



# LAWS OF ALASKA

2014

**Source**  
FCCS HB 23

**Chapter No.**  
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## AN ACT

Relating to the Department of Transportation and Public Facilities; relating to the Knik Arm Bridge and Toll Authority; relating to construction of the Knik Arm bridge and appurtenant facilities; relating to toll bridge revenue bonds; establishing the Knik Arm construction fund, the toll bridge revenue fund, the toll bridge revenue bond redemption fund, and the toll bridge revenue bond reserve fund; relating to powers and duties of the state bond committee; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1



**AN ACT**

1 Relating to the Department of Transportation and Public Facilities; relating to the Knik Arm  
2 Bridge and Toll Authority; relating to construction of the Knik Arm bridge and appurtenant  
3 facilities; relating to toll bridge revenue bonds; establishing the Knik Arm construction fund,  
4 the toll bridge revenue fund, the toll bridge revenue bond redemption fund, and the toll bridge  
5 revenue bond reserve fund; relating to powers and duties of the state bond committee; and  
6 providing for an effective date.

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8 \* **Section 1.** AS 19.15.020 is amended by adding a new subsection to read:

9 (b) The department may incur a line of credit or indebtedness to the Federal  
10 Highway Administration, United States Department of Transportation, under 23  
11 U.S.C. 601 - 609 (Transportation Infrastructure Finance and Innovation Act of 1998),  
12 as amended, and may enter into a contract or agreement with any public or private  
13 person, governmental unit or agency, corporation, or other business entity to secure

1 the indebtedness.

2 \* **Sec. 2.** AS 19.75.011 is amended to read:

3 **Sec. 19.75.011. Purpose.** The purpose of the authority created by this chapter  
4 is to develop, stimulate, and advance the economic welfare of the state and further the  
5 development of public transportation systems in the vicinity of the Upper Cook Inlet  
6 with **operation and management** [CONSTRUCTION] of a bridge to span Knik Arm  
7 and connect the Municipality of Anchorage and the Matanuska-Susitna Borough.

8 \* **Sec. 3.** AS 19.75.021(b) is amended to read:

9 (b) The authority may not be terminated as long as it has [BONDS,] notes [,]  
10 or other obligations outstanding, **including obligations under an agreement with the**  
11 **state as provided in AS 37.15.225.** Upon termination of the authority, its rights and  
12 property pass to the state.

13 \* **Sec. 4.** AS 19.75 is amended by adding a new section to read:

14 **Sec. 19.75.076. Application of the Executive Budget Act.** The operating  
15 budget of the authority is subject to AS 37.07 (Executive Budget Act).

16 \* **Sec. 5.** AS 19.75.111(a) is amended to read:

17 (a) [EXCEPT AS OTHERWISE EXPLICITLY MADE APPLICABLE TO  
18 THE AUTHORITY, THE PERFORMANCE OF THE AUTHORITY'S DUTIES  
19 AND THE EXERCISE OF ITS POWERS, INCLUDING ITS POWERS TO ISSUE  
20 BONDS AND OTHERWISE INCUR DEBT, SHALL BE GOVERNED  
21 EXCLUSIVELY BY THIS CHAPTER.] In furtherance of its purposes, the authority  
22 may

23 (1) [OWN, ACQUIRE, CONSTRUCT, DEVELOP, CREATE,  
24 RECONSTRUCT, EQUIP,] operate [, MAINTAIN, EXTEND, AND IMPROVE] the  
25 Knik Arm bridge and its appurtenant facilities;

26 (2) sue and be sued;

27 (3) adopt a seal;

28 (4) adopt, amend, and repeal regulations under AS 44.62 and establish  
29 bylaws;

30 (5) make and execute agreements, contracts, and all other instruments  
31 with any public or private person, **the state or another** governmental unit or agency,

1 corporation, or other business entity lawfully conducting business in the United States  
2 for the exercise of its powers and functions under this chapter and for the  
3 [FINANCING, DESIGN, CONSTRUCTION, MAINTENANCE, IMPROVEMENT,  
4 OR] operation of facilities, properties, or projects of the authority, including making  
5 and executing contracts with any person, firm, corporation, **the state or another**  
6 governmental agency, or other entity [FOR THE PURPOSE OF

