

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 717

1 however, at the end of each fiscal year, if the amount in the reserve fund is in excess of the
2 required debt service reserve, any amount representing earnings or income received on account
3 of money appropriated to the reserve fund that exceeds the operating expenses of the corporation
4 for that fiscal year shall be transferred to the general fund of the state.

5 (i) All references to the reserve fund in this section include special accounts within the
6 reserve fund that may be created by the corporation to secure the payment of particular bonds.
7 The commissioner of revenue may lend surplus money in the general fund to the corporation for
8 deposit to any account in the reserve fund in an amount equal to the required debt service
9 reserve. The loans shall be made on the terms and conditions that may be agreed upon by the
10 commissioner of revenue and the corporation, including, without limitation, terms and conditions
11 providing that the loans need not be repaid until the obligations of the corporation secured and
12 to be secured by the account in the reserve fund are no longer outstanding.

13 Sec. 14.40.956. COOPERATION WITH OTHER AUTHORITIES. In issuing a bond,
14 the corporation may request the assistance of and work with the Alaska Industrial Development
15 and Export Authority and the Alaska Municipal Bond Bank Authority. The Alaska Industrial
16 Development and Export Authority may invest in and issue bonds for space-related projects of
17 the Alaska Aerospace Development Corporation. The Alaska Industrial Development and Export
18 Authority and the Alaska Municipal Bond Bank Authority may purchase and market bonds of
19 the Alaska Aerospace Development Corporation.

20 Sec. 14.40.961. INVESTMENT OF REVENUE. The revenue and receipts of the
21 corporation, to the extent they are not needed to pay bonds or other obligations of the corporation
22 shall be invested by the commissioner of revenue in cooperation with the corporation.

23 Sec. 14.40.966. LEGALITY OF CORPORATION BONDS AS INVESTMENTS. Bonds
24 of the corporation are legal and proper investments and security for public and private banking,
25 insurance, and trust funds.

26 Sec. 14.40.990. DEFINITIONS. In AS 14.40.821 - 14.40.990,

27 (1) "board" means the board of directors of the Alaska Aerospace Development
28 Corporation;

29 (2) "corporation" means the Alaska Aerospace Development Corporation;

30 (3) "landing site" means a site or facility designed, intended, or used for the
31 landing or recovery of space vehicles, aircraft, or balloons;

1 (4) "launch site" means a site or facility designed, intended, or used for the
2 launching of space vehicles, sounding rockets, aircraft, or balloons;

3 (5) "payload" means property or cargo, including people or animals, to be
4 transported aboard a vehicle launched by the corporation;

5 (6) "recovery" means the retrieval and recovery of space vehicles, payloads, and
6 parts that have been launched from the corporation's facilities;

7 (7) "space vehicle" means a rocket, missile, booster, or other vehicle designed,
8 intended, or used to reach high altitude.

9 * Sec. 3. AS 24.20.201(a) is amended to read:

10 (a) The Legislative Budget and Audit Committee has the power to:

11 (1) organize, adopt rules for the conduct of its business, and prescribe procedures
12 for the comprehensive fiscal analysis, budget review, and post-audit functions;

13 (2) hold public hearings, administer oaths, issue subpoenas, compel the attendance
14 of witnesses and production of papers, books, accounts, documents, and testimony, and have the
15 deposition of witnesses taken in a manner prescribed by court rule or law for taking depositions
16 in civil actions;

17 (3) require all state officials and agencies of state government to give full
18 cooperation to the committee or its staff in assembling and furnishing requested information;

19 (4) review revenue projections, state agency appropriation requests, the
20 expenditure of state funds, including the relationship between state agency program
21 accomplishments and legislative intent, and the fiscal policies and procedures of state
22 government;

23 (5) review and approve proposed changes to agency authorized budgets as
24 provided in the Executive Budget Act (AS 37.07);

25 (6) make recommendations concerning appropriations, their expenditure and the
26 fiscal policies and procedures of state government to the governor when appropriate, and to the
27 legislature;

28 (7) prepare and distribute reports, memoranda, or other necessary materials;

29 (8) sue in the name of the legislature during the interim between sessions if
30 authorized by majority vote of the full membership of the committee;

31 (9) hold public hearings on the confirmation of the members of the Board of

1 Trustees of the Alaska Permanent Fund Corporation;

2 (10) make recommendations to the legislature and to agencies of the state that
3 [WHICH] perform lending or investment functions concerning the structure and operating
4 practices of the agencies;

5 (11) enter into and enforce all contracts necessary or desirable for the functions
6 of the committee;

7 (12) provide for annual post audits of the Alaska Housing Finance Corporation,
8 the Alaska Aerospace Development Corporation, and the Alaska Industrial Development and
9 Export Authority.

10 * Sec. 4. AS 29.45.650(a) is amended to read:

11 (a) Except as provided in AS 04.21.010(c) and in (f) and (h) of this section, a borough
12 may levy and collect a sales tax on sales, rents, and on services provided in the borough. The
13 sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

14 * Sec. 5. AS 29.45.650 is amended by adding a new subsection to read:

15 (h) A borough may not levy or collect a sales tax on sales, rents, and services, or a use
16 tax on the storage, use, or consumption of personal property on the following activities:

17 (1) the sale, lease, rental, storage, consumption, or distribution in this state of or
18 the provision of services relating to an orbital space facility, space propulsion system, or space
19 vehicle, satellite, or station of any kind possessing space flight capacity, including the
20 components of them;

21 (2) the sale, lease, rental, storage, consumption, or use of tangible personal
22 property placed on or used aboard an orbital space facility, space propulsion system, or space
23 vehicle, satellite, or station of any kind, regardless of whether the tangible personal property is
24 returned to this state for subsequent use, storage, or consumption; an exemption under this
25 paragraph is not affected by the failure of a launch to occur, or the destruction of a launch
26 vehicle or a component of a launch vehicle.

27 * Sec. 6. AS 36.30.015(e) is amended to read:

28 (e) The board of directors of the Alaska Railroad Corporation and the board of
29 directors of the Alaska Aerospace Development Corporation shall adopt procedures to govern
30 the procurement of supplies, services, professional services, and construction. The procedures
31 must be substantially equivalent to the procedures prescribed in this chapter and in regulations

1 adopted under this chapter.

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

3 (1) "agency"

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

7 (B) does not include

8 (i) the University of Alaska;

9 (ii) the Alaska State Housing Authority;

10 (iii) the Alaska Railroad Corporation;

11 (iv) the Alaska Housing Finance Corporation;

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

14 (vi) the Alaska Aerospace Development Corporation;

15 * Sec. 8. AS 37.05.146 is amended to read:

16 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
17 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other
18 state money received by a state agency in connection with the performance of its functions; all
19 program receipts except the following are general fund program receipts:

20 (1) federal receipts;

21 (2) University of Alaska receipts (AS 14.40.491);

22 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
23 terms are restricted to a specific purpose;

24 (4) receipts of the following funds:

25 (A) highway working capital fund (AS 44.68.210);

26 (B) correctional industries fund (AS 33.32.020);

27 (C) loan funds;

28 (D) international airport revenue fund (AS 37.15.430);

29 (E) funds managed by the Alaska State Housing Authority (AS 18.55.020),
30 the Alaska Housing Finance Corporation (AS 18.56.020), the Medical Indemnity
31 Corporation of Alaska (AS 21.88.020), the Alaska Railroad Corporation (AS 42.40.010),

1 the Municipal Bond Bank Authority (AS 44.85.020), the Alaska Aerospace Development
2 Corporation (AS 14.40.821), or the Alaska Industrial Development and Export Authority
3 (AS 44.88.020);

4 (F) fish and game fund (AS 16.05.100);

5 (G) school fund (AS 43.50.140);

6 (H) training and building fund (AS 23.20.130);

7 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
8 former AS 39.37);

9 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

10 (K) public school fund (AS 37.14.110);

11 (L) second injury fund (AS 23.30.040);

12 (M) fishermen's fund (AS 23.35.060);

13 (N) FICA administration fund (AS 39.30.050).

14 * Sec. 9. AS 38.05.810 is amended by adding a new subsection to read:

15 (h) The commissioner may issue permits to the Alaska Aerospace Development
16 Corporation for purposes of down range space vehicle or payload overflight, booster retrieval,
17 and recovery. The commissioner may, if it is in the best interests of the state, lease land to the
18 Alaska Aerospace Development Corporation for other space-related purposes for, or at less than
19 the appraised market value.

20 * Sec. 10. AS 39.25.110(11) is amended to read:

21 (11) the officers and employees of the following boards, commissions, and
22 authorities:

23 (A) Alaska Gas Pipeline Financing Authority;

24 (B) Alaska Permanent Fund Corporation;

25 (C) [REPEALED,

26 (D)] Alaska Industrial Development and Export Authority;

27 (D) [(E)] Alaska Commercial Fisheries Entry Commission;

28 (E) [(F)] Alaska Commission on Postsecondary Education;

29 (F) Alaska Aerospace Development Corporation;

30 * Sec. 11. AS 39.50.200(b) is amended by adding a new paragraph to read:

31 (52) the board of directors and the executive director of the Alaska Aerospace

1 Development Corporation (AS 14.40.821).

2 * Sec. 12. AS 44.99.200(b) is amended to read:

3 (b) The determination under (a) of this section shall be made by the

4 (1) commissioner of administration for a state agency in the executive branch,
5 except as provided in (4) - (6) of this subsection;

6 (2) administrative director of the judicial branch for an agency in the judicial
7 branch;

8 (3) Alaska Legislative Council for an agency in the legislative branch;

9 (4) Board of Regents or president of the University of Alaska for the university;

10 (5) board of directors of the Alaska State Housing Authority for the authority;

11 [AND]

12 (6) board of directors of the Alaska Railroad Corporation for the corporation; and

13 (7) board of directors of the Alaska Aerospace Development Corporation for
14 the corporation.

15 * Sec. 13. AS 44.99.400 is amended to read:

16 Sec. 44.99.400. COPYRIGHTS. A state agency may hold the copyright for software
17 created by the agency or developed by a private contractor for an agency, and may enforce its
18 rights to protect the copyright. In this section, "state agency" means a department, institution,
19 board, commission, division, authority, public corporation, committee, or other administrative unit
20 of the executive, judicial, or legislative branch of state government, including the University of
21 Alaska, the Alaska State Housing Authority, the Alaska Aerospace Development Corporation,
22 and the Alaska Railroad Corporation.

23 * Sec. 14. INITIAL APPOINTMENTS. The initial appointments of the members of the board under
24 AS 14.40.826(a)(1), (6), (7), and (8) shall be staggered under AS 39.05.055(3).

25 * Sec. 15. This Act takes effect July 1, 1991.

REPRESENTATIVE TOM MOYER

DISTRICT 19 • 119 N. CUSHMAN ST., SUITE 203 • FAIRBANKS, AK 99701 • (907) 456-8161

International Trade & Tourism, Chair • State Affairs, Vice Chair • Resources, Member

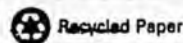
FACT SHEET

House Bill 46, Alaska Aerospace Development Corporation

- The bill would create the Alaska Aerospace Development Corporation whose purpose is to attract commercial space companies to Alaska and run the commercial side of the Poker Flat rocket range.
- The commercial space industry, worth about \$3.6 billion annually, is a budding new industry which has produced thousands of jobs and millions of dollars in revenue in those states which have active commercial launch operations. For example, Virginia has attracted 450 space-related companies which employ more than 10,000. A recent Hawaii study predicted a small commercial operation there could produce up to 1,850 space-related jobs.
- Under HB46, the corporation would be housed in the Department of Commerce and Economic Development and affiliated with the University of Alaska, which manages the Poker Flat research rocket range north of Fairbanks. In operation since 1968, the range currently launches sounding rockets and weather balloons for educational and research purposes.
- The corporation would be managed by a 9-member board, including members from the university with expertise in space, the public and private sector. The corporation would have the ability to issue revenue bonds to finance range improvements. The corporation is modeled after existing Alaska public corporations such as the Alaska Industrial Development and Export Authority and the Alaska State Housing Authority.
- The bill would preserve the educational and research functions of the Poker Flat range while taking advantage of Poker Flat's unique qualities for commercial operations. Those qualities include geography, lack of a burdensome bureaucracy and a relatively undeveloped facility.
- Nearly a dozen private commercial space companies already have approached state officials about launching from Poker Flat.
- The legislation has the strong support of the Hickel administration.

ALASKA STATE LEGISLATURE • P.O. BOX V • JUNEAU, AK 99811 • (907) 465-4930

Steele Creek/Gilmore • Steese East • Steese West • Goldstream • Ester • Ft. Wainwright • Two Rivers • Fox • Central • Livengood • Circle • Chatanika



REPRESENTATIVE TOM MOYER

DISTRICT 19 • 119 N. CUSHMAN ST., SUITE 203 • FAIRBANKS, AK 99701 • (907) 456-8161

International Trade & Tourism, Chair • State Affairs, Vice Chair • Resources, Member

MEMORANDUM

To: Senator Pat Pourchot
Co-Chair, Senate Finance

May 15, 1991

From: Representative Tom Moyer *TMM*

Re: Committee changes in HB46, Alaska Aerospace Development Corp.

As you requested, here is a summary explanation of the major changes made in HB46 as it has progressed through the legislature.

House Special Committee on International Trade and Tourism:

(passed out March 12)

- Alaska Spaceport Authority in original bill changed to Alaska Aerospace Development Corporation affiliated with the University of Alaska, with corresponding title change.
- Board of directors expanded from seven to nine members with UA president as chairman and Commerce commissioner as vice chairman.
- Addition of language (current Sec. 9) permitting corporation to lease state land for space-related purposes.
- Replace effective date language, which was by approval of UA Board of Regents, with immediate effective date.

House Labor and Commerce Committee:

(Passed out March 26)

- No changes.

House Finance Committee:

(Passed out April 29)

- Dropped sovereign immunity provision from Sec. 14.40.846.
- Dropped powers of eminent domain from Sec. 14.40.866.
- Clarified language within confidentiality of trade secrets section (Sec. 14.40.881) on how proprietary information is handled.
- Clarified legislative approval of projects (Sec. 14.40.886) so that all construction projects and not just "buildings" receive legislative scrutiny.
- Addition of language (current Sec. 13) on copyrights.
- Designation of one board member as a "representative of a satellite launch corporation with operations in the state" and deletion of one public member.

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House Floor:

(Passed May 1)

- Technical amendment to ensure that public member is an Alaska resident.

Senate Labor and Commerce:

(Passed out May 13)

- Change in legislative approval process for capital improvements (Sec. 14.40.886) so that legislature approves projects and bond issues in excess of \$1 million.
- Adopt language (Sec. 11) to make executive director subject to the state conflict of interest law.
- Alter board composition to drop designated seat for representative of a satellite launch company and replace with two experts in the aerospace or commercial space industry.
- Adopt language (Sec. 14.40.866 (b2)) to make corporation subject to Executive Budget Act.



Defense Systems Inc.

An Engineering Technologies, Inc. Company

DSI-91-0486

9 April 1991

Governor Walter J. Hickel
Office of the Governor
Juneau, Alaska 99811

Dear Governor Hickel:

I write on behalf of Defense Systems, Inc. (DSI) to express our support for your efforts to promote space and technology related economic development in Alaska. We have a strategic relationship with MicroSat Launch Systems, Inc. (MicroSat), and as a result, have been closely following their activities in your State.

