

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990  
6438 SENATE LABOR & COMMERCE 8672

842

(C) toll fees paid by Cominco Alaska for the use of facilities constructed as part of the project to the Alaska Industrial Development Authority may be periodically adjusted if the price of zinc rises above a level that yields a return on investment commensurate with risk;

(2) the United States government makes available land in the Cape Krusenstern National Monument that is included in the proposed land exchange with NANA Regional Corporation to the corporation for construction of a transportation system;

(3) NANA Regional Corporation is required to agree in writing to sell, lease for a prepaid term of at least 99 years or grant a perpetual easement to the Alaska Industrial Development Authority, at no more than fair market value, land needed for the port and road constructed as part of the project and land needed for future expansion of the road and port, subject to no terms or conditions inconsistent with use as a public road and port;

(4) tax exempt financing for the project is used to the maximum extent possible;

(5) a toll schedule, that may be periodically adjusted, is established for use of facilities constructed as part of the project that

(A) ensures full repayment of and a reasonable return on the state's investment in the project; and

(B) guarantees equitable access to the facilities by all users and potential users, including access to private property and access for travel necessary and related to resource exploration and development for which valid permits have been obtained and travel in support of resource exploration and development;

(6) contracts for the construction of the port and road are subject to AS 36;

(7) reasonable access to the port and road is guaranteed to all users and potential users;

(B) the Alaska Industrial Development Authority will own and operate the facilities collectively referred to as the DeLong Mountain transportation project.

\* Sec. 3. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall

(1) report in writing to the legislative budget and audit committee that the conditions under sec. 2 of this Act have been met; and

(2) agree with the Department of Revenue in writing to deliver all money generated by the DeLong Mountain transportation project to the Department of Revenue for deposit in the general fund, other than money necessary for payment of the principal and interest on bonds or notes issued under sec. 1 of this Act and except as may otherwise be provided in the bond or note covenants.

\* Sec. 4. As used in this Act, "reasonable return" means a rate of return on the total investment of the state of at least five percent.

\* Sec. 5. This Act takes effect July 1, 1985.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
CASH FLOW ANALYSIS  
LOAN REVENUES EXCLUDE PAYMENTS ON ALL >90 DAY DELINQUENT LOANS AND ALL WORKOUTS  
CURRENT SITUATION WITH NO NEW DEBT (4/1/90 CALLS INCLUDED AT 4/1/90)

(DOLLARS IN THOUSANDS)

AT DECEMBER 31, 1989

YEAR END 6/30	REVENUES FROM LOANS	INVESTMENTS @ 5.5%	EXPENSES	NET REVENUES	DEBT SERVICE REQUIREMENT	EXCESS REVENUES	CUMULATIVE EXCESS	DEBT SERVICE COVERAGE
1990	12,989	6,778	1,155	18,612	21,725	(3,113)	243,378	
1991	26,445	13,386	2,154	37,677	19,540	18,137	261,515	1.93
1992	24,771	14,383	2,262	36,890	19,474	17,419	278,934	1.89
1993	24,520	15,341	2,375	37,487	19,482	18,005	296,939	1.92
1994	22,782	16,332	2,493	36,620	19,407	17,213	314,151	1.89
1995	23,875	17,278	2,618	38,536	18,683	19,853	334,004	2.06
1996	20,924	18,370	2,749	36,545	18,641	17,904	351,908	1.96
1997	18,260	19,355	2,886	34,729	20,483	14,246	366,155	1.70
1998	15,915	20,138	3,031	33,023	16,940	16,083	382,237	1.95
1999	15,857	21,023	3,182	33,698	16,789	16,909	399,146	2.01
2000	14,195	21,953	3,341	32,807	15,946	16,860	416,007	2.06
2001	13,139	22,880	3,508	32,511	15,385	17,126	433,133	2.11
2002	12,634	23,822	3,684	32,772	14,967	17,805	450,938	2.19
2003	12,431	24,802	3,868	33,364	14,801	18,563	469,501	2.25
2004	11,309	25,823	4,061	33,070	14,968	18,102	487,603	2.21
2005	10,269	26,818	4,265	32,822	12,377	20,445	508,048	2.65
2006	7,491	27,943	4,478	30,956	9,512	21,444	529,492	3.25
2007	5,228	29,122	4,702	29,648	6,536	23,112	552,604	4.54
2008	4,346	30,393	4,937	29,803	6,004	23,799	576,403	4.96
2009	2,366	31,702	5,184	28,884	4,768	24,117	600,520	6.06
2010	177	33,029	5,443	27,763	2,330	25,433	625,952	11.92
2011	112	34,427	5,715	28,824	510	28,314	654,266	56.48
2012	261	35,985	6,001	30,246	250	29,995	684,261	120.78
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	300,295	531,084	84,090	747,290	309,519	437,770		

INVESTMENTS AT DECEMBER 31, 1989:

BOOK	
277,991	TOTAL INVESTMENTS
(6,000)	LESS VENTURE CAPITAL FUND INVESTMENT
(25,500)	LESS RESTRICTED INVESTMENTS (LOAN INSURANCE FUND AND BUSINESS ASSISTANCE FUND)

246,491

NOTE: EXPENSES INCLUDE OPERATING COSTS  
ESTIMATED AT 10% OF FY90 BUDGET LEVEL,  
WITH A 5% INCREASE EACH YEAR THEREAFTER

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
CASH FLOW ANALYSIS  
LOAN REVENUES EXCLUDE PAYMENTS ON ALL >90 DAY DELINQUENT LOANS AND ALL WORKOUTS  
(DOLLARS IN THOUSANDS)

INCLUDES REVENUES ON DEVELOPMENT PROJECTS AT 100% OF DEBT SERVICE  
PLUS .3% FEE ON OUTSTANDING DEBT SERVICE AT BEGINNING OF BOND YEAR

AT DECEMBER 31, 1989

YEAR END 6/30	REVENUES FROM LOANS	INVESTMENTS @5.5%	REVENUES FROM PROJECTS	EXPENSES	NET REVENUES	DEBT SERVICE REQUIREMENT	EXCESS REVENUES	CUMULATIVE EXCESS	DEBT SERVICE COVERAGE
1990	12,989	6,778	81	1,155	18,693	21,725	(3,032)	243,459	
1991	26,445	13,390	3,034	2,154	40,716	22,495	18,221	261,680	1.81
1992	24,771	14,392	3,035	2,262	39,938	22,432	17,506	279,186	1.78
1993	24,520	15,355	3,037	2,375	40,537	22,443	18,094	297,280	1.81
1994	22,782	16,350	3,028	2,493	39,667	22,362	17,305	314,585	1.77
1995	23,875	17,302	3,030	2,618	41,589	21,641	19,948	334,533	1.92
1996	20,924	18,399	3,025	2,749	39,600	21,597	18,003	352,536	1.83
1997	18,260	19,389	3,025	2,886	37,788	23,441	14,347	366,883	1.61
1998	15,915	20,179	3,022	3,031	36,085	19,899	16,186	383,069	1.81
1999	15,857	21,069	3,017	3,182	36,761	19,746	17,015	400,085	1.86
2000	14,195	22,005	3,019	3,341	35,877	18,909	16,969	417,053	1.90
2001	13,139	22,938	3,012	3,508	35,580	18,343	17,237	434,291	1.94
2002	12,634	23,886	3,005	3,684	35,841	17,924	17,918	452,208	2.00
2003	12,431	24,871	3,003	3,868	36,437	17,760	18,677	470,885	2.05
2004	11,309	25,899	3,000	4,061	36,147	17,928	18,218	489,104	2.02
2005	10,269	26,901	2,989	4,265	35,894	15,332	20,562	509,666	2.34
2006	7,491	28,032	2,990	4,478	34,034	12,473	21,562	531,228	2.73
2007	5,228	29,218	2,985	4,702	32,729	9,499	23,230	554,458	3.45
2008	4,346	30,495	2,969	4,937	32,874	8,958	23,916	578,374	3.67
2009	2,366	31,811	2,967	5,184	31,959	7,726	24,233	602,607	4.14
2010	177	33,143	2,959	5,443	30,837	5,289	25,548	628,155	5.83
2011	112	34,549	0	5,715	28,945	510	28,435	656,590	56.72
2012	261	36,112	0	6,001	30,373	250	30,123	686,713	121.29
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	300,295	532,464	60,233	84,090	808,902	368,680	440,222		

INVESTMENTS AT DECEMBER 31, 1989:

BOOK	
277,991	TOTAL INVESTMENTS
(6,000)	LESS VENTURE CAPITAL FUND INVESTMENT
(25,500)	LESS RESTRICTED INVESTMENTS (LOAN INSURANCE FUND AND BUSINESS ASSISTANCE FUND)
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246,491	NET INVESTMENTS

NOTE: EXPENSES INCLUDE OPERATING COSTS  
ESTIMATED AT 105% OF FY90 BUDGET LEVEL,  
WITH A 5% INCREASE EACH YEAR THEREAFTER

ASSUMES BONDS ISSUED:		AMOUNT
(1) UNALASKA	APRIL 1, 1990	7,000
(2) SKAGWAY	APRIL 1, 1990	20,000

27,000

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
CASH FLOW ANALYSIS  
LOAN REVENUES EXCLUDE PAYMENTS ON ALL >90 DAY DELINQUENT LOANS AND ALL WORKOUTS  
(DOLLARS IN THOUSANDS)  
INCLUDES REVENUES ON DEVELOPMENT PROJECTS AT 100% OF DEBT SERVICE  
PLUS .3% FEE ON OUTSTANDING DEBT SERVICE AT BEGINNING OF BOND YEAR

AT DECEMBER 31, 1989

YEAR END 6/30	REVENUES FROM LOANS	INVESTMENTS @5.5%	REVENUES FROM PROJECTS	EXPENSES	NET REVENUES	DEBT SERVICE REQUIREMENT	EXCESS REVENUES	CUMULATIVE EXCESS	DEBT SERVICE COVERAGE
1990	12,989	6,778	81	1,155	18,693	21,725	(3,032)	243,459	
1991	26,445	13,390	3,034	2,154	40,716	22,495	18,221	261,680	1.81
1992	24,771	14,392	3,245	2,262	40,148	22,432	17,716	279,396	1.79
1993	24,520	15,367	10,908	2,375	48,420	30,108	18,312	297,708	1.61
1994	22,782	16,374	10,897	2,493	47,559	30,029	17,530	315,238	1.58
1995	23,875	17,338	10,894	2,618	49,490	29,309	20,180	335,418	1.69
1996	20,924	18,448	10,888	2,749	47,511	29,269	18,243	353,661	1.62
1997	18,260	19,451	10,877	2,886	45,702	31,108	14,594	368,255	1.47
1998	15,915	20,254	10,870	3,031	44,008	27,567	16,441	384,696	1.60
1999	15,857	21,158	10,858	3,182	44,691	27,414	17,277	401,973	1.63
2000	14,195	22,109	10,851	3,341	43,813	26,576	17,237	419,210	1.65
2001	13,139	23,057	10,836	3,508	43,523	26,011	17,512	436,723	1.67
2002	12,634	24,020	10,820	3,684	43,790	25,591	18,199	454,922	1.71
2003	12,431	25,021	10,811	3,868	44,394	25,430	18,965	473,886	1.75
2004	11,309	26,064	10,795	4,061	44,107	25,596	18,511	492,397	1.72
2005	10,269	27,082	10,775	4,265	43,861	23,002	20,859	513,256	1.91
2006	7,491	28,229	10,762	4,478	42,004	20,142	21,862	535,119	2.09
2007	5,228	29,432	10,746	4,702	40,703	17,170	23,533	558,652	2.37
2008	4,346	30,726	10,714	4,937	40,849	16,627	24,222	582,874	2.46
2009	2,366	32,058	10,696	5,184	39,936	15,397	24,539	607,413	2.59
2010	177	33,408	10,667	5,443	38,809	12,956	25,852	633,265	3.00
2011	112	34,830	7,690	5,715	36,917	8,179	28,737	662,002	4.51
2012	261	36,410	7,668	6,001	38,339	7,919	30,421	692,422	4.84
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	300,295	535,394	216,384	84,090	967,983	522,052	445,932		

## INVESTMENTS AT DECEMBER 31, 1989:

BOOK	
277,991	TOTAL INVESTMENTS
(6,000)	LESS VENTURE CAPITAL FUND INVESTMENT
(25,500)	LESS RESTRICTED INVESTMENTS (LOAN INSURANCE FUND AND BUSINESS ASSISTANCE FUND)
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246,491	NET INVESTMENTS

NOTE: EXPENSES INCLUDE OPERATING COSTS  
ESTIMATED AT 105% OF FY90 BUDGET LEVEL,  
WITH A 5% INCREASE EACH YEAR THEREAFTER

ASSUMES BONDS ISSUED:		AMOUNT
(1) UNALASKA	APRIL 1, 1990	7,000
(2) SKAGWAY	APRIL 1, 1990	20,000
(3) HEALY	APRIL 1, 1992	70,000

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97,000

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
CASH FLOW ANALYSIS  
LOAN REVENUES EXCLUDE PAYMENTS ON ALL 90 DAY DELINQUENT LOANS AND ALL WORKOUTS  
(DOLLARS IN THOUSANDS)

INCLUDES REVENUES ON DEVELOPMENT PROJECTS AT 100% OF DEBT SERVICE  
PLUS .3% FEE ON OUTSTANDING DEBT SERVICE AT BEGINNING OF BOND YEAR

AT DECEMBER 31, 1989

YEAR END 6/30	REVENUES FROM LOANS	INVESTMENTS @5.5%	REVENUES FROM PROJECTS	EXPENSES	NET REVENUES	DEBT SERVICE REQUIREMENT	EXCESS REVENUES	CUMULATIVE EXCESS	DEBT SERVICE COVERAGE
1990	12,989	6,778	81	1,155	18,693	21,725	(3,032)	243,459	
1991	26,445	13,390	3,169	2,154	40,851	22,495	18,356	261,615	1.82
1992	24,771	14,400	8,308	2,262	45,218	27,362	17,856	279,670	1.65
1993	24,520	15,382	15,968	2,375	53,495	35,038	18,457	298,127	1.53
1994	22,782	16,397	15,952	2,493	52,638	34,958	17,679	315,806	1.51
1995	23,875	17,369	15,948	2,618	54,574	34,240	20,335	336,141	1.59
1996	20,924	18,488	15,935	2,749	52,598	34,196	18,402	354,543	1.54
1997	18,260	19,500	15,923	2,886	50,797	36,039	14,758	369,301	1.41
1998	15,915	20,312	15,909	3,031	49,106	32,496	16,609	385,910	1.51
1999	15,857	21,225	15,896	3,182	49,796	32,346	17,450	403,359	1.54
2000	14,195	22,185	15,878	3,341	48,917	31,502	17,414	420,774	1.55
2001	13,139	23,143	15,860	3,508	48,633	30,940	17,693	438,467	1.57
2002	12,634	24,116	15,836	3,684	48,901	30,518	18,384	456,851	1.60
2003	12,431	25,127	15,823	3,868	49,512	30,360	19,152	476,003	1.63
2004	11,309	26,180	15,801	4,061	49,229	30,527	18,702	494,705	1.61
2005	10,269	27,209	15,769	4,265	48,982	27,930	21,052	515,757	1.75
2006	7,491	28,367	15,750	4,478	47,129	25,072	22,057	537,815	1.88
2007	5,228	29,580	15,725	4,702	45,830	22,101	23,730	561,544	2.07
2008	4,346	30,885	15,678	4,937	45,973	21,555	24,418	585,962	2.13
2009	2,366	32,228	15,650	5,184	45,060	20,325	24,735	610,697	2.22
2010	177	33,588	15,611	5,443	43,934	17,887	26,046	636,744	2.46
2011	112	35,021	12,622	5,715	42,040	13,112	28,928	665,672	3.21
2012	261	36,612	7,668	6,001	38,541	7,919	30,622	696,295	4.87
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	300,295	537,480	316,761	84,090	1,070,446	620,643	449,804		

INVESTMENTS AT DECEMBER 31, 1989:

BOOK

277,991 TOTAL INVESTMENTS  
(6,000) LESS VENTURE CAPITAL FUND INVESTMENT  
(25,500) LESS RESTRICTED INVESTMENTS (LOAN INSURANCE  
FUND AND BUSINESS ASSISTANCE FUND)

246,491 NET INVESTMENTS

NOTE: EXPENSES INCLUDE OPERATING COSTS  
ESTIMATED AT 105% OF FY90 BUDGET LEVEL,  
WITH A 5% INCREASE EACH YEAR THEREAFTER

ASSUMES BONDS ISSUED:

	DATE	AMOUNT
(1) UNALASKA	APRIL 1, 1990	7,000
(2) SKAGWAY	APRIL 1, 1990	20,000
(3) HEALY	APRIL 1, 1992	70,000
(4) MAINTENANCE HANGER	APRIL 1, 1991	45,000

142,000

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
 BEING MAINTAIN TRANSPORTATION PROJECT  
 PROJECTION OF AMOUNTS TO BE RELEASED FROM FUND TO BUREAUCRATS