7 (A) INCURRING INDEBTEDNESS, OBTAINING  
8 INVESTMENTS IN THE AUTHORITY'S PROJECTS, ACQUIRING OR  
9 GRANTING LUMP SUM PAYMENTS FOR SERVICES IN ADVANCE OR  
10 IN ARREARS, GRANTS, AND OTHER FINANCING; AND

11 (B) ENTERING INTO PUBLIC-PRIVATE PARTNERSHIPS  
12 OR SERVICE CONTRACTS IN ANY FORM];

13 (6) in its own name acquire, lease, rent, sell, or convey real and  
14 personal property;

15 (7) [ISSUE AND REFUND BONDS IN ACCORDANCE WITH  
16 THIS CHAPTER, IN ORDER TO PAY THE COST OF THE KNIK ARM BRIDGE  
17 AND ITS APPURTENANT FACILITIES; THE AUTHORITY MAY ALSO  
18 SECURE PAYMENT OF THE BONDS AS PROVIDED IN THIS CHAPTER;

19 (8) INCUR OTHER INDEBTEDNESS, INCLUDING LINES OF  
20 CREDIT AND INDEBTEDNESS TO THE FEDERAL HIGHWAY  
21 ADMINISTRATION, UNITED STATES DEPARTMENT OF TRANSPORTATION,  
22 UNDER 23 U.S.C. 601 - 610 (TRANSPORTATION INFRASTRUCTURE  
23 FINANCE AND INNOVATION ACT OF 1998), AS AMENDED, AND SECURE  
24 THAT INDEBTEDNESS AS PROVIDED IN THIS CHAPTER;

25 (9)] apply for and accept gifts, grants, or loans from a federal agency  
26 or an agency or instrumentality of the state, or from a municipality, private  
27 organization, or other source, including obtaining title to state, local government, or  
28 privately owned land, directly or through a department of the state having jurisdiction  
29 of the land;

30 **(8)** [(10) FIX AND] collect fees, rents, tolls, rates, or other charges for  
31 the use of the Knik Arm bridge and appurtenant facilities [, OR FOR A SERVICE

1 DEVELOPED, OPERATED, OR PROVIDED BY THE AUTHORITY;  
2 NOTWITHSTANDING AS 37.10.050(a), FEES, RENTS, TOLLS, RATES, AND  
3 OTHER CHARGES FIXED AND COLLECTED UNDER THIS PARAGRAPH  
4 MAY EXCEED THE ACTUAL OPERATING COST OF THE USE OF THE  
5 BRIDGE, FACILITY, OR SERVICE];

6 **(9)** [(11)] bring civil actions, refer criminal actions to the appropriate  
7 authority, and take other actions or enter into agreements with law enforcement and  
8 collection agencies to enforce the collection of its fees, rents, tolls, rates, other  
9 charges, penalties, and other obligations;

10 **(10)** [(12)] pledge, encumber, transfer, or otherwise obligate revenue  
11 derived by the authority from the ownership, use, or operation of toll facilities,  
12 including fees, rents, tolls, rates, charges, or other revenue of the authority or money  
13 that the legislature may appropriate, except a state tax or license, as security for  
14 [BONDS OR OTHER] indebtedness or agreements of the authority **or for bonds or**  
15 **other indebtedness or agreements of the state on a senior, parity, or subordinate**  
16 **lien basis**;

17 **(11)** [(13)] deposit or invest its funds [, SUBJECT TO  
18 AGREEMENTS WITH BONDHOLDERS];

19 **(12)** [(14)] procure insurance against any loss in connection with its  
20 operation;

21 **(13)** [(15)] contract for and engage the services of consultants, experts,  
22 and financial and technical advisors that the authority considers necessary for the  
23 exercise of its powers and functions under this chapter;

24 **(14)** [(16)] APPLY FOR, OBTAIN, HOLD, AND USE PERMITS,  
25 LICENSES, OR APPROVALS FROM APPROPRIATE AGENCIES OF THE  
26 STATE, THE UNITED STATES, A FOREIGN COUNTRY, AND ANY OTHER  
27 PROPER AGENCY IN THE SAME MANNER AS ANY OTHER PERSON;

28 (17) PERFORM RECONNAISSANCE STUDIES AND  
29 ENGINEERING, SURVEY, AND DESIGN STUDIES WITH RESPECT TO THE  
30 KNIK ARM BRIDGE AND ITS APPURTENANT FACILITIES;