DSI is a Virginia-based company that specializes in designing and manufacturing microsatellites and associated ground equipment. DSI also designs and manufactures ground-based sensors for various scientific applications, particularly in the polar regions. In fact, the company began using satellites as a more efficient way to collect the data from those sensors.

We are very excited about MicroSat's planned launch operations from Poker Flat. As these operations get underway, we are exploring the prospects of locating some of our assembly, test and support operations near the launch site. It may also be attractive for us to locate a small facility in Alaska for assembling some of our ground-based sensors. Recently, Dr. Glenn Olds toured our facility to view microsatellites and witness the spin-off technologies (and hence industries) resulting from the space business. We plan to continue our dialogue with Commissioner Olds and his staff to discuss these possibilities. Any recommendations from your office along these lines would be appreciated.

We applaud your efforts. We look forward to working with MicroSat to support its orbital launch operations at Poker Flat, and with your office and the Commerce Department becoming part of the new space and technology industry in Alaska.

Sincerely,

Jason C. O'Neil
Vice President

JCO/sm
Attachment



MicroSat Launch Systems

One Harbour Square, Suite 220
3027 Marina Bay Drive
League City, TX 77573
(713) 334-4212 (voice)
(713) 334-3951 (fax)

19 November 1990

RECEIVED
NOV 30 1990

Dr. Henry Cole
Science Advisor
Governor's Office State of Alaska
Juneau, Alaska

Dear Dr. Cole:

MicroSat Launch Systems, Inc. is a private commercial launch service provider in partnership with Thiokol Corporation, Saab Space, and Bristol Aerospace. Together with these companies MicroSat has developed the *ORBITAL EXPRESS™* launch vehicle for the dedicated launch of microsattellites into low-Earth-orbit.

MicroSat has recently completed an international market survey in conjunction with KPMG Peat Marwick, identifying a substantial market for the *ORBITAL EXPRESS™*. MicroSat projects an annual launch rate of 12 to 20 vehicles by the mid-90's. MicroSat's market survey has also established that 80% of the microsattellites require a polar orbit and consequently a polar launch facility. Vandenberg Airforce Base in California is the only operating polar launch site in the U.S. Vandenberg is not a desirable facility for MicroSat because: (1) access to Vandenberg requires sifting through a tremendous federal government and military bureaucracy which leads to substantial "bottle necks;" and (2) it is an extremely costly facility to utilize -- on the order of 3 times what is expected for a purely commercial launch facility.

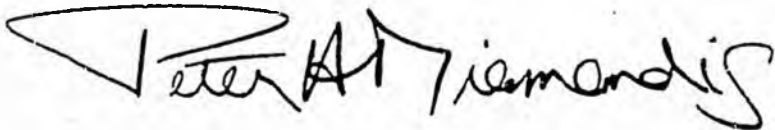
At this time MicroSat seeks to find a permanent home for its U.S. launch operations and wishes to carefully consider Poker Flat as its prime candidate.

It is our belief that should Poker Flat become the permanent home of MicroSat's launch operations, we will be able to provide Alaska with substantial economic benefits in the form of employment and direct revenues due to launch operations. In addition, we believe that MicroSat launch operations at Poker Flat could serve as a magnet for statewide economic development including space-related business spinoffs from MicroSat activities, increased space research grants and a tremendous amount of prestige for creating what we call "**SPACEPORT ALASKA**".

MicroSat Launch Systems, Inc. in consultation with the law firm of Davis Wright Tremaine believes that the best way to proceed is through a two part study to fully evaluate the technical, economic and legal aspects of transforming Poker Flat into **SPACEPORT ALASKA** and the home of the *ORBITAL EXPRESS*TM Launch Vehicle. This study is proposed in the attached documentation.

Please give me a call when you have had a chance to review the proposal so we can discuss it in detail. I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink that reads "Peter H. Diamandis". The signature is written in a cursive, slightly slanted style.

Peter H. Diamandis
President and C.E.O.

✓ cc: Dr. John Sibert
Tony Smith, Esquire

CAPT. GENE CERNAN

DIRECTOR, MICROSAT LAUNCH, INC.
FORMER NASA ASTRONAUT

Remarks before the House Finance Committee
Alaska State Legislature
April 29, 1991

Regarding HB 46,
an act creating the Alaska Spaceport Authority

Mr. Cernan:

"It has been 20 years since my last space flight, but I have stayed involved in space activities because I feel very strongly about the space industry. Much of my involvement in the space industry has included a great deal of frustration because of the lack of progress nationally and commercially."

"15 years ago commercial space was a venture in which everyone wanted to invest. There was a lot of excitement over new research projects and the possibilities of commercial space exploration. I supported these ideas, but quite frankly, these entrepreneurs had great ideas, but no support from NASA. Even if NASA had supported commercial space at that time, it would have been difficult for the "commerciality" of space to proceed in the private sector because of the significant investment and risk involved."

"Today, I believe we will see the development of commercial space on a smaller scale, not the grandiose scale that people anticipated in the past, but nonetheless, commercial space will be built on a strong foundation with the private sector becoming more involved in space. There is a commercial space policy now that has come out for the first time from the National

"In conclusion, the opportunity that Alaska has to get involved in something exciting which can provide realistic returns is unique. There aren't many other places in the country that have this opportunity. Most of the other launch sites are coming around for a second try. Poker Flat is like a baby: it's ready to grow, ready to move. Although resources, such as oil, gas & minerals, are an important part of Alaska's assets, don't overlook space. Space is a great asset that you Alaskans have to explore and exploit for your own economic well-being and for our national interest."

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Mr. Cernan:

"It has been 20 years since my last space flight, but I have stayed involved in space activities because I feel very strongly about the space industry. Much of my involvement in the space industry has included a great deal of frustration because of the lack of progress nationally and commercially."

"15 years ago commercial space was a venture in which everyone wanted to invest. There was a lot of excitement over new research projects and the possibilities of commercial space exploration. I supported these ideas, but quite frankly, these entrepreneurs had great ideas, but no support from NASA. Even if NASA had supported commercial space at that time, it would have been difficult for the "commerciality" of space to proceed in the private sector because of the significant investment and risk involved."

"Today, I believe we will see the development of commercial space on a smaller scale, not the grandiose scale that people anticipated in the past, but nonetheless, commercial space will be built on a strong foundation with the private sector becoming more involved in space. There is a commercial space policy now that has come out for the first from the National

Space Council chaired by the Vice President. NASA has been directed to support the development of commercial space selectively on a basis of those projects that have potential. Micro technology has allowed a company like MicroSat to take advantage of miniaturization in satellites and electronics. This new technology has also created the opportunity for more people to get involved in space. The cost of getting into space has now come within reach of private institutions, private corporations, cities, states, governments and universities. It is no longer a \$100-200 million risk that in the past only a consortium of corporations or a federal government could take."

"Today and in the future as we turn a corner into the next century, we will see a great many additional entities get involved in space because of the lower risk involved, the higher technology and most important, the economics. Commercial space will now make some in roads where it hasn't had the opportunity in the past. Alaska has an outstanding opportunity to promote efforts [in commercial space] due to unique geographic location and an infrastructure which can support the activities at Poker Flat. Space has tremendous educational influence with kids from six years old to twenty-six years old, whether studying to be engineers and scientists or just needing motivation to learn."

"In conclusion, the opportunity that Alaska has to get involved in something exciting which can provide realistic returns is unique. There aren't many other places in the country that have this opportunity. Most of the other launch sites are coming around for a second try. Poker Flat is like a baby: it's ready to grow, ready to move. Although resources, such as oil, gas & minerals, are an important part of Alaska's assets, don't overlook space. Space is a great asset that you Alaskans have to explore and exploit for your own economic well-being and for our national interest."

HB 46

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 27, 1991

FURTHER REFERRALS:

Date of Committee Action: 4-27-91

The FINANCE Committee considered:

HB 46

HOUSE BILL NO. 46

ESTABLISHING THE AK SPACEPORT AUTHORITY

"An Act creating the Alaska Spaceport Authority; providing an exemption from municipal sales and use taxes; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 46 (Fin) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) DCEO 3-13-91

zero fiscal note _____

ADMIN 3-13-91
 zero fiscal note(s) GA 3-13-91

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>J. H. Miller</i>	X				
<i>Ronald J. Tull</i>	X				
<i>Robert E. C. ...</i>	X				
<i>Bob ...</i>	✓				
<i>Tamara ...</i>	X				
<i>...</i>	X				
<i>...</i>	X				
<i>Jan Brown</i>	✓				
<i>Mike Yavane</i>	✓				
<i>Eileen P. Maclean</i>	✓				

Mike Yavane Eileen P Maclean
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 46 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MOYER, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act creating the Alaska Aerospace Development Corporation; providing for the lease
2 of state land to the corporation; providing an exemption from municipal sales and use
3 taxes for space-related activities; and providing for an effective date."

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

5 * **Section 1.** SHORT TITLE. This Act may be known as the Alaska Aerospace Development
6 Corporation Act.

7 * **Sec. 2.** AS 14.40 is amended by adding new sections to read:

8 **ARTICLE 7. ALASKA AEROSPACE DEVELOPMENT CORPORATION.**

9 **Sec. 14.40.821. CREATION AND TERMINATION OF CORPORATION.** (a) The
10 Alaska Aerospace Development Corporation is created as a public corporation of the state. The
11 corporation is a body corporate and politic located for administrative purposes within the
12 Department of Commerce and Economic Development and affiliated with the University of
13 Alaska but with a separate and independent legal existence.

14 (b) The corporation may not be terminated as long as it has bonds, notes, or other

1 obligations outstanding. If the corporation is terminated, it shall be terminated in a manner that
2 permits the University of Alaska and Poker Flat Research Range to continue their research and
3 educational missions uninterrupted.

4 Sec. 14.40.826. BOARD OF DIRECTORS. (a) The board of directors of the corporation
5 consists of nine members appointed by the governor as follows:

- 6 (1) one member of the Board of Regents of the University of Alaska;
- 7 (2) the president or the designee of the president of the University of Alaska;
- 8 (3) the director of the Geophysical Institute of the University of Alaska;
- 9 (4) the executive director of the Alaska Science and Technology Foundation;
- 10 (5) the commissioner of commerce and economic development or the
11 commissioner's designee;
- 12 (6) an expert with experience and understanding of the aerospace or commercial
13 space industry with an emphasis in federal regulatory procedures and policy involving space;
- 14 (7) one faculty member of the University of Alaska with research interests
15 involving rockets or satellites;
- 16 (8) a representative of a satellite launch corporation with operations in the state;
- 17 (9) a public member.

18 (b) The members of the board of directors of the corporation described in (a)(6), (8), and
19 (9) of this section may be nonresidents of the state. The term of the members described in (a)(1),
20 (6), (8), and (9) of this section is four years and those terms shall be staggered.

21 (c) Members of the board of directors of the corporation described in (a)(6), (8), and (9)
22 of this section receive \$100 compensation for each day spent on official business of the
23 corporation.

24 (d) Members of the board of directors of the corporation are entitled to per diem and
25 travel expenses authorized under AS 39.20.180.

26 Sec. 14.40.831. CHAIR AND VICE-CHAIR. The president of the University of Alaska
27 or the designee of the president shall be the chair of the board of directors of the corporation.
28 The commissioner of commerce and economic development or the designee of the commissioner
29 shall be vice-chair of the board of directors of the corporation. The vice-chair presides over all
30 meetings in the absence of the chair and has other duties the board of directors of the corporation
31 may direct.

1 Sec. 14.40.836. MEETINGS; STAFF. (a) A majority of the members of the corporation
2 constitutes a quorum for the transaction of business or the exercise of a power or function at a
3 meeting of the corporation. The corporation shall meet at least every three months. The
4 corporation may meet and transact business by electronic media if (1) public notice of the time
5 and locations where the meeting will be held by electronic media has been given in the same
6 manner as if the meeting were held in a single location; (2) participants and members of the
7 public in attendance can hear and have the same right to participate in the meeting as if the
8 meeting were conducted in person; and (3) copies of pertinent reference materials, statutes,
9 regulations, and audio-visual materials are reasonably available to participants and the public.
10 A meeting by electronic media as provided in this subsection has the same legal effect as a
11 meeting in person.

12 (b) The corporation may employ persons as staff it considers advisable, including an
13 executive director, and may employ professional advisors, technical experts, agents, and other
14 employees it considers advisable. The executive director and employees of the corporation are
15 in the exempt service under AS 39.25.

16 (c) The corporation may hire legal counsel to represent the corporation.

17 (d) The corporation shall keep minutes of each meeting and send a certified copy of the
18 minutes to the governor and to the Legislative Budget and Audit Committee.

19 Sec. 14.40.841. ALASKA AEROSPACE DEVELOPMENT CORPORATION
20 REVOLVING FUND. The Alaska Aerospace Development Corporation revolving fund is
21 established in the corporation. The revolving fund consists of appropriations made to the
22 revolving fund by the legislature, and rents, fees, or other money or assets transferred to the
23 revolving fund by the corporation. Amounts deposited in the revolving fund may be pledged to
24 the payment of bonds of the corporation or expended for the purposes of the corporation under
25 this chapter.

26 Sec. 14.40.846. INSURANCE COVERAGE; SAFETY PROGRAM. (a) The corporation
27 may engage actuarial experts and shall develop probability models to indicate the degree of
28 potential harm to the public and private enterprise from the corporation's activities.

29 (b) The corporation shall, to the extent available and consistent with federal requirements,
30 secure insurance coverage within reasonable limits for liability that may arise as a consequence
31 of its activities and the activities of its officers and employees and to insure its buildings,

1 structures, and other facilities against loss.

2 (c) The corporation shall establish a safety program that includes

3 (1) the development and implementation of a loss prevention program consisting
4 of a comprehensive corporation wide safety program, including a statement by the board, of
5 safety policy and responsibility and regulations implementing it;

6 (2) provision for regular and periodic facility and equipment inspections;

7 (3) investigation of job-related accidents and other accidents occurring on the
8 premises of the corporation or within areas of its jurisdiction;

9 (4) the establishment of a program to promote increased safety awareness among
10 employees, agents, and subcontractors of the corporation;

11 (5) the study of safety operations at other space-related facilities in the United
12 States;

13 (6) all federal and state safety and emergency facility requirements for commercial
14 space facilities.

15 Sec. 14.40.851. SPACE ACTIVITIES LOCATION. The Poker Flat Research Range
16 constitutes the location and launch site for the corporation. Other sites may be developed and
17 utilized if determined by the board to be necessary.

18 Sec. 14.40.856. LICENSES AND PERMITS. The corporation shall obtain all federal and
19 state licenses and permits necessary to fulfill the purposes, to perform the duties, and exercise
20 the powers of the corporation.