AS OF DECEMBER 31, 1989

FISCAL YEAR ENDING JUNE 30	DEBT SERVICE OUTSTANDING AT END OF YEAR	100% OF DEBT SERVICE (REQUIRED)	DEBT SERVICE DUE NEXT TWELVE MONTHS	TOTAL REQUIRED TO MAINTAIN CASH COVERAGE	INVESTMENTS AT END OF FISCAL YEAR	AMOUNT RELEASED JULY 1 *	NET INVESTMENTS	LOAN REVENUES	INTEREST EARNINGS	COMINCO MAA	DEBT SERVICE	ADMINISTRATIVE COSTS	INVESTMENTS AT BEGINNING OF NEXT FISCAL YEAR
1996	91,300,000	113,160,000	8,855,575	122,015,575	113,871,169	0	113,871,169	6,278,078	5,693,558	12,000,000	(8,855,575)	(500,000)	128,487,230
1997	92,180,000	110,616,000	8,853,075	119,469,075	128,487,230	9,018,155	119,469,075	5,767,818	5,973,454	12,000,000	(8,853,075)	(500,000)	133,857,272
1998	89,930,000	107,916,000	8,854,075	116,770,075	133,857,272	17,087,197	116,770,075	5,526,880	5,838,504	12,000,000	(8,854,075)	(500,000)	130,781,384
1999	87,535,000	105,012,000	8,853,400	113,895,400	130,781,384	16,885,984	113,895,400	5,227,955	5,694,770	12,000,000	(8,853,400)	(500,000)	127,464,725
2000	84,985,000	101,982,000	8,855,100	110,837,100	127,464,725	16,627,625	110,837,100	4,822,366	5,541,855	12,000,000	(8,855,100)	(500,000)	123,846,221
2001	82,265,000	98,719,000	8,852,860	107,570,860	123,846,221	16,275,361	107,570,860	4,449,790	5,378,543	12,000,000	(8,852,860)	(500,000)	120,046,333
2002	79,365,000	95,238,000	8,854,060	104,092,060	120,046,333	15,954,273	104,092,060	3,729,706	5,204,603	12,000,000	(8,854,060)	(500,000)	115,672,309
2003	76,255,000	91,506,000	8,855,140	100,361,140	115,672,309	15,311,169	100,361,140	3,476,035	5,018,057	12,000,000	(8,855,140)	(500,000)	111,500,092
2004	72,930,000	87,504,000	8,855,020	96,359,020	111,500,092	15,141,072	96,359,020	2,767,851	4,817,951	12,000,000	(8,855,020)	(500,000)	106,589,802
2005	69,345,000	83,214,000	8,852,620	92,066,620	106,589,802	14,523,182	92,066,620	2,611,210	4,603,331	12,000,000	(8,852,620)	(500,000)	101,928,541
2006	65,515,000	78,618,000	8,851,860	87,469,860	101,928,541	14,458,681	87,469,860	2,395,894	4,373,493	12,000,000	(8,851,860)	(500,000)	96,887,387
2007	61,410,000	73,692,000	8,851,300	82,543,300	96,887,387	14,344,087	82,543,300	1,984,153	4,127,165	12,000,000	(8,851,300)	(500,000)	91,303,318
2008	57,010,000	68,412,000	8,849,500	77,261,500	91,303,318	14,041,818	77,261,500	974,675	3,863,075	12,000,000	(8,849,500)	(500,000)	84,749,750
2009	52,295,000	62,754,000	8,850,020	71,604,020	84,749,750	13,145,730	71,604,020	145,362	3,580,201	12,000,000	(8,850,020)	(500,000)	77,979,563
2010	47,240,000	56,688,000	8,851,060	65,539,060	77,979,563	12,440,503	65,539,060		3,276,953	12,000,000	(8,851,060)	(500,000)	71,464,953
2011	41,820,000	50,184,000	8,850,820	59,034,820	71,464,953	12,430,133	59,034,820		2,951,741	12,000,000	(8,850,820)	(500,000)	64,635,741
2012	36,010,000	43,212,000	8,852,500	52,064,500	64,635,741	12,571,241	52,064,500		2,503,225	12,000,000	(8,852,500)	(500,000)	57,315,225
2013	29,780,000	35,736,000	8,853,940	44,589,940	57,315,225	12,725,285	44,589,940		2,229,497	12,000,000	(8,853,940)	(500,000)	49,465,497
2014	23,100,000	27,720,000	8,851,300	36,571,300	49,465,497	12,894,197	36,571,300		1,828,565	12,000,000	(8,851,300)	(500,000)	41,048,565
2015	15,935,000	19,122,000	8,853,255	27,975,255	41,048,565	13,073,310	27,975,255		1,398,763	12,000,000	(8,853,255)	(500,000)	32,020,763
2016	8,245,000	9,894,000	8,846,885	18,740,885	32,020,763	13,279,878	18,740,885		937,044	12,000,000	(8,846,885)	(500,000)	22,331,044
2017	0	0	0	0	22,331,044	22,331,044	0		0	12,000,000	0	(500,000)	11,500,000
2018	0	0	0	0	11,500,000	11,500,000	0		0	12,000,000	0	(500,000)	11,500,000
2019	0	0	0	0	11,500,000	11,500,000	0		0	12,000,000	0	(500,000)	11,500,000
2020	0	0	0	0	11,500,000	11,500,000	0		0	12,000,000	0	(500,000)	11,500,000

\* FIRST \$10,000,000 RELEASED WILL BE USED TO FUND THE DAMAGE FUND REQUIRED BY THE COMINCO/AIDEA AGREEMENT. THE FIRST AMOUNT ACTUALLY AVAILABLE WILL BE RELEASED DURING FY99. THE AMOUNT IS PROJECTED AT \$16,105,352.

NOTE: THESE PROJECTIONS ASSUME THAT THERE WILL BE NO INTERRUPTION IN MAA PAYMENTS

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY  
 BEING MAINTAIN TRANSPORTATION PROJECT  
 PROJECTION OF AMOUNTS TO BE RELEASED FROM PLEDGE TO BONDHOLDERS

AS OF DECEMBER 31, 1989

FISCAL YEAR ENDING JUNE 30	DEBT SERVICE OUTSTANDING AT END OF YEAR	120% OF DEBT SERVICE (REQUIRED)	DEBT SERVICE DUE NEXT TWELVE MONTHS	TOTAL REQUIRED TO MAINTAIN COVERAGE	INVESTMENTS AT END OF FISCAL YEAR	AMOUNT RELEASED JULY 1 *	NET INVESTMENTS	LOAN REVENUES	INTEREST EARNINGS	COMINCO MAA	DEBT SERVICE	ADMINISTRATIVE COSTS	INVESTMENTS AT BEGINNING OF NEXT FISCAL YEAR
1996	94,300,000	113,160,000	8,855,575	122,015,575	113,871,169	0	113,871,169	6,278,078	5,693,558	12,000,000	(8,855,575)	(500,000)	128,487,230
1997	92,180,000	110,616,000	8,853,075	119,469,075	128,467,230	9,018,155	119,469,075	5,767,818	5,973,454	12,000,000	(8,853,075)	(500,000)	133,857,272
1998	89,930,000	107,916,000	8,854,075	116,770,075	133,857,272	17,087,197	116,770,075	5,526,880	5,838,504	12,000,000	(8,854,075)	(500,000)	130,781,304
1999	87,535,000	105,042,000	8,853,400	113,895,400	130,781,304	16,885,984	113,895,400	5,227,955	5,694,770	12,000,000	(8,853,400)	(500,000)	127,464,725
2000	84,985,000	101,982,000	8,855,100	110,837,100	127,464,725	16,627,625	110,837,100	4,822,366	5,541,855	12,000,000	(8,855,100)	(500,000)	123,846,221
2001	82,265,000	98,718,000	8,852,860	107,570,860	123,846,221	16,275,361	107,570,860	4,449,790	5,378,543		(8,852,860)	(500,000)	108,046,333
2002	79,365,000	95,238,000	8,854,060	104,092,060	108,046,333	3,954,273	104,092,060	3,729,706	5,204,603		(8,854,060)	(500,000)	103,672,309
2003	76,255,000	91,506,000	8,855,140	100,361,140	103,672,309	3,311,169	100,361,140	3,476,035	5,018,057		(8,855,140)	(500,000)	99,500,092
2004	72,920,000	87,504,000	8,855,020	96,359,020	99,500,092	3,141,072	96,359,020	2,767,851	4,817,951		(8,855,020)	(500,000)	94,589,802
2005	69,345,000	83,214,000	8,852,620	92,066,620	94,589,802	2,523,182	92,066,620	2,611,210	4,603,331		(8,852,620)	(500,000)	89,928,511
2006	65,515,000	78,618,000	8,851,860	87,469,860	89,928,511	2,458,681	87,469,860	2,395,891	4,373,493		(8,851,860)	(500,000)	84,887,387
2007	61,410,000	73,692,000	8,851,300	82,543,300	84,887,387	2,344,087	82,543,300	1,984,153	4,127,165		(8,851,300)	(500,000)	79,303,318
2008	57,010,000	68,412,000	8,849,500	77,261,500	79,303,318	2,041,818	77,261,500	974,675	3,863,075		(8,849,500)	(500,000)	72,749,750
2009	52,295,000	62,754,000	8,850,020	71,604,020	72,749,750	1,145,730	71,604,020	145,362	3,580,201		(8,850,020)	(500,000)	65,979,567
2010	47,240,000	56,688,000	8,851,060	65,539,060	65,979,563	440,503	65,539,060		3,276,953		(8,851,060)	(500,000)	59,464,959
2011	41,820,000	50,184,000	8,850,820	59,034,820	59,464,953	430,133	59,034,820		2,951,741		(8,850,820)	(500,000)	52,635,741
2012	36,010,000	43,212,000	8,852,500	52,064,500	52,635,741	571,241	52,064,500		2,603,225		(8,852,500)	(500,000)	45,315,225
2013	29,780,000	35,736,000	8,853,940	44,589,940	45,315,225	725,285	44,589,940		2,229,497		(8,853,940)	(500,000)	37,465,497
2014	23,100,000	27,720,000	8,851,300	36,571,300	37,465,497	894,197	36,571,300		1,828,565		(8,851,300)	(500,000)	29,048,565
2015	15,935,000	19,122,000	8,853,255	27,975,255	29,048,565	1,073,310	27,975,255		1,398,763		(8,853,255)	(500,000)	20,020,763
2016	8,245,000	9,894,000	8,846,885	18,740,885	20,020,763	1,279,878	18,740,885		937,044		(8,846,885)	(500,000)	10,331,044
2017	0	0	0	0	10,331,044	10,331,044	0		0		0	(500,000)	(500,000)
2018	0	0	0	0	(500,000)	0	(500,000)		0		0	(500,000)	(1,000,000)
2019	0	0	0	0	(1,000,000)	0	(1,000,000)		0		0	(500,000)	(1,500,000)
2020	0	0	0	0	(1,500,000)	0	(1,500,000)		0		0	(500,000)	(2,000,000)

\* FIRST \$10,000,000 RELEASED WILL BE USED TO FUND THE DAMAGE FUND REQUIRED BY THE COMINCO/AIDEA AGREEMENT. THE FIRST AMOUNT ACTUALLY AVAILABLE WILL BE RELEASED DURING FY99. THE AMOUNT IS PROJECTED AT \$16,105,352.

NOTE: THESE PROJECTIONS ASSUME A WORST CASE SCENARIO - THAT MAA PAYMENTS CEASE AFTER THE TEN YEAR PAYMENT GUARANTEE

A M E N D M E N T

TO: DRAFT CS HB 123

Page 12, between lines 13 and 14 add:

" (D) a plant or facility demonstrating technological advances of new methods and procedures and prototype commercial applications for the exploration, development, production, transportation, conversion, and use of energy resources;

## Historical Note

**Codification.** Section 5919 of this title, referred to in subsec. (a)(7), was, in the original, "section 19" and has been editorially translated as section 5919 of this title which relates to loan guarantees as the probable intent of Congress, notwithstanding enactment of another section 19, which is classified to section 5918 of this title and which relates to organizational conflicts.

**1978 Amendment.** Subsec. (a)(7). Pub.L. 95-238 added par. (7).

**Transfer of Functions.** "Secretary", meaning the Secretary of Energy, was substituted for "Administrator", meaning the Administrator of the Energy Research and Development Administration, in subssecs. (a) to (c), pursuant to sections 301(a) and 703 of Pub.L. 95-91, classified to sections 7151(a) and 7293 of this title, which terminated the Energy Research and Development Administration and transferred the functions vested in the Administrator to the Secretary of Energy, with certain exceptions.

**Nonapplicability of Title II of Pub.L. 95-238 to Any Authorization or Appropriation for Military Application of Nuclear Energy, Etc.; Definitions.** Nonapplicability of provisions of Title II of Pub.L. 95-238 with respect to any authorization or appropriation for any military application of nuclear energy, etc., see section 209 of Pub.L. 95-238, set out as a note under section 5b21 of this title.

**Price-Support Program To Demonstrate Municipal Solid Waste Reprocessing For Production of Fuels and Energy Intensive Products.** Pub.L. 95-39, Title I, § 107, June

3, 1977, 91 Stat. 185, provided that "The Administrator [see: Transfer of Functions above] is authorized, subject to the appropriation of funds pursuant to section 101(a)(1) of this Act [which was not classified to the Code], to establish and implement, under section 7(a)(4) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5906(a)(4) [subsec. (a)(4) of this section]) and in accordance with section 7(c) of such Act (42 U.S.C. 5906(c) [subsec. (c) of this section]), a price-support program to demonstrate municipal solid waste reprocessing for the production of fuels and energy intensive products. Prior to entering into a contract for such demonstration, the Administrator shall submit to the Committee on Science and Technology of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a full and complete report on the proposed commercial demonstration facility and the necessary project demonstration guarantees. Such contracts shall not be finalized under the authority granted by this section prior to the expiration of ninety calendar days (not including any day on which either House of Congress is in session because of an adjournment of more than three calendar days to a day certain from the date on which such report is received by such committees."

**Legislative History.** For legislative history and purpose of Pub.L. 93-577, see 1974 U.S. Code Cong. and Adm. News, p. 6861. See also, Pub.L. 95-238, 1978 U.S. Code Cong. and Adm. News, p. 150.

## Cross References

Development of commercial production and utilization of photovoltaic components and systems through contracts entered in accordance with this section, see section 5585 of the title.

## § 5907. Demonstration projects

## (a) Scope of authority of Administrator

The Administrator is authorized to—

- (1) identify opportunities to accelerate the commercial application of new energy technologies, and provide Federal assistance for or participation in demonstration projects (including pilot plants demonstrating technological advances and field demonstrations of new methods and procedures, and demonstrations of prototype commercial applications for the exploration, development, production, transportation, conversion, and utilization of energy resources); and

*Clean Coal program*

(2) enter into cooperative agreements to demonstrate the technical feasibility and commercial technologies on a prototype or full-scale basis.

## (b) Criteria applicable in reviewing proposals

In reviewing potential projects, the Administrator, including but not limited to—

- (1) the anticipated, research, development, and construction to be achieved by the activities or facilities;
- (2) the economic, environmental, and social benefits of a successful demonstration may have for the community;
- (3) the relationship of the proposal to the activities in section 5904(b)(2) of this title;
- (4) the availability of non-Federal participants to operate the facilities or perform the activities and to contribute to the financing of the project;
- (5) the total estimated cost including the construction and probable time schedule;
- (6) the proposed participants and the contributions of the Federal Government and of other participants;
- (7) the proposed cooperative arrangements between the participants, and form of management of the project.

## (c) Federal and non-Federal share of costs

- (1) A financial award under this section may be made for the Federal share of the estimated total direct costs of the project, plus operation and maintenance costs.
- (2) For the purposes of this chapter the non-Federal share of the project, including, but not limited to, lands or interests in lands, project or personal property or services, the value of which is determined by the Administrator.

## (d) Submission of proposals to Administrator; review of proposals and regulations

- (1) The Administrator shall, within six months after the date of the promulgation of the regulations to the Energy Research and Development Act of this chapter, submit to the Administrator proposals which—

(A) provides that projects will be carried out under varying circumstances as will assist in the development, production, transportation, conversion, conservation,

May 7, 1989

Senator Dick Eliason  
Chairman  
Senate Labor and Commerce Committee  
Alaska State Senate

Re: HB 123; Proposed amendment  
relating to international  
airports

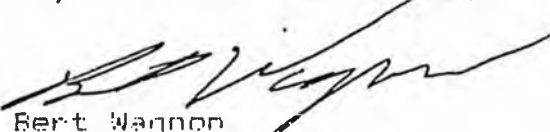
Dear Senator Eliason:

Enclosed you will please find an amendment to CSHB 123 (Jud) am relating to AIDEA cooperative assistance to international airports in the state. You are no doubt aware that the Department of Transportation and Public Facilities is aggressively marketing the international airports in Anchorage and Fairbanks as portals for international airports and freight. This effort is especially critical now that many airlines are converting to long range aircraft that are capable of bypassing the state in favor of airports located in the lower 48 states. The department is exploring innovative financing techniques to encourage commercial concerns to locate facilities on the international airports in the state.

Often it is necessary to improve airport land and utilities serving the airports to make it feasible for a potential lessee of airport land to determine to locate a facility in the state. The international airport revenue fund has a sufficient balance to serve as the source of financing for a lessee or public utility that desires to make necessary airport improvements. The managers of the airport revenue fund lack the commercial lending experience to properly service a loan to these entities. This amendment would allow AIDEA to act on behalf of the Department of Transportation and Public Facilities to make sure that any financing arrangement is commercially reasonable.

I am prepared to offer testimony in support of this amendment if you or a member of your committee desires.

Attachment (1)

  
Bert Wagnon  
Executive Director  
Alaska Industrial Development and  
Export Authority

A M E N D M E N T

TO: CSHB 123 (Jud) am

Page 3, between lines 27 and 28:

\*Sec. . AS 44.88.080 is amended by adding a new subsection to read:

(25) to make cooperative agreements with the Department of Transportation and Public Facilities acting on behalf of the international airport revenue fund established under AS 37.15.430 to acquire, equip, operate, maintain, construct or install facilities that will enhance the competitiveness of the international airports, including a cooperative agreement to lend amounts from the international airport revenue fund to finance the development or improvement of utilities serving the airports.

Renumber remaining sections accordingly.

SECTIONAL ANALYSIS  
SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L & C)

Section 1. 44.88.010(a)(9):

This section removes dated language that no longer conforms to the Federal Tax Code. The deleted language was litany from the Tax Code which was removed by the Federal 1986 Tax Reform Act.

Section 2. 44.88.010(c):

This section inserts "municipal" to correct an oversight. Previous language stated federal and state but made no mention of local governments. Local governments have a significant role to play in economic development and this change recognizes that.

Section 3. 44.88.060:

The two additions in this section establish the scope of the revolving fund. The revolving fund is currently made up of two separate accounts: the Enterprise Development Account where loans are originated and financed through banks, and the Economic Development Account designated for major development projects. The additions allow the Authority to create additional accounts within the unrestricted accounts of the revolving fund, and transfer monies between accounts subject to bond-holder agreements. The investment powers are moved into the revolving fund, allowing it to function as the general fund and be invested in accordance with Title 37.

Section 4. 44.88.080:

This new section provides for an increased level of involvement with the International Airports to enhance their competitiveness and foster employment related to increased airport development.

Section 5. 44.88.090(a):

Technical clean up language. Conforming. Subsection (g) is moved and becomes part of 44.88.095.

Section 6. 44.88.095:

This is a new section which incorporates all the limitations into one section. With the exception of (f) and (g), all of these provisions are moved from other sections of 44.88 to this "limitation section".

44.88.095(e) was amended slightly by deleting the \$10 million cap for municipal approval. It was felt in committee that any project the Authority owned should be subject to municipal approval.

44.88.095(f) is new language requiring a public hearing in conjunction with the State agencies involved in permitting a project.

44.88.095(g) sets forth a \$10 million floor above which bonds may not be issued without legislative approval.

Section 7. This section prohibits the issuance of any bonds, other than refunding bonds, after January 1, 1992. This is accomplished by Section 22 which makes Section 7 effective January 1, 1992.

Section 8. 44.88.105(a):  
Section 9. 44.88.105(d):

The deletion in this section eliminates the ceiling on bonds regarding the establishment of capital reserve funds. It also eliminates the State's moral obligation to supplement a capital reserve fund created after January 1, 1989 should it ever fall below the required amount.

With this elimination of moral obligation, bonds of the Authority issued after January 1, 1989, will stand on their own and do not contingently obligate the State in any form whatsoever. Since 1981 all bonds have had the benefit of the State's moral obligation. It is now appropriate that the Authority stand on its own financially with respect to future bond issues. The Authority's bonds that are already outstanding and were issued with the moral obligation will continue to have that benefit. Additionally, any outstanding bonds that currently enjoy a "moral obligation" would continue to do so if refunded.

Section 10. 44.88.155(b):  
Drafting style

Section 11. 44.88.155(c):  
Conforming change. The deletion in this section is in conjunction with the changes in Section 3 and simply moves the investment powers limitation into the revolving fund as opposed to applying only to an account within the fund.

Section 12. 44.88.155(d):  
The deletion will allow the Authority to become active in purchasing the guaranteed portion of federal SBA loans from banks. The revised investment statute, AS. 37.10.071, will permit the Authority to invest its funds in the guaranteed portion of federal SBA loans once the program restrictions are removed from statute. This flexibility is essential. The SBA modifies its program periodically, and casting the program in statute does not provide enough flexibility to maintain a market presence in these guarantees.