31 (18) EXERCISE POWERS OF EMINENT DOMAIN OR FILE A

1           DECLARATION OF TAKING AS NECESSARY FOR THE KNIK ARM BRIDGE  
2           AND APPURTENANT FACILITIES UNDER AS 09.55.240 - 09.55.460 TO  
3           ACQUIRE LAND OR AN INTEREST IN LAND; THE AUTHORITY'S EXERCISE  
4           OF POWERS UNDER THIS PARAGRAPH MAY NOT EXCEED THE  
5           PERMISSIBLE EXERCISE OF THOSE POWERS BY THE STATE;

6                         (19)] confer with municipal and other governments, metropolitan  
7           planning organizations, and the department, concerning the Knik Arm bridge;

8                         **(15)** [(20)] do all acts and things necessary to carry out the powers  
9           expressly granted [OR NECESSARILY IMPLIED] in this chapter [; NOTHING IN  
10          THIS CHAPTER LIMITS THE POWERS OF THE AUTHORITY THAT ARE  
11          EXPRESSLY GRANTED OR NECESSARILY IMPLIED].

12   \* **Sec. 6.** AS 19.75.111(b) is amended to read:

13                         (b) The authority shall

14                                 (1) prepare an annual report of its operations to include a balance  
15           sheet, an income statement, a statement of changes in financial position, a  
16           reconciliation of changes in equity accounts, a summary of significant accounting  
17           principles, an auditor's report, comments regarding the year's business, and prospects  
18           for the next year; the report shall be completed by the third day of each regular session  
19           of the legislature, and the authority shall notify the governor, the commissioner of the  
20           department, the presiding officers of each house of the legislature, and the Legislative  
21           Budget and Audit Committee that the report is available;

22                                 (2) comply with the provisions of AS 37.07 (Executive Budget Act),  
23           except that AS 37.07 does not apply to the activities of the authority that relate to the  
24           authority's borrowing of money as provided in this chapter [, INCLUDING THE  
25           ISSUING OF ITS OBLIGATIONS OR EVIDENCE OF THAT BORROWING AND  
26           THE REPAYMENT OF THE DEBT OBLIGATION];

27                                 (3) establish a personnel management system for hiring employees and  
28           setting employee-benefit packages;

29                                 (4) establish procedures, rules, and rates governing per diem and travel  
30           expenses of the employees of the authority in substantial conformity to statutes,  
31           procedures, rules, and rates applicable to state employees of similar state entities;

1 (5) coordinate the exercise of its **power** [POWERS] to [PLAN,  
2 DESIGN, CONSTRUCT,] operate [, AND MAINTAIN] the Knik Arm bridge with  
3 the department, and with the mayors of the Municipality of Anchorage and the  
4 Matanuska-Susitna Borough [;

5 (6) HAVE THE EXCLUSIVE AUTHORITY TO DETERMINE AND  
6 FIX FEES, RENTS, TOLLS, RATES, AND OTHER CHARGES, INCLUDING THE  
7 TOLLS FOR THE USE OF THE BRIDGE AND APPURTENANT FACILITIES  
8 AND FOR THE USE OF ALL OTHER PROPERTIES UNDER THE CONTROL OF  
9 OR OWNED OR MANAGED BY THE AUTHORITY].

10 \* **Sec. 7.** AS 19.75.261 is amended to read:

11 **Sec. 19.75.261. Exemption from taxation.** The real and personal property of  
12 the authority and its assets, income, and receipts are declared to be the property of a  
13 political subdivision of the state and are exempt from all taxes and special assessments  
14 of the state or a political subdivision of the state. [ALL BONDS OF THE  
15 AUTHORITY ARE DECLARED TO BE ISSUED BY A POLITICAL  
16 SUBDIVISION OF THE STATE AND FOR AN ESSENTIAL PUBLIC AND  
17 GOVERNMENTAL PURPOSE. THE BONDS, THE INTEREST ON THE BONDS,  
18 THE INCOME FROM THE BONDS AND THE TRANSFER OF THE BONDS,  
19 AND ALL ASSETS, INCOME, AND RECEIPTS PLEDGED TO PAY OR SECURE  
20 THE PAYMENT OF THE BONDS OR INTEREST ON THE BONDS ARE, AT  
21 ALL TIMES, EXEMPT FROM TAXATION BY OR UNDER THE AUTHORITY  
22 OF THE STATE, EXCEPT FOR INHERITANCE AND ESTATE TAXES AND  
23 TAXES ON TRANSFERS BY OR IN CONTEMPLATION OF DEATH.] Nothing in  
24 this section affects or limits an exemption from license fees, property taxes, or excise,  
25 income, or other taxes provided under any other law, nor does it create a tax  
26 exemption with respect to the interest of any business enterprise or other person, other  
27 than the authority, in any property, assets, income, receipts, project, or lease,  
28 regardless of whether financed under this chapter.

