

Bill Hearing Information Sheet
Prepared by AIDEA
February 15, 2011
CSHB 119(EDT)

An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Industrial Development and Export Authority; relating to the definition of "own" for the economic development account; relating to the definitions of "development project", "plant", "facility", and "project" for the Alaska Industrial Development and Export Authority; and providing for an effective date.

This bill provides the Alaska Industrial Development and Export Authority (AIDEA) with more flexibility to encourage greater investment and Alaska resource development. Increased investment in Alaska's industries will further leverage the State's efforts in economic development and promote job creation.

Specifically CSHB 119 allows AIDEA to:

- Expand the definition of development projects under which AIDEA finances, owns and operates projects to include projects which enhance or promote economic development and are associated with transportation, community public purposes, communications, research, technical innovations and prototype commercial applications. This expanded definition will allow AIDEA to expand its investments in important target sectors of Alaskan's economy in order to help diversify and grow Alaska's economy.
- Expand the definition further to include federal facilities such as the US military, Coast Guard and National Guard. This expansion will allow AIDEA to support the continued presence and expansion of federal operations (including military) whose spending supports a substantial portion of Alaska's economy.
- Make investments in development projects through corporations or LLCs, thereby limiting the Authority's liability and protecting its assets and credit worthiness.
- Adopt regulations establishing its procurement process. AIDEA, in its role as the State's development finance authority, is focused on developing and financing private sector projects. The changes are needed to increase the efficiency by which AIDEA finances development projects and interfaces with the private sector, ensures timely development and reduces the cost of capital.
- The amendment inserts a new section to allow AIDEA to create a subsidiary corporation for the purpose of financing projects under AS 44.88.172. These subsidiaries may be incorporated under AS 10.20.146 – 10.20.166. A subsidiary may borrow money and issue bonds; have powers granted to it by the authority; and the debts, liabilities and obligations of the corporation shall not be those of the authority.



February 11, 2011

The Honorable Bill Stoltze
The Honorable Bill Thomas
Co-Chairs, House Finance Committee
Alaska State Legislature
State Capitol Room 519
Juneau, Alaska 99801

RE: CSHB 119(EDT), "An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Industrial Development and Export Authority; relating to the definition of 'own' for the economic development account; relating to the definitions of 'development project', 'plant', 'facility', and 'project' for the Alaska Industrial Development and Export Authority; relating to the Alaska Industrial Development and Export Authority creating subsidiaries regarding projects financed under AS 44.88.172; and providing for an effective date."

Dear Representatives Stoltze and Thomas:

On February 8, 2011, HB 119, as amended, (Companion Bill SB 65) passed out of the House Special Committee on Economic Development, Trade and Tourism and was referred to the House Finance Committee. This legislation is intended to provide the Alaska Industrial Development and Export Authority (AIDEA) with more flexibility to encourage greater investment in expanding Alaska's private sector and in developing the state's natural resources.

CSHB 119(EDT) will allow AIDEA to own all or a percentage of a corporation or be a member of an LLC for which a development project is the sole asset of the corporation or LLC. This allows AIDEA to establish working relationships with other investors and leverages AIDEA's assets to own a portion of a project rather than the entire project.

CSHB 119(EDT) expands the definition of "project" to include projects which enhance or promote economic development. The project must also be associated with transportation, communications, community and public purposes, technical innovations, prototype commercial applications or research. The definition will also be expanded to include federal facilities including military, National Guard or Coast Guard installations.

CSHB 119(EDT) also amends the procurement code allowing for the adoption of regulations to govern AIDEA's procurement of supplies, services and construction. AIDEA regulations will be required to reflect competitive bidding principles and AIDEA would be given authority similar to other state corporations such as AHFC and KABATA.

Representative Stoltze
Representative Thomas
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The House Special Committee on Economic Development, Trade and Tourism considered and adopted an amendment to HB 119. This amendment further defines AIDEA's authority to create subsidiary corporations for the purpose of financing development projects.

We respectfully request you to schedule CSHB 119(EDT) for a hearing in your committee and we urge favorable action on this bill. A copy of CSHB 119(EDT), the fiscal note, the sectional analysis, and the answers to questions from the House EDT committee are attached. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

A handwritten signature in black ink, appearing to read "Ted Leonard", with a long horizontal flourish extending to the right.

Ted Leonard, CMA, SPHR
Executive Director

Attachments (4)