The second change deletes 10% and inserts 20%. This will require banks to hold a larger portion of the loans they sell the Authority and hopefully foster prudent underwriting on the banks part.

The third deletion is conforming and deals with removing the SBA language which will allow the Authority to participate in purchasing the guaranteed portion of SBA loans through its investment powers.

Section 13. 44.88.165:

The statute regarding loan delinquencies is repealed and reenacted. It allows the Authority to regulate conditions whereby it may discontinue purchase of loan participations from a financial institution because of excessive loan delinquencies. This revision is necessary to allow more financial institutions to participate in the Authority's loan programs.

Section 14. 44.88.172(a):

Technical and style change.

Section 15. 44.88.535(b):

This changes the maximum percentage of a loan guaranty from 70% to 80%. This change will coincide with the Authority's loan participation program which is also at 80% under Section 12.

Section 16. 44.88.545:

Provides a change to the Loan Guaranty Program whereby the maximum guaranty will be \$1 million or less, as opposed to guaranteeing a loan of \$1 million or less.

Section 17. 44.88.560:

The Authority is given the power to pay liquidation costs of collateral securing loans that are guaranteed by this program when the Authority considers it to be in its best interest to do so.

Section 18. 44.88.900(4):

This section clarifies the definition of "development" project by referring to the resource development oriented plants and facilities described in the definition of "project," including transportation related facilities as set forth in Section 19.

Section 19. 44.88.900(9):

There is one addition and deletion in this section. The addition includes certain transportation facilities in the definition of a project, while the deletion eliminates the obsolete language from the tax code prior to the 1986 Tax Reform Act.

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**Section 20. Repealers:**

AS 44.88.090(g) This section is deleted and reenacted under Bond Limitations. (g)(1) becomes 44.88.095(a) with a technical change only. The language in (g)(1) equates to \$400 million when the litany of bond authorization is followed back to enactment in 1980. As time progresses, this gets increasingly difficult to do and as a simplification the \$400 million is now directly stated in the CS. (g)(2) is moved and becomes AS 44.88.095(b).

AS 44.88.090(i) This language is deleted and will appear as a new 44.88.095(g) (Section 7 of the CS) with the one change being an effective date of January 1, 1992 created by Section 22.

AS 44.88.105(e) This section is repealed as it is no longer necessary. The CS provides on page 9, line 7, that 20% of a loan must be retained by the originator.

AS 44.88.105(g) This section is repealed as it is no longer necessary. The CS provides on page 6, line 6, that a project in excess of \$10 million requires legislative approval.

AS 44.88.157 This section is repealed in its entirety and not reenacted in the CS. The loan insurance sections were written in 1980 and have never been utilized. At the time of the original drafting it was believed that to sell Authority bonds the Authority must insure its loans (self-insure) as well as pledge its credit. This proved unnecessary in the marketplace.

AS 44.88.158 This repeals the S.B.A. purchase program from statute and its attendant restrictions. The rationale for this repeal is that the state's investment statutes now provide that the governmental guaranteed portion of S.B.A. loans can be purchased with Authority funds (AS 37.10.071). The Authority will be allowed to purchase that portion guaranteed by the U.S. Government with this repealer.

AS 44.88.159(c) Same as AS 44.88.158 (removing from statute restrictions on the S.B.A. purchase program).

AS 44.88.160 This section is repealed and reenacted in the CS on page 4, line 9, under Bonding Limitations. The one exception is AS 44.88.160(5) which is deleted in that it says the same thing as AS 44.88.160(1).

AS 44.88.172(b) This is deleted as the CS sets up a revolving fund on page 2, line 12, and all accounts become part of the revolving fund.

AS 44.88.172(c) This is repealed and now falls under Bonding Limitations, page 6, line 6, concerning legislative approval. Additionally, no bonds may be issued after January 1, 1992 by Section 7 (page 6, line 9).

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AS 44.88.175 This is now contained on page 5, line 1, Bonding Limitations. The existing \$10 million floor on local approval was removed so as now written any project financed under this section requires consent by the local government.

AS 44.88.176 This is relocated to the section on Bonding Limitations beginning on page 5, line 20.

AS 44.88.212(a) Deleted as it deals with the S.B.A. purchase program.

AS 44.88.900(3) Deleted as it deals with the S.B.A. purchase program.

Section 21. This repeals 44.88.095(b) pertaining to issuance of bonds in general effective January 1, 1992.

Section 22. This delayed effective date section takes effect January 1, 1992 which will prohibit the issuance of bonds after that date without legislative approval.

Section 23. Effective date under 01.10.070(C).

C.S. FOR HOUSE BILL NO. 123 (JUDICIARY)

Section 1. 44.88.010(a)(9):

This section removes dated language that no longer conforms to the Federal Tax Code. The deleted language was litany from the Tax Code which was removed by the 1986 Tax Reform Act.

Section 2. 44.88.010(c):

This section inserts "municipal" to correct an oversight. Previous language stated federal and state but made no mention of local governments. Local governments have a significant role to play in economic development and this change recognizes that.

Section 3. 44.88.060:

The two additions in this section establish the scope of the revolving fund. The revolving fund is currently made up of two separate accounts: the Enterprise Development Account where loans are originated and financed through banks, and the Economic Development Account designated for major development projects. The additions allow the Authority to create additional accounts within the unrestricted accounts of the revolving fund, and transfer monies between accounts subject to bond-holder agreements. The investment powers are moved into the revolving fund, allowing it to function as the general fund and be invested in accordance with Title 37.

Section 4. 44.88.080(14):

The addition is technical drafting style.

Section 5. 44.88.082:

This section prohibits joint-ownership of a project. The Authority may still finance or may own certain types of facilities but may not joint-venture such facilities.

Section 6. 44.88.090(a):

Technical clean up language. Conforming.

Section 7. 44.88.095:

This is a new section which incorporates all the limitations into one section. With the exception of (f) and (g), all of these provisions are moved from other sections of 44.88 to this "limitation section".

44.88.095(e) was amended slightly by deleting the \$10 million cap for municipal approval. It was felt in committee that any project the Authority owned should be subject to municipal approval.

44.88.095(f) is new language requiring a public hearing in conjunction with the State agencies involved in permitting a project.

Section 8. 44.88.095(g):

Provides that the Authority may continue to issue bonds until January 1, 1991 by the delayed effective date section at the end of the bill.

Section 9. 44.88.105(a):

Section 10. 44.88.105(d):

The deletion in this section eliminates the ceiling on bonds regarding the establishment of capital reserve funds. It also eliminates the State's moral obligation to supplement a capital reserve fund created after January 1, 1989 should it ever fall below the required amount.

With this elimination of moral obligation, bonds of the Authority issued after January 1, 1989, will stand on their own and do not contingently obligate the State in any form whatsoever. Since 1981 all bonds have had the benefit of the State's moral obligation. It is now appropriate that the Authority stand on its own financially with respect to future bond issues. Of course, the Authority's bonds that are already outstanding and were issued with the moral obligation will continue to have that benefit.

Section 11. 44.88.155(b):

Drafting style

Section 12. 44.88.155(c):

Conforming change. The deletion in this section is in conjunction with the changes in Section 3 and simply moves the investment powers limitation into the revolving fund.

Section 13. 44.88.155(d):

The deletion will allow the Authority to become active in purchasing the guaranteed portion of federal SBA loans from banks. The revised investment statute, AS. 37.10.071, will permit the Authority to invest its funds in the guaranteed portion of federal SBA loans once the program restrictions are removed from statute. This flexibility is essential. The SBA modifies its program periodically, and casting the program in statute does not provide enough flexibility to maintain a market presence in these guarantees.

The second change deletes 10% and inserts 20%. This will require banks to hold a larger portion of the loans they sell the Authority and hopefully foster prudent underwriting on the banks part.

The third deletion is conforming and deals with removing the SBA language which will allow the Authority to participate in purchasing the guaranteed portion of SBA loans through its investment powers.

Section 14. 44.88.165:

The statute regarding loan delinquencies is repealed and reenacted. It allows the Authority to regulate conditions whereby it may discontinue purchase of loan participations from a financial institution because of excessive loan delinquencies. This revision is necessary to allow more financial institutions to participate in the Authority's loan programs.

Section 15. 44.88.172(a):

Technical and style change.

Section 16. 44.88.545:

Provides a change to the Loan Guaranty Program whereby the guaranty will cover \$1 million or less, as opposed to guaranteeing a loan of \$1 million or less.

Section 17. 44.88.560:

The Authority is given the power to pay liquidation costs of collateral securing loans that are guaranteed by this program when the Authority considers it to be in its best interest to do so.

Section 18. 44.88.900(4):

This section clarifies the definition of "development" project by referring to the resource development oriented plants and facilities described in the definition of "project," including transportation related facilities as set forth in Section 19.

Section 19. 44.88.900(9):

There is one addition and deletion in this section. The addition includes certain transportation facilities in the definition of a project, while the deletion eliminates the obsolete language from the tax code prior to the 1986 Tax Reform Act.

## ALASKA INDUSTRIAL DEVELOPMENT and EXPORT AUTHORITY

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation administratively located in the Department of Commerce and Economic Development but with a separate and independent legal existence. Created in 1967, AIDEA promotes economic development within the State by

- (1) providing loans for industrial and commercial projects;
- (2) owning and operating certain types of infrastructure facilities;
- (3) guaranteeing loans for export transactions; and
- (4) guaranteeing business loans.

None of the bonds issued to finance the programs are general obligations of the State; however, the State's moral obligation stands behind the capital reserve funds which secure certain bonds issued by AIDEA.

### a. Bond Programs

AIDEA has five bond programs. A sixth major program, AIDEA, a business loan guarantee program enacted into law in 1988, is not expected to use debt financing. Under the program, AIDEA may guarantee up to 70 percent of the principal of loans not exceeding \$1 million. AIDEA's bond programs are

### i. Tax-Exempt Umbrella Bonds

The Tax-Exempt Umbrella Bond Program finances projects of \$10 million or less. Because of their small size, the projects financed under this program are grouped together when AIDEA issues bonds, hence the title "umbrella."

AIDEA does not directly loan bond proceeds. Proceeds of the bonds are used to purchase up to 90 percent of an eligible loan from financial institutions in the state if AIDEA's participation is \$1,000,000 or less, or up to 80 percent if the participation is over \$1,000,000. In order for AIDEA participations over \$1,000,000 to qualify for tax-exempt financing, there is an added requirement that capital expenditures on all the borrower's projects in a municipality cannot exceed \$10 million. The Tax-Exempt Umbrella Bond Program combines the Economic Development and Consolidated Bond Programs that were previously separate and which financed participations under and over \$1,000,000, respectively. The Bonds may be secured by any or all of the following:

- the full faith and credit of the Authority
- principal and interest payments received on the loans
- collateral held by the Authority on projects financed by the loans
- the State's moral obligation, attached to a Capital Reserve Fund
- a negative covenant on other commitment of assets.

The Authority has covenanted that it will not incur any General Obligation Indebtedness causing estimated Net Income to be less than 150 percent of the General Obligation Annual Debt Service Requirements in each year and to take no action to cause its Unrestricted Surplus to be less than the lesser of \$200 million or the amount of General Obligation Indebtedness outstanding.

During 1988, reductions in the cash flow from AIDE's loan portfolio reduced debt service coverage below 150 percent. The reduced cash flow stemmed from loan delinquencies, modifications and foreclosures associated with Alaska's economic recession. In order to observe the covenant regarding debt service coverage, AIDEA defeased \$78,295,000 of its Economic Development Bonds and Consolidated Bonds by deposit of \$91,269,000 of U.S. Treasury securities purchased with AIDEA's general assets into an irrevocable trust. As a result the lowest projected future coverage for any year as of June 30, 1988 was 181 percent.

The bonds are rated A by Moody's and A - by Standard & Poor's. They have the State's moral obligation attached.

ii. Taxable Umbrella Bonds

In response to escalating federal restrictions on tax-exempt bonds, AIDEA has implemented a taxable bond program. The provisions of the program are the same as for Tax-Exempt Umbrella Bonds except for the deletion of restrictions related to federal tax-exemption. AIDEA's taxable bonds have the State's moral obligation attached. The first bonds under this program in the amount of \$14,540,000 were issued during 1987 and \$14,310,000 were outstanding as of December 31, 1988.

iii. Revenue Bonds

In its third and largest loan program, the Revenue Bond Program, AIDEA acts as a conduit in the sale and issuance of tax-exempt bonds on behalf of private borrowers who secure the bonds. The bonds are sold by private placement to the financial institution originating the loan rather than by public sale to the highest bidder. Part of the demand for the program arose from lenders who desired the tax-exemption on the interest income. Borrowers were often enticed into the Revenue Bond program by floating rate loans at lower rates than the fixed rates available under the Umbrella programs. The elimination by the Tax Reform Act of 1986 of deductibility of all bank interest expense (for example, interest paid by a bank on time deposits) allocable to holding of tax-exempt obligations has greatly reduced demand for this program.

AIDEA does not participate financially in the Revenue Bond projects nor are the Authority's assets or credit pledged as security for the bonds. Bonds issued under this program are not considered to be obligations of the Authority or the State.

They are considered to be obligations of the private borrower only. Furthermore, the State's moral obligation does not stand behind these bonds.

Most bonds under this program are tax-exempt by virtue of the small issues exemption. A few have been exempt facility bonds. From inception to June 30, 1988, AIDEA has issued 284 Revenue Bonds totaling \$591,747,230. There were no Revenue Bonds issued during fiscal year 1988.

iv. Development Bonds

Alaska statutes authorize AIDEA to finance development projects that it intends to own and operate. The types of facilities the Authority may own or operate must be for use in manufacturing, natural resource extraction, or transportation of those products.

Bonds for projects to be owned or operated by AIDEA may be secured by the project, project revenues, or the assets of AIDEA's economic development fund. Bonds issued for such projects also are permitted to carry the State's moral obligation in the form of a capital reserve fund.

The only bonds authorized for this program are \$175,000,000 to provide financing for the DeLong Mountains Transportation Project. The project consists of a road and port owned and operated by AIDEA to facilitate the development of the Red Dog and other mines in Northwest Alaska. \$103,250,000 of such bonds were issued during 1987 and were outstanding as of December 31, 1988. The bonds are insured and rated triple A by both Moody's and Standard & Poor's. They have the State's moral obligation attached.

v. Export Assistance Bonds

Chapter 42, SLA 1987 authorized AIDEA to guarantee up to 90 percent of principal and interest on loans made to finance the export of raw materials, goods, or services from Alaska. The guarantees are against political or commercial loss.

AIDEA may issue bonds to fund its export guarantee program. The bonds may be secured by premiums paid by the borrower, bond proceeds, the insurance purchased from bond proceeds, or other assets of the authority.

b. Bond Authorization

AS 44.88.090(g) which took effect in fiscal year 1982 placed a statutory ceiling on all AIDEA annual bond issuance. The ceiling was set at \$400 million per fiscal year and has remained at that level. An additional requirement of AS 44.88.090(g) is legislative approval of any Revenue Bond or Export Assistance Bond in excess of \$50 million. AS 44.88.172(c) requires legislative approval of bonds issued for projects which AIDEA will own or operate. AS 44.88.090(i) requires legislative approval of all AIDEA bonds issued after January 1, 1990.

Senate CS for CS for HB 123 (2d L.S.E.)

Section 1:

Allows the authority a limited exemption to the procurement code pertaining to airports.

Section 2:

Allows the authority a limited exemption to the procurement code for the Healy Cogeneration Project.

Section 21:

Adds a new subsection (D) to provide stronger language for the Healy Cogeneration Project in the definition section.

Section 25:

A new Section 25 was inserted to authorize an aircraft maintenance facility in Anchorage.

Section 26:

A new Section 26 was inserted to authorize a dock project in Skagway.

Section 27:

A new Section 27 was inserted to authorize a dock project in Unalaska.

Section 28:

A new Section 28 was inserted to authorize the Healy Cogeneration Project.

Section 29:

A new Section 29 was inserted to require compliance with AS 44.88.173 (preparation of a finance plan).

## CHANGES MADE IN SENATE TO HB 123

Title Change: Title of the bill was too restrictive to accommodate changes so was amended back to the original title. Senate Concurrent Resolution No. 35 deals with the title change.

Section 1 was added to accommodate the proposed aircraft maintenance facility in Anchorage. This provides a limited exemption to the procurement code so that the Authority may negotiate directly with various interested airlines.

Section 2 was added to allow an exemption to the procurement code for the teaming arrangement for the Healy Cogeneration Project.

The Senate removed Section 5 of CSHB 123 (Jud)am. This section would have prohibited any form of joint ownership of a project. Authority staff reviewed this prohibition with the Attorney General's Office and requested that it be deleted. The prohibition would prohibit projects such as Red Dog (involving a relationship between Cominco, Nana and AIDEA) as they could very well be constructed to involve joint ownership (i.e., lease of lands, use rights to a third party coupled with Authority ownership of leasehold improvements). Additionally, such a prohibition would prohibit the Authority's proposed financing for Unalaska's Dock Expansion project, as this involves a sale and lease back agreement between the City of Unalaska and AIDEA coupled with lease assignments from private shipping firms. The ability to enter into relationships with municipalities and private concerns is an important aspect of the Authority's ability to develop economically viable projects. The amendment also is contrary -- at least indirectly -- to the concept embodied in AS 44.88.155(d)(7) which requires a minimum level of bank participation in loans financed by AIDEA. If these loans go into default, AIDEA's (and AIDEA's bondholders') position can often be protected only by a joint venture ownership arrangement with the participating bank.

Section 6: This addition provides that the Authority may enter into cooperative agreements with DOT/PF concerning the international airports.

Section 11: A review of this language revealed an oversight that should have been corrected. The intent was that no new bonds of the Authority would have any expressed language entitling the holders to the moral obligation of the State of Alaska. A provision should have been included which grandfathered in refunding bonds (a bond issued to replace an already existing bond at no greater par amount and normally at a lesser interest rate).

As interest rates have fallen, it is possible that the Authority may, at some future date, desire to issue refunding bonds for some of its outstanding deb'. The Senate made this change on lines 8-10, page 8, Section 11.

Section 18: The Senate added a new Section 18 which will have the Authority transfer to the business assistance fund the amount of any discount to capitalize the guarantee program. Should the Authority suffer a loss on an acquired discounted loan it may reverse the transaction and apply such an amount to reserves.

Section 22: This was amended to add a new subsection (D) providing an expanded definition to include the Healy Cogeneration Project.

Section 25: A new Section 25 was inserted to authorize an aircraft maintenance facility in Anchorage.

Section 26: A new Section 26 was inserted to authorize a dock project in Skagway.

Section 27: A new Section 27 was inserted to authorize a dock project in Unalaska.

Section 28 was added to authorize the Healy Cogeneration Project.

Section 29: A new Section 29 was inserted to require compliance with AS 44.88.173 (preparation of a finance plan).

Section 30: A new Section 30 was inserted setting an effective date of August 30, 1988 for Section 18, the date the discounted loans were acquired.

Section 31: The Senate extended the bond authorization date from January 1, 1991 in the House bill to January 1, 1992 in the Senate bill as a year as passed.

② Fpilis Amendment on Discard  
③ Herley Definitions  
④ Skagway & Unalakleet

go0799hM  
Bannister  
5/2/90

Original sponsor(s): Rules/Governor

1 IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development  
7 and Export Authority; and providing for an effective  
8 date."