29 \* **Sec. 8.** AS 19.75.291 is amended to read:

30 **Sec. 19.75.291. State appropriations for Knik Arm bridge and**  
31 **appurtenant facilities not affected.** This chapter does not prevent the state from

1 making appropriations for or in aid of the [ACQUISITION, DESIGN,  
2 CONSTRUCTION, OR] operation of the Knik Arm bridge and its appurtenant  
3 facilities.

4 \* **Sec. 9.** AS 19.75 is amended by adding a new section to article 2 to read:

5 **Sec. 19.75.360. Transfer of Knik Arm bridge.** If the department constructs  
6 the Knik Arm bridge and appurtenant facilities, the department shall transfer control of  
7 the bridge and appurtenant facilities to the authority, and the authority shall operate  
8 the bridge and appurtenant facilities. After the transfer of control, the department  
9 retains ownership of the bridge, appurtenant facilities, and real property, and retains  
10 the power to reconstruct, equip, extend, maintain, or improve the bridge and  
11 appurtenant facilities.

12 \* **Sec. 10.** AS 19.75.915 is amended to read:

13 **Sec. 19.75.915. Liability for payment of tolls.** The owner of a vehicle using a  
14 bridge or facility [OWNED, CONTROLLED, OR] managed by the authority for  
15 which a toll, [OR] fee, rate, or other charge is imposed is liable for the payment of  
16 the toll, [OR] fee, rate, or other charge solely because of the vehicle ownership,  
17 unless the vehicle, except a rental vehicle, is used without the owner's knowledge and  
18 incurs the toll, [OR] fee, rate, or other charge during operation.

19 \* **Sec. 11.** AS 37.10.050(a) is amended to read:

20 (a) A state agency may not charge a fee for the provision of state services  
21 unless the fee (1) is set or otherwise authorized by statute; and (2) where a regulation  
22 is necessary, is set by or provided for in a regulation that meets the standards of  
23 AS 44.62.020 and 44.62.030. Unless specifically exempted by statute, a state agency  
24 authorized to collect or receive fees, licenses, taxes, or other money belonging to the  
25 state shall account for and remit the receipts, less fees to which the collector is entitled  
26 by statute or regulation, to the Department of Revenue at least once each month. The  
27 commissioner of administration shall separately account under AS 37.05.142 for  
28 receipts deposited under this subsection. A fee or other charge that is set by regulation  
29 may not exceed the estimated actual costs of the state agency in administering the  
30 activity or providing the service unless otherwise provided by the statute under which  
31 the regulation is adopted; however, this limitation does not apply to sale or lease of

1 property by a state agency, fees charged by a resource agency for a designated  
2 regulatory service as defined in AS 37.10.058, [OR] fees adopted by the Department  
3 of Natural Resources under AS 44.37.025 or 44.37.027, **or fees, rents, tolls, and**  
4 **other charges established or levied by the Department of Transportation and**  
5 **Public Facilities for the use of the Knik Arm bridge and appurtenant facilities.**

6 \* **Sec. 12.** AS 37.15 is amended by adding new sections to read:

7 **Article 1A. Toll Bridge Revenue Bonds.**

8 **Sec. 37.15.225. Bond authorization.** (a) For purposes of financing a portion  
9 of the costs of the Knik Arm bridge and appurtenant facilities or other toll bridges as  
10 the legislature may designate, including the costs of bond issuance, the issuance and  
11 sale of bonds of the state by the committee is authorized as provided in AS 37.15.225 -  
12 37.15.290. The net proceeds of the sale of the bonds remaining after payment of costs  
13 of issuance, capitalized interest, if any, and making deposits to the bond reserve fund  
14 under AS 37.15.260, shall be transferred to the Knik Arm construction fund  
15 established in AS 37.15.230 or may be held by a trustee to be disbursed to pay the  
16 costs of a toll bridge under the terms and conditions set out in a trust agreement.  
17 Accrued interest paid on the bonds shall be paid into the bond redemption fund.

