8/83

CSHB 377(C&RA)
Fiscal Note Analysis 5/25/83

Language in Section 5(b) of this committee substitute ties the establishment of a Regional Development Advisory Council to the submission of a transportation facility proposal to AIDA. Costs incurred by the Council would be charged back to the project. If that language is deleted, and regional councils are established regardless of proposed projects, there would be a fiscal impact to the Department as indicated in the fiscal note dated 5/9/83.

FILE COPY

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CSHB 377 (LOANS)
Title: " Financing Regional Trans. Fac...
Sponsor: Comm. & Reg. Affairs Committee
Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
Program Category Affected: Development
BRU, Program of Subprogram(s) Affected:
Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: James F. Wiedeman Phone: 465-2018
Division: Office of Commissioner Date: _____
Approved by Commissioner: Richard A. Lyon *Franklin F. Lyon* Date: 5/27/83
Department: Commerce & Economic Development

Distribution:

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3/8/83

CSHB 377 (LOANS)
Fiscal Note Analysis 5/27/83

Language in Section 5(b) of this committee substitute ties the establishment of a Regional Development Advisory Council to the Submission of a transportation facility proposal to AIDA. Costs incurred by the Council would be charged back to the project. If that language is deleted, and regional councils are established regardless of proposed projects, there would be fiscal impact to the department as indicated in the fiscal note dated 5/9/83.

STATE OF ALASKA
FISCAL NOTE

FILE COPY

Revision Date , 1983

I. REQUEST (Page 1 of 4)

Bill/Resolution No.: CSHB 377 (C&RA)
Title: "... Financing Regional Trans. Fac..."
Sponsor: Comm. & Reg. Affairs Committee
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected:
Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	70.1	73.6	77.3	81.2		
200 TRAVEL	91.8	96.4	101.2	106.3		
300 CONTRACTUAL	9.5	10.0	10.5	10.0		
400 COMMODITIES	7.8	8.2	8.6	9.0		
500 EQUIPMENT	7.0	.5	.5	.5		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	186.2	188.7	198.1	208.0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	186.2	188.7	198.1	208.0		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: James F. Wiedeman
Division: Office of Commissioner

Phone: 465-2018
Date:

Approved by Commissioner: Richard A. Lyon
Department: Commerce & Economic Development

Date: 5/9/83

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3/8/83

It is assumed that each Regional Development Advisory Council will meet once each year. Inflation is assumed to be 5% per year.

100 PERSONAL SERVICES

70.1

Six councils will require two new positions to provide administrative and program support

Development Specialist I	44.4
Clerk III	25.7

200 TRAVEL

91.8

Travel for staff	18.9
Development Specialist I	13.2
Clerk III	5.7

Council travel and per diem	72.9
-----------------------------	------

300 CONTRACTUAL

9.5

Telephone, telegraph, computers, copying, printing, etc.

400 COMMODITIES

7.8

Paper, meeting materials, etc.

500 EQUIPMENT

7.0

First year costs

Equip new positions	3.3
Recording equipment	2.5
Other	1.2

1.	POSITION TITLE Clerk III				RANGE/STEP 8A	BARC. UNIT Gen.	FORM 17 PAGE/LINE	COV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEC.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				This position will assist the Development Specialist I in support of the six "Regional Development Advisory Councils." The position will be responsible for coordinating and handling all travel arrangements for council functions, per diem claims, correspondence, organizing and supervising recording of meetings and minutes, and other similar work as required.					
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	17,844								
6.	Benefits	2,766								
7.	Supplemental Benefits	2,240								
8.	Fixed Benefits	2,980								
9.	TOTAL PERSONAL SERVICES	01	25,730							
10.	Travel	02	5,700							
11.	Contractual	03	1,250							
12.	Commodities	04	900							
13.	Equipment	05	1,650							
14.	Other									
15.	TOTAL COST		35,230							
	RECEIPT CODE									
16.		Federal Receipts		1002						
17.		G.F. Match		1003						
18.		General Funds		1004	35,2					
19.		I-A Receipts		1005						
20.		Program Receipts		1028						
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER										

**13 REQUEST FOR
NEW POSITION**

AGENCY COMMERCE & ECONOMIC DEVELOPMENT

PROGRAM _____

BRU _____

COMPONENT _____

FY 84

Page 3 of 4

Revised Date _____

1.	POSITION TITLE Development Specialist 1				RANGE/STEP 18A	BARG. UNIT Gen	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.		
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.				
3.	CONTINUATION LEVEL				JUSTIFICATION							
4.	TYPE OF EXPENDITURE				This position will function as the Executive Secretary to the 6 "Regional Development Advisory Councils". The incumbent will serve also as a consultant to the Councils and as the liaison between the Councils, the State and the private sector. This position will be responsible for organizing and assisting the managing the various council meetings; will prepare or have prepared economic and economic development information and data, development and feasibility studies and reports; and all other material required by the Councils.							
	1		2								3	
	PERSONAL SERVICES											
5.	Salary		33,984									
6.	Benefits		5,267									
7.	Supplemental Benefits		2,240									
8.	Fixed Benefits		2,880									
9.	TOTAL PERSONAL SERVICES		01								44,371	
10.	Travel		02								13,210	
11.	Contractual		03								1,250	
12.	Commodities		04								500	
13.	Equipment		05								1,650	
14.	Other											
15.	TOTAL COST										60,981	
	RECEIPT CODE	FUNDING SOURCE										
16.		Federal Receipts 1002										
17.		G.F. Match 1003										
18.		General Funds 1004			61.0							
19.		I-A Receipts 1005										
20.		Program Receipts 1028										
21.		Other										
FOR B&M USE ONLY 4A KEY NUMBER _____												

AGENCY Dept. of Commerce and Economic Development

PROGRAM _____

BRU _____

COMPONENT _____

FY 84

Page 4 of 4

Revised Date _____

**13 REQUEST FOR
NEW POSITION**

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSHB 377 (C&RA)
Title: Regional Transportation Facilities
Sponsor: House Community & Regional Affairs
Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
Program Category Affected: Development
BRU, Program of Subprogram(s) Affected: Alaska Industrial Development Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	*0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

*Any costs, such as travel, incurred by AIDA for specific projects will be charged back to those projects.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Bertram Wagnon, Executive Director
Division: Alaska Industrial Development Authority

Phone: 274-1651

Date: _____

Approved by Commissioner: Richard A. Lyon
Department: Commerce and Economic Development

Date: 5/9/83

Distribution:

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3/8/83

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FILE COPY

POUCH Y : STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

June 1, 1983

SUBJECT: AIDA financing of regional transportation facilities (CSHB 377 (Loans))

TO: Representative Rick Uehling

FROM: James H. Lear
Legislative Counsel *JHL*

You have requested our office to provide a sectional analysis of CSHB 377 (Loans) which is "An Act financing regional transportation facilities by the Alaska Industrial Development Authority . . ." We offer the following information.

This bill is drafted as temporary law amending various provisions of AS 44.88 (Alaska Industrial Development Authority) to expand the findings, purpose, and powers of the authority to provide financing for regional transportation facilities through December 31, 1985. The bill also provides for regional development advisory councils and for the operation and management of transportation facilities financed under the act.

Section 1. This section expands the findings in AS 44.-88.010 with emphasis on the need for the creation of instrumentalities in the various areas of the state with powers to borrow money to provide for transportation and port facilities to encourage the development of natural resource enterprises, including mining enterprises, essential to the long-term economic growth of the state.

Section 2. This section expands the purposes specified in AS 44.88.070 by allowing the authority to not only provide financing for transportation facilities but to own and operate such facilities. Presently, the authority may only take ownership and operate a failing project.

Section 3. This section expands the powers conferred on the authority under AS 44.88.080 by authorizing the authority to

acquire and manage real and personal property and transportation facilities financed by the authority, to issue bonds to pay the cost of transportation facilities, and to establish funding mechanisms not to exceed \$500,000,000 in bond issues.

Section 4. This section establishes in the authority a regional transportation facility development fund. The fund may be used to finance or develop a facility or to secure bonds, not to exceed \$500,000,000, issued to finance transportation facilities. Under this section the authority may not pledge or use other assets of the authority to assist in the financing or development of a transportation facility. Only the assets in the regional transportation facility development fund may be used to secure financing. This section also allows the option of financing a transportation facility under the regular AIDA provisions if the facility is a qualified "project" as defined in AS 44.88.220(5).

Section 5. This section authorizes the establishment of a regional development advisory council in each of the six economic regions recognized by the Bureau of Labor Statistics, United States Department of Labor. The purpose of a council would be to conduct hearings on and to approve or reject proposed transportation facilities and to advise the authority in the development, maintenance, and operation of transportation facilities. A council is organized only after the authority receives a proposal for a transportation facility within a region. A council would consist of five members registered to vote in the region. Members are appointed by the governor and serve three-year terms.

Section 6. This section provides that an authority may not enter into an agreement with respect to financing or development a facility unless the approval of each council in which the facility is to be located is received. In the case of a facility located wholly within a municipality, the authority need only obtain the approval of the municipality. (In order to correct a drafting error on page 4, line 10, delete the word "council" and insert the word "authority".) Approval is evidenced by a resolution of the council or governing body of the municipality.

Subsection (b) requires the authority to gain the approval under subsection (a), to make certain findings, and to submit the findings to the Department of Transportation and Public Facilities for review and comment before the authority

issues bonds to provide financing for a facility. The required findings enumerated in this subsection would ensure that the authority has given adequate consideration to the ramifications of the facility on the economy and general public welfare of the state.

Section 7. This section requires a regional development advisory council or the governing body of a municipality, depending upon the proposed location of a facility to conduct hearings to consider the proposed facility. A council would have to conduct hearings in at least three different locations within the region.

Section 8. Under this section a council or governing body of a municipality may designate two council members or registered voters, respectively, to serve as voting members of AIDA in connection with actions by the authority that exclusively concern a transportation facility developed or financed by AIDA.

Subsection (b) addresses the applicability of conflict of interest provisions on the two authority members so appointed.

Section 9. This section provides overview by a council or governing body of a municipality with regard to decisions of the authority that directly concern the development, maintenance, and operation of a transportation facility.

Section 10. This section requires that an authority provide equal use and access to the public if the authority owns, leases, or otherwise operates or controls or participates in the financing of a facility. Reasonable terms and conditions may be imposed by the authority, but the members of the authority must make a written finding concerning compliance of the facility with the provisions of this section.

Section 11. This section contains definitions that would apply to the act. Paragraph (2) defines "transportation facilities" or "facilities" by broadly enumerating mechanisms for transporting, handling, and storing freight and natural resource products. The definition also includes all property, rights, easements and franchises relative to a facility.