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

10 \* Section 1. AS 36.30.850(b)(8) is amended to read:

11 (8) acquisitions or disposals of property and other contracts  
12 relating to airports under AS 02.15.070, 02.15.090, [AND] 02.15.091,  
13 and AS 44.88;

14 \* Sec. 2. AS 44.88.010(a)(9) is amended to read:

15 (9) the achievement of the goal of full employment, and of  
16 establishment and continuing operation and development of industrial,  
17 manufacturing, export, small business, and business enterprises in the  
18 state [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTATION,  
19 FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES FOR  
20 THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
21 INDUSTRIAL PARKS, ! 'S COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
22 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
23 FACILITY RELATING TO A PLANT OR FACILITY,] will be accelerated and  
24 facilitated by the creation of an instrumentality of the state with  
25 powers to incur debt, to own and operate facilities, to make and  
26 insure loans to finance [,] and to assist private lenders to make  
27 loans to finance [,] the establishment, operation, and development of  
28 industrial, manufacturing, export, small business, and business enter-  
29 prises [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR

1 TRANSPORTATION, FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL.  
2 FACILITIES FOR THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER.  
3 FACILITIES FOR INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES  
4 FOR LOCAL DISTRICT HEATING OR COOLING, PARKING FACILITIES, OR A STOR-  
5 AGE OR TRAINING FACILITY RELATING TO A PLANT OR FACILITY];

6 \* Sec. 3. AS 44.88.010(c) is amended to read:

7 (c) It is further declared to be the policy of the state, in the  
8 interests of promoting the health, security, and general welfare of  
9 all the people of the state, and a public purpose of the state, to  
10 accomplish the objectives set out in (b) of this section through the  
11 provision of financial support to a [IN COOPERATION WITH] federal,  
12 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-  
13 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,  
14 AND SERVICES].

15 \* Sec. 4. AS 44.88.060 is amended to read:

16 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-  
17 THORITY REVOLVING FUND. The Alaska Industrial Development and Export  
18 Authority revolving fund is established in the authority. The revolv-  
19 ing fund consists of appropriations made to the revolving fund by the  
20 legislature, money or other assets transferred to the revolving fund  
21 by the authority, and unrestricted payments on loans made or purchased  
22 by the authority. Unless otherwise expressly stated, the accounts  
23 created in this chapter are accounts in the revolving fund. The  
24 authority may create additional accounts either in the revolving fund  
25 or outside the revolving fund. Subject to agreements made with the  
26 holders of the authority's bonds or with other persons, the authority  
27 may transfer amounts in an account in the revolving fund to another  
28 account in the revolving fund. Amounts deposited in the revolving  
29 fund may be pledged to the payment of bonds of the authority or

1 expended for the purposes of the authority under this chapter. The  
2 authority has the powers and responsibilities established in AS 37.-  
3 10.071 with respect to the investment of amounts held in the revolving  
4 fund.

5 \* Sec. 5. AS 44.88.080 is amended by adding a new paragraph to read:

6 (25) to make cooperative agreements with the Department of  
7 Transportation and Public Facilities, acting on behalf of the inter-  
8 national airports revenue fund established under AS 37.15.430, to  
9 acquire, equip, operate, maintain, construct or install facilities  
10 that will enhance the competitiveness of the international airports,  
11 including a cooperative agreement to lend amounts from the interna-  
12 tional airport revenue fund to finance the development or improvement  
13 of utilities serving the airports.

14 \* Sec. 6. AS 44.88.090(a) is amended to read:

15 (a) The [SUBJECT TO (g) OF THIS SECTION, THE] authority may  
16 borrow money and may issue bonds, including but not limited to bonds  
17 on which the principal and interest are payable

18 (1) exclusively from the income and receipts or other money  
19 derived from the project or development project financed with the  
20 proceeds of the bonds or derived from the exporter or exporting trans-  
21 action financed, guaranteed, or insured with the proceeds of the  
22 bonds;

23 (2) exclusively from the income and receipts or other money  
24 derived from designated projects or development projects or other  
25 sources whether or not they are financed, insured, or guaranteed in  
26 whole or in part with the proceeds of the bonds; or

27 (3) from its income and receipts or other assets generally,  
28 or a designated part or parts of them.

29 \* Sec. 7. AS 44.88 is amended by adding a new section to read:

1           Sec. 44.88.095. BONDING LIMITATIONS. (a) The authority may not  
2 issue bonds in a 12-month period in an amount that exceeds  
3 \$400,000,000.

4           (b) The authority may not issue revenue bonds, other than re-  
5 funding bonds, to purchase a loan for a project under AS 44.88.155 -  
6 44.88.159, to acquire a development project under AS 44.88.172 -  
7 44.88.177 or to provide money to finance, guarantee, or insure an  
8 exporting transaction under AS 44.88.300 - 44.88.390 in an amount  
9 greater than \$50,000,000 during any 12-month period unless the issu-  
10 ance is included separately in the estimates required in the report of  
11 the authority under AS 44.88.210(b) and unless the legislature, by  
12 law, approves the issuance.

13           (c) Before entering into a lease or other agreement under  
14 AS 44.88.090(e) regarding a project for which the authority agrees to  
15 issue bonds in an amount in excess of \$6,000,000, there must be filed  
16 with the authority a certified copy of a resolution of the governing  
17 body of the political subdivision of the state, if any, in which the  
18 project is to be located, consenting to the location of the project.  
19 The consent need only refer to the general nature of the project  
20 ultimately to be acquired, as set out in a request of the proposed  
21 project applicant. Before entering into a lease or other agreement  
22 under AS 44.88.090(e) regarding a project, the authority shall find,  
23 on the basis of all information reasonably available to it, that

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

27           (2) the project applicant is financially responsible;

28           (3) provision to meet increased demand upon public facili-  
29 ties that might result from the project is reasonably assured; and

1 (4) the project will provide, or retain, employment reason-  
 2 ably related to the amount of the financing by the authority, con-  
 3 sidering the amount of investment per employee for comparable facil-  
 4 ities and other relevant factors.

5 (d) Before adopting a resolution approving a project to be  
 6 financed under AS 44.88.172 for which bonds must be issued, the au-  
 7 thority shall, on the basis of all information reasonably available to  
 8 it, make findings, with respect to the project, as described in  
 9 (c)(1) - (4) of this section, and also find that

10 (1) the project is economically and financially feasible  
 11 and able to produce revenue adequate to repay the bonds or loans with  
 12 which it is financed;

13 (2) the project complies with applicable law; and

14 (3) issuance of the bonds is not expected to adversely  
 15 affect the ability of the state or any political subdivision of the  
 16 state to market other bonds.

17 (e) Before entering into an agreement to finance or to develop a  
 18 proposed project financed under AS 44.88.172 for which bonds must be  
 19 issued, the authority shall obtain the approval of each Regional  
 20 Resource Advisory Council appointed under AS 44.88.174 or municipality  
 21 in the area in which the proposed project is to be located. Approval  
 22 under this subsection must be evidenced by a certified copy of a  
 23 resolution of the council or of the governing body of the municipal-  
 24 ity. Before considering a resolution regarding the approval or re-  
 25 jection of the development or financing of a proposed project under  
 26 this subsection, a Regional Resource Advisory Council shall conduct a  
 27 public hearing in the region. If a proposed project is located in a  
 28 municipality, the governing body of the municipality shall conduct a  
 29 hearing on the proposed project.

1 (f) Before entering into an agreement to finance or to develop a  
2 proposed project financed under AS 44.88.172 for which bonds must be  
3 issued, the authority shall compile and make available to the public a  
4 document that summarizes the projected economic, social, and environ-  
5 mental effects of the project; and, in conjunction with the Department  
6 of Fish and Game, the Department of Natural Resources, the Department  
7 of Environmental Conservation, and the Department of Labor, the au-  
8 thority shall conduct a public hearing on the projected effects of the  
9 project.

10 (g) Without prior legislative approval, the authority may not  
11 issue bonds in an amount greater than \$10,000,000 to assist in the  
12 financing of a development project under AS 44.88.172 - 44.88.177.

13 \* Sec. 8. AS 44.88.095(g) is repealed and reenacted to read:

14 (g) The authority may not issue bonds, other than refunding  
15 bonds, without securing the prior approval of the legislature.

16 \* Sec. 9. AS 44.88.105(a) is amended to read:

17 (a) For the purpose of securing one or more issues of its bonds,  
18 the authority may establish one or more special funds, called "capital  
19 reserve funds", and shall pay into those capital reserve funds the  
20 proceeds of the sale of its bonds and other money which may be made  
21 available to the authority from other sources for the purposes of the  
22 capital reserve funds. A capital reserve fund may be established only  
23 if the authority determines that the establishment of the fund would  
24 enhance the marketability of the bonds [, AND IF THOSE COSTS OF A  
25 PROJECT, AS DEFINED IN AS 44.88.900, WHICH ARE TO BE FINANCED WITH THE  
26 PROCEEDS OF THE BONDS, DO NOT EXCEED \$10,000,000]. Money in a capital  
27 reserve fund, except as provided in this section, may be used as  
28 required only for (1) the payment of the principal of, and interest  
29 on, bonds or of the sinking fund payments with respect to those bonds;

1 (2) the purchase or redemption of the bonds; or (3) the payment of a  
2 redemption premium required to be paid when the bonds are redeemed  
3 before maturity. However, money in a capital reserve fund may not be  
4 withdrawn if the withdrawal would reduce the amount in the capital  
5 reserve fund to less than the capital reserve fund requirement, except  
6 for the purpose of making payment, when due, of principal, interest,  
7 redemption premiums on the bonds, and sinking fund payments when other  
8 money of the authority is not available for the payments. Income or  
9 interest earned by, or increment to, a capital reserve fund, from the  
10 investment of all or part of the fund, may be transferred by the  
11 authority to other funds or accounts of the authority if the transfer  
12 does not reduce the amount of the capital reserve fund below the  
13 capital reserve fund requirement.

14 \* Sec. 10. AS 44.88.105(d) is amended to read:

15 (d) The chairman of the authority shall annually, no later than  
16 January 2, certify in writing to the governor and the legislature the  
17 amount, if any, required to restore a capital reserve fund to the  
18 capital reserve fund requirement. The legislature may appropriate to  
19 the authority the amount certified by the chairman of the authority.  
20 The authority shall deposit the amounts appropriated under this sub-  
21 section during a fiscal year in the proper capital reserve fund.  
22 Nothing in this section creates a debt or liability of the state. In  
23 this subsection, "capital reserve fund" means a capital reserve fund  
24 that

25 (1) is created under this section on or before January 1,  
26 1989; or

27 (2) secures refunding bonds if the refunding bonds are  
28 issued to refund bonds that are secured by a capital reserve fund  
29 created under this section on or before January 1, 1989.

1 \* Sec. 11. AS 44.88.155(b) is amended to read:

2 (b) The authority may establish in the enterprise development  
3 account the [A SMALL ENTERPRISE LOAN ACCOUNT, A LOAN INSURANCE AC-  
4 COUNT, AND OTHER] accounts it considers appropriate.

5 \* Sec. 12. AS 44.88.155(c) is amended to read:

6 (c) Money and other assets of the enterprise development account  
7 may be used to secure bonds of the authority issued to finance the  
8 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE  
9 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to pur-  
10 chase loans for projects.

11 \* Sec. 13. AS 44.88.155(d) is amended to read:

12 (d) A loan purchased in whole or in part by the authority with  
13 assets of the enterprise development account or with proceeds of bonds  
14 secured by assets of the enterprise development account, other than a  
15 loan which is financed with the proceeds of bonds of the authority and  
16 secured only by a project applicant or a project,

17 (1) may not exceed

18 [(A)] \$10,000,000; [OR

19 (B) \$500,000 IF THE LOAN IS PURCHASED UNDER AS 44.88.-

20 158;]

21 (2) may not exceed the cost of the project or 75 percent of  
22 the appraised value of the project, whichever is less, unless the  
23 amount of the loan in excess of this limit is federally insured or  
24 guaranteed or is insured by a qualified mortgage insurance company;

25 (3) may not be for a term longer than three-quarters of the  
26 authority's estimate of the life of the project or 25 years from the  
27 date the loan is made, whichever is earlier;

28 (4) shall contain complete amortization provisions satis-  
29 factory to the authority requiring periodic payments by the borrower;

1 (5) shall be in the form and contain the terms and provi-  
2 sions with respect to insurance, repairs, alterations, payment of  
3 taxes and assessments, default reserves, delinquency charges, default  
4 remedies, acceleration of maturity, secondary liens, and other matters  
5 the authority prescribes;

6 (6) shall be secured as to repayment by a mortgage or other  
7 security instrument in the manner the authority determines is feasible  
8 to assure timely repayment under a loan agreement entered into with  
9 the borrower;

10 (7) may not be made unless

11 (A) at least 20 [10] percent of the principal amount  
12 of the loan is retained by the originator of the loan as long as  
13 the loan is outstanding; or

14 (B) 100 percent of the principal amount of the loan is  
15 guaranteed by the United States or an agency or instrumentality  
16 of the United States;

17 (8) must be

18 (A) [AT LEAST PARTIALLY GUARANTEED BY THE UNITED  
19 STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES,  
20 SUBJECT TO THE PROVISIONS OF AS 44.88.158;

21 (B)] financed from the proceeds of bonds; or

22 (B) [(C)] expected by the authority to be financed  
23 from the proceeds of bonds.

24 \* Sec. 14. AS 44.88.165 is repealed and reenacted to read:

25 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt  
26 regulations to describe the circumstances under which it will discon-  
27 tinue purchasing loans from a financial institution because of exces-  
28 sive delinquencies among the loans previously purchased by the author-  
29 ity from the financial institution. In adopting the regulations, the

1 authority must consider the authority's delinquency experience with  
2 loans it purchased from all financial institutions. The authority may  
3 include in the regulations other remedies it considers appropriate as  
4 alternatives to the discontinuance of purchasing loans from the finan-  
5 cial institution.

6 \* Sec. 15. AS 44.88.172(a) is amended to read:

7 (a) The economic development account is established in the  
8 revolving fund. The economic development account consists of money or  
9 assets appropriated, loaned, or transferred to the authority for  
10 deposit in the account [,] and other money or assets deposited in the  
11 account by the authority. While money is on deposit in the economic  
12 development account, the money [THE ACCOUNT] may be used only to  
13 finance, acquire, manage, and operate development projects that the  
14 authority intends to own and operate. The term "operate" includes  
15 operation directly by the authority [,] or by an agent of the author-  
16 ity.

17 \* Sec. 16. AS 44.88.535(b) is amended to read:

18 (b) The authority may provide a guarantee from the fund for up  
19 to 80 [70] percent of a loan that qualifies under AS 44.88.500 -  
20 44.88.599. The ratio of the guarantee to the outstanding principal of  
21 the loan may not increase over the term of the loan.

22 \* Sec. 17. AS 44.88 is amended by adding a new section to read:

23 Sec. 44.88.542. DISCOUNTED LOAN PURCHASES. If the authority  
24 purchases at a discount the principal amount of a loan initially  
25 retained by an originating bank that is in financial distress or  
26 insolvent, the authority shall transfer from reserves to the business  
27 assistance fund established under AS 44.88.500 an amount representing  
28 the discount. If the authority subsequently suffers a loss on a loan  
29 covered by this section, an amount equal to the loss may be

1 transferred from the business assistance fund to the reserves of the  
2 authority.

3 \* Sec. 18. AS 44.88.545 is amended to read:

4 Sec. 44.88.545. LIMITATIONS OF GUARANTEES WITH RESPECT TO BOR-  
5 ROWERS. The authority may not provide a guarantee

6 (1) [A LOAN] of more than \$1,000,000;

7 (2) [LOANS] to an individual borrower that cumulatively  
8 exceeds [EXCEED] \$1,000,000 of guaranteed indebtedness.

9 \* Sec. 19. AS 44.88.560 is amended to read:

10 Sec. 44.88.560. POWERS OF THE AUTHORITY. The authority may

11 (1) adopt regulations to implement AS 44.88.500 - 44.88.-  
12 599;

13 (2) establish terms and conditions for loan guarantees and  
14 refinancing agreements subject to the requirements of AS 44.88.500 -  
15 44.88.599;

16 (3) make and execute contracts and other instruments to  
17 implement AS 44.88.500 - 44.88.599;

18 (4) charge

19 (A) one percent of the amount guaranteed for the  
20 service it provides under AS 44.88.500 - 44.88.599; and

21 (B) any other reasonable fee that the authority may  
22 establish by regulation;

23 (5) acquire real or personal property by purchase, trans-  
24 fer, or foreclosure when the acquisition is necessary to protect an  
25 interest in the fund; and

26 (6) exercise any other power necessary to implement AS 44.-  
27 88.500 - 44.88.599;

28 (7) to the extent the authority considers it to be in its  
29 best interest to do so, use money in the business assistance fund to

1 pay expenses relating to the liquidation of collateral securing loans  
2 guaranteed by the business assistance fund.

3 \* Sec. 20. AS 44.88.900(4) is repealed and reenacted to read:

4 (4) "development project" has the meaning given to "proj-  
5 ect" in (9)(A) of this section;

6 \* Sec. 21. AS 44.88.900(9) is amended to read:

7 (9) "project" means

8 (A) a plant or facility used or intended for use  
9 [(i)] in connection with making, processing, pre-  
10 paring, transporting, or producing in any manner, goods,  
11 products, or substances of any kind or nature or in connec-  
12 tion with developing or utilizing a natural resource, or  
13 extracting, smelting, transporting, converting, assembling,  
14 or producing in any manner, minerals, raw materials, chemi-  
15 cals, compounds, alloys, fibers, commodities and materials,  
16 products, or substances of any kind or nature;

17 [(ii) AS AN INDUSTRIAL PARK; IN CONNECTION WITH  
18 TRANSPORTATION; FOR THE PREVENTION, LIMITATION OR CONTROL OF  
19 POLLUTION; FOR THE DISPOSAL OF SEWAGE OR SOLID WASTE; FOR  
20 THE LOCAL FURNISHING OF GAS; FOR THE FURNISHING OF WATER; AS  
21 OR IN CONNECTION WITH MASS COMMUTING VEHICLES; FOR LOCAL  
22 DISTRICT HEATING OR COOLING; AS A PARKING FACILITY; OR AS A  
23 STORAGE OR TRAINING FACILITY DIRECTLY RELATED TO A PLANT OR  
24 FACILITY DESCRIBED IN THIS PARAGRAPH;]

25 (B) a plant or facility used or intended for use in  
26 connection with a business enterprise;

27 (C) commercial activity by a small enterprise;

28 (D) a plant or facility demonstrating technological  
29 advances of new methods and procedures and prototype commercial

1           applications for the exploration, development, production, trans-  
2           portation, conversion, and use of energy resources;

3           \* Sec. 22. AS 44.88.090(g), 44.88.090(i), 44.88.105(e), 44.88.105(g),  
4           44.88.157, 44.88.158, 44.88.159(c), 44.88.160, 44.88.172(b), 44.88.172(c),  
5           44.88.175, 44.88.176, 44.88.212(a), and 44.88.900(3) are repealed.

6           \* Sec. 23. AS 44.88.095(b) is repealed.

7           \* Sec. 24. The Alaska Industrial Development and Export Authority may  
8           issue bonds to finance the acquisition, design, and construction of a  
9           multi-bay aircraft maintenance facility located at Anchorage International  
10           Airport, to be owned by the authority. The principal amount of the bonds  
11           may not exceed \$50,000,000. This section grants the legislative approval  
12           required by AS 44.88.095 and 44.88.172(c).

