

**HOUSE BILL NO. 249**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES STUTES, Drummond**

**Introduced: 2/17/20**

**Referred: Transportation, Labor & Commerce**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska marine highway system; establishing the Alaska Marine**  
2 **Highway System Corporation; and providing for an effective date."**

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

4 **\* Section 1.** AS 08.88.690 is amended to read:

5 **Sec. 08.88.690. Exemptions.** A real estate licensee is exempt from the  
6 signature requirements of AS 08.88.600 - 08.88.695 when the licensee provides  
7 specific assistance to

8 (1) a corporation that issues publicly traded securities;

9 (2) a business that has a net worth in the previous calendar year of  
10 \$2,000,000 or more, if the business requests the exemption from the licensee; or

11 (3) a governmental agency; in this paragraph, "governmental agency"  
12 means a department, division, public agency, political subdivision, or other public  
13 instrumentality of the state or federal government, including the University of Alaska,  
14 the Alaska Railroad Corporation, the Alaska Housing Finance Corporation, the Alaska

1 Industrial Development and Export Authority, **the Alaska Marine Highway System**  
 2 **Corporation**, and other public corporations.

3 \* **Sec. 2.** AS 18.56.600 is amended to read:

4 **Sec. 18.56.600. Definitions.** In AS 18.56.400 - 18.56.600,

5 (1) "housing" means owner-occupied, single-family housing and  
 6 owner-occupied duplexes in which not more than 25 percent of the gross floor area is  
 7 or will be devoted to commercial use;

8 (2) "small community" means a community with a population of 6,500  
 9 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a  
 10 population of 1,600 or less that is connected by road or rail to Anchorage or  
 11 Fairbanks; in this paragraph,

12 **(A) "Alaska marine highway system" has the meaning**  
 13 **given in AS 42.50.990;**

14 **(B)** "connected by road" does not include a connection by the  
 15 Alaska marine highway system.

16 \* **Sec. 3.** AS 19.10.399(8) is amended to read:

17 (8) "highway" means the entire width between the boundary lines of  
 18 every way that is publicly maintained when a part of it is open to the public for  
 19 purposes of vehicular travel, including [BUT NOT LIMITED TO] every street and the  
 20 Alaska [STATE] marine highway system **as defined in AS 42.50.990,** but not  
 21 vehicular ways or areas;

22 \* **Sec. 4.** AS 19.65.011 is amended to read:

23 **Sec. 19.65.011. Comprehensive long-range plan.** The **corporation**  
 24 [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, IN  
 25 CONSULTATION WITH THE ALASKA MARINE TRANSPORTATION  
 26 ADVISORY BOARD,] shall prepare a comprehensive long-range plan for the  
 27 development and improvement of the Alaska marine highway system and shall [, IN  
 28 CONSULTATION WITH THE ALASKA MARINE TRANSPORTATION  
 29 ADVISORY BOARD,] revise and update the plan at least every five years. The  
 30 **corporation** [DEPARTMENT] shall submit the comprehensive long-range plan and  
 31 revisions and updates of the plan to the **senate secretary and chief clerk of the house**

1 **of representatives and notify the** legislature **that the report is available.**

2 \* **Sec. 5.** AS 19.65.020(a) is amended to read:

3 (a) A vessel or facility of the Alaska marine highway system constructed or  
4 acquired by the Department of Transportation and Public Facilities under this chapter  
5 **or by the corporation** may be given a name only by law.

6 \* **Sec. 6.** AS 19.65.030(a) is amended to read:

7 (a) The **corporation** [DEPARTMENT] shall construct, purchase, or lease  
8 ferry terminal facilities at locations it selects for the loading and unloading of  
9 passengers, and vehicles under their own power, on and off ferries. The **corporation**  
10 [DEPARTMENT] shall repair and maintain these facilities. [CONSTRUCTION AND  
11 PURCHASING UNDER THIS SUBSECTION ARE GOVERNED BY AS 36.30  
12 (STATE PROCUREMENT CODE).]

13 \* **Sec. 7.** AS 19.65.030(b) is amended to read:

14 (b) The **corporation** [DEPARTMENT] may connect ferry terminal facilities  
15 with local highway systems.

16 \* **Sec. 8.** AS 19.65.030(c) is amended to read:

17 (c) The **corporation** [DEPARTMENT] may adopt regulations **under**  
18 **AS 42.50** governing the use of ferry terminal facilities by the public that it considers  
19 necessary and proper in the public interest. The **corporation** [DEPARTMENT] may  
20 charge a fee for the use of ferry terminal facilities, whether the use is under a permit or  
21 otherwise, and whether it is by one or more individuals.

22 \* **Sec. 9.** AS 19.65.030(d) is amended to read:

23 (d) A person may construct a ferry terminal facility upon obtaining the  
24 approval of the **corporation** [DEPARTMENT] as to its location. A ferry terminal  
25 facility constructed by a person other than the **corporation** [DEPARTMENT] is  
26 subject to reasonable regulations governing its use that the **corporation**  
27 [DEPARTMENT] considers necessary and proper in the public interest.

28 \* **Sec. 10.** AS 19.65.030(e) is amended to read:

29 (e) A ferry terminal facility may not be constructed without the approval of  
30 the **corporation** [DEPARTMENT].

31 \* **Sec. 11.** AS 19.65.035 is amended to read:

1           **Sec. 19.65.035. Transportation of members of the Alaska organized**  
 2 **militia.** To the extent that space is available, the **corporation** [COMMISSIONER OF  
 3 TRANSPORTATION AND PUBLIC FACILITIES] shall provide free transportation  
 4 on vessels of the Alaska marine highway system for a member of the Alaska National  
 5 Guard, the Alaska Naval Militia, or the Alaska State Defense Force who is en route to  
 6 or from drill, training, or other official militia activities.

7 \* **Sec. 12.** AS 19.65 is amended by adding a new section to Article 2 to read:

8           **Sec. 19.65.040. Definition.** In AS 19.65.011 - 19.65.035, "corporation" means  
 9 the Alaska Marine Highway System Corporation established by AS 42.50.010.

10 \* **Sec. 13.** AS 19.65.070 is amended to read:

11           **Sec. 19.65.070. Revenue and debt service accounting.** (a) The **corporation**  
 12 [ALASKA MARINE HIGHWAY SYSTEM] shall account for and remit to the  
 13 Department of Revenue in accordance with AS 37.10.050 all gross revenue generated  
 14 from the operation of the Alaska marine highway system during each annual operating  
 15 cycle. The money shall then be deposited in the Alaska marine highway system fund.

16           (b) The **corporation** [ALASKA MARINE HIGHWAY SYSTEM] shall  
 17 prepare a written report, **not** [NO] later than the 10th day of each regular legislative  
 18 session, regarding the previous annual operating cycle and **submit the report to the**  
 19 **senate secretary and the chief clerk of the house of representatives and** notify the  
 20 legislature that the report is available. The report must identify

21                       (1) gross revenue generated during the previous annual operating  
 22 cycle;

23                       (2) gross revenue generated during the current annual operating cycle  
 24 and an estimate of gross revenue for the remainder of the current annual operating  
 25 cycle;

26                       (3) projections of the gross revenue to be generated during the next  
 27 annual operating cycle; [AND]

28                       (4) the difference between previous gross revenue estimates prepared  
 29 under this section and the **revenue** [REVENUES] actually generated; **and**

30                       **(5) the amount of money that is required to cover the repayment of**  
 31 **interest and principal for the debts of the corporation during the current fiscal**

1 **year and the next fiscal year.**

2 (c) The Department of Revenue shall prepare a written report, **not** [NO] later  
 3 than the 10th legislative day of each regular legislative session, regarding the earnings  
 4 on gross revenue of the Alaska marine highway system that was deposited into the  
 5 Alaska marine highway system fund during the prior fiscal year, [AND] projected  
 6 earnings on gross revenue of the Alaska marine highway system that is projected to be  
 7 deposited into the Alaska marine highway system fund for the current fiscal year and  
 8 the next fiscal year, **and the amount of cash that is required to cover the**  
 9 **repayment of interest and principal for the debts of the corporation during the**  
 10 **current fiscal year and the next fiscal year.** The Department of Revenue **shall**  
 11 **submit the report to the senate secretary and the chief clerk of the house of**  
 12 **representatives and** shall notify the legislature that the report is available.

13 \* **Sec. 14.** AS 19.65.080(b) is amended to read:

14 (b) The **corporation** [DEPARTMENT OF TRANSPORTATION AND  
 15 PUBLIC FACILITIES] may request the legislature to appropriate money from the  
 16 Alaska marine highway system fund to the **Alaska** marine highway system for capital  
 17 improvements, if

18 (1) the appropriation under (a) of this section has been made;

19 (2) the amount in the fund, without regard to the appropriation under  
 20 (a) of this section, exceeds the total of gross revenue deposited in the fund and the  
 21 general fund appropriations under AS 19.65.060(a)(2) by 10 percent; and

22 (3) the amount requested for appropriation under this subsection does  
 23 not exceed 50 percent of the balance remaining after the appropriation for annual  
 24 management and operations is made under (a) of this section.

25 \* **Sec. 15.** AS 19.65.100 is amended by adding new paragraphs to read:

26 (3) "Alaska marine highway system" has the meaning given in  
 27 AS 42.50.990;

28 (4) "corporation" means the Alaska Marine Highway System  
 29 Corporation established by AS 42.50.010.

30 \* **Sec. 16.** AS 23.05.360(f) is amended to read:

31 (f) For purposes of holding hearings, the members of the board sit in panels of

1 three members. The chair designates the panel that will consider a matter. Each panel  
 2 must include a representative of management, a representative of labor, and a  
 3 representative from the general public. A member of one panel may serve on the other  
 4 panel when the chair considers it necessary for the prompt administration of  
 5 AS 23.40.070 - 23.40.260 (Public Employment Relations Act), [OR] AS 42.40  
 6 (Alaska Railroad Corporation Act), or AS 42.50 (Alaska Marine Highway System  
 7 Corporation Act).

8 \* **Sec. 17.** AS 23.05.370(a) is amended to read:

9 (a) The agency shall

10 (1) establish its own rules of procedure;

11 (2) exercise general supervision and direct the activities of staff  
 12 assigned to it by the department;

13 (3) prepare and submit to the governor an annual report on labor  
 14 relations problems it has encountered during the previous year, including  
 15 recommendations for legislative action; the agency shall notify the legislature that the  
 16 report is available;

17 (4) serve as the labor relations agency under AS 23.40.070 - 23.40.260  
 18 (Public Employment Relations Act) and carry out the functions specified in that Act;  
 19 and

20 (5) serve as the railroad labor relations agency for the Alaska Railroad  
 21 under AS 42.40 (Alaska Railroad Corporation Act), and as the labor relations  
 22 agency for the Alaska marine highway system under AS 42.50 (Alaska Marine  
 23 Highway System Corporation Act), and carry out the functions specified in each  
 24 [THAT] Act.

25 \* **Sec. 18.** AS 23.40.030 is amended to read:

26 **Sec. 23.40.030. Definition of labor organization.** For the purpose of  
 27 AS 23.40.020 - 23.40.040, "labor organization" includes an organization constituted  
 28 wholly or partly to bargain collectively or deal with employers, including the state,  
 29 [AND] its political subdivisions, and the Alaska Marine Highway System  
 30 Corporation, concerning grievances, terms, or conditions of employment or other  
 31 mutual aid or protection in connection with employees.