Section 12. This section provides an effective period that expires on December 31, 1985, with regard to the powers

Representative Rick Uehling

Page 4

June 1, 1983

described in the act to finance or develop a transportation facility. Nothing in this section modifies the provisions of this act with regard to transportation facilities approved, financed, and developed under this act before December 31, 1985.

Section 13. This section provides an immediate effective date.

JHL:ljb

22/029

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FILE COPY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 23, 1983

SUBJECT: AIDA financing of regional transportation facilities (CSHB 377 (C&RA))

TO: Representative Rick Uehling

FROM: James H. Lear
Legislative Counsel *JHL*

You have requested our office to provide a sectional analysis of CSHB 377 (C&RA) which is "An Act financing regional transportation facilities by the Alaska Industrial Development Authority . . ." We offer the following information.

This bill is drafted as temporary law amending various provisions of AS 44.88 (Alaska Industrial Development Authority) to expand the findings, purpose, and powers of the authority to provide financing for regional transportation facilities through December 31, 1985. The bill also provides for regional development advisory councils and for the operation and management of transportation facilities financed under the act.

Section 1. This section expands the findings in AS 44.-88.010 with emphasis on the need for the creation of instrumentalities in the various areas of the state with powers to borrow money to provide for transportation and port facilities to encourage the development of natural resource enterprises, including mining enterprises, essential to the long-term economic growth of the state.

Section 2. This section expands the purposes specified in AS 44.88.070 by allowing the authority to not only provide financing for transportation facilities but to own and operate such facilities. Presently, the authority may only take ownership and operate a failing project.

Section 3. This section expands the powers conferred on the authority under AS 44.88.080 by authorizing the authority to acquire and manage real and personal property and

transportation facilities financed by the authority, to issue bonds to pay the cost of transportation facilities, and to establish funding mechanisms.

Section 4. This section establishes in the authority a regional transportation facility development fund. The fund may be used to finance or develop a facility or to secure bonds issued to finance transportation facilities. Under this section the authority may not pledge or use other assets of the authority to assist in the financing or development of a transportation facility. Only the assets in the regional transportation facility development fund may be used to secure financing. This section also allows the option of financing a transportation facility under the regular AIDA provisions if the facility is a qualified "project" as defined in AS 44.88.220(5).

Section 5. This section authorizes the establishment of a regional development advisory council in each of the six economic regions recognized by the Bureau of Labor Statistics, United States Department of Labor. The purpose of a council would be to conduct hearings on and to approve or reject proposed transportation facilities and to advise the authority in the development, maintenance, and operation of transportation facilities. A council is organized only after the authority receives a proposal for a transportation facility within a region. A council would consist of nine members registered to vote in the region. Members are appointed by the governor and serve three-year terms.

Section 6. This section provides that an authority may not enter into an agreement with respect to financing or development a facility unless the approval of each council in which the facility is to be located is received. In the case of a facility located wholly within a municipality, the authority need only obtain the approval of the municipality. (In order to correct a drafting error on page 4, line 10, delete the word "council" and insert the word "authority".) Approval is evidenced by a resolution of the council or governing body of the municipality.

Subsection (b) requires the authority to gain the approval under subsection (a) and to make certain findings before issuing bonds to provide financing for a facility. The required finding enumerated in this subsection would ensure that the authority has given adequate consideration to the

ramifications of the facility on the economy and general public welfare of the state.

Section 7. This section requires a regional development advisory council or the governing body of a municipality, depending upon the proposed location of a facility to conduct hearings to consider the proposed facility. A council would have to conduct hearings in at least three different locations within the region.

Section 8. Under this section a council or governing body of a municipality may designate two persons to serve as voting members of AIDA in connection with actions by the authority that exclusively concern a transportation facility developed or financed by AIDA.

Subsection (b) addresses the applicability of conflict of interest provisions on the two authority members so appointed.

Section 9. This section provides overview by a council or governing body of a municipality with regard to decisions of the authority that directly concern the development, maintenance, and operation of a transportation facility.

Section 10. This section requires that an authority provide equal use and access to the public if the authority owns, leases, or otherwise operates or controls or participates in the financing of a facility. Reasonable terms and conditions may be imposed by the authority, but the members of the authority must make a written finding concerning compliance of the facility with the provisions of this section.

Section 11. This section contains definitions that would apply to the act. Paragraph (2) defines "transportation facilities" or "facilities" by broadly enumerating mechanisms for transporting, handling, and storing freight and natural resource products. The definition also includes all property, rights, easements and franchises relative to a facility.

Section 12. This section provides an effective period that expires on December 31, 1985, with regard to the powers described in the act to finance or develop a transportation facility. Nothing in this section modifies the provisions of this act with regard to transportation facilities approved, financed, and developed under this act before December 31, 1985.

Representative Rick Uehling
Page 4
May 23, 1983

Section 13. This section provides an immediate effective date.

JHL:ljb
21/012

FILE COPY

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-463-3800

MEMORANDUM

May 23, 1983

SUBJECT: Regional resource development authorities
(HB 377)

TO: Representative Rick Uehling

FROM: James H. Lear
Legislative Counsel *JHL*

You have requested our office to provide a sectional analysis of HB 377 which is an Act relating to Regional Resource Development Authorities. We offer the following information.

Section 1. Legislative findings and policy are set forth with emphasis on the need for the creation of instrumentalities in the various areas of the state with powers to borrow money to provide for the development of transportation and port facilities to encourage the development of natural resource enterprises, including mining enterprises, essential to the long-term economic growth of the state.

Section 2. This section amends AS 30 by adding a new chapter 13 pertaining to regional resource development authorities.

Sec. 30.13.010 addresses creation of an authority. An authority may only be created by the residents within the boundaries of a regional educational attendance area by petition filed with the Department of Community and Regional Affairs and a supporting statement submitted to the governor outlining the purposes and projects contemplated. If the governor determines that the goals and potential projects of the proposed authority would not be advantageous to the economic growth of the region and the state, the petition may not be submitted to the voters. However, if the governor makes affirmative findings as to the purposes and potential projects of the proposed authority or fails to submit his findings to the director of elections within 90 days, the director of elections must order an election in the area of the proposed authority if the petition is in proper form. The election for the creation of an authority must be held

between 30 and 120 days after the date of the election order. If creation of an authority is approved, another election is held to choose the five initially elected members of the board of governors of the authority. The initially elected members of the board of governors serve staggered terms ranging from approximately one to three years. The director of elections supervises both elections in the general manner prescribed by AS 15 and the state bears the costs of the elections. Election materials are filed with the director of elections and the date of that filing constitutes the date of creation of an authority for all legal purposes.

Sec. 30.13.020 provides for a board of governors consisting of eight members, five of whom are elected and three of whom are appointed by the governor. The term of a regularly elected member is two years. The three members appointed by the governor must be heads of principal departments of the executive branch. The members of the board of governors elect a chairperson and a vice chairperson from among its members and a majority of the members of the board at a meeting at which a quorum is present may transact business. The board of governors may delegate powers and duties that it considers proper and may appoint officers and employ professionals and employees it considers advisable.

Subsection (e) addresses conflicts of interests that may arise when the board of governors votes on agreements to be entered into by the authority. A member may not vote if the member is a party to the agreement or has a direct ownership or equity interest, beneficially or of record, exceeding one percent in, or is employed by, a firm, partnership, corporation or association that is a party to the agreement.

Sec. 30.13.030 sets forth the purpose of an authority as being the improvement, establishment, and development of facilities in its district for transportation purposes in connection with natural resource enterprises. The purpose may be accomplished either directly or by agreement with any public or private entity or person.

Sec. 30.13.040 designates the powers of an authority. The enumerated powers are similar to those granted by statute to public corporations. The more remarkable provisions are those authorizing the authority to issue bonds and to deposit or invest its funds, subject to agreements with bondholders, and those provisions authorizing the authority to enter into contracts or other transactions with public or private

entities or persons consistent with the exercise of the other powers of the authority.

Sec. 30.13.050 sets forth certain limitations on powers of the authority. An authority does not have powers of eminent domain, taxation, land use planning, zoning, permitting, or other similar governmental powers.

Sec. 30.13.060 addresses bonds of an authority. Those provisions delineate how the authority may borrow money and issue bonds. Much of this section is standard bond language. However, subsection (f) is worthy of note. Before issuing bonds for a project under this chapter an authority must submit a description of the bond issue and an independent economic feasibility analysis of the project and expected revenues to the state bond committee. The bonds may not be issued unless the state bond committee finds that the project revenues can be reasonably expected to be adequate for payment of the principal and interest on the bonds to be issued, and that issuance of the bonds by the authority would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

Sec. 30.13.070 addresses trust indentures and trust agreements used by an authority to secure an issue of bonds. Paragraph (1) sets forth the covenants and agreements that the authority may make with the trustee or the holders of the bonds as to use and disposition of the proceeds of the bonds, the fixing and collection of rents or other consideration associated with a project agreement, assignment by the authority of its rights in a mortgage or other security interest, et cetera.

Sec. 30.13.080 sets forth the intention of the legislature that a pledge made in respect of bonds be perfected and valid and binding from the time the pledge is made regardless of whether the resolution, trust agreement or any other instrument by which the pledge is created is recorded or filed under the provisions of the Uniform Commercial Code.

Sec. 30.13.090 clarifies that neither the members of an authority nor persons executing the bonds are personally liable on bonds of the authority. Furthermore, the bonds issued by an authority do not constitute an indebtedness of the state or local subdivision.

Sec. 30.13.100 provides protection for bondholders by stating that the state will not limit or alter the rights and powers vested in an authority by this chapter or in anyway impair the rights and remedies of the holders until the bonds and interest and expenses are fully met and discharged.

Sec. 30.13.110 exempts the real and personal property of an authority and its assets and income from all taxes and special assessments of the state or a political subdivision of the state. Additionally, interest on bonds issued by the authority are tax exempt. However, this section does not limit other provisions of Alaska law pertaining to license fees, property taxes, or excise, income or other taxes, nor does it create a tax exemption with respect to the interest of any business enterprise or other person other than the authority.

Sec. 30.13.120 specifies that the bonds of an authority constitute securities in which all public officers may legally invest in the discharge of their fiduciary responsibilities.

Sec. 30.13.130 requires that an authority provide equal use and access to the public if the authority owns, leases, or otherwise operates or controls or participates in the financing of a facility. Reasonable terms and conditions may be imposed by the authority, but the members of the authority must make a written finding concerning compliance of the facility with the provisions of this section.

