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Senator Lesil McGuire

CS SB140 (L&C)
Arctic Infrastructure Development Fund (AIDF)
Sectional Analysis
28-LS1246\R

Section 1. AS 44.88.088(a) is amended

- Page 1, Line 5 thru Page 2, Line 19.
 - This section establishes that the Alaska Industrial Development and Export Authority (AIDEA) shall adopt a policy for payment of a dividend from the Arctic infrastructure development fund (AS 44.88.810) to the state each fiscal year.
 - The dividend may not be less than 25% nor more than 50% of the net income of the fund.
 - This puts the AIDF in-line with AIDEA's sustainable energy transmission and supply development fund (SETS) (AS 44.88.660).

Section 2. AS 44.88.088(b)(2) is amended

- Page 2, Lines 20-29
 - This section defines "net income" for the purposes of this chapter.
 - The definition now includes the AIDF.

Section 3. AS 44.88.088(b)(3) is amended

- Page 2, line 30 thru Page 3, line 7
 - This section defines "unrestricted net income" for the purposes of this chapter.
 - The definition now includes the AIDF

Sections 4-8 AS 44.88.159(a)(b)(d)(e)(f) are amended

- Page 3, Line 8 thru Page 5, Line 6
 - These sections make conforming changes to include loans from the Arctic Infrastructure Development fund to existing statues regarding interest rates and other requirements for loans from funds managed by AIDEA.
 - These changes place the same requirements on the AIDF that currently exist for the SETS fund.

Section 9 AS 44.88.159(g) is amended

- Page 5, lines 7-27
 - This section adds the AIDF to the types of programs to pay borrowers of loan participation the Authority may establish.

Section 10 AS 44.88 is amended to add a new section

- Page 5, line 29 thru Page 6, line 1 (AS 44.88.800)
 - This section establishes the Arctic Infrastructure Development Program and fund.
 - The purpose of this fund is to promote and provide financing for Arctic Infrastructure development.
- Page 6, line 2-16 (AS 44.88.810)
 - This section defines what the fund consists of:
 - Direct appropriations made by the legislature
 - Money or assets transferred to the fund by AIDEA from any other fund controlled by AIDEA
 - These transfers would require a majority vote by the members of the authority- essentially an action by the Board of Directors
 - Unrestricted loan repayments
 - Interest
 - Other income earned by the fund
 - Investment or assets of the fund.
 - This section also allows separate accounts to be established within the fund and managed by AIDEA.
 - This section establishes the AIDF and clarifies that it is not part of the revolving fund.
- Page 6, lines 17-19 (AS 44.88.820)
 - Clarifies that the fund will be used for Arctic Infrastructure development.
- Page 6, lines 20 thru Page 7, line 14 (AS 44.88.830)\
- Establishes the Powers and Duties of the authority regarding the AIDF
- This section mirrors the Powers and Duties of 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 7, lines 15 thru Page 8, Line 1 (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 40yrs
 - Notwithstanding (a) of this section (legislative approval) the Authority can use the fund as security for a bond guarantee.
 - AIDEA may use the fund for fisheries related financing that shall not be less than \$7,000,000.

Section 11. AS 44.88.900 is amended

- Page 8, lines 2-19
 - 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 8, Lines 7-19
 - Defines “Arctic Infrastructure development”
 - The definition includes the “construction, improvement, rehabilitation, or expansion of a facility” for two purposes:
 - In the Arctic to aid in development or meet emergency response needs
 - In the State to further the development of a facility in the Arctic.
 - The final section relates to the financing of vessels, equipment and facilities in Arctic Fisheries.