



February 5, 2026

Representative Ashley Carrick
Chair of the House State Affairs Committee
120 4th Street, Room 406
Juneau, Alaska 99801-1182

Re: Response to Questions HB 124

Dear Chair Carrick:

The following information is provided in response to questions from the committee.

The Alaska Industrial Development and Export Authority's (AIDEA) Small Business Economic Development (SBED) and Rural Development Initiative Fund (RDIF) are AIDEA loan programs which are administered by the Department of Commerce, Community, and Economic Development, Division of Investments (DCCED-DOI). **Exhibit A** is attached to provide an overview of the SBED and RDIF loan programs and includes highlights about a few program participants.

The SBED program provides long-term private sector employment by providing financing for small business start-ups and expansions. Applicants are required to match loan funds with cash or other private financing. Eligibility for the SBED program includes all communities in the State of Alaska with a population below 30,000 and must result in the creation of new jobs or the retention of existing jobs. The loan terms offered by the program must be adequately secured and allow for up to 20 years for fixed asset collateral and up to 5 years for working capital.

The RDIF program provides long-term, private-sector employment by financing business start-up and expansion in Alaskan communities with a population up to 5,000 if it is not connected by road or rail to Anchorage or Fairbanks, or up to 2,000 if connected. Applicable uses of RDIF program loan funds include working capital, equipment, and construction. Loans financed under this program must result in the creation of new jobs or the retention of existing jobs. The maximum loan amounts are \$150,000 for an individual, or up to \$300,000 for two or more people. Loan terms can be up to 25 years, and the interest rate is fixed at the time of loan approval.

The SBED program loan requirements are applicable to a broader pool of applicants than the RDIF loan program requirements, which has resulted in higher demand for financing through the SBED program, and more rapid depletion of the SBED loan funds, compared to the RDIF loan funds.

At the end of fiscal year 2025, there were 45 SBED loans with an outstanding balance of \$13.1 million, and 25 RDIF loans with an outstanding balance of \$2.6 million.¹ Attached as **Exhibit B** is

¹ AIDEA Financial Statements, year ending June 30, 2025.

a report provided by DCCED-DOI loan servicing staff that provides loan and loan fund balances available as of December 31, 2025. As shown in Exhibit B, the balance of funds available for new SBED loans is less than \$0.7 million, whereas the balance in the RDIF fund was \$6.8 million.

AIDEA's Board of Directors (Board) determined that the SBED fund was undercapitalized and the RDIF fund was overcapitalized and decided that \$3 million should be transferred from the RDIF fund to the SBED fund. Additionally, the Board decided that AIDEA should transfer an additional \$3 million from AIDEA's Revolving fund to the SBED fund. The Board passed Resolution G25-12, attached as **Exhibit C**, to authorize these fund transfers to recapitalize the SBED fund with an additional \$6 million.

More information about the SBED and RDIF programs can be found can be found on the DCCED-DOI website using this link: [Loan Programs, Division of Investments](#)

Sincerely,



Randy Ruaro
Executive Director
AIDEA

cc: House State Affairs Committee
Stuart Relay, Legislative Assistant, Representative Ashley Carrick

Enclosure: Exhibit A—SBED-RDIF Overview
Exhibit B—SBED-RDIF 12/31/2025
Exhibit C—AIDEA Resolution G25-12 Recapitalization of Small Business Development Revolving Loan Fund

Small Business Loan Programs*

Strengthening Alaska's Small Business Economy in 2025

In 2025, AIDEA advanced its mission to support small businesses and rural communities through two key programs: the Rural Development Initiative Fund (RDIF) and the Small Business Economic Development (SBED) program. These tools continue to deliver meaningful economic impact across Alaska, helping entrepreneurs grow, hire, and invest in their communities.

2025 Small Business Loan Program Highlights



Recapitalizing SBED to Meet Demand

By early 2025, the SBED Fund faced a significant funding shortfall. With only \$298,593 available for lending and \$1.2–\$1.5 million in active loan requests, the program risked a nine-month pause in new lending.