1 \* **Sec. 19.** AS 23.40.040 is amended to read:

2           **Sec. 23.40.040. Collective bargaining agreement.** The **corporation**  
 3 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] or an  
 4 authorized representative, in accordance with **AS 23.40.020 and 23.40.030**  
 5 [AS 23.40.020 - 23.40.030], may negotiate and enter into collective bargaining  
 6 agreements **under AS 42.50** concerning wages, hours, working conditions, and other  
 7 employment benefits with the employees of the **corporation** [DIVISION OF  
 8 MARINE TRANSPORTATION] engaged in operating the **Alaska marine highway**  
 9 [STATE FERRY] system as masters or members of the crews of vessels, **or with**  
 10 **other employees of the corporation,** or their bargaining agent. [A COLLECTIVE  
 11 BARGAINING AGREEMENT IS NOT FINAL WITHOUT THE CONCURRENCE  
 12 OF THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES.]  
 13 The **corporation** [COMMISSIONER OF TRANSPORTATION AND PUBLIC  
 14 FACILITIES] may make provision in the collective bargaining agreement for the  
 15 settlement of labor disputes by arbitration. **In this section,**

16                           **(1) "Alaska marine highway system" has the meaning given in**  
 17 **AS 42.50.990;**

18                           **(2) "corporation" means the Alaska Marine Highway System**  
 19 **Corporation established by AS 42.50.010.**

20 \* **Sec. 20.** AS 28.90.990(a)(15) is amended to read:

21                           (15) "highway" means the entire width between the boundary lines of  
 22 every way that is publicly maintained when a part of it is open to the public for  
 23 purposes of vehicular travel, including [BUT NOT LIMITED TO] every street and the  
 24 Alaska [STATE] marine highway system but not vehicular ways or areas; **in this**  
 25 **paragraph, "Alaska marine highway system" has the meaning given in**  
 26 **AS 42.50.990;**

27 \* **Sec. 21.** AS 29.35.722 is amended to read:

28           **Sec. 29.35.722. Ownership or operation of certain state facilities**  
 29 **prohibited.** The state may not, without the approval of the legislature,

30                           (1) convey or transfer the [ALASKA MARINE HIGHWAY  
 31 SYSTEM, THE] Anchorage or Fairbanks international airports, or any other state

1 asset, except undeveloped state land as provided in AS 38.05.810 or surplused  
2 property, to an authority; or

3 (2) enter into an agreement with an authority under which the authority  
4 would operate the [ALASKA MARINE HIGHWAY SYSTEM, THE] Anchorage or  
5 Fairbanks international airports, or any other state facility, system, or function that  
6 employs one or more employees.

7 \* **Sec. 22.** AS 35.10.015(d) is amended to read:

8 (d) After June 25, 1976, a ferry may not be constructed, lengthened,  
9 completely renovated, or purchased for use or entered into service by the **Alaska**  
10 **Marine Highway System Corporation** [DIVISION OF MARINE  
11 TRANSPORTATION OF THE DEPARTMENT] as a part of the Alaska marine  
12 highway system that does not include adequate facilities and devices to ensure that the  
13 vessel is accessible to and usable by persons with disabilities and by aged or infirm  
14 passengers. Some staterooms and all restrooms, indoor passageways, outdoor weather  
15 decks, and other public areas aboard the vessel shall be so designed and constructed as  
16 to permit access and use by persons with disabilities and by aged or infirm passengers,  
17 including those persons occupying a wheelchair.

18 \* **Sec. 23.** AS 35.10.015(g) is amended to read:

19 (g) In this section,

20 **(1) "Alaska marine highway system" means the marine highway**  
21 **system operated by the corporation;**

22 **(2) "corporation" means the Alaska Marine Highway System**  
23 **Corporation established by AS 42.50.010;**

24 **(3) "public facilities" includes vessels owned by the corporation**  
25 **[STATE AND OPERATED BY THE DIVISION OF MARINE TRANSPORTATION**  
26 **OF THE DEPARTMENT]** as a part of the Alaska marine highway system.

27 \* **Sec. 24.** AS 35.27.020(c) is amended to read:

28 (c) At least one percent or, in the case of a rural school facility, at least one-  
29 half of one percent of the construction cost of a building or facility approved for  
30 construction by the legislature will be reserved for the following purposes: the design,  
31 construction, mounting, and administration of works of art in a school, office building,



1 court building, vessel of the Alaska marine highway system, or other building or  
 2 facility that is subject to substantial public use.

3 \* **Sec. 25.** AS 35.27.030(1) is amended to read:

4 (1) "building" or "facility" means a permanent improvement  
 5 constructed by the department or the corporation; "building" or "facility" [; THE  
 6 TERM]

7 (A) includes [, BUT IS NOT LIMITED TO,]

8 (i) schools, office buildings, and court buildings;

9 (ii) other buildings [WHICH] the commissioner  
 10 determines are designed for substantial public use;

11 (iii) boats and vessels of the Alaska marine highway  
 12 system operated by the corporation;

13 (iv) transportation facilities that [WHICH]  
 14 accommodate traveling passengers;

15 (B) excludes other transportation facilities;

16 \* **Sec. 26.** AS 35.27.030 is amended by adding new paragraphs to read:

17 (3) "Alaska marine highway system" has the meaning given in  
 18 AS 42.50.990;

19 (4) "corporation" means the Alaska Marine Highway System  
 20 Corporation established by AS 42.50.010.

21 \* **Sec. 27.** AS 36.30.015 is amended by adding a new subsection to read:

22 (l) The board of directors of the Alaska Marine Highway System Corporation  
 23 shall adopt procedures to govern the procurement of supplies, services, professional  
 24 services, and construction. The procedures must be based on competitive principles.

25 \* **Sec. 28.** AS 36.30.990(1) is amended to read:

26 (1) "agency"

27 (A) means a department, institution, board, commission,  
 28 division, authority, public corporation, the Alaska Pioneers' Home, the Alaska  
 29 Veterans' Home, or other administrative unit of the executive branch of state  
 30 government;

31 (B) does not include

- 1 (i) the University of Alaska;
- 2 (ii) the Alaska Railroad Corporation;
- 3 (iii) the Alaska Housing Finance Corporation;
- 4 (iv) a regional Native housing authority created under
- 5 AS 18.55.996 or a regional electrical authority created under
- 6 AS 18.57.020;
- 7 (v) [THE DEPARTMENT OF TRANSPORTATION
- 8 AND PUBLIC FACILITIES, IN REGARD TO THE REPAIR,
- 9 MAINTENANCE, AND RECONSTRUCTION OF VESSELS,
- 10 DOCKING FACILITIES, AND PASSENGER AND VEHICLE
- 11 TRANSFER FACILITIES OF THE ALASKA MARINE HIGHWAY
- 12 SYSTEM;
- 13 (vi)] the Alaska Aerospace Corporation;
- 14 **(vi)** [(vii)] the Alaska Retirement Management Board;
- 15 **(vii)** [(viii)] the Alaska Seafood Marketing Institute;
- 16 **(viii)** [(ix)] the Alaska children's trust and the Alaska
- 17 Children's Trust Board;
- 18 **(ix)** [(x)] the Alaska Industrial Development and Export
- 19 Authority;
- 20 **(x) the Alaska Marine Highway System**
- 21 **Corporation;**

22 \* **Sec. 29.** AS 36.90.049(a) is amended to read:

23 (a) A marine vessel owned by the state **or the corporation** shall be

24 maintained and repaired at a shipyard facility located in the state unless the

25 commissioner of the department that operates the marine vessel **or the corporation, if**

26 **the corporation owns the marine vessel,** determines in writing that there is no

27 shipyard facility located in the state that is equipped or qualified to perform the

28 particular maintenance or repair required, or, **except for a marine vessel owned by**

29 **the corporation,** after taking into consideration the five percent preference under

30 AS 36.30.321(a) and the interport differential, that the proposed cost of the

31 maintenance or repair work is unreasonable. A detailed list of the costs and factors

1 considered in calculating the interport differential must be provided to each person  
2 who expresses an interest in submitting a bid to perform maintenance or repair work  
3 on a marine vessel owned by the state, **except for a marine vessel owned by the**  
4 **corporation.**

5 \* **Sec. 30.** AS 36.90.049(b) is amended to read:

6 (b) The competitive bid provisions of AS 36.30 do not apply to a contract for  
7 the maintenance or repair of a marine vessel owned by the state if the contract is  
8 awarded to a shipyard facility in the state, **or if the vessel is owned by the**  
9 **corporation.**

10 \* **Sec. 31.** AS 36.90.049(c) is amended to read:

11 (c) The commissioner of the department that operates a marine vessel, **or the**  
12 **corporation for a marine vessel of the Alaska marine highway system,** shall adopt  
13 regulations establishing the criteria that the department **or the corporation** shall use  
14 to determine whether the cost of maintenance or repair work at a shipyard facility  
15 located in the state is reasonable under (a) of this section. The commissioner of the  
16 department that operates a marine vessel, **or the corporation for a marine vessel of**  
17 **the Alaska marine highway system,** shall designate by regulation the designated  
18 base port for each vessel operated by the department **or the corporation**; however, the  
19 designated base port for marine vessels of the Alaska marine highway system is  
20 Ketchikan for those vessels primarily serving that portion of the state east of the  
21 longitude of Icy Cape and is Seward for those vessels primarily serving the remainder  
22 of the state. A vessel's designated base port is the vessel's delivery and redelivery port.

23 \* **Sec. 32.** AS 36.90.049(e) is amended by adding new paragraphs to read:

24 (3) "Alaska marine highway system" has the meaning given in  
25 AS 42.50.990;

26 (4) "corporation" means the Alaska Marine Highway System  
27 Corporation established by AS 42.50.010.

28 \* **Sec. 33.** AS 36.90.300(c) is amended to read:

29 (c) In this section,

30 (1) "construction" means the process of building, altering, repairing,  
31 maintaining, improving, demolishing, planning, and designing a public highway, a

1 structure, a building, a utility, infrastructure, or another public improvement to real  
2 property, but does not mean the routine operation of a public improvement;

3 (2) "consultant" means a person who contracts with a public agency to  
4 provide professional services;

5 (3) "professional services" has the meaning given in AS 36.30.990;

6 (4) "public agency" means a department, institution, board,  
7 commission, division, authority, public corporation, committee, school district,  
8 political subdivision, or other administrative unit of a municipality, of a political  
9 subdivision, or of the executive or legislative branch of state government, including  
10 the University of Alaska, the Alaska Aerospace Corporation, the Alaska Housing  
11 Finance Corporation, the Alaska Industrial Development and Export Authority, the  
12 Alaska Energy Authority, the Alaska Railroad Corporation, **the Alaska Marine**  
13 **Highway System Corporation**, and a regional educational attendance area.

14 \* **Sec. 34.** AS 37.05.210(a) is amended to read:

15 (a) The Department of Administration shall

16 (1) file with the governor and with the legislative auditor before  
17 December 16 a report of the financial transactions of the preceding fiscal year and of  
18 the financial condition of the state as of the end of that year, prepared in accordance  
19 with generally accepted accounting principles and audited by the legislative auditor in  
20 accordance with generally accepted audit standards, with comments and  
21 supplementary data that the Department of Administration considers necessary; this  
22 report shall be printed for the information of the legislature and the public;

23 (2) compile statistics necessary for the budget and other statistics  
24 required by the governor;

25 (3) file a travel and compensation report with the legislature by  
26 January 31 of each year containing detailed information for the previous calendar year  
27 of the salaries, per diem, travel expenses, relocation expenses, and any additional  
28 allowances for

29 (A) the governor, the lieutenant governor, and the chiefs of  
30 staff of the governor and lieutenant governor;

31 (B) the president and vice-president of the University of Alaska

1 and the chancellors of the individual campuses of the university;

2 (C) the commissioners or other executive heads of the principal  
3 departments in the executive branch of state government, and the deputy  
4 commissioners and division directors in those departments; and

5 (D) the executive heads of public corporations created by law,  
6 including the Alaska Railroad Corporation **and the Alaska Marine Highway**  
7 **System Corporation**.

8 \* **Sec. 35.** AS 37.05.550(a) is amended to read:

9 (a) There is in the general fund the Alaska marine highway system vessel  
10 replacement fund. The fund consists of money appropriated to it by the legislature.  
11 Money appropriated to the fund does not lapse. The **Alaska Marine Highway System**  
12 **Corporation** [DEPARTMENT OF REVENUE] shall manage the fund. Interest  
13 received on money in the fund shall be accounted for separately and may be  
14 appropriated into the fund annually. The legislature may appropriate money from the  
15 fund for refurbishment of existing **Alaska marine highway system** [STATE FERRY]  
16 vessels, acquisition of additional **Alaska marine highway system** [STATE FERRY]  
17 vessels, or replacement of retired or outmoded state ferry vessels.

