

LEG. FINANCE - BILLS | 1977 - 1978 | 822

HB 854 thru HB 857

COMMITTEE REPORT

HOUSE

4/14/73

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 354
"An Act relating to the leasing and exploration of state land for oil and gas development."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____
- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

_____ Chairman

Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 854 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the leasing and exploration of
7 state land for oil and gas development."

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

9 Section 1. AS 38.05.180 is repealed and re-enacted to read:

10 Sec. 38.05.180. OIL AND GAS LEASING. (a) The legislature finds
11 that

12 (1) the people of Alaska have an interest in the development
13 of the state's oil and gas resources to

14 (A) maximize the economic recovery of the resources;

15 (B) maximize competition among parties seeking to ex-
16 plore and develop the resources;

17 (C) maximize use of Alaska's human resources in the
18 development of the resources;

19 (2) it is in the best interests of the state to encourage an
20 assessment of its oil and gas resources and to allow the maximum flexi-
21 bility in the methods of issuing leases to

22 (A) recognize the many varied geographical regions of
23 the state and the different costs of exploring for oil and gas in
24 these regions;

25 (B) minimize the adverse impact of exploration, develop-
26 ment, production, and transportation activity.

27 (b) The commissioner shall annually prepare and submit to the
28 legislature, between the first and the 15th day of each regular legis-
29 lative session, a proposed oil and gas leasing program specifying as

1 precisely as practicable the location of tracts proposed to be offered
2 for oil and gas leasing during the third and fourth calendar years
3 following the calendar year in which the proposed program is submitted
4 to the legislature. [Within 60 days after receiving the proposed oil and
5 gas leasing program the legislature may by concurrent resolution dis-
6 approve all or any part of the proposed leasing program.]

7 (c) Except as provided in (d) of this section, no oil and gas
8 lease issued by the commissioner shall be valid unless it was included
9 in a proposed leasing program submitted to the legislature during the
10 third and fourth calendar years preceding the year in which the lease is
11 issued and was in a part of the program not disapproved by the legis-
12 lature, except that an area proposed for leasing in the fourth calendar
13 year after the year in which the program is submitted to the legislature
14 may be leased if the commissioner repropose the area to the following
15 regular legislative session, and the area is not subsequently disap-
16 proved in accordance with (b) of this section.

17 (d) The commissioner may issue oil and gas leases in an area that
18 has not been included in a leasing program submitted, in accordance with
19 (b) of this section, to the legislature if

20 (1) the land to be leased was previously subject to a valid
21 state or federal oil and gas lease; or

22 (2) the land to be leased is contiguous to land already under
23 state, federal or private lease and the commissioner makes a written
24 finding, after hearing, that leasing of the land would result in a
25 substantial probability of early evaluation and development of the land
26 to be leased; or

27 (3) the land to be leased is adjacent to land owned or con-
28 trolled by another party on which a discovery of commercial quantities
29 of oil or gas has been made, and where the commissioner finds, after

1 hearing, that there is a reasonable probability that the land to be
2 leased contains oil or gas in communication with the oil or gas dis-
3 covered on the land of the other party.

4 (e) Simultaneously with submission of the leasing program required
5 under (b) of this section, the commissioner shall submit to the legis-
6 lature a report containing the following:

7 (1) the schedule of all lease sales held during the preceding
8 calendar year, the bidding method or methods utilized, and an analysis
9 of the results of the bidding;

10 (2) a description of all lease sales to be held during the
11 current and next two succeeding calendar years and, if determined, the
12 bidding methods to be used;

13 (3) the reasons a particular bidding method has been
14 selected.

15 (f) The commissioner may issue oil and gas leases on state land to
16 the highest responsible qualified bidder determined by competitive
17 bidding under regulations adopted by the commissioner. Bidding may be
18 by sealed bid or according to any other bidding procedure the commis-
19 sioner determines is in the best interests of the state. Whenever,
20 under any of the leasing methods listed in this subsection, a royalty
21 share is reserved to the state, it is free of all lease or unit expen-
22 ses, including but not limited to separation, cleaning, denudation,
23 gathering, salt water disposal, and preparation for transportation off
24 the lease or unit area. Following a pre-sale analysis, the commissioner
25 may choose at least one of the following leasing methods:

26 * (1) a cash bonus bid with a fixed royalty share reserved to
27 the state of not less than 12 1/2 per cent in amount or value of the
28 production removed or sold from the lease;

29 (2) a cash bonus bid with a fixed royalty share reserved to

Must
arrangement

1 the state based on a sliding scale according to volume of production but
2 in no event less than 12 1/2 per cent in amount or value of the produc-
3 tion removed or sold from the lease;

4 (3) a cash bonus bid with a fixed royalty share reserved to
5 the state of not less than 12 1/2 per cent in amount or value of the
6 production removed or sold from the lease and a fixed share of the net
7 profit derived from the lease of not less than 30 per cent reserved to
8 the state;

9 (4) a fixed cash bonus with a royalty share reserved to the
10 state based on a sliding scale according to the volume of production as,
11 the bid variable but not less than 12 1/2 per cent in amount or value of
12 the production removed or sold from the lease;

13 (5) a fixed cash bonus with a royalty share reserved to the
14 state as the bid variable but not less than 12 1/2 per cent in amount or
15 value of the production removed or sold from the lease;

16 (6) a fixed cash bonus with the share of the net profit
17 derived from the lease reserved to the state as the bid variable;

18 (7) a fixed cash bonus with a fixed royalty share reserved to
19 the state of not less than 12 1/2 per cent in amount or value of the
20 production removed or sold from the lease with the share of the net
21 profit derived from the lease reserved to the state as the bid variable.

22 (g) The share of the net profit derived from a lease reserved to
23 the state under (f) of this section is royalty sale proceeds for the
24 purposes of the Alaska permanent fund under AS 37.10.065 and the Alaska
25 renewable resources development fund under AS 37.11.020.

26 (h) The commissioner may include terms in any oil and gas lease
27 imposing a minimum work commitment on the lessee. These terms shall be
28 made public before the sale, and may include appropriate penalty pro-
29 visions to take effect in the event the lessee does not fulfill the

royalty
bid bonus



FC renewable

*Credit against
Cash bonuses eliminated*

incentives
Subsidy

1 minimum work commitment.

2 (i) The commissioner may provide for the establishment of an
3 exploration incentive credit system under which a lessee of state land
4 drilling an exploratory well on that land may earn credits based upon
5 the footage drilled and the region in which the well is situated. The
6 commissioner may also provide for credits to be earned by persons per-
7 forming geophysical work on state land, if that work is performed during
8 the two seasons immediately preceding an announced lease sale and on
9 land included within the sale area and the geophysical information is
10 made public following the sale. Credits may not exceed 50 per cent of
11 the cost of the drilling or geophysical work. Credits may be used
12 during a limited period established by the commissioner and may be
13 assigned during that period. Credits may be applied against (1) oil and
14 gas royalty and rental payments payable to the state or (2) taxes pay-
15 able under AS 43.55. No credit may exceed 50 per cent of the payment
16 toward which it is being applied. Amounts due the Alaska permanent fund
17 (AS 37.10.065) and the Alaska renewable resources development fund (AS
18 37.11.020) shall be calculate' before the application of credits under
19 this subsection.

20 (j) To prolong the economic life of an oil and gas field, the
21 commissioner shall adopt regulations for all bidding methods to allow
22 reduction of royalty on leases within the field to compensate for in-
23 creasing costs in the later stages of production decline. The commis-
24 sioner may not grant a reduction of royalty until two years' initial
25 production from the field has occurred and each lessee requesting the
26 reduction has made a clear showing that the revenue from all hydro-
27 carbons produced from the field is insufficient to produce a reasonable
28 rate of return with respect to that lessee's total investment in the
29 field.

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(k) The commissioner may, in his discretion, defer any part of the payment of a cash bonus, under (f) of this section, according to a schedule announced at the time of the announcement of the lease sale, but the payment shall be made in total no later than five years from the date of the lease sale.

(l) The commissioner shall define all terms and adopt all regulations necessary for a reasonable understanding and evaluation of a particular bidding method before the public announcement of the terms of proposed sale employing that method.

(m) Subject to the provisions of AS 31.05, the commissioner may, at his discretion, enter into an agreement whereby, with the consent of the lessee, the state's royalty share of oil and gas production may be stored or retained in storage by the lessee, or the commissioner may enter into an agreement with one or more of the affected field lease holders to trade current royalty production from a field for a like amount, kind, and quality of future production, on the condition that the state receives back its stored or traded royalty share during the first half of the estimated field life or no later than 15 years after start of production, whichever is sooner.

(n) An oil and gas lease must cover a reasonably compact area not exceeding 5,760 acres, and must be for a period of five years. The commissioner may grant a lease for a term greater than five years but not to exceed 10 years when he finds that the longer period is necessary to encourage exploration and development in areas where environmental conditions severely restrict operations. An oil and gas lease shall be automatically extended if and for so long thereafter as oil or gas is produced in paying quantities from the lease or, if the lease is committed to a unit approved by the commissioner. A lease issued under this section covering land on which there is a well capable of producing

1 oil or gas in paying quantities does not expire because the lessee fails
2 to produce oil or gas unless the lessee is allowed reasonable time to
3 place the well on a producing status. Upon extension, the commissioner
4 may increase lease rentals so long as the increased rental rate does not
5 exceed 150 per cent of the rate for the preceding year. If drilling has
6 commenced on the expiration date of the primary term of the lease and is
7 continued with reasonable diligence, including such operations as re-
8 drilling, sidetracking, or other means necessary to reach the originally
9 proposed bottom hole location, the lease continues in effect until 90
10 days after drilling has ceased and for so long thereafter as oil or gas
11 is produced in paying quantities. An oil and gas lease issued under
12 this section which is subject to termination by reason of cessation of
13 production does not terminate if, within 60 days after production
14 ceases, reworking or drilling operations are commenced on the land under
15 lease and are thereafter conducted with reasonable diligence during the
16 period of nonproduction.

17 (o) The commissioner may establish by regulation that after a well
18 has been plugged and abandoned, the rental rate which was in effect
19 during the year of abandonment is maintained for the remainder of the
20 term. Rental is payable in advance and continues until income to the
21 state from royalty or net profit share exceeds rental income to the
22 state for that year; after the rental income schedule has been exceeded
23 for three consecutive years, the rental terminates. Oil and gas leases
24 shall provide for payment to the state of rental on the following basis:

- 25 (1) for the first year, \$1.00 per acre;
- 26 (2) for the second year, \$1.50 per acre;
- 27 (3) for the third year, \$2.00 per acre;
- 28 (4) for the fourth year, \$2.50 per acre;
- 29 (5) for the fifth year, \$3.00 per acre.

1 (p) Upon timely application as provided by regulation, the state
2 may issue to the holder of a federal or private lease, a state shorelands
3 lease covering land within the exterior boundaries of the federal or
4 private lease which has been excluded on the basis of navigability or
5 which is later administratively or judicially determined to be shore-
6 land. The term of such a state shoreland lease shall be the same as the
7 term of the federal or private lease.

8 (q) To conserve the natural resources of all or a part of an oil
9 or gas pool, field, or like area, the lessees and their representatives
10 may unite with each other, or jointly or separately with others, in
11 collectively adopting or operating under a cooperative or a unit plan of
12 development or operation of the pool, field, or like area, or a part of
13 it, when determined and certified by the commissioner to be necessary or
14 advisable in the public interest. The commissioner may, with the con-
15 sent of the holders of leases involved, establish, change, or revoke
16 drilling, producing, and royalty requirements of the leases and adopt
17 regulations with reference to the leases, with like consent on the part
18 of the lessees, in connection with the institution and operation of a
19 cooperative or unit plan as he determines necessary or proper to secure
20 the proper protection of the public interest; however, the commissioner
21 may not reduce the state's royalty within any unit except as provided in
22 (i) of this section. The commissioner may require oil and gas leases
23 issued under this section to contain a provision requiring the lessee to
24 operate under a reasonable cooperative or unit plan, and he may pre-
25 scribe a plan under which the lessee must operate. The plan must
26 adequately protect all parties in interest, including the state.

27 (r) A plan authorized by (q) of this section, which includes land
28 owned by the state, may contain a provision vesting the commissioner, or
29 a person, committee, or state agency with authority to modify from time

1 to time the rate of prospecting and development and the quantity and
2 rate of production under the plan. All leases operated under a plan
3 approved or prescribed by the commissioner are excepted in determining
4 holdings or control under sec. 140 of this chapter. The provisions of
5 this section concerning cooperative or unit plans are in addition to,
6 and do not affect AS 31.05.

7 (s) Producing acreage on a known geologic structure of a producing
8 oil or gas field is excluded from chargeability as against the acreage
9 limitation provisions of sec. 140 of this chapter.

10 (t) When separate tracts cannot be individually developed and
11 operated in conformity with an established well-spacing or development
12 program, a lease, or a portion of a lease, may be pooled with other
13 land, whether or not owned by the state, under a communitization or
14 drilling agreement providing for an apportionment of production or
15 royalties among the separate tracts of land comprising the drilling or
16 spacing unit when determined by the commissioner to be in the public
17 interest. Operations or production under the agreement are considered
18 as operations or production as to each lease committed to the agreement.

19 (u) The commissioner may, on conditions which he prescribes,
20 approve drilling, or development contracts made by one or more lessees
21 of oil or gas leases, with one or more persons, when, in his discretion,
22 the conservation of natural resources or the public convenience or
23 necessity requires it or the interests of the state are best served.
24 All leases operated under approved drilling or development contracts,
25 and interests under them, are excepted in determining holding or control
26 under sec. 140 of this chapter.

27 (v) To avoid waste or to promote conservation of natural re-
28 sources, the commissioner may authorize the subsurface storage of oil or
29 gas whether or not produced from state land, in land leased or subject
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1 to lease under this section. This authorization may provide for the
2 payment of a storage fee or rental on the stored oil or gas, or, instead
3 of the fee or rental, for a royalty other than that prescribed in the
4 lease when the stored oil or gas is produced in conjunction with oil or
5 gas not previously produced. A lease on which storage is so authorized
6 shall be extended at least for the period of storage and so long there-
7 after as oil or gas not previously produced is produced in paying quan-
8 tities.

9 (w) Each oil or gas lease issued by the state must contain a
10 provision requiring the lessee to furnish the Department of Labor a
11 quarterly report regarding the employment of state residents on the
12 leased property. The commissioner of labor shall adopt regulations
13 necessary to implement this subsection.

14 (x) Notwithstanding any other provision of this section, land
15 which has been offered for lease within the previous five years and
16 which received no bids at competitive sale may be, at the discretion of
17 the commissioner, immediately offered for lease, under regulations
18 adopted by him, upon terms appearing most advantageous to the state;
19 however, noncompetitive leasing is prohibited. The commissioner shall
20 use a sliding scale royalty based upon such formulae as he determines to
21 be in the public interest but not less than 12 1/2 per cent at the
22 beginning of production from the lease in amount or value of the pro-
23 duction removed or sold from the lease. A lease must provide for pay-
24 ment to the state of rental but need not adhere to the rental schedule
25 in (o) of this section nor to the 5,760-acres-per-lease limitation in
26 (n) of this section. The lease term may not exceed five years except as
27 provided in (n) and (p) of this section.