At the same time, the RDIF held \$5.89 million in available funds but was underutilized due to statutory constraints. To maintain lending continuity, the AIDEA Board approved Resolution G25-12 on December 10, 2025.

Resolution G25-12 Authorized:

- Up to \$3 million transferred from the AIDEA Revolving Fund to SBED
- Up to \$3 million transferred from RDIF to SBED

This strategic rebalancing ensured uninterrupted access to capital for small businesses statewide.

AIDEA's Commitment to Small Business Growth

The success of RDIF and SBED in 2025 was supported by AIDEA's strong financial performance and organizational momentum throughout the year. Backed by the leadership of Executive Director Randy Ruaro and the dedication of AIDEA's staff, these programs remain essential tools for building resilient local economies.

With renewed funding and strong demand, RDIF and SBED are positioned to play an even greater role in Alaska's economic future—empowering entrepreneurs, supporting rural communities, and driving long-term private-sector job growth.

*This type of AIDEA loan program is administered by the State of Alaska Department of Commerce, Community and Economic Development, Division of Investments.

Rural Development Initiative Fund (RDIF)

The RDIF Program provides long-term, private-sector employment by financing business start-up and expansion in communities with a:

- population of 5,000 or less, and not connected by road or rail to Anchorage or Fairbanks, or
- population of 2,000 or less connected by road or rail.

Applicable uses of loan funds include working capital, equipment and construction and must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount is \$150,000 for one person or up to \$300,000 for two or more people for a maximum of 25 years, with the interest rate being fixed at the time of loan approval.



For more information on the RDIF Program, visit <https://bit.ly/AIDEArdif>



F/V TRITON: Strengthening Alaska's Working Waterfront

In the heart of Prince William Sound, where the mountains meet the sea and the tides shape daily life, the tender vessel F/V TRITON plays a quiet but essential role in Alaska's commercial fishing industry. Owned and operated by Scott and Alexus Allen, the F/V TRITON is more than a boat — it is a critical link in the region's seafood supply chain.

Since 2019, Scott has served as captain of the vessel, providing salmon tendering services for Copper River Seafoods, one of Alaska's most respected processors. With support from the Rural Development Initiative Fund, Scott was able to purchase the vessel and transition from captain to owner-operator — a milestone that secured his long-term ability to serve the fleet and strengthened the infrastructure that keeps the region's fishing economy moving.

Tender vessels like the F/V TRITON are the unsung heroes of Alaska's fisheries. They relocate to active fishing grounds, collect catch directly from fishermen, and transport it safely to processors. This allows fishermen to stay on the water longer, fish more efficiently, and maintain the quality that Copper River salmon is known for.

For Cordova — a community built on grit, resilience, and the working waterfront — the F/V TRITON represents stability, opportunity, and the continuation of a proud maritime tradition. Scott's ownership ensures that this vital service remains in local hands, supporting both the fishermen who rely on tenders and the processors who depend on timely, high-quality deliveries.

In a region where every link in the chain matters, the F/V TRITON stands as a testament to the importance of small-business ownership, maritime expertise, and the enduring strength of Alaska's fishing communities.



Small Business Economic Development (SBED)*

The SBED Program provides long-term private sector employment by financing business start-up and expansion for companies that are a small business as defined by the Small Business Administration. Applicants are required to match loan funds with cash or other private financing. Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on fund availability. SBED loans must result in the creation of new jobs or the retention of existing jobs. The typical loan amount is \$300,000 for a maximum of 20 years on fixed assets and five years for working capital; all loans must be adequately secured.



For more information on the SBED Program, visit <https://bit.ly/AIDEAsbed>

*This type of AIDEA loan program is administered by the State of Alaska Department of Commerce, Community and Economic Development, Division of Investments.



Lekker Coffee & Baking Co opened in October 2023 as a pop-up coffee cart and with the support of a loan through the SBED loan program they were able to expand into a full-scale bakery. Owners David Boortz and Alex Papasavas bring a strong record of success through their other business ventures, including 203 Kombucha and Turkey Red. They are well-regarded as trusted, respected contributors to the Palmer community.