18 \* **Sec. 36.** AS 37.05.550(c) is amended to read:

19 (c) The **Alaska Marine Highway System Corporation** [DEPARTMENT OF  
20 REVENUE] shall prepare a written report, **not** [NO] later than the 10th legislative day  
21 of each regular legislative session, regarding the earnings of the Alaska marine  
22 highway system vessel replacement fund during the **previous** [PRIOR] fiscal year and  
23 projected earnings of the Alaska marine highway system vessel replacement fund for  
24 the current fiscal year and the next fiscal year. The **Alaska Marine Highway System**  
25 **Corporation** [DEPARTMENT OF REVENUE] shall **submit the report to the**  
26 **senate secretary and chief clerk of the house of representatives and** notify the  
27 legislature that the report is available.

28 \* **Sec. 37.** AS 37.07.120(1) is amended to read:

29 (1) "agency" means a department, officer, institution, board,  
30 commission, bureau, division, or other administrative unit forming the state  
31 government and includes the Alaska Pioneers' Home, the Alaska Veterans' Home,

1 [AND] the University of Alaska, **and the Alaska Marine Highway System**  
 2 **Corporation**, but does not include the legislature or the judiciary;

3 \* **Sec. 38.** AS 39.20.310 is amended to read:

4 **Sec. 39.20.310. Exceptions.** Except as provided in AS 39.20.275,  
 5 AS 39.20.200 - 39.20.330 do not apply to

6 (1) members of the state legislature, the governor, the lieutenant  
 7 governor, and justices and judges of the supreme and superior courts and of the court  
 8 of appeals, but nothing in AS 39.20.200 - 39.20.330 may be construed to diminish the  
 9 salaries fixed by law for these officers by reason of absence from duty on account of  
 10 illness or otherwise;

11 (2) magistrates serving the state on less than a full-time basis;

12 (3) officers, members of the teaching staff, and employees of the  
 13 University of Alaska;

14 (4) persons employed in a professional capacity to make a temporary  
 15 and special inquiry, study, or examination as authorized by the governor, the  
 16 legislature, or a legislative committee;

17 (5) members of boards, commissions, and authorities who are not  
 18 otherwise employed by the state;

19 (6) temporary employees hired for periods of less than 12 consecutive  
 20 months;

21 (7) persons employed by the **Alaska Marine Highway System**  
 22 **Corporation; this paragraph includes persons employed** [DIVISION OF MARINE  
 23 TRANSPORTATION] as masters and members of the crews operating the **Alaska**  
 24 **marine highway** [STATE FERRY] system who are covered by collective bargaining  
 25 agreements as provided in AS 23.40.040, except as expressly provided by law;

26 (8) persons employed by the state who are covered by collective  
 27 bargaining agreements as provided in AS 23.40.210, except as expressly provided by  
 28 law.

29 \* **Sec. 39.** AS 39.20.550(7) is amended to read:

30 (7) "state" includes the University of Alaska, the Alaska Railroad, **the**  
 31 **Alaska Marine Highway System Corporation**, and the executive, legislative, and

1 judicial branches of state government including public and quasi-public corporations  
2 and authorities established by law.

3 \* **Sec. 40.** AS 39.25.110(16) is amended to read:

4 (16) persons employed by the division of marine transportation, **or by**  
5 **the Alaska Marine Highway System Corporation,** as masters and members of the  
6 crews of vessels who operate the **Alaska marine highway** [STATE FERRY] system  
7 and who are covered by a collective bargaining agreement provided in AS 23.40.040,  
8 **and other employees of the Alaska Marine Highway System Corporation;**

9 \* **Sec. 41.** AS 39.25.110(16), as amended by sec. 40 of this Act, is amended to read:

10 (16) persons employed by the [DIVISION OF MARINE  
11 TRANSPORTATION, OR BY THE] Alaska Marine Highway System Corporation [,]  
12 as masters and members of the crews of vessels who operate the Alaska marine  
13 highway system and who are covered by a collective bargaining agreement provided  
14 in AS 23.40.040, and other employees of the Alaska Marine Highway System  
15 Corporation;

16 \* **Sec. 42.** AS 39.35.680(22) is amended to read:

17 (22) "member" or "employee"

18 (A) means a person eligible to participate in the plan and who  
19 is covered by the plan;

20 (B) includes

21 (i) an active member;

22 (ii) an inactive member;

23 (iii) a vested member;

24 (iv) a deferred vested member;

25 (v) a nonvested member;

26 (vi) a disabled member;

27 (vii) a retired member;

28 (viii) an elected public officer under AS 39.35.381;

29 (C) does not include

30 (i) former members;

31 (ii) persons compensated on a contractual or fee basis;

1 (iii) casual or emergency workers or nonpermanent  
2 employees as defined in AS 39.25.200;

3 (iv) persons covered by the Alaska Teachers'  
4 Retirement System except as provided under AS 39.35.131 and  
5 39.35.381, or persons covered by a university retirement program;

6 (v) employees of the **Alaska Marine Highway System**  
7 **Corporation** [DIVISION OF MARINE TRANSPORTATION]  
8 engaged in operating the **Alaska marine highway** [STATE FERRY]  
9 system who are covered by a union or group retirement system to  
10 which the **Alaska Marine Highway System Corporation** [STATE]  
11 makes contributions;

12 (vi) justices of the supreme court or judges of the court  
13 of appeals or of the superior or district courts of Alaska;

14 (vii) the administrative director of the Alaska Court  
15 System appointed under art. IV, sec. 16 of the state constitution unless  
16 the director becomes a member under AS 39.35.158;

17 (viii) members of the elected public officers' retirement  
18 system (former AS 39.37); and

19 (ix) contractual employees of the legislative branch of  
20 state government under AS 24.10.060(f);

21 (D) may include employees [OF THE DIVISION OF  
22 MARINE TRANSPORTATION] excluded under (C)(v) of this paragraph **if**  
23 [PROVIDED THAT]

24 (i) the [STATE OF] Alaska **Marine Highway System**  
25 **Corporation** formally agrees to their inclusion through the process of  
26 collective bargaining; and

27 (ii) no collective bargaining agreement has the effect of  
28 obligating contributions made by the state under AS 39.30.150 in the  
29 event the state resumes participation in the federal social security  
30 system;

31 \* **Sec. 43.** AS 39.35.680 is amended by adding a new paragraph to read:



1 (44) "Alaska Marine Highway System Corporation" means the  
2 corporation established by AS 42.50.010.

3 \* **Sec. 44.** AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (65) the board of directors of the Alaska Marine Highway System  
5 Corporation (AS 42.50.020 - 42.50.060).

6 \* **Sec. 45.** AS 39.52.960(2) is amended to read:

7 (2) "agency" means a department, office of the governor, or entity in  
8 the executive branch, including [BUT NOT LIMITED TO] the University of Alaska,  
9 public or quasi-public corporations, boards or commissions, [AND] the Alaska  
10 Railroad Corporation, **and the Alaska Marine Highway System Corporation;**

11 \* **Sec. 46.** AS 39.90.140(4) is amended to read:

12 (4) "public body" includes an officer or agency of

13 (A) the federal government;

14 (B) the state;

15 (C) a political subdivision of the state including

16 (i) a municipality;

17 (ii) a school district; and

18 (iii) a regional educational attendance area;

19 (D) a public or quasi-public corporation or authority  
20 established by state law including the Alaska Railroad Corporation **and the**  
21 **Alaska Marine Highway System Corporation;** and

22 (E) the University of Alaska.

23 \* **Sec. 47.** AS 40.25.110(g) is amended to read:

24 (g) Notwithstanding other provisions of this section to the contrary, the board  
25 of directors of the Alaska Railroad Corporation, **and the Alaska Marine Highway**  
26 **System Corporation,** may establish reasonable fees for the inspection and copying of  
27 public records, including record searches.

28 \* **Sec. 48.** AS 40.25.115(g) is amended to read:

29 (g) Each public agency shall establish the fees for the electronic services and  
30 products provided under this section. The governor may cancel the fees established by  
31 a public agency in the executive branch, except the fees of the University of Alaska,

1 [AND] the Alaska Railroad Corporation, **and the Alaska Marine Highway System**  
 2 **Corporation**, if the governor determines that the fees are unreasonably high.

3 \* **Sec. 49.** AS 40.25.115(i) is amended to read:

4 (i) A public agency other than a municipality, [OR] the Alaska Railroad  
 5 Corporation, **and the Alaska Marine Highway System Corporation** shall separately  
 6 account for the fees received by the agency under this section and deposited in the  
 7 general fund. The annual estimated balance in the account may be used by the  
 8 legislature to make appropriations to the agency to carry out the activities of the  
 9 agency.

10 \* **Sec. 50.** AS 40.25.123(a) is amended to read:

11 (a) The Department of Administration shall supervise and adopt regulations  
 12 for the operation and implementation of AS 40.25.110 - 40.25.140 by public agencies  
 13 in the executive branch, except the Alaska Railroad Corporation **and the Alaska**  
 14 **Marine Highway System Corporation**.

15 \* **Sec. 51.** AS 40.25.220(2) is amended to read:

16 (2) "public agency" means a political subdivision, department,  
 17 institution, board, commission, division, authority, public corporation, council,  
 18 committee, or other instrumentality of the state or a municipality; "public agency"  
 19 includes the University of Alaska, [AND] the Alaska Railroad Corporation, **and the**  
 20 **Alaska Marine Highway System Corporation**;

21 \* **Sec. 52.** AS 40.25.350(3) is amended to read:

22 (3) "state agency"

23 (A) means a department, institution, board, commission,  
 24 division, authority, public corporation, committee, or other administrative unit  
 25 of the executive, judicial, or legislative branch of state government, including  
 26 the University of Alaska;

27 (B) does not include the Alaska Railroad Corporation **or the**  
 28 **Alaska Marine Highway System Corporation**.

29 \* **Sec. 53.** AS 42 is amended by adding a new chapter to read:

30 **Chapter 50. Alaska Marine Highway System Corporation.**

31 **Article 1. Establishment and Organization.**

1           **Sec. 42.50.010. Establishment of the corporation.** The Alaska Marine  
2 Highway System Corporation is established as a public corporation and  
3 instrumentality of the state within the Department of Commerce, Community, and  
4 Economic Development. The corporation has a legal existence independent of and  
5 separate from the state.

6           **Sec. 42.50.020. Board of directors.** (a) The board of directors shall exercise  
7 the powers of the corporation.

8           (b) The board consists of

9                   (1) the commissioner of commerce, community, and economic  
10 development; the commissioner may not designate another person to serve in this  
11 position;

12                   (2) the commissioner of transportation and public facilities; and

13                   (3) five members appointed by the governor.

14           (c) The five members appointed by the governor shall meet the following  
15 criteria:

16                   (1) each member shall be a resident of the state;

17                   (2) four of the members shall have experience in business operations,  
18 transportation, or finance; and

19                   (3) one member shall be a member of the general public.

20           **Sec. 42.50.030. Terms of office.** Except for the commissioners under  
21 AS 42.50.020(b)(1) and (2), the members of the board serve at the pleasure of the  
22 governor for staggered terms of five years.

23           **Sec. 42.50.040. Vacancies.** (a) Except for the commissioners under  
24 AS 42.50.020(b)(1) and (2), the governor shall fill a vacancy on the board by  
25 appointing another person. Notwithstanding AS 39.05.080(4), a member appointed to  
26 fill a vacancy serves for the balance of the term for which the member's predecessor  
27 was appointed.

28           (b) A vacancy on the board does not impair the authority of a quorum of  
29 members to exercise the powers and perform the duties of the board.

30           **Sec. 42.50.050. Compensation and expenses.** (a) An appointed member of  
31 the board is entitled to compensation at a rate of \$400 for each day the member is

1 engaged in the actual performance of duties as a member of the board. The board may  
 2 provide by regulation for compensation for partial days during which an appointed  
 3 member is engaged in actual performance of duties as a member of the board.

4 (b) In addition to compensation under (a) of this section, an appointed member  
 5 of the board is entitled to per diem and travel expenses authorized for state boards and  
 6 commissions under AS 39.20.180.

7 (c) A member of the board whose term has expired shall serve until a  
 8 successor has been appointed.