28 (y) In accordance with regulations adopted in advance, the commis-
29 sioner, with respect to any individual oil and gas lease sale, may, for

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Joint bidding
among oil and gas
companies

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the purpose of promoting competition, restrict joint bidding.

(z) An oil or gas lease may give to the state the right to purchase for in-state use a specified volume of oil or gas produced from a lease issued in accordance with this section. The disposal of oil and gas purchased under this subsection is subject to the provisions governing the disposal of royalty set out in sec. 183 of this chapter.

(aa) A lessee or permittee conducting any exploration for, or development or production of, oil or gas on state land shall provide the commissioner access to all noninterpretive data obtained from that activity and shall provide copies of that data, as the commissioner may request. The confidentiality provisions of sec. 35 of this chapter apply to the information obtained under this subsection.

(bb) A noncompetitive lease existing at the effective date of this Act shall be extended for a period of two years and so long thereafter as oil and gas is produced in paying quantities. A noncompetitive lease extended under this subsection is subject to the regulations in force at the expiration of the initial five-year term of the lease. No extension may be granted, however, unless within a period of 90 days before the expiration date an application for extension is filed by the record title holder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval.

* Sec. 2. AS 38.05.135(b) is repealed and re-enacted to read:

(b) When minerals are to be leased, in addition to any other notice given, notice must also be given as provided in secs. 305 and 345 of this chapter.

* Sec. 3. AS 38.05.140(c) is amended to read:

(c) No person may take or hold at one time phosphate leases on state lands exceeding in the aggregate 10,240 acres. No person may take

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or hold sodium leases or permits during the life of sodium leases on state lands, exceeding in the aggregate acreage 5,120 acres, except that the commissioner may, where it is necessary in order to secure the economic mining of sodium compounds, permit a person to take or hold sodium leases or permits for up to 15,360 acres. No person may take or hold at any one time oil or gas leases exceeding in the aggregate 500,000 acres granted on tide and submerged lands, and 300,000 [500,000] acres on all land [LANDS] other than tide and submerged land [LANDS], including leases held both as lessee and under option or operating agreement from others. A person has 10 years from the effective date of this Act to conform to the 300,000-acre upland limitation. Where more than a single person holds an interest in an oil or gas lease, each person shall be charged only with that percentage of the total acreage which corresponds to its percentage share of the total beneficial interest in the lease.

* Sec. 4. AS 38.05.335(c) is amended to read:

(c) The commissioner shall require each bidder for the competitive leasing of oil and gas lands to submit with his bid a deposit of money equal to 20 per cent of the bonus [AMOUNT BID].

* Sec. 5. AS 38.05.145(b) is repealed.

* Sec. 6. TRANSITIONAL PROVISIONS. By the 15th day of the First Session of the Eleventh Legislature the commissioner of natural resources shall submit a proposed oil and gas leasing program to the legislature in accordance with AS 38.05.180(b), except that the proposed program shall cover all areas to be leased in 1979 through 1983. No lease, except as authorized under AS 38.05.180(d), shall be issued during 1979, 1980, or 1981 unless the land to be leased was included in this proposed leasing program, and was not disapproved by the legislature by concurrent resolution within 60 days of the date it received the proposed program.

MEMORANDUM

State of Alaska

TO:

DEPT. _____

DIV. _____

SEC. _____

Legislative Affairs

DATE : May 2, 1978

FROM:

Vicki Wilson
HFC - Rm 411
Phone: 3795/3796

SUBJECT: HB 854

Please prepare FINANCE Committee Substitute for HB 854
as per attached and return to me as soon as possible.

Thank you.

CS FOR HOUSE BILL NO. 854 (Finance)

Page 11, line 3:

(z) An oil or gas lease may give to the state the right to purchase for in-state use a specified volume of oil or gas produced from a lease issued in accordance with this section. The disposal.

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/14/78
Referred: Finance

1 IN THE HOUSE

FINANCE
BY ~~THE~~ RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 854 ~~854~~

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the leasing and exploration of
7 state land for oil and gas development."

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

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12 (1) the people of Alaska have an interest in the development
13 of the state's oil and gas resources to

14 (A) maximize the economic recovery of the resources;

15 (B) maximize competition among parties seeking to ex-
16 plore and develop the resources;

17 (C) maximize use of Alaska's human resources in the
18 development of the resources;

19 (2) it is in the best interests of the state to encourage an
20 assessment of its oil and gas resources and to allow the maximum flexi-
21 bility in the methods of issuing leases to

22 (A) recognize the many varied geographical regions of
23 the state and the different costs of exploring for oil and gas in
24 these regions;

25 (B) minimize the adverse impact of exploration, develop-
26 ment, production, and transportation activity.

27 (b) The commissioner shall annually prepare and submit to the
28 legislature, between the first and the 15th day of each regular legis-
29 lative session, a proposed oil and gas leasing program specifying as

1 precisely as practicable the location of tracts proposed to be offered
2 for oil and gas leasing during the third and fourth calendar years
3 following the calendar year in which the proposed program is submitted
4 to the legislature. Within 60 days after receiving the proposed oil and
5 gas leasing program the legislature may by concurrent resolution dis-
6 approve all or any part of the proposed leasing program.

7 (c) Except as provided in (d) of this section, no oil and gas
8 lease issued by the commissioner shall be valid unless it was included
9 in a proposed leasing program submitted to the legislature during the
10 third and fourth calendar years preceding the year in which the lease is
11 issued and was in a part of the program not disapproved by the legis-
12 lature, except that an area proposed for leasing in the fourth calendar
13 year after the year in which the program is submitted to the legislature
14 may be leased if the commissioner repropose the area to the following
15 regular legislative session, and the area is not subsequently disap-
16 proved in accordance with (b) of this section.

17 (d) The commissioner may issue oil and gas leases in an area that
18 has not been included in a leasing program submitted, in accordance with
19 (b) of this section, to the legislature if

20 (1) the land to be leased was previously subject to a valid
21 state or federal oil and gas lease; or

22 (2) the land to be leased is contiguous to land already under
23 state, federal or private lease, ~~is no more than 5,760 acres in area,~~
24 and the commissioner ~~finds~~, after hearing, that leasing of the land
25 would result in a substantial probability of ~~exploratory drilling activ-~~ ^{early evaluation and development}
26 ~~ity on or adjacent to~~ the land to be leased; or

27 (3) the land to be leased is adjacent to land owned or con-
28 trolled by another party on which a discovery of commercial quantities
29 of oil or gas has been made, and where the commissioner finds, after

1 hearing, that there is a reasonable probability that the land to be
2 leased contains oil or gas in communication with the oil or gas dis-
3 covered on the land of the other party.

4 (e) Simultaneously with submission of the leasing program required
5 under (b) of this section, the commissioner shall submit to the legis-
6 lature a report containing the following:

7 (1) the schedule of all lease sales held during the preceding
8 calendar year, the bidding method or methods utilized, and an analysis
9 of the results of the bidding;

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11 current and next two succeeding calendar years and, if determined, the
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16 the highest responsible qualified bidder determined by competitive
17 bidding under regulations adopted by the commissioner. Bidding may be
18 by sealed bid or according to any other bidding procedure the commis-
19 sioner determines is in the best interests of the state. Whenever,
20 under any of the leasing methods listed in this subsection, a royalty
21 share is reserved to the state, it is free of all lease or unit expen-
22 ses, including but not limited to separation, cleaning, dehydration,
23 gathering, salt water disposal, and preparation for transportation off
24 the lease or unit area. Following a pre-sale analysis, the commissioner
25 may choose at least one of the following leasing methods:

26 (1) a cash bonus bid with a fixed royalty share reserved to
27 the state of not less than 12 1/2 per cent in amount or value of the
28 production removed or sold from the lease;

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1 the state based on a sliding scale according to volume of production but
2 in no event less than 12 1/2 per cent in amount or value of the produc-
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8 the state;

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15 value of the production removed or sold from the lease;

16 (6) a fixed cash bonus with the share of the net profit
17 derived from the lease reserved to the state as the bid variable;

18 (7) a fixed cash bonus with a fixed royalty share reserved to
19 the state of not less than 12 1/2 per cent in amount or value of the
20 production removed or sold from the lease with the share of the net
21 profit derived from the lease reserved to the state as the bid variable.

22 (g) The share of the net profit derived from a lease reserved to
23 the state under (f) of this section is royalty sale proceeds for the
24 purpose^s/of the Alaska permanent fund under AS 37.10.065; and the Alaska renewable
resources development fund under AS 37.11.020.

(h) The commissioner may include terms in any oil and gas lease
imposing a minimum work commitment on the lessee. These terms shall
be made public prior to the sale, and may include appropriate penalty
provisions to take effect in the event the lessee does not fulfill
the minimum work commitment.

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26 exploration incentive credit system under which a lessee of state land
27 drilling an exploratory well on that land may earn credits based upon
28 the footage drilled and the region in which the well is situated. The
29 commissioner may also provide for credits to be earned by persons per-

1 forming geophysical work on state land; if that work is performed during
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3 land included within the sale area and the geophysical information is
4 made public following the sale. Credits may not exceed 50 per cent of
5 the cost of the drilling or geophysical work. Credits may be used
6 during a limited period established by the commissioner and may be
7 assigned during that period. Credits may be applied against ~~(1)~~ cash
8 ~~bonuses payable to the state for oil and gas leases,~~ ⁽¹⁾ oil and gas
9 royalty and rental payments payable to the state, or ⁽³⁾ ~~(2)~~ taxes payable
10 under AS 43.55. No credit may exceed 50 per cent of the payment toward
11 which it is being applied. ~~No credit may be applied against payments~~
12 ~~under (1) of this subsection unless the legislature has appropriated an~~
13 ~~amount sufficient to reimburse~~ the Alaska permanent fund (AS 37.10.065)
14 and the Alaska renewable resources development fund (AS 37.11.020) for
15 ~~revenue lost as a result of the credits applied to the sources of these~~
16 funds. Amounts due the ~~funds~~ shall be calculated before the application
17 of credits under this subsection.

18 ^(j) ~~(i)~~ To prolong the economic life of an oil and gas field, the
19 commissioner shall adopt regulations for all bidding methods to allow
20 reduction of royalty on leases within the field to compensate for in-
21 creasing costs in the later stages of production decline. The commis-
22 sioner may not grant a reduction of royalty until two years' initial
23 production from the field has occurred and each lessee requesting the
24 reduction has made a clear showing that the revenue from all hydro-
25 carbons produced from the field is insufficient to produce a reasonable
26 rate of return with respect to that lessee's total investment in the
27 field.

28 ^(k) ~~(j)~~ The commissioner may, in his discretion, defer any part of the
29 payment of a cash bonus, under (f) of this section, according to a

1 schedule announced at the time of the announcement of the lease sale,
2 but the payment shall be made in total no later than five years from the
3 date of the lease sale.

4 (l) ~~(k)~~ The commissioner shall define all terms and adopt all regula-
5 tions necessary for a reasonable understanding and evaluation of a
6 particular bidding method before the public announcement of the terms of
7 proposed sale employing that method.

8 ^{Subject to the provisions of AS 31.05,}
(m) ~~(l)~~ At his discretion, the commissioner may enter into an agree-
9 ment whereby, with the consent of the lessee, the state's royalty share
10 of oil and gas production may be stored or retained in storage by the
11 lessee, or the commissioner may enter into an agreement with one or more
12 of the affected field lease holders to trade current royalty production
13 from a field for a like amount, kind, and quality of future production,
14 on the condition that the state receives back its stored or traded
15 royalty share during the first half of the estimated field life or no
16 later than 15 years after start of production, whichever is sooner.

17 (n) ~~(m)~~ An oil and gas lease must cover a reasonably compact area not
18 exceeding 5,760 acres, and must be for a period of five years. The
19 commissioner may grant a lease for a term greater than five years but
20 not to exceed 10 years when he finds that the longer period is necessary
21 to encourage exploration and development in areas where environmental
22 conditions severely restrict operations. An oil and gas lease shall be
23 automatically extended if and for so long thereafter as oil or gas is
24 produced in paying quantities from the lease or, if the lease is com-
25 mitted to a unit approved by the commissioner. A lease issued under
26 this section covering land on which there is a well capable of producing
27 oil or gas in paying quantities does not expire because the lessee fails
28 to produce oil or gas unless the lessee is allowed reasonable time to
29 place the well on a producing status. Upon extension, the commissioner

1 may increase lease rentals so long as the increased rental rate does not
2 exceed 150 per cent of the rate for the preceding year. If drilling has
3 commenced on the expiration date of the primary term of the lease and is
4 continued with reasonable diligence, including such operations as re-
5 drilling, sidetracking, or other means necessary to reach the originally
6 proposed bottom hole location, the lease continues in effect until 90
7 days after drilling has ceased and for so long thereafter as oil or gas
8 is produced in paying quantities. An oil and gas lease issued under
9 this section which is subject to termination by reason of cessation of
10 production does not terminate if, within 60 days after production
11 ceases, reworking or drilling operations are commenced on the land under
12 lease and are thereafter conducted with reasonable diligence during the
13 period of nonproduction.

14 (o) (7.) The commissioner may establish by regulation that after a well
15 has been plugged and abandoned, the rental rate which was in effect
16 during the year of abandonment is maintained for the remainder of the
17 term. Rental is payable in advance and continues until income to the
18 state from royalty or net profit share exceeds rental income to the
19 state for that year; after the rental income schedule has been exceeded
20 for three consecutive years, the rental terminates. Oil and gas leases
21 shall provide for payment to the state of rental on the following basis:

- 22 (1) for the first year, \$1.00 per acre;
- 23 (2) for the second year, \$1.50 per acre;
- 24 (3) for the third year, \$2.00 per acre;
- 25 (4) for the fourth year, \$2.50 per acre;
- 26 (5) for the fifth year, \$3.00 per acre.

27 (p) (8)- Upon timely application as provided by regulation, the state
28 may issue to the holder of a federal or private lease, a state shore-
29 lands lease covering land within the exterior boundaries of the federal

1 or private lease which has been excluded on the basis of navigability or
2 which is later administratively or judicially determined to be shore-
3 land. The term of such a state shoreland lease shall be the same as the
4 term of the federal or private lease.

5 (q) ~~(p)~~ To conserve the natural resources of all or a part of an oil
6 or gas pool, field, or like area, ~~whether or not the part is then sub-~~
7 ~~ject to a cooperative or unit plan of development or operation,~~ ^{the} lessees
8 and their representatives may unite with each other, or jointly or
9 separately with others, in collectively adopting or operating under a
10 cooperative or a unit plan of development or operation of the pool,
11 field, or like area, or a part of it, when determined and certified by
12 the commissioner to be necessary or advisable in the public interest.
13 The commissioner may, with the consent of the holders of leases in-
14 volved, establish, change, or revoke drilling, producing, ~~net-profit-~~
15 ~~share,~~ and royalty requirements of the leases and adopt regulations with
16 reference to the leases, with like consent on the part of the lessees,
17 in connection with the institution and operation of a cooperative or
18 unit plan as he determines necessary or proper to secure the proper
19 protection of the public interest; ^{provided that the commissioner may not reduce the}
20 ~~state's~~ royalty within any unit ~~except as provided in subsection (i) of this section.~~
21 gas leases issued under this section to contain a provision requiring
22 the lessee to operate under a reasonable cooperative or unit plan, and
23 he may prescribe a plan under which the lessee must operate. The plan
24 must adequately protect all parties in interest, including the state.