18 (b) Prior to the issuance of bonds authorized under (a) of this section, the  
19 committee shall send notice of the issuance to the legislature.

20 (c) The total unpaid principal amount of bonds, including refunding bonds, but  
21 excluding refunded bonds, is limited as provided in AS 37.15.235. The bonds do not  
22 constitute a general obligation of the state. Authorization by the voters of the state or  
23 the legislature is not required.

24 (d) The committee may enter into agreements with other state agencies as  
25 necessary or convenient to implement AS 37.15.225 - 37.15.290.

26 (e) The committee may contract for the services of underwriters, paying  
27 agents, trustees, bond printers, rating agencies, bond insurance, credit enhancement  
28 providers, accountants, financial advisors, and bond counsel, and other services as are  
29 necessary to accomplish the bond issuance and sale.

30 (f) The state may not issue bonds under (a) of this section for financing the  
31 Knik Arm bridge and appurtenant facilities until the Federal Highway Administration,

1 United States Department of Transportation, has approved a loan to the state of at least  
2 30 percent of the total project cost for construction of the Knik Arm bridge and  
3 appurtenant facilities under 23 U.S.C. 601 - 609 (Transportation Infrastructure Finance  
4 and Innovation Act of 1998).

5 **Sec. 37.15.230. Knik Arm construction fund.** (a) The Knik Arm construction  
6 fund is established in the general fund to receive the proceeds of the sale of bonds  
7 issued under AS 37.15.225, and other state or federal money that is appropriated for  
8 the same purpose for which the bonds are issued. The Department of Transportation  
9 and Public Facilities shall use money in the construction fund to pay the cost of  
10 acquiring, constructing, and equipping the Knik Arm bridge and appurtenant facilities.  
11 To the extent allowed by the bond resolution, money in the construction fund may also  
12 be used for the payment of interest on the bonds during the time of construction.  
13 Money in the construction fund may be transferred to the bond redemption fund, as  
14 permitted by the bond resolution.

15 (b) The bond resolution may provide for the investment of money in the  
16 construction fund as the committee determines. The interest earned on the investment  
17 of money in the fund shall be retained in the fund.

18 **Sec. 37.15.235. Toll bridge revenue bond limit.** The total unpaid principal  
19 amount of revenue bonds issued under AS 37.15.225 - 37.15.290, including refunding  
20 bonds but excluding refunded bonds, may not exceed \$300,000,000.

21 **Sec. 37.15.240. Toll bridge revenue fund.** (a) The toll bridge revenue fund is  
22 established as a separate fund of the state. The revenue fund consists of all revenue,  
23 fees, charges, and rentals received by the state, by contract with the authority or  
24 otherwise, from the ownership or operation of toll bridges and facilities and  
25 improvements used in connection with the toll bridges and facilities. Contracts or  
26 other agreements with the authority may establish priorities for the payment of  
27 operation and maintenance costs of the authority. The money in the revenue fund may  
28 be used only

- 29 (1) to pay or secure payment of the principal of and interest on bonds;  
30 (2) to redeem bonds before their fixed maturities;  
31 (3) to pay indebtedness to the Federal Highway Administration, United

1 States Department of Transportation; and

2 (4) subject to appropriation by the legislature, for any other purpose for  
3 which federal funds may be obligated by the state under 23 U.S.C. 129(a).

4 (b) The investment of money in the revenue fund may be made in the manner  
5 that the committee or the committee's delegated representative may determine. The  
6 interest earned on or any profits derived from the sale of this investment shall be  
7 deposited in and become a part of the revenue fund.

8 (c) All references to the toll bridge revenue fund in this section include special  
9 accounts within the toll bridge revenue fund that may be created by resolution or trust  
10 agreement to secure the payment of particular bonds.