9 **Sec. 42.50.060. Board officers.** The board shall elect from among the  
 10 members of the board a chair and vice-chair and establish the duties of the chair and  
 11 vice-chair by regulation.

## 12 **Article 2. Management.**

13 **Sec. 42.50.100. Management by the board.** (a) The board is responsible for  
 14 the management of the corporation.

15 (b) In managing the corporation, the board

16 (1) is responsible for the management of the financial and legal  
 17 obligations of the Alaska marine highway system;

18 (2) shall operate the Alaska marine highway system as a commercial  
 19 entity that is available to the public for the transportation of goods and passengers at  
 20 set rates;

21 (3) shall provide for the safe, efficient, and economical transportation  
 22 of goods and passengers to meet the needs of the state;

23 (4) shall review all state and other land disposal proposals to aid in  
 24 planning for future development or expansion of transportation services; and

25 (5) shall ensure that the accounting procedures of the corporation meet  
 26 generally accepted accounting principles consistent with industry standards for  
 27 comparable transportation systems.

28 **Sec. 42.50.110. Executive officers.** (a) The board shall appoint a chief  
 29 executive officer and a chief financial officer of the corporation. A member of the  
 30 board may not be the chief executive officer or chief financial officer. The chief  
 31 executive officer and chief financial officer serve at the pleasure of the board.

1 (b) In addition to the officers appointed under (a) of this section, the board  
2 may appoint other executive officers for the corporation.

3 (c) The board shall set the compensation for an executive officer appointed  
4 under this section.

5 **Sec. 42.50.120. Delegation.** (a) The board shall by regulation delegate to the  
6 chief executive officer the powers and duties that are necessary or appropriate for the  
7 management of the daily affairs and operation of the corporation. The board may by  
8 regulation require the exercise of a delegated power or duty to be subject to board  
9 approval.

10 (b) The board may delegate the following powers and duties to the chief  
11 executive officer or other executive officers designated by the board:

12 (1) leasing, subject to AS 42.50.350, granting easements in, issuing  
13 permits for the use of, or conveying other interests in property;

14 (2) establishing specific rates, tariffs, divisions, and contract rate  
15 agreements;

16 (3) making routine changes in service levels;

17 (4) establishing procurement and accounting procedures for the  
18 corporation; and

19 (5) performing procurement activities.

20 (c) Notwithstanding (a) and (b) of this section, specific board approval is  
21 required to

22 (1) mortgage or pledge corporation assets;

23 (2) donate property or other assets belonging to the corporation;

24 (3) act as a surety or guarantor;

25 (4) adopt a long-range capital improvement and program plan;

26 (5) adopt annual reports;

27 (6) effect general comprehensive increases and decreases in rates;

28 (7) expand or reduce services in a significant way;

29 (8) expand ferry routes;

30 (9) select independent auditors and accountants;

31 (10) enter into collective bargaining agreements;

- 1 (11) adopt annual budgets;
- 2 (12) begin a capital project with an estimated completion cost of more  
3 than \$500,000 or an estimated completion time of more than one year;
- 4 (13) exchange, donate, sell, or otherwise convey the entire interest in  
5 an asset of the corporation;
- 6 (14) exercise the power of eminent domain.

7 **Article 3. Administrative Provisions.**

8 **Sec. 42.50.150. Meetings of the board.** (a) The chair of the board shall call  
9 meetings of the board at least once every three months. The chair or a majority of the  
10 members of the board may call other meetings of the board as necessary. The chair  
11 shall preside at meetings.

12 (b) The meetings of the board are open to the public under AS 44.62.310,  
13 except as provided by AS 44.62.310 for executive sessions. The board shall provide  
14 by regulation for a method of providing reasonable notice to the public of its meetings.

15 (c) The board shall keep minutes of each meeting.

16 **Sec. 42.50.160. Quorum and voting.** (a) Four voting members of the board  
17 constitute a quorum for the transaction of business.

18 (b) Four affirmative votes are required for board action. The board shall  
19 provide by regulation for the manner of voting, except that the board may not provide  
20 for voting by proxy. The regulations may provide for voting and conferring by  
21 telecommunication and electronic devices.

22 **Sec. 42.50.170. Executive sessions.** In addition to the subjects listed in  
23 AS 44.62.310(c), the board may hold an executive session to discuss matters relating  
24 to the corporation's legal position and to the corporation's acquisition or disposal of  
25 assets.

26 **Sec. 42.50.180. Regulations.** (a) The board shall adopt, amend, supplement,  
27 revise, or repeal regulations to carry out its functions and the purposes of this chapter.  
28 The regulations shall include provisions to safeguard property owned, managed, or  
29 transported by the corporation and to protect employees and persons using the  
30 corporation's property or services. The adoption of regulations is not subject to  
31 AS 44.62 (Administrative Procedure Act), but the board shall comply with

1 AS 42.50.185 and 42.50.190 when adopting regulations.

2 (b) A regulation authorized by (a) of this section must establish a standard of  
3 general application for the corporation to implement, interpret, or make specific the  
4 law enforced or administered by it or to govern its procedures.

5 **Sec. 42.50.185. Procedures for adopting regulations.** (a) At least 30 days  
6 before the adoption of a regulation, the board shall give public notice of the proposed  
7 regulation action by publishing a notice in at least three newspapers of general  
8 circulation in the state, by posting the notice on the Alaska Online Public Notice  
9 System (AS 44.62.175), and by mailing a copy of the notice to each person who has  
10 requested notice of the proposed adoption, amendment, or repeal of the corporation's  
11 regulations. The notice must state the time, place, and nature of the proceedings and  
12 must contain a summary of the subject of the proposed regulation. In this subsection,  
13 "newspaper of general circulation" has the meaning given in AS 09.35.140(d).

14 (b) On the date and at the time and place designated in the notice required  
15 under (a) of this section, the board shall provide each interested person an opportunity  
16 to present statements in writing concerning the proposed regulation action and shall  
17 give members of the public an opportunity to present oral statements.

18 (c) The board shall consider all relevant matters presented to it before  
19 adopting a regulation. The board may take action on a regulation that varies in content  
20 from the summary provided with the notice of the proposed regulation action if the  
21 subject of the regulation was reflected in the summary and it provided reasonable  
22 notice to the members of the public as to whether their interests could be affected by  
23 the board's action on that subject.

24 (d) If necessary, the board shall establish in the bylaws of the corporation  
25 additional procedures for adopting regulations.

26 **Sec. 42.50.190. Emergency regulations.** (a) The board shall establish in the  
27 bylaws of the corporation a procedure for the adoption of a regulation on an  
28 emergency basis. The board may adopt an emergency regulation only when necessary  
29 for the orderly operation of the Alaska marine highway system. The requirements of  
30 AS 42.50.185 do not apply to actions taken under this section. However, within 10  
31 days after the adoption of a regulation on an emergency basis, the board shall give

1 notice of its action. The notice must substantially comply with the notice requirements  
2 of AS 42.50.185(a).

3 (b) An action taken under this section remains in effect for not more than 120  
4 days. To prevent an emergency regulation from lapsing, the board may adopt the same  
5 regulation under AS 42.50.185 before the end of the 120-day period.

6 **Sec. 42.50.200. Validity of regulations.** (a) Failure to mail notice to a person  
7 under AS 42.50.185(a) or 42.50.190(a) does not invalidate an action taken by the  
8 board.

9 (b) An interested person may challenge a regulation adopted by the board by  
10 bringing an action in the superior court. In addition to other grounds, a court may  
11 declare the adoption, amendment, or repeal of a regulation invalid

12 (1) for substantial failure by the board to comply with AS 42.50.185 or  
13 42.50.190; or

14 (2) if the regulation was adopted under AS 42.50.190, on the grounds  
15 that the emergency regulation was not necessary for the orderly operation of the  
16 Alaska marine highway system.

17 **Sec. 42.50.210. Application of regulation adoption requirements.** Adoption  
18 of a regulation is not subject to AS 42.50.180 - 42.50.190 if the regulation

19 (1) relates only to the internal management of the corporation;

20 (2) relates to specific rates, tariffs, divisions, and contract rate  
21 agreements;

22 (3) relates to service schedules; or

23 (4) is directed to a specifically named person or to a group of persons  
24 and does not apply to the general public.

25 **Sec. 42.50.220. Public disclosure of information.** (a) Except as provided  
26 under (b) of this section, information in the possession of the corporation is public and  
27 is open to public inspection at reasonable times under AS 40.25.110.

28 (b) The corporation may by regulation designate and withhold public  
29 disclosure of matters of a privileged or proprietary nature. Those matters include  
30 personnel records, communications with and work product of legal counsel, and  
31 proprietary information associated with specific shippers, divisions, and contract rate



1 agreements.

2 **Sec. 42.50.230. Internet website.** The corporation shall establish or participate  
3 with the Department of Administration or another governmental agency in using or  
4 creating an Internet website for the corporation. The Internet website must be  
5 accessible in all communities in the state that have the capability of accessing the  
6 Internet, including communities in the unorganized borough, and must be accessible at  
7 the lowest Internet website access speed that is used in the state.

8 **Sec. 42.50.240. Service schedules.** Except in the case of an emergency, before  
9 the corporation establishes a service schedule for the Alaska marine highway system  
10 or changes a service schedule, the corporation shall publish a notice of the proposed  
11 service schedule or service schedule change on the Internet website established under  
12 AS 42.50.230 for at least 30 days and allow members of the public to comment on the  
13 proposed service schedule or service schedule change.

#### 14 **Article 4. Powers and Duties.**

15 **Sec. 42.50.250. General powers.** In addition to the exercise of other powers  
16 authorized by law, the corporation may

- 17 (1) adopt a seal;
- 18 (2) adopt bylaws governing the business of the corporation;
- 19 (3) sue and be sued;
- 20 (4) appoint trustees and agents of the corporation and establish their  
21 powers and duties;
- 22 (5) have the Department of Law represent the corporation or have an  
23 attorney who is an employee of the corporation represent the corporation;
- 24 (6) make contracts and execute written documents necessary or  
25 convenient in the exercise of the corporation's powers and duties;
- 26 (7) acquire by purchase, lease, bequest, devise, gift, exchange, the  
27 satisfaction of debts, the foreclosure of mortgages, or other method, personal property,  
28 rights, rights-of-way, franchises, easements, and interests in land;
- 29 (8) hold, maintain, use, operate, improve, lease, exchange, donate,  
30 convey, alienate, encumber, or otherwise grant a security interest in, or authorize use  
31 or dispose of, real property or personal property, subject to other provisions of this

1 chapter;

2 (9) contract with and accept transfers, gifts, grants of money or  
3 property, or loans from the United States and the state or its political subdivisions,  
4 subject to other provisions of federal or state law or municipal ordinances;

5 (10) undertake and provide for the management, operation,  
6 maintenance, use, and control of all of the property of the corporation, including all  
7 real property and personal property of the Alaska marine highway system transferred  
8 under this chapter;

9 (11) recommend to the legislature and the governor tax, financing, or  
10 financial arrangements the corporation considers appropriate for expansion or  
11 extension and operation of the Alaska marine highway system;

12 (12) maintain offices and ferry terminal facilities at places designated  
13 by the corporation;

14 (13) apply to the state, the United States, and foreign countries or other  
15 proper agencies for the permits, licenses, rights-of-way, or approvals necessary to  
16 construct, maintain, and operate transportation and related services, and obtain, hold,  
17 and reuse the licenses and permits in the same manner as other operators of ferry  
18 vessel systems;

19 (14) set the rates to be charged for services provided by the Alaska  
20 marine highway system;

21 (15) determine the routes, schedules, and types of service to be  
22 provided by the Alaska marine highway system;

23 (16) enter into contracts, leases, and other agreements with connecting  
24 carriers, shippers, and other persons related to the services, activities, operations,  
25 property, vessels, and ferry terminal facilities of the corporation;

26 (17) plan for and undertake expansion of the Alaska marine highway  
27 system and contract with other modes of transportation service connecting to the  
28 Alaska marine highway system;

29 (18) hire and discharge Alaska marine highway system personnel and  
30 determine the hours of employment, the compensation and fringe benefits, and the  
31 personnel policies affecting the working conditions of employees, except for the

1 general policies describing the function and purposes of an employer;

2 (19) consent to the modification of the rate of interest, to the time of  
3 payment of an installment of principal or interest, or to another term of a loan,  
4 contract, or agreement to which the corporation is a party;

5 (20) acquire, hold, and dispose of stock, memberships, contracts,  
6 general partnership interests, limited partnership interests, or interests in another  
7 corporation, association, partnership, joint venture, or other legal entity, and exercise  
8 the powers or rights in connection with the interests that are provided in agreements  
9 and that are allowed by law concerning the satisfaction of debts;

10 (21) create one or more subsidiary corporations that are partially or  
11 wholly owned or controlled by the corporation;

12 (22) undertake and provide for the acquisition, construction,  
13 maintenance, equipping, and operation of vessels, ferry terminal facilities, and related  
14 programs;

15 (23) enter into agreements with a state agency or other instrumentality  
16 of the state;

17 (24) do all things necessary or desirable to carry out the powers and  
18 duties of the corporation granted or necessarily implied in this chapter, other laws of  
19 the state, federal government laws, or federal government regulations.