25 (q) A plan authorized by (p) of this section, which includes land
26 owned by the state, may contain a provision vesting the commissioner, or
27 a person, committee, or state agency with authority to modify from time
28 to time the rate of prospecting and development and the quantity and
29 rate of production under the plan. All leases operated under a plan
approved or prescribed by the commissioner are excepted in determining

1 holdings or control under sec. 140 of this chapter. The provisions of
2 this section concerning cooperative or unit plans are in addition to,
3 and do not affect AS 31.05.

4 (s) ~~(r)~~ Producing acreage on a known geologic structure of a producing
5 oil or gas field is excluded from chargeability as against the acreage
6 limitation provisions of sec. 140 of this chapter.

7 (t) ~~(s)~~ When separate tracts cannot be individually developed and
8 operated in conformity with an established well-spacing or development
9 program, a lease, or a portion of a lease, may be pooled with other
10 land, whether or not owned by the state, under a communitization or
11 drilling agreement providing for an apportionment of production or
12 royalties among the separate tracts of land comprising the drilling or
13 spacing unit when determined by the commissioner to be in the public
14 interest. Operations or production under the agreement are considered
15 as operations or production as to each lease committed to the agreement.

16 (u) ~~(t)~~ The commissioner may, on conditions which he prescribes,
17 approve drilling, or development contracts made by one or more lessees
18 of oil or gas leases, with one or more persons, when, in his discretion,
19 the conservation of natural resources or the public convenience or
20 necessity requires it or the interests of the state are best served.
21 All leases operated under approved drilling or development contracts,
22 and interests under them, are excepted in determining holding or control
23 under sec. 140 of this chapter.

24 (v) ~~(u)~~ To avoid waste or to promote conservation of natural re-
25 sources, the commissioner may authorize the subsurface storage of oil or
26 gas whether or not produced from state land, in land leased or subject
27 to lease under this section. This authorization may provide for the
28 payment of a storage fee or rental on the stored oil or gas, or, instead
29 of the fee or rental, for a royalty other than that prescribed in the

1 lease when the stored oil or gas is produced in conjunction with oil or
2 gas not previously produced. A lease on which storage is so authorized
3 shall be extended at least for the period of storage and so long there-
4 after as oil or gas not previously produced is produced in paying quan-
5 tities.

6 (w) ~~(v)~~ Each oil or gas lease issued by the state must contain a
7 provision requiring the lessee to furnish the Department of Labor a
8 quarterly report regarding the employment of state residents on the
9 leased property. The commissioner of labor shall adopt regulations
10 necessary to implement this subsection. ~~No lease issued under this~~
11 ~~chapter is valid unless it contains provisions requiring the employment~~
12 ~~of qualified Alaska residents in accordance with AS 39.40.030, and~~
13 ~~complies in all respects with the requirements of ch. 40 of this title.~~

14 (x) ~~(w)~~ Notwithstanding any other provision of this section, land
15 which has been offered for lease within the previous five years and
16 which received no bids at competitive sale may be, at the discretion of
17 the commissioner, immediately offered for lease, under regulations
18 adopted by him, upon terms appearing most advantageous to the state;
19 *provided, however, that noncompetitive leasing shall be prohibited.*
20 ~~including leasing noncompetitively.~~ The commissioner shall use a
21 sliding scale royalty based upon such formulae as he determines to be in
22 the public interest but not less than 12 1/2 per cent at the beginning
23 of production from the lease in amount or value of the production re-
24 moved or sold from the lease. A lease must provide for payment to the
25 state of rental but need not adhere to the rental schedule in (n) of
26 this section nor to the 5,760-acres-per-lease limitation in (m) of this
27 section. The lease term may not exceed five years except as provided in
28 (m) and (o) of this section.

29 (y) ~~(z)~~ In accordance with regulations adopted in advance, the commis-
sioner, with respect to any individual oil and gas lease sale, may, for

1 the purpose of promoting competition, restrict joint bidding among major
2 oil and gas companies.

3 ~~(z) (y) Each oil and gas lease shall give to the state the right to~~
4 ~~purchase for in-state use up to 15 2/3 per cent of the volume of oil and~~
5 ~~gas up to 49 per cent of the volume of gas produced from a lease issued in~~
6 ~~accordance with this section, at the regulated price, or, if no regu-~~
7 ~~lated price applies, at the fair market value at the point of sale,~~
8 ~~except that any oil or gas obtained by the state as royalty or net~~
9 ~~profits shall be credited against the amount that may be purchased under~~
10 ~~this subsection. The commissioner may waive all or any part of this~~
11 ~~right at the time of the announcement of a sale if he believes it to be~~
12 ~~in the public interest.~~ [The disposal of oil and gas purchased under

13 this subsection shall be subject to the provisions governing the dis-
14 posal of royalty set out in sec. 183 of this chapter.

15 (aa) ~~(a)~~ A lessee or permittee conducting any exploration for, or
16 development or production of, oil or gas on state land shall provide the
17 commissioner access to all noninterpretive data obtained from that
18 activity and shall provide copies of that data, as the commissioner may
19 request. The confidentiality provisions of sec. 35 of this chapter
20 shall apply to the information obtained under this subsection.

21 (bb) ~~(aa)~~ A noncompetitive lease existing at the effective date of this
22 Act shall be extended for a period of two years and so long thereafter
23 as oil and gas is produced in paying quantities. A noncompetitive lease
24 extended under this subsection is subject to the regulations in force at
25 the expiration of the initial five-year term of the lease. No extension
26 may be granted, however, unless within a period of 90 days before the
27 expiration date an application for extension is filed by the record
28 title holder or an assignee whose assignment has been filed for ap-
29 proval, or an operator whose operating agreement has been filed for

1 approval.

2 * Sec. 2. AS 38.05.135(b) is repealed and re-enacted to read:

3 (b) When minerals are to be leased, in addition to any other
4 notice given, notice must also be given as provided in secs. 305 and 345
5 of this chapter.

6 * Sec. 3. AS 38.05.140(c) is amended to read:

7 (c) No person may take or hold at one time phosphate leases on
8 state lands exceeding in the aggregate 10,240 acres. No person may take
9 or hold sodium leases or permits during the life of sodium leases on
10 state lands, exceeding in the aggregate acreage 5,120 acres, except that
11 the commissioner may, where it is necessary in order to secure the
12 economic mining of sodium compounds, permit a person to take or hold
13 sodium leases or permits for up to 15,360 acres. No person may take or
14 hold at any one time oil or gas leases exceeding in the aggregate
15 500,000 acres granted on tide and submerged lands, and ^{300,000}~~200,000~~ [500,000]
16 acres on all land [LANDS] other than tide and submerged land [LANDS],
17 including leases held both as lessee and under option or operating
18 agreement from others. A person has 10 years from the effective date of
19 this Act to conform to the ^{300,000}~~200,000~~-acre upland limitation. Where more
20 than a single person holds an interest in an oil or gas lease, each
21 person shall be charged only with that percentage of the total acreage
22 which corresponds to its percentage share of the total beneficial in-
23 terest in the lease.

24 * Sec. 4. AS 38.05.145(b) is repealed.

25 * Sec. 5. AS 38.05.335(c) is amended to read:

26 (c) The commissioner shall require each bidder for the competitive
27 leasing of oil and gas lands to submit with his bid a deposit of money
28 equal to 20 per cent of the bonus [AMOUNT BID].

29 * Sec. 6. TRANSITIONAL PROVISIONS. By the 15th day of the First Session

1 of the Eleventh Legislature the commissioner of natural resources shall
2 submit a proposed oil and gas leasing program to the legislature in accor-
3 dance with AS 38.05.180(b), except that the proposed program shall cover all
4 areas to be leased in 1979 through 1983. No lease, except as authorized
5 under AS 38.05.180(d), shall be issued during 1979, 1980, or 1981 unless the
6 land to be leased was included in this proposed leasing program, and was not
7 disapproved by the legislature by concurrent resolution within 60 days of the
8 date it received the proposed program.

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RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Irish
Signature of Camera Operator

2/23/90
Date

Introduced: 2/22/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST
OF THE GOVERNOR (by request of the
New Capital Site Planning Commission)

2 HOUSE BILL NO. 857

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the new Alaska capital and in
7 connection therewith: establishing an Alaska Capital
8 City Development Corporation and providing for its
9 powers; authorizing the question of issuance of
10 general obligation bonds in the amount of \$966,000,000
11 over the period extending from 1979 through 1994, for
12 the purpose of paying capital costs of the new
13 Alaska capital to be placed before the voters;
14 authorizing state loans to the development corporation;
15 amending the Alaska Housing Finance Corporation Act
16 and the Alaska Municipal Bond Bank Authority Act;
17 authorizing loans to the Alaska State Housing Autho-
18 rity for housing for lower income persons; establish-
19 ing a new capital city and providing for its powers;
20 and providing for an effective date."

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

22 * Section 1. AS 44 is amended by adding a new chapter to read:

23 CHAPTER 63. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

24 ARTICLE 1. SHORT TITLE, LEGISLATIVE FINDINGS,

25 TERRITORIAL JURISDICTION.

26 Sec. 44.63.005. SHORT TITLE. This chapter may be cited as the
27 Alaska Capital City Development Corporation Act.

28 Sec. 44.63.010. LEGISLATIVE FINDINGS. (a) The legislature
29 finds that:

1 Sec. 44.62.015. LEGISLATIVE FINDINGS AS TO CORPORATION AND OTHER
2 PROVISIONS. (a) It is in the best interests of the state to create a
3 public corporation with the powers set forth in this chapter to assure:

4 (1) that the necessary governmental facilities at the new
5 capital city area are constructed in a manner and in time to assure
6 the efficient and orderly operation of state government;

7 (2) that the necessary housing for the residents of the new
8 capital city area is available on a basis consistent with the schedule
9 for transfer of the departments of government;

10 (3) that the necessary public facilities are provided in
11 time to accommodate the new residents of the capital city area and all
12 citizens having business with state government, and in a manner to
13 accommodate future growth of the area;

14 (4) that due consideration is given to the social, economic
15 and environmental aspects of the new capital city which affect the
16 Matanuska-Susitna Borough and to the social, economic and environmental
17 conditions to prevail within the capital city area;

18 (5) that the planning, design and construction of the
19 governmental and public facilities, and residential housing proceed on
20 a coordinated and expedited basis so that the departments of govern-
21 ment can provide essential governmental functions for the health,
22 safety and welfare of the citizens of the state at the capital city
23 without interruption.

24 (b) It is further in the best interests of the state to:

25 (1) expand the purposes of the Alaska Housing Finance
26 Corporation (AS 18.56) to make residents of the capital city area
27 eligible for lower interest rate residential mortgage financing by the
28 Alaska Housing Finance Corporation without regard to income limita-
29 tions;

Introduced: 2/22/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST
OF THE GOVERNOR (by request of the
New Capital Site Planning Commission)

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5 A BILL

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7 connection therewith: establishing an Alaska Capital
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12 the purpose of paying capital costs of the new
13 Alaska capital to be placed before the voters;
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16 and the Alaska Municipal Bond Bank Authority Act;
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18 rity for housing for lower income persons; establish-
19 ing a new capital city and providing for its powers;
20 and providing for an effective date."

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23 CHAPTER 63. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

24 ARTICLE 1. SHORT TITLE, LEGISLATIVE FINDINGS,
25 TERRITORIAL JURISDICTION.

26 Sec. 44.63.005. SHORT TITLE. This chapter may be cited as the
27 Alaska Capital City Development Corporation Act.

28 Sec. 44.63.010. LEGISLATIVE FINDINGS. (a) The legislature
29 finds that:

1 (1) pursuant to AS 44.06.100, adopted by initiative and
2 effective December 11, 1974, the capital site of the State of Alaska
3 is to be moved to a site chosen by the qualified voters of the state;

4 (2) pursuant to a vote of the people on November 2, 1976, a
5 capital site was selected in an area located in the Matanuska-Susitna
6 Borough generally known as Willow;

7 (3) pursuant to AS 44.06.160, the legislature was charged
8 with planning for a new capital city in the area so chosen;

9 (4) pursuant to AS 44.06.200, et seq., the legislature
10 established the New Capital Site Planning Commission and required it
11 to present a detailed development plan for the new capital site within
12 the guidelines set forth in AS 44.06.200 -- 44.06.260. The plan was
13 to include recommendations for an appropriate planning and development
14 entity responsible for capital city development, and for the powers
15 and authority of the development entity;

16 (5) the New Capital Site Planning Commission recommends
17 that the development entity be a public corporation constituting an
18 instrumentality of the state within the Department of Community and
19 Regional Affairs but having a legal existence separate and apart from
20 the state;

21 (6) the relocation of the capital site of the State of
22 Alaska to the new capital site, as mandated by the people of the
23 state, and the establishment of a development entity as provided in
24 this chapter are subjects of statewide concern requiring the enactment
25 of this chapter;

26 (7) the relocation of the capital site of the State of
27 Alaska requires the cooperation of all state agencies and the coordi-
28 nation of efforts through the development entity established by this
29 chapter.

1 Sec. 44.62.015. LEGISLATIVE FINDINGS AS TO CORPORATION AND OTHER
2 PROVISIONS. (a) It is in the best interests of the state to create a
3 public corporation with the powers set forth in this chapter to assure:

4 (1) that the necessary governmental facilities at the new
5 capital city area are constructed in a manner and in time to assure
6 the efficient and orderly operation of state government;

7 (2) that the necessary housing for the residents of the new
8 capital city area is available on a basis consistent with the schedule
9 for transfer of the departments of government;

10 (3) that the necessary public facilities are provided in
11 time to accommodate the new residents of the capital city area and all
12 citizens having business with state government, and in a manner to
13 accommodate future growth of the area;

14 (4) that due consideration is given to the social, economic
15 and environmental aspects of the new capital city which affect the
16 Matanuska-Susitna Borough and to the social, economic and environmental
17 conditions to prevail within the capital city area;

18 (5) that the planning, design and construction of the
19 governmental and public facilities, and residential housing proceed on
20 a coordinated and expedited basis so that the departments of govern-
21 ment can provide essential governmental functions for the health,
22 safety and welfare of the citizens of the state at the capital city
23 without interruption.

24 (b) It is further in the best interests of the state to:

25 (1) expand the purposes of the Alaska Housing Finance
26 Corporation (AS 18.56) to make residents of the capital city area
27 eligible for lower interest rate residential mortgage financing by the
28 Alaska Housing Finance Corporation without regard to income limita-
29 tions;

1 (2) provide funding through the Alaska State Housing Autho-
2 rity (AS 18.55) for an adequate supply of housing for lower income
3 residents of the capital city area;

4 (3) provide a means for funding the administrative and
5 capital costs associated with development of the new capital through
6 loans from the general fund;

7 (4) provide that the voters at the next general election of
8 the state determine the question of the issuance of general obligation
9 bonds of the state to pay capital costs of the new Alaska capital with
10 the specific legislative intention stated that a maximum amount of
11 bonds be issued in each of the years 1979 to 1994, as hereinafter set
12 forth; and

13 (5) assist the capital city created by AS 29.18.530 to
14 issue bonds to pay the capital costs of the utilities and facilities
15 to be transferred to it and other capital costs incurred by it by
16 authorizing the creation of a special reserve account of the Alaska
17 Municipal Bond Bank Authority (AS 44.58) to secure bonds of the
18 capital city.