21 Sec. 14.40.861. PURPOSE OF THE CORPORATION. The purpose of the corporation
22 is to allow the state to take a lead role in the exploration and development of space, to enhance
23 human and economic development, and to provide a unified direction

24 (1) for space-related economic growth thereby ensuring a stable and dynamic
25 research and business climate by attracting space-related businesses to locate within and utilize
26 the opportunities provided in the state;

27 (2) for space-related educational and research development by encouraging and
28 assisting the University of Alaska in developing space-related programs, research, and courses
29 of instruction and to assist the University of Alaska as a member of the Space Grant State
30 Consortia under 42 U.S.C. 2486 (National Space Grant College and Fellowship Program);

31 (3) to promote the continued utilization of the Poker Flat Research Range as a

1 launch site for launch vehicles and for scientific research both from ground based and rocket or
2 balloon based instrumentation;

3 (4) to recognize the importance and benefits of and to promote and encourage the
4 continued utilization of Poker Flat Research Range for the University of Alaska's polar research
5 efforts;

6 (5) for promotion of space-related tourism activities at Poker Flat Research Range
7 and other space-related facilities or centers that may be utilized or established by the corporation;
8 and

9 (6) for development of a state strategy for and to implement the acceleration of
10 space-related economic growth and educational and research development in the state by the use
11 of innovative development methods designed to stimulate space-related business and educational
12 and research development and improve the entrepreneurial atmosphere in the state.

13 Sec. 14.40.866. POWERS AND DUTIES OF THE CORPORATION. (a) In furtherance
14 of its corporate purposes, in addition to its other powers the corporation may

15 (1) sue and be sued;

16 (2) adopt a seal;

17 (3) have perpetual succession;

18 (4) adopt, amend, and repeal bylaws and regulations;

19 (5) make and execute contracts and other instruments;

20 (6) in its own name acquire property, lease, rent, convey, or acquire real and
21 personal property, except that a project site or part of a project site may not be acquired by
22 eminent domain;

23 (7) issue bonds and otherwise incur indebtedness, in accordance with
24 AS 14.40.891, in order to pay the cost of a project or projects to construct or improve launch
25 facilities or other space and aerospace projects or in order to provide money for the corporation's
26 purposes under this chapter; the corporation may also secure payment of the bonds or other
27 indebtedness as provided in this chapter;

28 (8) accept gifts, grants, or loans from, and enter into contracts or other
29 transactions regarding them with, a federal agency or an agency or instrumentality of the state,
30 a municipality, private organization, or other source;

31 (9) enter into contracts or agreements with a federal agency, agency or

1 instrumentality of the state, municipality, or public or private individual or entity, with respect
2 to the exercise of its powers, and do all things necessary or convenient to carry out its corporate
3 purposes and exercise the powers granted in this chapter;

4 (10) own, ~~acquire~~, construct, develop, create, reconstruct, equip, operate, maintain,
5 extend, and improve launch sites, launch pads, landing areas, ranges, payload facilities,
6 laboratories, space business incubators, facilities for the construction of rockets and other launch
7 vehicles, and other space facilities and space-related systems, including educational, cultural,
8 tourism, and parking facilities, and space-related initiatives;

9 (11) undertake a program of advertising to the public and space-related businesses
10 promoting the space-related projects of the corporation and space-related businesses;

11 (12) construct, improve, and operate by itself or in cooperation with the
12 University of Alaska or the Department of Transportation and Public Facilities transportation
13 facilities appropriate to meet the transportation requirements of a facility operated by the
14 corporation;

15 (13) construct, improve, and operate water, sewage, and utility service to a facility
16 operated by the corporation;

17 (14) construct, provide, or improve public safety facilities for a facility operated
18 by the corporation;

19 (15) charge fees, rents, or other charges for the use of a facility, structure, or
20 service developed, operated, or provided by the corporation including fees, rents, and other
21 charges in excess of the actual operating cost of the use of the facility, structure, or service;

22 (16) pledge rents, fees, charges, or other revenue from the use of its services or
23 facilities as security for bonds of the corporation;

24 (17) undertake to finance or develop a space-related project with any agency or
25 authority of the state, its political subdivisions, agencies or authorities of other states, the federal
26 government, foreign governments, or private entities;

27 (18) apply to the federal government for a grant allowing the designation of
28 corporation territory as a foreign trade zone under AS 45.77.010;

29 (19) negotiate agreements for the overflight or recovery of a space vehicle, rocket,
30 missile, payload, booster, scientific experiments or other space-related material, debris, or parts
31 with any person or entity, including but not limited to adjacent landowners;

1 (20) lease the Poker Flat Research Range or portions of it from the University of
2 Alaska and to lease to the University space-related facilities that the corporation may construct
3 or acquire;

4 (21) apply for and hold in the name of the corporation patents, copyrights, and
5 other intellectual property.

6 (b) The corporation shall

7 (1) prepare an annual report of its operations to include a balance sheet, an
8 income statement, a statement of changes in financial position, a reconciliation of changes in
9 equity accounts, a summary of significant accounting principles, an auditor's report, comments
10 regarding the year's business, and prospects from the next year; the report shall be provided by
11 the third day of each regular session of the legislature to the governor, the presiding officers of
12 each house of the legislature, the University of Alaska, and the Legislative Budget and Audit
13 Committee;

14 (2) establish a personnel management system for hiring employees and setting
15 employee-benefit packages;

16 (3) establish procedures, rules, and rates governing per diem and travel expenses
17 of the employees of the corporation in substantial conformity to statutes, procedures, rules, and
18 rates governing state employees;

19 (4) fulfill its purposes, perform its duties, and exercise its power in a manner that
20 does not interfere or restrict the educational and research functions of Poker Flat Research Range
21 and the University of Alaska.

22 Sec. 14.40.871. REGULATIONS. (a) The corporation shall adopt regulations to carry
23 out the purposes of this chapter.

24 (b) Except for AS 44.62.310 and 44.62.312 regarding public meetings, the provisions of
25 AS 44.62 (Administrative Procedure Act) regarding the adoption of regulations do not apply to
26 the corporation. The corporation shall make available to members of the public copies of the
27 regulations adopted under this section. Within 45 days after adoption of a regulation under this
28 section, the chair of the corporation shall submit the regulation adopted to the chair of the
29 Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460.

30 (c) The corporation may adopt regulations by motion or by resolution or in another
31 manner permitted by its bylaws.

1 (d) Except as provided in (e) of this section, at least 15 days before the adoption of a
2 regulation, the corporation shall give public notice of the proposed action by publishing the notice
3 in at least three newspapers of general circulation in the state and by mailing a copy of the notice
4 to every person who has filed a request for notice of proposed regulations with the corporation.
5 The public notice must include a statement of the time, place, and nature of the proceedings for
6 the adoption of the regulation and must include an informative summary of the subject of the
7 proposed action. On the date and at the time and place designated in the notice, the corporation
8 shall give each interested person or an authorized representative of the person, or both, the
9 opportunity to present statements, arguments, or contentions orally or in writing and shall give
10 members of the public an opportunity to present oral statements, arguments, or contentions for
11 a total period of at least one hour. The corporation shall consider all relevant matter presented
12 to it before taking the proposed action on the regulation. At a hearing under this subsection, the
13 corporation may continue or postpone the hearing to a time and place determined by the
14 corporation and announced at the hearing before taking the action to continue or postpone the
15 hearing. A regulation adopted by the corporation may vary from the informative summary
16 specified in this subsection if the subject matter of the action taken on the regulation remains the
17 same and if the original notice of the proposed action was written so as to assure that members
18 of the public are reasonably notified of the subject matter of the proposed action in order for
19 them to determine whether their interests could be affected by the corporation's proposed action
20 on that subject.

21 (e) The adoption of a regulation may be made as an emergency regulation if, in the order
22 of adoption, the corporation states the facts constituting the emergency and makes a finding that
23 the adoption of the regulation is necessary for the immediate preservation of the orderly operation
24 of the corporation's programs. The requirements of (d) of this section do not apply to the initial
25 adoption of an emergency regulation; however, upon adoption of an emergency regulation under
26 this subsection, the corporation shall, within 10 days after that adoption, publish notice of the
27 adoption in accordance with the notice procedures specified in (d) of this section. An emergency
28 regulation adopted under this subsection may not remain in effect for more than 120 days unless,
29 before the expiration of that period, the corporation adopts that regulation as a permanent
30 regulation in accordance with the procedures specified in (d) of this section.

31 (f) A regulation adopted under this section takes effect immediately upon its adoption

1 by the corporation or at another time specified by the corporation in its order of adoption.

2 Sec. 14.40.876. EXERCISE BY CORPORATION OF POWERS WITHIN
3 MUNICIPALITIES. The corporation may exercise any of its powers in all portions of a space-
4 related facility or territory lying within the boundaries of a municipality to the same extent and
5 in the same manner as in areas of the space-related facility or territory not within the boundaries
6 of a municipality.

7 Sec. 14.40.881. TRADE SECRETS CONFIDENTIAL. The corporation shall maintain
8 the confidentiality of a trade secret, or other proprietary technical information, supplied for
9 purposes related to this chapter unless the owner of the trade secret authorizes its release or a
10 court orders its release. Information covered by this section is not a public record for purposes
11 of AS 09.25.110 - 09.25.140. The corporation shall adopt regulations implementing this section.

12 Sec. 14.40.886. APPROVAL OF PROJECTS BY LEGISLATURE. Notwithstanding any
13 other provision of this chapter, a proposed construction project of \$1,000,000 or more shall be
14 submitted by the corporation to the legislature for review at a regular session of the legislature.
15 If the proposed construction project is submitted before the 75th day of a regular session, the
16 corporation may proceed with the proposed project if it is not disapproved by law at that session.
17 If the proposed construction project is submitted after the 75th day of a regular session or in the
18 interim between regular sessions, the corporation may proceed with the project if it is not
19 disapproved by law at the next regular session. A proposed construction project is considered
20 submitted under this section upon written notification of the proposed project to the presiding
21 officers of each house of the legislature and the Legislative Budget and Audit Committee.

22 Sec. 14.40.891. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS. The
23 corporation may issue bonds and notes from time to time in its discretion for any of its corporate
24 purposes and may issue refunding bonds for the purpose of paying or retiring bonds previously
25 issued by it.

26 Sec. 14.40.896. SECURITY FOR BONDS. The corporation may issue bonds including
27 but not limited to bonds on which the principal and interest are payable (1) exclusively from the
28 income and revenue of the space-related project financed with the proceeds of the bonds, (2)
29 exclusively from the income and revenue of designated space-related projects whether or not they
30 are financed in whole or in part with the proceeds of the bonds, (3) from its revenue or other
31 assets generally, or (4) exclusively from rents, fees, charges, or other revenue collected or

1 received by the corporation. Bonds may be additionally secured by a pledge of a grant or
2 contribution from the federal government or from another source, or by a pledge of income or
3 revenue of the corporation, or by a mortgage of a space-related project or other property of the
4 corporation.

5 Sec. 14.40.899. LIMITATION OF LIABILITY ON BONDS. The members of the
6 corporation and a person executing the bonds are not liable personally on the bonds by reason
7 of their issuance. The bonds of the corporation are not a debt of the state or a political or
8 municipal corporation or other subdivision of the state, including the University of Alaska, and
9 each bond must so state on its face. Neither the state nor a political or municipal corporation
10 or other subdivision of the state, including the University of Alaska, other than the corporation
11 is liable on the bonds, nor are the bonds payable out of funds or properties other than those of
12 the corporation. The corporation may not pledge the faith of the people of the state for a loan
13 or obligation. Bonds of the corporation are not a debt, indebtedness, or the borrowing of money
14 within the meaning of a limitation or restriction on the issuance of bonds contained in the
15 constitution or laws of the state.

16 Sec. 14.40.902. ISSUANCE AND SALE OF BONDS AND NOTES. Bonds and notes
17 of the corporation are authorized by adoption of a resolution prescribing the date of issuance and
18 maturity, interest rate, denomination, form, conversion privilege, rank or priority, execution, terms
19 of redemption, medium, and place of payment. Bonds and notes may be sold in the manner, on
20 the terms, and at the price the corporation determines. Each bond and note is negotiable. The
21 signature of a member or an officer upon a bond or note or coupon is not invalidated by that
22 person's ceasing to hold office before the delivery of the bond or note. The recitation of a bond
23 or note that it has been issued in the financing of a space-related project or purpose under this
24 chapter is conclusive as to the issuance of the bond or note and the character of the project in
25 a challenge of the validity of the bond or note or the security for it.

26 Sec. 14.40.906. BONDS EXEMPT FROM TAXES. Bonds and other obligations of the
27 corporation are issued for an essential public and governmental purpose and are public
28 instrumentalities and, together with interest on them and income from them, are exempt from
29 taxes.

30 Sec. 14.40.908. INDEPENDENT FINANCIAL ADVISOR. In negotiating the private
31 sale of bonds or bond anticipation notes to an underwriter, the corporation shall retain a financial

1 advisor who is independent from the underwriter. The financial advisor may not bid on the
2 bonds or notes if offered at public sale or negotiate for their purchase if sold at private sale.

3 Sec. 14.40.912. ADDITIONAL POWERS TO SECURE BONDS OR OBLIGATIONS
4 UNDER LEASES. In connection with the issuance of bonds or the incurring of obligations
5 under leases and in order to secure the payment of bonds or lease obligations, the corporation,
6 in addition to its other powers, may

7 (1) pledge all or a part of its gross or net rents, fees, or revenues to which its
8 right exists or may exist;

9 (2) mortgage or encumber all or a part of its real or personal property, owned or
10 later acquired;

11 (3) covenant against pledging all or a part of its rents, fees, and revenue, or
12 against mortgaging all or a part of its real or personal property, to which its right or title exists
13 or may come into existence or against permitting or suffering any lien on the revenues or
14 property;

15 (4) covenant with respect to limitations on its right to sell, lease, or otherwise
16 dispose of a space-related project or a part of a space-related project;

17 (5) covenant as to what other, or additional debts or obligations may be incurred
18 by it;

19 (6) covenant as to the bonds to be issued and as to the issuance of the bonds in
20 escrow or otherwise, and as to the use and disposition of the proceeds of bonds;

21 (7) provide for the replacement of lost, destroyed, or mutilated bonds;

22 (8) covenant against extending the time for the payment of its bonds or interest
23 on the bonds;

24 (9) redeem the bonds, and covenant for their redemption and to provide the terms
25 and conditions of redemption;

26 (10) covenant as to the rents and fees to be charged in the operation of a space-
27 related project, the amount to be raised each year or other period of time by rents, fees, and other
28 revenue, and as to the use and disposition of this revenue;

29 (11) create or authorize the creation of special funds for money held for
30 construction or operating costs, debt service, reserves, or other purposes, and covenant as to the
31 use and disposition of this money;

1, (12) prescribe the procedure by which the terms of a contract with bondholders
2 may be amended or abrogated, the amount of bonds the holders of which must consent thereto
3 and the manner in which the consent may be given;

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

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

12 (15) vest in one or more trustees the right, in the event of a default by the
13 corporation, to take possession of a space-related project or a part of the project, and so long as
14 the corporation continues in default to retain possession and to use, operate, and manage the
15 project, and to collect the rent and revenue from the project, and to dispose of the money
16 according to the agreement between the corporation and the trustees;

17 (16) provide for the powers and duties of the trustees, and limit the liability of
18 the trustees; and

19 (17) provide the terms and conditions upon which the trustee or trustees or the
20 holders of bonds, or portions of bonds, may enforce a covenant or right securing or relating to
21 the bonds.

