

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 124
Fiscal Note Number:
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Identifier: HB124-DCCED-AIDEA-01-21-26
Title: AIDEA
Sponsor: CARRICK
Requester: (H) STATE AFFAIRS

Department: Department of Commerce, Community and Economic Development
Appropriation: Alaska Industrial Development and Export Authority
Allocation: Alaska Industrial Development and Export Authority
OMB Component Number: 1234

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates				
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING EXPENDITURES	FY 2027	FY 2027	358.8	358.8	358.8	358.8	358.8
Personal Services							
Travel							
Services							
Commodities			1,140.0	50.0	50.0	50.0	50.0
Capital Outlay			20.0				
Grants & Benefits							
Miscellaneous							
Total Operating	1,518.8	0.0	408.8	408.8	408.8	408.8	408.8

Fund Source (Operating Only)

1004 Gen Fund (UGF)			11,819.5	11,819.5	11,819.5	11,819.5	11,819.5
1061 CIP Rcpts (Other)			(941.7)	(941.7)	(941.7)	(941.7)	(941.7)
1102 AIDEA Rcpt (Other)		1,518.8	(10,469.0)	(10,469.0)	(10,469.0)	(10,469.0)	(10,469.0)
Total	1,518.8	0.0	408.8	408.8	408.8	408.8	408.8

Positions

Full-time	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

Change in Revenues

1102 AIDEA Rcpt (Other)			(33,000.0)	(33,000.0)	(33,000.0)	(33,000.0)	(33,000.0)
1140 AIDEA Div (UGF)			(16,500.0)	(16,500.0)	(16,500.0)	(16,500.0)	(16,500.0)
Total	0.0	0.0	(49,500.0)	(49,500.0)	(49,500.0)	(49,500.0)	(49,500.0)

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/27

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Commerce, Community, and Economic Development

Phone: (907)771-3000
Date: 01/21/2026
Date: 01/21/26

Analysis

House Bill 124 (HB 124) would significantly reduce the ability of the Alaska Industrial Development and Export Authority (AIDEA) to finance job-creating commercial and industrial projects throughout Alaska. This legislation would cap the amount of investments AIDEA could hold, which would result in AIDEA having to liquidate its income generating assets. The fiscal consequence of asset liquidation is the elimination of AIDEA's revenue stream. Without ongoing cash flows, AIDEA would require general funds to pay for its operating costs. Additionally, AIDEA would no longer be able to provide financing for new commercial enterprises or engage in public-private-partnerships that create jobs and advance Alaska's economic prosperity.

BOARD COSTS

This legislation increases the size of the AIDEA board by two public members. For purposes of this fiscal note, board members are projected to be based in Anchorage and incur no travel costs. Public board members receive a daily stipend of \$0.1 per day, which is projected for the two new board members for ten one-day board meetings per year.

REVENUE CHANGES

This legislation will result in significantly reduced revenues to AIDEA as a result of the requirement to transfer its asset balance above \$500 million. Because most of AIDEA's assets are fixed assets or loan balances, AIDEA would need to liquidate these income-generating assets to meet the requirements of this legislation. The AIDEA Board of Directors and Executive Director would be required to choose which assets would be liquidate and which would be retained; choices would need to be made between retention of the loan portfolio, owned assets, or other revenue generating assets. Liquidation of either the loan portfolio or owned assets would likely result in lower valuations to incentivize the sales.

- **Capital Assets:** AIDEA currently owns capital assets such as the Ketchikan Shipyard and the Delong Mountain Transportation System. Few investors in the marketplace have the financial capacity to purchase these assets and the associated leases. If the Board chose to divest from these assets as a result of this legislation and cannot find a purchaser, these assets may be written down or written off of AIDEA's owned assets, which would result in reduced or zero revenues transferred to the general fund upon liquidation. Additionally, these assets generate approximately \$30 million in annual revenues related to AIDEA's leases, which would be foregone.
- **Loan Portfolio:** The sale of AIDEA's loan portfolio to other financing entities would be likely have a detrimental impact on Alaskan borrowers because the purchasers of these loans may require higher interest rates than borrowers are able to pay. Additionally, the loss of AIDEA's loan portfolio would reduce AIDEA's revenues by \$20 to \$25 million annually. This revenue would not be available to be shared with the State of Alaska through the dividend program and would not be available to fund other programs such as the loan programs for Alaskan small businesses.

This legislation becomes effective January 1, 2027, and would require AIDEA's assets not exceed \$500 million by June 30, 2027. Due to the limited time window to divest of assets and because the composition and value of AIDEA's portfolio at the end of FY2027 is not known, the amount of revenue that would be transmitted to the state after June 30, 2027 cannot be predicted at this time.

Consumer and industry interest in AIDEA's financing opportunities are anticipated to be reduced by this legislation. New requirements for legislative approval for some projects and the elimination of confidentiality provisions are anticipated to diminish new financing activity. This reduced new activity is projected to impact earnings, but cannot be estimated at this time.

In addition to the foregone revenue, as a result of the greatly reduced earnings on a smaller, less diverse portfolio, general funds will be needed to fund ongoing operating costs. Operating costs are currently funded by AIDEA's earned receipts and received as 1102 AIDEA Receipts for operating costs and 1061 CIP Receipts for board-authorized investment

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 124

Analysis

Since 1997, AIDEA has provided an annual dividend payment to the state treasury. Including the FY2027 dividend payment, AIDEA will have provided the state \$512 million to the general fund. Over the last 31 years, the maximum dividend payment amount was \$29.5 million, and the average amount is \$16.5 million. For purposes of this fiscal note, revenue changes are projected based on AIDEA's annual declared income from inception to date and are reflected as changes to the general fund for dividends that would not be declared, and changes to AIDEA Receipts for income that would not be earned, retained, and reinvested in Alaska's economy. Foregone revenue to AIDEA's investment portfolio is projected as two times the average dividend in recognition that the board may declare a dividend between 25% and 50% of statutory net income.

REPORTING REQUIREMENTS

This legislation creates new requirements for performance metrics and financial activity, as well as additional coordination requirements with other agencies. Two new full-time positions are needed to support this activity, as well as ongoing support costs. One-time setup costs of \$10.0 per position are also included in the first year only. Contractual support costs will also be needed to support policy and performance metric development, as well as new regulation adoption and enhanced performance metrics implementation.

Personal Services:

\$169.0	One full-time Project and Policy Coordinator (range 22) located in Anchorage
\$189.8	One full-time Performance Measurement and Technical Assistant (range 24) located in Anchorage

Services:

\$ 2.0	Board member stipends for two members for ten meetings per year
\$ 50.0	Ongoing support costs, including core and allocated services (\$25.0 per position per year)
\$325.0	Contractual support for personnel policy and performance metric development in FY2027 only
\$450.0	1,000 Legal hours x \$450.00/hour in FY2027 only
\$ 90.0	200 Human Resources hours x \$450.00/hour in FY2027 only
\$225.0	500 Economist hours x \$450.00/hour in FY2027 only

Commodities:

\$ 20.0	One-time setup costs for positions (computer, office furniture, equipment) in FY2027 only
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