20 **Sec. 42.50.260. Audit.** (a) The board shall have the financial records of the  
21 corporation audited annually by an independent certified public accountant  
22 experienced in marine transportation system accounting.

23 (b) The corporation shall make all of its financial records available for  
24 examination by an auditor appointed by the governor and the legislative audit division  
25 established by AS 24.20.241. The disclosure of this information to the public by the  
26 auditor or legislative audit division is subject to AS 42.50.220 and the regulations  
27 implementing that section.

28 **Sec. 42.50.270. Operations and performance report.** (a) Not later than 90  
29 days after the corporation's fiscal year ends, the board shall submit to the governor,  
30 senate secretary, and chief clerk of the house of representatives an operations and  
31 performance report on the fiscal year that just ended.

1 (b) The operations and performance report required under (a) of this section  
2 must

3 (1) include the results of the financial audit performed under  
4 AS 42.50.260(a) for the fiscal year;

5 (2) provide the number of passengers and vehicles carried by the  
6 vessels of the Alaska marine highway system during the fiscal year;

7 (3) itemize the costs during the fiscal year of providing each category  
8 of service offered by the Alaska marine highway system and the income generated by  
9 each category;

10 (4) provide the status at the end of the fiscal year of vessel and  
11 building replacement and maintenance projects under the comprehensive long-range  
12 plan required under AS 19.65.011 for the Alaska marine highway system;

13 (5) describe the activities planned by the corporation for the next fiscal  
14 year, including, as applicable,

15 (A) any expansion, reduction, or diversification of the services  
16 that were provided by the Alaska marine highway system on the date of  
17 transfer or under this chapter, if the board determines the expansion, reduction,  
18 or diversification represents a significant and permanent change in the level  
19 and nature of services provided; the description must describe the proposed  
20 undertaking in detail and specify

21 (i) the undertaking's financial effect on the corporation;

22 (ii) the undertaking's effect on the level and nature of  
23 services provided by the Alaska marine highway system; and

24 (iii) the reasons the undertaking is necessary or  
25 desirable to achieve the purposes of this chapter;

26 (B) any proposal for an appropriation of money to pay for the  
27 services of the Alaska marine highway system;

28 (C) the exchange, donation, sale, or other conveyance of an  
29 entire interest in an asset of the Alaska marine highway system;

30 (D) acquisition of a vessel;

31 (E) the addition or removal of a port of call; and

1 (F) the lease of corporation land for more than 95 years unless  
2 the corporation reserves the right to terminate the lease if the land is needed for  
3 the Alaska marine highway system;

4 (6) suggestions for legislation relating to the structure, powers, duties,  
5 or operations of the corporation or to the operation, vessels, ferry terminal facilities, or  
6 motor vehicles of the corporation; and

7 (7) at least every five years, revisions and updates to the  
8 comprehensive long-range plan required under AS 19.65.011.

9 (c) In this section, "date of transfer" means the date on which the state  
10 transfers the assets of the Alaska marine highway system to the corporation.

11 **Sec. 42.50.280. Required travel and compensation report.** In addition to the  
12 operations and performance report required under AS 42.50.270, the board shall file a  
13 travel and compensation report with the Department of Administration by January 21  
14 of each year as required under AS 37.05.210.

15 **Sec. 42.50.300. Use of corporation assets.** The corporation shall apply all  
16 money, property, other assets, and credit of the corporation toward activities  
17 authorized by this chapter. The corporation may not issue shares of stock, pay  
18 dividends, make private distributions of assets, make loans to board members or  
19 employees, or engage in business for private benefit. A person having the possession  
20 or control of the money, property, or other asset, or the credit of the corporation, may  
21 not use the asset or credit for a purpose that is not authorized by this chapter or other  
22 law.

23 **Sec. 42.50.310. Maintenance of motor vehicles.** The board shall determine  
24 whether the Department of Transportation and Public Facilities or another person will  
25 maintain and service the rolling stock of motor vehicles used by the corporation to  
26 operate the Alaska marine highway system. If the Department of Transportation and  
27 Public Facilities performs the maintenance or service, the corporation shall pay the  
28 Department of Transportation and Public Facilities a reasonable price for the  
29 maintenance or service.

30 **Sec. 42.50.320. Indemnification.** (a) If the person acted in good faith on  
31 behalf of the corporation and within the scope of official duties or powers, the

1 corporation may defend and indemnify a current or former member of the board,  
 2 employee, or agent of the corporation against all costs, expenses, judgments, and  
 3 liabilities, including attorney fees, incurred by or imposed on that person in connection  
 4 with a civil or criminal action in which the person is involved by affiliation with the  
 5 corporation.

6 (b) The corporation may purchase insurance to protect and hold personally  
 7 harmless its employees, agents, and board members from an action, claim, or  
 8 proceeding arising out of the performance, purported performance, or failure of  
 9 performance, in good faith, of duties for, or employment with, the corporation and to  
 10 hold its employees, agents, and board members harmless from expenses connected  
 11 with the defense, settlement, or monetary judgments arising from the action, claim, or  
 12 proceeding. The purchase of insurance is discretionary with the board, and the  
 13 insurance is not considered to be compensation to the insured person.

#### 14 **Article 5. Corporation Property.**

15 **Sec. 42.50.350. Property leases, easements, permits, and disposals.** (a) The  
 16 corporation may lease, subject to (b) of this section, grant easements in or permits for,  
 17 or otherwise authorize use of portions of corporation property. However, the  
 18 corporation may not convey its entire interest in any of its property, except as provided  
 19 by AS 42.50.355, 42.50.370(d), and 42.50.400.

20 (b) If the corporation makes a lease or other disposal of property to a party  
 21 other than the state, the lease or disposal must be made for fair market value as  
 22 determined by a qualified appraiser, or made by competitive bidding.

#### 23 **Sec. 42.50.355. Sale of property not necessary for corporation purposes.**

24 (a) The corporation may sell corporation property if the board finds that

25 (1) the property is not necessary for the purposes of the corporation;  
 26 and

27 (2) the sale is in the best interest of the state.

28 (b) The sale of land is subject to the terms and conditions of this section and  
 29 AS 42.50.350(b).

30 (c) Before offering property for sale under this section, the corporation shall

31 (1) publish public notice of the proposed sale that includes the finding

1 by the board that the property is not necessary for the purposes of the corporation and  
2 that the sale is in the best interest of the state; and

3 (2) provide notice to persons having a leasehold interest in the property  
4 proposed to be sold and offer the leaseholders the right of first refusal.

5 (d) The corporation shall separately account for the proceeds from the sale of  
6 property under this section and shall report the earnings and balance in the account in  
7 the operations and performance report required under AS 42.50.270. The legislature  
8 may appropriate money in the account to the corporation for the operation of the  
9 corporation. Nothing in this section creates a dedicated fund.

10 **Sec. 42.50.360. Request for property.** The board may identify land that is  
11 necessary or useful for present or future purposes of the Alaska marine highway  
12 system, and request the commissioner of natural resources to convey the land,  
13 including land not contiguous with a ferry terminal facility, if the state owns the land  
14 or the land has been tentatively approved for transfer to the state. The request must  
15 include a statement of and justification for the present or future corporation use. Upon  
16 receipt of a request, the commissioner shall temporarily reserve the land identified in  
17 the request for corporation purposes and defer disposal or lease of that land under  
18 other laws to a party other than the corporation. The temporary reservation of land is  
19 subject to valid existing rights and remains in effect for 180 days.

20 **Sec. 42.50.370. Conveyance of property.** (a) Within 90 days after receiving a  
21 request under AS 42.50.360, the commissioner of transportation and public facilities  
22 shall, by written decision,

23 (1) designate the identified property for corporation purposes and,  
24 subject to valid existing rights, convey the state's interests in the land to the  
25 corporation;

26 (2) notify the corporation of reasons for refusal to designate the  
27 identified land for corporation purposes; or

28 (3) approve the request in part and convey the part that is approved.

29 (b) A conveyance of property under this section may be for less than the  
30 appraised value of the property, as determined by the commissioner of natural  
31 resources.

1 (c) In the absence of a reservation to the contrary, a conveyance of land under  
2 this section gives to the corporation ownership and control of the surface of the land,  
3 the material on and under the surface of the land, and the mineral estate in the land,  
4 including the right to extract or use timber and other construction materials, sand,  
5 gravel, and rock, and the right to tunnel, ditch, recontour, excavate, or otherwise use  
6 the land for transportation, transmission, communication, and related purposes of the  
7 Alaska marine highway system.

8 (d) The corporation may reconvey to the state property received under this  
9 section that the corporation and the commissioner of natural resources jointly identify  
10 as unnecessary or unsuitable for the corporation's purposes.

11 **Sec. 42.50.385. Eminent domain.** (a) The corporation may exercise the power  
12 of eminent domain under AS 09.55.240 - 09.55.460 to acquire land for corporation  
13 purposes consistent with this chapter. Notwithstanding AS 09.55.250, the corporation  
14 may acquire a fee simple title when the board determines that ownership of a fee  
15 simple title is necessary to carry out the purposes of this chapter.

16 (b) The corporation may file a declaration of taking in the manner provided  
17 for the state under AS 09.55.420.

18 (c) The power of eminent domain under this section includes the power to  
19 obtain clay, gravel, sand, timber, rock, or other material for the operation of the  
20 corporation, the land necessary to obtain the material, and access to the land and  
21 material.

22 (d) The governor must approve the exercise of eminent domain before the  
23 corporation exercises the power under this section.

24 **Sec. 42.50.400. Vacation of easements.** The corporation may vacate an  
25 easement acquired under this chapter by executing and filing a deed in the appropriate  
26 recording district.

27 **Sec. 42.50.420. Public use of corporation land.** Upon request of a  
28 municipality or the state, the corporation may authorize use of corporation land for  
29 public purposes.

30 **Sec. 42.50.430. Acquisition of state property.** The corporation may acquire in  
31 its own name property under the control of a state agency that is useful for the



1 corporation's purposes. The corporation may acquire from the Department of  
2 Administration state property made available under AS 44.68.110 - 44.68.140.

3 **Sec. 42.50.435. Exchange of land.** The corporation may exchange land with  
4 the United States, municipalities, individuals, and corporations, including corporations  
5 formed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act).

6 **Sec. 42.50.440. Adverse possession; prescriptive easements.** A person may  
7 not acquire by adverse possession or prescriptive easement, or in any other manner  
8 except by conveyance from or formal vacation by the corporation, title to or an interest  
9 in land owned by the corporation or under its jurisdiction.

#### 10 **Article 6. Financial Provisions.**

11 **Sec. 42.50.500. Limitation of liability.** A person does not have a right of  
12 action against the state because of a debt, obligation, or liability of the corporation and  
13 may satisfy the debt, obligation, or liability only from the assets or revenue of the  
14 corporation.

15 **Sec. 42.50.510. Fidelity bond.** The corporation may obtain a fidelity bond in  
16 an amount determined by the board for board members and each executive officer  
17 responsible for accounts and finances. The bond must be in effect during the entire  
18 tenure in office of the bonded person.