On quiet Alaska mornings, when the air is crisp and the sun is just beginning to stretch across the Valley, there's a place where the day starts with the smell of fresh bread, warm pastries, and espresso drifting through the air.

Inside, the atmosphere is soft and inviting. Wooden tables, warm lighting, and the gentle hum of conversation create a space that feels both European and unmistakably Alaskan. Regulars settle into their favorite corners. Travelers discover a place that feels like home and everyone is greeted with the same warmth that defines the Lekker experience.

The Lekker name comes straight from fond childhood memories David Boortz has of a good friend long ago that would bring him sweet treats from travels abroad in Denmark. David recalls that the word Lekker was on the labels of most, as it translates to tasty in English and sounded pretty cool. When David got older, he started Lekker Skateboards, putting his woodworking skills to good use.

Today, Lekker Coffee & Baking Company continues the tradition on with the same "sweet" name and design. David put his woodworking skills to good use, making the tables, pop-up counters, and other design elements in the Palmer location. The brand is cleverly carried through to fun stripes on the walls and other branded items such as clever reusable coffee canisters and apparel as a throwback to the style originating with David's Lekker Skateboards in the 1990s.



The pastry case features butter croissants, almond croissants, danishes, and morning buns. Fresh-baked sourdough, multi-grain, and baguettes cool on racks behind the counter, each crafted with care.



But Lekker is more than its menu. It's a community hub — a place where neighbors meet, remote workers settle in, and families stop by after school. It's a café that feels like a warm kitchen, a bakery that feels like a gathering place, and a business that feels rooted in the heart of the Valley.

Whether you're grabbing a latte on the way to work, settling in with a book, or treating yourself to a fresh pastry, Lekker Coffee & Baking Company offers the same promise every day:

Warmth. Craft. Community.



Lekker Coffee & Baking Co

DIVISION OF INVESTMENTS
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
STATISTICS FOR LOAN SERVICING

(Dollars in Thousands)

Effective December 31, 2025

SERVICED FOR AIDEA

	SMALL BUSINESS ECONOMIC DEVELOPMENT		RURAL DEVELOPMENT		TOTAL
	LEGACY	CARES	INITIATIVE FUND		
Number of Loans Outstanding	30	13	22		65
Principal Amount Outstanding	8,754.6	3,888.2	2,016.0		14,658.8
Average Loan Amount	291.8	299.1	91.6		225.5
Number of Other Accounts	3	1	6		10
Principal Amount Outstanding	13.5	8.4	26.4		48.3
Total Loans and Other Accounts	33	14	28		75
Total Principal Amount Outstanding	8,768.1	3,896.6	2,042.5		14,707.1
Total Average Loan Amount	265.7	278.3	72.9		196.1

DELINQUENCY AND DEFAULT STATISTICS

Delinquent	0.0%	0.0%	0.0%	0.0%
Foreclosure	0.0%	0.0%	0.0%	0.0%

Notes:

Delinquent is defined as 30 days or more past due.

Other Accounts include judgments, deferred interest, accounts receivable, repossessed property.

CASH BALANCE SUMMARY BY LOAN FUND

(Dollars in Thousands)

Effective December 31, 2025

SERVICED FOR AIDEA

	SMALL BUSINESS ECONOMIC DEVELOPMENT		RURAL DEVELOPMENT		TOTAL
	LEGACY	CARES	INITIATIVE FUND		
Cash with Treasury Pool	2,224	972	7,152		10,348
Undistributed Receipts	-	-	-		-
Transfers to Operating	(46)	-	(50)		(96)
Foreclosure Reserve Exp	(979)	(25)	(263)		(1,267)
Cash Balance - Sub Total	1,199	947	6,839		8,985
Loan Commitments	(150)	(300)	-		(450)
Applications Received	(499)	(500)	-		(999)
Encumbered Funds *	(3)	-	(1)		(4)
Cash Available For Lending	547	147	6,838		7,532

Encumbered Funds:

* FY2025 AIDEA SBED: Travel funds committed & held, and Travel funds collected from borrower.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G25-12

**RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY
PROVIDING FOR THE TRANSFER OF FUNDS FROM
THE REVOLVING FUND AND FROM THE RURAL
DEVELOPMENT INITIATIVE FUND TO THE SMALL
BUSINESS ECONOMIC DEVELOPMENT REVOLVING
LOAN FUND**

WHEREAS, pursuant to AS 44.88.400 the Small Business Economic Development Revolving Loan Fund (the “SBED Fund”) is created in the Alaska Industrial Development and Export Authority (“AIDEA”);

WHEREAS, the purpose of the SBED Fund is to finance the start-up and expansion of small businesses in Alaska that will create significant long-term private sector employment in eligible communities;

WHEREAS, the SBED Fund was established in 1988 with Title IX funding from the U.S. Economic Development Administration (“EDA”) and has been recapitalized on multiple occasions with EDA grants matched by AIDEA;

WHEREAS, pursuant to a Memorandum of Agreement between AIDEA and the Department of Commerce, Community, and Economic Development (“DCCED”), dated September 1988, AIDEA has contracted with DCCED’s Division of Investments to administer the SBED Fund;

WHEREAS, after the passage in 2020 of the federal Reinvigorating Lending for the Future Act (“RLF Act”), the Division of Investments applied for and executed an Agreement to Release the EDA Federal Interest, and the EDA released its federal interest in the SBED fund on March 7, 2024;

WHEREAS, that defederalization removed restrictive federal operational constraints such as rigid job cost ratios and matching fund requirements, materially improving program accessibility so that more loans were made;

WHEREAS, as of March 31, 2025, the primary SBED Fund had \$298,593 in cash available for lending;

WHEREAS, the Division of Investments is currently counseling prospective applicants that funds may not be available while \$1.2 - \$1.5 million of additional loan requests are active;

WHEREAS, without additional capitalization, the SBED program will be required to stop accepting new applications and suspend lending for approximately nine months while loan principal is recycled;

WHEREAS, pursuant to AS 44.88.600, the Rural Development Initiative Fund (“RDIF”) is created in the authority outside of the revolving fund;

WHEREAS, the purpose of the RDIF is to stimulate long-term private sector employment in Alaska’s small and remote communities by financing businesses and business expansions in communities of up to 5,000 in population off the road system and population of up to 2,000 on the road system;

WHEREAS, pursuant to a Memorandum of Agreement between AIDEA and DCCED, dated February 2001, AIDEA has contracted with DCCED’s Division of Investments to administer the RDIF;

WHEREAS, the RDIF has \$5,894,703 in available funds, but is not being utilized as much as the SBED Fund because the RDIF is constrained by statutory deposit limits, geographic eligibility, loan amount caps and a higher interest rate;

WHEREAS, at present the SBED Fund is undercapitalized and the RDIF is overcapitalized;

WHEREAS, providing additional funds to the SBED Fund will allow the Fund to continue to make small business loans that are in the pipeline, and continue to do so in the future in accordance with the Fund's goals and purpose, and that continued lending will support AIDEA's mission to promote, develop, and advance economic growth in Alaska by providing financing to businesses.

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

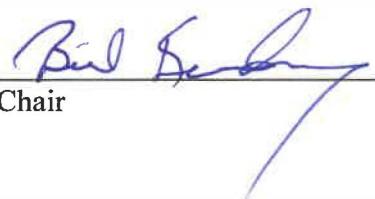
Section 1. Up to \$3 million in the Authority's Revolving Fund monies be, and hereby are transferred and appropriated by the Authority to the Small Business Economic Development Revolving Loan Fund to be used for the purposes of that Fund.

Section 2. Up to \$3 million in monies located in the Rural Development Initiative Fund be, and hereby are transferred by the Authority to the Small Business Economic Development Revolving Loan Fund to be used for the purposes of that Fund.

Section 3. The Executive Director is hereby authorized and directed to take such, and all actions as may be needed, necessary or convenient to make these transfers and execute any documents in the name of, and on behalf of, the Authority to carry out this Resolution.

Dated at Anchorage, Alaska this 10th day of December 2025.

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY


Chair




Secretary