13           \* Sec. 25. The Alaska Industrial Development and Export Authority may  
14           issue bonds to finance the acquisition, design, and reconstruction of a  
15           public use ore terminal in Skagway to be owned by the authority. The  
16           principal amount of the bonds may not exceed \$25,000,000. This section  
17           grants the legislative approval required by AS 44.88.095 and 44.88.172(c).

18           \* Sec. 26. The Alaska Industrial Development and Export Authority may  
19           issue bonds to finance the acquisition, design, and construction of im-  
20           provements to the Ballyhoo dock in Unalaska to be owned by the authority.  
21           The principal amount of the bonds may not exceed \$10,000,000. This section  
22           grants the legislative approval required by AS 44.88.095 and 44.88.172(c).

23           \* Sec. 27. Before bonds authorized in secs. 25 and 26 of this Act are  
24           issued, the Alaska Industrial Development and Export Authority shall comply  
25           with the requirements of AS 44.88.173.

26           \* Sec. 28. Section 17 of this Act is retroactive to August 30, 1988.

27           \* Sec. 29. Sections 8 and 23 of this Act take effect January 1, 1992.

28           \* Sec. 30. Sections 1 - 7, 9 - 22, and 24 - 28 of this Act take effect  
29           immediately under AS 01.10.070(c).

Original sponsor(s): Rules/Governor

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development  
7 and Export Authority; and providing for an effective  
8 date."

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

10 \* Section 1. AS 36.30.850(b)(8) is amended to read:

11 (8) acquisitions or disposals of property and other contracts  
12 relating to airports under AS 02.15.070, 02.15.090, [AND] 02.15.091,  
13 and AS 44.88;

14 \* Sec. 2. AS 36.30.850(b) is amended by adding a new paragraph to read:

15 (22) contracts of the Alaska Industrial Development and  
16 Export Authority for a clean coal technology demonstration project  
17 that

18 (A) is attempting to develop a coal-fired electric  
19 generation project;

20 (B) uses technology that is capable of commercializa-  
21 tion during the 1990's; and

22 (C) qualifies for federal financial participation  
23 under P.L. 99-190 as amended.

24 \* Sec. 3. AS 44.88.010(a)(9) is amended to read:

25 (9) the achievement of the goal of full employment, and of  
26 establishment and continuing operation and development of industrial,  
27 manufacturing, export, small business, and business enterprises in the  
28 state [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTATION,  
29 FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES FOR

1 THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
2 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
3 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
4 FACILITY RELATING TO A PLANT OR FACILITY,) will be accelerated and  
5 facilitated by the creation of an instrumentality of the state with  
6 powers to incur debt, to own and operate facilities, to make and  
7 insure loans to finance [,] and to assist private lenders to make  
8 loans to finance [,] the establishment, operation, and development of  
9 industrial, manufacturing, export, small business, and business enter-  
10 prises [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTA-  
11 TION, FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES  
12 FOR THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
13 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
14 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
15 FACILITY RELATING TO A PLANT OR FACILITY];

16 \* Sec. 4. AS 44.88.010(c) is amended to read:

17 (c) It is further declared to be the policy of the state, in the  
18 interests of promoting the health, security, and general welfare of  
19 all the people of the state, and a public purpose of the state, to  
20 accomplish the objectives set out in (b) of this section through the  
21 provision of financial support to a [IN COOPERATION WITH] federal,  
22 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-  
23 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,  
24 AND SERVICES].

25 \* Sec. 5. AS 44.88.060 is amended to read:

26 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-  
27 THORITY REVOLVING FUND. The Alaska Industrial Development and Export  
28 Authority revolving fund is established in the authority. The revolv-  
29 ing fund consists of appropriations made to the revolving fund by the

CS deletes "The authority may not enter into an agreement for joint ownership of a project"

1 legislature, money or other assets transferred to the revolving fund  
 2 by the authority, and unrestricted payments on loans made or purchased  
 3 by the authority. Unless otherwise expressly stated, the accounts  
 4 created in this chapter are accounts in the revolving fund. The  
 5 authority may create additional accounts either in the revolving fund  
 6 or outside the revolving fund. Subject to agreements made with the  
 7 holders of the authority's bonds or with other persons, the authority  
 8 may transfer amounts in an account in the revolving fund to another  
 9 account in the revolving fund. Amounts deposited in the revolving  
 10 fund may be pledged to the payment of bonds of the authority or ex-  
 11 pended for the purposes of the authority under this chapter. The  
 12 authority has the powers and responsibilities established in AS 37.-  
 13 10.071 with respect to the investment of amounts held in the revolving  
 14 fund.

15 \* Sec. 6. AS 44.88.080 is amended by adding a new paragraph to read:

16 (25) to make cooperative agreements with the Department of  
 17 Transportation and Public Facilities, acting on behalf of the inter-  
 18 national airports revenue fund established under AS 37.15.430, to  
 19 acquire, equip, operate, maintain, construct or install facilities  
 20 that will enhance the competitiveness of the international airports,  
 21 including a cooperative agreement to lend amounts from the interna-  
 22 tional airport revenue fund to finance the development or improvement  
 23 of utilities serving the airports.

24 \* Sec. 7. AS 44.88.090(a) is amended to read:

25 (a) The [SUBJECT TO (g) OF THIS SECTION, THE] authority may  
 26 borrow money and may issue bonds, including but not limited to bonds  
 27 on which the principal and interest are payable

28 (1) exclusively from the income and receipts or other money  
 29 derived from the project or development project financed with the

1 proceeds of the bonds or derived from the exporter or exporting trans-  
2 action financed, guaranteed, or insured with the proceeds of the  
3 bonds;

4 (2) exclusively from the income and receipts or other money  
5 derived from designated projects or development projects or other  
6 sources whether or not they are financed, insured, or guaranteed in  
7 whole or in part with the proceeds of the bonds; or

8 (3) from its income and receipts or other assets generally,  
9 or a designated part or parts of them.

10 \* Sec. 8. AS 44.88 is amended by adding a new section to read:

11 Sec. 44.88.095. BONDING LIMITATIONS. (a) The authority may not  
12 issue bonds in a 12-month period in an amount that exceeds  
13 \$400,000,000.

14 (b) The authority may not issue revenue bonds, other than re-  
15 funding bonds, to purchase a loan for a project under AS 44.88.155 -  
16 44.88.159, to acquire a development project under AS 44.88.172 -  
17 44.88.177 or to provide money to finance, guarantee, or insure an  
18 exporting transaction under AS 44.88.300 - 44.88.390 in an amount  
19 greater than \$50,000,000 during any 12-month period unless the issu-  
20 ance is included separately in the estimates required in the report of  
21 the authority under AS 44.88.210(b) and unless the legislature, by  
22 law, approves the issuance.

23 (c) Before entering into a lease or other agreement under  
24 AS 44.88.090(e) regarding a project for which the authority agrees to  
25 issue bonds in an amount in excess of \$6,000,000, there must be filed  
26 with the authority a certified copy of a resolution of the governing  
27 body of the political subdivision of the state, if any, in which the  
28 project is to be located, consenting to the location of the project.  
29 The consent need only refer to the general nature of the project

1 ultimately to be acquired, as set out in a request of the proposed  
2 project applicant. Before entering into a lease or other agreement  
3 under AS 44.88.090(e) regarding a project, the authority shall find,  
4 on the basis of all information reasonably available to it, that

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

8 (2) the project applicant is financially responsible;

9 (3) provision to meet increased demand upon public facili-  
10 ties that might result from the project is reasonably assured; and

11 (4) the project will provide, or retain, employment reason-  
12 ably related to the amount of the financing by the authority, con-  
13 sidering the amount of investment per employee for comparable facil-  
14 ities and other relevant factors.

15 (d) Before adopting a resolution approving a project to be  
16 financed under AS 44.88.172 for which bonds must be issued, the au-  
17 thority shall, on the basis of all information reasonably available to  
18 it, make findings, with respect to the project, as described in  
19 (c)(1) - (4) of this section, and also find that

20 (1) the project is economically and financially feasible  
21 and able to produce revenue adequate to repay the bonds or loans with  
22 which it is financed;

23 (2) the project complies with applicable law; and

24 (3) issuance of the bonds is not expected to adversely  
25 affect the ability of the state or any political subdivision of the  
26 state to market other bonds.

27 (e) Before entering into an agreement to finance or to develop a  
28 proposed project financed under AS 44.88.172 for which bonds must be  
29 issued, the authority shall obtain the approval of each Regional

1 Resource Advisory Council appointed under AS 44.88.174 or municipality  
2 in the area in which the proposed project is to be located. Approval  
3 under this subsection must be evidenced by a certified copy of a  
4 resolution of the council or of the governing body of the municipal-  
5 ity. Before considering a resolution regarding the approval or re-  
6 jection of the development or financing of a proposed project under  
7 this subsection, a Regional Resource Advisory Council shall conduct a  
8 public hearing in the region. If a proposed project is located in a  
9 municipality, the governing body of the municipality shall conduct a  
10 hearing on the proposed project.

11 (f) Before entering into an agreement to finance or to develop a  
12 proposed project financed under AS 44.88.172 for which bonds must be  
13 issued, the authority shall compile and make available to the public a  
14 document that summarizes the projected economic, social, and environ-  
15 mental effects of the project; and, in conjunction with the Department  
16 of Fish and Game, the Department of Natural Resources, the Department  
17 of Environmental Conservation, and the Department of Labor, the au-  
18 thority shall conduct a public hearing on the projected effects of the  
19 project.

20 (g) Without prior legislative approval, the authority may not  
21 issue bonds in an amount greater than \$10,000,000 to assist in the  
22 financing of a development project under AS 44.88.172 - 44.88.177.

23 \* Sec. 9. AS 44.88.095(g) is repealed and reenacted to read:

24 (g) The authority may not issue bonds, other than refunding  
25 bonds, without securing the prior approval of the legislature.

26 \* Sec. 10. AS 44.88.105(a) is amended to read:

27 (a) For the purpose of securing one or more issues of its bonds,  
28 the authority may establish one or more special funds, called "capital  
29 reserve funds", and shall pay into those capital reserve funds the

1 proceeds of the sale of its bonds and other money which may be made  
2 available to the authority from other sources for the purposes of the  
3 capital reserve funds. A capital reserve fund may be established only  
4 if the authority determines that the establishment of the fund would  
5 enhance the marketability of the bonds [, AND IF THOSE COSTS OF A  
6 PROJECT, AS DEFINED IN AS 44.88.900, WHICH ARE TO BE FINANCED WITH THE  
7 PROCEEDS OF THE BONDS, DO NOT EXCEED \$10,000,000]. Money in a capital  
8 reserve fund, except as provided in this section, may be used as  
9 required only for (1) the payment of the principal of, and interest  
10 on, bonds or of the sinking fund payments with respect to those bonds;  
11 (2) the purchase or redemption of the bonds; or (3) the payment of a  
12 redemption premium required to be paid when the bonds are redeemed  
13 before maturity. However, money in a capital reserve fund may not be  
14 withdrawn if the withdrawal would reduce the amount in the capital  
15 reserve fund to less than the capital reserve fund requirement, except  
16 for the purpose of making payment, when due, of principal, interest,  
17 redemption premiums on the bonds, and sinking fund payments when other  
18 money of the authority is not available for the payments. Income or  
19 interest earned by, or increment to, a capital reserve fund, from the  
20 investment of all or part of the fund, may be transferred by the  
21 authority to other funds or accounts of the authority if the transfer  
22 does not reduce the amount of the capital reserve fund below the  
23 capital reserve fund requirement. .

24 \* Sec. 11. AS 44.88.105(d) is amended to read:

25 (d) The chairman of the authority shall annually, no later than  
26 January 2, certify in writing to the governor and the legislature the  
27 amount, if any, required to restore a capital reserve fund to the  
28 capital reserve fund requirement. The legislature may appropriate to  
29 the authority the amount certified by the chairman of the authority.

1 The authority shall deposit the amounts appropriated under this sub-  
2 section during a fiscal year in the proper capital reserve fund.  
3 Nothing in this section creates a debt or liability of the state. In  
4 this subsection, "capital reserve fund" means a capital reserve fund  
5 that

6 (1) is created under this section on or before January 1,  
7 1989; or

8 (2) secures refunding bonds if the refunding bonds are  
9 issued to refund bonds that are secured by a capital reserve fund  
10 created under this section on or before January 1, 1989.

11 \* Sec. 12. AS 44.88.155(b) is amended to read:

12 (b) The authority may establish in the enterprise development  
13 account the [A SMALL ENTERPRISE LOAN ACCOUNT, A LOAN INSURANCE AC-  
14 COUNT, AND OTHER] accounts it considers appropriate.

15 \* Sec. 13. AS 44.88.155(c) is amended to read:

16 (c) Money and other assets of the enterprise development account  
17 may be used to secure bonds of the authority issued to finance the  
18 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE  
19 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to pur-  
20 chase loans for projects.

21 \* Sec. 14. AS 44.88.155(d) is amended to read:

22 (d) A loan purchased in whole or in part by the authority with  
23 assets of the enterprise development account or with proceeds of bonds  
24 secured by assets of the enterprise development account, other than a  
25 loan which is financed with the proceeds of bonds of the authority and  
26 secured only by a project applicant or a project,

27 (1) may not exceed

28 [(A)] \$10,000,000; [OR

29 (B) \$500,000 IF THE LOAN IS PURCHASED UNDER

1 AS 44.88.158;]

2 (2) may not exceed the cost of the project or 75 percent of  
3 the appraised value of the project, whichever is less, unless the  
4 amount of the loan in excess of this limit is federally insured or  
5 guaranteed or is insured by a qualified mortgage insurance company;

6 (3) may not be for a term longer than three-quarters of the  
7 authority's estimate of the life of the project or 25 years from the  
8 date the loan is made, whichever is earlier;

9 (4) shall contain complete amortization provisions satis-  
10 factory to the authority requiring periodic payments by the borrower;

11 (5) shall be in the form and contain the terms and provi-  
12 sions with respect to insurance, repairs, alterations, payment of  
13 taxes and assessments, default reserves, delinquency charges, default  
14 remedies, acceleration of maturity, secondary liens, and other matters  
15 the authority prescribes;

16 (6) shall be secured as to repayment by a mortgage or other  
17 security instrument in the manner the authority determines is feasible  
18 to assure timely repayment under a loan agreement entered into with  
19 the borrower;

20 (7) may not be made unless

21 (A) at least 20 [10] percent of the principal amount  
22 of the loan is retained by the originator of the loan as long as  
23 the loan is outstanding; or

24 (B) 100 percent of the principal amount of the loan is  
25 guaranteed by the United States or an agency or instrumentality  
26 of the United States;

27 (8) must be

28 (A) [AT LEAST PARTIALLY GUARANTEED BY THE UNITED  
29 STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES,

1 SUBJECT TO THE PROVISIONS OF AS 44.88.158;

2 (B)] financed from the proceeds of bonds; or

3 (B) [(C)] expected by the authority to be financed  
4 from the proceed. bonds.

5 \* Sec. 15. AS 44.88.165 is repealed and reenacted to read:

6 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt  
7 regulations to describe the circumstances under which it will discon-  
8 tinue purchasing loans from a financial institution because of exces-  
9 sive delinquencies among the loans previously purchased by the author-  
10 ity from the financial institution. In adopting the regulations, the  
11 authority must consider the authority's delinquency experience with  
12 loans it purchased from all financial institutions. The authority may  
13 include in the regulations other remedies it considers appropriate as  
14 alternatives to the discontinuance of purchasing loans from the finan-  
15 cial institution.

16 \* Sec. 16. AS 44.88.172(a) is amended to read:

17 (a) The economic development account is established in the  
18 revolving fund. The economic development account consists of money or  
19 assets appropriated, loaned, or transferred to the authority for  
20 deposit in the account [,] and other money or assets deposited in the  
21 account by the authority. While money is on deposit in the economic  
22 development account, the money [THE ACCOUNT] may be used only to  
23 finance, acquire, manage, and operate development projects that the  
24 authority intends to own and operate. The term "operate" includes  
25 operation directly by the authority [,] or by an agent of the author-  
26 ity.

27 \* Sec. 17. AS 44.88.535(b) is amended to read:

28 (b) The authority may provide a guarantee from the fund for up  
29 to 80 [70] percent of a loan that qualifies under AS 44.88.500 -

1 44.88.599. The ratio of the guarantee to the outstanding principal of  
2 the loan may not increase over the term of the loan.

3 \* Sec. 18. AS 44.88 is amended by adding a new section to read:

4 Sec. 44.88.542. DISCOUNTED LOAN PURCHASES. If the authority  
5 purchases at a discount the principal amount of a loan initially  
6 retained by an originating bank that is in financial distress or  
7 insolvent, the authority shall transfer from reserves to the business  
8 assistance fund established under AS 44.88.500 an amount representing  
9 the discount. If the authority subsequently suffers a loss on a loan  
10 covered by this section, an amount equal to the loss may be trans-  
11 ferred from the business assistance fund to the reserves of the au-  
12 thority.

13 \* Sec. 19. AS 44.88.545 is amended to read:

14 Sec. 44.88.545. LIMITATIONS OF GUARANTEES WITH RESPECT TO BOR-  
15 ROWERS. The authority may not provide a guarantee

16 (1) [A LOAN] of more than \$1,000,000;

17 (2) [LOANS] to an individual borrower that cumulatively  
18 exceeds [EXCEED] \$1,000,000 of guaranteed indebtedness.

19 \* Sec. 20. AS 44.88.560 is amended to read:

20 Sec. 44.88.560. POWERS OF THE AUTHORITY. The authority may

21 (1) adopt regulations to implement AS 44.88.500 - 44.88.-  
22 599;

23 (2) establish terms and conditions for loan guarantees and  
24 refinancing agreements subject to the requirements of AS 44.88.500 -  
25 44.88.599;

26 (3) make and execute contracts and other instruments to  
27 implement AS 44.88.500 - 44.88.599;

28 (4) charge

29 (A) one percent of the amount guaranteed for the

1 service it provides under AS 44.88.500 - 44.88.599; and

2 (B) any other reasonable fee that the authority may  
3 establish by regulation;

4 (5) acquire real or personal property by purchase, trans-  
5 fer, or foreclosure when the acquisition is necessary to protect an  
6 interest in the fund; and

7 (6) exercise any other power necessary to implement AS 44.-  
8 88.500 - 44.88.599;

9 (7) to the extent the authority considers it to be in its  
10 best interest to do so, use money in the business assistance fund to  
11 pay expenses relating to the liquidation of collateral securing loans  
12 guaranteed by the business assistance fund.