Subsection (b) requires an authority to make a finding, before issuing bonds for a project, that the project and its development will be economically advantageous to the state and region, that the project would be financially feasible, and that the scope of the project is sufficient to provide a reasonable expectation of a benefit to the region and the economy of the state.

Sec. 30.13.140 declares that an authority is not subject to the jurisdiction of the Alaska Transportation Commission.

Sec. 30.13.150 provides a mechanism by which an authority is integrated into a borough or home rule municipality within one year of incorporation of a first or second class borough or a home rule municipality created within an area coterminous with the authority. This section does specify that the newly created borough or home rule municipality may not levy any

Representative Rick Uehling
Page 5
May 23, 1983

taxes to pay the indebtedness of an authority that is absorbed by the local subdivision.

Sec. 30.13.900 contains definitions that would apply in the newly created chapter. Paragraph (6) defines "transportation facilities", or "facilities", or "projects" by broadly enumerating mechanisms for transporting, handling, and storing freight and natural resource products. The definition also includes all property, rights, easements, and franchises relative to a facility but does not include airport facilities.

Section 3 provides for an immediate effective date.

Hopefully, this information is responsive to your request. If you wish further information, do not hesitate to contact us.

JHL:ljb
21/015



MAY 31 1983

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY

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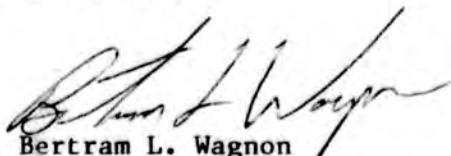
May 26, 1983

Representative Rick Uehling
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

At your committee hearing on CS for HB377 on May 24, it was requested that I provide your committee with a diagram of what the "Red Dog" financing plan may look like. The attached chart will hopefully illustrate such a financing. However, it is important to mention that this is a gross oversimplification and was prepared on a conceptual basis without input from any of the participants. The inputs from all participants such as the project sponsor, underwriter, underwriters' counsel, bond counsel, Attorney General's office, financial advisor, project sponsors' counsel, etc., etc., could naturally, and most likely would, alter such a plan of finance.

Sincerely,

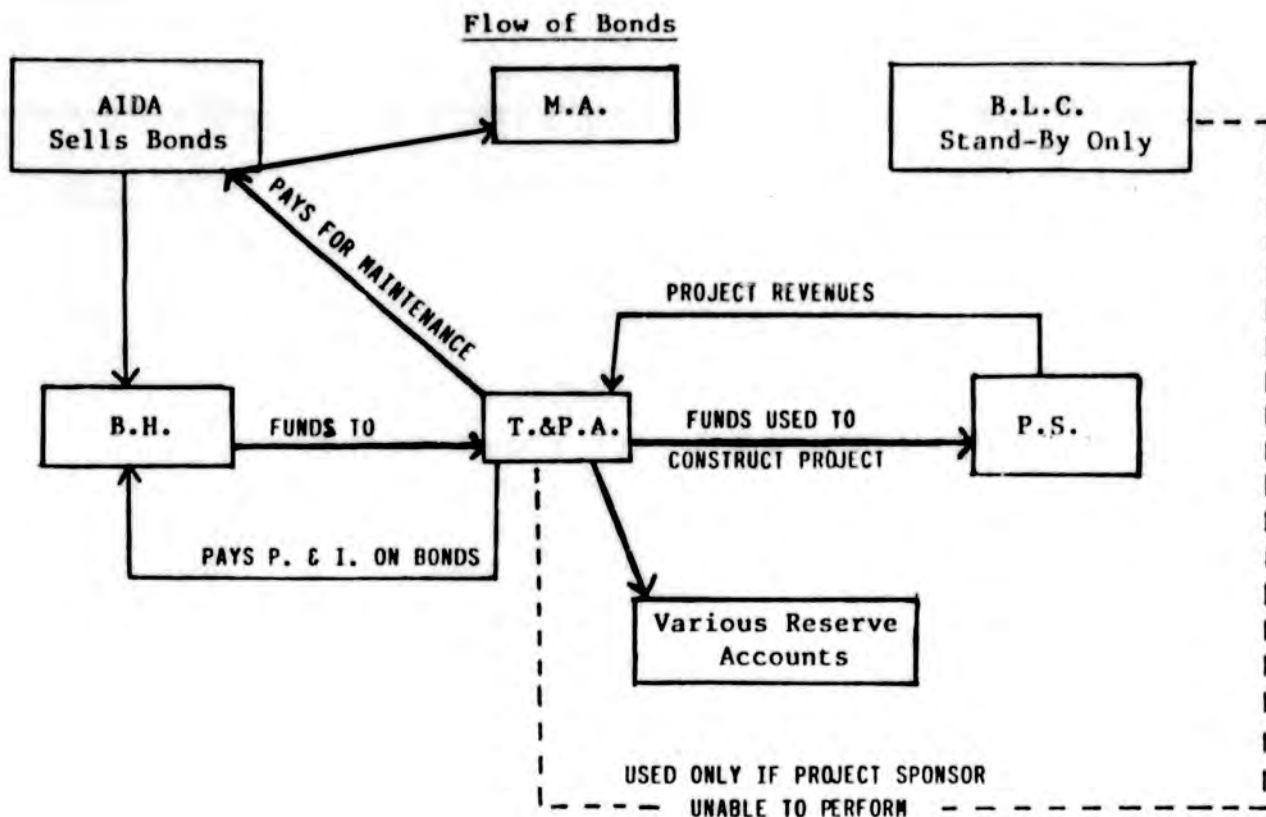


Bertram L. Wagnon
Executive Director

Enclosure

BLW/lh

cc: Terry Elder, Deputy Commissioner



P.S. - Project Sponsor

AIDA - Alaska Industrial Development Authority

T.&P.A. - Trustee & Paying Agent

B.H. - Bond Holders

B.L.C. - Bank Letter of Credit

M.A. - Maintenance Agent

ASSUMPTIONS:

1. Project Sponsor constructs project
2. Credit enhancement in the form of Stand-By Letters of Credit required
3. AIDA contracts with agent to operate and maintain the facility

**FILE COPY**

Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328 Juneau, Alaska 99801

907-586-2345

24 March 1983

REGIONAL RESOURCE DEVELOPMENT AUTHORITIES: ISSUES AND PROBLEMS

INTRODUCTION

Senate Bill 151 allows the creation of 21 Regional Resource Development Authorities in Alaska, with full powers to issue revenue bonds for mining roads and ports. This bill would immediately benefit the development of the proposed Red Dog mine in northwest Alaska. But the larger issue is whether the state needs to create a new form of government in the unorganized borough which can issue unlimited amounts of tax exempt revenue bonds.

TAX EXEMPT BONDS

Bonds are usually tax exempt when they are issued by a state or local government (or an agent of a state or local government) and are used for a public purpose. Because the interest on these bonds is exempt from federal taxes, they are popular with investors, and hence have lower interest rates. General Obligation Bonds require approval by the voters and are usually paid off by taxes or any other state revenues. Revenue bonds should pay for themselves, out of the revenues from the project that was financed by the bonds, in this case a "toll" on mining developments and roads. Since these bonds are supposed to be paid off through user fees, they do not require voter approval. 85% of Alaska's \$8.5 billion debt was incurred by revenue bonds--in other words, without voter approval.

Approval by the State Bond Board is now required

After RRDA's are established by local elections, they can issue tax exempt revenue bonds for roads and harbor development. The issuing of these bonds does not require either state approval or voter approval, according to the current committee bill. Because the interest rates on these bonds would be lower than the rates for bonds issued by private corporations, they could encourage mining development that might not otherwise be possible. The effect is marginal, as the current difference in interest rates is about 3%, but the mining companies insist that this advantage is essential for profitability.

PAYING OFF REVENUE BONDS

The tolls from the roads and port facilities normally would pay the interest and principle due on the bonds. If the mining company fails to pay the tolls and charges required to pay for the road, the authority will be able to take legal action against the mining company. If, however, there is a deep slump in mineral prices, the mining company may go bankrupt, and the authority will have no way to pay off the bonds--except by going back to the state of Alaska and asking for more money.

Under SB 151, the state of Alaska has no legal obligation to help authorities in trouble. As a practical matter, however, the state must come to the rescue, or suffer the consequences of having the reputation of Alaska's bonds all being suspect. This is a problem common to all state authorities. An article in the Sunday, March 20, edition of the Anchorage Times, "'Separate' Agencies Rely on State Backup" investigated this problem. Harold Kuplesky, of the Bankers Trust Company, authorized a \$50 million line of credit to the Alaska Power Authority. The Times reported:

Harold Kuplesky isn't worried. Why? "As a backup, we have the state of Alaska standing behind the project." And if Tyee isn't finished and the state refuses to pay off the loan? "The market looks very dimly on people who do not honor their obligations," Kuplesky replied.

Kuplesky then illustrated his point. "A good example is the New York Urban Development Authority," he said. "They defaulted, and we shut off the credit to the state of New York."

"What happened? "The Legislature came up with the money, and fairly quickly, too."

THE BABY ELEPHANT PHENOMENON

A report to the Legislative Budget and Audit Committee, "Alaska's Public Corporations," by the Institute of Public Administration (Jan. 1982) described this situation in more vivid terms on page 48:

History has shown very clearly that unless state governments become involved in any bail out arrangements for their corporate subsidiaries, state credit will be damaged if not cut off by bond market participants. Market analysts call this the 'baby elephant phenomenon'. The elephant (the indebted corporation in trouble) stumbles up on the state's front porch and says, "feed me or I'll fall down dead on your doorstep."

OTHER STATE SUBSIDIES

State payments of bond obligations are now prevented in the CRA substitute

In Senate Bill 151, elections for Regional Resource Development Authorities will be paid for by the state. The operating expenses for the authorities are not specifically provided for. The door is left open for gifts, grants, loans, and payments for contracts from the state, as well as from individuals, private organizations, municipal governments and the federal government.

LOCAL CONTROL

One of the attractive points of SB 151 is that it provides for a measure of local control of road and port development. The RRDA's will be governed by a board of eight members. Five are elected by voters in the region (a region has the same boundaries as one of the regional educational attendance areas) and three are appointed by the governor. The authority has been likened to a single purpose local government. It is established to build roads and ports, but it does not have powers of land use planning, zoning, permitting, or taxation. The bond issues are approved by the Board, but are not voted on by the members of the region.

A development authority may be succeeded by a first or second class borough. If an authority fails and goes bankrupt, the subsequent formation of a borough may be complicated or prevented by the legal and financial wreckage of the authority.

