

COMMITTEE REPORT
SENATE

FURTHER:

5/6/85

Date 5/10/85

Mr. President

The Committee on FINANCE considered SB 311

increasing the bond authorization for airport revenue bonds: efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 311 (File)
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Rick Hallock

McCluskey

Dargatzis

Chairman
do pass
Chairman recommendation

Introduced: 5/6/85
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS SENATE BILL NO. 311 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing the bond authorization for airport
revenue bonds; and providing for an effective date."

7

8

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

9

* Section 1. AS 37.15.410 is amended to read:

10

Sec. 37.15.410. .BOND AUTHORIZATION. For the purpose of provid-

11

ing part or all of the money to be used, with or without any grants or

12

other money that [WHICH] may become available, the issuance and sale

13

of revenue bonds of the state in the total principal sum of not to

14

exceed ~~\$66,525,000~~ ^{\$100,825,000} [\$62,825,000] is authorized to acquire, equip,

15

construct, and install the additions, improvements, extensions, and

16

facilities authorized in AS 37.15.510. The principal of and interest

17

on these bonds shall be paid out of and secured by the gross revenues

18

derived by the state from the ownership, lease, use, and operation of

19

the airports, and of all the facilities of them and out of any other

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revenues or money that [WHICH] the state legislature may provide

21

exclusive of any state tax or license.

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* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

23

10.070(c).

5/10/85
Zak
3
M.

AMENDMENT

To: SB 311

By: Faiks by request of
DOT/PF

Page 1, Line 14

Delete \$86,525,000 and

Insert \$100,825,000

This change will allow us to accelerate the parking structure design and construction with the terminal modification in access to the baggage claim area. This will reduce the congestion to the public during construction as well as accelerate the parking facility.

This project will allow design and construction of a parking garage at the Anchorage International Airport; passage-ways necessary to connect the garage to the terminal; provide convenient, efficient interface with the parking garage make modification to electrical mechanical and structural portions of the terminal to enhance the ultimate usefulness of the terminal and the garage, pay all costs related to issuance of the bonds, establishment of the required reserves; and the cost of debt service during construction (estimated to take 2 years).

Existing parking supply is inadequate for projected parking demand. This expansion and remodeling will provide sufficient parking to accommodate anticipated needs.

All maintenance operation and debt service costs for this facility will be paid from the International Airport Revenue Fund. The parking structure will produce revenue and in the very near term, the receipts from the increased parking spaces provided should cover the costs.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: CS SB 311
 Title: Airport Revenue Bonds

 Sponsor: Senate Finance
 Requestor: Senate Finance
 Date of Request: May 9, 1985

FISCAL DETAIL

Agency Affected: State Bond Committee
 Program Category Affected: _____
Debt Service
 BRU, Program of Subprogram(s) Affected: _____
International Airports Revenue Bonds
Debt Service

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	5,100	4,400	4,400	4,400	4,400
TOTAL OPERATING	-	5,100	4,400	4,400	4,400	4,400
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	5,100	4,400	4,400	4,400	4,400
TOTAL	-	5,100	4,400	4,400	4,400	4,400

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2350
 Date: May 9, 1985
 Date: 5/9/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF CALIFORNIA
Fiscal Note Analysis

Assumes issuance of bonds of \$38,000,000 at 11% level debt service for 30 years plus \$700,000 in issuance costs for FY 86.

The appropriation for FY 86 and FY 87 is from the International Airports Construction Fund. Thereafter, appropriations would be from the International Airports Revenue Fund.

SECTIONAL ANALYSIS FOR SB 311

An Act increasing the bond authorization for airport revenue bonds

Section 1

Under current law, revenue bonds for the International Airports may not exceed a total amount of \$62,825,000. This bill increases that amount to \$86,825,000.

Section 2

Immediate effective date.