13 \* Sec. 21. AS 44.88.900(4) is repealed and reenacted to read:

14 (4) "development project" has the meaning given to "proj-  
15 ect" in (9)(A) of this section;

16 \* Sec. 22. AS 44.88.900(9) is amended to read:

17 (9) "project" means

18 (A) a plant or facility used or intended for use  
19 [(i)] in connection with making, processing, pre-  
20 paring, transporting, or producing in any manner, goods,  
21 products, or substances of any kind or nature or in connec-  
22 tion with developing or utilizing a natural resource, or  
23 extracting, smelting, transporting, converting, assembling,  
24 or producing in any manner, minerals, raw materials, chemi-  
25 cals, compounds, alloys, fibers, commodities and materials,  
26 products, or substances of any kind or nature;

27 [(ii) AS AN INDUSTRIAL PARK; IN CONNECTION WITH  
28 TRANSPORTATION; FOR THE PREVENTION, LIMITATION OR CONTROL OF  
29 POLLUTION; FOR THE DISPOSAL OF SEWAGE OR SOLID WASTE; FOR

1 THE LOCAL FURNISHING OF GAS; FOR THE FURNISHING OF WATER; AS  
2 OR IN CONNECTION WITH MASS COMMUTING VEHICLES; FOR LOCAL  
3 DISTRICT HEATING OR COOLING; AS A PARKING FACILITY; OR AS A  
4 STORAGE OR TRAINING FACILITY DIRECTLY RELATED TO A PLANT OR  
5 FACILITY DESCRIBED IN THIS PARAGRAPH;]

6 (B) a plant or facility used or intended for use in  
7 connection with a business enterprise;

8 (C) commercial activity by a small enterprise;

9 (D) a plant or facility demonstrating technological  
10 advances of new methods and procedures and prototype commercial  
11 applications for the exploration, development, production, trans-  
12 portation, conversion, and use of energy resources;

13 \* Sec. 23. AS 44.88.090(g), 44.88.090(i), 44.88.105(e), 44.88.105(g),  
14 44.88.157, 44.88.158, 44.88.159(c), 44.88.160, 44.88.172(b), 44.88.172(c),  
15 44.88.175, 44.88.176, 44.88.212(a), and 44.88.900(3) are repealed.

16 \* Sec. 24. AS 44.88.095(b) is repealed.

17 \* Sec. 25. The Alaska Industrial Development and Export Authority may  
18 issue bonds to finance the acquisition, design, and construction of a  
19 multi-bay aircraft maintenance facility located at Anchorage International  
20 Airport, to be owned by the authority. The principal amount of the bonds  
21 may not exceed \$50,000,000. This section grants the legislative approval  
22 required by AS 44.88.095.

23 \* Sec. 26. The Alaska Industrial Development and Export Authority may  
24 issue bonds to finance the acquisition, design, and reconstruction of a  
25 public use ore terminal in Skagway to be owned by the authority. The  
26 principal amount of the bonds may not exceed \$25,000,000. This section  
27 grants the legislative approval required by AS 44.88.095.

28 \* Sec. 27. The Alaska Industrial Development and Export Authority may  
29 issue bonds to finance the acquisition, design, and construction of

1 improvements to the Ballyhoo dock in Unalaska to be owned by the authority.  
2 The principal amount of the bonds may not exceed \$10,000,000. This section  
3 grants the legislative approval required by AS 44.88.095.

4 \* Sec. 28. The Alaska Industrial Development and Export Authority is  
5 authorized, as required by AS 44.88.095, to issue bonds for the Healy  
6 cogeneration project in a principal amount not to exceed \$85,000,000.

7 \* Sec. 29. Before bonds authorized in secs. 25 - 28 of this Act are  
8 issued, the Alaska Industrial Development and Export Authority shall comply  
9 with the requirements of AS 44.88.173.

10 \* Sec. 30. Section 18 of this Act is retroactive to August 30, 1988.

11 \* Sec. 31. Sections 9 and 24 of this Act take effect January 1, 1992.

12 \* Sec. 32. Sections 1 - 8, 10 - 23, and 25 - 30 of this Act take effect  
13 immediately under AS 01.10.070(c).

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 1, 1990

SUBJECT: Withholding of additional revenue proceeds  
(Draft SCS CSHB 123 (2dL&C), go0799hM,  
4-30-90)

TO: Senator Dick Eliason  
Chair, Senate Labor & Commerce Committee

FROM: Theresa L. Bannister *TB*  
Legislative Counsel

This memo accompanies the draft of SCS CSHB 123 (2dL&C) that you requested. Please be aware that there is a question whether sec. 24 of the bill (authorizing AIDEA to withhold additional moneys from the DeLong Mountain project revenue bond income stream) amounts to an unconstitutional distribution of state money because the income stream may be considered money of the state and because state money can only be transferred by appropriation. If you wish additional information on this issue, please advise.

TLB:pl  
WKP4/099

Enclosure

go0799hM  
Bannister  
5/1/90

Original sponsor(s): Rules/Governor

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development  
7 and Export Authority; and providing for an effective  
8 date."

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

10 \* Section 1. AS 36.30.850(b)(8) is amended to read:

11 (8) acquisitions or disposals of property and other contracts  
12 relating to airports under AS 02.15.070, 02.15.090, [AND] 02.15.091,  
13 and AS 44.88;

14 \* Sec. 2. AS 44.88.010(a)(9) is amended to read:

15 (9) the achievement of the goal of full employment, and of  
16 establishment and continuing operation and development of industrial,  
17 manufacturing, export, small business, and business enterprises in the  
18 state [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTATION,  
19 FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES FOR  
20 THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
21 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
22 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
23 FACILITY RELATING TO A PLANT OR FACILITY,] will be accelerated and  
24 facilitated by the creation of an instrumentality of the state with  
25 powers to incur debt, to own and operate facilities, to make and  
26 insure loans to finance [,] and to assist private lenders to make  
27 loans to finance [,] the establishment, operation, and development of  
28 industrial, manufacturing, export, small business, and business enter-  
29 prises [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR

1 TRANSPORTATION, FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL,  
2 FACILITIES FOR THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER,  
3 FACILITIES FOR INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES  
4 FOR LOCAL DISTRICT HEATING OR COOLING, PARKING FACILITIES, OR A STOR-  
5 AGE OR TRAINING FACILITY RELATING TO A PLANT OR FACILITY];

6 \* Sec. 3. AS 44.88.010(c) is amended to read:

7 (c) It is further declared to be the policy of the state, in the  
8 interests of promoting the health, security, and general welfare of  
9 all the people of the state, and a public purpose of the state, to  
10 accomplish the objectives set out in (b) of this section through the  
11 provision of financial support to a [IN COOPERATION WITH] federal,  
12 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-  
13 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,  
14 AND SERVICES].

15 \* Sec. 4. AS 44.88.060 is amended to read:

16 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-  
17 THORITY REVOLVING FUND. The Alaska Industrial Development and Export  
18 Authority revolving fund is established in the authority. The revolv-  
19 ing fund consists of appropriations made to the revolving fund by the  
20 legislature, money or other assets transferred to the revolving fund  
21 by the authority, and unrestricted payments on loans made or purchased  
22 by the authority. Unless otherwise expressly stated, the accounts  
23 created in this chapter are accounts in the revolving fund. The  
24 authority may create additional accounts either in the revolving fund  
25 or outside the revolving fund. Subject to agreements made with the  
26 holders of the authority's bonds or with other persons, the authority  
27 may transfer amounts in an account in the revolving fund to another  
28 account in the revolving fund. Amounts deposited in the revolving  
29 fund may be pledged to the payment of bonds of the authority or

1 expended for the purposes of the authority under this chapter. The  
2 authority has the powers and responsibilities established in AS 37.-  
3 10.071 with respect to the investment of amounts held in the revolving  
4 fund.

5 \* Sec. 5. AS 44.88.080 is amended by adding a new paragraph to read:

6 (25) to make cooperative agreements with the Department of  
7 Transportation and Public Facilities, acting on behalf of the inter-  
8 national airports revenue fund established under AS 37.15.430, to  
9 acquire, equip, operate, maintain, construct or install facilities  
10 that will enhance the competitiveness of the international airports,  
11 including a cooperative agreement to lend amounts from the interna-  
12 tional airport revenue fund to finance the development or improvement  
13 of utilities serving the airports.

14 \* Sec. 6. AS 44.88.090(a) is amended to read:

15 (a) The [SUBJECT TO (g) OF THIS SECTION, THE] authority may  
16 borrow money and may issue bonds, including but not limited to bonds  
17 on which the principal and interest are payable

18 (1) exclusively from the income and receipts or other money  
19 derived from the project or development project financed with the  
20 proceeds of the bonds or derived from the exporter or exporting trans-  
21 action financed, guaranteed, or insured with the proceeds of the  
22 bonds;

23 (2) exclusively from the income and receipts or other money  
24 derived from designated projects or development projects or other  
25 sources whether or not they are financed, insured, or guaranteed in  
26 whole or in part with the proceeds of the bonds; or

27 (3) from its income and receipts or other assets generally,  
28 or a designated part or parts of them.

29 \* Sec. 7. AS 44.88 is amended by adding a new section to read:

1           Sec. 44.88.095. BONDING LIMITATIONS. (a) The authority may not  
2 issue bonds in a 12-month period in an amount that exceeds  
3 \$400,000,000.

4           (b) The authority may not issue revenue bonds, other than re-  
5 funding bonds, to purchase a loan for a project under AS 44.88.155 -  
6 44.88.159, to acquire a development project under AS 44.88.172 -  
7 44.88.177 or to provide money to finance, guarantee, or insure an  
8 exporting transaction under AS 44.88.300 - 44.88.390 in an amount  
9 greater than \$50,000,000 during any 12-month period unless the issu-  
10 ance is included separately in the estimates required in the report of  
11 the authority under AS 44.88.210(b) and unless the legislature, by  
12 law, approves the issuance.

13           (c) Before entering into a lease or other agreement under  
14 AS 44.88.090(e) regarding a project for which the authority agrees to  
15 issue bonds in an amount in excess of \$6,000,000, there must be filed  
16 with the authority a certified copy of a resolution of the governing  
17 body of the political subdivision of the state, if any, in which the  
18 project is to be located, consenting to the location of the project.  
19 The consent need only refer to the general nature of the project  
20 ultimately to be acquired, as set out in a request of the proposed  
21 project applicant. Before entering into a lease or other agreement  
22 under AS 44.88.090(e) regarding a project, the authority shall find,  
23 on the basis of all information reasonably available to it, that

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

27           (2) the project applicant is financially responsible;

28           (3) provision to meet increased demand upon public facili-  
29 ties that might result from the project is reasonably assured; and

1 (4) the project will provide, or retain, employment reason-  
2 ably related to the amount of the financing by the authority, con-  
3 sidering the amount of investment per employee for comparable facil-  
4 ities and other relevant factors.

5 (d) Before adopting a resolution approving a project to be  
6 financed under AS 44.88.172 for which bonds must be issued, the au-  
7 thority shall, on the basis of all information reasonably available to  
8 it, make findings, with respect to the project, as described in  
9 (c)(1) - (4) of this section, and also find that

10 (1) the project is economically and financially feasible  
11 and able to produce revenue adequate to repay the bonds or loans with  
12 which it is financed;

13 (2) the project complies with applicable law; and

14 (3) issuance of the bonds is not expected to adversely  
15 affect the ability of the state or any political subdivision of the  
16 state to market other bonds.

17 (e) Before entering into an agreement to finance or to develop a  
18 proposed project financed under AS 44.88.172 for which bonds must be  
19 issued, the authority shall obtain the approval of each Regional  
20 Resource Advisory Council appointed under AS 44.88.174 or municipality  
21 in the area in which the proposed project is to be located. Approval  
22 under this subsection must be evidenced by a certified copy of a  
23 resolution of the council or of the governing body of the municipal-  
24 ity. Before considering a resolution regarding the approval or re-  
25 jection of the development or financing of a proposed project under  
26 this subsection, a Regional Resource Advisory Council shall conduct a  
27 public hearing in the region. If a proposed project is located in a  
28 municipality, the governing body of the municipality shall conduct a  
29 hearing on the proposed project.

1 (f) Before entering into an agreement to finance or to develop a  
2 proposed project financed under AS 44.88.172 for which bonds must be  
3 issued, the authority shall compile and make available to the public a  
4 document that summarizes the projected economic, social, and environ-  
5 mental effects of the project; and, in conjunction with the Department  
6 of Fish and Game, the Department of Natural Resources, the Department  
7 of Environmental Conservation, and the Department of Labor, the au-  
8 thority shall conduct a public hearing on the projected effects of the  
9 project.

10 (g) Without prior legislative approval, the authority may not  
11 issue bonds in an amount greater than \$10,000,000 to assist in the  
12 financing of a development project under AS 44.88.172 - 44.88.177.

13 \* Sec. 8. AS 44.88.095(g) is repealed and reenacted to read:

14 (g) The authority may not issue bonds, other than refunding  
15 bonds, without securing the prior approval of the legislature.

16 \* Sec. 9. AS 44.88.105(a) is amended to read:

17 (a) For the purpose of securing one or more issues of its bonds,  
18 the authority may establish one or more special funds, called "capital  
19 reserve funds", and shall pay into those capital reserve funds the  
20 proceeds of the sale of its bonds and other money which may be made  
21 available to the authority from other sources for the purposes of the  
22 capital reserve funds. A capital reserve fund may be established only  
23 if the authority determines that the establishment of the fund would  
24 enhance the marketability of the bonds [, AND IF THOSE COSTS OF A  
25 PROJECT, AS DEFINED IN AS 44.88.900, WHICH ARE TO BE FINANCED WITH THE  
26 PROCEEDS OF THE BONDS, DO NOT EXCEED \$10,000,000]. Money in a capital  
27 reserve fund, except as provided in this section, may be used as  
28 required only for (1) the payment of the principal of, and interest  
29 on, bonds or of the sinking fund payments with respect to those bonds;

1 (2) the purchase or redemption of the bonds; or (3) the payment of a  
2 redemption premium required to be paid when the bonds are redeemed  
3 before maturity. However, money in a capital reserve fund may not be  
4 withdrawn if the withdrawal would reduce the amount in the capital  
5 reserve fund to less than the capital reserve fund requirement, except  
6 for the purpose of making payment, when due, of principal, interest,  
7 redemption premiums on the bonds, and sinking fund payments when other  
8 money of the authority is not available for the payments. Income or  
9 interest earned by, or increment to, a capital reserve fund, from the  
10 investment of all or part of the fund, may be transferred by the  
11 authority to other funds or accounts of the authority if the transfer  
12 does not reduce the amount of the capital reserve fund below the  
13 capital reserve fund requirement.

14 \* Sec. 10. AS 44.88.105(d) is amended to read:

15 (d) The chairman of the authority shall annually, no later than  
16 January 2, certify in writing to the governor and the legislature the  
17 amount, if any, required to restore a capital reserve fund to the  
18 capital reserve fund requirement. The legislature may appropriate to  
19 the authority the amount certified by the chairman of the authority.  
20 The authority shall deposit the amounts appropriated under this sub-  
21 section during a fiscal year in the proper capital reserve fund.  
22 Nothing in this section creates a debt or liability of the state. In  
23 this subsection, "capital reserve fund" means a capital reserve fund  
24 that

25 (1) is created under this section on or before January 1,  
26 1989; or

27 (2) secures refunding bonds if the refunding bonds are  
28 issued to refund bonds that are secured by a capital reserve fund  
29 created under this section on or before January 1, 1989.

1 \* Sec. 11. AS 44.88.155(b) is amended to read:

2 (b) The authority may establish in the enterprise development  
3 account the [A SMALL ENTERPRISE LOAN ACCOUNT, A LOAN INSURANCE AC-  
4 COUNT, AND OTHER] accounts it considers appropriate.

5 \* Sec. 12. AS 44.88.155(c) is amended to read:

6 (c) Money and other assets of the enterprise development account  
7 may be used to secure bonds of the authority issued to finance the  
8 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE  
9 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to pur-  
10 chase loans for projects.

11 \* Sec. 13. AS 44.88.155(d) is amended to read:

12 (d) A loan purchased in whole or in part by the authority with  
13 assets of the enterprise development account or with proceeds of bonds  
14 secured by assets of the enterprise development account, other than a  
15 loan which is financed with the proceeds of bonds of the authority and  
16 secured only by a project applicant or a project,

17 (1) may not exceed

18 [(A)] \$10,000,000; [OR

19 (B) \$500,000 IF THE LOAN IS PURCHASED UNDER AS 44.88.-

20 158;]

21 (2) may not exceed the cost of the project or 75 percent of  
22 the appraised value of the project, whichever is less, unless the  
23 amount of the loan in excess of this limit is federally insured or  
24 guaranteed or is insured by a qualified mortgage insurance company;

25 (3) may not be for a term longer than three-quarters of the  
26 authority's estimate of the life of the project or 25 years from the  
27 date the loan is made, whichever is earlier;

28 (4) shall contain complete amortization provisions satis-  
29 factory to the authority requiring periodic payments by the borrower;

1 (5) shall be in the form and contain the terms and provi-  
2 sions with respect to insurance, repairs, alterations, payment of  
3 taxes and assessments, default reserves, delinquency charges, default  
4 remedies, acceleration of maturity, secondary liens, and other matters  
5 the authority prescribes;

6 (6) shall be secured as to repayment by a mortgage or other  
7 security instrument in the manner the authority determines is feasible  
8 to assure timely repayment under a loan agreement entered into with  
9 the borrower;

10 (7) may not be made unless

11 (A) at least 20 [10] percent of the principal amount  
12 of the loan is retained by the originator of the loan as long as  
13 the loan is outstanding; or

14 (B) 100 percent of the principal amount of the loan is  
15 guaranteed by the United States or an agency or instrumentality  
16 of the United States;

17 (8) must be

18 (A) [AT LEAST PARTIALLY GUARANTEED BY THE UNITED  
19 STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES,  
20 SUBJECT TO THE PROVISIONS OF AS 44.88.158;

21 (B)] financed from the proceeds of bonds; or

22 (B) [(C)] expected by the authority to be financed  
23 from the proceeds of bonds.

24 \* Sec. 14. AS 44.88.165 is repealed and reenacted to read:

25 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt  
26 regulations to describe the circumstances under which it will discon-  
27 tinue purchasing loans from a financial institution because of exces-  
28 sive delinquencies among the loans previously purchased by the author-  
29 ity from the financial institution. In adopting the regulations, the

1 authority must consider the authority's delinquency experience with  
2 loans it purchased from all financial institutions. The authority may  
3 include in the regulations other remedies it considers appropriate as  
4 alternatives to the discontinuance of purchasing loans from the finan-  
5 cial institution.

6 \* Sec. 15. AS 44.88.172(a) is amended to read:

7 (a) The economic development account is established in the  
8 revolving fund. The economic development account consists of money or  
9 assets appropriated, loaned, or transferred to the authority for  
10 deposit in the account [,] and other money or assets deposited in the  
11 account by the authority. While money is on deposit in the economic  
12 development account, the money [THE ACCOUNT] may be used only to  
13 finance, acquire, manage, and operate development projects that the  
14 authority intends to own and operate. The term "operate" includes  
15 operation directly by the authority [,] or by an agent of the author-  
16 ity.

17 \* Sec. 16. AS 44.88.535(b) is amended to read:

18 (b) The authority may provide a guarantee from the fund for up  
19 to 80 [70] percent of a loan that qualifies under AS 44.88.500 -  
20 44.88.599. The ratio of the guarantee to the outstanding principal of  
21 the loan may not increase over the term of the loan.

22 \* Sec. 17. AS 44.88 is amended by adding a new section to read:

23 Sec. 44.88.542. DISCOUNTED LOAN PURCHASES. If the authority  
24 purchases at a discount the principal amount of a loan initially  
25 retained by an originating bank that is in financial distress or  
26 insolvent, the authority shall transfer from reserves to the business  
27 assistance fund established under AS 44.88.500 an amount representing  
28 the discount. If the authority subsequently suffers a loss on a loan  
29 covered by this section, an amount equal to the loss may be

1 transferred from the business assistance fund to the reserves of the  
2 authority.