19 **Sec. 42.50.520. Insurance.** In addition to the insurance allowed under  
20 AS 42.50.320(b), if the board determines the insurance purchase prudent, the board  
21 shall protect corporation assets, services, and employees by purchasing liability and  
22 casualty insurance.

23 **Sec. 42.50.530. Revenue.** The corporation shall deposit the revenue generated  
24 by the corporation in the Alaska marine highway system fund created under  
25 AS 19.65.060.

26 **Sec. 42.50.540. Appropriations.** The corporation may request, with the  
27 concurrence of the governor, a direct appropriation or grant from the legislature to  
28 assist in carrying out the provisions of this chapter.

#### 29 **Article 7. Bonds.**

30 **Sec. 42.50.600. General provisions.** (a) The corporation may issue bonds by  
31 resolution of the board to provide money to carry out the purposes of the corporation.

1 The board shall determine the types of bonds that the corporation may issue.

2 (b) Bonds may be issued in one or more series and shall, as provided by the  
3 resolution of the board,

4 (1) be dated;

5 (2) bear fixed or variable interest at a specified rate or rates per year or  
6 within a maximum rate;

7 (3) be in a specified denomination;

8 (4) be in a coupon or registered form;

9 (5) carry conversion or registration provisions;

10 (6) have a specified rank or priority;

11 (7) be executed in the specified manner and form;

12 (8) be payable as specified from the sources, in the medium of  
13 payment, and place or places inside or outside the state;

14 (9) be subject to authentication by a trustee or fiscal agent; and

15 (10) be subject to terms of redemption with or without premium.

16 (c) Bonds may be sold in the manner, on the terms, and at the price the board  
17 determines. Notes shall mature at the time or times determined by the board. Except  
18 for bond anticipation notes, notes, or other obligations, bonds shall mature at the time,  
19 not exceeding 50 years after their date, determined by the board.

20 **Sec. 42.50.610. Negotiable instruments.** Bonds issued under this chapter and  
21 interest coupons attached to them are negotiable instruments under the laws of this  
22 state, subject only to applicable provisions for registration.

23 **Sec. 42.50.620. Bonds eligible for investment.** Bonds issued under this  
24 chapter are securities in which all public officers and public bodies of the state and the  
25 state's political subdivisions, all insurance companies, trust companies, banking  
26 associations, investment companies, executors, administrators, trustees, and other  
27 fiduciaries may properly invest funds, including capital in their control or belonging to  
28 them. These bonds may be deposited with a state or municipal officer of an agency or  
29 political subdivision of the state for any purpose for which the deposit of bonds of the  
30 state is authorized by law.

31 **Sec. 42.50.630. Payment of bonds.** (a) The principal of and interest on bonds

1 of the corporation are payable from corporation money or assets. Bonds may be  
 2 additionally secured by a pledge of a grant or contribution from the federal  
 3 government, a municipality, a corporation, an association, an institution, or a person,  
 4 or a pledge of money, income, or revenue of the corporation from any source.

5 (b) Before issuing bonds to provide the financing described in AS 42.50.600  
 6 for real or personal property to be owned in whole or in part by an entity other than the  
 7 corporation, the corporation shall enter into one or more contracts, leases, or other  
 8 forms of agreement that will, in the judgment of the corporation, provide sufficient  
 9 consideration to

10 (1) pay the principal of and interest on the bonds as they become due;

11 (2) create and maintain any reserves for the bond payments that the  
 12 corporation considers necessary or desirable; and

13 (3) pay all costs necessary to issue, service, or additionally secure the  
 14 bonds, including trustee's fees and bond insurance premiums, unless these costs are to  
 15 be paid from bond proceeds or by a party other than the corporation.

16 **Sec. 42.50.640. Security for bonds.** In the discretion of the board, an issue of  
 17 bonds may be secured by a trust indenture, which may be a trust company, bank or  
 18 national banking association, with corporate trust powers, located inside or outside the  
 19 state, or by a secured loan agreement or other instrument or under resolution giving  
 20 powers to a corporate trustee by means of which the corporation may

21 (1) make and enter into any and all the covenants and agreements with  
 22 the trustees or the holders of the bonds that the corporation may determine to be  
 23 necessary or desirable, including covenants, provisions, limitations, and agreements as  
 24 to

25 (A) the application, investment, deposit, use, and disposition of  
 26 the proceeds of bonds of the corporation or of money or other property of the  
 27 corporation or in which it has an interest;

28 (B) the fixing and collection of rentals, charges, fees, or other  
 29 consideration for, and the other terms to be incorporated in, contracts with  
 30 respect to the use of any of the corporation's property;

31 (C) the fixing and collection of tariffs, fees, charges, or other

1 consideration for the use or service of the Alaska marine highway system by  
2 passengers and other users and freight;

3 (D) the terms and conditions on which additional bonds of the  
4 corporation may be issued;

5 (E) the vesting in the trustee of rights and remedies exercisable  
6 by the trustee for the protection of the holders of bonds of the corporation and  
7 not otherwise in violation of law and the restriction of the rights of an  
8 individual holder of bonds of the corporation;

9 (2) pledge, mortgage, or assign money, leases, agreements, assets, or  
10 property of the corporation either presently in hand or to be received in the future, or  
11 both; and

12 (3) provide for any other matters of like or different character that in  
13 any way affect the security or protection of the bonds.

14 **Sec. 42.50.650. Independent financial advisor.** In negotiating the private or  
15 public sale of bonds to an underwriter, the board shall retain a financial advisor who is  
16 independent from the underwriter.

17 **Sec. 42.50.660. Validity of signatures.** If an officer of the corporation whose  
18 signature or a facsimile of whose signature appears on bonds or coupons attached to  
19 them ceases to be an officer before the delivery of the bond or coupon, the signature or  
20 facsimile is valid the same as if the person had remained in office until delivery.

21 **Sec. 42.50.670. Validity of pledge.** (a) The pledge of assets or revenue of the  
22 corporation to the payment of the principal of or interest on bonds of the corporation is  
23 valid and binding from the time the pledge is made, and the assets or revenue are  
24 immediately subject to the lien of the pledge without physical delivery or further act.  
25 The lien of a pledge is valid and binding against all parties having claims of any kind  
26 against the corporation, irrespective of whether those parties have notice of the lien of  
27 the pledge.

28 (b) Nothing in this section prohibits the corporation from selling assets subject  
29 to a pledge, except that a sale may be restricted by the trust agreement or resolution  
30 providing for the issuance of the bonds.

31 **Sec. 42.50.675. Pledge of the state.** The state pledges to and agrees with the

1 holders of bonds issued under this chapter and with the federal agency that loans or  
 2 contributes funds in respect to a project that the state will not limit or alter the rights  
 3 and powers vested in the corporation by this chapter to fulfill the terms of a contract  
 4 made by the corporation with the holders or federal agency, or in any way impair the  
 5 rights and remedies of the holders until the bonds together with the interest on them  
 6 with interest on unpaid installments of interest, and all costs and expenses in  
 7 connection with an action or proceeding by or on behalf of the holders, are fully met  
 8 and discharged. The corporation is authorized to include this pledge and agreement of  
 9 the state, insofar as it refers to holders of bonds of the corporation, in a contract with  
 10 the holders and insofar as it relates to a federal agency, in a contract with the federal  
 11 agency.

12 **Sec. 42.50.680. Remedies.** A holder of bonds issued under this chapter or of  
 13 coupons attached to them, and a trustee under a trust agreement or resolution  
 14 authorizing the issuance of the bonds, except as restricted by a trust agreement or  
 15 resolution, either at law or in equity, may

16 (1) enforce all rights granted under this chapter, the trust agreement or  
 17 resolution, or any other contract executed by the corporation under this chapter; and

18 (2) compel the performance of all duties of the corporation required by  
 19 this chapter or by the trust agreement or resolution.

20 **Sec. 42.50.690. Credit of state not pledged.** (a) The state and its political  
 21 subdivisions are not liable for the debts of the corporation. Bonds issued under this  
 22 chapter are payable solely from the revenue or assets of the corporation and do not  
 23 constitute a

24 (1) debt, liability, or obligation of the state or of a political subdivision  
 25 of the state; or

26 (2) pledge of the faith and credit of the state or of a political  
 27 subdivision of the state.

28 (b) The corporation may not pledge the credit or the taxing power of the state  
 29 or its political subdivisions. Each bond issued under this chapter shall contain on its  
 30 face a statement that

31 (1) the corporation is not obligated to pay it or the interest on it except

1 from the revenue or assets pledged for it; and

2 (2) neither the faith and credit nor the taxing power of the state or of a  
3 political subdivision of the state is pledged to the payment of it.

4 **Sec. 42.50.695. Limitation on personal liability.** A board member or  
5 employee of the corporation is not subject to personal liability or accountability  
6 because of the execution or issuance of bonds.

7 **Article 8. Personnel and Labor Relations.**

8 **Sec. 42.50.705. Political activities.** (a) A person may not use the money or  
9 other property of the corporation for political activities. However, board members and  
10 employees may communicate with and appear before committees of the United States  
11 Congress, the state legislature, and governing bodies of municipalities in connection  
12 with matters directly affecting the corporation.

13 (b) A board member or employee who violates this section is personally  
14 subject to a civil penalty assessed by a judge of the superior court in an amount not to  
15 exceed \$5,000. Any person may bring an action to enforce this section.

16 **Sec. 42.50.710. Corporation employees.** (a) Employees of the corporation are  
17 employees of the corporation and not of the state. However, employees of the  
18 corporation shall be treated as employees of the state for the purposes of AS 23.40 and  
19 AS 39.

20 (b) Except as provided in this subsection, employees of the corporation are  
21 covered by AS 23.10.050 - 23.10.150 (Alaska Wage and Hour Act). However, the  
22 terms of a collective bargaining agreement mutually agreed upon by an organization  
23 representing corporation employees and the corporation may provide that  
24 AS 23.10.050 - 23.10.150 do not apply to corporation employees to the extent set out  
25 in the collective bargaining agreement.

26 **Article 9. Miscellaneous Provisions.**

27 **Sec. 42.50.800. Claims.** (a) If a person has a claim or lawsuit involving  
28 activities of the corporation, including actions based on contract, quasi-contract, or  
29 tort, the person shall bring the claim or lawsuit against the corporation and may not  
30 bring the claim or lawsuit against the state.

31 (b) For the purposes of actionable claims, undertakings, payments of

1 judgments, execution, interest, punitive damages, statutes of limitations, costs, and  
 2 similar matters related to the presentation and prosecution of claims by and against the  
 3 corporation, the corporation and its board members and employees have the same  
 4 rights, privileges, and immunities as the state and state officers.

5 (c) A claim against the corporation is not subject to the provisions of AS 44.77  
 6 regarding claims against the state.

7 (d) The corporation is not subject to the provisions of AS 44.80.010(1)  
 8 regarding the state being a party to an action.

9 **Sec. 42.50.810. Exemption from taxation.** (a) Subject to (b) of this section,  
 10 the property of the corporation, including its assets, income, and receipts, are exempt  
 11 from all taxes and special assessments of the state or a political subdivision of the  
 12 state.

13 (b) Promissory notes and the interest and income from them, and all fees,  
 14 charges, funds, revenue, income, and other money pledged or available to pay or  
 15 secure the payment of the notes or interest on them, are exempt from taxation by the  
 16 state or a political subdivision of the state.

17 (c) This section does not affect or limit an exemption from license fees,  
 18 property taxes, or excise, income, or other taxes, provided under any other law, nor  
 19 does it create a tax exemption with respect to the interest of a person other than the  
 20 corporation.

21 **Sec. 42.50.815. Application of existing laws.** Unless specifically provided  
 22 otherwise in this chapter, the following laws do not apply to the operations of the  
 23 corporation:

24 (1) AS 19.10.300 - 19.10.399;

25 (2) AS 30.15;

26 (3) AS 35;

27 (4) AS 37.10.085;

28 (5) AS 38;

29 (6) AS 44.62.010 - 44.62.160, 44.62.180 - 44.62.305, and 44.62.320.

