

**Senate Bill 50**  
**AIDEA: Bonds; Programs; Loans; LNG Project**  
**Sectional Analysis**

**Section 1:** adjusts the limit under AS 44.88.095(c) from \$6 million to \$10 million. AS 44.88.095(c) requires AIDEA to receive a certified copy of a resolution of the municipality or from the Regional Resource Advisory Council (in the Unorganized Borough) consenting to the location of a project if AIDEA is to issue bonds exceeding \$6,000,000. AIDEA recommends that this cap be increased to \$10,000,000 to better reflect the true costs of projects in 2015.

**Section 2:** adjusts the limit under AS 44.88.095(g) from \$10 million to \$25 million. AS 44.88.095(g) requires that AIDEA receive legislative approval to issue bonds in amounts over \$10 million to finance a development project. The current bond limitations have lessened AIDEA's ability to utilize bonding as a tool in funding small to mid-size projects due to the time it takes to get authorization from the Legislature and to go through the community authorization process discussed in section 1. Additionally, AIDEA is recommending the dollar amount of bond limitations be the same as the dollar amount limit on loan participations AS 44.88.155(d)(1) since loan participations may be funded through bond issuances.

**Section 3:** changes the loan participation limit under AS 44.88.155(d)(1) to \$25 million (current limit - \$20 million), and \$25 million (current limit - \$20 million) for a loan participation for a qualified energy project without the necessity of obtaining prior legislative approval. Increasing the limits would allow AIDEA to provide more of the financing for a large commercial project and a qualified energy project and provide better financing terms for those projects.

**Section 4:** changes the uncodified law [11(a), ch. 26, SLA 2013] that deals with the Interior Energy Project (IEP). Section 4 deletes the phrase "on the North Slope" and changes it to "in the state" and broadens the scope of the project to include natural gas energy projects in the state so that natural gas can be sourced anywhere in the state. AIDEA has determined that the goals of the IEP will be better served if AIDEA has the flexibility to look at and consider multiples sources of natural gas rather than being limited to the North Slope.

**Sections 5:** reduces a previous AIDEA bond authorization at the Anchorage International Airport from \$85,000,000 to \$28,000,000. Only a portion of the 1992 authorization was used which has been repaid.

**Section 6:** repeals legislative bond authorizations (1993 through 2006) under 44.88.095(g) for potential projects that were determined not to be feasible or did not move forward for other reasons. The repeal of these authorizations would be beneficial to AIDEA's bond rating for future projects. Outdated authorizations to be repealed include:

1. \$50,000,000 for a bulk commodity terminal in Cook Inlet – 1993 authorization,
2. \$50,000,000 for construction of processing facility for seafood (ASI) - 1993 authorization,
3. \$20,000,000 to assist in construction of Kodiak launch complex facilities 1995 authorization.
4. \$80,000,000 to fund expansion at Red Dog port – 1998 authorization,
5. \$30,000,000 to finance improvement at Nome port facility – 1998 authorization,
6. \$25,000,000 to finance development at Hatcher Pass located in Matanuska-Susitna Borough – amended 2006 authorization, and
7. \$20,000,000 to finance construction of port facilities on Lynn Canal – 2004 authorization.

**Section 7:** immediate effective date.