19 ARTICLE 2. ESTABLISHMENT OF CORPORATION, POWERS.

20 Sec. 44.63.020. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

21 (a) There is created the Alaska Capital City Development Corporation.
22 The corporation is a public corporation and governmental instrumen-
23 tality of the state within the Department of Commerce and Economic
24 Development, but has a legal existence independent of and separate
25 from the state. The exercise by the corporation of the powers con-
26 ferred by this chapter is considered an essential governmental function
27 of the state.

28 (b) The corporation is governed by a board of directors which
29 consists of the following eleven members. The commissioner of commerce

1 and economic development and the mayor of the Matanuska-Susitna Borough
2 are directors ex officio with voting privileges. The governor shall
3 appoint nine additional directors (herein called "appointed directors").
4 Three of the appointed directors may be full time elected or appointed
5 employees or officials of the state or of any municipality (other than
6 state legislators), and six appointed directors shall be other than
7 full time elected or appointed employees or officials of the state or
8 of any municipality. The governor shall appoint the appointed directors
9 with due regard to their expertise and experience in areas relevant to
10 public and private planning, development, finance, marketing, the
11 general public interest and state and municipal government. The
12 governor may further designate three commissioners of principal depart-
13 ments of state government to attend and participate in meetings of the
14 board. The three commissioners so designated shall not have a vote.
15 The appointed directors must be residents and qualified voters of the
16 state. The appointed directors serve at the pleasure of the governor.
17 The appointed directors first appointed shall serve for staggered
18 terms, as follows: two shall serve for one year, two shall serve for
19 two years, two shall serve for three years, two shall serve for four
20 years and one shall serve for five years as specified in the appointment
21 by the governor. The governor shall designate one of the appointed
22 members as chairman of the board of directors. Each subsequent
23 appointed director appointed serves for a term of four years. Each
24 appointed director holds office for the term of his appointment and
25 until his successor has been appointed and qualified. A vacancy in a
26 directorship occurring other than by expiration of term shall be
27 filled in the same manner as the original appointment but only for the
28 unexpired term. The chairman shall call the initial meeting of the
29 board of directors within 30 days after taking office. Pending appoint-

1 ment by the governor of the full board of directors and the holding of
2 the initial meeting, the New Capital Site Planning Commission appointed
3 pursuant to AS 44.06 shall govern the corporation with the same legal
4 effect as if the commission were the board of directors. The members
5 of the commission acting in the capacity of governing the corporation
6 shall have the voting rights fixed in AS 44.06 for commission members.

7 (c) The board of directors shall elect a vice-chairman from
8 among its membership. The board shall appoint a person to serve as
9 executive director and general manager who is the chief executive
10 officer of the corporation and serves at the pleasure of the board.
11 The executive director and general manager may not be a member of the
12 board of directors of the corporation. The board of directors may
13 appoint any other officers as may be specified in the by-laws of the
14 corporation, with the powers and duties as set forth therein. The
15 corporation may hire such employees and staff, and may retain indepen-
16 dent legal counsel, bond counsel, agents, advisors, consultants,
17 independent contractors or others in addition to or in lieu of such
18 employees and staff, as may be deemed necessary or appropriate to
19 carry out the purposes of the corporation. Officers and employees of
20 the corporation are in the exempt service under AS 39.25. Agents,
21 legal counsel, bond counsel, advisors, consultants and independent
22 contractors shall be hired in accordance with the provisions of AS
23 36.010.010 except where compliance therewith would in the judgment of
24 the board impede, hamper or delay the scheduled implementation of the
25 general development plan or any specific development plan.

26 (d) A majority of the directors of the corporation constitutes a
27 quorum for the transaction of any business or the exercise of any
28 power of the corporation unless otherwise required by this chapter.
29 The vote of a majority of the directors is necessary to approve any

1 action or matter of the corporation. The corporation may establish
2 procedures providing for meeting or for participation in a meeting by
3 any one or more absent directors by simultaneous telephone communication
4 to take necessary action when, in the judgment of the chairman,
5 weather or other conditions make a meeting in person difficult or
6 impossible. Any such meeting has the same legal force and effect as a
7 meeting in person. A vacancy in any directorship of the board does
8 not impair the right of a quorum to exercise all the powers and perform
9 all the duties of the board of directors.

10 (e) The appointed directors of the corporation shall receive
11 such compensation as the board may fix not to exceed \$200 a day, or
12 any greater amount as the governor may fix not to exceed \$500 a day,
13 for their services to the corporation, as well as reimbursement for
14 their actual and necessary expenses incurred in the performance of
15 their duties as directors. The executive director and general manager
16 and other officers of the corporation who are appointed pursuant to
17 the by-laws shall each receive such salary as the board of directors
18 may determine for their services.

19 (f) The appointed directors may engage in public or private
20 employment or in any profession of business except as otherwise pro-
21 vided by law.

22 (g) Notwithstanding any other law, an officer or employee of the
23 state, any municipality or any agency thereof need not forfeit his
24 office or employment by reason of his employment by the corporation.

25 (h) (1) Meetings of the board of directors are governed by the
26 provisions of AS 44.62.310 and 312 (the Administrative Procedures Act)
27 as to the requirements for open meetings and executive sessions; in
28 all other respects the Administrative Procedures Act (AS 44.62) does
29 not apply to this chapter.

1 (2) The board may adopt rules and regulations by resolution
2 pursuant to the method fixed in this subsection.

3 (3) Except as provided in (4) of this subsection, at least
4 15 days before the adoption, amendment, or repeal of regulations, the
5 board shall give public notice of the proposed action by publishing
6 the notice in at least three newspapers of general circulation in
7 Anchorage, Fairbanks and Juneau, and by mailing a copy of the notice
8 to every person who has filed a request for notice of proposed regula-
9 tions with the corporation. The public notice shall include a state-
10 ment of the time, place and nature of the proceedings for the adoption,
11 amendment or repeal of the regulations and shall include an informative
12 summary of the proposed subject of the regulations. On the date and
13 at the time and place designated in the notice, the board shall give
14 each interested person or his authorized representative, or both, the
15 opportunity to present oral statements, arguments, or contentions for
16 a total period of at least one hour. The board shall consider all
17 relevant matter presented to it before adopting, amending or repealing
18 a regulation. At a hearing under this subsection, the board may
19 continue or postpone the hearing to the time and place which it
20 determines. A regulation which is adopted, amended or repealed may
21 vary in content from the informative summary specified in this subsec-
22 tion if the subject matter of the regulation remains the same and the
23 original notice was written so as to assure that members of the public
24 are reasonably notified of the proposed subject of the board's action
25 in order for them to determine whether their interests could be
26 affected by the board's action on that subject.

27 (4) A regulation or order of repeal may be adopted as an
28 emergency regulation or order of repeal if the board makes a finding
29 in its order of adoption or repeal, including a statement of the facts

1 which constitute the emergency, that the adoption of the regulation or
2 order of repeal is necessary for the immediate preservation of the
3 orderly operation of the corporation's programs. The requirements of
4 (3) of this subsection do not apply to the initial adoption of emer-
5 gency regulations; however, upon adoption of an emergency regulation,
6 the board shall, within 10 days after adoption, give notice of the
7 adoption in accordance with (3) of this subsection. No emergency
8 regulation adopted under this paragraph shall remain in effect more
9 than 120 days unless the board complies with (3) of this subsection
10 during the 120-day period.

11 (5) A regulation adopted under (3) or (4) of this subsec-
12 tion shall become effective immediately upon its adoption by the
13 board, unless otherwise specifically provided by the order of adoption.

14 (6) The corporation shall make available to members of the
15 public copies of the rules and regulations adopted under (3) and (4)
16 of this subsection and shall file copies thereof in the office of the
17 lieutenant governor within 10 days following adoption.

18 (7) The corporation shall establish procedures providing
19 for newspaper publication and other notice of all meetings, sufficient
20 to adequately inform the public, which notice must include the subject
21 matter proposed to be acted on, and shall establish procedures provid-
22 ing for public participation at a portion of its meetings.

23 (i) The corporation and its corporate existence shall continue
24 until either it determines that its general development plan has been
25 completed or the capital city attains a population of 37,500 as certi-
26 fied by the department of community and regional affairs, whichever
27 occurs first. Not later than one year prior to the anticipated occur-
28 rence of the above events, the corporation shall recommend to the
29 legislature (i) whether its existence shall continue beyond either of

1 the events for further development of the capital city, and (ii) the
2 terms and conditions of the corporation's proposed continued existence.
3 In any event, the legislature shall review the question of the exist-
4 ence of the corporation not later than the year 2010 if it has not
5 earlier done so in connection with either of the preceeding events.
6 No law which terminates the corporation's existence or materially
7 alters its powers in a manner which adversely affects its capacity to
8 repay bonds, notes and other obligations outstanding may take effect
9 so long as any bonds, notes and obligations remain outstanding, unless
10 adequate provision has been made for their payment as provided in the
11 documents securing them. Upon the adoption of a resolution to termi-
12 nate its existence in accordance with this subsection at a meeting
13 held in accordance with the procedure set forth in Sec. 20(h) of this
14 chapter for adoption or repeal of a regulation, all of its rights,
15 properties and assets shall pass to and be vested in the state except
16 that adequate provision shall be made for all outstanding liabilities.

17 (j) As soon as practicable following the holding of the initial
18 meeting of the board of directors, the corporation shall establish a
19 development advisory board, to consider and advise the corporation
20 upon matters concerning the planning and development of, and provisions
21 of services and facilities in, the capital city area. The development
22 advisory board shall meet regularly and at least four times a year,
23 and shall also meet with the board of directors of the corporation at
24 least once each year. In appointing the members of the advisory
25 board, the board of directors shall consider representation of the
26 interests of municipalities of the state, other public and private
27 interests, state agencies, and public or private organizations, groups
28 or entities which the board of directors deem to be significantly
29 affected by the relocation of the capital of the state. The develop-

1 ment advisory board serves at the pleasure of the board of directors
2 without salary or other compensation, but shall be reimbursed for
3 their actual and necessary expenses incurred in the performance of
4 their duties as members of the board. Notwithstanding any other pro-
5 visions of law, no officer or employee of the state, any borough or
6 municipality or any agency thereof need forfeit his employment or
7 position by being a member of the development advisory board.

8 Sec. 44.63.025. POWERS OF THE CORPORATION. In addition to other
9 powers granted by law and for the purpose of providing for the develop-
10 ment of the new capital city area, the corporation may:

11 (1) sue and be sued;

12 (2) adopt and alter an official seal;

13 (3) adopt, amend or repeal regulations and by-laws for its
14 organization and internal management and, subject to agreements with
15 noteholders or bondholders, adopt procedures for its development
16 programs, operations, properties and facilities;

17 (4) enter into contracts, and other instruments necessary
18 or convenient for the exercise of its powers under this chapter;

19 (5) enter into leases and agreements with the state with
20 respect to state buildings or other property and pledge or assign all
21 rights under the leases and agreements to secure the payment of bonds,
22 notes or other obligations issued to finance the cost of the state
23 buildings or property, but only if and to the extent an officer of the
24 state is hereafter authorized by law to enter into a lease of, or
25 other agreement with respect to, state buildings or other property of
26 the state with the corporation and only if the state buildings or
27 other property have not been financed with the proceeds of general
28 obligation bonds of the state;

29 (6) purchase, take by gift or grant, lease, contract or

1. acquire, by condemnation or otherwise, from any person, firm, corpora-
2 tion, municipality, or public agency real property, unimproved or
3 improved, leaseholds or any interest in real property; and own, hold,
4 clear, improve, develop and rehabilitate, sell, assign, exchange,
5 transfer, convey, lease, mortgage or otherwise dispose of or encumber
6 the same;

7 (7) acquire, hold and dispose of personal property, includ-
8 ing stocks, bonds and other debt or equity instruments or securities,
9 for its corporate purposes;

10 (8) sell, lease, transfer, exchange, subordinate, mortgage,
11 pledge, convey or otherwise dispose of, grant or in any manner encumber
12 or place restrictions on or create a security interest in, grant
13 options with respect to, all or any of its real or personal property
14 or any interest therein, with or without consideration and on any
15 terms and conditions including, without limitation, terms and conditions
16 designed to provide incentives for development of its property, with
17 public agencies and private firms, and in connection therewith loan
18 monies to any public agency or private firm on any terms and conditions
19 the corporation deems advisable for its corporate purposes;

20 (9) accept a purchase money mortgage or deed of trust in
21 connection with the sale, lease or other disposition of any real or
22 personal property and repurchase, lease or otherwise reacquire and
23 hold any real or personal property which the corporation has thereto-
24 fore sold, leased or otherwise conveyed, transferred or disposed of,
25 all upon any terms and conditions the corporation deems advisable for
26 its corporate purposes;

27 (10) prepare and adopt a general development plan and
28 specific development plans for the capital city area and modify the
29 plans from time to time as necessary or appropriate;

1 (11) prepare or cause to be prepared studies, analyses,
2 plans, specifications, designs and estimates of cost, including
3 specific development plans, for the construction, development, recon-
4 struction or improvement of any property within the capital city area
5 and from time to time modify such plans as necessary or appropriate;

6 (12) manage or cause to be managed all or any part of a
7 development program or programs and enter into agreements with the
8 state, any private firm or public agency for the purpose of causing
9 any development program or programs to be managed. The management
10 agreement shall contain, in the case of private firms, any financial
11 incentives the corporation deems appropriate;

12 (13) plan, replan, open, create, dedicate, or close streets,
13 roads, alleys, sidewalks and all public rights of way and provide or
14 arrange or contract with any public agency for the provision of any
15 facilities or services or for the acquisition and maintenance by the
16 public agency of facilities or property, all in connection with any
17 development program;

18 (14) adopt or impose, land use and building restrictions,
19 architectural, design, and land use controls through covenants, decla-
20 rations, regulations or otherwise on any real property owned by the
21 corporation in furtherance of the purposes of this chapter, include
22 the restrictions or controls in contracts and agreements with developers,
23 purchasers, lessees or users of the real property, and cause the
24 restrictions and controls, covenants, declarations or regulations to
25 run with the land by filing them for record in the appropriate record-
26 ing district;

27 (15) charge and collect fees and charges for the use of
28 facilities or services in order to plan, finance, develop, acquire,
29 construct, reconstruct, improve, operate or maintain the facilities or

1 services, and cause the fees and charges to become a lien on and run
2 with the land by means of covenants affecting the property which are
3 recorded in the appropriate recording district. The covenants may
4 also provide that taxes imposed by a municipality can be credited
5 against the fees and charges to the extent and upon any terms, condi-
6 tions, restrictions or limitations that are set forth in the covenants;

7 (16) plan, finance, develop, acquire, construct, reconstruct,
8 improve, operate, maintain, sell or otherwise dispose of structures,
9 appurtenances, systems and facilities under contractual or other
10 arrangements in connection with the general development plan, any
11 specific development plan, or with the purposes of this chapter;

12 (17) survey or cause to be surveyed any or all of the real
13 property within the capital city area, undertake geological, environ-
14 mental and other similar studies and analyses of the property and
15 gather and disseminate all relevant information pertaining to the
16 suitability of any portion of the capital city area for various land
17 uses;

18 (18) make contracts, incur liabilities, borrow money at
19 rates of interest, maturities and on other terms and conditions that
20 the corporation may determine without regard to usury laws, issue its
21 notes, bonds and other obligations, whether negotiable or not, and
22 whether tax exempt or not, and secure any of its obligations by mort-
23 gage or pledge of all or any of its real or personal property or any
24 interest therein, whether then owned or thereafter acquired;

25 (19) pledge its fees, charges and other revenues and receipts,
26 and assign or pledge the lease or leases or sales contracts on any
27 portion or all of its real or personal property, and the income
28 received by virtue of any lease or leases or sales contracts, and,
29 subject to the provisions of any contract with noteholders or bond-

1 holders, consent to modifications of rate of interest, time of payment
2 of any installment of principal or interest, security, or any other
3 term of any mortgage, mortgage loan, mortgage loan commitment, contract
4 or agreement to which the corporation is a party;

5 (20) procure insurance or bond against any losses in connec-
6 tion with its property, assets and operations or with the activities
7 of its officers, directors, employees or agents, in amounts and from
8 insurers authorized to do business in the state as it considers desir-
9 able;

10 (21) contract for and accept any gifts, grants or loans of
11 funds or property, or any financial or other aid or assistance from
12 any public agency or other source, including but not limited to private
13 firms, and expend the proceeds for any corporate purpose;

14 (22) enter into agreements with any public agency to effec-
15 tuate the purposes of this chapter, including, without limitation,
16 agreements providing for necessary expenditures during the period of
17 implementation of any development program, and agreements to develop,
18 acquire, construct, reconstruct, improve, operate or maintain any
19 facility and to acquire by purchase, lease or otherwise any right or
20 interest in such facility;

21 (23) issue, pursuant to regulations adopted under this
22 chapter, building, use and occupancy permits and compliance certificates
23 or approvals;

24 (24) subject to any agreement with noteholders or bond-
25 holders, enter into agreements to pay annual sums in lieu of taxes to
26 the capital city in respect of any real property which is owned by the
27 corporation and which is exempt from taxation pursuant to this chapter;
28 and

29 (25) do any and all things necessary or convenient to carry

1 out the purposes of this chapter and exercise the powers given and
2 granted in this chapter.