22 Sec. 14.40.916. RIGHT OF OBLIGEE OF CORPORATION TO BRING INJUNCTION.

23 An obligee of the corporation may, in addition to all other rights that may be conferred and
24 subject only to contractual restriction binding upon the obligee, seek an injunction or an action
25 in nature of an action for mandamus against the members, the corporation, its officers, agents,
26 or employees.

27 Sec. 14.40.921. POWER OF CORPORATION TO CONFER UPON OBLIGEE RIGHT
28 TO BRING ACTION OR PROCEEDING. The corporation may by resolution, trust indenture,
29 mortgage, lease, or other contract confer upon an obligee holding or representing a specified
30 amount in bonds, or holding a lease, the right upon a default as defined in the resolution or
31 instrument by suit, action or proceeding

1 (1) to have possession of a space-related project or part of one surrendered to the
2 obligee, with possession retained by the obligee as long as the corporation continues in default;

3 (2) to obtain the appointment of a receiver of a space-related project or part of
4 one and its rents and profits, who may enter, take possession, and for the duration of the default
5 operate and maintain it, collect and receive all fees, rents, revenues, or other charges thereafter
6 arising, and keep the money in a separate account or accounts to be applied in accordance with
7 the obligations of the corporation as the court directs;

8 (3) to require the corporation and its members to account as if they were the
9 trustees of an express trust.

10 Sec. 14.40.926. EXEMPTION OF REAL PROPERTY OF CORPORATION FROM
11 EXECUTION OR OTHER PROCESS. All real property of the corporation is exempt from levy
12 and sale by execution, and an execution or other judicial process may not issue against it. A
13 judgment against the corporation may not be a charge or lien upon its real property. However,
14 this section does not limit the right of an obligee to foreclose or otherwise enforce a mortgage
15 of the corporation or to pursue any remedy for the enforcement of a pledge or lien given by the
16 corporation on its rents, fees, or revenues.

17 Sec. 14.40.931. POWER OF CORPORATION TO OBTAIN FEDERAL AID AND
18 COOPERATION. The corporation may borrow, accept contributions, grants, or other financial
19 assistance from the federal government in aid of a space-related project and for this purpose may
20 comply with conditions and enter into the mortgages, trust indentures, leases, or agreements that
21 are necessary, convenient, or desirable in order to obtain financial aid or cooperation from the
22 federal government in the undertaking, construction, maintenance, or operation of a space-related
23 project.

24 Sec. 14.40.936. EXEMPTION FROM TAXES AND ASSESSMENTS. The property of
25 the corporation is public property used for essential public and governmental purposes and this
26 property and the corporation are exempt from all taxes and special assessments of a municipality,
27 the state, or a political subdivision of the state. However, instead of taxes, the corporation may
28 make payments to the municipality or political subdivision for improvements, services, and
29 facilities furnished by it for the benefit of a space-related project.

30 Sec. 14.40.941. DISPOSAL OF SURPLUS PROPERTY. (a) The corporation may
31 convey real or personal property that it determines is in excess of its needs. Except as provided

1 in (b) of this section, the sale shall be by public auction or by sealed bids. Public notice shall
2 be given by publishing notice of the sale at least once a week for two consecutive weeks in a
3 newspaper of general circulation within the area in which the property to be sold is located and
4 by posting notice of sale in at least two public places in the area. In no event may the auction
5 be held less than 30 days after the last day of publication. If an acceptable bid is not received,
6 the corporation may sell the property at negotiated sale within six months after the date of the
7 auction. A negotiated sale may not be made on an appraisal made more than nine months before
8 the date of sale. The price at a negotiated sale may not be less than the appraised value.

9 (b) Real or personal property of the corporation may be conveyed to a state or federal
10 agency or political subdivision or the University of Alaska for less than the appraised value
11 without competitive bidding, upon a determination by the board that the terms are fair and proper
12 and in the best interests of the state. The board shall consider both the nature of the agency's
13 or political subdivision's public services or functions and the terms under which the property was
14 acquired by the corporation.

15 Sec. 14.40.946. PUBLIC LOANS OR DONATIONS TO OR COOPERATION WITH
16 CORPORATION. (a) A public body or agency of the state may

- 17 (1) lend or donate money or property to the corporation;
18 (2) cooperate with it in the planning, construction, or operation of a project;
19 (3) transfer to it an interest in property, grant an easement, undertake otherwise
20 authorized construction of facilities adjacent to a project;
21 (4) furnish or improve otherwise authorized roads, streets, alleys, and sidewalks;
22 (5) purchase bonds of the corporation;
23 (6) incur the entire expense of improvements made under this chapter;
24 (7) agree with the corporation that a certain sum or that no sum shall be paid by
25 the corporation to it instead of taxes;
26 (8) enter into agreements respecting exercise of the powers granted in this chapter
27 that shall be approved and executed by the public body or municipality in or adjacent to the
28 project before the project may be constructed; and
29 (9) in general do all things necessary or convenient to cooperate in the planning,
30 construction, or operation of a project.

31 (b) Except as required under AS 44.62.310 and 44.62.312, a sale, conveyance, lease, or

1 agreement under this section may be made without appraisal, public notice or advertisement, or
2 bidding. A public body may exercise the powers granted in this section by resolution or
3 ordinance by a majority of the members of the governing body present at the meeting at which
4 it is introduced, and the resolution or ordinance takes effect immediately without publishing or
5 posting.

6 Sec. 14.40.951. RESERVE FUND. (a) The corporation shall establish and maintain a
7 special fund called the Alaska Aerospace Development Corporation reserve fund in which there
8 shall be deposited or transferred

9 (1) all money appropriated by the legislature for the purpose of the fund in
10 accordance with the provisions of (g) of this section;

11 (2) all proceeds of bonds required to be deposited in the fund by terms of a
12 contract between the corporation and its bondholders or a resolution of the corporation with
13 respect to the proceeds of bonds;

14 (3) all other money appropriated by the legislature to the reserve fund; and

15 (4) any other money or funds of the corporation that it decides to deposit in the
16 fund.

17 (b) Subject to the provisions of (h) of this section, money in the reserve fund shall be
18 held and applied solely to the payment of the interest on and principal of bonds of the
19 corporation as the interest and principal become due and payable and for the retirement of bonds;
20 and the money may not be withdrawn if a withdrawal would reduce the amount in the reserve
21 fund to an amount less than the required debt service reserve except for payment of interest then
22 due and payable on bonds and the principal of bonds then maturing and payable and for the
23 retirement of bonds in accordance with the terms of a contract between the corporation and its
24 bondholders and for which payments of other money of the corporation is not then available. In
25 this subsection, "required debt service reserve" means, as of the date of computation, the amount
26 required to be on deposit in the reserve fund as provided by resolution of the corporation.

27 (c) Money in the reserve fund in excess of the required debt service reserve as defined
28 in (b) of this section, whether by reason of investment or otherwise, may be withdrawn at any
29 time by the corporation and transferred to another fund or account of the corporation subject to
30 the provision of (h) of this section.

31 (d) Money in the reserve fund may be invested in the same manner and on the same

1 conditions as permitted for investment of funds belonging to the state or held in the treasury
2 under AS 37.10.070; however, the corporation may agree with the bondholders to further limit
3 these investments.

4 (e) For purposes of valuation, investments in the reserve fund shall be valued at par or
5 if purchased at less than par, at cost unless otherwise provided by resolution of the corporation.
6 Valuation on a particular date shall include the amount of interest then earned or accrued to that
7 date on the money or investments in the reserve fund.

8 (f) Notwithstanding any other provision of this chapter, bonds may not be issued by the
9 corporation unless there is in the reserve fund the required debt service reserve for all bonds then
10 issued and outstanding and for the bonds to be issued; however, the corporation may satisfy this
11 requirement by depositing as much of the proceeds of the bonds to be issued, upon their issuance,
12 as is needed to meet the required debt service reserve. The corporation may at any time issue
13 its bonds or notes for the purpose of increasing the amount in the reserve fund to the required
14 debt service reserve, or to meet whatever higher or additional reserve that may be fixed by the
15 corporation with respect to the fund.

16 (g) In order to assure the maintenance of the required debt service reserve in the reserve
17 fund, the legislature may appropriate annually to the corporation for deposit in the fund the sum,
18 certified by the chair of the corporation to the governor and to the legislature, that is necessary
19 to restore the fund to an amount equal to the required debt service reserve. The chair annually,
20 before January 30, shall make and deliver to the governor and to the legislature a certificate
21 stating the sum required to restore the fund to that amount, and the certified sum may be
22 appropriated and paid to the corporation during the then current state fiscal year. Nothing in this
23 subsection creates a debt or liability of the state.

24 (h) All amounts received on account of money appropriated to the reserve fund referred
25 to in (a)(3) of this section shall be held and applied in accordance with (b) of this section;
26 however, at the end of each fiscal year, if the amount in the reserve fund is in excess of the
27 required debt service reserve, any amount representing earnings or income received on account
28 of money appropriated to the reserve fund that exceeds the operating expenses of the corporation
29 for that fiscal year shall be transferred to the general fund of the state.

30 (i) All references to the reserve fund in this section include special accounts within the
31 reserve fund that may be created by the corporation to secure the payment of particular bonds.

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

7 Sec. 14.40.956. COOPERATION WITH OTHER AUTHORITIES. In issuing a bond,
8 the corporation may request the assistance of and work with the Alaska Industrial Development
9 and Export Authority and the Alaska Municipal Bond Bank Authority. The Alaska Industrial
10 Development and Export Authority may invest in and issue bonds for space-related projects of
11 the Alaska Aerospace Development Corporation. The Alaska Industrial Development and Export
12 Authority and the Alaska Municipal Bond Bank Authority may purchase and market bonds of
13 the Alaska Aerospace Development Corporation.

14 Sec. 14.40.961. INVESTMENT OF REVENUE. The revenue and receipts of the
15 corporation, to the extent they are not needed to pay bonds or other obligations of the corporation
16 shall be invested by the commissioner of revenue in cooperation with the corporation.

17 Sec. 14.40.966. LEGALITY OF CORPORATION BONDS AS INVESTMENTS. Bonds
18 of the corporation are legal and proper investments and security for public and private banking,
19 insurance, and trust funds.

20 Sec. 14.40.990. DEFINITIONS. In AS 14.40.821 - 14.40.990,

21 (1) "board" means the board of directors of the Alaska Aerospace Development
22 Corporation;

23 (2) "corporation" means the Alaska Aerospace Development Corporation;

24 (3) "landing site" means a site or facility designed, intended, or used for the
25 landing or recovery of space vehicles, aircraft, or balloons;

26 (4) "launch site" means a site or facility designed, intended, or used for the
27 launching of space vehicles, sounding rockets, aircraft, or balloons;

28 (5) "payload" means property or cargo, including people or animals, to be
29 transported aboard a vehicle launched by the corporation;

30 (6) "recovery" means the retrieval and recovery of space vehicles, payloads, and
31 parts that have been launched from the corporation's facilities;

1 (7) "space vehicle" means a rocket, missile, booster, or other vehicle designed.
2 intended, or used to reach high altitude.

3 * Sec. 3. AS 24.20.201(a) is amended to read:

4 (a) The Legislative Budget and Audit Committee has the power to:

5 (1) organize, adopt rules for the conduct of its business, and prescribe procedures
6 for the comprehensive fiscal analysis, budget review, and post-audit functions;

7 (2) hold public hearings, administer oaths, issue subpoenas, compel the attendance
8 of witnesses and production of papers, books, accounts, documents, and testimony, and have the
9 deposition of witnesses taken in a manner prescribed by court rule or law for taking depositions
10 in civil actions;

11 (3) require all state officials and agencies of state government to give full
12 cooperation to the committee or its staff in assembling and furnishing requested information;

13 (4) review revenue projections, state agency appropriation requests, the
14 expenditure of state funds, including the relationship between state agency program
15 accomplishments and legislative intent, and the fiscal policies and procedures of state
16 government;

17 (5) review and approve proposed changes to agency authorized budgets as
18 provided in the Executive Budget Act (AS 37.07);

19 (6) make recommendations concerning appropriations, their expenditure and the
20 fiscal policies and procedures of state government to the governor when appropriate, and to the
21 legislature;

22 (7) prepare and distribute reports, memoranda, or other necessary materials;

23 (8) sue in the name of the legislature during the interim between sessions if
24 authorized by majority vote of the full membership of the committee;

25 (9) hold public hearings on the confirmation of the members of the Board of
26 Trustees of the Alaska Permanent Fund Corporation;

27 (10) make recommendations to the legislature and to agencies of the state that
28 [WHICH] perform lending or investment functions concerning the structure and operating
29 practices of the agencies;

30 (11) enter into and enforce all contracts necessary or desirable for the functions
31 of the committee;

1 (12) provide for annual post audits of the Alaska Housing Finance Corporation,
2 the Alaska Aerospace Development Corporation, and the Alaska Industrial Development and
3 Export Authority.

4 * Sec. 4. AS 29.45.650(a) is amended to read:

5 (a) Except as provided in AS 04.21.010(c) and in (f) and (h) of this section, a borough
6 may levy and collect a sales tax on sales, rents, and on services provided in the borough. The
7 sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

8 * Sec. 5. AS 29.45.650 is amended by adding a new subsection to read:

9 (h) A borough may not levy or collect a sales tax on sales, rents, and services, or a use
10 tax on the storage, use, or consumption of personal property on the following activities:

11 (1) the sale, lease, rental, storage, consumption, or distribution in this state of or
12 the provision of services relating to an orbital space facility, space propulsion system, or space
13 vehicle, satellite, or station of any kind possessing space flight capacity, including the
14 components of them;

15 (2) the sale, lease, rental, storage, consumption, or use of tangible personal
16 property placed on or used aboard an orbital space facility, space propulsion system, or space
17 vehicle, satellite, or station of any kind, regardless of whether the tangible personal property is
18 returned to this state for subsequent use, storage, or consumption; an exemption under this
19 paragraph is not affected by the failure of a launch to occur, or the destruction of a launch
20 vehicle or a component of a launch vehicle.

21 * Sec. 6. AS 36.30.015(f) is amended to read:

22 (f) The board of directors of the Alaska Housing Finance Corporation, notwithstanding
23 AS 18.56.088, [AND] the board of directors of the Alaska State Housing Authority, and the
24 board of directors of the Alaska Aerospace Development Corporation, notwithstanding
25 AS 14.40.871(b), shall adopt regulations under the Administrative Procedure Act (AS 44.62) to
26 govern the procurement of supplies, services, professional services, and construction for the
27 respective public corporations. The regulations must

28 (1) reflect competitive bidding principles and provide vendors reasonable and
29 equitable opportunities to participate in the procurement process; and

30 (2) include procurement methods to meet emergency and extraordinary
31 circumstances.

