

**SB**

**92/**

**HB**

**115**

# SENATE COMMITTEE REPORT

DATE: 2/28/05

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 3/1/05

Transportation Committee considered CS FOR HOUSE BILL NO. 115(TRA)

## HB 115 AIRPORT CUSTOMER FACILITY CHARGES

"An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB115 (TRA)
- adopt previous CS (        )
- attached amendment(s)
- adopt Letter of Intent by                                  Committee
- further referral to                                  Committee

<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # <u>        </u>

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DOT	2/1/05			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Sen. French	X			
Sen. Kookesh	X			
Sen. Thériault			✓	
Sen. Cowders	←			
CHAIR:  Sen. Huguin			✓	

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Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

HB 115

Senate Transportation Committee 3/1/05

SB 92

Senate Transportation Committee 2/24/05

**Airport Customer Facility Charges**  
Sponsor Statement for SCS CSHB 115 (FIN)  
Released: February 7, 2005  
Josh Applebee

HB 115 provides a mechanism (customer facility charges or "CFCs") to improve airport facilities without the expenditures of state funds. The most common projects to use CFCs funds are car rental facilities. The bill also provides a revenue stream to maintain and operate the facilities, without requiring an increase in the airport operating budget as the cost of maintenance will be paid using the related customer facility maintenance charge.

In 2001, the legislature passed chapter 99 SLA 2001, which authorized the imposition of customer facility charges to fund the construction of improvements on airport properties. CFCs have been imposed by many other airports around the country as a means of funding car rental facility improvements. No state credit is pledged to support the bonds. Dallas-Fort Worth and Denver are two examples out of many where CFC's have been used successfully to build these facilities.

During negotiations with the state over the implementation of the project, issues were identified and set forth in ch. 99 SLA 2001. These issues should be clarified to ensure the bonds can be marketable. Those issues revolve around clarifying the new revenue stream generated by the CFC should not be considered revenue of the state when the bond is a private initiative and ensuring that the bond trustee, not the state, will take custody of the funds.

Because the facility will revert to the state in its entirety at the end of the term, it would also be appropriate to allow the imposition of a customer facility maintenance charge to ensure the facility is well-maintained and kept up appropriately. The charge also avoids any impact on the airport's operating budget as the airport will not be responsible for the maintenance and repair of the facility while under airport car rental company's control.

This bill implements a valuable private market tool to construct improvements to Alaska airports, without the expenditure of public funds. This will improve the amenities provided to the traveling public, both Alaskan and non-Alaskan alike.

I urge your support for this bill.

SCS HB 115 (FIN) 24-LS0300/L

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**Airport Customer Facility Charges**  
Sectional Analysis for House Bill 115  
Released: February 15, 2005  
Josh Applebee

**Section 1.** The language that was added in ch. 99 SLA 2001 to AS 02.15.090(a) is being moved into a new subsection (h) for clarification purposes.

**Section 2.** This adds a new subsection (h) to AS 09.15.090 which now becomes the operative stand alone section allowing for the collection of customer facility charges ("CFCs"). It allows the commissioner of DOT/F, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time; these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.

New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation; and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.

**Section 3.** AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

**Section 4.** AS 37.15.430(.) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

**Section 5.** AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant to the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.

**Section 6.** Establishes an immediate effective date under AS 01.10.070.

SCS HB 115 (FIN) 24-LS0300-1.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB92-DOT-CO-2-22-05  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title Airport Customer Facility Charges RDU Administration & Support  
 Component Commissioner's Office  
 Sponsor Sen. Ben Stevens  
 Requester Senate Transportation Component No. 530

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-3904  
 Division Legislative Liaison, DOT&PF Date/Time 2/22/05 4:08 PM  
 Approved by: Mike Barton Date 2/22/2005  
 Agency Commissioner, DOT&PF

Alaska State Legislature  
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SENATOR BEN STEVENS

SPONSOR STATEMENT

Senate Bill 92

**“An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state.”**

In 2001, the legislature passed Chapter 99 SLA 2001 relating to airport revenue bonds and customer facility charges. That bill allowed customer facility charges (CFCs) to be remitted directly to a bond trustee, not be considered revenue of the state, and utilized to pay the principal of, interest on, and any other cost of debt service on the bond indebtedness. These bonds are used for airport facility improvements.