11 **Sec. 37.15.245. Toll bridge revenue bond redemption fund.** (a) The toll  
12 bridge revenue bond redemption fund is established as a special fund of the state. The  
13 bond redemption fund is a trust fund for paying and securing the payment of the  
14 principal of and interest and redemption premium, if any, on the bonds and shall be at  
15 all times completely segregated and set apart from all other funds of the state. The  
16 bond redemption fund shall be drawn on only for the purpose of paying the principal  
17 of and interest and redemption premium, if any, on the bonds, together with related  
18 trustee fees, if any.

19 (b) Money in the bond redemption fund may be invested in the same manner  
20 and on the same conditions as permitted for investment of money belonging to the  
21 state or held in the treasury under AS 37.10.070; however, the committee may agree  
22 with the bondholders to further limit these investments. Earnings on investments must  
23 be retained in the bond redemption fund or a designated account in the bond  
24 redemption fund.

25 (c) All references to the bond redemption fund in this section include special  
26 accounts in the bond redemption fund that may be created by resolution or first  
27 agreement to secure the payment of particular bonds.

28 **Sec. 37.15.250. Bond terms.** (a) The bonds may be issued and sold at public  
29 or negotiated sale in the manner, in the amounts or series, and at the time or times that  
30 the committee or the committee's delegated representative determines. The bonds, or  
31 each series of them, shall be sold at the price and on the terms, conditions, and

1 covenants set by the committee or the committee's delegated representative after  
2 considering market conditions. Interest rates may be fixed or variable.

3 (b) The bonds mature at the time or times fixed by the committee or the  
4 committee's delegated representative. The bonds may be subject to redemption before  
5 their fixed maturities, as determined by the committee or the committee's delegated  
6 representative, with or without a premium or premiums. The bonds may be in  
7 denominations determined by the committee or the committee's delegated  
8 representative; may be issued in fully or partially registered form; must be payable as  
9 to principal and interest at the place or places determined by the committee; must be  
10 signed on behalf of the state in the manner provided by the committee; and must be  
11 issued under and subject to the terms, conditions, covenants, and protective features  
12 safeguarding payment of the bonds and relating to the funding of projects as found  
13 necessary by the committee or the committee's delegated representative.

14 (c) If the committee or the committee's delegated representative finds it  
15 reasonably necessary, the committee or the committee's delegated representative may  
16 select a trustee or trustees for the holders of the bonds, or any series of them, for the  
17 safeguarding and disbursement of any of the money in the bond redemption fund, or  
18 for duties with respect to the enforcement, authentication, delivery, payment, and  
19 registration of the bonds as the committee may determine. The committee or the  
20 committee's delegated representative shall fix the rights, duties, powers, and  
21 obligations of the trustee or trustees.

22 (d) In its determination of all matters and questions relating to the issuance  
23 and sale of the bonds and the fixing of their maturities, terms, conditions, and  
24 covenants as provided in (a) - (c) of this section, the decisions of the committee shall  
25 be reasonably necessary for the best interests of the state and accomplish the most  
26 advantageous sale of the bonds. Decisions of the committee, as expressed in a bond  
27 resolution, are final and conclusively considered to comply with the requirements of  
28 AS 37.15.225 - 37.15.290.

29 **Sec. 37.15.255. Bond resolution.** The committee shall authorize the issuance  
30 of bonds by adopting a resolution and shall prepare all other documents and  
31 proceedings necessary for the issuance, sale, and delivery of the bonds or any part or

1 series of them. The bond resolution may fix or the committee's delegated  
2 representative, subject to parameters set by the committee, may fix the principal  
3 amount, denominations, date, maturities, manner of sale, place or places of payment,  
4 rights of redemption, if any, terms, form, conditions, and covenants of the bonds or  
5 each series of bonds.

6 **Sec. 37.15.260. Bond reserve fund.** (a) The resolution authorizing the  
7 issuance of the bonds under AS 37.15.225 - 37.15.290 may provide for the  
8 establishment and maintenance of a special fund called the toll bridge revenue bond  
9 reserve fund in which there shall be deposited or transferred

10 (1) all money appropriated by the legislature for the purpose of the  
11 fund including appropriations in accordance with (g) of this section; and

12 (2) all proceeds of bonds required to be deposited in the fund by terms  
13 of the bond resolution or a trust agreement with respect to the proceeds of bonds.