3 \* Sec. 18. AS 44.88.545 is amended to read:

4 Sec. 44.88.545. LIMITATIONS OF GUARANTEES WITH RESPECT TO BOR-  
5 ROWERS. The authority may not provide a guarantee

6 (1) [A LOAN] of more than \$1,000,000;

7 (2) [LOANS] to an individual borrower that cumulatively  
8 exceeds [EXCEED] \$1,000,000 of guaranteed indebtedness.

9 \* Sec. 19. AS 44.88.560 is amended to read:

10 Sec. 44.88.560. POWERS OF THE AUTHORITY. The authority may

11 (1) adopt regulations to implement AS 44.88.500 - 44.88.-  
12 599;

13 (2) establish terms and conditions for loan guarantees and  
14 refinancing agreements subject to the requirements of AS 44.88.500 -  
15 44.88.599;

16 (3) make and execute contracts and other instruments to  
17 implement AS 44.88.500 - 44.88.599;

18 (4) charge

19 (A) one percent of the amount guaranteed for the  
20 service it provides under AS 44.88.500 - 44.88.599; and

21 (B) any other reasonable fee that the authority may  
22 establish by regulation;

23 (5) acquire real or personal property by purchase, trans-  
24 fer, or foreclosure when the acquisition is necessary to protect an  
25 interest in the fund; and

26 (6) exercise any other power necessary to implement AS 44.-  
27 88.500 - 44.88.599;

28 (7) to the extent the authority considers it to be in its  
29 best interest to do so, use money in the business assistance fund to

1 pay expenses relating to the liquidation of collateral securing loans  
2 guaranteed by the business assistance fund.

3 \* Sec. 20. AS 44.88.900(4) is repealed and reenacted to read:

4 (4) "development project" has the meaning given to "proj-  
5 ect" in (9)(A) of this section;

6 \* Sec. 21. AS 44.88.900(9) is amended to read:

7 (9) "project" means

8 (A) a plant or facility used or intended for use

9 [(i)] in connection with making, processing, pre-  
10 paring, transporting, or producing in any manner, goods,  
11 products, or substances of any kind or nature or in connec-  
12 tion with developing or utilizing a natural resource, or  
13 extracting, smelting, transporting, converting, assembling,  
14 or producing in any manner, minerals, raw materials, chemi-  
15 cals, compounds, alloys, fibers, commodities and materials,  
16 products, or substances of any kind or nature;

17 [(ii) AS AN INDUSTRIAL PARK; IN CONNECTION WITH  
18 TRANSPORTATION; FOR THE PREVENTION, LIMITATION OR CONTROL OF  
19 POLLUTION; FOR THE DISPOSAL OF SEWAGE OR SOLID WASTE; FOR  
20 THE LOCAL FURNISHING OF GAS; FOR THE FURNISHING OF WATER; AS  
21 OR IN CONNECTION WITH MASS COMMUTING VEHICLES; FOR LOCAL  
22 DISTRICT HEATING OR COOLING; AS A PARKING FACILITY; OR AS A  
23 STORAGE OR TRAINING FACILITY DIRECTLY RELATED TO A PLANT OR  
24 FACILITY DESCRIBED IN THIS PARAGRAPH;]

25 (B) a plant or facility used or intended for use in  
26 connection with a business enterprise;

27 (C) commercial activity by a small enterprise;

28 (D) a plant or facility demonstrating technological  
29 advances of new methods and procedures and prototype commercial

1           applications for the exploration, development, production, trans-  
2           portation, conversion, and use of energy resources;

3           \* Sec. 22. AS 44.88.090(g), 44.88.090(i), 44.88.105(e), 44.88.105(g),  
4           44.88.157, 44.88.158, 44.88.159(c), 44.88.160, 44.88.172(b), 44.88.172(c),  
5           44.88.175, 44.88.176, 44.88.212(a), and 44.88.900(3) are repealed.

6           \* Sec. 23. AS 44.88.095(b) is repealed.

7           \* Sec. 24. Section 3, ch. 68, SLA 1985 is amended by adding a new  
8 subsection to read:

9           (b) In addition to the money of the Alaska Industrial Develop-  
10          ment Authority is allowed to withhold from the money to be delivered  
11          to the Department of Revenue under (a)(2) of this section, if the debt  
12          service of the authority is forecasted to be below the debt service  
13          coverage requirement, the authority may withhold from the money gen-  
14          erated by the DeLong Mountain Transportation project an amount, not to  
15          exceed \$5,000,000 for a fiscal year, that equals the debt service  
16          requirement on bonds issued to finance the projects of the authority  
17          authorized by the legislature.

18          \* Sec. 25. The Alaska Industrial Development and Export Authority may  
19          issue bonds to finance the acquisition, design, and construction of a  
20          multi-bay aircraft maintenance facility located at Anchorage International  
21          Airport, to be owned by the authority. The principal amount of the bonds  
22          may not exceed \$50,000,000. This section grants the legislative approval  
23          required by AS 44.88.095 and 44.88.172(c).

24          \* Sec. 26. Section 17 of this Act is retroactive to August 30, 1988.

25          \* Sec. 27. Sections 8 and 23 of this Act take effect January 1, 1992.

26          \* Sec. 28. Sections 1 - 7, 9 - 22, and 25 - 26 of this Act take effect  
27 immediately under AS 01.10.070(c).

As Compared to

go0799hm  
Bannister  
4/28/90

Original sponsor(s): Rules/Governor

SCS CSHB123 (L+C)

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development  
7 and Export Authority; and providing for an effective  
8 date."

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

10 \* Section 1. AS 44.88.010(a)(9) is amended to read:

11 (9) the achievement of the goal of full employment, and of  
12 establishment and continuing operation and development of industrial,  
13 manufacturing, export, small business, and business enterprises in the  
14 state [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTATION,  
15 FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES FOR  
16 THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
17 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
18 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
19 FACILITY RELATING TO A PLANT OR FACILITY,] will be accelerated and  
20 facilitated by the creation of an instrumentality of the state with  
21 powers to incur debt, to own and operate facilities, to make and  
22 insure loans to finance [,] and to assist private lenders to make  
23 loans to finance [,] the establishment, operation, and development of  
24 industrial, manufacturing, export, small business, and business enter-  
25 prises [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTA-  
26 TION, FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES  
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29 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING

1 FACILITY RELATING TO A PLANT OR FACILITY];

2 \* Sec. 2. AS 44.88.010(c) is amended to read:

3 (c) It is further declared to be the policy of the state, in the  
4 interests of promoting the health, security, and general welfare of  
5 all the people of the state, and a public purpose of the state, to  
6 accomplish the objectives set out in (b) of this section through the  
7 provision of financial support to a [IN COOPERATION WITH] federal,  
8 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-  
9 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,  
10 AND SERVICES].

11 \* Sec. 3. AS 44.88.060 is amended to read:

12 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-  
13 THORITY REVOLVING FUND. The Alaska Industrial Development and Export  
14 Authority revolving fund is established in the authority. The revolv-  
15 ing fund consists of appropriations made to the revolving fund by the  
16 legislature, money or other assets transferred to the revolving fund  
17 by the authority, and unrestricted payments on loans made or purchased  
18 by the authority. Unless otherwise expressly stated, the accounts  
19 created in this chapter are accounts in the revolving fund. The  
20 authority may create additional accounts either in the revolving fund  
21 or outside the revolving fund. Subject to agreements made with the  
22 holders of the authority's bonds or with other persons, the authority  
23 may transfer amounts in an account in the revolving fund to another  
24 account in the revolving fund. Amounts deposited in the revolving  
25 fund may be pledged to the payment of bonds of the authority or ex-  
26 pended for the purposes of the authority under this chapter. The  
27 authority has the powers and responsibilities established in AS 37.-  
28 10.071 with respect to the investment of amounts held in the revolving  
29 fund.

CS deletes - "The authority may not enter into an agreement for joint ownership of a project" (recommended by Bert)

\* Sec. 4. AS 44.88.080 is amended by adding a new paragraph to read:

(25) to make cooperative agreements with the Department of Transportation and Public Facilities, acting on behalf of the international airports revenue fund established under AS 37.15.430, to acquire, equip, operate, maintain, construct or install facilities that will enhance the competitiveness of the international airports, including a cooperative agreement to lend amounts from the international airport revenue fund to finance the development or improvement of utilities serving the airports.

\* Sec. 5. AS 44.88.090(a) is amended to read:

(a) The [SUBJECT TO (g) OF THIS SECTION, THE] authority may borrow money and may issue bonds, including but not limited to bonds on which the principal and interest are payable

(1) exclusively from the income and receipts or other money derived from the project or development project financed with the proceeds of the bonds or derived from the exporter or exporting transaction financed, guaranteed, or insured with the proceeds of the bonds;

(2) exclusively from the income and receipts or other money derived from designated projects or development projects or other sources whether or not they are financed, insured, or guaranteed in whole or in part with the proceeds of the bonds; or

(3) from its income and receipts or other assets generally, or a designated part or parts of them.

\* Sec. 6. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.095. BONDING LIMITATIONS. (a) The authority may not issue bonds in a 12-month period in an amount that exceeds \$400,000,000.

(b) The authority may not issue revenue bonds, other than

1 refunding bonds, to purchase a loan for a project under AS 44.88.155 -  
2 44.88.159, to acquire a development project under AS 44.88.172 -  
3 44.88.177 or to provide money to finance, guarantee, or insure an  
4 exporting transaction under AS 44.88.300 - 44.88.390 in an amount  
5 greater than \$50,000,000 during any 12-month period unless the issu-  
6 ance is included separately in the estimates required in the report of  
7 the authority under AS 44.88.210(b) and unless the legislature, by  
8 law, approves the issuance.

9 (c) Before entering into a lease or other agreement under  
10 AS 44.88.090(e) regarding a project for which the authority agrees to  
11 issue bonds in an amount in excess of \$6,000,000, there must be filed  
12 with the authority a certified copy of a resolution of the governing  
13 body of the political subdivision of the state, if any, in which the  
14 project is to be located, consenting to the location of the project.  
15 The consent need only refer to the general nature of the project  
16 ultimately to be acquired, as set out in a request of the proposed  
17 project applicant. Before entering into a lease or other agreement  
18 under AS 44.88.090(e) regarding a project, the authority shall find,  
19 on the basis of all information reasonably available to it, that

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

23 (2) the project applicant is financially responsible;

24 (3) provision to meet increased demand upon public facili-  
25 ties that might result from the project is reasonably assured; and

26 (4) the project will provide, or retain, employment reason-  
27 ably related to the amount of the financing by the authority, con-  
28 sidering the amount of investment per employee for comparable facil-  
29 ities and other relevant factors.

1 (d) Before adopting a resolution approving a project to be  
2 financed under AS 44.88.172 for which bonds must be issued, the au-  
3 thority shall, on the basis of all information reasonably available to  
4 it, make findings, with respect to the project, as described in  
5 (c)(1) - (4) of this section, and also find that

6 (1) the project is economically and financially feasible  
7 and able to produce revenue adequate to repay the bonds or loans with  
8 which it is financed;

9 (2) the project complies with applicable law; and

10 (3) issuance of the bonds is not expected to adversely  
11 affect the ability of the state or any political subdivision of the  
12 state to market other bonds.

13 (e) Before entering into an agreement to finance or to develop a  
14 proposed project financed under AS 44.88.172 for which bonds must be  
15 issued, the authority shall obtain the approval of each Regional  
16 Resource Advisory Council appointed under AS 44.88.174 or municipality  
17 in the area in which the proposed project is to be located. Approval  
18 under this subsection must be evidenced by a certified copy of a  
19 resolution of the council or of the governing body of the municipal-  
20 ity. Before considering a resolution regarding the approval or re-  
21 jection of the development or financing of a proposed project under  
22 this subsection, a Regional Resource Advisory Council shall conduct a  
23 public hearing in the region. If a proposed project is located in a  
24 municipality, the governing body of the municipality shall conduct a  
25 hearing on the proposed project.

26 (f) Before entering into an agreement to finance or to develop a  
27 proposed project financed under AS 44.88.172 for which bonds must be  
28 issued, the authority shall compile and make available to the public a  
29 document that summarizes the projected economic, social, and

1 environmental effects of the project; and, in conjunction with the  
2 Department of Fish and Game, the Department of Natural Resources, the  
3 Department of Environmental Conservation, and the Department of Labor,  
4 the authority shall conduct a public hearing on the projected effects  
5 of the project.

6 (g) Without prior legislative approval, the authority may not  
7 issue bonds in an amount greater than \$10,000,000 to assist in the  
8 financing of a development project under AS 44.88.172 - 44.88.177.

9 \* Sec. 7. AS 44.88.095(g) is repealed and reenacted to read:

10 (g) The authority may not issue bonds, other than refunding  
11 bonds, without securing the prior approval of the legislature.

12 \* Sec. 8. AS 44.88.105(a) is amended to read:

13 (a) For the purpose of securing one or more issues of its bonds,  
14 the authority may establish one or more special funds, called "capital  
15 reserve funds", and shall pay into those capital reserve funds the  
16 proceeds of the sale of its bonds and other money which may be made  
17 available to the authority from other sources for the purposes of the  
18 capital reserve funds. A capital reserve fund may be established only  
19 if the authority determines that the establishment of the fund would  
20 enhance the marketability of the bonds [, AND IF THOSE COSTS OF A  
21 PROJECT, AS DEFINED IN AS 44.88.900, WHICH ARE TO BE FINANCED WITH THE  
22 PROCEEDS OF THE BONDS, DO NOT EXCEED \$10,000,000]. Money in a capital  
23 reserve fund, except as provided in this section, may be used as  
24 required only for (1) the payment of the principal of, and interest  
25 on, bonds or of the sinking fund payments with respect to those bonds;  
26 (2) the purchase or redemption of the bonds; or (3) the payment of a  
27 redemption premium required to be paid when the bonds are redeemed  
28 before maturity. However, money in a capital reserve fund may not be  
29 withdrawn if the withdrawal would reduce the amount in the capital

1 reserve fund to less than the capital reserve fund requirement, except  
 2 for the purpose of making payment, when due, of principal, interest,  
 3 redemption premiums on the bonds, and sinking fund payments when other  
 4 money of the authority is not available for the payments. Income or  
 5 interest earned by, or increment to, a capital reserve fund, from the  
 6 investment of all or part of the fund, may be transferred by the  
 7 authority to other funds or accounts of the authority if the transfer  
 8 does not reduce the amount of the capital reserve fund below the  
 9 capital reserve fund requirement.

10 \* Sec. 9. AS 44.88.105(d) is amended to read:

11 (d) The chairman of the authority shall annually, no later than  
 12 January 2, certify in writing to the governor and the legislature the  
 13 amount, if any, required to restore a capital reserve fund to the  
 14 capital reserve fund requirement. The legislature may appropriate to  
 15 the authority the amount certified by the chairman of the authority.  
 16 The authority shall deposit the amounts appropriated under this sub-  
 17 section during a fiscal year in the proper capital reserve fund.  
 18 Nothing in this section creates a debt or liability of the state. In  
 19 this subsection, "capital reserve fund" means a capital reserve fund  
 20 that

21 (1) is created under this section on or before January 1,  
 22 1989; or

23 (2) secures refunding bonds if the refunding bonds are  
 24 issued to refund bonds that are secured by a capital reserve fund  
 25 created under this section on or before January 1, 1989. recommended  
 26 by Bert Wagon

27 \* Sec. 10. AS 44.88.155(b) is amended to read:

28 (b) The authority may establish in the enterprise development  
 29 account the [A SMALL ENTERPRISE LOAN ACCOUNT, A LOAN INSURANCE AC-  
 COUNT, AND OTHER] accounts it considers appropriate.

1 \* Sec. 11. AS 44.88.155(c) is amended to read:

2 (c) Money and other assets of the enterprise development account  
3 may be used to secure bonds of the authority issued to finance the  
4 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE  
5 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to pur-  
6 chase loans for projects.

7 \* Sec. 12. AS 44.88.155(d) is amended to read:

8 (d) A loan purchased in whole or in part by the authority with  
9 assets of the enterprise development account or with proceeds of bonds  
10 secured by assets of the enterprise development account, other than a  
11 loan which is financed with the proceeds of bonds of the authority and  
12 secured only by a project applicant or a project,

13 (1) may not exceed

14 [(A)] \$10,000,000; [OR

15 (B) \$500,000 IF THE LOAN IS PURCHASED UNDER AS 44.88.-

16 158;]

17 (2) may not exceed the cost of the project or 75 percent of  
18 the appraised value of the project, whichever is less, unless the  
19 amount of the loan in excess of this limit is federally insured or  
20 guaranteed or is insured by a qualified mortgage insurance company;

21 (3) may not be for a term longer than three-quarters of the  
22 authority's estimate of the life of the project or 25 years from the  
23 date the loan is made, whichever is earlier;

24 (4) shall contain complete amortization provisions satis-  
25 factory to the authority requiring periodic payments by the borrower;

26 (5) shall be in the form and contain the terms and provi-  
27 sions with respect to insurance, repairs, alterations, payment of  
28 taxes and assessments, default reserves, delinquency charges, default  
29 remedies, acceleration of maturity, secondary liens, and other matters

1 the authority prescribes:

2 (6) shall be secured as to repayment by a mortgage or other  
3 security instrument in the manner the authority determines is feasible  
4 to assure timely repayment under a loan agreement entered into with  
5 the borrower;

6 (7) may not be made unless

7 (A) at least 20 [10] percent of the principal amount  
8 of the loan is retained by the originator of the loan as long as  
9 the loan is outstanding; or

10 (B) 100 percent of the principal amount of the loan is  
11 guaranteed by the United States or an agency or instrumentality  
12 of the United States;

13 (8) must be

14 (A) [AT LEAST PARTIALLY GUARANTEED BY THE UNITED  
15 STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES,  
16 SUBJECT TO THE PROVISIONS OF AS 44.88.158;

17 (B)] financed from the proceeds of bonds; or

18 (B) [(C)] expected by the authority to be financed  
19 from the proceeds of bonds.

20 \* Sec. 13. AS 44.88.165 is repealed and reenacted to read:

21 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt  
22 regulations to describe the circumstances under which it will discon-  
23 tinue purchasing loans from a financial institution because of exces-  
24 sive delinquencies among the loans previously purchased by the author-  
25 ity from the financial institution. In adopting the regulations, the  
26 authority must consider the authority's delinquency experience with  
27 loans it purchased from all financial institutions. The authority may  
28 include in the regulations other remedies it considers appropriate as  
29 alternatives to the discontinuance of purchasing loans from the

1 financial institution.

2 \* Sec. 14. AS 44.88.172(a) is amended to read:

3 (a) The economic development account is established in the  
4 revolving fund. The economic development account consists of money or  
5 assets appropriated, loaned, or transferred to the authority for  
6 deposit in the account [,] and other money or assets deposited in the  
7 account by the authority. While money is on deposit in the economic  
8 development account, the money [THE ACCOUNT] may be used only to  
9 finance, acquire, manage, and operate development projects that the  
10 authority intends to own and operate. The term "operate" includes  
11 operation directly by the authority [,] or by an agent of the author-  
12 ity.