ALTERNATIVES TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES

There are several alternatives to RRDA's which provide tax exempt bonding and local control, without risking the state's credit rating.

1. One alternative is to form a new borough in the area(s) that wants to develop roads and ports. The revenue bonds would be issued by the borough or an intramentality of the borough, as was done in Valdez. Because the borough has powers of planning, zoning, and permitting, greater local control is possible than with RRDA's.

This is HB 377

2. Another alternative is to modify the Alaska Industrial Development Authority statutes so that they can fund larger projects, and fund roads projects. (Ports are already included.) Local control language is already in place for local governments; it could be extended to include rural areas.

3. Finally, tax free revenue bonds could be issued by the Department of Transportation. This technique is already used for airport construction. With this approach, areawide transportation planning is encouraged, and the chaos of 21 separate transportation authorities is avoided. Additional statutory provisions for local review of state projects would be needed.

Editorials

Roads to resources

THE STATE could get itself into another hornet's nest if the legislature approves a measure to create regional resource-development authorities.

These authorities, which would issue revenue bonds for new roads, ports and other transportation facilities needed for resource development, smack too much of the rural education attendance areas.

A few of those education units are notorious for not spending their money within established guidelines.

Fortunately, the Senate Finance Committee has held off approving the bill to create the authorities.

THOSE RURAL education areas have enough autonomy that they can get away with all sorts of foolishness. Some of them have tended to spend massive amounts for travel that cannot be justified. A number of them have failed to carry out orders to spend at least 55 percent of their budgets for classroom instruction. Still others have had

more dollars left over at the end of the year than the law allows.

The proposed regional resource development authorities would have the power to issue revenue bonds and to use bond income to construct roads. The engineering and building of roads is no small matter. Large amounts of money would be handled to effect the purchase of rights of way, the engineering and the actual construction.

Under the bill, as many as 21 additional quasi-government units could be formed. Citizens of those rural education attendance areas would be able to vote whether or not to create one of the authorities.

THERE ARE a number of questions that need answers before the legislature gives this measure further serious consideration.

Controls are needed because the state likely would be left holding the bag if the authorities defaulted on paybacks. And there must be a firm plan for accountability, which has not been the case with the rural education districts.

There are areas of the state which do need roads and transportation facilities in order to facilitate the extraction the resources. These resources are the key to Alaska's future.

But the state already has established channels to build transportation facilities.

Alaska has learned the hard way that local autonomy is not always the best way to go.

rials

April 23 - Times

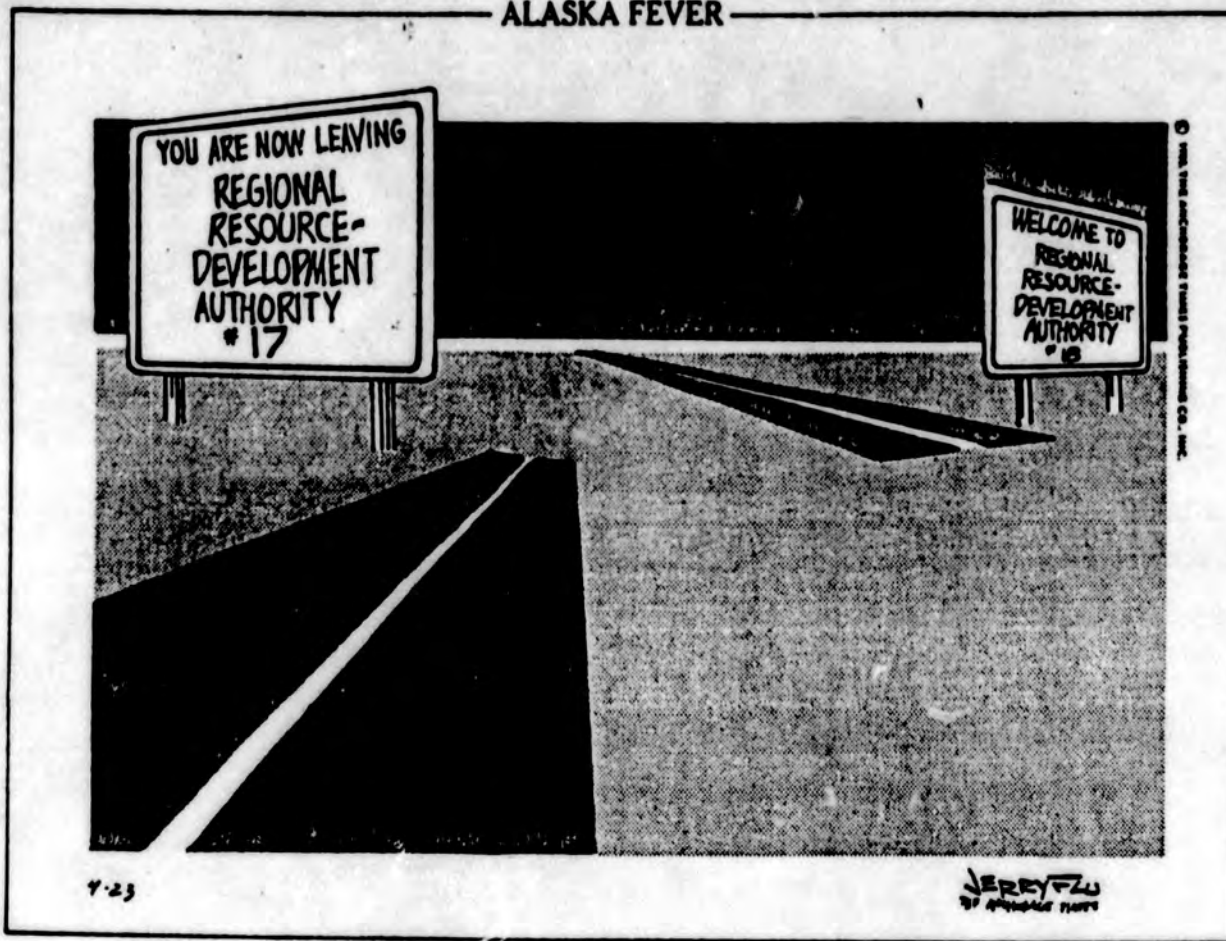
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Editor-in-Chief
and Publisher

Lana Johnson
Managing Editor

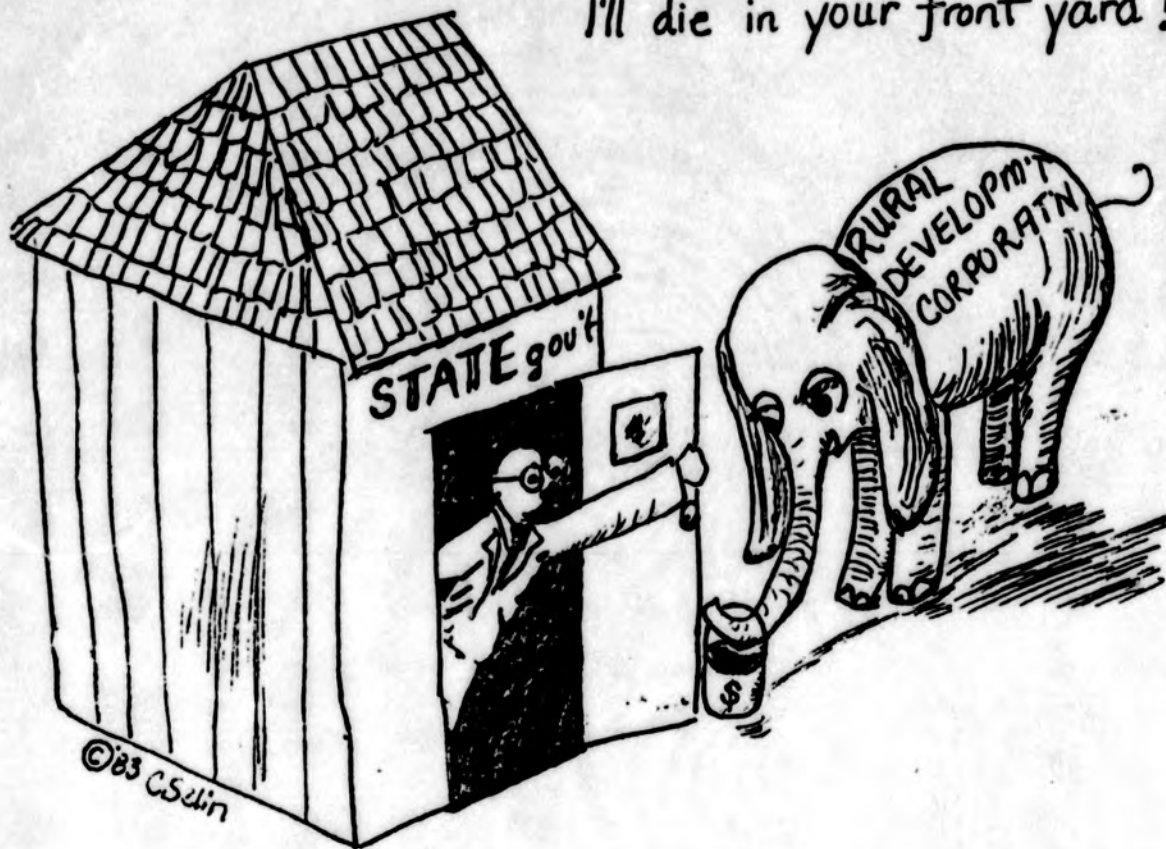
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Associate Editor
and General Manager

Clinton T. Andrews Jr.
Editorial Page Editor

ALASKA FEVER



If you don't feed me,
I'll die in your front yard!



THE BABY ELEPHANT PHENOMENON

ALASKA ENVIRONMENTAL LOBBY

LEGISLATURE

Panel chairman joins substitute

Associated Press

Juneau — The House Community and Regional Affairs chairman has teamed up with the Sheffield administration to head off a Senate bill giving rural areas of Alaska the power to issue revenue bonds for private resource development.

Chairman Barbara Lacher, R-Wasilla, Friday unveiled a committee substitute to the proposal — a substitute that embraces a bill proposed by Gov. Bill Sheffield.

It would authorize the Alaska

Industrial Development Authority to issue revenue bonds through creation of a "regional transportation facility development fund."

The fund could issue bonds to finance harbors, ports and shipping and transportation facilities of all kinds.

The measure would establish a regional development advisory council in each of the state's six economic regions recognized by the U.S. Department of Labor.

The Senate bill that Lacher hopes to supplant with her bill

would permit creation of 21 authorities within the boundaries of Alaska's 21 Regional Education Attendance areas.