There is a proposed amendment offered at the suggestion of the Department of Transportation which increases the bond limit to \$100,825,000.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: SB 311
 Title: Airport Revenue Bonds
 Sponsor: Senate Finance
 Requestor: Senate Finance
 Date of Request: May 7, 1985

FISCAL DETAIL

Agency Affected: State Bond Committee
 Program Category Affected: Debt Service
 BRU, Program of Subprogram(s) Affected: International Airports Revenue Bonds

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	3,550	2,850	2,850	2,850	2,850
TOTAL OPERATING	-	3,550	2,850	2,850	2,850	2,850
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	3,550	2,850	2,850	2,850	2,850
TOTAL	-	3,550	2,850	2,850	2,850	2,850

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
 Division: Treasury

Phone: 465-2350
 Date: May 7, 1985

Approved by Commissioner: *Henry G. Shindler*
 Agency: Department of Revenue

Date: 5/9/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

SB 311
Fiscal Note Analysis

Assumes issuance of bonds of \$23,700,000 at 11% level debt service for 30 years plus \$700,000 in issuance costs for FY 86.

The appropriation for FY 86 and FY 87 is from the International Airports Construction Fund. Thereafter, appropriations would be from the International Airports Revenue Fund.

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities

TO: Jay Hogan, Associate Director
Office of Management and Budget
Office of the Governor

DATE: May 4, 1985

FILE NO: 465-3900

TELEPHONE NO:

MAY 11 1985

FROM: R. J. Knapp
Commissioner

SUBJECT: AIA Changes

BUDGET REVIEW

We are requesting certain changes in projects for the Anchorage International Airport in the Governor's budget. These changes will also require a change in Section 1 of HB 105 which authorizes additional International Airport Revenue Bonds.

The changes are as follows:

1. Change the project title, "Anchorage International Airport Main Terminal Renovation Phase II." To "Anchorage International Airport Parking Garage and Terminal Access."
2. Increase the project appropriation to \$44,000,000 of which \$6 million is from the International Airport Revenue Fund, and \$38,000,000 is from the International Airport Construction Fund.
3. Increase the bond authorization in Section 1 of CSHB 105 (Finance) from \$86,525,000 to \$100,825,000.
4. Delete the separate project titled Parking Garage Design.

These changes will allow us to accelerate the parking structure design and construction with the terminal modification in access to the baggage claim area. This will reduce the congestion to the public during construction as well as accelerate the parking facility.

This project will allow design and construction of a parking garage at the Anchorage International Airport; passage-ways necessary to connect the garage to the terminal; provide convenient, efficient interface with the parking garage make modification to electrical mechanical and structural portions of the terminal to enhance the ultimate usefulness of the terminal and the garage, pay all costs related to issuance of the bonds, establishment of the required reserves; and the cost of debt service during construction (estimated to take 2 years).

Existing parking supply is inadequate for projected parking demand. This expansion and remodeling will provide sufficient parking to accommodate anticipated needs.

All maintenance operation and debt service costs for this facility will be paid from the International Airport Revenue Fund. The parking structure will produce revenue and in the very near term, the receipts from the increased parking spaces provided should cover the costs.