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

2 (1) "agency"

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

6 (B) does not include

7 (i) the University of Alaska;

8 (ii) the Alaska State Housing Corporation;

9 (iii) the Alaska Railroad Corporation;

10 (iv) the Alaska Housing Finance Corporation;

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

13 (vi) the Alaska Aerospace Development Corporation;

14 * Sec. 8. AS 37.05.146 is amended to read:

15 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
16 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other
17 state money received by a state agency in connection with the performance of its functions; all
18 program receipts except the following are general fund program receipts:

19 (1) federal receipts;

20 (2) University of Alaska receipts (AS 14.40.491);

21 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
22 terms are restricted to a specific purpose;

23 (4) receipts of the following funds:

24 (A) highway working capital fund (AS 44.68.210);

25 (B) correctional industries fund (AS 33.32.020);

26 (C) loan funds;

27 (D) international airport revenue fund (AS 37.15.430);

28 (E) funds managed by the Alaska State Housing Authority (AS 18.55.020),
29 the Alaska Housing Finance Corporation (AS 18.56.020), the Medical Indemnity
30 Corporation of Alaska (AS 21.88.020), the Alaska Railroad Corporation (AS 42.40.010),
31 the Municipal Bond Bank Authority (AS 44.85.020), the Alaska Aerospace Development

1 Corporation (AS 14.40.821), or the Alaska Industrial Development and Export Authority
2 (AS 44.88.020);

3 (F) fish and game fund (AS 16.05.100);

4 (G) school fund (AS 43.50.140);

5 (H) training and building fund (AS 23.20.130);

6 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
7 former AS 39:37);

8 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

9 (K) public school fund (AS 37.14.110);

10 (L) second injury fund (AS 23.30.040);

11 (M) fishermen's fund (AS 23.35.060);

12 (N) FICA administration fund (AS 39.30.050).

13 * Sec. 9. AS 38.05.810 is amended by adding a new subsection to read:

14 (h) The commissioner shall lease land to the Alaska Aerospace Development Corporation
15 for purposes of down range space vehicle or payload overflight, booster retrieval, and recovery
16 at no charge. The commissioner shall lease land to the Alaska Aerospace Development
17 Corporation for other space-related purposes at no more than 10 percent of the appraised fair
18 market value.

19 * Sec. 10. AS 39.25.110(11) is amended to read:

20 (11) the officers and employees of the following boards, commissions, and
21 authorities:

22 (A) Alaska Gas Pipeline Financing Authority;

23 (B) Alaska Permanent Fund Corporation;

24 (C) [REPEALED,

25 (D)] Alaska Industrial Development and Export Authority;

26 (D) [(E)] Alaska Commercial Fisheries Entry Commission;

27 (E) [(F)] Alaska Commission on Postsecondary Education;

28 (F) Alaska Aerospace Development Corporation;

29 * Sec. 11. AS 39.50.200(b) is amended by adding a new paragraph to read:

30 (52) Alaska Aerospace Development Corporation (AS 14.40.821).

31 * Sec. 12. AS 44.99.200(b) is amended to read:

- 1 (b) The determination under (a) of this section shall be made by the
2 (1) commissioner of administration for a state agency in the executive branch,
3 except as provided in (4) - (6) of this subsection;
4 (2) administrative director of the judicial branch for an agency in the judicial
5 branch;
6 (3) Alaska Legislative Council for an agency in the legislative branch;
7 (4) Board of Regents or president of the University of Alaska for the university;
8 (5) board of directors of the Alaska State Housing Authority for the authority;
9 [AND]
10 (6) board of directors of the Alaska Railroad Corporation for the corporation; and
11 (7) board of directors of the Alaska Aerospace Development Corporation for
12 the corporation.

13 * Sec. 13. AS 44.99.400 is amended to read:

14 Sec. 44.99.400. COPYRIGHTS. A state agency may hold the copyright for software
15 created by the agency or developed by a private contractor for an agency, and may enforce its
16 rights to protect the copyright. In this section, "state agency" means a department, institution,
17 board, commission, division, authority, public corporation, committee, or other administrative unit
18 of the executive, judicial, or legislative branch of state government, including the University of
19 Alaska, the Alaska State Housing Authority, the Alaska Aerospace Development Corporation,
20 and the Alaska Railroad Corporation.

21 * Sec. 14. INITIAL APPOINTMENTS. The initial appointments of the members of the board under
22 AS 14.40.826(a)(1), (6), (8), and (9) shall be staggered under AS 39.05.055(2).

23 * Sec. 15. This Act takes effect July 1, 1991.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 1
Bill Version: CSHB 46 (FIN)
(H) Publish Date: 3/13/91

Revision Date: _____ Department Affected: Commerce & Economic Dev.
Title: Establishing the Alaska BRU: Alaska Aerospace Development Corporation
Aerospace Development Corporation Component: _____
Sponsor: Rep. Moyer
Requestor: Rep. Moyer COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	126.4					
TRAVEL	37.6					
CONTRACTUAL	118.0					
SUPPLIES	1.5					
EQUIPMENT	19.0					
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	302.5	*	*	*	*	*

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	302.5					
FEDERAL FUNDS						
OTHER Corp. Rec.		*	*	*	*	*
TOTAL	302.5	*	*	*	*	*

POSITIONS:

FULL-TIME	2					
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.) Assumes the AADC will become effective July 1, 1991. Initial year would be funded from the general fund.

*Subsequent years will be funded from corporate receipts of the AADC revolving fund. Since this is a new organization, it is not possible to predict annual costs beyond FY 92.

Prepared By: Guy Bell, Director Phone: 465-2587
Division: Administrative Services Date: _____
Approved by Commissioner: Glenn A. Olds *[Signature]*
Agency: Department of Commerce & Economic Development Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE - CSHB 46

ALASKA AEROSPACE DEVELOPMENT CORPORATION

<u>Personal Services:</u>		\$126.4
Executive Director (26A)	\$ 90.1	
Secretary I (10B)	\$ 36.3	
<u>Travel:</u>		\$ 37.6
Executive Director	\$ 20.0	
Board (4 meetings/year)	\$ 12.0	
Honorarium/Stipend	\$ 5.6	
<u>Contractual:</u>		\$118.0
Office Space (500 sq. ft. @ \$2.00/ft)	\$ 12.0	
Professional Services (bond counsel engineering, actuarial, etc.)	\$100.0	
Utilities (phones, other)	\$ 6.0	
<u>Supplies:</u>		\$ 1.5
Office Supplies	\$ 1.5	
<u>Equipment:</u>		\$ 19.0
Telecopier	\$ 3.0	
Computer/Word Processing	\$ 10.0	
Furniture	\$ 6.0	
 FY 92 TOTAL		 <u>\$302.5</u>

STATE OF ALASKA
1991 LEGISLATIVE SESSION

FISCAL NOTE

No. 2
Bill Version: CSHB 46 (FIN)
(H) Publish Date: 3/13/91

Revision Date: _____ Department Affected: University of Alaska
Title: Creating AK Aerospace Development Corporation BRU: ALL
Sponsor: Moyer Component:
Requestor: ITT Component Serial No. ALL

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	0.0
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FUNDING: (Thousands of Dollars)	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY92	FY93	FY94	FY95	FY96	FY97
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared by: Brian Rogers
Division: Vice President for Finance

Approved by: Brian Rogers, Vice President for Finance
Agency: University of Alaska

Phone: 474-7448
Date: 3/7/91

Date: 3/7/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Fiscal Note - Bill #CSHB 46 (ITT) Analysis

Creation of the Alaska Aerospace Development Corporation will not entail new costs by the University of Alaska. Any costs of university participation in meetings with the corporation will be borne from existing funds.

Depending on the success of the Alaska Aerospace Development Corporation in attracting new aerospace related businesses to use the Poker Flat Research Range, the university may receive revenues to support operation of the research range in fiscal '93 and thereafter. Until the corporation is operational, however, the university has no way of knowing what those revenues may be.

COMMITTEE COPY

FISCAL NOTE

No. 3

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: CSHB 46 (FIN)

(H) Publish Date: 3/13/91

Revision Date: _____ Department Affected: Administration

Title: An act creating the Alaska BRU: Risk Management

Spaceport Authority Component: _____

Sponsor: Mover, Koponen

Requestor: Labor & Comm. & Ec. Dev. COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: Nil.

ANALYSIS: (Attach a separate page if necessary.)
See following page

Prepared By: Don Hitchcock *[Signature]* Phone: 465-2180

Division: Risk Management Date: 3-27-91

Approved by Commissioner: Millett Kellern *[Signature]*

Agency: Department of Administration *[Signature]* Date: 3/1/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**1991 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION**

Division Risk Management Bill Number HB 46

Bill Title An act creating the Alaska Spaceport Authority

Position Statement: Explain briefly what bill does, its impacts and Department's position, i.e. a) support, b) do not support, c) neutral or d) oppose.

This act creates a new public corporation of the State, with a board of directors, executive director and support staff. It is unclear as to the extent of the increased staffing involved with inherent workers' compensation, general and professional liability exposures.

It is mentioned that the authority will procure and maintain insurance coverage for liability that may arise as a consequence of its activities, and its buildings, structures and other facilities against loss. Again there is no indication of the extent of such facilities, although we would presume they would approach Risk Management for such coverages as it is more economical to participate in the self insurance program operated by Risk Management.

Casualty risks (workers' compensation, general, auto and professional liability) could be picked up as part of the standard assessment on the Department of Commerce's monthly payroll. All other coverages would be billed on a direct RSA basis (property, aviation, etc.)

Our position is neutral — this is only a reminder that insurance costs could be involved depending on Alaska Space Port Authority activity.

APPROVED:

Director Donald Hitchcock Division Risk Management

Signature print name
[Signature] Date 2/27/91

Commissioner Millert Keiler

Signature _____ Date _____

(For more information, call Barbara Pritchard 465-2200)

Rev. 1/23/91

COMMITTEE COPY

7-LS0236P
Luckhaupt
4/27/91

CS FOR HOUSE BILL NO. 46 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MOYER, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act creating the Alaska Aerospace Development Corporation; providing for the lease
2 of state land to the corporation; providing an exemption from municipal sales and use
3 taxes for space-related activities; and providing for an effective date."

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

5 * Section 1. SHORT TITLE. This Act may be known as the Alaska Aerospace Development
6 Corporation Act.

7 * Sec. 2. AS 14.40 is amended by adding new sections to read:

8 ARTICLE 7. ALASKA AEROSPACE DEVELOPMENT CORPORATION.

9 Sec. 14.40.821. CPEATION AND TERMINATION OF CORPORATION. (a) The
10 Alaska Aerospace Development Corporation is created as a public corporation of the state. The
11 corporation is a body corporate and politic located for administrative purposes within the
12 Department of Commerce and Economic Development and affiliated with the University of
13 Alaska but with a separate and independent legal existence.

14 (b) The corporation may not be terminated as long as it has bonds, notes, or other

1 obligations outstanding. If the corporation is terminated, it shall be terminated in a manner that
 2 permits the University of Alaska and Poker Flat Research Range to continue their research and
 3 educational missions uninterrupted.

4 Sec. 14.40.826. BOARD OF DIRECTORS. (a) The board of directors of the corporation
 5 consists of nine members appointed by the governor as follows:

- 6 (1) one member of the Board of Regents of the University of Alaska;
 7 (2) the president or the designee of the president of the University of Alaska;
 8 (3) the director of the Geophysical Institute of the University of Alaska;
 9 (4) the executive director of the Alaska Science and Technology Foundation;
 10 (5) the commissioner of commerce and economic development or the
 11 commissioner's designee;
 12 (6) an expert with experience and understanding of the aerospace or commercial
 13 space industry with an emphasis in federal regulatory procedures and policy involving space;
 14 (7) one faculty member of the University of Alaska with research interests
 15 involving rockets or satellites;
 16 (8) two public members.

17 (b) The members of the ^{board of directors of the} corporation described in (a)(6) and (8) of this section may be
 18 nonresidents of the state. The term of the members described in (a)(1), (6), and (8) of this
 19 section is four years and those terms shall be staggered.

20 (c) Members of the ^{board of directors of the} corporation described in (a)(6) and (8) of this section receive \$100
 21 compensation for each day spent on official business of the corporation.

22 (d) Members of the ^{board of directors of the} corporation are entitled to per diem and travel expenses authorized
 23 under AS 39.20.180.

24 Sec. 14.40.831. CHAIR AND VICE-CHAIR. The president of the University of Alaska
 25 or the designee of the president shall be the chair of the ^{board of directors of the} corporation. The commissioner of
 26 commerce and economic development or the designee of the commissioner shall be vice-chair
 27 of the ^{board of directors of the} corporation. The vice-chair presides over all meetings in the absence of the chair and has
 28 other duties the corporation may direct.

29 Sec. 14.40.836. MEETINGS; STAFF. (a) A majority of the members of the corporation
 30 constitutes a quorum for the transaction of business or the exercise of a power or function at a
 31 meeting of the corporation. The corporation shall meet at least every three months. The

1 corporation may meet and transact business by electronic media if (1) public notice of the time
2 and locations where the meeting will be held by electronic media has been given in the same
3 manner as if the meeting were held in a single location; (2) participants and members of the
4 public in attendance can hear and have the same right to participate in the meeting as if the
5 meeting were conducted in person; and (3) copies of pertinent reference materials, statutes,
6 regulations, and audio-visual materials are reasonably available to participants and the public.
7 A meeting by electronic media as provided in this subsection has the same legal effect as a
8 meeting in person.

9 (b) The corporation may employ persons as staff it considers advisable, including an
10 executive director, and may employ professional advisors, technical experts, agents, and other
11 employees it considers advisable. The executive director and employees of the corporation are
12 in the exempt service under AS 39.25.

13 (c) The corporation may hire legal counsel to represent the corporation.

14 (d) The corporation shall keep minutes of each meeting and send a certified copy of the
15 minutes to the governor and to the Legislative Budget and Audit Committee.

16 Sec. 14.40.841. ALASKA AEROSPACE DEVELOPMENT CORPORATION
17 REVOLVING FUND. The Alaska Aerospace Development Corporation revolving fund is
18 established in the corporation. The revolving fund consists of appropriations made to the
19 revolving fund by the legislature, and rents, fees, or other money or assets transferred to the
20 revolving fund by the corporation. Amounts deposited in the revolving fund may be pledged to
21 the payment of bonds of the corporation or expended for the purposes of the corporation under
22 this chapter.

23 Sec. 14.40.846. INSURANCE COVERAGE; SAFETY PROGRAM. (a) The corporation
24 may engage actuarial experts and shall develop probability models to indicate the degree of
25 potential harm to the public and private enterprise from the corporation's activities.

26 (b) The corporation shall, to the extent available and consistent with federal requirements,
27 secure insurance coverage within reasonable limits for liability that may arise as a consequence
28 of its activities and the activities of its officers and employees and to insure its buildings,
29 structures, and other facilities against loss.

30 (c) The corporation shall establish a safety program that includes

31 (1) the development and implementation of a loss prevention program consisting

1 of a comprehensive corporation wide safety program, including a statement by the board, of
2 safety policy and responsibility and regulations implementing it;

3 (2) provision for regular and periodic facility and equipment inspections;

4 (3) investigation of job-related accidents and other accidents occurring on the
5 premises of the corporation or within areas of its jurisdiction;

6 (4) the establishment of a program to promote increased safety awareness among
7 employees, agents, and subcontractors of the corporation;

8 (5) the study of safety operations at other space-related facilities in the United
9 States;

10 (6) all federal and state safety and emergency facility requirements for commercial
11 space facilities.

12 Sec. 14.40.851. SPACE ACTIVITIES LOCATION. The Poker Flat Research Range
13 constitutes the location and launch site for the corporation. Other sites may be developed and
14 utilized if determined by the board to be necessary.