During negotiations with the state regarding the use of CFCs for improvement of airport facilities, issues were identified in Chapter 99 SLA 2001 that required clarification. Senate Bill 92 clarifies and expands the utilization of a customer facility charge. It adds “or other third party” to who may receive the proceeds of CFCs. It also expands the types of indebtedness that can be paid. The CFC proceeds are not revenue of the state because they secure indebtedness that is managed by a trustee or another third party. Because no state credit is pledged to support the bonds, it is not considered revenue of the state. The bond is a private initiative and ensures that the bond trustee or other third party, not the state, will take custody of the funds.

Senate Bill 92 adds a customer facility maintenance charge. These charges differ from CFCs because they are not debt related. They are collected to pay for the maintenance and operation of the facility. This will prevent the facility from becoming an operational liability to the state. SB 92 also ensures that a major repair fund is maintained through deposits into the "International Airport Revenue Fund." This will be important when the state takes sole custody of the facility in 30 years. An increase in the airport operating budget will not be required because the cost of maintenance will be paid using the related customer facility maintenance charge.

SB 92 ensures the CFC and customer facility maintenance charge will be set by the Alaska Department of Transportation & Public Facilities through a public hearing process. Consumers purchasing goods and services at retail locations located on airport property pay the fees.

Airports require frequent capital improvements and maintenance to provide safe, reliable transportation. The most common projects where CFC funds are utilized are car rental facilities. Dallas-Fort Worth and Denver are two examples out of many where CFCs have been successfully used to build these facilities.

Senate Bill 92 implements a valuable private market tool to construct improvements to Alaska airports without the expenditure of public funds. This will improve the amenities provided to the traveling public.

Alaska State Legislature  
PRESIDENT OF THE SENATE

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SENATOR BEN STEVENS

**Sectional Analysis for Senate Bill 92**

**Section 1.** The language that was added to AS 02.15.090(a) in Chapter 99 SLA 2001 is being moved into a new subsection (h) for clarification purposes.

**Section 2.** This adds a new subsection (h) to AS 09.15.090 that now becomes the operative stand-alone section allowing for the collection of customer facility charges ("CFCs). It allows the commissioner of DOT/PF, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time; these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.

New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation; and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.

**Section 3.** AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

**Section 4.** AS 37.15.430(a) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

**Section 5.** AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.

*Donald R. Fonte  
Director, Government Relations*

*The Hertz Corporation  
225 Bree Boulevard, Park Ridge, NJ 07656  
Telephone: (201) 307-2759*

February 15, 2005

Senator Ben Stevens  
State Capitol Room 119  
Juneau, AK 99801

Dear Senator Stevens:

I am writing on behalf of The Hertz Corporation ("Hertz") in support of SB 92. This bill would allow a consolidated rental car facility to be built and operated at the Ted Stevens Anchorage International Airport (the "Airport") with private rather than public funds.

This legislation, together with Ch. 99 SLA 2001, will provide access to the capital markets that will allow significant infrastructure improvements at the Airport without public expenditure.

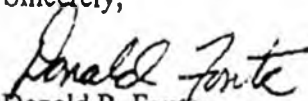
In 2001 the legislature enacted Ch. 99 SLA 2001 to authorize the imposition of customer facility charges that would be used to support capital improvements at the Airport, however under the statute there was ambiguity whether the charges would be treated as the revenue of the State that may be subject to its pre-existing revenue bonds. Such ambiguity will likely hurt the marketability of the bonds, or at a minimum, increase the financing costs due to the inherent risk in such ambiguity.

This bill would clarify that proceeds of the customer facility charges would not be considered revenue of the State when the State does not issue the underlying bonds. No state credit would be pledged in such bond issuance. In addition, SB 92 permits the use of customer facility charges to pay for the maintenance of the consolidated rental car facility as such facility will revert to the State upon repayment of the original construction bonds. These proposed changes would ensure that, among other things, a valuable capital project would be completed and properly maintained at the Airport, at little or no risk to the State.

Hertz believes that SB 92 offers an effective alternative for financing the construction and maintenance of a consolidated rental car facility without burdening the State's treasury.

For the foregoing reasons Hertz respectfully requests that the legislature approve this legislation.

Sincerely,

  
Donald R. Fonte

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February 4, 2005

Representative Tom Anderson  
Alaska Legislature  
State Capitol Room 408  
Juneau, AK 99801-1182

Dear Tom:

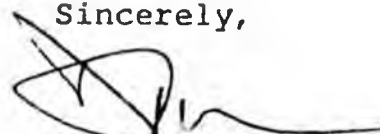
The purpose of this letter is to pledge my support for Bill HB 115 to be considered by the House Transportation Committee on Tuesday, February 8<sup>th</sup>, 2005.

