

House Bill 105
AIDEA: Bonds; Programs; Loans; LNG Project
Sectional Analysis

Sections 1 and 2: proposes related changes to AS 44.88.095(c) and (g) which places limitations in regards to the amounts of bonds issued for financing projects. AIDEA is recommending bond limitation increases with regards to two bond limitation statutes: AS 44.88.095(c); AS 44.88.095(g). Section 1 will increase 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 would increase 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 amount 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. Additionally, it is recommending the dollar amount of bond limitations be in parity with the dollar amount limit on loan participations AS 44.88.155(d)(1) since loan participations may be funded through bond issuances.

Section 3: would change 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: is a change to the uncodified law [11(a), ch. 26, SA 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 in order to better meet the goals of the Interior Energy project, AIDEA needs the flexibility to look at and consider multiples sources of natural gas rather than being limited to the North Slope.

Sections 5 and 6: repeal Legislative Bond Authorizations (1994 through 2004) 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 as AIDEA moves forward to utilize its bonding capacity for future projects. Authorizations to be repealed would include authorizations for:

1. \$55,000,000 for acquisition of transport support facilities at Ted Stevens Airport.
2. \$50,000,000 for a bulk commodity terminal in Cook Inlet.
3. \$50,000,000 for construction of processing facility for seafood (ASI).
4. \$20,000,000 to assist in construction of Kodiak launch complex facilities.
5. \$80,000,000 to fund expansion at Red Dog port.
6. \$30,000,000 to finance improvement at Nome port facility.
7. \$25,000,000 to finance development at Hatcher Pass located in Matanuska-Susitna Borough.
8. \$20,000,000 to finance construction of port facilities on Lin Canal.