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Senator Lesil McGuire

SB 140: AIDEA: Arctic Development Program/Fund

(28-LS1246\U)

Sectional Analysis

For the Senate Labor and Commerce Committee 2014

Please note that this analysis is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Sections 1-5:

- Page 1, Line 4 thru Page Pg 3, Line 19
 - Makes conforming amendments to include loans from the Arctic Infrastructure Development Fund to existing statutes regarding interest rates and other requirements for loans from funds managed by the Alaska Industrial Development and Export Authority (AIDEA) in AS 44.88.159.
 - This essentially places the Arctic Infrastructure Development Fund (AIDF) in parallel with the existing Revolving Fund and SETS fund.

Section 6:

- Page 3, line 21 thru Pg 4, Line 9
 - Adds Arctic Infrastructure Development to the types of programs to pay borrowers of loan participation the Authority may establish.

- This also places the AIDF in parallel with the existing Revolving Fund and SETS fund.

Section 7

- Page 3, Lines 12-14: (AS 44.88.800)
 - This new section establishes the Arctic Infrastructure Development program and fund
 - The purpose of this fund is to provide financing for Arctic Infrastructure development.
- Page 4, lines 15-27: (AS 44.88.810)
 - This establishes the fund and clarifies that it is not part of the Revolving Fund
 - This section defines what the fund consists of, for example:
 - Direct appropriations made by the legislature
 - Money or assets transferred to the fund by AIDEA
 - Income earned by the fund.
 - It allows separate accounts to be established within the fund and managed by AIDEA
- Page 4, Lines 28-30: (AS 44.88.820)
 - Clarifies that the fund will be used for Arctic Infrastructure development.
- Page 4, Line 31 thru Page 5, Line 25: (AS 44.88.830)
 - Sets the Powers and Duties of the Authority regarding AIDF
 - This section mirrors the Powers and Duties of the Revolving Fund and the SETS fund.
 - Allows AIDEA to use the AIDF for:
 - Finance Arctic Infrastructure development
 - Insure project obligations
 - Guarantee loans or bonds
 - Establish reserves.
 - Acquire real or personal property by
 - Purchase, transfer, or foreclosure
 - Defer principle payments or capitalize interest on Arctic Infrastructure development
 - Enter into lease agreements, sales-lease-back agreements, build-operate-transfer and operate-transfer agreements or similar financing agreements

- Enter into agreements with government entities for the transfer and control of infrastructure, facilities, rights-of-way, and studies
 - Allows contract services
 - Allows the fund to borrow money or issue bonds
 - Directs AIDEA to establish regulations to implement the fund
- Page 5 Lines 26 thru Page 6 line 6 (AS 44.88.840)
 - Establishes the limitations on Financing in the AIDF
 - Provides that legislative authority would be needed to go beyond the limitations set forth in this section, the Authority may not use the AIDF to make the following:
 - A loan for more than 1/3 of the capital cost of the development
 - A loan guarantee if the amount of the guarantee exceeds \$20 Million
 - Financing for more than 30yrs
 - Notwithstanding (a) of this section (legislative approval) the Authority can use the fund as security for a bond guarantee.

Section 8

- Defines “Arctic” and “Arctic Infrastructure Development”
- Page 6, Lines 8-11
 - Defines “Arctic” in a geographical boundary similar to the boundary set forth in the Arctic Region Policy Act (ARPA)
 - North of the Arctic Circle
 - North and West of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers
 - All contiguous seas including
 - The Arctic Ocean
 - Beaufort, Bering and Chukchi Seas
 - The Aleutian Chain
- Page 6, Lines 12-14
 - Defines “Arctic Infrastructure Development” as:
 - The construction, improvement, rehabilitation, or expansion in the “Arctic” of:

- Port, road, energy project, hangar, or
- Facility to aid in development or
- Facility to meet emergency response needs.