



HB 119 ver. J

AIDEA: Dividend to State; Income; Valuation and Property Tax Exemption Sectional Analysis

Section 1: Amends existing property tax exemption language at AS 29.45.030(a)(1)(A) to clarify that AIDEA owned assets that are engaged through an operating agreement or nonexclusive use agreement between the Authority and a user are exempt from inclusion in the calculation of Required Local Contribution. (Red Dog Road and Port)(Ketchikan Shipyard)

Section 2: Repeals the amendment contained in Section 1.

Section 3: Adds adjustments and noncash accounting entries relating to pension obligations and benefits to the existing statutory list of items that are to be excluded from “net income” prior to calculation of AIDEA’s dividend to the state treasury.

Section 4: Adjusts the existing scope of project losses that are to be excluded from the definition of AIDEA’s statutory net income (dividend base). The Legislature previously instructed that amounts attributable to intergovernmental transfers, capital contributions and grants were to be excluded so as not to impact the dividend base. Additionally, losses on development projects financed under AS44.88.172 were also excluded. However, the prior policy instruction did not anticipate periodic write offs for projects financed outside of AS44.88.172 with funds from non AIDEA sources. In these limited cases, project losses would affect AIDEA financial statement net income which could, in turn lower the calculated dividend.

Section 5: Amends AS 44.88.088(b) to include a definition for “mark-to-market fair value” adjustments that are mandated by the General Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Also defines “project or development” to capture AIDEA investments in four separate project funds operated by the Authority.

Section 6: Applies Section 1 retroactively to November 30, 2017 in order to make the extension of the previous exemption in place for the DeLong Mountain Transportation System (Red Dog Road and Port facilities) seamless with the proposed extension.

Section 7: Immediate effective date for Sections 1 and 3 – 6.

Section 8: Delayed effective date for repeal of the tax exemption contained in Sec. 1.