~~AP 311~~
AP 311

AP

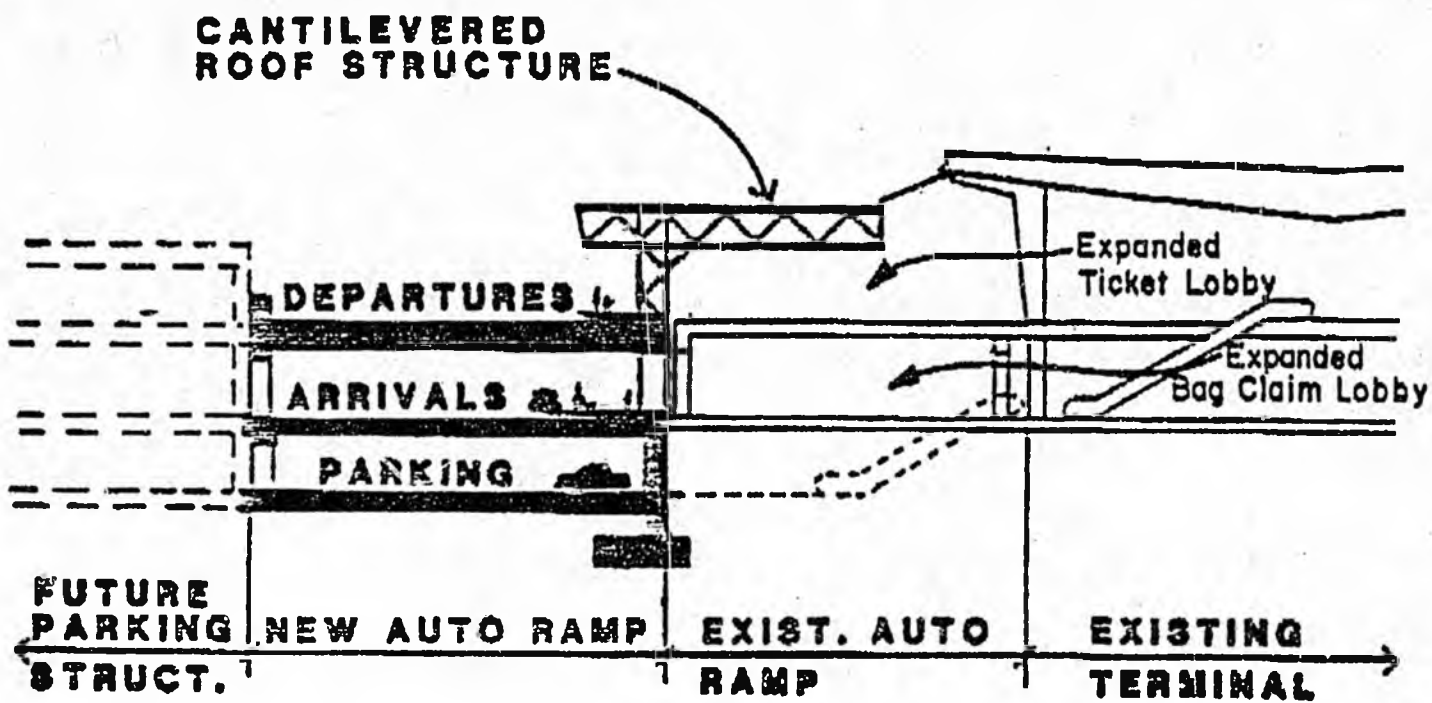
ANCHORAGE INTERNATIONAL AIRPORT
TERMINAL EXPANSION PHASE II

Phase:

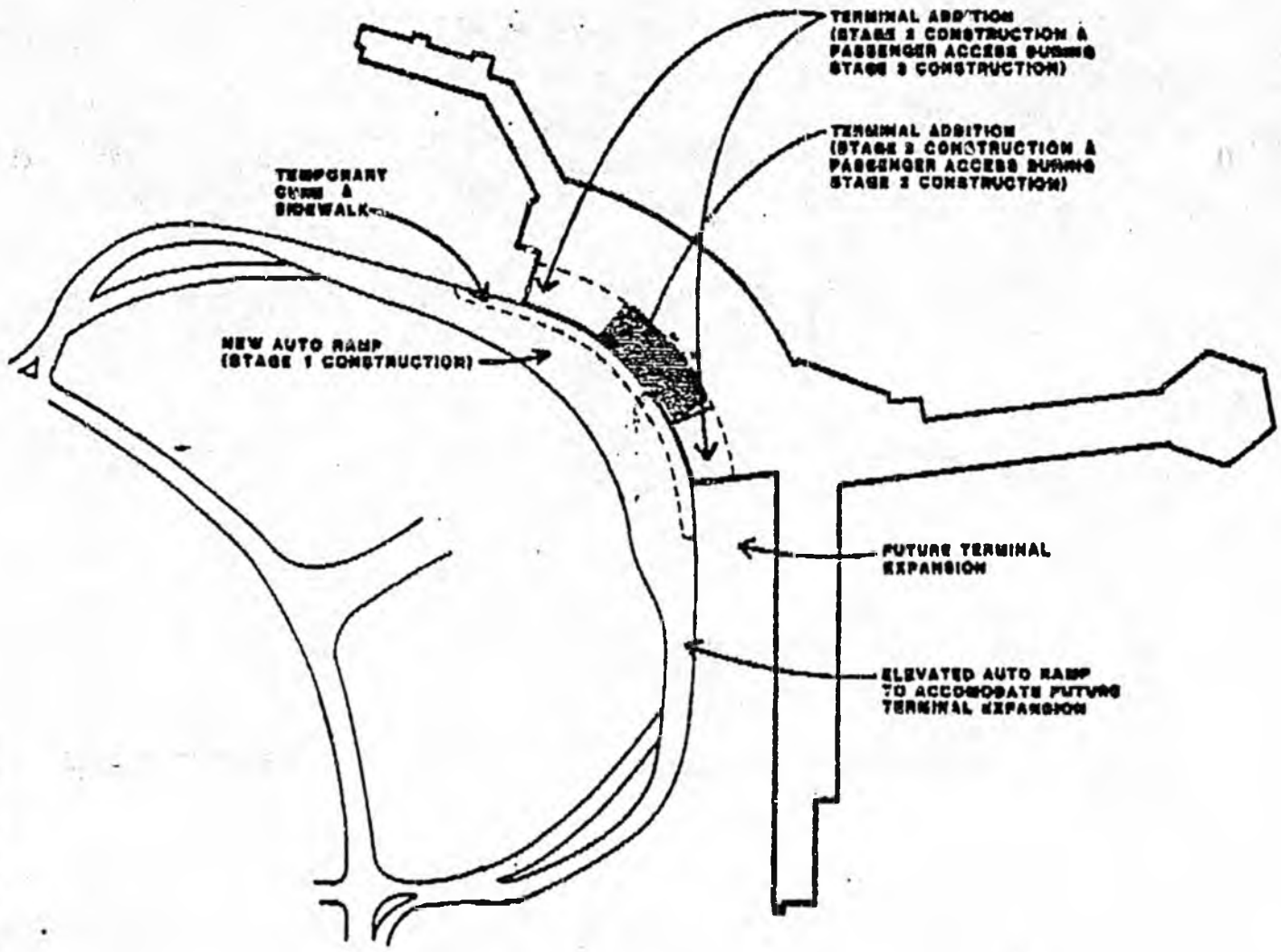
This project will expand the existing terminal building width out over the existing vehicle ramps and replace the vehicle ramps. The ticket lobby and bag claim areas will be expanded into this new space and remodeled.

Project Need:

Existing terminal facilities are undersized and inadequate for the level of aviation activity experienced and AIA. Expansion will allow an increase to the lobby and baggage claim areas sufficient to serve the large number of passengers travelling on wide body aircraft. The arrival and departure ramps will be relocated and expanded to accommodate the growing number of travellers and allow continued, convenient airport operation.



BUILDING SECTION



A13 310

Article 3. International Airports Revenue Bonds.

Section	Section
410. Bond authorization	490. Bond negotiability
420. Construction fund	500. Airport charges
430. Revenue fund	510. State improvements to airports
440. Redemption fund	520. Refunding
450. Bond terms	530. Bonds as legal investments
460. Bond resolution	540. Statutory construction
470. Enforcement by holder	550. Definitions
480. Amounts required for payments	

Legislative history reports. — For report on ch. 149, SLA 1972 (CSHB 531), see 1972 House Journal, p. 1233.

Sec. 37.15.410. Bond authorization. For the purpose of providing part or all of the money to be used, with or without any grants or other money which may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$62,825,000 is authorized to acquire, equip, construct and install the additions, improvements, extensions and facilities authorized in AS 37.15.510. The principal of and interest on these bonds shall be paid out of and secured by the gross revenues derived by the state from the ownership, lease, use and operation of the airports, and of all the facilities of them and out of any other revenues or money which the state legislature may provide exclusive of any state tax or license. (§ 1 ch 149 SLA 1972; am § 1 ch 66 SLA 1974; am § 1 ch 68 SLA 1979; am § 1 ch 11 SLA 1982; am § 1 ch 25 SLA 1983)

Effect of amendments. — The 1979 amendment substituted "\$43,325,000" for "\$34,825,000" in the first sentence.