An authority could form only by a public vote within the particular attendance area it would comprise, and the vote could be held only after the governor found it in the state's best interest.

The Senate measure, sponsored by Sen. Bettye Fahrenkamp, D-Fairbanks, also would provide that the state's bond authority must give the go-ahead before the rural authorities could

issue bonds.

Lacher said she agreed with critics of the bill that it could lead to a "proliferation of quasi-governments" in the bush and also could leave the state financially vulnerable in the event of a bond default.

Fahrenkamp has defended her bill as filled with mechanisms to guard against frivolous creation of bonding authorities and issues.

Assistant Attorney General Dan Rubini warned during Senate Finance Committee hearings

bond bill effort

on the Senate measure that it "could be argued" the state could be held liable or its bond rating drop in the event of a bond default.

The impetus for the Fahrenkamp bill is to provide financing for access and development of the Red Dog lead-zinc and silver property north of Kotzebue.

Don Argetsinger, vice president of NANA regional corporation, has lobbied for the Senate bill on behalf of the Red Dog project. He said Friday that Lacher's proposal "has a lot of

the same elements" as the Senate measure.

But he said he was not pleased at what he called "the loss of local control" under the Lacher bill.

He noted that bonding for the Red Dog project would fall under the purview of a "regional development advisory council" that would comprise the NANA, Bering Strait and North Slope regions. He said those areas do not have common concerns and communication could be difficult.

Proposed Amendments to CS for HB No. 377 (C&RA)

- 1) p. 4, line 22 and 23 Change to read:

"(3) the transportation facility is financially feasible without subsidy and able to produce revenue adequate to repay the bonds with which it is financed;"

Comment: This would tighten the requirements so that marginal projects depending on state subsidies would be eliminated.

- 2) p. 5, line 2 Add the following lines:

" The authority shall make a written report of findings (1)-(6) before issuing bonds to provide financing for a transportation facility."

Comment: The written report would provide documentation of the Authority's decisions, and discourage shallow investigations.

3/20/83 - Anch. Times

'Separate' agencies rely

by Ed Bennett
Times Business Writer

Alaska, the land of the plenty, is in debt. Even now, while our oil revenues are declining, that debt is growing fast. At last count, it will cost about \$8.5 billion to pay it all back, with interest. Of that amount, only \$1.2 billion has been approved by the voters.

The rest of the money has been borrowed by a group of special state corporations which are supposedly separate and independent from the state itself. But the heads of those corporations — and the people who loaned them the money — are all relying on the state treasury to bail them out if any of the loans go bad.

Each state corporation can borrow money for a specific purpose. The Alaska Housing Finance Corporation, for instance, buys home mortgages; the Alaska Power Authority builds dams; the Alaska Industrial Development Authority finances commercial ventures and office buildings; and the Municipal Bond Bank Authority funds projects such as sewer systems in Alaska communities.

With these and other corporations responsible for 85 percent of the public debt in the state, their fiscal soundness becomes a matter of some interest. This is especially true when the cost of oil goes down, because the loans made by the state corporations are paid back with revenues from their projects. And all those projects — except municipal bonds — are sensitive to the condition of the state's economy.

According to a recent study, nearly half the personal income earned by Alaskans can be linked to state spending, and at least 85 percent of the state's revenues come from oil. In other words, when oil prices or oil production goes down, Alaska's economy contracts.

How well can Alaska's state corporations weather an economic downturn? How likely are they to default? If it does come to that, who pays? An extensive investigation of Alaska's debt has revealed that:

- By and large, the Alaska Housing Finance Corporation is extremely well prepared to deal with even a large number of foreclosures on its mortgages.
- The Alaska Industrial Development Authority has also protected itself quite thoroughly.
- On the other hand, a number of serious questions have been raised about the Alaska Power Authority.



• Without exception, all corporations are relying on the state itself to bail them out if they run into deep trouble.

• The state's direct debt — the bonds approved by the voters — is comparatively low and will be paid back by 1991, just as the flow of oil from Prudhoe Bay begins to decline.

• In contrast, the loans to state corporations will not be paid back until 2018, and those payments will hit a peak in 1992.

• If oil prices stabilize around the current \$29 per barrel OPEC price, none of Alaska's corporations will be in trouble. Any further significant declines, however, may have major impacts.

• The Municipal Bond Bank Authority is insulated from any economic downturn short of a sizable loss of state population.

Alaska's debt is in the form of bonds. When talk of bonds comes up, most people's eyes glaze over. It's viewed as part of the complexity of high finance.

But bonds are actually simple to understand. They are very fancy engraved IOU's issued by government agencies instead of individuals. When you vote in favor of, say, a \$50 million bond issue for construction of airports, you are giving the state permission to borrow \$50 million.

In exchange for the money, the state gives the people who loaned out the money a piece of paper, called a bond, which promises that the money will be paid back by some certain date at some rate of interest.

The bonds people vote on are called general obligation bonds, and are paid back out of the state treasury. But those kinds of bonds are only a small part of the total debt in Alaska.

The rest is in the form of revenue bonds. The money from these bonds is used to build things like houses, dams, and office buildings. The bonds are

paid back with the revenues from these projects, whether it be mortgage payments, electric bills, or office lease money.

Since statehood, the Alaska legislature has created a series of special corporations empowered to sell revenue bonds for specific purposes, and many of the bonds can be tax-free.

Tax-free revenue bonds are attractive to investors because they don't have to pay federal income tax on the interest they earn. This saves money for the people benefiting from the projects. It means lower mortgages for AHFC-financed homes, for instance.

The legislation which created these agencies says they are separate from the state and stand on their own.

But that's on paper. The heads of the three largest state corporations, however, say the state ultimately is responsible for the money they have borrowed.

If a state agency ever found itself unable to make the payments on its bonds, "I say the legislature would step into the breach and save the day," said Harry Goldbar, who until January was head of the AHFC. "If you want to maintain the credit of the state, you won't let a major corporation go belly up."

Ray Benish, the finance director of Alaska Power Authority, was just as blunt: "If we ever default, the state would bail us out." So was Bert Wagnon, executive director of the Alaska Industrial Development Authority: "If I ended up on my butt, I would have to beg the legislature to bail me out."

That view is shared by the people who loan out the money. Take Bankers Trust Company of New York, the ninth largest bank in the country. Bankers Trust issued a \$50 million letter of credit to back up some short-term financing the Alaska Power Authority is using to build the Tyee power project in Southeast Alaska.

Tyee has suffered a series of cost overruns and the city of Petersburg, which the project was designed to serve, has so far refused to buy the power. Lower oil prices have made the hydro project's electricity much more expensive than the diesel-generated electricity Petersburg currently is using.

But the man at Bankers Trust who authorized the line of credit, vice president Harold Kuplesky, isn't worried. Why? "As a backup, we have the state of Alaska standing behind the project." And if Tyee isn't

Billions of
Dollars

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finished and the state pay off the loan? Kuplesky looks very dimly. Kuplesky replied, "A good example is the New York Urban Authority," he said. "It defaulted, and we credit to the state."

What happened? The Legislature came money, and fairly.

Then there's the Public Power Supply state corporation \$2.25 billion worth bonds to build nuclear. Most of the reactors and those that are budget. The first of the bonds are coming default looms.

Last week, a special a Chicago economist

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What happened? "The
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Then there's the Washington
Public Power Supply System, a
state corporation which issued
\$2.25 billion worth of revenue
bonds to build nuclear reactors.
Most of the reactors are unbuilt,
and those that are went way over
budget. The first payments on
the bonds are coming due, and
default looms.

Last week, a special report by
a Chicago economic consultant

was released by Gov. John
Spellman. The bottom line was
this: "The state of Washington
and the people as a group would
be considered untrustworthy" in
the event of a default. Even
though the project was an
independent corporation, the
study predicted the cost of
borrowing by Washington state
would go up about two
percentage points.

In other words, corporation
debt is state debt, an obligation
of all the citizens. In Alaska, the
\$8.5 billion total works out to
\$21,250 for every man, woman
and child in the state. The 1983
payment on that debt is \$426
million. Each year's payments
increase until a high of \$500
million is reached in 1992, after
which they slowly decline.

While the future of the Tyee
project is uncertain, the \$29 per
barrel oil may have already

killed a giant: the two-dam, \$14.
billion Susitna hydroelectric
project. The APA has looked at
number of lower-cost alternative
dam sites or even scaling down
Susitna itself. But much of the
cash to pay for Susitna will never
arrive because oil prices
dropped, throwing the entire
project in jeopardy.

"The timing of the drop in oil
prices could not have been
worse," APA finance director
Benish said. "Our whole
philosophy was to take Prudhoe
Bay oil, invest it in hydro, and sit
back and smile while the rest of
the world went crazy."

But the price of oil did go
down.

"If you're one of those people
who thinks the real cost of oil will
decline over the years, then
hydro doesn't make sense,"
Benish said. The real cost of oil is
its value in uninflated dollars.

See State, page I-2

Alaska's Debt

(principal plus interest)
As of March 1, 1983

Billions of
Dollars

9
8
7
6
5
4
3
2
1
0

Alaska Housing Finance Corporation

Municipal Board Bank Authority

Alaska Power Authority

Alaska Industrial Development Authority

Other

State General Obligation Bonds

Sources: Agency & State Financial Reports
& Interviews

Total:
Appox.
\$8.5 billion

Backed by
State
(Approved by
Voters)

Chart illustrates how the price of oil affects Alaska's finances

By Postman of The Times

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by Stan Weinstein's Professional Tape Reader
(Hollywood, Fla.)

"Polaroid Corp. (PRD 29 1/4, 12-month range 24-30 1/4), a company synonymous with instant photography, is in the process of introducing a new product that could lead to significant growth," says Robert W. Baird & Co. (Milwaukee, Wisc.). "The appearance of a new 35mm instant slide film could herald the beginning of new life for the firm. Polaroid's new film is aimed at the nonamateur market, which accounts for about 2 billion pictures in the United States annually. The quick, easy convenience of instant slides could result in significant appeal for this product. We believe the film's potential adds an important ingredient to the stock's current attractiveness. We estimate that 1982 earnings (\$1.15 per share) will be followed by \$3 in 1983. However, given moderate success with the new film, earnings for 1983 could exceed \$4 per

...the most dramatic change has been the combination of pharmaceutical sales into one unit under the Parke-Davis name. The company currently has more new products undergoing testing than ever before. The company is also strengthening its consumer products groups, which include Listerine, Efferdent, Roloids, Certs, Dentyne gum and Schick razor blades. This year, I estimate that Warner Lambert will earn approximately \$2.60 a share, up from \$2.20 per share for 1982. A raise in the dividend rate is a reasonable expectation sometime this year. The common stock, selling at only 11 times 1983 estimated earnings is a quality investment that will provide above average capital appreciation."