14 (b) Subject to (h) of this section, money in the reserve fund shall be held and  
15 applied solely to the payment of the interest on and principal of bonds authorized  
16 under AS 37.15.225 - 37.15.290 as the interest and principal become due and payable  
17 to the retirement of bonds. Money may not be withdrawn if a withdrawal would  
18 reduce the amount in the reserve fund to an amount less than the required debt service  
19 reserve except for payment of interest then due and payable on bonds and the principal  
20 of bonds then maturing and payable and for the retirement of bonds in accordance  
21 with the terms of the bond resolution or trust agreement and for which payment is not  
22 then available.

23 (c) Money in the reserve fund in excess of the required debt service reserve as  
24 defined in (b) of this section, whether because of investment or otherwise, may be  
25 withdrawn at any time or may be transferred to the bond redemption fund subject to  
26 (h) of this section.

27 (d) Money in the reserve fund may be invested in the same manner and on the  
28 same conditions as permitted for investment of funds belonging to the state or held in  
29 the treasury under AS 37.10.070; however, the committee or the committee's  
30 delegated representative may agree with the bondholders to further limit these  
31 investments.

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

5 (f) Notwithstanding any other provision of AS 37.15.225 - 37.15.290, bonds  
6 may not be issued under a trust agreement, indenture, or bond resolution unless there  
7 is in the reserve fund the required debt service reserve for all bonds then issued under  
8 a trust agreement, indenture, or bond resolution and outstanding and for the bonds to  
9 be issued; however, the committee may satisfy this requirement by depositing as much  
10 of the proceeds of the bonds to be issued, on their issuance, as is needed to meet the  
11 required debt service reserve. The committee may, at any time, issue bonds or notes  
12 for the purpose of increasing the amount in the reserve fund to the required debt  
13 service reserve, or to meet whatever higher or additional reserve that may be fixed by  
14 a bond resolution or trust agreement with respect to the fund.

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

23 (h) All amounts received because of money appropriated to the reserve fund  
24 shall be held and applied in accordance with (b) of this section.

25 (i) All references to the reserve fund in this section include special accounts  
26 within the reserve fund that may be created by resolution or trust agreement to secure  
27 the payment of particular bonds.

28 (j) The commissioner of revenue may, subject to appropriation, lend surplus  
29 money in the general fund for deposit to an account in the reserve fund in an amount  
30 equal to the required debt service reserve. The loans shall be made on the terms and  
31 conditions that may be agreed on by the commissioner of revenue and the trustee,

1 including, without limitation, terms and conditions providing that the loans need not  
2 be repaid until the obligations of the state secured and to be secured by the account in  
3 the reserve fund are no longer outstanding.

4 (k) In this section, "required debt service reserve" means, on the date of  
5 computation, the amount required to be on deposit in the reserve fund as provided by  
6 resolution of the committee.

7 **Sec. 37.15.265. Enforcement by bond owner.** The holder of any bonds or the  
8 trustee for the holders of the bonds or any series of them, may, by appropriate  
9 proceedings in the superior court, compel the transfer, setting aside, and payment of  
10 money and the enforcement of all of the terms, conditions, and covenants as required  
11 and provided for in AS 37.15.225 - 37.15.290 and in the bond resolution or trust  
12 agreement.

13 **Sec. 37.15.270. Amounts required for payments.** The committee shall,  
14 before June 30 of each year or from time to time within the year, as appropriate,  
15 commencing with the year in which the bonds are issued, certify to the commissioners  
16 of revenue and administration the amounts required in the current fiscal year and the  
17 next ensuing fiscal year by the bond resolution or resolutions or trust agreements to be  
18 paid out of toll bridge revenue or capitalized amounts into the bond redemption fund  
19 and to be paid into and maintained in any reserve fund or account or other fund or  
20 account created by the bond resolution or resolutions. The committee shall also certify  
21 to the commissioners the last date or dates on which payments may be made.

22 **Sec. 37.15.275. Refunding.** (a) The committee may refund the bonds or any  
23 part of the bonds at or before their maturity or redemption dates by issuing refunding  
24 revenue bonds of the state if the committee determines the refunding to be  
25 advantageous to and in the best interest of the state.

26 (b) The issuance of refunding bonds need not be authorized by the voters of  
27 the state or by an act of the legislature. The committee shall adopt the resolution or  
28 resolutions and prepare all other documents and proceedings necessary for the  
29 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of  
30 AS 37.15.225 - 37.15.290 applicable to revenue bonds are applicable to the refunding  
31 bonds and to the issuance, sale, or exchange of the refunding bonds, except as

1 otherwise provided in this section.