The 1982 amendment, substituted "\$34,825,000" for "\$43,325,000" in the first sentence.

The 1983 amendment substituted

"\$62,825,000" for "\$34,825,000" in the first sentence.

Editor's notes. — See ch. 69, SLA 1979 in Temporary and Special Acts and Resolves for the appropriation of the increase in bonds authorized by ch. 68, SLA 1979.

Sec. 37.15.420. Construction fund. (a) There is a special fund of the state known as the "International Airports Construction Fund," into which shall be paid the proceeds of the sale of the bonds (except any accrued interest paid on them, which shall be paid into the bond redemption fund) and any grant or other money which is legally provided for the same purposes for which the bonds are authorized. The money in the construction fund shall be used to pay the costs of acquiring, equipping, constructing and installing additions and improvements to and extensions of and facilities for the airports and costs incidental thereto, including costs of the authorization, issuance and

(b) The investment of money in the revenue fund may be made in such manner as the committee may determine. The interest earned upon or any profits derived from the sale of this investment shall be deposited in and become a part of the revenue fund. (§ 1 ch 149 SLA 1972)

Opinions of Attorney General. — This fund does not represent an unconstitutional dedication of public funds under § 7, art. IX, of the state constitution, as that section of the constitution contains an implied exception for revenue derived from bond issues and for revenue

derived from facilities constructed with bond proceeds, at least to the extent that it is necessary to satisfy the debt obligation or maintain the facility so that it continues to generate revenues for that purpose. November 30, 1982, Op. Att'y Gen.

Sec. 37.15.440. Redemption fund. There is another special fund of the state, known as the "International Airports Revenue Bond Redemption Fund," which is a trust fund for paying and securing the payment of the principal of and interest and redemption premium, if any, on the bonds and which shall be at all times completely segregated and set apart from all other funds of the state. The committee, on behalf of the state, shall obligate and bind the state to set aside and pay into the bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the money in the revenue fund sufficient to pay the principal of and interest and redemption premium, if any, on the bonds as the payments become due and, if it considers it necessary, to set aside and maintain reserves for this purpose. The bond redemption fund shall be drawn upon for the purpose of paying the principal of and interest and redemption premium, if any, on the bonds, and the bonds do not constitute a general obligation of the state. (§ 1 ch 149 SLA 1972)

Opinions of Attorney General. — This fund does not represent an unconstitutional dedication of public funds under § 7, art. IX, of the state constitution, as that section of the constitution contains an implied exception for revenue derived from bond issues and for revenue

derived from facilities constructed with bond proceeds, at least to the extent that it is necessary to satisfy the debt obligation or maintain the facility so that it continues to generate revenues for that purpose. November 30, 1982, Op. Att'y Gen.

Sec. 37.15.450. Bond terms. (a) The bonds shall be sold in such amounts or series and at such time or times as determined by the committee. Before selling a series of bonds, the committee shall give notice inviting sealed bids in such manner as it may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If the committee determines that the bids received are not satisfactory as to price or responsibility of the bidders, it may reject all bids received. The bonds, or each series of them, shall be sold at such a price so that the effective interest rate over the life of the bonds does not exceed 11 percent per year or that

the bonds, with due regard, however, to necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to the airports and to all improvements to them and facilities of them owned, used, operated or leased in connection with them, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes. Any such decisions of the committee, as expressed in any bond resolution, are final and conclusive when any bonds have been issued pursuant to the bond resolution.

(e) A bond resolution may provide that the bonds issued shall contain a recital that they are issued under AS 37.15.410 — 37.15.550, and any such bonds containing this recital shall be conclusively considered to be valid and to have been issued in conformity with AS 37.15.410 — 37.15.550.

