

CS FOR HOUSE BILL NO. 44(FIN) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/14/09

Offered: 4/11/09

**Sponsor(s): REPRESENTATIVES CHENAULT, AND PEGGY WILSON, Harris, Muñoz, Johnson, Gara,
Neuman, Millett**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to investments applicable to energy; clarifying the purpose of the**
2 **Alaska Natural Gas Development Authority; relating to definitions of certain terms that**
3 **relate to a project that may be developed by the Alaska Natural Gas Development**
4 **Authority; and authorizing certain public corporations to issue bonds for energy**
5 **projects."**

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

7 *** Section 1.** AS 18.56.089(c) is amended to read:

8 (c) The corporation shall make a dividend available to the state each fiscal
9 year. The corporation shall pay the dividend for a current fiscal year to the state before
10 the end of that fiscal year. The legislature may appropriate the dividend for capital
11 projects. The corporation shall notify the commissioner of revenue of the amount of
12 each dividend under this subsection for inclusion in the state operating budget and
13 shall also notify the commissioner when each dividend is available for payment to the

1 state. The amount of the dividend for a current fiscal year is calculated as follows:

2 (1) the lesser of \$103,000,000 or 75 percent of the adjusted change in
3 net assets of the corporation for the base fiscal year;

4 (2) minus the amount of money from the corporation used during that
5 current fiscal year for bond repayment and other costs related to the bonds issued
6 under

7 (A) ch. 26, SLA 1996, up to a maximum of \$1,000,000;

8 (B) sec. 10(b), ch. 130, SLA 2000;

9 (C) sec. 1, ch. 1, SSSLA 2002;

10 (D) sec. 4, ch. 120, SLA 2004;

11 **(E) sec. 6 of this Act;** and

12 (3) minus any appropriation of unrestricted unencumbered money of
13 the corporation during the current fiscal year, other than an appropriation for the
14 corporation's operating budget.

15 * **Sec. 2.** AS 41.41.010(a) is amended to read:

16 (a) There is established the Alaska Natural Gas Development Authority, the
17 purpose of which is to provide one or more of the following services and functions in
18 order to bring natural gas from the North Slope **or other regions of the state** to
19 market, including

20 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;

21 (2) the design and construction of the pipeline system;

22 (3) the operation and maintenance of the pipeline system;

23 (4) the design, construction, **and** operation [,] of other facilities
24 necessary for delivering the gas to market, **including markets in the state** [AND TO
25 SOUTHCENTRAL ALASKA]; and

26 (5) the acquisition of natural gas market share sufficient to ensure the
27 long-term feasibility of [THE] pipeline system **projects** [PROJECT].

28 * **Sec. 3.** AS 41.41.010(d) is amended to read:

29 (d) The acquisition of natural gas from the North Slope **and other regions of**
30 **the state, including the Alaska outer continental shelf,** and its delivery to **markets**
31 **in the state for use by markets in the state or to** tidewater for shipment to market by

1 the authority **are** [IS AN] essential government **functions** [FUNCTION] of the state.

2 * **Sec. 4.** AS 41.41.990(3) is amended to read:

3 (3) "project" means the gas transmission pipeline, together with all
4 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the
5 North Slope of Alaska **or other regions of the state to a market in the state, or be**
6 **available to a market in the state, and** [EITHER] to tidewater at a point on Prince
7 William Sound [AND THE SPUR LINE FROM GLENNALLEN TO THE
8 SOUTHCENTRAL GAS DISTRIBUTION GRID] or [TO TIDEWATER AT A
9 POINT ON] Cook Inlet, and includes planning, design, and construction of the
10 pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

11 * **Sec. 5.** AS 41.41.990 is amended by adding a new paragraph to read:

12 (4) "North Slope" means that part of the state that lies north of 68
13 degrees North latitude and includes the Brooks Range foothills.

14 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 ALASKA HOUSING FINANCE CORPORATION: LEGISLATIVE
17 AUTHORIZATION AND APPROVAL OF ENERGY EFFICIENCY AND
18 CONSERVATION PROGRAM BONDS. (a) The Alaska Housing Finance Corporation is
19 authorized to issue bonds under the power granted to it in AS 18.56.110 to establish energy
20 efficiency and conservation programs for all homeowners. The maximum principal amount of
21 bonds that the Alaska Housing Finance Corporation may issue under this section is
22 \$100,000,000. The Alaska Housing Finance Corporation may issue the bonds in a single
23 issuance or in several issuances, without limitation as to number of issuances or timing, and as
24 the Alaska Housing Finance Corporation determines best furthers the purpose of financing the
25 programs described in this section. The Alaska Housing Finance Corporation shall negotiate
26 with interested parties and shall enter into agreements with interested parties to provide
27 revenue sufficient to accomplish the purposes described in this subsection.

28 (b) This section constitutes the approval required by AS 18.56.110(g) for the issuance
29 of the bonds described in this section.

30 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 ALASKA NATURAL GAS DEVELOPMENT AUTHORITY: LEGISLATIVE
2 AUTHORIZATION AND APPROVAL OF BONDS FOR NATURAL GAS PROJECTS TO
3 ENSURE ENERGY SUFFICIENCY. (a) Subject to (b) of this section, the Alaska Natural
4 Gas Development Authority is authorized to issue bonds under the power granted to it in
5 AS 41.41.300 to acquire a gas supply, develop the Cook Inlet and Fairbanks markets, and
6 plan, permit, and design gas transmission systems to mitigate gas shortfalls, the effect on
7 consumers, and the economy of high cost energy, and ensure energy sufficiency for Alaskans.
8 The maximum principal amount of bonds that the Alaska Natural Gas Development Authority
9 may issue under this section is \$250,000,000. The Alaska Natural Gas Development
10 Authority may issue the bonds in a single issuance or in several issuances, without limitation
11 as to number of issuances or timing, and as the Alaska Natural Gas Development Authority
12 determines best furthers the purpose of financing the projects described in this section. The
13 Alaska Natural Gas Development Authority shall negotiate with interested parties and shall
14 enter into agreements with interested parties to provide revenue sufficient to accomplish the
15 purposes described in this subsection.

16 (b) Unless the issuance is approved under this subsection by law, bonds may not be
17 issued under (a) of this section without the prior written approval of the Legislative Budget
18 and Audit Committee. If the Legislative Budget and Audit Committee approves or fails to
19 approve the issuance of bonds, the committee shall notify the Alaska Natural Gas
20 Development Authority and all members of the legislature in writing. On or before the fifth
21 day of the next session that convenes after the day notice is received by the Alaska Natural
22 Gas Development Authority, the authority may request the legislature to approve or
23 disapprove the bond issue by law.

24 (c) This section constitutes the approval required by AS 41.41.320 for the issuance of
25 the bonds described in this section.