As an RAC member and owner of Dollar Rent-A-Car in Anchorage, I believe that facilitating the use of CFC's to underwrite the bond issuance for the construction on consolidated car rental facilities at TSAIA is imperative to the growth of this industry. Our own customers and clients will take on the financial burden of funding this project and no State dollars will be allocated for the construction, operation, and maintenance of the facility.

In addition, certain weaknesses in the original provisions authorized in 2001 were pointed out by bond counsel as the QTA project at TSAIA was progressing. This Bill will address those weaknesses and I appreciate your representation in fixing this problem.

Thank you for your continued work in improving the services provided to travelers, to and from the State of Alaska.

Sincerely,



Dan K. Coffey



Representative Tom Anderson  
State Capitol  
Room 408  
Juneau, Alaska 99801

Floyd and Sons  
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Dear Representative Anderson,

The purpose of this letter is to inform you of my support of building a new parking garage for the car rental companies at the Ted Stevens Anchorage International Airport. The car rental companies serving the airport have very little covered parking and have long walks or have to wait for a shuttle bus ride to the terminal when returning their vehicles. All the companies at the airport receive complaints monthly on the existing layout. The complaints are less in the summer months than in the winter months when renters arrive to icy parking lots and snow covered cars.

The proposed rental car parking garage will be built using no state dollars. Our rental car customers will pay a fee to pay for the construction, operation and maintenance of the facility. This garage will give all the traveling public better parking at the airport. When the project is finished the rental cars will be moved out the existing garage so the local traveling public will have more garage parking spaces available for their short term parking needs. The airlines will not be affected by the new garage since the airport is not bonding or increasing its debt load to build the garage.

In Alaska, tourism continues to be one of few growing industries. Anchorage continues to be the year around regional hub of travel. This facility will give all eight rental car companies the ability to service the tourist arriving daily in quick and efficient manner. Our customer complaints regarding outside parking in Alaska in the winter months will vanish. The renters will remember Anchorage and Alaska as an easy and customer friendly place to visit.

My brother Darrell and I have been renting cars here in Anchorage since 1978. We have always provided the best customer service with new clean vehicles. We need this facility so we can raise the standards of service to meet customer expectations. The existing lack of covered parking falls short of customer expectations every time.

So I ask that you support and pass HB 115 24 for the future of tourism in Anchorage and Alaska.

Sincerely,

Craig W. Floyd  
Vice President  
Floyd and Sons Inc. dba  
Thrifty Car Rental Alaska  
Phone 907.276.2855 extension 21  
Fax 907.279.1326



1 fixed for the international airports by order of the commissioner or by negotiated or  
2 competitively offered contract. [HOWEVER, FOR THE PRIVILEGE OF  
3 OCCUPYING OR USING A STATE-OWNED FACILITY ON AN AIRPORT,  
4 WHICH FACILITY IS OR WILL BE ACQUIRED, CONSTRUCTED, EQUIPPED,  
5 INSTALLED, OR IMPROVED WITH THE PROCEEDS OF INDEBTEDNESS,  
6 THE PAYMENT OF WHICH IS SECURED SOLELY BY REVENUES FROM  
7 CUSTOMER FACILITY CHARGES, THE DEPARTMENT SHALL REQUIRE  
8 OCCUPANTS OR USERS OF ALL OR A PORTION OF THE FACILITY TO PAY  
9 TO THE DEPARTMENT, OR SHALL REQUIRE PERSONS UNDER CONTRACT  
10 TO OCCUPY OR USE ALL OR A PORTION OF THE EXISTING OR PROPOSED  
11 FACILITY TO CHARGE THEIR CUSTOMERS, A UNIFORM CUSTOMER  
12 FACILITY CHARGE STIPULATED BY THE DEPARTMENT IN AN AMOUNT  
13 SUFFICIENT TO PAY THE PRINCIPAL OF, INTEREST ON, AND ANY OTHER  
14 COST OF DEBT SERVICE ON THE INDEBTEDNESS.] Notwithstanding  
15 AS 37.10.050(a), the fixing of charges, rentals, or fees as permitted under this  
16 subsection is not subject to the adoption of regulation provisions of AS 44.62  
17 (Administrative Procedure Act). The terms, conditions, charges, rentals, and fees shall  
18 be established with due regard to the property and improvements used and the expense  
19 of operation to the state. However, use of state land and buildings by the Alaska  
20 Wing, Civil Air Patrol and its squadrons shall be permitted without rental charges. If  
21 the department permits space in state-owned or state-controlled airports to be used as  
22 lounges for members of the United States armed forces, the Alaska National Guard,  
23 the Alaska Naval Militia, or the Alaska State Defense Force, and if the lounges are  
24 operated by persons exempt from taxation under 26 U.S.C. 501(c)(3) (Internal  
25 Revenue Code), rent may not be charged for the use of the space. The department  
26 shall provide for public notice and an opportunity to comment before a charge, rental,  
27 or fee is fixed by order of the commissioner as permitted under this subsection. The  
28 public may not be deprived of its rightful, equal, and uniform use of the airport, air  
29 navigation facility, or a portion of them.