(f) The validity of the authorization and issuance of bonds is not affected by any proceedings for the acquisition or construction of the additions, improvements, extensions or facilities for which the bonds have been issued or by any contracts in connection with the acquisition or construction. (§ 1 ch 149 SLA 1972; am §§ 1, 2 ch 19 SLA 1973; am § 4 ch 85 SLA 1980; am § 5 ch 110 SLA 1982)

Revisor's notes. — AS 37.15.450 was derived from § 7, ch. 88, SLA 1961, as amended by § 8, ch. 62, SLA 1968 and § 3, ch. 173, SLA 1970. In the last sentence of what is now designated subsection (b), the only differences between the wording here and in those earlier versions are that "hereafter" was changed to "after the effective date of this Act" and "authorized by this Act" (in two places) was changed to "authorized as of that date." The latter change suggests that the date referred to in the former change is June 27, 1972, the effective date of the Act putting these provisions in the Alaska Statutes, rather than

April 15, 1961, the effective date of the original international airports bond authorization Act. Therefore, under AS 01.05.031(b)(5), the 1972 date has been inserted in the text.

Effect of amendments. — The 1980 amendment substituted "10" for "eight" preceding "percent per year" near the end of the next-to-last sentence of subsection (a).

The 1982 amendment substituted the language beginning "11 percent per year" for "10 percent per year" at the end of the next-to-last sentence of subsection (a).

Sec. 37.15.460. Bond resolution. The committee is authorized and directed to adopt the bond resolution and prepare all other documents and proceedings necessary for the issuance, sale and delivery of the bonds or any part or series of them. The bond resolution shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of the bonds or each series of them. The committee shall also determine and provide for the date and manner of sale of the bonds, and shall provide whether the notice of sale is to be published elsewhere in addition to the publication required by AS 37.15.450. (§ 1 ch 149 SLA 1972)

delivery of such bonds. All provisions of AS 37.15.410 — 37.15.550 applicable to revenue bonds are applicable to the refunding bonds and to the issuance, sale or exchange of them, except as otherwise provided in this section.

(c) Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded by them, and, in addition, for the payment of all expenses incident to the calling, retiring or paying of the outstanding bonds, and the issuance of the refunding bonds. These expenses include the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold, any amount necessary to be made available for the payment of interest upon the refunding bonds from the date of sale of them to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call of them or agreement with the holders of them, and the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing on them to the date of the call or retirement. (§ 1 ch 149 SLA 1972)

Collateral references. — Funding or refunding obligations as subject to conditions respecting limitation of indebtedness or approval by voters, 97 ALR 442.

Power of governmental unit to issue bonds as implying power to refund them, 1 ALR2d 134.

Sec. 37.15.530. Bonds as legal investments. The bonds are legal investments for all banks, trust companies, savings banks, savings and loan associations and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustees and other fiduciaries. The bonds may be accepted as security for deposits of all funds of the state and its political subdivisions. (§ 1 ch 149 SLA 1972)

Sec. 37.15.540. Statutory construction. AS 37.15.410 — 37.15.550 shall be liberally construed in order to carry out the purposes for which they were enacted, and all existing laws in conflict with any of these sections are superseded insofar as necessary to accomplish the purposes of and carry out the provisions of these sections. (§ 1 ch 149 SLA 1972)

Sec. 37.15.550. Definitions. As used in AS 37.15.410 — 37.15.550, unless the context otherwise requires:

(1) "airports" means the international airports owned and operated by the state and located at or near the cities of Anchorage and Fairbanks;

(2) "bond redemption fund" means the International Airports Revenue Bond Redemption Fund created by AS 37.15.440, including any accounts which are created in that fund after June 27, 1972;

Introduced: 5/6/85
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

SENATE BILL NO. 311

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the bond authorization for airport
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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 37.15.410 is amended to read:

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14 exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip,
15 construct, and install the additions, improvements, extensions, and
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17 on these bonds shall be paid out of and secured by the gross revenues
18 derived by the state from the ownership, lease, use, and operation of
19 the airports, and of all the facilities of them and out of any other
20 revenues or money that [WHICH] the state legislature may provide
21 exclusive of any state tax or license.

22 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).