*technical*

13 \* Sec. 15. AS 44.88.535(b) is amended to read:

14 (b) The authority may provide a guarantee from the fund for up  
15 to 80 [70] percent of a loan that qualifies under AS 44.88.500 -  
16 44.88.599. The ratio of the guarantee to the outstanding principal of  
17 the loan may not increase over the term of the loan.

18 \* Sec. 16. AS 44.88 is amended by adding a new section to read:

19 Sec. 44.88.542. DISCOUNTED LOAN PURCHASES. If the authority  
20 purchases at a discount the principal amount of a loan initially  
21 retained by an originating bank that is in financial distress or  
22 insolvent, the authority shall transfer from reserves to the business  
23 assistance fund established under AS 44.88.500 an amount representing  
24 the discount. If the authority subsequently suffers a loss on a loan  
25 covered by this section, an amount equal to the loss may be trans-  
26 ferred from the business assistance fund to the reserves of the au-  
27 thority. *recommended by Sen. Faus*

28 \* Sec. 17. AS 44.88.545 is amended to read:

29 Sec. 44.88.545. LIMITATIONS OF GUARANTEES WITH RESPECT TO

1 BORROWERS. The authority may not provide a guarantee

2 (1) [A LOAN] of more than \$1,000,000;

3 (2) [LOANS] to an individual borrower that cumulatively  
4 exceeds [EXCEED] \$1,000,000 of guaranteed indebtedness.

5 \* Sec. 18. AS 44.88.560 is amended to read:

6 Sec. 44.88.560. POWERS OF THE AUTHORITY. The authority may

7 (1) adopt regulations to implement AS 44.88.500 - 44.88.-  
8 599;

9 (2) establish terms and conditions for loan guarantees and  
10 refinancing agreements subject to the requirements of AS 44.88.500 -  
11 44.88.599;

12 (3) make and execute contracts and other instruments to  
13 implement AS 44.88.500 - 44.88.599;

14 (4) charge

15 (A) one percent of the amount guaranteed for the  
16 service it provides under AS 44.88.500 - 44.88.599; and

17 (B) any other reasonable fee that the authority may  
18 establish by regulation;

19 (5) acquire real or personal property by purchase, trans-  
20 fer, or foreclosure when the acquisition is necessary to protect an  
21 interest in the fund; and

22 (6) exercise any other power necessary to implement AS 44.-  
23 88.500 - 44.88.599;

24 (7) to the extent the authority considers it to be in its  
25 best interest to do so, use money in the business assistance fund to  
26 pay expenses relating to the liquidation of collateral securing loans  
27 guaranteed by the business assistance fund.

28 \* Sec. 19. AS 44.88.900(4) is repealed and reenacted to read:

29 (4) "development project" has the meaning given to

1 "project" in (9)(A) of this section;

2 \* Sec. 20. AS 44.88.900(9) is amended to read:

3 (9) "project" means

4 (A) a plant or facility used or intended for use

5 [(i)] in connection with making, processing, pre-  
6 paring, transporting, or producing in any manner, goods,  
7 products, or substances of any kind or nature or in connec-  
8 tion with developing or utilizing a natural resource, or  
9 extracting, smelting, transporting, converting, assembling,  
10 or producing in any manner, minerals, raw materials, chemi-  
11 cals, compounds, alloys, fibers, commodities and materials,  
12 products, or substances of any kind or nature;

13 [(ii) AS AN INDUSTRIAL PARK; IN CONNECTION WITH  
14 TRANSPORTATION; FOR THE PREVENTION, LIMITATION OR CONTROL OF  
15 POLLUTION; FOR THE DISPOSAL OF SEWAGE OR SOLID WASTE; FOR  
16 THE LOCAL FURNISHING OF GAS; FOR THE FURNISHING OF WATER; AS  
17 OR IN CONNECTION WITH MASS COMMUTING VEHICLES; FOR LOCAL  
18 DISTRICT HEATING OR COOLING; AS A PARKING FACILITY; OR AS A  
19 STORAGE OR TRAINING FACILITY DIRECTLY RELATED TO A PLANT OR  
20 FACILITY DESCRIBED IN THIS PARAGRAPH;]

21 (B) a plant or facility used or intended for use in  
22 connection with a business enterprise;

23 (C) commercial activity by a small enterprise;

24 (D) a plant or facility demonstrating technological  
25 advances of new methods and procedures and prototype commercial  
26 applications for the exploration, development, production, trans-  
27 portation, conversion, and use of energy resources; *recommended*  
*by Sen. Coghill*

28 \* Sec. 21. AS 44.88.090(g), 44.88.090(i), 44.88.105(e), 44.88.105(g),  
29 44.88.157, 44.88.158, 44.88.159(c), 44.88.160, 44.88.172(b), 44.88.172(c),

1 44.88.175, 44.88.176, 44.88.212(a), and 44.88.900(3) are repealed.

2 \* Sec. 22. AS 44.88.095(b) is repealed.

3 \* Sec. 23. Section 3(2), ch. 68, SLA 1985 is repealed. *recommended by Sen*  
*Faiks*

4 \* Sec. 24. Section 16 of this Act is retroactive to August 30, 1988.

5 \* Sec. 25. Sections 7 and 22 of this Act take effect January 1, 1992.

6 \* Sec. 26. Sections 1 - 6, 8 - 21, and 24 of this Act take effect *recommended by Bert Wagnon*

7 immediately under AS 01.10.070(c).

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Changes Highlighted

go0799hM  
Bannister  
4/20/90

Original sponsor(s): Rules/Governor

(Compared to SCS CSHB123(L+C))

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 123 (2d L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development  
7 and Export Authority; and providing for an effective  
8 date."

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

10 \* Section 1. AS 44.88.010(a)(9) is amended to read:

11 (9) the achievement of the goal of full employment, and of  
12 establishment and continuing operation and development of industrial,  
13 manufacturing, export, small business, and business enterprises in the  
14 state [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTATION,  
15 FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES FOR  
16 THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
17 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
18 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING  
19 FACILITY RELATING TO A PLANT OR FACILITY,] will be accelerated and  
20 facilitated by the creation of an instrumentality of the state with  
21 powers to incur debt, to own and operate facilities, to make and  
22 insure loans to finance [,] and to assist private lenders to make  
23 loans to finance [,] the establishment, operation, and development of  
24 industrial, manufacturing, export, small business, and business enter-  
25 prises [, INCLUDING, WITHOUT LIMITATION, FACILITIES FOR TRANSPORTA-  
26 TION, FACILITIES FOR POLLUTION CONTROL AND WASTE DISPOSAL, FACILITIES  
27 FOR THE LOCAL FURNISHING OF GAS, FACILITIES FOR WATER, FACILITIES FOR  
28 INDUSTRIAL PARKS, MASS COMMUTING VEHICLES, FACILITIES FOR LOCAL DIS-  
29 TRICT HEATING OR COOLING, PARKING FACILITIES, OR A STORAGE OR TRAINING

1 FACILITY RELATING TO A PLANT OR FACILITY];

2 \* Sec. 2. AS 44.88.010(c) is amended to read:

3 (c) It is further declared to be the policy of the state, in the  
4 interests of promoting the health, security, and general welfare of  
5 all the people of the state, and a public purpose of the state, to  
6 accomplish the objectives set out in (b) of this section through the  
7 provision of financial support to a [IN COOPERATION WITH] federal,  
8 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-  
9 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,  
10 AND SERVICES].

11 \* Sec. 3. AS 44.88.060 is amended to read:

12 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-  
13 THORITY REVOLVING FUND. The Alaska Industrial Development and Export  
14 Authority revolving fund is established in the authority. The revolv-  
15 ing fund consists of appropriations made to the revolving fund by the  
16 legislature, money or other assets transferred to the revolving fund  
17 by the authority, and unrestricted payments on loans made or purchased  
18 by the authority. Unless otherwise expressly stated, the accounts  
19 created in this chapter are accounts in the revolving fund. The  
20 authority may create additional accounts either in the revolving fund  
21 or outside the revolving fund. Subject to agreements made with the  
22 holders of the authority's bonds or with other persons, the authority  
23 may transfer amounts in an account in the revolving fund to another  
24 account in the revolving fund. Amounts deposited in the revolving  
25 fund may be pledged to the payment of bonds of the authority or ex-  
26 pended for the purposes of the authority under this chapter. The  
27 authority has the powers and responsibilities established in AS 37.-  
28 10.071 with respect to the investment of amounts held in the revolving  
29 fund.

deleted- "The authority may not enter into an agreement for joint ownership of a project.

1 \* Sec. 4. AS 44.88.080 is amended by adding a new paragraph to read:

2 (25) to make cooperative agreements with the Department of  
3 Transportation and Public Facilities, acting on behalf of the inter-  
4 national airports revenue fund established under AS 37.35.430, to  
5 acquire, equip, operate, maintain, construct or install facilities  
6 that will enhance the competitiveness of the international airports,  
7 including a cooperative agreement to lend amounts from the interna-  
8 tional airport revenue fund to finance the development or improvement  
9 of utilities serving the airports.

10 \* Sec. 5. AS 44.38.090(a) is amended to read:

11 (a) The [SUBJECT TO (g) OF THIS SECTION, THE] authority may  
12 borrow money and may issue bonds, including but not limited to bonds  
13 on which the principal and interest are payable

14 (1) exclusively from the income and receipts or other money  
15 derived from the project or development project financed with the  
16 proceeds of the bonds or derived from the exporter or exporting trans-  
17 action financed, guaranteed, or insured with the proceeds of the  
18 bonds;

19 (2) exclusively from the income and receipts or other money  
20 derived from designated projects or development projects or other  
21 sources whether or not they are financed, insured, or guaranteed in  
22 whole or in part with the proceeds of the bonds; or

23 (3) from its income and receipts or other assets generally,  
24 or a designated part or parts of them.

25 \* Sec. 6. AS 44.88 is amended by adding a new section to read:

26 Sec. 44.88.095. BONDING LIMITATIONS. (a) The authority may not  
27 issue bonds in a 12-month period in an amount that exceeds  
28 \$400,000,000.

29 (b) The authority may not issue revenue bonds, other than

1 refunding bonds, to purchase a loan for a project under AS 44.88.155 -  
2 44.88.159, to acquire a development project under AS 44.88.172 -  
3 44.88.177 or to provide money to finance, guarantee, or insure an  
4 exporting transaction under AS 44.88.300 - 44.88.390 in an amount  
5 greater than \$50,000,000 during any 12-month period unless the issu-  
6 ance is included separately in the estimates required in the report of  
7 the authority under AS 44.88.210(b) and unless the legislature, by  
8 law, approves the issuance.

9 (c) Before entering into a lease or other agreement under  
10 AS 44.88.090(e) regarding a project for which the authority agrees to  
11 issue bonds in an amount in excess of \$6,000,000, there must be filed  
12 with the authority a certified copy of a resolution of the governing  
13 body of the political subdivision of the state, if any, in which the  
14 project is to be located, consenting to the location of the project.  
15 The consent need only refer to the general nature of the project  
16 ultimately to be acquired, as set out in a request of the proposed  
17 project applicant. Before entering into a lease or other agreement  
18 under AS 44.88.090(e) regarding a project, the authority shall find,  
19 on the basis of all information reasonably available to it, that

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

23 (2) the project applicant is financially responsible;

24 (3) provision to meet increased demand upon public facili-  
25 ties that might result from the project is reasonably assured; and

26 (4) the project will provide, or retain, employment reason-  
27 ably related to the amount of the financing by the authority, con-  
28 sidering the amount of investment per employee for comparable facil-  
29 ities and other relevant factors.

1 (d) Before adopting a resolution approving a project to be  
2 financed under AS 44.88.172 for which bonds must be issued, the au-  
3 thority shall, on the basis of all information reasonably available to  
4 it, make findings, with respect to the project, as described in  
5 (c)(1) - (4) of this section, and also find that

6 (1) the project is economically and financially feasible  
7 and able to produce revenue adequate to repay the bonds or loans with  
8 which it is financed;

9 (2) the project complies with applicable law; and

10 (3) issuance of the bonds is not expected to adversely  
11 affect the ability of the state or any political subdivision of the  
12 state to market other bonds.

13 (e) Before entering into an agreement to finance or to develop a  
14 proposed project financed under AS 44.88.172 for which bonds must be  
15 issued, the authority shall obtain the approval of each Regional  
16 Resource Advisory Council appointed under AS 44.88.174 or municipality  
17 in the area in which the proposed project is to be located. Approval  
18 under this subsection must be evidenced by a certified copy of a  
19 resolution of the council or of the governing body of the municipal-  
20 ity. Before considering a resolution regarding the approval or re-  
21 jection of the development or financing of a proposed project under  
22 this subsection, a Regional Resource Advisory Council shall conduct a  
23 public hearing in the region. If a proposed project is located in a  
24 municipality, the governing body of the municipality shall conduct a  
25 hearing on the proposed project.

26 (f) Before entering into an agreement to finance or to develop a  
27 proposed project financed under AS 44.88.172 for which bonds must be  
28 issued, the authority shall compile and make available to the public a  
29 document that summarizes the projected economic, social, and

1 environmental effects of the project; and, in conjunction with the  
2 Department of Fish and Game, the Department of Natural Resources, the  
3 Department of Environmental Conservation, and the Department of Labor,  
4 the authority shall conduct a public hearing on the projected effects  
5 of the project.

6 (g) Without prior legislative approval, the authority may not  
7 issue bonds in an amount greater than \$10,000,000 to assist in the  
8 financing of a development project under AS 44.88.172 - 44.88.177.

9 \* Sec. 7. AS 44.88.095(g) is repealed and reenacted to read:

10 (g) The authority may not issue bonds, other than refunding  
11 bonds, without securing the prior approval of the legislature.

12 \* Sec. 8. AS 44.88.105(a) is amended to read:

13 (a) For the purpose of securing one or more issues of its bonds,  
14 the authority may establish one or more special funds, called "capital  
15 reserve funds", and shall pay into those capital reserve funds the  
16 proceeds of the sale of its bonds and other money which may be made  
17 available to the authority from other sources for the purposes of the  
18 capital reserve funds. A capital reserve fund may be established only  
19 if the authority determines that the establishment of the fund would  
20 enhance the marketability of the bonds [, AND IF THOSE COSTS OF A  
21 PROJECT, AS DEFINED IN AS 44.88.900, WHICH ARE TO BE FINANCED WITH THE  
22 PROCEEDS OF THE BONDS, DO NOT EXCEED \$10,000,000]. Money in a capital  
23 reserve fund, except as provided in this section, may be used as  
24 required only for (1) the payment of the principal of, and interest  
25 on, bonds or of the sinking fund payments with respect to those bonds;  
26 (2) the purchase or redemption of the bonds; or (3) the payment of a  
27 redemption premium required to be paid when the bonds are redeemed  
28 before maturity. However, money in a capital reserve fund may not be  
29 withdrawn if the withdrawal would reduce the amount in the capital

1 reserve fund to less than the capital reserve fund requirement, except  
2 for the purpose of making payment, when due, of principal, interest,  
3 redemption premiums on the bonds, and sinking fund payments when other  
4 money of the authority is not available for the payments. Income or  
5 interest earned by, or increment to, a capital reserve fund, from the  
6 investment of all or part of the fund, may be transferred by the  
7 authority to other funds or accounts of the authority if the transfer  
8 does not reduce the amount of the capital reserve fund below the  
9 capital reserve fund requirement.

10 \* Sec. 9. AS 44.88.105(d) is amended to read:

11 (d) The chairman of the authority shall annually, no later than  
12 January 2, certify in writing to the governor and the legislature the  
13 amount, if any, required to restore a capital reserve fund to the  
14 capital reserve fund requirement. The legislature may appropriate to  
15 the authority the amount certified by the chairman of the authority.  
16 The authority shall deposit the amounts appropriated under this sub-  
17 section during a fiscal year in the proper capital reserve fund.  
18 Nothing in this section creates a debt or liability of the state. In  
19 this subsection, "capital reserve fund" means a capital reserve fund  
20 that

21 (1) is created under this section on or before January 1,  
22 1989; or

23 (2) secures refunding bonds if the refunding bonds are  
24 issued to refund bonds that are secured by a capital reserve fund  
25 created under this section on or before January 1, 1989.

26 \* Sec. 10. AS 44.88.155(b) is amended to read:

27 (b) The authority may establish in the enterprise development  
28 account the [A SMALL ENTERPRISE LOAN ACCOUNT, A LOAN INSURANCE AC-  
29 COUNT, AND OTHER] accounts it considers appropriate.

1 \* Sec. 11. AS 44.88.155(c) is amended to read:

2 (c) Money and other assets of the enterprise development account  
3 may be used to secure bonds of the authority issued to finance the  
4 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE  
5 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to pur-  
6 chase loans for projects.

7 \* Sec. 12. AS 44.88.155(d) is amended to read:

8 (d) A loan purchased in whole or in part by the authority with  
9 assets of the enterprise development account or with proceeds of bonds  
10 secured by assets of the enterprise development account, other than a  
11 loan which is financed with the proceeds of bonds of the authority and  
12 secured only by a project applicant or a project,

13 (1) may not exceed

14 [(A)] \$10,000,000; [OR

15 (B) \$500,000 IF THE LOAN IS PURCHASED UNDER AS 44.88.-

16 158;]

17 (2) may not exceed the cost of the project or 75 percent of  
18 the appraised value of the project, whichever is less, unless the  
19 amount of the loan in excess of this limit is federally insured or  
20 guaranteed or is insured by a qualified mortgage insurance company;

21 (3) may not be for a term longer than three-quarters of the  
22 authority's estimate of the life of the project or 25 years from the  
23 date the loan is made, whichever is earlier;

24 (4) shall contain complete amortization provisions satis-  
25 factory to the authority requiring periodic payments by the borrower;

26 (5) shall be in the form and contain the terms and provi-  
27 sions with respect to insurance, repairs, alterations, payment of  
28 taxes and assessments, default reserves, delinquency charges, default  
29 remedies, acceleration of maturity, secondary liens, and other matters

1 the authority prescribes;

2 (6) shall be secured as to repayment by a mortgage or other  
3 security instrument in the manner the authority determines is feasible  
4 to assure timely repayment under a loan agreement entered into with  
5 the borrower;

6 (7) may not be made unless

7 (A) at least 20 [10] percent of the principal amount  
8 of the loan is retained by the originator of the loan as long as  
9 the loan is outstanding; or

10 (B) 100 percent of the principal amount of the loan is  
11 guaranteed by the United States or an agency or instrumentality  
12 of the United States;

13 (8) must be

14 (A) [AT LEAST PARTIALLY GUARANTEED BY THE UNITED  
15 STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES,  
16 SUBJECT TO THE PROVISIONS OF AS 44.88.158;

17 (B)] financed from the proceeds of bonds; or

18 (B) [(C)] expected by the authority to be financed  
19 from the proceeds of bonds.

20 \* Sec. 13. AS 44.88.165 is repealed and reenacted to read:

21 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt  
22 regulations to describe the circumstances under which it will discon-  
23 tinue purchasing loans from a financial institution because of exces-  
24 sive delinquencies among the loans previously purchased by the author-  
25 ity from the financial institution. In adopting the regulations, the  
26 authority must consider the authority's delinquency experience with  
27 loans it purchased from all financial institutions. The authority may  
28 include in the regulations other remedies it considers appropriate as  
29 alternatives to the discontinuance of purchasing loans from the