Dick Davis eschews Wall Street jargon and reports on investment advice and market analysis for more than 100 financial publications.

State may be liable for default

Continued from page I-1

"One of those people" happens to be Charles Logsdon, the man who is in charge of predicting oil prices for the state of Alaska. "We believe oil prices will go up at a rate below inflation until the end of this decade, and then slowly rise," Logsdon said.

So the hydro projects may be the first victims of the lower oil prices.

The story is a happier one for the other state corporations. AHFC, whose \$6.5 billion total debt is the largest in Alaska, has protected itself up one side and down the other with multiple levels of insurance.

"We would have to have a Great Depression two or three times to cause our insurance companies to go bankrupt," said former AHFC director Goldbar. "For AHFC to default, things would have to be so bad that mortgage payments wouldn't matter; we'd all be in the streets looking for the next apple."

The Alaska Industrial Development Authority protects its \$250 million in debt by only loaning out 75 percent of the value of the projects it funds directly. And, like the AHFC, the property itself is collateral. In addition, AIDA won't loan money for an office building unless it is

almost filled with tenants who have signed three-year leases.

"Prudhoe Bay would have to blow up and an earthquake would have to destroy Anchorage, all at once, before I would be in trouble," said AIDA director Bert Wagnon.

So unless a price war drives down oil prices to the point where the trans-Alaska pipeline is shut down, the big state corporations should be able to pay their debt.

For now. But six years from now, the amount of oil pumped out of Prudhoe Bay will begin to decline, and with it, state revenues and the Alaskan economy. By then, the state's general obligation bonds will be largely paid off.

But because of the state corporations, we will not be debt free. On the contrary, the loans made by the state corporations today will require huge

payments well into the next century.

In 1992, for instance, AHFC will make a balloon payment on its bonds of \$474 million. In the last six months, the housing agency has borrowed nearly half a billion dollars, and continues to sell bonds on a monthly basis. AIDA is also selling bonds at a more modest pace.

"It's totally out of control," said Juneau consultant Thomas Singer, a former state fiscal analyst who blew the whistle on Tyee. "All these independent corporations are borrowing like crazy. It will come back to haunt us."

What bothers Singer is that the accumulation of all this debt was not a result of conscious decisions by policymakers.

"It has its own momentum. It's like a bunch of mushrooms sprouting on cow patties in a field."

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The Anchorage Times

Alaska's Largest Newspaper

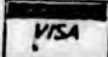
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FILE COPYLear
5/27/83

Original sponsor: Resources Committee

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 377 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act financing regional transportation facilities
7 by the Alaska Industrial Development Authority; and
8 providing for an effective date."

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

10 * Section 1. FINDINGS. In addition to the findings in AS 44.88.010,
11 the legislature finds that:

12 (1) In most areas of the state, there is a lack of basic trans-
13 portation and port facilities adequate to permit the development of non-
14 renewable natural resource enterprises, including mining enterprises.

15 (2) The development of nonrenewable natural resource enter-
16 prises, including mining enterprises, is essential to the long-term eco-
17 nomic growth of the state and will directly and indirectly alleviate unem-
18 ployment in the state.

19 (3) The achievement of full employment and the establishment and
20 continuing development of nonrenewable natural resource enterprises in the
21 state will be accelerated by authorizing the creation of instrumentalities
22 in the various areas of the state with powers to borrow money to provide
23 for the development of transportation and port facilities, as provided in
24 this chapter.

25 * Sec. 2. PURPOSE. In addition to the purposes specified in AS 44.88.-
26 070, the purpose of the authority is to promote the development of trans-
27 portation facilities by providing financing for transportation facilities
28 or by owning and operating transportation facilities.

29 * Sec. 3. POWERS. In addition to the powers conferred on the authority

1 under AS 44.88.080 and under other law, the authority has the power to

2 (1) acquire, rent, hold, use, and dispose of real and personal
3 property necessary, useful, or convenient for its purposes;

4 (2) grant, by franchise, lease or otherwise, the use of any
5 project, facilities or property owned or controlled by it to any person for
6 the consideration and period of time and upon the other terms and condi-
7 tions it may fix and agree upon;

8 (3) lease or agree with others to use a project for the rentals
9 and upon the terms and conditions the authority may consider advisable;

10 (4) charge and collect rents, rates, fees, or other charges for
11 its services and facilities;

12 (5) issue bonds not to exceed \$500,000,000 in accordance with
13 sec. 4(b) of this Act and AS 44.88.090(b) - (f) to pay the cost of
14 transportation facilities and to secure payment of the bonds by any means
15 provided in AS 44.88; and

16 (6) establish insurance funds, reserve funds, or other funds and
17 accounts with money provided by the sale of bonds or collateral provided by
18 participating businesses, as the authority determines to be appropriate to
19 further the purposes described in this Act.

20 * Sec. 4. REGIONAL TRANSPORTATION FACILITY DEVELOPMENT FUND. (a)
21 There is established in the authority the regional transportation facility
22 development fund. The fund consists of money or assets appropriated or
23 transferred to the authority for transportation facilities and other money
24 or assets deposited in the fund by the authority. The fund may be used to
25 finance or develop a transportation facility or to secure bonds issued to
26 finance transportation facilities.

27 (b) If a transportation facility is financed or developed through use
28 of the assets of the regional transportation facility development fund, the
29 authority may not pledge or use other assets of the authority to assist in

1 the financing or development of the transportation facility. With respect
2 to assets of the authority, bonds issued to finance transportation facil-
3 ities may not exceed \$500,000,000 and shall constitute limited obligations
4 of the authority, secured only by assets in the regional transportation
5 facility development fund. If a transportation facility is also a quali-
6 fied "project," as defined in AS 44.88.220(5), the limitation described in
7 this section does not impair or restrict in any manner the authority's
8 ability to finance the project under the programs established in AS 44.88.

9 * Sec. 5. REGIONAL DEVELOPMENT ADVISORY COUNCIL. (a) A Regional
10 Development Advisory Council may be established in each of the six economic
11 regions recognized by the Bureau of Labor Statistics, United States Depart-
12 ment of Labor, for the purpose of

13 (1) conducting hearings on and approving or rejecting proposed
14 transportation facilities, unless proposed to be located wholly within the
15 boundaries of a municipality; and

16 (2) advising the authority in the development, maintenance, and
17 operation of transportation facilities.

18 (b) A Regional Development Advisory Council shall be organized in a
19 region only after the authority has received a proposal for the development
20 of a transportation facility within the region.

21 (c) A Regional Development Advisory Council consists of five members
22 registered to vote in the region. The governor shall appoint the members
23 to reflect the economic and geographic diversity of the region. Council
24 members serve three-year terms at the pleasure of the governor, except that
25 the initial members may be appointed for less than three years so that the
26 term of at least one of the members expires each year. The governor shall
27 appoint a chairperson who shall call meetings as required and preside over
28 the deliberations of the council. A majority of the council constitutes a
29 quorum for transacting the affairs of the council.

1 (d) Members of a Regional Development Advisory Council receive no
2 compensation for their services on the council, but are entitled to per
3 diem and travel expenses authorized by law for state boards and commissions
4 under AS 39.20.180.

5 * Sec. 6. APPROVAL AND FINDINGS REGARDING TRANSPORTATION FACILITIES.

6 (a) Before entering into an agreement with respect to the financing or
7 development of a proposed transportation facility the authority shall
8 obtain the approval of each Regional Development Advisory Council in which
9 the proposed transportation facility is to be located, unless the proposed
10 transportation facility is to be located wholly within the boundaries of a
11 municipality, in which case the authority shall obtain the approval of the
12 municipality. Approval under this subsection shall be evidenced by a
13 certified copy of a resolution of the council or governing body of the
14 municipality.

15 (b) Before issuing bonds to provide financing for a transportation
16 facility the authority shall

17 (1) obtain approval under (a) of this section;

18 (2) find, on the basis of all information reasonably available
19 to it, that

20 (A) the transportation facility and its development under
21 this chapter will be economically advantageous to the state and the
22 general public welfare and will contribute to the economic growth of
23 the state;

24 (B) the transportation facility applicant is financially
25 responsible;

26 (C) the transportation facility is financially feasible and
27 able to produce revenue adequate to repay the bonds with which it is
28 financed;

29 (D) provision to meet increased demand on public facilities

1 that might result from the transportation facility is reasonably
2 assured;

3 (E) the transportation facility will provide or retain
4 employment reasonably related to the amount of the financing by the
5 authority considering the amount of investment per employee for
6 comparable facilities and other relevant factors; and

7 (F) the scope of the transportation facility is sufficient
8 to provide a reasonable expectation of a benefit to the economy of the
9 state; and

10 (3) submit the findings required under (2) of this section to
11 the Department of Transportation and Public Facilities for its review and
12 comment.

13 * Sec. 7. HEARING TO CONSIDER PROPOSED TRANSPORTATION FACILITY. Before
14 considering a resolution regarding the approval or rejection of the devel-
15 opment or financing of a proposed transportation facility, a Regional
16 Development Advisory Council shall conduct a public hearing in at least
17 three different locations within the region or, if applicable under sec.
18 6(a) of this Act, the governing body of a municipality shall conduct a
19 hearing.

20 * Sec. 8. APPOINTMENT OF TWO AUTHORITY MEMBERS TO REPRESENT COUNCIL OR
21 GOVERNING BODY. (a) If the development or financing of the proposed
22 transportation facility is approved, the Regional Development Advisory
23 Council may designate two of its members, or the governing body of a
24 municipality, as the case may be, may designate two persons who are
25 registered to vote in the municipality, to serve as voting members of the
26 authority in connection with subsequent action by the authority that ex-
27 clusively concerns the transportation facility. If the transportation
28 facility is located in the jurisdiction of more than one council, the
29 authority may, by resolution, prescribe the manner in which local

1 representation is provided.

2 (b) The two members designated under (a) of this section are subject
3 to the provisions of AS 44.88.180, except that they may vote on a decision
4 even though they may be shareholders of a Native corporation affected by
5 the decision. However, they may not vote on the decision if they are
6 officers or employees of the Native corporation.

7 * Sec. 9. DEVELOPMENT, MAINTENANCE, AND OPERATION OF TRANSPORTATION
8 FACILITIES. The authority must obtain approval of the Regional Development
9 Advisory Council or governing body of a municipality, as the case may be,
10 in which the transportation facility is located before the adoption or
11 execution of contracts, agreements, resolutions, or other matters that
12 directly concern the development, maintenance, and operation of the trans-
13 portation facility.