15 Sec. 14.40.856. LICENSES AND PERMITS. The corporation shall obtain all federal and
16 state licenses and permits necessary to fulfill the purposes, to perform the duties, and exercise
17 the powers of the corporation.

18 Sec. 14.40.861. PURPOSE OF THE CORPORATION. The purpose of the corporation
19 is to allow the state to take a lead role in the exploration and development of space, to enhance
20 human and economic development, and to provide a unified direction

21 (1) for space-related economic growth thereby ensuring a stable and dynamic
22 research and business climate by attracting space-related businesses to locate within and utilize
23 the opportunities provided in the state;

24 (2) for space-related educational and research development by encouraging and
25 assisting the University of Alaska in developing space-related programs, research, and courses
26 of instruction and to assist the University of Alaska as a member of the Space Grant State
27 Consortia under 42 U.S.C. 2486 (National Space Grant College and Fellowship Program);

28 (3) to promote the continued utilization of the Poker Flat Research Range as a
29 launch site for launch vehicles and for scientific research both from ground based and rocket or
30 balloon based instrumentation;

31 (4) to recognize the importance and benefits of and to promote and encourage the

1 continued utilization of Poker Flat Research Range for the University of Alaska's polar research
2 efforts;

3 (5) for promotion of space-related tourism activities at Poker Flat Research Range
4 and other space-related facilities or centers that may be utilized or established by the corporation;
5 and

6 (6) for development of a state strategy for and to implement the acceleration of
7 space-related economic growth and educational and research development in the state by the use
8 of innovative development methods designed to stimulate space-related business and educational
9 and research development and improve the entrepreneurial atmosphere in the state.

10 Sec. 14.40.866. POWERS AND DUTIES OF THE CORPORATION. (a) In furtherance
11 of its corporate purposes, in addition to its other powers the corporation may

12 (1) sue and be sued;

13 (2) adopt a seal;

14 (3) have perpetual succession;

15 (4) adopt, amend, and repeal bylaws and regulations;

16 (5) make and execute contracts and other instruments;

17 (6) in its own name acquire property, lease, rent, convey, or acquire ^{by eminent}
18 domain under AS 09.55.240 - 09.55.460, or otherwise, ^{in AS 09.55.240} real and personal property; ^{provided that}
19 a project site or part of a project site may not be acquired by eminent domain. until the
20 corporation has secured, through negotiation, options for the purchase of at least 50 percent of
21 the properties included in the site; in an eminent domain proceeding, the court may, upon motion
22 and after a hearing, fix the time when and the terms upon which the parties in possession are
23 required to surrender possession to the corporation; the Poker Flat Research Range may not be
24 acquired by eminent domain;

25 (7) issue bonds and otherwise incur indebtedness, in accordance with
26 AS 14.40.891, in order to pay the cost of a project or projects to construct or improve launch
27 facilities or other space and aerospace projects or in order to provide money for the corporation's
28 purposes under this chapter; the corporation may also secure payment of the bonds or other
29 indebtedness as provided in this chapter;

30 (8) accept gifts, grants, or loans from, and enter into contracts or other
31 transactions regarding them with, a federal agency or an agency or instrumentality of the state,

- 1 a municipality, private organization, or other source;
- 2 (9) enter into contracts or agreements with a federal agency, agency or
3 instrumentality of the state, municipality, or public or private individual or entity, with respect
4 to the exercise of its powers, and do all things necessary or convenient to carry out its corporate
5 purposes and exercise the powers granted in this chapter;
- 6 (10) own, acquire, construct, develop, create, reconstruct, equip, operate, maintain,
7 extend, and improve launch sites, launch pads, landing areas, ranges, payload facilities,
8 laboratories, space business incubators, facilities for the construction of rockets and other launch
9 vehicles, and other space facilities and space-related systems, including educational, cultural,
10 tourism, and parking facilities, and space-related initiatives;
- 11 (11) undertake a program of advertising to the public and space-related businesses
12 promoting the space-related projects of the corporation and space-related businesses;
- 13 (12) construct, improve, and operate by itself or in cooperation with the
14 University of Alaska or the Department of Transportation and Public Facilities transportation
15 facilities appropriate to meet the transportation requirements of a facility operated by the
16 corporation;
- 17 (13) construct, improve, and operate water, sewage, and utility service to a facility
18 operated by the corporation;
- 19 (14) construct, provide, or improve public safety facilities for a facility operated
20 by the corporation;
- 21 (15) charge fees, rents, or other charges for the use of a facility, structure, or
22 service developed, operated, or provided by the corporation including fees, rents, and other
23 charges in excess of the actual operating cost of the use of the facility, structure, or service;
- 24 (16) pledge rents, fees, charges, or other revenue from the use of its services or
25 facilities as security for bonds of the corporation;
- 26 (17) undertake to finance or develop a space-related project with any agency or
27 authority of the state, its political subdivisions, agencies or authorities of other states, the federal
28 government, foreign governments, or private entities;
- 29 (18) apply to the federal government for a grant allowing the designation of
30 corporation territory as a foreign trade zone under AS 45.77.010;
- 31 (19) negotiate agreements for the overflight or recovery of a space vehicle, rocket,

1 missile, payload, booster, scientific experiments or other space-related material, debris, or parts
2 with any person or entity, including but not limited to adjacent landowners;

3 (20) lease the Poker Flat Research Range or portions of it from the University of
4 Alaska and to lease to the University space-related facilities that the corporation may construct
5 or acquire;

6 (21) apply for and hold in the name of the corporation patents, copyrights, and
7 other intellectual property.

8 (b) The corporation shall

9 (1) prepare an annual report of its operations to include a balance sheet, an
10 income statement, a statement of changes in financial position, a reconciliation of changes in
11 equity accounts, a summary of significant accounting principles, an auditor's report, comments
12 regarding the year's business, and prospects from the next year; the report shall be provided by
13 the third day of each regular session of the legislature to the governor, the presiding officers of
14 each house of the legislature, the University of Alaska, and the Legislative Budget and Audit
15 Committee;

16 (2) establish a personnel management system for hiring employees and setting
17 employee-benefit packages;

18 (3) establish procedures, rules, and rates governing per diem and travel expenses
19 of the employees of the corporation in substantial conformity to statutes, procedures, rules, and
20 rates governing state employees;

21 (4) fulfill its purposes, perform its duties, and exercise its power in a manner that
22 does not interfere or restrict the educational and research functions of Poker Flat Research Range
23 and the University of Alaska.

24 Sec. 14.40.871. REGULATIONS. (a) The corporation shall adopt regulations to carry
25 out the purposes of this chapter.

26 (b) Except for AS 44.62.310 and 44.62.312 regarding public meetings, the provisions of
27 AS 44.62 (Administrative Procedure Act) regarding the adoption of regulations do not apply to
28 the corporation. The corporation shall make available to members of the public copies of the
29 regulations adopted under this section. Within 45 days after adoption of a regulation under this
30 section, the chair of the corporation shall submit the regulation adopted to the chair of the
31 Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460.

1 (c) The corporation may adopt regulations by motion or by resolution or in another
2 manner permitted by its bylaws.

3 (d) Except as provided in (e) of this section, at least 15 days before the adoption of a
4 regulation, the corporation shall give public notice of the proposed action by publishing the notice
5 in at least three newspapers of general circulation in the state and by mailing a copy of the notice
6 to every person who has filed a request for notice of proposed regulations with the corporation.
7 The public notice must include a statement of the time, place, and nature of the proceedings for
8 the adoption of the regulation and must include an informative summary of the subject of the
9 proposed action. On the date and at the time and place designated in the notice, the corporation
10 shall give each interested person or an authorized representative of the person, or both, the
11 opportunity to present statements, arguments, or contentions orally or in writing and shall give
12 members of the public an opportunity to present oral statements, arguments, or contentions for
13 a total period of at least one hour. The corporation shall consider all relevant matter presented
14 to it before taking the proposed action on the regulation. At a hearing under this subsection, the
15 corporation may continue or postpone the hearing to a time and place determined by the
16 corporation and announced at the hearing before taking the action to continue or postpone the
17 hearing. A regulation adopted by the corporation may vary from the informative summary
18 specified in this subsection if the subject matter of the action taken on the regulation remains the
19 same and if the original notice of the proposed action was written so as to assure that members
20 of the public are reasonably notified of the subject matter of the proposed action in order for
21 them to determine whether their interests could be affected by the corporation's proposed action
22 on that subject.

23 (e) The adoption of a regulation may be made as an emergency regulation if, in the order
24 of adoption, the corporation states the facts constituting the emergency and makes a finding that
25 the adoption of the regulation is necessary for the immediate preservation of the orderly operation
26 of the corporation's programs. The requirements of (d) of this section do not apply to the initial
27 adoption of an emergency regulation; however, upon adoption of an emergency regulation under
28 this subsection, the corporation shall, within 10 days after that adoption, publish notice of the
29 adoption in accordance with the notice procedures specified in (d) of this section. An emergency
30 regulation adopted under this subsection may not remain in effect for more than 120 days unless,
31 before the expiration of that period, the corporation adopts that regulation as a permanent

1 regulation in accordance with the procedures specified in (d) of this section.

2 (f) A regulation adopted under this section takes effect immediately upon its adoption
3 by the corporation or at another time specified by the corporation in its order of adoption.

4 Sec. 14.40.876. EXERCISE BY CORPORATION OF POWERS WITHIN
5 MUNICIPALITIES. The corporation may exercise any of its powers in all portions of a space-
6 related facility or territory lying within the boundaries of a municipality to the same extent and
7 in the same manner as in areas of the space-related facility or territory not within the boundaries
8 of a municipality.

9 Sec. 14.40.881. TRADE SECRETS CONFIDENTIAL. The corporation shall maintain
10 the confidentiality of a trade secret, or other proprietary technical information supplied by a
11 public or private person or entity or other proprietary information for purposes related to this
12 chapter unless the owner of the trade secret authorizes its release or a court orders its release.
13 Information covered by this section is not a public record for purposes of AS 09.25.110 -
14 09.25.140. The corporation shall adopt regulations implementing this section.

15 Sec. 14.40.836. APPROVAL OF PROJECTS BY LEGISLATURE. Notwithstanding any
16 other provision of this chapter, a proposed construction project of \$1,000,000 or more shall be
17 submitted by the corporation to the legislature for review at a regular session of the legislature.
18 If the proposed construction project is submitted before the 75th day of a regular session, the
19 corporation may proceed with the proposed project if it is not disapproved by law at that session.
20 If the proposed construction project is submitted after the 75th day of a regular session or in the
21 interim between regular sessions, the corporation may proceed with the project if it is not
22 disapproved by law at the next regular session. A proposed construction project is considered
23 submitted under this section upon written notification of the proposed project to the presiding
24 officers of each house of the legislature and the Legislative Budget and Audit Committee.

25 Sec. 14.40.891. ISSUANCE OF BONDS, NOTES, AND REFUNDING BONDS. The
26 corporation may issue bonds and notes from time to time in its discretion for any of its corporate
27 purposes and may issue refunding bonds for the purpose of paying or retiring bonds previously
28 issued by it.

29 Sec. 14.40.896. SECURITY FOR BONDS. The corporation may issue bonds including
30 but not limited to bonds on which the principal and interest are payable (1) exclusively from the
31 income and revenue of the space-related project financed with the proceeds of the bonds, (2)

1 exclusively from the income and revenue of designated space-related projects whether or not they
2 are financed in whole or in part with the proceeds of the bonds, (3) from its revenue or other
3 assets generally, or (4) exclusively from rents, fees, charges, or other revenue collected or
4 received by the corporation. Bonds may be additionally secured by a pledge of a grant or
5 contribution from the federal government or from another source, or by a pledge of income or
6 revenue of the corporation, or by a mortgage of a space-related project or other property of the
7 corporation.

8 Sec. 14.40.899. LIMITATION OF LIABILITY ON BONDS. The members of the
9 corporation and a person executing the bonds are not liable personally on the bonds by reason
10 of their issuance. The bonds of the corporation are not a debt of the state or a political or
11 municipal corporation or other subdivision of the state, including the University of Alaska, and
12 each bond must so state on its face. Neither the state nor a political or municipal corporation
13 or other subdivision of the state, including the University of Alaska, other than the corporation
14 is liable on the bonds, nor are the bonds payable out of funds or properties other than those of
15 the corporation. The corporation may not pledge the faith of the people of the state for a loan
16 or obligation. Bonds of the corporation are not a debt, indebtedness, or the borrowing of money
17 within the meaning of a limitation or restriction on the issuance of bonds contained in the
18 constitution or laws of the state.

19 Sec. 14.40.902. ISSUANCE AND SALE OF BONDS AND NOTES. Bonds and notes
20 of the corporation are authorized by adoption of a resolution prescribing the date of issuance and
21 maturity, interest rate, denomination, form, conversion privilege, rank or priority, execution, terms
22 of redemption, medium, and place of payment. Bonds and notes may be sold in the manner, on
23 the terms, and at the price the corporation determines. Each bond and note is negotiable. The
24 signature of a member or an officer upon a bond or note or coupon is not invalidated by that
25 person's ceasing to hold office before the delivery of the bond or note. The recitation of a bond
26 or note that it has been issued in the financing of a space-related project or purpose under this
27 chapter is conclusive as to the issuance of the bond or note and the character of the project in
28 a challenge of the validity of the bond or note or the security for it.

29 Sec. 14.40.906. BONDS EXEMPT FROM TAXES. Bonds and other obligations of the
30 corporation are issued for an essential public and governmental purpose and are public
31 instrumentalities and, together with interest on them and income from them, are exempt from

1 taxes.

2 Sec. 14.40.908. INDEPENDENT FINANCIAL ADVISOR. In negotiating the private
3 sale of bonds or bond anticipation notes to an underwriter, the corporation shall retain a financial
4 advisor who is independent from the underwriter. The financial advisor may not bid on the
5 bonds or notes if offered at public sale or negotiate for their purchase if sold at private sale.