3 ARTICLE 3. CAPITAL CITY DEVELOPMENT PLANS,
4 PROPERTY, MUNICIPAL AGREEMENTS AND CONTRACTS.

5 Sec. 44.62.030. FORMULATION AND PROCEDURE FOR OBTAINING APPROVAL
6 OF DEVELOPMENT PLANS. (a) The corporation shall cause to be prepared
7 a general development plan for the capital city area. The general
8 development plan shall be based on the initial and proposed overall
9 site specific development plan submitted to the legislature by the New
10 Capital Site Planning Commission pursuant to AS 44.06.230(j), and, in
11 addition, shall include but not be limited to the following elements:

12 (1) A statement of the proposed uses of land throughout the
13 capital city area as a whole with a general allocation of projected
14 amounts and proportions of land to be devoted to governmental, residen-
15 tial, commercial, industrial, institutional and public uses, indicating
16 the anticipated population and building densities for the capital city
17 area based upon the proposed mix of such land uses;

18 (2) A statement of the projected cost, number, nature and
19 generalized locations of facilities including but not limited to
20 governmental and institutional facilities relating to the functioning
21 of the capital city area as the new capital of the state, public
22 transportation and major arterial street systems, parks and recrea-
23 tional facilities, water, sewer and drainage systems, electric, tele-
24 phone and other energy or communications systems or utilities, and
25 health, educational and community facilities, and a statement of the
26 method and approximate time period by which the foregoing facilities
27 are to be provided;

28 (3) A statement of the approximate projected time schedule
29 for the different stages of development of the capital city area, both

1 as to various parts of the capital city area and as to the various
2 types or categories of land uses proposed;

3 (4) A statement of the projected means of financing the
4 facilities referred to in paragraph (2), the anticipated sources of
5 funds necessary, the times at which such funds must be provided and
6 the means by which borrowed moneys, whether borrowed from the state or
7 otherwise, will be repaid;

8 (5) Additional statements or documentation as the corpora-
9 tion deems necessary or appropriate.

10 (b) The general development plan as so adopted, or as amended
11 from time to time as hereafter provided, shall provide that not less
12 than an aggregate of _____ acres shall be allocated for the location
13 and construction of state offices and related state facilities; and
14 that not less than an aggregate of _____ acres shall be set aside and
15 allocated for parks, lakes, recreation and open space, with facilities
16 necessary for the use and enjoyment thereof, which, when developed,
17 shall be accessible to the general public for their free use and
18 enjoyment. The foregoing provisions of the general development plan
19 may not be amended.

20 (c) The corporation shall hold at least one hearing in each
21 judicial district of the state to receive comments from interested
22 parties on the general development plan proposed by the corporation.
23 Each public hearing shall be held in a separate municipality of the
24 state as selected in the discretion of the corporation after public
25 notice by publication in a newspaper of general circulation in that
26 municipality at least 30 days before the commencement of the hearing.

27 (d) Following the completion of public hearings, the board of
28 directors shall adopt the general development plan, which may be
29 approved with or without amendment from the proposed general develop-

1 ment plan, by at least two-thirds vote of all of the members of the
2 board upon a finding that the general development plan is in accord-
3 ance with and furthers the purposes of this chapter. The general
4 development plan as so adopted shall constitute the controlling docu-
5 ment and land use plan setting forth the major planning assumptions
6 and objectives for the development of the capital city area and shall
7 be effective on the date the corporation determines.

8 (e) Amendments to the general development plan may be made
9 pursuant to the same procedure set forth in this section for approval
10 of a general development plan, except that the corporation shall hold
11 at least one public hearing with respect thereto, publish notice of
12 the proposed amendments as it considers appropriate and invite written
13 comments thereon prior to adoption of the amendment. Amendments to
14 the general development plan shall be effective on the date the corpora-
15 tion determines.

16 Sec. 44.63.035. ADOPTION OF SPECIFIC DEVELOPMENT PLANS. (a)
17 Following adoption of the general development plan, the corporation
18 shall, at times determined appropriate by the corporation, cause to be
19 prepared one or more specific development plans which shall include,
20 but not be limited to, the following elements:

21 (1) A delineation of the area to be developed;

22 (2) A detailed and specific statement of the proposed uses
23 within the area to be developed, including proposed general locations
24 of all buildings and structures;

25 (3) A general description of the land use restrictions or
26 covenants to be placed on the area to be developed;

27 (4) A map of the existing and proposed transportation and
28 utility systems within the area;

29 (5) A statement of the methods by which the property within

1 the area may be disposed of;

2 (6) A statement of the relationship between the specific
3 development plan and the general development plan; and

4 (7) Additional statements or documentation as the corpora-
5 tion deems necessary or appropriate.

6 (b) Each specific development plan shall be approved by the
7 board of directors. Each specific development plan adopted shall
8 constitute the controlling document and land use plan for the area to
9 be developed. In acting upon a proposed specific development plan,
10 the board of directors shall be guided by the purposes of this chapter
11 and particularly:

12 (1) The degree to which the specific development plan is in
13 substantial conformity with the general development plan. If the
14 board of directors determines that the specific development plan under
15 consideration constitutes a substantial change from the general develop-
16 ment plan, the board shall consider the changed circumstances or other
17 factors which warrant a change from the general development plan as
18 previously approved. Any specific development plan constituting a
19 substantial change shall be subject to the same provisions that are
20 applicable to amendments to the general development plan pursuant to
21 subsection (d) of Sec. 30 of this chapter. Upon approval of such
22 specific development plan, the relevant portion of the general develop-
23 ment plan shall be deemed to be concurrently amended.

24 (2) The location and adequacy of all streets and highways,
25 transportation facilities, public utilities, community and recreational
26 facilities, and all public services necessary to serve the land uses
27 contemplated by the specific development plan.

28 (3) The effect of all proposed land uses within the specific
29 development plan upon adjacent land uses, whether existing or proposed,

1 located within or adjacent to the capital city area.

2 (c) Amendments to any specific development plan may be made
3 pursuant to the same procedure set forth in this section for approval
4 of a specific development plan.

5 Sec. 44.63.040. RELATIONSHIP OF CORPORATION, THE STATE AND MUNI-
6 CIPALITIES. (a) In effectuating the purposes of this chapter, the
7 corporation shall work closely with, consult and cooperate with the
8 state, the Matanuska-Susitna Borough, the capital city and all depart-
9 ments, agencies or instrumentalities of the same. In particular, the
10 corporation shall consult and cooperate with all state agencies in
11 order to assure the timely and coordinated relocation of state govern-
12 mental services, offices and staff from the city and borough of Juneau
13 or other areas of the state to the capital city area.

14 (b) All state agencies and all municipalities shall fully co-
15 operate with the corporation in planning or carrying out any of its
16 functions pursuant to the purposes of this chapter and may extend to
17 the corporation, with or without consideration, any function, service,
18 loan, grant or other form of assistance of the character which they
19 are empowered to render or perform and enter into contracts and agree-
20 ments with the corporation concerning all matters including, but not
21 limited to, the exercise, division, or sharing of powers. Upon the
22 corporation's request, any governmental entity may transfer to the
23 corporation any officers and employees it deems necessary from time to
24 time to assist the corporation in carrying out its functions and
25 duties under this chapter. Officers and employees so transferred
26 retain their status and rights as public employees and are compensated
27 by their employing agency which shall continue to exercise all of its
28 rights as employer.

29 (c) In addition to the agreement authorized by AS 29.18.640, the

1 corporation may enter into agreements with the capital city providing
2 that the city furnish, as necessary, for the capital city area included
3 in any development program which has not yet been completed, police,
4 fire, sanitation, health protection and other municipal services as
5 fixed in the agreements. The agreements may provide for payment by the
6 corporation to the city of the costs of these services on a formula or
7 other basis as may be fixed in the agreements. With respect to pro-
8 perty owned by it and exempt from taxation pursuant to this chapter,
9 the corporation, if it so elects, may make payments in lieu of taxes
10 to the capital city in amounts which it deems appropriate to defray
11 all or part of the costs of providing required services to such pro-
12 perty.

13 (d) In implementing the development program, the corporation may
14 enter into contractual agreements with any public agency for the
15 furnishing of any facilities or services necessary or desirable for
16 the development program, and any such public agency, notwithstanding
17 any other law, may enter into these contractual agreements with the
18 corporation and to do all things necessary to carry out its obliga-
19 tions under them.

20 (e) The corporation, on behalf of itself or in its own name on
21 behalf of any contractor, subcontractor or other person performing
22 work in connection with the general development plan, may file a
23 master application as defined by the Environmental Procedures Coordi-
24 nation Act (AS 46.35) in order to obtain such permits as it may require.
25 In order to allow work to go forward as expeditiously as possible
26 pursuant to the general development plan, the procedures set forth in
27 this subsection shall supercede the procedures set out in the Environ-
28 mental Procedures Coordination Act. Upon filing a master application
29 the corporation shall submit a schedule setting forth the date before

1 which each permit required must be issued in order to allow work to
2 proceed in accordance with the general development plan. Each permit
3 shall be either granted or denied no later than 60 days prior to the
4 date submitted with the master application. If the permit is neither
5 granted nor denied, it shall be deemed to have been granted and may
6 not be revoked without the prior approval of the governor. If any
7 permit is denied, the corporation may appeal the denial directly to
8 the governor who shall receive written submissions from the affected
9 agency and the corporation on an expedited basis and render a decision
10 either reversing the decision of the agency and granting the permit or
11 upholding the decision of the agency. No permit may be denied on the
12 ground that the affected agency has not had a sufficient opportunity
13 to make tests, studies, evaluations or other investigations. The
14 corporation and the Department of Environmental Conservation shall
15 cooperate in expediting the review process to the greatest possible
16 extent by consolidating hearings and otherwise avoiding a multiplicity
17 of written or oral submissions. No agency may demand as a condition
18 of commencing its investigations that the corporation bear the agency's
19 costs and expenses connected therewith. The corporation may amend the
20 master application at any time and from time to time and may seek
21 additional permits thereby. The corporation shall use its best efforts
22 to fully cooperate with all affected agencies and shall give all such
23 agencies complete access to the corporation's relevant documents and
24 records. To the extent that there is an inconsistency or conflict
25 between the provisions of this subsection and the Environmental Proce-
26 dures Coordination Act or with any other statute regarding the issuance
27 of permits, the provisions of this subsection shall control.

28 Sec. 44.63.045. ACQUISITION OF REAL PROPERTY. (a) The corpora-
29 tion may at any time acquire real property by negotiation with the

1 owners thereof.

2 (b) Upon making a finding that it is necessary or convenient to
3 acquire any real property or any interest therein located in the
4 capital city area, or outside the capital city area for the purpose of
5 providing any water, sewer, road, airport or other utility or facility
6 for the capital city area, for its immediate or future use, the cor-
7 poration may acquire such property in any lawful manner, including the
8 exercise of the power of eminent domain pursuant to the provisions of
9 AS 09.55.240, et seq. Any purpose for which the corporation proposes
10 to use such property is hereby declared a public use and the corpora-
11 tion may, in its discretion, file a declaration of taking and have
12 title and right vest in it as provided in AS 09.55.440 and as other-
13 wise provided by law.

14 Sec. 44.63.050. STATE LOANS. The commissioner of revenue may
15 loan to the corporation from surplus moneys in the general fund a sum
16 not to exceed \$153,000,000. Prior to any disbursement of the proceeds
17 of the loan, the commissioner of revenue, with the approval of the
18 governor, shall enter into a loan agreement with the corporation
19 providing for the terms of repayment of the loan over the period of
20 years and at the rate or rates of interest as may be fixed in the loan
21 agreement. The loan agreement may also provide for subordination of
22 the terms of repayment of the loan to notes or bonds of the corpora-
23 tion to be issued at a later date or dates, and shall provide for (1)
24 a periodic disbursement schedule of the loan proceeds consistent with
25 the progress of the general development plan of the corporation during
26 each fiscal year of the state and consistent with the projected
27 financial ability of the state to disburse loan proceeds in each
28 fiscal year, and (2) an annual or other periodic review procedure by
29 a committee consisting of four commissioners of principal departments

1 of state government appointed by the governor, and the commissioner of
2 revenue, to determine (A) whether the financial and economic projections
3 contained in the general development plan and specific development
4 plans are being fulfilled, and (B) whether the financial condition of
5 the state will accommodate each annual loan disbursement. The Legis-
6 lative Budget and Audit Committee shall make the same review provided
7 for in the agreement and report its findings to the committee. The
8 loan agreement shall provide that the recommendations of the committee,
9 based on the determinations made by the committee, shall govern the
10 amount of each loan disbursement.

11 Sec. 44.63.055. DISPOSITION OF PROPERTY. (a) The corporation
12 shall adopt regulations for the sale, lease or other disposal of
13 property under this chapter. After adoption of regulations and of one
14 or more specific development plans, the corporation may sell, lease or
15 otherwise dispose of, all or any portion of the property encompassed
16 by the plans to any person, firm, partnership, or corporation, either
17 public or private; upon such terms and conditions as it determines but
18 only if the board of directors specifically finds that the terms and
19 conditions of such sale, lease or other disposal arrangement are in
20 substantial conformity with the plans. Prior to the sale, lease or
21 other disposal of any property by the corporation public notice of the
22 intention of the corporation to do so shall be given by publication of
23 a general description of the terms thereof at least 10 days prior to
24 the sale, lease or disposal in a newspaper of general circulation in
25 the Third Judicial District.