30 \* Sec. 2. AS 02.15.090 is amended by adding new subsections to read:

31 (h) For the privilege of occupying or using a state-owned facility on an airport.

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which facility is or will be acquired, constructed, equipped, installed, or improved with the proceeds of indebtedness, the payment of which, [REDACTED] is [REDACTED] secured solely by proceeds from customer facility charges, the department [REDACTED] require [REDACTED] to occupy or use all or a portion of the [REDACTED] facility, and shall require occupants or users of all or a portion of the facility, to collect from their customers [REDACTED] and remit the proceeds to (1) the department if the state on behalf of the department incurred the indebtedness; or (2) a trustee or another third party [REDACTED] the proceeds for the [REDACTED], [REDACTED] applicable [REDACTED] if the state on behalf of the department did not incur the indebtedness. The commissioner shall set the customer facility charge at an amount [REDACTED] sufficient [REDACTED] established by the indebtedness documentation, [REDACTED] principal, [REDACTED] of any reserves, [REDACTED] indebtedness documentation. The commissioner shall periodically adjust the amount of the customer facility charge to reflect changes in the amounts necessary to pay the principal and interest on the indebtedness, [REDACTED] reserves, and to [REDACTED] other requirements established by the indebtedness documentation [REDACTED] changes in the number of occupants, users, or customers of the facility. [REDACTED] proceeds of the customer facility charge [REDACTED] [REDACTED]. The commissioner may impose [REDACTED] authorized by this subsection for the international airports by order or by negotiated or competitively offered contract. The department shall provide for public notice and an opportunity to comment before a charge is set by order of the commissioner under this subsection. Notwithstanding AS 37.10.050(a), the setting of charges under this subsection is not subject to the adoption of regulation provisions of AS 44.62 (Administrative Procedure Act).

(i) In addition to requiring collection of a customer facility charge to be applied as described in (h) of this section, the department may require occupants or users of, [REDACTED] all or a portion of a state-owned facility on an airport, which facility is or will be acquired, constructed, equipped,

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installed, or improved with the proceeds of indebtedness, the payment of which is secured solely by proceeds of a customer facility charge, to collect from their customers ~~\_\_\_\_\_~~ and to remit the ~~\_\_\_\_\_~~ to (1) the department if the state on behalf of the department incurred the indebtedness; or (2) a trustee or another third party if the state on behalf of the department did not incur the indebtedness. The commissioner shall set the customer facility maintenance charge at an amount ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~, ~~\_\_\_\_\_~~, of the costs, fees, and expenses ~~\_\_\_\_\_~~ required to operate and maintain the ~~\_\_\_\_\_~~ facility, including costs of insurance and ~~\_\_\_\_\_~~ for the facility. The commissioner shall periodically adjust the amount of the customer facility maintenance charge ~~\_\_\_\_\_~~ fees, and expenses to operate and maintain the facility, including costs of insurance and ~~\_\_\_\_\_~~ for the facility and to reflect changes in the number of occupants, users, or customers of the facility. If the proceeds of the customer facility maintenance charge are remitted to a trustee or another third party ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~, the ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~ charge ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~ otherwise conducted. The commissioner may ~~\_\_\_\_\_~~ charges authorized by this subsection for the international airports by order or by negotiated or competitively offered contract. The department shall provide for public notice and an opportunity to comment before a charge is set by order of the commissioner under this subsection. Notwithstanding AS 37.10.050(a), the setting of charges under this subsection is not subject to the adoption of regulation provisions of AS 44.62 (Administrative Procedure Act).

\* Sec. 3. AS 37.15.410 i. mended to read:

**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 that may become available, the issuance and sale of revenue bonds of the state in a total principal sum not to exceed \$524,500,000 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 revenue derived by the state from the ownership, lease, use, and operation of the

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1 airports, and of all the facilities of them, and out of any other money that may be  
 2 appropriated for the purpose, excepting only proceeds of any customer facility charge,  
 3 ~~any customer facility maintenance~~  
 4 charge, set by the commissioner of transportation and public facilities under  
 5 AS 02.15.090.