6 Sec. 14.40.912. ADDITIONAL POWERS TO SECURE BONDS OR OBLIGATIONS
7 UNDER LEASES. In connection with the issuance of bonds or the incurring of obligations
8 under leases and in order to secure the payment of bonds or lease obligations, the corporation,
9 in addition to its other powers, may

10 (1) pledge all or a part of its gross or net rents, fees, or revenues to which its
11 right exists or may exist;

12 (2) mortgage or encumber all or a part of its real or personal property, owned or
13 later acquired;

14 (3) covenant against pledging all or a part of its rents, fees, and revenue, or
15 against mortgaging all or a part of its real or personal property, to which its right or title exists
16 or may come into existence or against permitting or suffering any lien on the revenues or
17 property;

18 (4) covenant with respect to limitations on its right to sell, lease, or otherwise
19 dispose of a space-related project or a part of a space-related project;

20 (5) covenant as to what other, or additional debts or obligations may be incurred
21 by it;

22 (6) covenant as to the bonds to be issued and as to the issuance of the bonds in
23 escrow or otherwise, and as to the use and disposition of the proceeds of bonds;

24 (7) provide for the replacement of lost, destroyed, or mutilated bonds;

25 (8) covenant against extending the time for the payment of its bonds or interest
26 on the bonds;

27 (9) redeem the bonds, and covenant for their redemption and to provide the terms
28 and conditions of redemption;

29 (10) covenant as to the rents and fees to be charged in the operation of a space-
30 related project, the amount to be raised each year or other period of time by rents, fees, and other
31 revenue, and as to the use and disposition of this revenue;

1 (11) create or authorize the creation of special funds for money held for
2 construction or operating costs, debt service, reserves, or other purposes, and covenant as to the
3 use and disposition of this money;

4 (12) prescribe the procedure by which the terms of a contract with bondholders
5 may be amended or abrogated, the amount of bonds the holders of which must consent thereto
6 and the manner in which the consent may be given;

7 (13) covenant as to the rights, liabilities, powers, and duties arising upon the
8 breach by it of a covenant, condition, or obligation, and covenant and prescribe as to events of
9 default and terms and conditions upon which any or all of its bonds or obligations shall become
10 or may be declared due before maturity, and covenant as to the terms and conditions upon which
11 this declaration and its consequences may be waived;

12 (14) vest in a trustee or trustees or the holders of bonds or a specified proportion
13 of them, the right to enforce the payment of the bonds or covenants securing or relating to the
14 bonds;

15 (15) vest in one or more trustees the right, in the event of a default by the
16 corporation, to take possession of a space-related project or a part of the project, and so long as
17 the corporation continues in default to retain possession and to use, operate, and manage the
18 project, and to collect the rent and revenue from the project, and to dispose of the money
19 according to the agreement between the corporation and the trustees;

20 (16) provide for the powers and duties of the trustees, and limit the liability of
21 the trustees; and

22 (17) provide the terms and conditions upon which the trustee or trustees or the
23 holders of bonds, or portions of bonds, may enforce a covenant or right securing or relating to
24 the bonds.

25 **Sec. 14.40.916. RIGHT OF OBLIGEE OF CORPORATION TO BRING INJUNCTION.**
26 An obligee of the corporation may, in addition to all other rights that may be conferred and
27 subject only to contractual restriction binding upon the obligee, seek an injunction or an action
28 in nature of an action for mandamus against the members, the corporation, its officers, agents,
29 or employees.

30 **Sec. 14.40.921. POWER OF CORPORATION TO CONFER UPON OBLIGEE RIGHT**
31 **TO BRING ACTION OR PROCEEDING.** The corporation may by resolution, trust indenture,

1 mortgage, lease, or other contract confer upon an obligee holding or representing a specified
2 amount in bonds, or holding a lease, the right upon a default as defined in the resolution or
3 instrument by suit, action or proceeding

4 (1) to have possession of a space-related project or part of one surrendered to the
5 obligee, with possession retained by the obligee as long as the corporation continues in default;

6 (2) to obtain the appointment of a receiver of a space-related project or part of
7 one and its rents and profits, who may enter, take possession, and for the duration of the default
8 operate and maintain it, collect and receive all fees, rents, revenues, or other charges thereafter
9 arising, and keep the money in a separate account or accounts to be applied in accordance with
10 the obligations of the corporation as the court directs;

11 (3) to require the corporation and its members to account as if they were the
12 trustees of an express trust.

13 Sec. 14.40.926. EXEMPTION OF REAL PROPERTY OF CORPORATION FROM
14 EXECUTION OR OTHER PROCESS. All real property of the corporation is exempt from levy
15 and sale by execution, and an execution or other judicial process may not issue against it. A
16 judgment against the corporation may not be a charge or lien upon its real property. However,
17 this section does not limit the right of an obligee to foreclose or otherwise enforce a mortgage
18 of the corporation or to pursue any remedy for the enforcement of a pledge or lien given by the
19 corporation on its rents, fees, or revenues.

20 Sec. 14.40.931. POWER OF CORPORATION TO OBTAIN FEDERAL AID AND
21 COOPERATION. The corporation may borrow, accept contributions, grants, or other financial
22 assistance from the federal government in aid of a space-related project and for this purpose may
23 comply with conditions and enter into the mortgages, trust indentures, leases, or agreements that
24 are necessary, convenient, or desirable in order to obtain financial aid or cooperation from the
25 federal government in the undertaking, construction, maintenance, or operation of a space-related
26 project.

27 Sec. 14.40.936. EXEMPTION FROM TAXES AND ASSESSMENTS. The property of
28 the corporation is public property used for essential public and governmental purposes and this
29 property and the corporation are exempt from all taxes and special assessments of a municipality,
30 the state, or a political subdivision of the state. However, instead of taxes, the corporation may
31 make payments to the municipality or political subdivision for improvements, services, and

1 facilities furnished by it for the benefit of a space-related project.

2 Sec. 14.40.941. DISPOSAL OF SURPLUS PROPERTY. (a) The corporation may
3 convey real or personal property that it determines is in excess of its needs. Except as provided
4 in (b) of this section, the sale shall be by public auction or by sealed bids. Public notice shall
5 be given by publishing notice of the sale at least once a week for two consecutive weeks in a
6 newspaper of general circulation within the area in which the property to be sold is located and
7 by posting notice of sale in at least two public places in the area. In no event may the auction
8 be held less than 30 days after the last day of publication. If an acceptable bid is not received,
9 the corporation may sell the property at negotiated sale within six months after the date of the
10 auction. A negotiated sale may not be made on an appraisal made more than nine months before
11 the date of sale. The price at a negotiated sale may not be less than the appraised value.

12 (b) Real or personal property of the corporation may be conveyed to a state or federal
13 agency or political subdivision or the University of Alaska for less than the appraised value
14 without competitive bidding, upon a determination by the board that the terms are fair and proper
15 and in the best interests of the state. The board shall consider both the nature of the agency's
16 or political subdivision's public services or functions and the terms under which the property was
17 acquired by the corporation.

18 Sec. 14.40.946. PUBLIC LOANS OR DONATIONS TO OR COOPERATION WITH
19 CORPORATION. (a) A public body or agency of the state may

20 (1) lend or donate money or property to the corporation;

21 (2) cooperate with it in the planning, construction, or operation of a project;

22 (3) transfer to it an interest in property, grant an easement, undertake otherwise
23 authorized construction of facilities adjacent to a project;

24 (4) furnish or improve otherwise authorized roads, streets, alleys, and sidewalks;

25 (5) purchase bonds of the corporation;

26 (6) incur the entire expense of improvements made under this chapter;

27 (7) agree with the corporation that a certain sum or that no sum shall be paid by
28 the corporation to it instead of taxes;

29 (8) enter into agreements respecting exercise of the powers granted in this chapter
30 that shall be approved and executed by the public body or municipality in or adjacent to the
31 project before the project may be constructed; and

1 (9) in general do all things necessary or convenient to cooperate in the planning,
2 construction, or operation of a project.

3 (b) Except as required under AS 44.62.310 and 44.62.312, a sale, conveyance, lease, or
4 agreement under this section may be made without appraisal, public notice or advertisement, or
5 bidding. A public body may exercise the powers granted in this section by resolution or
6 ordinance by a majority of the members of the governing body present at the meeting at which
7 it is introduced, and the resolution or ordinance takes effect immediately without publishing or
8 posting.

9 Sec. 14.40.951. RESERVE FUND. (a) The corporation shall establish and maintain a
10 special fund called the Alaska Aerospace Development Corporation reserve fund in which there
11 shall be deposited or transferred

12 (1) all money appropriated by the legislature for the purpose of the fund in
13 accordance with the provisions of (g) of this section;

14 (2) all proceeds of bonds required to be deposited in the fund by terms of a
15 contract between the corporation and its bondholders or a resolution of the corporation with
16 respect to the proceeds of bonds;

17 (3) all other money appropriated by the legislature to the reserve fund; and

18 (4) any other money or funds of the corporation that it decides to deposit in the
19 fund.

20 (b) Subject to the provisions of (h) of this section, money in the reserve fund shall be
21 held and applied solely to the payment of the interest on and principal of bonds of the
22 corporation as the interest and principal become due and payable and for the retirement of bonds;
23 and the money may not be withdrawn if a withdrawal would reduce the amount in the reserve
24 fund to an amount less than the required debt service reserve except for payment of interest then
25 due and payable on bonds and the principal of bonds then maturing and payable and for the
26 retirement of bonds in accordance with the terms of a contract between the corporation and its
27 bondholders and for which payments of other money of the corporation is not then available. In
28 this subsection, "required debt service reserve" means, as of the date of computation, the amount
29 required to be on deposit in the reserve fund as provided by resolution of the corporation.

30 (c) Money in the reserve fund in excess of the required debt service reserve as defined
31 in (b) of this section, whether by reason of investment or otherwise, may be withdrawn at any

1 time by the corporation and transferred to another fund or account of the corporation subject to
2 the provision of (h) of this section.

3 (d) Money in the reserve fund may be invested in the same manner and on the same
4 conditions as permitted for investment of funds belonging to the state or held in the treasury
5 under AS 37.10.070; however, the corporation may agree with the bondholders to further limit
6 these investments.

7 (e) For purposes of valuation, investments in the reserve fund shall be valued at par or
8 if purchased at less than par, at cost unless otherwise provided by resolution of the corporation.
9 Valuation on a particular date shall include the amount of interest then earned or accrued to that
10 date on the money or investments in the reserve fund.

11 (f) Notwithstanding any other provision of this chapter, bonds may not be issued by the
12 corporation unless there is in the reserve fund the required debt service reserve for all bonds then
13 issued and outstanding and for the bonds to be issued; however, the corporation may satisfy this
14 requirement by depositing as much of the proceeds of the bonds to be issued, upon their issuance,
15 as is needed to meet the required debt service reserve. The corporation may at any time issue
16 its bonds or notes for the purpose of increasing the amount in the reserve fund to the required
17 debt service reserve, or to meet whatever higher or additional reserve that may be fixed by the
18 corporation with respect to the fund.

19 (g) In order to assure the maintenance of the required debt service reserve in the reserve
20 fund, the legislature may appropriate annually to the corporation for deposit in the fund the sum,
21 certified by the chair of the corporation to the governor and to the legislature, that is necessary
22 to restore the fund to an amount equal to the required debt service reserve. The chair annually,
23 before January 30, shall make and deliver to the governor and to the legislature a certificate
24 stating the sum required to restore the fund to that amount, and the certified sum may be
25 appropriated and paid to the corporation during the then current state fiscal year. Nothing in this
26 subsection creates a debt or liability of the state.

27 (h) All amounts received on account of money appropriated to the reserve fund referred
28 to in (a)(3) of this section shall be held and applied in accordance with (b) of this section;
29 however, at the end of each fiscal year, if the amount in the reserve fund is in excess of the
30 required debt service reserve, any amount representing earnings or income received on account
31 of money appropriated to the reserve fund that exceeds the operating expenses of the corporation

1 for that fiscal year shall be transferred to the general fund of the state.

2 (i) All references to the reserve fund in this section include special accounts within the
3 reserve fund that may be created by the corporation to secure the payment of particular bonds.
4 The commissioner of revenue may lend surplus money in the general fund to the corporation for
5 deposit to any account in the reserve fund in an amount equal to the required debt service
6 reserve. The loans shall be made on the terms and conditions that may be agreed upon by the
7 commissioner of revenue and the corporation, including, without limitation, terms and conditions
8 providing that the loans need not be repaid until the obligations of the corporation secured and
9 to be secured by the account in the reserve fund are no longer outstanding.

10 Sec. 14.40.956. COOPERATION WITH OTHER AUTHORITIES. In issuing a bond,
11 the corporation may request the assistance of and work with the Alaska Industrial Development
12 and Export Authority and the Alaska Municipal Bond Bank Authority. The Alaska Industrial
13 Development and Export Authority may invest in and issue bonds for space-related projects of
14 the Alaska Aerospace Development Corporation. The Alaska Industrial Development and Export
15 Authority and the Alaska Municipal Bond Bank Authority may purchase and market bonds of
16 the Alaska Aerospace Development Corporation.

17 Sec. 14.40.961. INVESTMENT OF REVENUE. The revenue and receipts of the
18 corporation, to the extent they are not needed to pay bonds or other obligations of the corporation
19 shall be invested by the commissioner of revenue in cooperation with the corporation.

20 Sec. 14.40.966. LEGALITY OF CORPORATION BONDS AS INVESTMENTS. Bonds
21 of the corporation are legal and proper investments and security for public and private banking,
22 insurance, and trust funds.

23 Sec. 14.40.990. DEFINITIONS. In AS 14.40.821 - 14.40.990,

24 (1) "board" means the board of directors of the Alaska Aerospace Development
25 Corporation;

26 (2) "corporation" means the Alaska Aerospace Development Corporation;

27 (3) "landing site" means a site or facility designed, intended, or used for the
28 landing or recovery of space vehicles, aircraft, or balloons;

29 (4) "launch site" means a site or facility designed, intended, or used for the
30 launching of space vehicles, sounding rockets, aircraft, or balloons;

31 (5) "payload" means property or cargo, including people or animals, to be

1 transported aboard a vehicle launched by the corporation;

2 (6) "recovery" means the retrieval and recovery of space vehicles, payloads, and
3 parts that have been launched from the corporation's facilities;

4 (7) "space vehicle" means a rocket, missile, booster, or other vehicle designed,
5 intended, or used to reach high altitude.

6 * Sec. 3. AS 24.20.201(a) is amended to read:

7 (a) The Legislative Budget and Audit Committee has the power to:

8 (1) organize, adopt rules for the conduct of its business, and prescribe procedures
9 for the comprehensive fiscal analysis, budget review, and post-audit functions;

10 (2) hold public hearings, administer oaths, issue subpoenas, compel the attendance
11 of witnesses and production of papers, books, accounts, documents, and testimony, and have the
12 deposition of witnesses taken in a manner prescribed by court rule or law for taking depositions
13 in civil actions;

14 (3) require all state officials and agencies of state government to give full
15 cooperation to the committee or its staff in assembling and furnishing requested information;

16 (4) review revenue projections, state agency appropriation requests, the
17 expenditure of state funds, including the relationship between state agency program
18 accomplishments and legislative intent, and the fiscal policies and procedures of state
19 government;

20 (5) review and approve proposed changes to agency authorized budgets as
21 provided in the Executive Budget Act (AS 37.07);

22 (6) make recommendations concerning appropriations, their expenditure and the
23 fiscal policies and procedures of state government to the governor when appropriate, and to the
24 legislature;

25 (7) prepare and distribute reports, memoranda, or other necessary materials;

26 (8) sue in the name of the legislature during the interim between sessions if
27 authorized by majority vote of the full membership of the committee;

28 (9) hold public hearings on the confirmation of the members of the Board of
29 Trustees of the Alaska Permanent Fund Corporation;

30 (10) make recommendations to the legislature and to agencies of the state that
31 [WHICH] perform lending or investment functions concerning the structure and operating

1 practices of the agencies;

2 (11) enter into and enforce all contracts necessary or desirable for the functions
3 of the committee;

4 (12) provide for annual post audits of the Alaska Housing Finance Corporation,
5 the Alaska Aerospace Development Corporation, and the Alaska Industrial Development and
6 Export Authority.