26 (b) Notwithstanding any other law and subject to any agreement
27 with noteholders or bondholders, any sale, lease or other disposal
28 pursuant to subsection (a) of this section may be made without public
29 bidding or public sale, pursuant to a negotiated contract, agreement

1 or lease and containing any provisions, limitations, requirements,
2 terms and conditions as the corporation determines to be necessary or
3 desirable for the implementation of a specific development plan pro-
4 vided that public notice is given in accordance with (a) of this
5 section.

6 (c) The real property in the capital city area shall not be
7 subject to the provisions of the Alaska Land Act (AS 38.05).

8 Sec. 44.63.060. TRANSFER OF STATE OWNED REAL PROPERTY. The
9 legislature intends that all lands located within the capital city
10 area owned by the state or any state agency be transferred to the
11 corporation in order to permit the corporation to timely develop a
12 comprehensively planned new capital for the state in accordance with
13 the purposes of this Act. Accordingly, the commissioner of natural
14 resources and any other state official having jurisdiction over the
15 conveyance or transfer of state owned land shall, within 60 days from
16 the written request of the chairman of the corporation, transfer and
17 convey to the corporation all right, title and interest of the state
18 in all of the state lands, including lands under water, lying within
19 the capital city area. The said transfer and conveyance shall contain
20 such reservations to the state of all resources as may have been
21 required by Congress and shall provide for access to these resources.
22 Reservation of access shall not unnecessarily impair the owners' use,
23 prevent the control of trespass, or preclude compensation for damages.

24 Sec. 44.63.065. CONSTRUCTION CONTRACTS. (a) The corporation
25 shall adopt regulations pursuant to this chapter establishing proce-
26 dures for entering into agreements for construction of facilities and
27 improvements on all or any part of any development program. The
28 regulations shall provide for procedures for issuing public requests
29 for bids or proposals including the establishment of qualifications

1 for bidders for construction and may provide that (1) any construction
2 contract awarded by the corporation after bidding shall contain terms
3 and conditions as the corporation may fix, (2) the corporation may
4 reject any or all bids if in its sole judgment the business and techni-
5 cal organization, plant, resources, financial standing or experience
6 of the lowest bidder justifies such rejection in view of the work to
7 be performed, and (3) the corporation may waive any informality in a
8 bid if it believes that the public interest will be promoted thereby.
9 No construction contract to which the corporation is a party is subject
10 to the provisions of AS 35.15. The corporation's interest in any real
11 property is not subject to any claims under AS 34.35. No construction
12 contract shall be entered into requiring the expenditure of borrowed
13 funds unless the funds are in the hands of the corporation.

14 (b) Notwithstanding the provisions of subsection (a) hereof or
15 any other law, and subject to any agreement with noteholders or bond-
16 holders, the corporation may adopt regulations providing that it may,
17 when it finds that the bid process of (a) of this section would impede,
18 hamper or delay implementation of a development program or would
19 otherwise be detrimental to the financial objectives underlying the
20 development program, enter into a construction contract for all or any
21 part of a development program without public bidding or compliance
22 with the provisions of AS 35.15 and that such negotiated contract or
23 agreement may contain any provisions, limitations, requirements, terms
24 and conditions the corporation deems necessary or desirable for the
25 implementation of the development program. No such contract or agreement
26 except contracts or agreements for personal services or contracts or
27 agreements involving the expenditure of less than \$20,000 shall be
28 entered into unless the corporation has given public notice of its
29 intention to enter into the contract at a meeting at which the proposed

1 contract is available for inspection and an opportunity for members of
2 the public to be heard is afforded.

3 Sec. 44.63.070. MONIES OF THE CORPORATION. (a) The Legislative
4 Budget and Audit Committee from time to time may examine the accounts
5 and books of the corporation including its receipts, disbursements,
6 contracts, leases, sinking funds, investments and all other records
7 and papers relating to its financial standing. The Legislative
8 Budget and Audit Committee shall conduct an examination at least once
9 every two years; provided, however, that the Legislative Budget and
10 Audit Committee may accept from the corporation in lieu thereof an
11 independent audit of the corporation by a firm of certified public
12 accountants made at the request of the corporation.

13 (b) Any monies of the corporation including the proceeds of
14 bonds or notes not required for immediate use may, at the discretion
15 of the corporation, be invested in the same manner and on the same
16 conditions as permitted for the investment of funds of the state or
17 held in the treasury under AS 37.10.070, provided, however, that the
18 corporation may agree with bondholders or noteholders to further limit
19 those investments.

20 (c) Notwithstanding the foregoing provisions of this section,
21 the corporation may contract with holders of any of its bonds or notes
22 as to the custody, collection, securing, investment and payment of any
23 monies of the corporation, of any monies held in trust or otherwise
24 for the payment of bonds or notes, and may carry out such contract.
25 Monies held in trust or otherwise for the payment of bonds or notes or
26 in any way to secure bonds or notes and deposits of such monies may be
27 secured in the same manner as monies of the corporation, and all banks
28 and trust companies may give such security for these deposits.

29 Sec. 44.63.175. EXEMPTION FROM TAXATION. (a) The exercise of

1 the powers granted by this chapter shall be in all respects for the
2 benefit of the people of the State of Alaska and shall constitute the
3 performance of an essential governmental function. The income and
4 operations of the corporation are exempt from taxation of any kind by
5 the state and any municipality. Obligations issued by the corporation
6 pursuant to this chapter together with income therefrom shall be free
7 from taxation by the state or any municipality, provided, however,
8 that obligations so issued shall not be free from estate taxes.

9 (b) The interest of the corporation in any real property shall
10 be exempt from taxation of any kind by the state, the capital city and
11 any other municipality. The corporation may, however, make payments
12 to the capital city in lieu of taxes. Interests owned by others than
13 the corporation in real property of the corporation shall be taxable
14 by the Matanuska-Susitna Borough and otherwise to the extent otherwise
15 provided by law.

16 ARTICLE 4. CAPITAL DEVELOPMENT FINANCE.

17 Sec. 44.63.080. BONDS AND NOTES OF THE CORPORATION. (a) The
18 corporation may from time to time issue its bonds and notes in the
19 principal amounts which, in the opinion of the corporation, are neces-
20 sary to provide sufficient funds for carrying out any of its corporate
21 purposes, including but not limited to, the undertaking and completion
22 of development programs, the payment of interest on bonds and notes of
23 the corporation, the receipt of funds in anticipation of the sale of
24 bonds of the corporation, the refunding of bonds for the purpose of
25 paying or retiring bonds previously issued by it, the establishment of
26 reserves to secure such bonds or notes and all other expenditures of
27 the corporation incident to and necessary or convenient to carry out
28 its corporate purposes and powers. No bonds or notes may be issued by
29 the corporation unless the State Bond Committee (AS 37.15) files its

1 written consent to the issuance thereof. The foregoing limitation
2 shall not apply to the issuance of notes or other evidences of indebted-
3 ness issued by the corporation under sec. 50 of this chapter.

4 (b) All bonds and notes issued by the corporation may either be
5 unlimited obligations of the corporation or may be payable solely out
6 of the revenues and receipts derived by the corporation generally or
7 from its development programs or from any designated development
8 program or any part thereof, all as may be designated in the proceed-
9 ings of the corporation under which the bonds or notes shall be
10 authorized to be issued. The bonds and notes may be executed and
11 delivered by the corporation at any time and from time to time, and
12 may be in such form and denominations and of such tenor and maturities,
13 carry such redemption, premium or conversion privileges, have such
14 rank and priority, be payable at such place or places whether within
15 or without the state, be payable in such installments and at such time
16 or times, bear interest at such rate or rates payable at such time or
17 times and at such place or places and evidenced in such manner, and
18 may contain any other provisions not inconsistent herewith, all as may
19 be determined by the corporation in its sole discretion and provided
20 by resolution.

21 (c) Any bonds or notes of the corporation may be sold at the
22 price or prices, at public or private sale, in the manner and from
23 time to time as may be determined by the corporation, and the corpora-
24 tion may pay all expenses, premiums and commissions, and give any
25 discounts which it deems necessary or advantageous in connection with
26 the issuance and sale thereof.

27 (d) Issuance by the corporation of one or more series of bonds
28 or notes for one or more purposes does not preclude it from issuing
29 other bonds or notes in connection with the same development program

1 or any other development program, but the proceedings whereunder any
2 subsequent bonds or notes are issued shall recognize and protect any
3 prior pledge or mortgage made for any prior issue of bonds or notes
4 unless in the proceedings authorizing the prior issue the right is
5 reserved to issue subsequent bonds or notes on a parity with or superior
6 to the prior issue.

7 (e) The corporation may issue its bonds or notes for the purpose
8 of refunding any bonds or notes of the corporation then outstanding,
9 including the payment of any redemption premium thereon and any interest
10 accrued or to accrue to the earliest or subsequent date of redemption,
11 purchase or maturity of such bonds or notes, and, if the corporation
12 deems advisable for the additional purpose of paying all or any part
13 of the cost of undertaking, acquiring, constructing, reconstructing,
14 or improving any development program, or the making of any mortgage
15 loan on any development program. The corporation, in its discretion,
16 may apply the proceeds of any bonds or notes issued for the purpose of
17 refunding outstanding bonds or notes to the purchase or retirement at
18 maturity or redemption of the outstanding bonds or notes either on
19 their earliest or any subsequent redemption date, and pending such
20 application, may place the proceeds in escrow to be applied to such
21 purchase or retirement at maturity or redemption at the date the
22 corporation determines. Any escrowed proceeds, pending their use, may
23 be invested and reinvested in obligations, securities and other
24 investments as provided in the resolution or resolutions authorizing
25 the refunding bonds or notes. The interest, income and profits, if
26 any, realized on any such investment may also be applied to the payment
27 of the outstanding bonds or notes to be refunded. After the terms of
28 the escrow have been fully satisfied, any balance of the proceeds, and
29 interest, income and profits, if any, earned or realized on the invest-

1 ments chereof, may be returned to the corporation for its use in any
2 lawful manner. ' All such bonds or notes shall be issued and secured
3 and shall be subject to the provisions of this chapter in the same
4 manner and to the same extent as any other bonds or notes issued
5 pursuant to this chapter.

6 (f) All bonds or notes of the corporation shall be authorized by
7 resolution of the board of directors, which resolution of the board of
8 directors may contain provisions with respect to any of the matters
9 referred to in subsection (a) - (f) of Sec. 80 of this chapter, as
10 well as any other matters which in any way affect the security or
11 protection of the bonds or notes. Any such resolution may be made a
12 part of the contract with the holders thereof.

13 Sec. 44.63.085. SECURITY FOR BONDS OR NOTES. (a) The principal
14 of and interest on any bonds or notes issued by the corporation may be
15 secured by a pledge of any revenues and receipts of the corporation
16 and may be secured by a mortgage or other instrument covering all or
17 any part of any real or personal property or all or any part of a
18 development program, including any additions, improvements, extensions
19 to or enlargements of any development program or part thereof.

20 (b) Bonds or notes issued for the acquisition, construction,
21 reconstruction, or improvement of a development program or any part
22 thereof may also be secured by an assignment of any lease of, or sales
23 contract or mortgage on, such development program or part thereof and
24 by an assignment of the revenues and receipts derived by the corpora-
25 tion from any such lease, sales contract, or mortgage.

26 (c) The resolution under which the bonds or notes are authorized
27 to be issued and any such mortgage, lease, sales contract, or other
28 instrument may contain agreements and provisions respecting the main-
29 tenance of the development program or programs covered thereby,

1 the fixing and collection of rents or other revenues therefrom, includ-
2 ing monies received in repayment of mortgage loans, and interest
3 thereon, the creation and maintenance of special funds from such rents
4 or other revenues and the rights and remedies available in the event
5 of default, all as the corporation deems advisable.

6 (d) In connection with the issuance of bonds or notes, and in
7 order to further secure the payment of such obligations, the corpora-
8 tion, in addition to its other powers, may:

9 (1) Covenant against pledging all or a part of its rents,
10 receipts and other revenues, or against mortgaging all or a part of
11 its real or personal property, to which its right or title exists or
12 may come into existence or against permitting or suffering any lien on
13 the revenues or property or as to the use and disposition of such
14 revenues;

15 (2) Covenant with respect to limitations on its right to
16 sell, lease or otherwise dispose of personal or real property, improved
17 or unimproved, or any part thereof;

18 (3) Covenant as to what other or additional debts or obliga-
19 tions may be incurred by it;

20 (4) Covenant as to the bonds or notes to be issued and as
21 to the issuance of the bonds or notes in escrow or otherwise, and as
22 to the use and disposition of the proceeds of bonds or notes;

23 (5) Provide for the replacement of lost, destroyed or
24 mutilated bonds or notes;

25 (6) Covenant against extending the time for the payment of
26 its bonds or interest on the bonds or notes;

27 (7) Prescribe the procedure by which the terms of a contract
28 with bondholders or noteholders may be amended or abrogated, the
29 amount of bonds or notes the holders of which must consent thereto and

1 the manner in which the consent may be given;

2 (8) Covenant as to the rights, liabilities, powers and
3 duties arising upon the breach by it of a covenant, condition, or
4 obligation, and covenant and prescribe as to events of default and
5 terms and conditions upon which any or all of its bonds or notes shall
6 become or may be declared due before maturity, and covenant as to the
7 terms and conditions upon which this declaration and its consequences
8 may be waived;

9 (9) Vest in a trustee or trustees or the holders of bonds
10 or notes or a specified proportion of them, the right to enforce the
11 payment of the bonds or notes or covenants securing or relating to the
12 bonds or notes;

13 (10) Vest in one or more trustees the right, in the event
14 of a default by the corporation, to take possession of any real property
15 or improvements constituting a development program or any part thereof,
16 and so long as the corporation continues in default to retain posses-
17 sion and to use, operate and manage said real property and improve-
18 ments, and to collect the rents and revenues therefrom, and to dispose
19 of the money according to an agreement between the corporation and the
20 trustees;

21 (11) Provide for the powers and duties of the trustees, and
22 limit the liability of the trustees;

23 (12) Provide the terms and conditions upon which the trustee
24 or trustees or the holders of bonds or notes, or portions of bonds or
25 notes, may enforce a covenant or right securing or relating to the
26 bonds or notes; and

27 (13) Make covenants other than and in addition to the
28 covenants expressly authorized in this subsection, of like or different
29 character, and to make covenants to do or refrain from doing acts and

1 things as may be necessary, or convenient and desirable, in order to
2 better secure bonds or notes or which, in the absolute discretion of
3 the corporation, will tend to make bonds or notes more marketable,
4 notwithstanding that the covenants, acts or things may not be enumerated
5 in this subsection.