### 30 **Article 10. General Provisions.**

31 **Sec. 42.50.990. Definitions.** In this chapter, unless the context indicates

1 otherwise,

2 (1) "Alaska marine highway system" means the vessels, ferry terminal  
3 facilities, motor vehicles, and other properties that provide public marine  
4 transportation in, from, or to the state;

5 (2) "board" means the board of directors established by AS 42.50.020;

6 (3) "commissioners" means the commissioner of commerce,  
7 community, and economic development and the commissioner of transportation and  
8 public facilities;

9 (4) "corporation" means the Alaska Marine Highway System  
10 Corporation established by AS 42.50.010;

11 (5) "employees" means all persons employed by the corporation;

12 (6) "executive officer" means an executive officer appointed under  
13 AS 42.50.110;

14 (7) "ferry" means a vessel used to carry passengers and vehicles in  
15 intrastate or interstate commerce;

16 (8) "ferry terminal facility" means a facility for loading and unloading  
17 passengers and vehicles;

18 (9) "land" means an interest in real property, including tide and  
19 submerged land, and a right appurtenant to the interest;

20 (10) "real property" includes interest in real property;

21 (11) "regulation" means a regulation authorized by AS 42.50.180.

22 **Sec. 42.50.995. Short title.** This chapter may be cited as the Alaska Marine  
23 Highway System Corporation Act.

24 \* **Sec. 54.** AS 43.40.010(g) is amended to read:

25 (g) The proceeds of the revenue from the tax on all motor fuels, except as  
26 provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel  
27 tax account in the state general fund. The legislature may appropriate funds from it for  
28 expenditure by the Department of Transportation and Public Facilities directly or as  
29 matched with available federal-aid highway money for maintenance of highways **and**  
30 [.] construction of highway projects, **except** [AND] ferries **and facilities of the**  
31 **Alaska marine highway system,** included in the program provided for in



1 AS 19.10.150, including approaches, appurtenances and related facilities and  
 2 acquisition of rights-of-way or easements, and other highway costs including surveys,  
 3 administration, and related matters, **and for expenditure by the Alaska Marine**  
 4 **Highway System Corporation for the Alaska marine highway system.** All  
 5 departments of the state government authorized to spend funds collected from taxes  
 6 imposed by this chapter shall perform, when feasible, all construction or  
 7 reconstruction projects by contract after the projects have been advertised for  
 8 competitive bids, except that, when feasible, arrangements shall be made with political  
 9 subdivisions to carry out the construction or reconstruction projects. If it is not feasible  
 10 for the work to be performed by state engineering forces, the commissioner of  
 11 transportation and public facilities may contract on a professional basis with private  
 12 engineering firms for road design, bridge design, and services in connection with  
 13 surveys. If more than one private engineering firm is available for the work the  
 14 contracts shall be entered into on a negotiated basis. **For the purposes of this**  
 15 **subsection, the Alaska Marine Highway System Corporation is not a department.**

16 \* **Sec. 55.** AS 43.40.010 is amended by adding new subsections to read:

17 (m) The legislature may appropriate funds from the special highway fuel tax  
 18 account identified in (g) of this section to the Alaska Marine Highway System  
 19 Corporation for expenditure by the Alaska Marine Highway System Corporation for  
 20 the Alaska marine highway system.

21 (n) In this section,

22 (1) "Alaska marine highway system" has the meaning given in  
 23 AS 42.50.990;

24 (2) "Alaska Marine Highway System Corporation" means the  
 25 corporation established by AS 42.50.010.

26 \* **Sec. 56.** AS 44.12.200(b) is amended to read:

27 (b) In this section, "state agency" means a department, institution, board,  
 28 commission, division, authority, public corporation, committee, or other  
 29 administrative unit of the executive branch of state government, including the  
 30 University of Alaska, the Alaska Railroad Corporation, [AND] the Alaska Aerospace  
 31 Corporation, **and the Alaska Marine Highway System Corporation.**

1 \* **Sec. 57.** AS 44.19.027 is amended to read:

2           **Sec. 44.19.027. Emergency assistance transportation.** If the governor  
3 determines that public safety or health conditions in an area of the state require  
4 emergency assistance, the governor may use state-owned and state-operated  
5 transportation facilities, aircraft, vessels of the Alaska **Marine Highway System**  
6 **Corporation** [MARINE HIGHWAY SYSTEM], or railroad rolling stock of the  
7 Alaska Railroad to deliver compassionate aid for distribution to the affected area,  
8 including food, water, fuel, clothing, medicine, and other supplies provided by  
9 nonprofit organizations.

10 \* **Sec. 58.** AS 44.21.390(2) is amended to read:

11           (2) "state agencies" means all departments, divisions, and offices in the  
12 executive branch of state government; it does not mean the Alaska Railroad  
13 Corporation, the University of Alaska, **the Alaska Marine Highway System**  
14 **Corporation**, or an agency of the judicial or legislative branches of government.

15 \* **Sec. 59.** AS 44.29.300(a) is amended to read:

16           (a) There is established in the Department of Health and Social Services the  
17 Statewide Suicide Prevention Council, consisting of 17 members, as follows:

18           (1) two members of the senate, appointed by the president of the  
19 senate, one of whom shall be a member of the majority and one of whom shall be a  
20 member of the minority;

21           (2) two members of the house of representatives, appointed by the  
22 speaker of the house of representatives, one of whom shall be a member of the  
23 majority and one of whom shall be a member of the minority;

24           (3) 13 members appointed by the governor, as follows:

25           (A) two persons who are employed in the executive branch of  
26 state government, one of whom shall represent the Department of Health and  
27 Social Services and one of whom shall represent the Department of Education  
28 and Early Development;

29           (B) one member of the Advisory Board on Alcoholism and  
30 Drug Abuse;

31           (C) one member of the Alaska Mental Health Board;

1 (D) one person recommended by the Alaska Federation of  
2 Natives, Inc.;

3 (E) one person who is an employee of a secondary school;

4 (F) one person who is active in a youth organization;

5 (G) one person who has experienced the death by suicide of a  
6 member of the person's family;

7 (H) one person who resides in a rural community in the state  
8 that is not connected **to the main road system of the state** by road or **by** the  
9 Alaska marine highway **system operated by the Alaska Marine Highway**  
10 **System Corporation** [TO THE MAIN ROAD SYSTEM OF THE STATE];

11 (I) one person who is a member of the clergy;

12 (J) one person who, when appointed, is at least 16 years of age  
13 but not more than 24 years of age;

14 (K) one person who is discharged from, retired from, or  
15 engaged in active duty military service in the armed forces of the United  
16 States, including the United States Coast Guard, the Army National Guard, the  
17 Air National Guard, or a reserve unit of the armed forces of the United States,  
18 or who is a mental health provider, social worker, or other person actively  
19 providing a health care service to discharged, retired, or active military  
20 personnel; and

21 (L) one public member.

22 \* **Sec. 60.** AS 44.33.010 is amended to read:

23 **Sec. 44.33.010. Commissioner of commerce, community, and economic**  
24 **development.** The principal executive officer of the Department of Commerce,  
25 Community, and Economic Development is the commissioner of commerce,  
26 community, and economic development. Except with respect to the commissioner's  
27 membership on the board of directors of the Alaska Railroad Corporation **and the**  
28 **Alaska Marine Highway System Corporation**, whenever a statute provides that the  
29 commissioner is a member of a board, council, or other similar entity, the  
30 commissioner may designate an employee of the department to act in the  
31 commissioner's place.

1 \* **Sec. 61.** AS 44.42.020(a) is amended to read:

2 (a) The department shall

3 (1) plan, design, construct, and maintain all state modes of  
4 transportation and transportation facilities and all docks, floats, breakwaters, buildings,  
5 and similar facilities, **except for the Alaska marine highway system;**

6 (2) study existing transportation modes and facilities in the state to  
7 determine how they might be improved or whether they should continue to be  
8 maintained;

9 (3) study alternative means of improving transportation in the state  
10 with regard to the economic costs of each alternative and its environmental and social  
11 effects;

12 (4) develop a comprehensive, long-range, intermodal transportation  
13 plan for the state;

14 (5) study alternatives to existing modes of transportation in urban areas  
15 and develop plans to improve urban transportation;

16 (6) cooperate and coordinate with and enter into agreements with  
17 federal, state, and local government agencies and private organizations and persons in  
18 exercising its powers and duties;

19 (7) manage, operate, and maintain state transportation facilities and all  
20 docks, floats, breakwaters, and buildings, including all state highways, vessels,  
21 railroads, pipelines, airports, and aviation facilities; **this paragraph does not apply to**  
22 **the Alaska marine highway system;**

23 (8) study alternative means of transportation in the state, considering  
24 the economic, social, and environmental effects of each alternative;

25 (9) coordinate and develop state and regional transportation systems,  
26 considering deletions, additions, and the absence of alterations;

27 (10) develop facility program plans for transportation and state  
28 buildings, docks, and breakwaters required to implement the duties set out in this  
29 section, including but not limited to functional performance criteria and schedules for  
30 completion;

31 (11) supervise and maintain all state automotive and mechanical

1 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of  
 2 Fish and Game or the Department of Public Safety; for state vehicles maintained by  
 3 the department, the department shall, every five years, evaluate the cost, efficiency,  
 4 and commercial availability of alternative fuels for automotive purposes, and the  
 5 purpose for which the vehicles are intended to be used, and convert vehicles to use  
 6 alternative fuels or purchase energy efficient vehicles whenever practicable; the  
 7 department may participate in joint ventures with public or private partners that will  
 8 foster the availability of alternative fuels for all automotive fuel consumers; **except as**  
 9 **provided in AS 42.50.310, this paragraph does not apply to the Alaska marine**  
 10 **highway system;**

11 (12) supervise aeronautics inside the state, under AS 02.10;

12 (13) implement the safety and financial responsibility requirements for  
 13 air carriers under AS 02.40;

14 (14) inspect weights and measures;

15 (15) at least every four years, study alternatives available to finance  
 16 transportation systems in order to provide an adequate level of funding to sustain and  
 17 improve the state's transportation system.

18 \* **Sec. 62.** AS 44.42.020 is amended by adding a new subsection to read:

19 (c) In this section, "Alaska marine highway system" has the meaning given in  
 20 AS 42.50.990.

21 \* **Sec. 63.** AS 44.88.610(a)(2) is amended to read:

22 (2) "connected by road" does not include a connection by the Alaska  
 23 marine highway system **operated by the Alaska Marine Highway System**  
 24 **Corporation.**

25 \* **Sec. 64.** AS 44.99.020 is amended to read:

26 **Sec. 44.99.020. Use of paper.** A state agency shall use both sides of paper  
 27 when feasible. In this section, "state agency" means a department, institution, board,  
 28 commission, division, authority, public corporation, or other administrative unit of the  
 29 executive, legislative, or judicial branch of state government, including the University  
 30 of Alaska, the Alaska Railroad Corporation, **the Alaska Marine Highway System**  
 31 **Corporation,** and legislative committees.

1 \* **Sec. 65.** AS 44.99.030(a) is amended to read:

2 (a) Notwithstanding other provisions of law, the following entities may not  
3 contract with a person to pay the person money or other thing of value to lobby the  
4 state, a municipality of the state, or an agency of the state or municipality:

- 5 (1) Alaska Aerospace Corporation;  
6 (2) Alaska Commercial Fishing and Agriculture Bank;  
7 (3) Alaska Energy Authority;  
8 (4) Alaska Housing Finance Corporation;  
9 (5) Alaska Industrial Development and Export Authority;  
10 (6) Alaska Medical Facility Authority;  
11 (7) Alaska Mental Health Trust Authority;  
12 (8) Alaska Municipal Bond Bank Authority;  
13 (9) Alaska Permanent Fund Corporation;  
14 (10) Alaska Railroad Corporation;  
15 (11) [REPEALED  
16 (12)] Alaska Seafood Marketing Institute;  
17 **(12)** [(13)] Alaska Student Loan Corporation;  
18 **(13) Alaska Marine Highway System Corporation.**

19 \* **Sec. 66.** AS 44.99.040(b)(2) is amended to read:

20 (2) "state or municipal agency" means the University of Alaska, the  
21 Alaska Aerospace Corporation, the Alaska Housing Finance Corporation, the Alaska  
22 Industrial Development and Export Authority, the Alaska Energy Authority, the  
23 Alaska Railroad Corporation, **the Alaska Marine Highway System Corporation,** or  
24 a department, institution, board, commission, division, council, committee, authority,  
25 public corporation, school district, regional educational attendance area, or other  
26 administrative unit of a municipality or of the executive, judicial, or legislative branch  
27 of state government, and includes employees of those entities.

