

SCS CSHB 119(L&C)
Bill Hearing Information Sheet
Prepared by AIDEA
April 5, 2011

SCS CSHB119(L&C), "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; relating to the Alaska Industrial Development and Export Authority creating subsidiaries regarding projects financed under AS 44.88.172: relating to the operation and management of public housing projects for low-income households by the Alaska Housing Finance Corporation; relating to the subsidiary corporations of the Alaska Housing Finance Corporation; and providing for an effective date."

This bill provides the Alaska Industrial Development and Export Authority (AIDEA) with more flexibility to encourage greater investment and Alaska resource development. Increased investment in Alaska's industries will further leverage the State's efforts in economic development and promote job creation. It also contains language that relates to the Alaska Housing Finance Corporation's ability to operate or manage housing for low-income households and relates to AHFC's ability to create subsidiaries for the purpose of financing the acquisition, development, management, or operation of affordable housing.

Specifically CSHB 119 allows AIDEA to:

- Expand the definition of development projects under which AIDEA finances, owns and operates projects to include projects which enhance or promote economic development and are associated with transportation, community public purposes, communications, research, technical innovations and prototype commercial applications. This expanded definition will allow AIDEA to expand its investments in important target sectors of Alaskan's economy in order to help diversify and grow Alaska's economy.
- Expand the definition further to include federal facilities such as the US military, Coast Guard and National Guard. This expansion will allow AIDEA to support the continued presence and expansion of federal operations (including military) whose spending supports a substantial portion of Alaska's economy.
- Make investments in development projects through corporations or LLCs, thereby limiting the Authority's liability and protecting its assets and credit worthiness.
- Adopt regulations establishing its procurement process. AIDEA, in its role as the State's development finance authority, is focused on developing and financing private sector projects. The changes are needed to increase the efficiency by which AIDEA finances development projects and interfaces with the private sector, ensures timely development and reduces the cost of capital.

- Create a subsidiary corporation for the purpose of financing projects under AS 44.88.172. These subsidiaries may be incorporated under AS 10.20.146 – 10.20.166. A subsidiary may borrow money and issue bonds; have powers granted to it by the authority; and the debts, liabilities and obligations of the corporation shall not be those of the authority.