6 (e) Each pledge, agreement, mortgage or other instrument made
7 for the benefit or security of any of the bonds or notes of the corpora-
8 tion shall continue effective until the principal of and interest on
9 the bonds or notes for the benefit of which the same were made shall
10 have been fully paid, or until provision shall have been made for
11 payment in the manner provided in the resolution or resolutions under
12 which the same may be authorized. The pledge of assets or revenues of
13 the corporation to the payment of the principal or interest on any
14 bonds or notes is valid and binding from the time the pledge is made
15 and any such assets or revenues are immediately subject to the lien of
16 the pledge without physical delivery or further act. The lien of any
17 pledge is valid and binding against all parties having claims of any
18 kind in tort, contract or otherwise against the corporation, irrespec-
19 tive of whether those parties have notice of the lien of the pledge.

20 (f) The corporation may provide in any proceedings under which
21 bonds or notes may be authorized that any development program or part
22 thereof may be constructed, reconstructed or improved by the corpora-
23 tion, or any lessee or any purchaser from or any designee of the
24 corporation, and may also provide in such proceedings for the time and
25 manner of and requisites for disbursements to be made for the cost of
26 such construction, and for all such certificates and approvals of
27 construction and disbursement as the corporation deems necessary and
28 provides for in such proceedings.

29 (g) If the corporation deems it advisable, the corporation may

1 retain, in the proceedings under which any of its bonds or notes are
2 authorized to be issued, an option to redeem all or any part thereof
3 as specified in such proceedings, at the price or prices, after any
4 notice or notices, and on the terms and conditions as are set forth in
5 such proceedings and as are stated on the face of the bonds or notes,
6 but nothing herein contained shall be construed to give the corporation
7 any right or option to redeem any bonds or notes except as is provided
8 in the proceedings under which they are issued.

9 Sec. 44.63.090. RESERVE FUNDS. (a) The corporation may establish
10 one or more reserve funds to be known as debt service reserve funds
11 and may pay into such reserve funds (1) any proceeds of sale of bonds
12 and notes to the extent provided in the resolution of the corporation
13 authorizing the issuance thereof, and (2) any other monies which are
14 available to the corporation, for the purposes of such funds, from the
15 state or from any other source or sources. The monies held in or
16 credited to any debt service reserve fund established under this
17 section, except as hereinafter provided, shall be used solely for the
18 payment of the principal of bonds of the corporation secured by such
19 reserve fund, as the same mature, the purchase of such bonds of the
20 corporation, the payment of interest on such bonds of the corporation
21 or the payment of any redemption premium required to be paid when such
22 bonds are redeemed prior to maturity; provided, however, that monies
23 in any such fund may not be withdrawn therefrom at any time in such
24 amount as would reduce the amount of the fund to less than the required
25 debt service reserve, except for the purpose of paying principal and
26 interest on the bonds of the corporation secured by such reserve fund
27 maturing and becoming due and for the payment of which other monies of
28 the corporation are not available. Any income or interest earned by,
29 or increment to, any such debt service reserve fund due to the invest-

1 ment thereof may be transferred to any other fund or account of the
2 corporation to the extent it does not reduce the amount of such debt
3 service reserve fund below the required debt service reserve. As used
4 in this section, "required debt service reserve" means, as of the date
5 of computation, the amount required to be on deposit in the reserve
6 fund as provided by resolution of the corporation.

7 (b) The corporation may not issue bonds at any time unless there
8 is in the reserve fund the required debt service reserve for all bonds
9 then issued and outstanding and for the bonds to be issued unless the
10 corporation, at the time of issuance of such bonds, deposits in the
11 reserve fund from the proceeds of the bonds to be issued, or otherwise,
12 an amount which together with the amount then in the reserve fund,
13 will be not less than required debt service reserve.

14 (c) To assure the continued operation and solvency of the cor-
15 poration for the carrying out of the public purposes of this chapter,
16 provision is made in subsection (a) of this section for accumulation
17 in each debt service reserve fund of the required debt service reserve.
18 In order further to assure the maintenance of such required debt
19 service reserve, there may be annually paid by the state to the corpora-
20 tion for deposit in each debt service reserve fund such sum, if any,
21 as shall be certified by the chairman of the corporation to the governor
22 as necessary to restore such reserve fund to the required debt service
23 reserve fund. The chairman of the corporation shall annually, on or
24 before January 1 of any year, make and deliver to the governor and to
25 the chairpersons of the House and Senate Finance Committees, his
26 certificate stating the sum, if any, required to restore each such
27 debt service reserve fund to the amount aforesaid, and the sum or sums
28 so certified, if any, may be appropriated by the legislature and paid
29 to the corporation during the then current state fiscal year. Nothing

1 in this subsection creates a debt or liability of the state.

2 (d) In computing any debt service reserve fund for the purposes
3 of this section, securities in which all or a portion of the reserve
4 fund shall be invested shall be valued at par, or if purchased at less
5 than par, at their cost to the corporation.

6 (e) Whenever the corporation has established a debt service
7 reserve fund, the commissioner of revenue may lend surplus money in
8 the general fund to the corporation for deposit in a debt service
9 reserve fund in an amount equal to the required debt service reserve.
10 The loans shall be made on such terms and conditions as may be agreed
11 upon by the commissioner of revenue and the corporation, including
12 without limitation, terms and conditions providing that the loans need
13 not be repaid until the obligations of the corporation secured and to
14 be secured by the debt service reserve fund are no longer outstanding.

15 (f) The corporation may establish additional reserves or other
16 funds or accounts as may be, in its discretion, necessary, desirable,
17 or convenient to further the accomplishment of its purposes or to
18 comply with the provisions of any of its agreements or resolutions.

19 Sec. 44.63.095. AGREEMENTS OF THE STATE WITH RESPECT TO BONDS.
20 The state hereby pledges to and agrees with the holders of any bonds
21 or notes issued under this chapter, that the state will not limit or
22 alter the rights hereby vested in the corporation to fulfill the terms
23 of any agreements made with the holders thereof, or in any way impair
24 the rights and remedies of such holders until such bonds or notes,
25 together with the interest hereon, with interest on any unpaid install-
26 ments of interest, and all costs and expenses in connection with any
27 action or proceeding by or on behalf of such holders, are fully met
28 and discharged. The corporation may include this pledge and agreement
29 of the state in any agreement with the holders of such bonds or notes.

1 Sec. 44.63.100. CREDIT OF STATE NOT PLEDGED. The bonds or notes
2 of the corporation do not constitute a debt, liability or obligation
3 of the state or any political subdivision of the state, and each bond
4 or note shall so state on its face. The obligations of the corporation
5 are payable solely from the funds and properties of the corporation
6 pledged therefor, and the corporation may not pledge the faith and
7 credit or the taxing power of the state or of any political subdivi-
8 sion of the state to the payment of any principal of or interest on
9 any obligation of the corporation. Bonds and notes of the corporation
10 do not constitute a debt, indebtedness or the borrowing of money
11 within the meaning of any limitation or restriction on the issuance of
12 bonds contained in the constitution or laws of the state.

13 Sec. 44.63.105. BONDS AND NOTES AS LEGAL INVESTMENTS. The bonds
14 and notes of the corporation are securities in which all public
15 officers and bodies of this state and all municipalities thereof, all
16 insurance companies and associations and other persons carrying on an
17 insurance business, all banks, trust companies, savings banks and
18 savings associations, investment companies and other persons carrying
19 on a banking business, all administrators, guardians, executors,
20 trustees and other fiduciaries and all other persons whomsoever are
21 now or may hereafter be authorized to invest in bonds or other obliga-
22 tions of the state may properly and legally invest funds including
23 capital in their control or belonging to them.

24 ARTICLE 5. STATE GENERAL OBLIGATION BONDS.

25 Sec. 44.63.110. STATE GENERAL OBLIGATION BONDS. (a) For the
26 purpose of paying the costs of capital improvements for the new state
27 capital, general obligation bonds of the state in the principal amount
28 of not more than \$966,000,000 shall be issued and sold. The full
29 faith, credit and resources of the state are pledged to the payment of

1 the principal of and interest and redemption premium, if any, on these
2 bonds. These bonds shall be issued under the provisions of AS 37.15
3 as those provisions read at the time of issuance. It is the intention
4 of the legislature that the bonds be issued by the State Bond Committee
5 in no greater than the following amounts in the following years:
6 1978 - none, 1979 - none, 1980 - \$8,800,000, 1981 - \$30,800,000,
7 1982 - \$58,700,000, 1983 - \$64,400,000, 1984 - \$63,300,000, 1985 -
8 \$51,500,000, 1986 - \$63,700,000, 1987 - \$58,400,000, 1988 - \$78,600,000,
9 1989 - \$83,100,000, 1990 - \$92,800,000, 1991 - \$87,800,000, 1992 -
10 \$104,500,000, 1993 - \$80,200,000 and 1994 - \$39,400,000. However, if
11 the board of directors of the corporation makes recommendations to the
12 State Bond Committee as to a different schedule of bonds to be issued
13 for the purpose of this section consistent with the recommendation
14 made by the committee established pursuant to Sec. 50 of this chapter,
15 the State Bond Committee shall issue the bonds in accordance with the
16 recommendations unless the State Bond Committee determines that the
17 orderly marketing of state general obligation bonds requires either
18 the above schedule or a new schedule.

19 (b) If the qualified voters of the state approve the issuance of
20 these bonds, a special fund of the state to be known as the "1978 New
21 Capital Facilities Construction Fund" shall be established, to which
22 shall be credited \$604,100,000 of proceeds of the sale of the bonds
23 described in subsection (a) hereof, except for the accrued interest
24 and premiums. There is appropriated from the "1978 New Capital
25 Facilities Construction Fund" to the corporation the amount of
26 \$604,100,000. The governor shall allocate the proceeds of these bonds
27 to the corporation for capital facilities projects in accordance with
28 the development program of the corporation.

29 (c) If the qualified voters of the state approve the issuance of

1 these bonds, a special fund of the state to be known as the "1978 New
2 Capital Water, Sewer and Heating Plant Construction Fund" shall be
3 established, to which shall be credited \$22,000,000 of proceeds of the
4 sale of the bonds described in subsection (a) hereof, except for the
5 accrued interest and premiums. There is appropriated from the "1978
6 New Capital Water, Sewer and Heating Plant Construction Fund" to the
7 corporation the amount of \$21,900,000. The governor shall allocate
8 the proceeds of these bonds to the corporation for water, sewer and
9 heating plant projects in accordance with the development plan of the
10 corporation.

11 (d) If the qualified voters of the state approve the issuance of
12 these bonds, a special fund of the state to be known as the "1978 New
13 Capital School Construction Fund" shall be established, to which shall
14 be credited \$260,700,000 of proceeds of the sale of the bonds described
15 in subsection (a) hereof, except for the accrued interest and premiums.
16 There is appropriated from the "1978 New Capital School Construction
17 Fund" to the Matanuska-Susitna Borough the amount of \$260,700,000.
18 The governor shall allocate the proceeds of these bonds to the Matanuska-
19 Susitna Borough for school projects in accordance with the development
20 plan of the corporation and any agreements entered into pursuant to
21 this chapter.

22 (e) If the qualified voters of the state approve the issuance of
23 these bonds, a special fund of the state to be known as the "1978 New
24 Capital University of Alaska Construction Fund" shall be established,
25 to which shall be credited \$9,200,000 of proceeds of the sale of the
26 bonds described in subsection (a) hereof, except for the accrued
27 interest and premiums. There is appropriated from the "1978 New
28 Capital University of Alaska Construction Fund" to the corporation the
29 amount of \$9,200,000. The governor shall allocate the proceeds of

1 these bonds to University of Alaska projects in accordance with the
2 development program of the corporation and in accordance with agreements
3 between the University of Alaska and the corporation.

4 (f) If the qualified voters of the state approve the issuance of
5 these bonds, the following further special funds of the state shall be
6 established to which shall be credited the following amounts of the
7 sale of bonds described in subsection (a) hereof, except for the
8 accrued interest and premiums:

- 9 (1) 1978 New Capital Highway Construction Fund
10 \$65,100,000
11 (2) 1978 New Capital Airport Construction Fund
12 \$5,000,000

13 These amounts are appropriated from said funds to the Department of
14 Transportation and Public Facilities for said purposes and shall be
15 allocated by the governor for expenditure in accordance with the
16 general development plan of the corporation.

17 (g) If the qualified voters of the state approve the issuance of
18 these bonds, the amount of \$1,500,000 or as much of that amount as is
19 found necessary is appropriated from the general fund of the state to
20 the State Bond Committee to carry out the provisions of this section
21 and to pay expenses incident to the sale and issuance of the bonds
22 authorized in this section. The amounts expended from the appropriation
23 authorized by this section shall be reimbursed to the general fund
24 from the proceeds of the sale of the bonds authorized by this section.

25 (h) Any amount withdrawn from the Public Facility Planning Fund
26 for the purpose of advance planning for the improvements financed
27 under this section shall be reimbursed to the fund from the proceeds
28 of the sale of bonds authorized by this section.

29 (i) The question whether the bonds authorized in this section

1 are to be issued shall be submitted to the qualified voters of the
2 state at the next general election and shall read substantially as
3 follows:

4 Proposition

5 State General Obligation New State

6 Capital Construction Bonds \$966,000,000

7 Shall the State of Alaska issue its general
8 obligation bonds in the principal amount of
9 not more than \$966,000,000 for the purpose
10 of paying the costs of capital improvements
11 for the new State capital?

12 Bonds Yes []

13 Bonds No []

14 ARTICLE 6. GENERAL PROVISIONS.

15 Sec. 44.63.115. EXECUTIVE BUDGET ACT. The corporation is not
16 subject to the provisions of the Executive Budget Act. (AS 37.15)

17 Sec. 44.63.120. ANNUAL BUDGET. The board of directors shall
18 review and approve, by a two-thirds vote of members of the board, the
19 annual operational and capital program and budget for the corporation
20 and may, by such vote, amend the same from time to time. No corporate
21 funds may be expended or monies borrowed except in accordance with an
22 approved annual operational or capital program and budget, as the same
23 may be amended.

24 Sec. 44.63.125. ANNUAL REPORT. The corporation shall submit to
25 the governor, the Legislative Budget and Audit Committee, and the
26 committee established by Sec. 50 of this chapter, within three months
27 after the end of the corporation's fiscal year, a complete financial
28 report audited by a certified public accountant or firm of certified
29 public accountants, which shows (1) its receipts and expenditures

1 during its fiscal year; (2) its assets and liabilities at the end of
2 its fiscal year, including a schedule of its leases and mortgages and
3 the status of reserve, special and other funds; and (3) a schedule of
4 its bonds and notes outstanding at the end of its fiscal year together
5 with a statement of the amounts redeemed and incurred during its
6 fiscal year, and which also sets forth statements in detail of (1) the
7 progress of fulfillment of the financial and economic projections
8 contained in the general development and specific development plans,
9 and (2) its operations and accomplishments and any material problems
10 encountered in implementing the development plan.

11 Sec. 44.63.130. SPECIAL PROVISIONS RELATING TO DIRECTORS OF THE
12 CORPORATION AND MEMBERS OF THE ADVISORY COUNCIL. No director or
13 employee of the corporation or member of the development advisory
14 board may participate in any decision of the corporation relating to
15 any private firm in which he has a direct or indirect financial
16 interest.

17 Sec. 44.63.135. LIMITATION OF LIABILITY. Any person executing
18 any bond or note of the corporation is not liable personally on such
19 obligations by reason of their issuance.

