

January 26, 2011

The Honorable Bob Herron
Chair, Special Committee on Economic Development, Trade and Tourism
Alaska State Legislature
State Capitol Room 411
Juneau, Alaska 99801

RE: HB119, "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."

Dear Representative Herron:

On January 24, 2011, HB119 (Companion Bill, SB 65) was introduced and referred to the Senate Labor & Commerce 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.

HB119 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.

HB119 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.

HB119 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.

Submitted for the committee's consideration is a proposed amendment to HB119. This amendment further defines AIDEA's authority to create subsidiary corporations for the purpose of financing development projects. This amendment also clarifies AIDEA's ability to transfer assets into the subsidiary corporation but at the same time ensures that the subsidiary corporation's debts, liabilities, and obligations are not those of the Authority, therefore limiting AIDEA's total risk in financing a development project. The Authority would urge the committee to adopt this amendment.

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We respectfully request you to schedule HB119 for a hearing in your committee and we urge favorable action on this bill. A copy of HB119, the fiscal note, the sectional analysis, and the suggested amendment 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 blue ink, appearing to read "TED", followed by a long horizontal flourish.

Ted Leonard, CMA, SPHR
Executive Director

Attachments (4)