14 * Sec. 10. EQUAL USE AND ACCESS. If the authority owns, leases, or
15 otherwise operates or controls, or participates in the financing of a
16 transportation facility, the authority shall, to the maximum extent pos-
17 sible, provide for equal rights of access to and use of the facility by
18 members of the public and other persons or entities, and the access to and
19 use of the facility shall be upon terms and conditions which are fair and
20 reasonable. However, this section does not prevent the authority from
21 establishing fair and reasonable limitations on use of or access to a
22 facility to the extent the limitations are necessary in connection with the
23 nature of the facility or the demand for use of or access to the facility.
24 This section applies to the establishment of rates and rate structures as
25 well as all other factors, terms and conditions relating to the use of or
26 access to the facility, including without limitation the design and loca-
27 tion of the facility. The members of the authority shall make a written
28 finding concerning compliance of the facility with the provisions of this
29 section.

1 * Sec. 11. DEFINITIONS. In this Act, unless the context requires
2 otherwise,

3 (1) "authority" means the Alaska Industrial Development Author-
4 ity;

5 (2) "transportation facilities" or "facilities" means harbor,
6 port, shipping and transportation facilities of all kinds, including with-
7 out limitation harbors, channels, turning basins, anchorage areas, jetties,
8 breakwaters, waterways, canals, locks, tidal basins, wharves, docks, piers,
9 slips, bulkheads, public landings, warehouses, terminals, refrigerating and
10 cold storage plants, rolling stock, car ferries, tugs, boats, conveyors,
11 tunnels, bridges, highways, roads and railroads, and appliances of all
12 kinds for the handling, storage, inspection and transportation of freight
13 and natural resource products; it also includes without limitation all
14 property, rights, easements and franchises relating to a facility and
15 necessary or convenient for the acquisition, construction or operation of
16 the facility.

17 * Sec. 12. EFFECTIVE PERIOD. The powers described in this Act to
18 finance or develop a transportation facility expire on December 31, 1985.
19 Nothing in this section modifies the provisions of this Act with regard to
20 transportation facilities approved, financed, and developed under this Act
21 before December 31, 1985.

22 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).
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STATE OF ALASKA

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

FILE COPY

JUNEAU, ALASKA 99811
PHONE: 465-2500

May 26, 1983

Amendments for CSHB 377(C&RA)

Section 3(4) charge and collect only those rents, rates, fees, or other charges (for its services and facilities) which are necessary to pay for the costs, including principal and interest, of bonds issued to finance the facility and to pay for costs necessary to maintain and to operate the facility;

add a new Section 4 and renumber other sections

Section 4 Limitations on Powers. The authority may not use rents, rates, fees or other charges collected through operation of the facility to finance the improvement, establishment and development of other, unrelated facilities.

add new Section (c)

Section 6 (c) The authority shall submit the findings required under (b) of this section to the Department of Transportation and Public Facilities for its review.

A M E N D M E N T S

To CSHB 377 (C&RA)

By Uehling

1. Page 2, line 12, after "bonds", insert the following:
"not to exceed \$500,000,000".
2. Page 3, line 2, after "[facil-]ities", insert the following:
"may not exceed \$500,000,000 and shall".
3. Page 3, line 20, after "of", delete "nine" and insert the following:
"five"
4. Page 3, line 25, after "of" and through "expires", delete existing material and insert the following:
"at least one of the members".
5. Page 4, line 10, after "the", delete "council" and insert the following:
"authority".
6. Page 5, line 13, after "Council", delete "or" and insert the following:
"may designate two of its members, or the".
7. Page 5, line 14, after "persons", insert the following:
"who are registered to vote in the municipality,".

/wtl

Original sponsor: Resources Committee

IN THE HOUSE

5/24/83
BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

CS FOR HOUSE BILL NO. 377 (Loans)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SEVENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act financing regional transportation facilities
by the Alaska Industrial Development Authority; and
providing for an effective date."

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

* Section 1. FINDINGS. In addition to the findings in AS 44.88.010,
the legislature finds that:

(1) In most areas of the state, there is a lack of basic transportation and port facilities adequate to permit the development of non-renewable natural resource enterprises, including mining enterprises.

(2) The development of nonrenewable natural resource enterprises, including mining enterprises, is essential to the long-term economic growth of the state and will directly and indirectly alleviate unemployment in the state.

(3) The achievement of full employment and the establishment and continuing development of nonrenewable natural resource enterprises in the state will be accelerated by authorizing the creation of instrumentalities in the various areas of the state with powers to borrow money to provide for the development of transportation and port facilities, as provided in this chapter.

* Sec. 2. PURPOSE. In addition to the purposes specified in AS 44.88.-070, the purpose of the authority is to promote the development of transportation facilities by providing financing for transportation facilities or by owning and operating transportation facilities.

* Sec. 3. POWERS. In addition to the powers conferred on the authority

1 under AS 44.88.080 and under other law, the authority has the power to

2 (1) acquire, rent, hold, use, and dispose of real and personal
3 property necessary, useful, or convenient for its purposes;

4 (2) grant, by franchise, lease or otherwise, the use of any
5 project, facilities or property owned or controlled by it to any person for
6 the consideration and period of time and upon the other terms and condi-
7 tions it may fix and agree upon;

8 (3) lease or agree with others to use a project for the rentals
9 and upon the terms and conditions the authority may consider advisable;

10 (4) charge and collect rents, rates, fees, or other charges for
11 its services and facilities;

12 (5) issue bonds not to exceed \$500,000,000 in accordance with
13 sec. 4(b) of this Act and AS 44.88.090(b) - (f) to pay the cost of
14 transportation facilities and to secure payment of the bonds by any means
15 provided in AS 44.88; and

16 (6) establish insurance funds, reserve funds, or other funds and
17 accounts with money provided by the sale of bonds or collateral provided by
18 participating businesses, as the authority determines to be appropriate to
19 further the purposes described in this Act.

20 * Sec. 4. REGIONAL TRANSPORTATION FACILITY DEVELOPMENT FUND. (a)
21 There is established in the authority the regional transportation facility
22 development fund. The fund consists of money or assets appropriated or
23 transferred to the authority for transportation facilities and other money
24 or assets deposited in the fund by the authority. The fund may be used to
25 finance or develop a transportation facility or to secure bonds issued to
26 finance transportation facilities.

27 (b) If a transportation facility is financed or developed through use
28 of the assets of the regional transportation facility development fund, the
29 authority may not pledge or use other assets of the authority to assist in

1 the financing or development of the transportation facility. With respect
2 to assets of the authority, bonds issued to finance transportation facil-
3 ities may not exceed \$500,000,000 and shall constitute limited obligations
4 of the authority, secured only by assets in the regional transportation
5 facility development fund. If a transportation facility is also a quali-
6 fied "project," as defined in AS 44.88.220(5), the limitation described in
7 this section does not impair or restrict in any manner the authority's
8 ability to finance the project under the programs established in AS 44.88.

9 * Sec. 5. REGIONAL DEVELOPMENT ADVISORY COUNCIL. (a) A Regional
10 Development Advisory Council may be established in each of the six economic
11 regions recognized by the Bureau of Labor Statistics, United States Depart-
12 ment of Labor, for the purpose of

13 (1) conducting hearings on and approving or rejecting proposed
14 transportation facilities, unless proposed to be located wholly within the
15 boundaries of a municipality; and

16 (2) advising the authority in the development, maintenance, and
17 operation of transportation facilities.

18 (b) A Regional Development Advisory Council shall be organized in a
19 region only after the authority has received a proposal for the development
20 of a transportation facility within the region.

21 (c) A Regional Development Advisory Council consists of five members
22 registered to vote in the region. The governor shall appoint the members
23 to reflect the economic and geographic diversity of the region. Council
24 members serve three-year terms at the pleasure of the governor, except that
25 the initial members may be appointed for less than three years so that the
26 term of at least one of the members expires each year. The governor shall
27 appoint a chairperson who shall call meetings as required and preside over
28 the deliberations of the council. A majority of the council constitutes a
29 quorum for transacting the affairs of the council.

(d) Members of a Regional Development Advisory Council receive no compensation for their services on the council, but are entitled to per diem and travel expenses authorized by law for state boards and commissions under AS 39.20.180.

* Sec. 6. APPROVAL AND FINDINGS REGARDING TRANSPORTATION FACILITIES.

(a) Before entering into an agreement with respect to the financing or development of a proposed transportation facility the authority shall obtain the approval of each Regional Development Advisory Council in which the proposed transportation facility is to be located, unless the proposed transportation facility is to be located wholly within the boundaries of a municipality, in which case the authority shall obtain the approval of the municipality. Approval under this subsection shall be evidenced by a certified copy of a resolution of the council or governing body of the municipality.

(b) Before issuing bonds to provide financing for a transportation facility the authority shall obtain approval under (a) of this section and find, on the basis of all information reasonably available to it, that

(1) the transportation facility and its development under this chapter will be economically advantageous to the state and the general public welfare and will contribute to the economic growth of the state;

(2) the transportation facility applicant is financially responsible;

(3) the transportation facility is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(4) provision to meet increased demand on public facilities that might result from the transportation facility is reasonably assured;

(5) the transportation facility will provide or retain employment reasonably related to the amount of the financing by the authority considering the amount of investment per employee for comparable facilities

and other relevant factors; and

(6) the scope of the transportation facility is sufficient to provide a reasonable expectation of a benefit to the economy of the state.

* Sec. 7. HEARING TO CONSIDER PROPOSED TRANSPORTATION FACILITY. Before considering a resolution regarding the approval or rejection of the development or financing of a proposed transportation facility, a Regional Development Advisory Council shall conduct a public hearing in at least three different locations within the region or, if applicable under sec. 6(a) of this Act, the governing body of a municipality shall conduct a hearing.

* Sec. 8. APPOINTMENT OF TWO AUTHORITY MEMBERS TO REPRESENT COUNCIL OR GOVERNING BODY. (a) If the development or financing of the proposed transportation facility is approved, the Regional Development Advisory Council may designate two of its members, or the governing body of a municipality, as the case may be, may designate two persons who are registered to vote in the municipality, to serve as voting members of the authority in connection with subsequent action by the authority that exclusively concerns the transportation facility. If the transportation facility is located in the jurisdiction of more than one council, the authority may, by resolution, prescribe the manner in which local representation is provided.