6 \* Sec. 4. AS 37.15.430(a) is amended to read:

*Arch  
+ FB*

7 (a) There is established an enterprise fund known as the "International  
 8 Airports Revenue Fund," into which shall be paid all revenue, fees, charges, and  
 9 rentals derived by the state from the ownership, lease, use, and operation of the  
 10 airports and all of the facilities and improvements of them and facilities and  
 11 improvements used in connection with them, excepting only proceeds of any customer  
 12 facility charge, ~~any customer facility~~  
 13 maintenance charge, set by the commissioner of transportation and public facilities  
 14 under AS 02.15.090. The revenue, charges, fees, and rentals may not include the  
 15 proceeds of any state tax or license. The money in the revenue fund may only be used  
 16 for the purpose of

17 (1) paying or securing the payment of the principal of and interest on  
 18 the bonds and of and on any other revenue bonds issued by authorization of the  
 19 legislature to provide money to acquire, equip, construct, and install additions and  
 20 improvements to, and extensions of and facilities for, the airports, and to be payable  
 21 out of the revenue fund;

22 (2) paying the normal and necessary costs of maintaining and  
 23 operating the airports and all of the improvements and facilities of them;

24 (3) paying the costs of renewals, replacements, and extraordinary  
 25 repairs to the airports and all of the improvements and facilities of them;

26 (4) redeeming before their fixed maturities any and all revenue bonds  
 27 issued for the purposes of the airports;

28 (5) providing money to acquire, construct, and install necessary  
 29 additions and improvements to and extensions of and facilities for the airports and all  
 30 of their facilities; and

31 (6) providing money to pay any and all other costs relating to the



commissioner of transportation and public facilities under AS 02.15.090(i); and

(2) the proceeds are not, unless otherwise contractually required, revenue of the state securing any indebtedness.

~~\_\_\_\_\_~~

(1) "fees and costs" means all charges incurred by the renter before the tax imposed under this chapter except

(A) fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal accident insurance;

(B) parking tickets;

(C) sales or excise taxes;

(D) payment for damages to the vehicle during the rental period; [AND]

(E) concession fees paid to an airport;

(F) customer facility charges set by the commissioner of transportation and public facilities under AS 02.15.090; and

(F) customer facility maintenance charges set by the commissioner of transportation and public facilities under AS 02.15.090;

\* ~~Section 10.070(a) takes effect immediately under AS 02.15.090(i)~~

# Bill History/Action Display



**BILL:** SB 92

**SHORT TITLE:** AIRPORT CUSTOMER FACILITY CHARGES

**BILL VERSION:**

**CURRENT STATUS:** (S) TRA  
THEN FIN

**STATUS DATE:** 02/04/05

**SPONSOR(s):** SENATOR(S) STEVENS B BY REQUEST

**HEARING:** (S) TRA Feb 24 1:30 PM BUTROVIC 205 TELECONFERENCE

**TITLE:** "An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state."

**Bill Root:**  [Display Bill Root](#) [Next Bill](#)

[Full Text](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
02/04/05	0223	(S) READ THE FIRST TIME - REFERRALS
02/04/05	0224	(S) TRA, FIN
02/04/05	0224	(S) REFERRED TO TRANSPORTATION

Similar Subject Match or Exact Subject Match

- AIRPORTS
- BONDS & BONDING
- CONTRACTORS
- CONTRACTS
- DEBT
- FEEES
- FUNDS
- REVENUE

*Industry  
free customer / agency  
will get 500.*

*rent a car  
1 concession fee to airport  
10% state tax to  
19 city tax*

*33% is when  
we are getting*

**Bill Root:**  [Display Bill Root](#) [Next Bill](#)

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*lease hold  
simple -  
fee simple  
lease*

*what Rev does City get from this -  
City is looking at all leases -  
Are the rates at fair market rates -  
now pay concession fee plus rent on land  
the cars are on.  
State property wanted to public for profit use.*

Always been law that allows airports to charge CFC to finance special facilities

In 2001 - changed it ~~was~~ for airport

Industry can't do to Anty Trust

Some Gov't entity has to

- Cowdery / Drive -

Band equip say proceeds can't go into  
the B.F.

Law now  
car agency collects fee / goes to trustee -

- trustee pay bond -

CFC could be imposed to pay down debt if  
needs to have operation + maintenances

as allowable under CFC  
as well as debt service.

- ① add facility maint - oper
- ② clarify existing language that it is a fee that goes to

\$ under 4,000 is

what car Rental agency says

when Bonds are sold

debt service - by transaction

\$382 car least maint

As trustee inc cost per

what happens if excess - not really any left -