20 Sec. 44.63.140. DEFINITIONS. In this chapter, unless the context
21 requires otherwise:

22 (1) "bonds" and "notes" mean, except in Sec. 110 of this
23 chapter, the bonds and notes, respectively, issued by the corporation
24 pursuant to this chapter.

25 (2) "capital city area" or "capital city site" means the
26 area specified in AS 29.18.540.

27 (3) "capital city" means the municipality, constituting a
28 political subdivision of the state, established and created pursuant
29 to AS 29.18.500, et seq.

1 (4) "corporation" means the corporate governmental instru-
2 mentality created by Sec. 20 of this chapter.

3 (5) "development advisory board" means the advisory board
4 created pursuant to Sec. 20 of this chapter.

5 (6) "development program" means one or more works, under-
6 takings or improvements (surface, subsurface, or overhead) or buildings
7 constructed, reconstructed, or improved or to be constructed, re-
8 constructed, or improved by the corporation within the capital city
9 area, pursuant to one or more specific development plans, all as the
10 corporation deems necessary or appropriate.

11 (7) "facility" means any utility or infra-structure plant
12 and any system or improvement, whether used or useful for residential,
13 educational, commercial, institutional, community, private, semi-
14 private or public purposes, including, without limitation, facilities
15 such as roads and public transportation systems, parks and recreational
16 facilities, water, sewer and drainage systems, electric, telephone and
17 other energy or communications systems or utilities and health, edu-
18 cational and community facilities, and private facilities such as
19 housing, commercial and industrial enterprises, in each case of what-
20 ever kind or character and under whatever form of ownership, and all
21 real or personal property necessary in connection therewith.

22 (8) "general development plan" means a general land use and
23 land development plan for the capital city area which contains the
24 elements more particularly set forth in Sec. 30 of this chapter.

25 (9) "governor" means the governor of the State of Alaska.

26 (10) "improved real property" means land on which there are
27 structures to be used for governmental, public, residential, commercial,
28 industrial or institutional purposes or land used in connection with
29 such structures, all pursuant to the general development plan.

1 (11) "real property" or "lands" means any right, title or
2 interest in real property of any kind, including but without limitation,
3 lands under water and subsurface or air rights separated from surface
4 rights.

5 (12) "legislature" means the legislature of the State of
6 Alaska.

7 (13) "municipality" means a home rule or general law city
8 or borough including but not limited to the capital city and a unified
9 municipality organized under AS 29.68.

10 (14) "private firm" means any private person, partnership,
11 corporation, foundation, trust or other business entity whether
12 organized for profit or not for profit.

13 (15) "public agency" means any officer, department, board,
14 commission, bureau, division, public corporation, agency or instru-
15 mentality of the state, the United States or any municipality.

16 (16) "required debt service reserve" has the meaning assigned
17 to the term in Sec. 90 of this chapter.

18 (17) "regulations" means actions of the corporation to
19 implement Secs. 25(22), 55 and 65 of this chapter adopted in accordance
20 with Sec. 20(h) of this chapter and any other action by the corporation
21 which it determines to take in the manner provided in Sec. 20(h) of
22 this chapter to implement any other provision of this chapter.

23 (18) "specific development plans" means the various plans
24 for the implementation of each phase or segment of the general develop-
25 ment plan, which contain the elements more particularly set forth in
26 Secs. 30 and 35 of this chapter, respectively.

27 (19) "state" means the State of Alaska.

28 * Sec. 2. AS 18.56.210(12) is amended to read:

29 (12) "remote, underdeveloped or blighted areas" means areas

1 considered by the corporation to require assistance available under
2 this chapter on account of insufficient availability of the residential
3 housing necessary to promote, develop or maintain the economic growth
4 or potential of the area, taking into consideration, without limitation,
5 the following:

6 (A) the population, resources and environment of the
7 area;

8 (B) the present availability and condition of residential
9 housing in and near the area;

10 (C) the cost of construction and rehabilitation of
11 residential housing in the area;

12 (D) the availability of other federal or state sponsored
13 programs to facilitate the development of residential housing in
14 the area; and

15 (E) the ability of residents of the area to finance the
16 purchase of residential housing or to rent or lease such housing
17 at rates comparable to those in effect in other areas of the
18 state.

19 The term "underdeveloped area" also includes the capital city area
20 as defined in AS 44.63.130 until its population exceeds 37,500 as
21 determined by the Department of Community and Regional Affairs.

22 * Sec. 3. AS 44.58.270 is amended by adding new subsection (1) to read
23 as follows.

24 (1) All references to the "reserve fund" in this section are
25 deemed to include special accounts within the reserve fund which may
26 be created by the authority to secure the payment of particular bonds
27 including, without limitation, bonds issued by the capital city
28 established pursuant to AS 29.18.530. The commissioner of revenue may
29 lend surplus money in the general fund to the corporation for deposit

1 to any account in the reserve fund in an amount equal to the required
2 debt service reserve. The loans shall be made on such terms and
3 conditions as may be agreed upon by the commissioner of revenue and
4 the authority, including, without limitation, terms and conditions
5 providing that the loans need not be repaid until the obligations of
6 the corporation secured and to be secured by the account in the reserve
7 fund are no longer outstanding.

8 * Sec. 4. The commissioner of revenue may loan not in excess of \$96,200,-
9 000 from surplus moneys in the general fund to the Alaska State Housing
10 Authority for the purpose of providing housing for persons of lower income
11 in the capital city area. The amounts loaned shall be used by the authority
12 for such purpose in accordance with the provisions of AS 18.55.300-370.
13 The loan or loans by the commissioner of revenue to the authority shall be
14 made at the rate or rates of interest and upon the terms and conditions as
15 the commissioner of revenue and the authority may agree upon.

16 * Sec. 5. AS 29 is amended by adding a new chapter to read:

17 TITLE 29. MUNICIPAL GOVERNMENT.

18 CHAPTER 18. INCORPORATION.

19 ARTICLE 5. CAPITAL CITY INCORPORATION.

20 Sec. 29.18.500. SHORT TITLE. This article may be cited as the
21 Capital City Incorporation Act.

22 Sec. 29.18.510. LEGISLATIVE FINDINGS. The legislature finds
23 that:

24 (1) the relocation of the capital site of the State of
25 Alaska to the capital city area, as mandated by the people of the
26 state, and incorporation of a municipality encompassing the capital
27 city area in order to implement that relocation are subjects of
28 special concern;

29 (2) there is a need for a municipality encompassing the

1 .capital city area, prior to the arrival of any resident population, in
2 order to assist in the planning and development of the capital city
3 area, apply for grants, loans, technical assistance or other available
4 forms of aid, negotiate and enter into cooperative agreements with
5 other governmental entities and prepare to provide services to the
6 anticipated population;

7 (3) the present absence of a resident population and the
8 projected arrival of a large resident population at the capital city
9 area create unique circumstances requiring the creation of a special
10 governmental framework to prepare for the initial governance of the
11 capital city area, and to assist the Alaska Capital City Development
12 Corporation in the implementation of the general development plan and
13 specific development plans for the capital city;

14 (4) it is in the best interest of the citizens of the state
15 to incorporate a capital city in the capital city area at this time
16 and to invest it with the powers and duties specified by law in order
17 to assure a well-planned and well-governed community; and

18 (5) there is no generally applicable statute which would
19 adequately carry out the purposes of this chapter.

20 Sec. 29.18.520. DEFINITIONS. In this article, unless the context
21 requires otherwise:

22 (1) "capital city area" is the area described in AS 29.18.540.

23 (2) "capital city" is the municipality, constituting a
24 political subdivision of the state and incorporated by this chapter,
25 which has the powers and duties specified by law.

26 (3) "development corporation" is the Alaska Capital City
27 Development Corporation, a corporate governmental instrumentality
28 created by AS 44.63.020.

29 (4) "general development plan" has the same meaning as pro-

1 vided in AS 44.63.030 and includes amendments to the general development
2 plan.

3 (5) "specific development plan" has the same meaning as
4 provided in AS 44.63.035 and includes amendments to each specific
5 development plan.

6 Sec. 29.18.530. INCORPORATION. There is hereby created and
7 incorporated a city of the state as the capital city of Alaska which
8 is a municipal corporation and political subdivision of the state, and
9 which is a city of the second class within the Matanuska-Susitna
10 Borough. The name of the city shall be determined according to a
11 procedure established by law. No action of the Local Boundary Commission
12 is required in connection with the incorporation of the capital city
13 pursuant to this chapter. The residents of the capital city may
14 petition to change the classification of the capital city as a munici-
15 pality in the manner provided by law, provided, however, that the
16 capital city may not dissolve without the approval of the governor and
17 the legislature.

18 Sec. 29.18.540. BOUNDARIES. The boundaries of the capital city
19 shall include all of that area of land designated by the voters of
20 Alaska as the new capital site of the state, which is more particularly
21 described in Sec. 680 of this chapter. No change in boundaries is
22 effective without the approval of the legislature and the governor.

23 Sec. 29.18.550. CITY COUNCIL. (a) Until council members elected
24 by the residents of the capital city take office as provided in Sec.
25 590 of this chapter, the council of the capital city shall have five
26 members, four of whom shall be appointed by the governor and shall
27 serve at the pleasure of the governor. The development corporation
28 shall designate a person who shall serve as a member of the council.
29 The council members appointed by the governor or designated by the

1 development corporation shall serve an initial term which expires on
2 the Monday following the first Tuesday in October of the calendar year
3 following the calendar year of initial appointment or designation.
4 Council members may be reappointed by the governor or redesignated by
5 the development corporation. Except as provided in Sec. 590 of this
6 chapter, the successors of the initial appointees and designee shall
7 serve for a term of two years commencing on the date the initial
8 appointments and designation expire, as provided above. Each appointee
9 and designee shall hold office for the term of his appointment and
10 until his successor has been appointed or designated and has qualified.

11 (b) Council members appointed by the governor or designated by
12 the development corporation need not be residents of the capital city.

13 (c) The members of the council shall designate one of their
14 number to serve as chairman of the council. The chairman presides at
15 council meetings, determines the agenda for council meetings, and
16 carries out the other duties specified by ordinance.

17 Sec. 29.18.560. FILLING A VACANCY. If a vacancy occurs in the
18 council as constituted under Sec. 550 of this chapter among the members
19 appointed by the governor, the governor shall designate the replacement
20 who shall serve for the unexpired portion of the term.

21 Sec. 20.18.570. APPOINTMENT OF CITY OFFICIALS. (a) Until a
22 mayor is elected pursuant to Sec. 590 of this chapter, the council
23 shall appoint a city manager for the capital city, who shall not be
24 one of its members, to serve at the pleasure of the council.

25 (b) Except to the extent that the council assigns functions or
26 duties to the other city officials, and except that the city manager
27 may neither preside at council meetings nor vote at council meetings,
28 the city manager has the powers and duties of all executive and
29 administrative city officials set out in this title.

1 (c) The council may, at its discretion, appoint additional city
2 officials, who shall assume the duties specified by ordinance.

3 Sec. 29.18.580. PROCEDURES. Until council members elected by
4 the residents of the capital city take office as provided in Sec. 590
5 of this chapter,

6 (1) The council shall meet at least once every month, at the
7 location of its choice, unless otherwise provided by ordinance.
8 Special meetings may be held on the call of the chairman or two council
9 members upon not less than 24 hours written or oral notice communicated
10 to each member.

11 (2) The council shall determine its own rules and provide
12 for keeping a journal of its proceedings.

13 (3) Three council members constitute a quorum and three
14 affirmative votes are required for the passage of an ordinance, resolu-
15 tion, or motion.

16 (4) The final vote on each ordinance, resolution, or sub-
17 stantive motion shall be a recorded roll call vote. All council
18 members present shall vote unless the council, for special reasons,
19 permits a member to abstain.

20 (5) The council may provide for meetings to be held and
21 formal action to be taken by conference telephone.

22 (6) Whenever the council is required by law, to provide
23 public notice or to publish notice in a newspaper of general circula-
24 tion within the municipality, that element of notice shall be satisfied
25 if (A) the notice is published in a newspaper of general circulation
26 within the Matanuska-Susitna Borough and (B) when the notice is given
27 in connection with a planned public hearing in a municipality outside
28 the Matanuska-Susitna Borough, if the notice is also published in a
29 newspaper of general circulation within that municipality.

1 Sec. 29.18.590. TRANSITION. (a) When the capital city attains
2 a population of 25 permanent residents, as certified by the lieutenant
3 governor based on the best information available, the lieutenant
4 governor shall notify the council of this determination. The lieutenant
5 governor shall specify an election date which shall be the first
6 Tuesday of October following the said notification, except that if it
7 shall be less than six months from the date of said certification to
8 the first Tuesday of October then the election date shall be the first
9 Tuesday of October of the year following. The elected members shall
10 take office on the Monday following the election.

11 (b) After the lieutenant governor has specified the election
12 date, the council shall make arrangements for an election at which
13 five council members shall be elected in the manner prescribed by
14 ordinance. The expenses of the election shall be borne by the state.
15 The council of the capital city shall have seven members. The governor
16 shall designate two council members holding office on the date of said
17 election to remain members of the council for a two year term commencing
18 on the date the elected council members take office. The successors
19 to said appointed council members shall be elected by the residents,
20 except that if either of the appointed council members shall leave
21 office during the two years, the governor may appoint a successor.
22 All other appointed or designated council members shall leave office
23 whether or not their term of office has then expired. The council
24 shall by ordinance adopted prior to the election provide for the
25 manner of nominating candidates for office and for the election
26 procedures. The term of elected council members is two years, provided,
27 however, that three of the members are elected for an initial term of
28 one year and the remainder for two years. A mayor shall be chosen
29 from among the members of the council in the manner provided by law

and ordinance.

1 Sec. 29.18.610. POWERS. The capital city is a second class city
2 and, except as otherwise provided herein, has all of the powers of a
3 second class city as provided by this title and by law. The Matanuska-
4 Susitna Borough may not, without the approval of the legislature,
5 assume or exercise an area-wide power within the capital city area for
6 a period of five years from the date of the election described in Sec.
7 590(b) of this chapter except pursuant to an agreement with the capital
8 city and the development corporation entered into under Sec. 660 of
9 this chapter, and except for those powers being exercised on an area-
10 wide basis on January 1, 1978.

11 Sec. 29.18.620. PUBLIC SCHOOLS. The capital city and the
12 Matanuska-Susitna Borough shall enter into a cooperative agreement, to
13 which the development corporation and the state may be a party, respect-
14 ing the timely provision of public schools in the capital city area in
15 accordance with the general development plan. Payments to fund the
16 annual cost of repayment of principal, and interest accrued thereon,
17 obligated by such borough for construction of public schools included
18 in the general development plan in the capital city area shall be made
19 to such borough by the state in each year at such time or times as
20 necessary for the borough to meet its applicable repayment dates. The
21 capital costs, in such amounts and when required in accordance with
22 the general and applicable specific development plans, shall be provided
23 to the borough by the state with the proceeds of general obligation
24 bonds issued pursuant to AS 44.63.110.

25 Sec. 29.18.630. TAXING POWER. So long as it is a second class
26 city, the capital city may be referendum levy real and personal pro-
27 perty taxes at a rate not to exceed the maximum rate then permitted by
28 law for first class cities.
29