28 \* **Sec. 67.** AS 44.99.400 is amended to read:

29 **Sec. 44.99.400. Software copyrights.** A state agency may hold the copyright  
30 for software created by the agency or developed by a private contractor for an agency,  
31 and may enforce its rights to protect the copyright. In this section, "state agency"

1 means a department, institution, board, commission, division, authority, public  
 2 corporation, committee, or other administrative unit of the executive, judicial, or  
 3 legislative branch of state government, including the University of Alaska, the Alaska  
 4 Aerospace Corporation, [AND] the Alaska Railroad Corporation, and the Alaska  
 5 Marine Highway System Corporation.

6 \* **Sec. 68.** AS 46.14.990(21) is amended to read:

7 (21) "person" has the meaning given in AS 01.10.060 and also  
 8 includes an agency of the United States, a municipality, the University of Alaska, the  
 9 Alaska Railroad Corporation, the Alaska Marine Highway System Corporation,  
 10 and other departments, agencies, instrumentalities, units, and corporate authorities of  
 11 the state;

12 \* **Sec. 69.** AS 19.65.110, 19.65.120, 19.65.130, 19.65.140, 19.65.150, 19.65.160, 19.65.170,  
 13 19.65.180, 19.65.190, 19.65.195; AS 36.30.015(g), and 36.30.850(b)(28) are repealed.

14 \* **Sec. 70.** The uncodified law of the State of Alaska is amended by adding a new section to  
 15 read:

16 TRANSITION: INITIAL BOARD MEMBERS. (a) By January 1, 2021, the governor  
 17 shall appoint the five initial board members of the corporation under AS 42.50.020(b)(3) and  
 18 (c), added by sec. 53 of this Act, for staggered terms as provided by AS 39.05.055.

19 (b) In this section,

20 (1) "board" means the board of directors of the corporation;

21 (2) "corporation" means the Alaska Marine Highway System Corporation  
 22 established by AS 42.50.010, added by sec. 53 of this Act.

23 \* **Sec. 71.** The uncodified law of the State of Alaska is amended by adding a new section to  
 24 read:

25 TRANSITION: INITIAL APPOINTMENT AND DELEGATION OF POWERS  
 26 AND DUTIES. (a) By February 1, 2021, the board shall appoint and delegate to the chief  
 27 executive officer the powers and duties identified in AS 42.50.120(a), added by sec. 53 of this  
 28 Act.

29 (b) In this section,

30 (1) "board" means the board of directors of the corporation;

31 (2) "corporation" means the Alaska Marine Highway System Corporation

1 established by AS 42.50.010, added by sec. 53 of this Act.

2 \* **Sec. 72.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 TRANSITION: INITIAL REGULATIONS AND ORDERS. (a) By May 1, 2021, the  
5 board shall adopt the initial regulations necessary for the operation of the corporation and the  
6 Alaska marine highway system.

7 (b) The board may provide by resolution that regulations and orders in effect on the  
8 date of the transfer of Alaska marine highway system property to the corporation remain in  
9 effect until amended or repealed by the board. AS 42.50.180 and 42.50.185, added by sec. 53  
10 of this Act, do not apply to actions taken under this section.

11 (c) In this section,

12 (1) "Alaska marine highway system" has the meaning given in AS 42.50.990,  
13 added by sec. 53 of this Act;

14 (2) "board" means the board of directors of the corporation;

15 (3) "corporation" means the Alaska Marine Highway System Corporation  
16 established by AS 42.50.010, added by sec. 53 of this Act.

17 \* **Sec. 73.** The uncodified law of the State of Alaska is amended by adding a new section to  
18 read:

19 TRANSITION: DEPARTMENT NEGOTIATION, NONRENEWAL, AND  
20 TERMINATION OF COLLECTIVE BARGAINING AGREEMENTS. (a) Notwithstanding  
21 another provision of this Act, including AS 23.40.040, as amended by sec. 19 of this Act, on  
22 the effective date of this section, the department shall enter into negotiations with a union to  
23 assign the state's interest in the collective bargaining agreement with the union to the  
24 corporation.

25 (b) When the department and a union have reached an agreement under (a) of this  
26 section, the state shall assign the state's interest in the collective bargaining agreement to the  
27 corporation.

28 (c) If, within one year after the effective date of this section, the department and a  
29 union cannot reach an agreement under (a) of this section to assign the collective bargaining  
30 agreement to the corporation, the department shall terminate the collective bargaining  
31 agreement at the time and in the manner provided under the terms of the collective bargaining



1 agreement.

2 (d) In this section,

3 (1) "collective bargaining agreement" means the collective bargaining  
4 agreement entered into between the department and a union;

5 (2) "corporation" means the Alaska Marine Highway System Corporation  
6 established by AS 42.50.010, added by sec. 53 of this Act;

7 (3) "department" means the Department of Transportation and Public  
8 Facilities;

9 (4) "union" means the

10 (A) International Organization of Masters, Mates, and Pilots;

11 (B) Marine Engineers' Beneficial Association; or

12 (C) Inlandboatmen's Union representing the Unlicensed Marine Unit.

13 \* **Sec. 74.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITION: CORPORATION NEGOTIATION OF COLLECTIVE  
16 BARGAINING AGREEMENTS. (a) The corporation shall negotiate and enter into a  
17 collective bargaining agreement with a union after all of the following have occurred:

18 (1) the board has been appointed under sec. 70 of this Act;

19 (2) the chief executive officer has been appointed and delegated powers under  
20 sec. 71 of this Act;

21 (3) the corporation has adopted regulations under sec. 72 of this Act; and

22 (4) the department has assigned an agreement with a union to the corporation  
23 under sec. 73(b) of this Act, and the agreement has later terminated, or the agreement with the  
24 union has terminated under sec. 73(c) of this Act.

25 (b) In this section,

26 (1) "board" means the board of directors of the corporation;

27 (2) "corporation" means the Alaska Marine Highway System Corporation  
28 established by AS 42.50.010, added by sec. 53 of this Act;

29 (3) "department" means the Department of Transportation and Public  
30 Facilities;

31 (4) "union" means the

1 (A) International Organization of Masters, Mates, and Pilots;

2 (B) Marine Engineers' Beneficial Association; or

3 (C) Inlandboatmen's Union representing the Unlicensed Marine Unit.

4 \* **Sec. 75.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 TRANSITION: TRANSFER OF ASSETS; ASSUMPTION OF RIGHTS,  
7 LIABILITIES, AND OBLIGATIONS. (a) On June 1, 2021,

8 (1) the Department of Transportation and Public Facilities shall transfer to the  
9 corporation the vessels, ferry port facilities, real property, and vehicles and other personal  
10 property used for the Alaska marine highway system; the corporation shall take title in its own  
11 name to this property; and

12 (2) the corporation shall assume all rights, liabilities, and obligations of the  
13 Alaska marine highway system.

14 (b) In this section,

15 (1) "Alaska marine highway system" has the meaning given in AS 42.50.990,  
16 added by sec. 53 of this Act;

17 (2) "corporation" means the Alaska Marine Highway System Corporation  
18 established by AS 42.50.010, added by sec. 53 of this Act.

19 \* **Sec. 76.** The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 TRANSITION: OPERATION OF MARINE HIGHWAY SYSTEM BY  
22 CORPORATION. (a) The corporation shall begin operating the Alaska marine highway  
23 system on July 1, 2021, or on the date when the Department of Transportation and Public  
24 Facilities assigns or terminates the collective bargaining agreements with all of the unions  
25 under sec. 73 of this Act, whichever event occurs later.

26 (b) In this section,

27 (1) "Alaska marine highway system" has the meaning given in AS 42.50.990,  
28 added by sec. 53 of this Act;

29 (2) "corporation" means the Alaska Marine Highway System Corporation  
30 established by AS 42.50.010, added by sec. 53 of this Act;

31 (3) "union" means the

- 1 (A) International Organization of Masters, Mates, and Pilots;  
2 (B) Marine Engineers' Beneficial Association; and  
3 (C) Inlandboatmen's Union representing the Unlicensed Marine Unit.

4 \* **Sec. 77.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 TRANSITION: MISCELLANEOUS PROVISIONS. All contracts, rights, liabilities,  
7 bonds, notes, or other obligations of the Alaska marine highway system as owned and  
8 operated by the Department of Transportation and Public Facilities that are created by or  
9 under a law amended or repealed by this Act, and in effect on the effective date of this  
10 section, remain in effect notwithstanding this Act's taking effect, with all contracts, rights,  
11 liabilities, bonds, notes, or other obligations of the Alaska marine highway system becoming  
12 contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Marine Highway  
13 System Corporation established by AS 42.50.010, added by sec. 53 of this Act, with the same  
14 limitations and provisions as under a contract, right, liability, bond, note, or other obligation  
15 of the former Alaska marine highway system owned and operated by the Department of  
16 Transportation and Public Facilities. In this section, "Alaska marine highway system" has the  
17 meaning given in AS 42.50.990, added by sec. 53 of this Act.

18 \* **Sec. 78.** The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 TRANSITIONAL PROVISION: REPORT OF TRANSFERRED ASSETS. The  
21 Department of Transportation and Public Facilities shall prepare or direct the preparation of  
22 all necessary financial reports of the assets to be transferred by it under sec. 75 of this Act as  
23 of the close of business on the day before the effective date of the transfer.

24 \* **Sec. 79.** The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 TRANSITION: INITIAL REPORTS. (a) Notwithstanding AS 42.50.270(a), added by  
27 sec. 53 of this Act, the Alaska Marine Highway System Corporation shall file its first  
28 operations and performance report required under AS 42.50.270, added by sec. 53 of this Act,  
29 within 90 days following the end of its second fiscal year. The report must cover the first two  
30 fiscal years of the corporation.

31 (b) Notwithstanding AS 42.50.280, added by sec. 53 of this Act, the board of

1 directors of the Alaska Marine Highway System Corporation shall file its first travel and  
2 compensation report required under AS 42.50.280, added by sec. 53 of this Act, with the  
3 Department of Administration by January 21 of the third calendar year after this Act takes  
4 effect.

5 \* **Sec. 80.** The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7       TRANSITION: INITIAL AUDIT. Notwithstanding AS 42.50.260(a), added by sec. 53  
8 of this Act, the board of directors of the Alaska Marine Highway System Corporation  
9 established by AS 42.50.010, added by sec. 53 of this Act, shall have the first audit required  
10 under AS 42.50.260(a), added by sec. 53 of this Act, performed after the second fiscal year of  
11 the corporation. The audits must cover the first and second fiscal years of the corporation.

12 \* **Sec. 81.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14       CONDITIONAL EFFECT; NOTIFICATION. (a) Section 41 of this Act takes effect  
15 only if the commissioner of commerce, community, and economic development notifies the  
16 revisor of statutes in writing as required under (b) of this section.

17       (b) The commissioner of commerce, community, and economic development shall  
18 notify the revisor of statutes in writing of the date that the Department of Transportation and  
19 Public Facilities has assigned to the Alaska Marine Highway System Corporation under sec.  
20 73 of this Act, or the Alaska Marine Highway System Corporation has entered into under sec.  
21 74 of this Act, a collective bargaining agreement with all of the following:

22               (1) the International Organization of Masters, Mates, and Pilots;

23               (2) the Marine Engineers' Beneficial Association; and

24               (3) the Inlandboatmen's Union representing the Unlicensed Marine Unit.

25       (c) In this section, "Alaska Marine Highway System Corporation" means the Alaska  
26 Marine Highway System Corporation established by AS 42.50.010, added by sec. 53 of this  
27 Act.

28 \* **Sec. 82.** If, under sec. 81 of this Act, sec. 41 of this Act takes effect, it takes effect the day  
29 after the date the commissioner of commerce, community, and economic development  
30 notifies the revisor of statutes under sec. 81 of this Act.

31 \* **Sec. 83.** Except as provided in sec. 82 of this Act, this Act takes effect immediately under

1 AS 01.10.070(c).