7 * Sec. 4. AS 29.45.650(a) is amended to read:

8 (a) Except as provided in AS 04.21.010(c) and in (f) and (h) of this section, a borough
9 may levy and collect a sales tax on sales, rents, and on services provided in the borough. The
10 sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

11 * Sec. 5. AS 29.45.650 is amended by adding a new subsection to read:

12 (h) A borough may not levy or collect a sales tax on sales, rents, and services, or a use
13 tax on the storage, use, or consumption of personal property on the following activities:

14 (1) the sale, lease, rental, storage, consumption, or distribution in this state of or
15 the provision of services relating to an orbital space facility, space propulsion system, or space
16 vehicle, satellite, or station of any kind possessing space flight capacity, including the
17 components of them;

18 (2) the sale, lease, rental, storage, consumption, or use of tangible personal
19 property placed on or used aboard an orbital space facility, space propulsion system, or space
20 vehicle, satellite, or station of any kind, regardless of whether the tangible personal property is
21 returned to this state for subsequent use, storage, or consumption; an exemption under this
22 paragraph is not affected by the failure of a launch to occur, or the destruction of a launch
23 vehicle or a component of a launch vehicle.

24 * Sec. 6. AS 36.30.015(f) is amended to read:

25 (f) The board of directors of the Alaska Housing Finance Corporation, notwithstanding
26 AS 18.56.088, [AND] the board of directors of the Alaska State Housing Authority, and the
27 board of directors of the Alaska Aerospace Development Corporation, notwithstanding
28 AS 14.40.871(b), shall adopt regulations under the Administrative Procedure Act (AS 44.62) to
29 govern the procurement of supplies, services, professional services, and construction for the
30 respective public corporations. The regulations must

31 (1) reflect competitive bidding principles and provide vendors reasonable and

1 equitable opportunities to participate in the procurement process; and
2 (2) include procurement methods to meet emergency and extraordinary
3 circumstances.

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

5 (1) "agency"

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

9 (B) does not include

10 (i) the University of Alaska;

11 (ii) the Alaska State Housing Corporation;

12 (iii) the Alaska Railroad Corporation;

13 (iv) the Alaska Housing Finance Corporation;

14 (v) a regional Native housing authority created under

15 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

16 (vi) the Alaska Aerospace Development Corporation;

17 * Sec. 8. AS 37.05.146 is amended to read:

18 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
19 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other
20 state money received by a state agency in connection with the performance of its functions; all
21 program receipts except the following are general fund program receipts:

22 (1) federal receipts;

23 (2) University of Alaska receipts (AS 14.40.491);

24 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
25 terms are restricted to a specific purpose;

26 (4) receipts of the following funds:

27 (A) highway working capital fund (AS 44.68.210);

28 (B) correctional industries fund (AS 33.32.020);

29 (C) loan funds;

30 (D) international airport revenue fund (AS 37.15.430);

31 (E) funds managed by the Alaska State Housing Authority (AS 18.55.020),

1 the Alaska Housing Finance Corporation (AS 18.56.020), the Medical Indemnity
 2 Corporation of Alaska (AS 21.88.020), the Alaska Railroad Corporation (AS 42.40.010),
 3 the Municipal Bond Bank Authority (AS 44.85.020), the Alaska Aerospace Development
 4 Corporation (AS 14.40.821), or the Alaska Industrial Development and Export Authority
 5 (AS 44.88.020);

6 (F) fish and game fund (AS 16.05.100);

7 (G) school fund (AS 43.50.140);

8 (H) training and building fund (AS 23.20.130);

9 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
 10 former AS 39.37);

11 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

12 (K) public school fund (AS 37.14.110);

13 (L) second injury fund (AS 23.30.040);

14 (M) fishermen's fund (AS 23.35.060);

15 (N) FICA administration fund (AS 39.30.050).

16 * Sec. 9. AS 38.05.810 is amended by adding a new subsection to read:

17 (h) The commissioner shall lease land to the Alaska Aerospace Development Corporation
 18 for purposes of down range space vehicle or payload overflight, booster retrieval, and recovery
 19 at no charge. The commissioner shall lease land to the Alaska Aerospace Development
 20 Corporation for other space-related purposes at no more than 10 percent of the appraised fair
 21 market value.

22 * Sec. 10. AS 39.25.110(11) is amended to read:

23 (11) the officers and employees of the following boards, commissions, and
 24 authorities:

25 (A) Alaska Gas Pipeline Financing Authority;

26 (B) Alaska Permanent Fund Corporation;

27 (C) [REPEALED,

28 (D)] Alaska Industrial Development and Export Authority;

29 (D) [(E)] Alaska Commercial Fisheries Entry Commission;

30 (E) [(F)] Alaska Commission on Postsecondary Education;

31 (F) Alaska Aerospace Development Corporation;

1 * **Sec. 11.** AS 39.50.200(b) is amended by adding a new paragraph to read:

2 (52) Alaska Aerospace Development Corporation (AS 14.40.821).

3 * **Sec. 12.** AS 44.99.200(b) is amended to read:

4 (b) The determination under (a) of this section shall be made by the

5 (1) commissioner of administration for a state agency in the executive branch,
6 except as provided in (4) - (6) of this subsection;

7 (2) administrative director of the judicial branch for an agency in the judicial
8 branch;

9 (3) Alaska Legislative Council for an agency in the legislative branch;

10 (4) Board of Regents or president of the University of Alaska for the university;

11 (5) board of directors of the Alaska State Housing Authority for the authority;

12 [AND]

13 (6) board of directors of the Alaska Railroad Corporation for the corporation; and

14 (7) board of directors of the Alaska Aerospace Development Corporation for
15 the corporation.

16 * **Sec. 13.** AS 44.99.400 is amended to read:

17 Sec. 44.99.400. COPYRIGHTS. A state agency may hold the copyright for software
18 created by the agency or developed by a private contractor for an agency, and may enforce its
19 rights to protect the copyright. In this section, "state agency" means a department, institution,
20 board, commission, division, authority, public corporation, committee, or other administrative unit
21 of the executive, judicial, or legislative branch of state government, including the University of
22 Alaska, the Alaska State Housing Authority, the Alaska Aerospace Development Corporation,
23 and the Alaska Railroad Corporation.

24 * **Sec. 14.** INITIAL APPOINTMENTS. The initial appointments of the members of the board under
25 AS 14.40.826(a)(1), (6), and (8) shall be staggered under AS 39.05.055(2).

26 * **Sec. 15.** This Act takes effect July 1, 1991.

DIVISION OF LEGAL SERVICES

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MEMORANDUM

April 29, 1991

SUBJECT: Sectional Summary (CSHB 46(), Work Order No. 7-LS0236P)

TO: Representative Tom Moyer

FROM: Gerald P. Luckhaupt *GL*
Legislative Counsel

You have requested a sectional summary of CSHB 46(), an Act creating the Alaska Aerospace Development Corporation. Be advised that a sectional summary is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill provides the short title for the Act.

Section 2 begins the statutory "meat" of the bill by adding a new article, Alaska Aerospace Development Corporation in AS 14.40. In that bill section:

AS 14.40.821 creates the corporation as a public corporation within the Department of Commerce and Economic Development and affiliated with the University of Alaska. This section also provides that the corporation may not be terminated as long as it has outstanding debts.

AS 14.40.826 establishes the board of directors of the corporation with nine members. The public and industry members receive \$100 payments for each day of work performed for the corporation, and per diem. All members serve at the pleasure of the governor.

AS 14.40.831 provides that the president of the University of Alaska is the chair of the corporation.

AS 14.40.836 provides for a quorum of the board, procedures for the conduct of its meetings, and appointment of staff.

AS 14.40.841 creates a revolving fund in the corporation for appropriations and funds the corporation may receive and may loan out for development purposes.

AS 14.40.846 provides for the use of actuarial experts by the corporation, the acquisition of insurance, and the establishment of a safety program to reduce the risk of loss.

AS 14.40.851 provides that the Poker Flat Research Range is the territory and launch site for the corporation. This section provides for the addition of territory and additional launch sites.

AS 14.40.856 provides that the corporation shall obtain all of the necessary permits and licenses for operating a commercial spaceport.

AS 14.40.861 lists the purposes for which the corporation was created.

AS 14.40.866 lists the powers and duties of the corporation, including the powers to borrow, to operate space-related facilities, to acquire land by eminent domain (this provision is identical to AS 18.55.100(a)(6)), to contract, to construct and operate support facilities, to charge fees and rents, and to become a foreign trade zone. The corporation is required to prepare an annual report of operations and issue personnel rules.

AS 14.40.871 provides for the adoption of rules by the corporation and further provides that the Administrative Procedure Act (AS 44.62) does not apply to the actions of the corporation, except in the public meetings area.

AS 14.40.876 provides that the corporation may act within a municipality as if the action being undertaken was outside of a municipality.

AS 14.40.881 provides for the confidentiality of trade secrets and other information furnished to the corporation.

AS 14.40.886 provides that a proposed construction project of \$1,000,000 or more must be submitted to the legislature for its disapproval.

AS 14.40.891 provides for the issuance of bonds.

AS 14.40.896 provides that the bonds of the corporation may be made payable from the revenues of a particular project or projects, from the corporation's revenue generally, or solely from rents, fees, and other revenue received by the corporation and that security and collateral may be provided by the corporation.

AS 14.40.899 provides that the bonds of the corporation are not government obligation bonds or debts of the state or any agency of the state, including the University of Alaska.

AS 14.40.902 provides procedures for the issuance of bonds.

AS 14.40.906 provides that the bonds of the corporation are issued for an essential public purpose and are tax-exempt.

AS 14.40.908 provides that the corporation shall retain the services of a financial advisor with respect to its sale of bonds.

AS 14.40.912 provides additional powers to the corporation in connection with incurring debt or issuing bonds.

AS 14.40.916 provides that a person who is owed a debt, or the performance of an obligation or duty, may bring suit for injunction or mandamus against the corporation.

AS 14.40.921 provides that the corporation may confer certain rights by contract regarding a default by the corporation on its obligations.

AS 14.40.926 provides that the real property of the corporation may not be executed upon to satisfy a judgment but does not prevent contractual remedies against real property for satisfaction of a contract.

AS 14.40.931 provides that the corporation may enter into agreements with the federal government.

AS 14.40.936 provides that the corporation, and property of the corporation, are exempt from state and local taxation.

AS 14.40.941 provides for the disposal of surplus property of the corporation.

AS 14.40.946 provides that any public body may loan money or property to or enter into agreements with the corporation.

AS 14.40.951 provides for the creation of a reserve fund for deposit and payment of obligations of the corporation.

AS 14.40.956 provides that the corporation may seek the cooperation and assistance of the Alaska Industrial Development and Export Authority and the Alaska Municipal Bond Bank Authority in issuing its bonds and also provides those authorities may purchase and market the bonds of the corporation.

AS 14.40.961 provides that the Commissioner of Revenue shall invest excess funds of the corporation.

AS 14.40.966 provides that bonds of the corporation are legal investments.

AS 14.40.990 provides definitions.

Section 3 amends AS 24.20.201(a) and provides specific authority for the legislative budget and audit committee to provide for annual audits of the corporation as is provided for the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority.

Section 4 provides an exemption from municipal sales and use taxes provided in Section 5.

Section 5 amends AS 29.45.650 to provide that a municipality may not levy or collect a sales or use tax on property to be utilized for space-related activities.

Section 6 amends AS 36.30.015 to provide that the corporation must issue regulations to govern procurement.

Section 7 provides that the corporation is not an "agency" for purposes of AS 36.30, the procurement code.

Section 8 amends AS 37.05.146 to provide that receipt of funds managed by the agency are program receipts.

Section 9 amends AS 38.05.810 by providing that the commissioner of natural resources shall lease land to the corporation for space-related activities.

Representative Tom Moyer
April 29, 1991
Page 4

Section 10 amends AS 39.25.110 to provide that employees of the corporation are in the exempt service.

Section 11 amends AS 39.50.200(b) to include the corporation within the reach of the conflict of interest provisions of AS 39.50.

Section 12 amends AS 44.99.200(b) to provide that the board of the corporation may choose to have a publication of the corporation produced at other than a state-operated facility.

Section 13 amends AS 44.99.400 to provide that the corporation is a state agency for purposes of acquiring or holding a copyright.

Section 14 provides for staggered initial appointments to the board of directors of the corporation.

Section 15 provides an effective date.

GPL:pl
91-314.plm

Enclosure

REPRESENTATIVE TOM MOYER

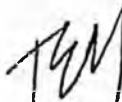
DISTRICT 19 • 119 N. CUSHMAN ST., SUITE 203 • FAIRBANKS, AK 99701 • (907) 456-8161
International Trade & Tourism, Chair • State Affairs, Vice Chair • Resources, Member

MEMORANDUM

To: Members, House Finance Committee

March 27, 1991

From: Representative Tom Moyer



Re: CSHB46, creating the Alaska Aerospace Development Corp.

The purpose of this memo is to provide you a general overview of this legislation, of which I am the sponsor.

Alaska has enormous but unrealized potential in a resource too often overlooked - the space above us. This bill is an attempt to take advantage of that resource and to bring to Alaska a share of the rapidly expanding commercial space industry.

Alaska is home to Poker Flat, the nation's only civilian launch facility. Because of its high latitude, Poker Flat is an optimum site to launch rockets into polar orbit. Already, Alaska has been contacted by private companies interested in launching rockets carrying communications equipment. By expanding Poker Flat's current sub-orbital capacity and perhaps developing other launch sites, Alaska could find itself at the forefront of government and private industry research into global warming, land use management and weather patterns and other commercial applications.

CSHB46 (ITT) would create a public corporation, the Alaska Aerospace Development Corp., to be managed by a nine-member board of directors appointed by the governor. Affiliated with the University of Alaska, the corporation would promote space and aerospace-related economic development. The vital educational and research functions of the university would be preserved and enhanced.

The corporation would have the authority to issue bonds to improve launch facilities and receive grants or other funds. The Poker Flat range was established in 1969 and about 230 rockets and another 900 smaller weather rockets have been launched from the site.

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ALASKA STATE LEGISLATURE

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MEMORANDUM

To: Representative Mike Navarre
Representative Eileen MacLean
Co-Chairs, House Finance Committee

March 26, 1991

From: Representative Tom Moyer *TEM*
Chairman, House Special Committee on
International Trade and Tourism

Re: HB46, Creating the Alaska Aerospace Development Corp.

With this memo, I would like to request a hearing at your earliest convenience on this bill, which has been approved by both the House Special Committee on International Trade and Tourism and Labor and Commerce Committee. The bill would create an Alaska Aerospace Development Corporation whose purpose is to attract commercial space companies to Alaska. This is a budding new industry which has produced thousands of jobs and millions of dollars in revenue in those states which have active commercial launch operations.

Under the legislation, the corporation would be affiliated with the University of Alaska which manages the Poker Flat research rocket range north of Fairbanks. The bill would preserve the educational and research functions of the Poker Flat range while taking advantage of Poker Flat's unique qualities for commercial operations.

This legislation has the support of the Hickel administration. In fact, during testimony before the committee, the administration indicated plans to propose this year a capital budget item of \$3.4 million to improve Poker Flat to enable initial commercial launches. Several private companies already have approached state officials about launching from Poker Flat.

I am prepared to testify about the bill at your convenience and am happy to answer questions or provide additional information about it. Thanks for your consideration.