2 (c) The committee may issue refunding bonds in a principal amount sufficient  
3 to provide money for the advance or current refunding of all bonds to be refunded and  
4 interest on the refunded bonds and to pay the costs of issuance and administration of  
5 the refunding bonds. These expenses also include the difference in amount between  
6 the par value of the refunding bonds and any amount less than par for which the  
7 refunding bonds are sold; the premium, if any, necessary to be paid in order to call or  
8 retire the outstanding bonds and the interest accruing on them to the date of the call or  
9 retirement; and other costs. The committee is authorized to incur the expenses.

10 (d) The committee or the committee's delegated representative may contract  
11 with a refunding trustee to hold the proceeds of refunding bonds in trust until the  
12 proceeds, together with earnings on the proceeds, are applied to pay the principal of,  
13 premium, if any, and interest on the bonds to be refunded. Until the refunding bond  
14 proceeds are applied, the proceeds may be invested in direct obligations of, or  
15 obligations guaranteed by, the United States or an agency or corporation of the United  
16 States whose obligations constitute direct obligations of, or obligations guaranteed by,  
17 the United States.

18 **Sec. 37.15.280. Bonds as legal investments.** The bonds are legal investments  
19 for all banks, trust companies, savings banks, savings and loan associations, and other  
20 persons carrying on a banking business, all insurance companies and other persons  
21 carrying on an insurance business, and all executors, administrators, trustees, and other  
22 fiduciaries. The bonds may be accepted as security for deposits of all money of the  
23 state and its political subdivisions.

24 **Sec. 37.15.285. Statutory construction.** AS 37.15.225 - 37.15.290 shall be  
25 liberally construed in order to carry out the purposes for which they were enacted.

26 **Sec. 37.15.290. Definitions.** In AS 37.15.225 - 37.15.290,

27 (1) "authority" means

28 (A) the Knik Arm Bridge and Toll Authority established in  
29 AS 19.75.021 with respect to the Knik Arm bridge and its appurtenant  
30 facilities; or

31 (B) an authority established by the legislature for any other toll

1 bridge project;

2 (2) "bond redemption fund" means the toll bridge revenue bond  
3 redemption fund established in AS 37.15.245;

4 (3) "bond resolution" means a resolution adopted by the committee  
5 under AS 37.15.255 to authorize the issuance of bonds;

6 (4) "bonds" means the toll bridge revenue bonds authorized in  
7 AS 37.15.225 - 37.15.290;

8 (5) "committee" means the state bond committee created in  
9 AS 37.15.110, or any other committee, body, department, or officer of the state that  
10 succeeds to the rights, powers, duties, and obligations of the state bond committee by  
11 law;

12 (6) "costs of issuance and administration" means all costs associated  
13 with issuance and administration of toll bridge revenue bonds and refunding bonds,  
14 including costs of bond printing, official statements, financial advisors, travel costs,  
15 rating agencies, bond insurance, letters and lines of credit for credit enhancement,  
16 underwriters, legal services, paying agents, bond registrars, bond and escrow trustees,  
17 arbitrage rebate, and all other costs, including administrative costs, both direct and  
18 indirect;

19 (7) "reserve fund" means the toll bridge revenue bond reserve fund  
20 authorized in AS 37.15.260;

21 (8) "revenue fund" means the toll bridge revenue fund established in  
22 AS 37.15.240.

23 \* **Sec. 13.** AS 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251, 19.75.271, 19.75.330,  
24 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, and 19.75.920 are repealed.

25 \* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 **TRANSITION.** (a) The Knik Arm Bridge and Toll Authority shall transfer all rights,  
28 titles, interests, agreements, contracts, instruments, indebtedness, obligations, liabilities,  
29 commitments, investments, leases, real property, rights-of-way, lines of credit, gifts, grants,  
30 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and  
31 intellectual property to the Department of Transportation and Public Facilities.

1           (b) All procurements of the Knik Arm Bridge and Toll Authority that have not  
2 resulted in the award of a contract as of the effective date of this Act may continue as  
3 procurements of the Department of Transportation and Public Facilities.

4       \* **Sec. 15.** This Act takes effect July 1, 2014.