(b) The two members designated under (a) of this section are subject to the provisions of AS 44.88.180, except that they may vote on a decision even though they may be shareholders of a Native corporation affected by the decision. However, they may not vote on the decision if they are officers or employees of the Native corporation.

* Sec. 9. DEVELOPMENT, MAINTENANCE, AND OPERATION OF TRANSPORTATION FACILITIES. The authority must obtain approval of the Regional Development Advisory Council or governing body of a municipality, as the case may be,

1 in which the transportation facility is located before the adoption or
2 execution of contracts, agreements, resolutions, or other matters that
3 directly concern the development, maintenance, and operation of the
4 transportation facility.

5 * Sec. 10. EQUAL USE AND ACCESS. If the authority owns, leases, or
6 otherwise operates or controls, or participates in the financing of a
7 transportation facility, the authority shall, to the maximum extent pos-
8 sible, provide for equal rights of access to and use of the facility by
9 members of the public and other persons or entities, and the access to and
10 use of the facility shall be upon terms and conditions which are fair and
11 reasonable. However, this section does not prevent the authority from
12 establishing fair and reasonable limitations on use of or access to a
13 facility to the extent the limitations are necessary in connection with the
14 nature of the facility or the demand for use of or access to the facility.
15 This section applies to the establishment of rates and rate structures as
16 well as all other factors, terms and conditions relating to the use of or
17 access to the facility, including without limitation the design and loca-
18 tion of the facility. The members of the authority shall make a written
19 finding concerning compliance of the facility with the provisions of this
20 section.

21 * Sec. 11. DEFINITIONS. In this Act, unless the context requires
22 otherwise,

23 (1) "authority" means the Alaska Industrial Development Author-
24 ity;

25 (2) "transportation facilities" or "facilities" means harbor,
26 port, shipping and transportation facilities of all kinds, including with-
27 out limitation harbors, channels, turning basins, anchorage areas, jetties,
28 breakwaters, waterways, canals, locks, tidal basins, wharves, docks, piers,
29 slips, bulkheads, public landings, warehouses, terminals, refrigerating and

1 cold storage plants, rolling stock, car ferries, tugs, boats, conveyors,
2 tunnels, bridges, highways, roads and railroads, and appliances of all
3 kinds for the handling, storage, inspection and transportation of freight
4 and natural resource products; it also includes without limitation all
5 property, rights, easements and franchises relating to a facility and
6 necessary or convenient for the acquisition, construction or operation of
7 the facility.

8 * Sec. 12. EFFECTIVE PERIOD. The powers described in this Act to
9 finance or develop a transportation facility expire on December 31, 1985.
0 Nothing in this section modifies the provisions of this Act with regard to
1 transportation facilities approved, financed, and developed under this Act
2 before December 31, 1985.

3 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).
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1 IN THE _____

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 _____ BILL NO. CS 40377

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act Financing regional transportation facilities
7 by the Alaska Industrial Development Authority; and
8 providing for an effective date."

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

10 * Section 1. FINDINGS. In addition to the findings in AS 44.88.010,
11 the legislature finds that:

12 (1) In most areas of the state, there is a lack of basic trans-
13 portation and port facilities adequate to permit the development of nonre-
14 newable natural resource enterprises, including mining enterprises.

15 (2) The development of nonrenewable natural resources enter-
16 prises, including mining enterprises, is essential to the long-term econom-
17 ic growth of the state and will directly and indirectly alleviate unemploy-
18 ment in the state.

19 (3) The achievement of full employment and the establishment and
20 continuing development of nonrenewable natural resources enterprises in the
21 state will be accelerated by authorizing the creation of instrumentalities
22 in the various areas of the state with powers to borrow money to provide
23 for the development of transportation and port facilities, as provided in
24 this chapter.

25 * Sec. 2. PURPOSE. In addition to the purposes specified in AS 44.-
26 88.070, the purpose of the authority is to promote the development of
27 transportation facilities by providing financing for transportation facil-
28 ities or by owning and operating transportation facilities.

29 * Sec. 3. POWERS. In addition to the powers conferred on the authority

1 under AS 44.88.080 and under other law, the authority has the following
2 powers:

3 (1) to acquire, rent, hold, use, and dispose of real and per-
4 sonal property necessary, useful, or convenient for its purposes;

5 (2) to grant, by franchise, lease or otherwise, the use of any
6 project, facilities or property owned or controlled by it to any person for
7 the consideration and period of time and upon the other terms and con-
8 ditions it may fix and agree upon;

9 (3) to lease or agree with others to use a project for the
10 rentals and upon the terms and conditions the authority may consider advis-
11 able;

12 (4) to charge and collect rents, rates, fees, or other charges
13 for its services and facilities;

14 (5) to issue bonds, in accordance with sec. 5 of this Act and
15 with AS 44.88.090(b) -- (f), to pay the cost of a transportation facility
16 and to secure payment of the bonds as provided in AS 44.88.010 -- 44.88.-
17 220; and

18 (6) to establish capital reserve funds, or other funds and
19 accounts, as the authority determines to be appropriate to further the
20 purposes described in this Act.

21 * Sec. 4. The regional transportation facility development fund is
22 established in the authority. The regional transportation facility devel-
23 opment fund consists of money or assets appropriated or transferred to the
24 authority and other money or assets deposited in it by the authority. The
25 regional transportation facility development fund may be used to finance or
26 develop a transportation facility described in this Act or to secure bonds
27 issued to finance transportation facilities.

28 * Sec. 5. If a transportation facility is financed or developed through
29 use of the assets of the regional transportation facility development fund,

1 the authority may not pledge or use other assets of the authority to assist
2 in the financing or development of the transportation facility. With
3 respect to assets of the authority, bonds issued to finance transportation
4 facilities constitute limited obligations of the authority, secured only by
5 assets in the regional transportation facility development fund. If a
6 transportation facility is also a qualified "project," as defined in
7 AS 44.88.220(5), the limitation described in this section does not impair
8 or restrict in any manner the authority's ability to finance the project
9 under the programs established in AS 44.88.

10 * Sec. 6. A Regional Development Advisory Council is established in
11 each of the six economic regions recognized by the Bureau of Labor Statis-
12 tics, U.S. Department of Labor. Each council consists of nine members.
13 Members of a council are appointed by the governor, and serve three-year
14 terms at the pleasure of the governor. In the initial appointment of
15 members to the council, the governor may appoint a member to a term of less
16 than three years, so that the term of one-third of the council expires each
17 year. Members of the council receive no compensation for their service on
18 the council, but are entitled to per diem and travel expenses authorized by
19 law for boards and commissions.

20 * Sec. 7. Prior to entering into any agreement with respect to the
21 financing or development of a transportation facility the authority must
22 obtain the approval, in the manner described in AS 44.88.160, of each
23 regional development advisory council in which the proposed transportation
24 facility is to be located. However, if a transportation facility is locat-
25 ed exclusively within the boundaries of a municipality, the Regional Devel-
26 opment Advisory Council must delegate to the governing body of the munic-
27 ipality all rights conferred under this Act.

28 * Sec. 8. Prior to issuing bonds to provide financing for a transporta-
29 tion facility, the authority must find, on the basis of all information

1 reasonably available to it, that

2 (1) the project and its development under this chapter will be
3 economically advantageous to the state and the general public welfare and
4 will continue to the economic growth of the state;

5 (2) the project applicant is financially responsible;

6 (3) provision to meet increased demand upon public facilities
7 that might result from the project is reasonably assured;

8 (4) the project will provide or retain employment reasonably
9 related to the amount of the financing by the authority considering the
10 amount of investment per employee for comparable facilities and other
11 relevant factors; and

12 (5) the scope of the project is sufficient to provide a reason-
13 able expectation of a benefit to the economy of the state.

14 * Sec. 9. A regional development advisory council must hold public
15 hearing in at least three different locations within the region prior to
16 consideration of a resolution regarding the approval or rejection of a
17 proposed transportation facility. If the regional development advisory
18 council approves of the authority's development or financing of a transpor-
19 tation facility, the council may designate two persons to serve as members
20 of the authority (as described in AS 44.88.030), in connection with subse-
21 quent action by the authority concerning the transportation facility. If
22 the transportation facility is located in the jurisdiction of more than one
23 regional development advisory council, the authority may, by resolution,
24 prescribe the manner in which local representation is provided.

25 * Sec. 10. It is the intent of the legislature to encourage and promote
26 the participation of regional development advisory councils, in the devel-
27 opment, maintenance, and operation of transportation facilities. The
28 authority must solicit the advice and approval of the regional development
29 advisory council in which the project is located prior to the adoption or

1 execution of contracts, agreements, resolutions, or other matters which
2 directly concern the management and operation of a transportation facility.

3 * Sec. 11. If the authority owns, leases, or otherwise operates or
4 controls, or participates in the financing of a facility, the authority
5 shall, to the maximum extent possible, provide for equal rights of access
6 to and use of the facility by members of the public and other persons or
7 entities, and the access to and use of the facility shall be upon terms and
8 conditions which are fair and reasonable. However, this section does not
9 prevent the authority from establishing fair and reasonable limitations on
10 use of or access to a facility to the extent the limitations are necessary
11 in connection with the nature of the facility or the demand for use of or
12 access to the facility. This section applies to the establishment of rates
13 and rate structures as well as all other factors, terms and conditions
14 relating to the use of or access to the facility, including without limita-
15 tion the design and location of the facility. The members of the authority
16 shall make a written finding concerning compliance of the facility with the
17 provisions of this section.

18 * Sec. 12. The authority is not subject to the jurisdiction of the
19 Alaska Transportation Commission.

20 * Sec. 13. In this Act, unless the context require otherwise,

21 (1) "authority" means the Alaska Industrial Development Authori-
22 ty;

23 (2) "transportation facilities" or "facilities" means harbor,
24 port, shipping and transportation facilities of all kinds, including with-
25 out limitation harbors, channels, turning basins, anchorage areas, jetties,
26 breakwaters, waterways, canals, locks, tidal basins, wharves, docks, piers,
27 slips, bulkheads, public landings, warehouses, terminals, refrigerating
28 and cold storage plants, rolling stock, car ferries, tugs, boats, convey-
29 ors, tunnels, bridges, highways, roads and railroads, and appliances of all

1 kinds for the handling, storage, inspection and transportation of freight
2 and natural resource products; it also includes without limitation all
3 property, rights, easements and franchises relating to a facility and
4 necessary or convenient for the acquisition, construction or operation of
5 the facility.

6 * Sec. 14. The powers described in this Act to finance or develop a
7 transportation facility expire on December 31, 1987.

8 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).