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Inactive State Funds Report



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Introduction

AS 24.20.231 lists the statutory duties of the Legislative Finance Division (LFD). This section of statute was amended in 2023 (SB 25 - Ch. 6, SLA 2023) to include a new subsection (8)(B) which requires that LFD conduct a review of “inactive state accounts and funds” and make recommendations on if any should be repealed. An electronic report is to be submitted no later than the first legislative day of each first regular session to the Governor and the legislature. **This report is intended to meet this statutory requirement and is the first report since the legislation was enacted.**

The process undertaken to complete this task was three-fold - identify all funds and accounts under the purview of the legislature;¹ remove all known “actively utilized” funds and accounts from consideration; and with the remainder, contact the primary user agency to determine whether the fund or account was active or inactive.

While contact with agencies provided information regarding activity or inactivity, there are multiple instances where any information beyond this – historical records and/ or institutional knowledge – has been lost.

Next, after a fund/account was labeled inactive, one of four recommendations was provided using the following table as a guide:

Recommendation	Logic
Maintain	LFD Recommends "Maintain" due to the ongoing need or potential need of the fund and associated program/s.
Repeal	LFD Recommends "Repeal" due to the fund or associated programs being obsolete with no revenue source and no logical future revenue source or need for the fund.
Consider Maintain	LFD Recommends "Consider Maintain" due to the potential for future use whether it be an old program reconstituted or the original intent still viable under potential future scenarios without ramification for maintaining the fund statute.
Consider Repeal or Revision	LFD Recommends "Consider Repeal or Revision" due to the fund or associated programs being obsolete given current budgetary practices, but that might be considered for revision to modern day practices.

¹ The Legislative Legal Services Division publishes an annual Index of State Funds and Accounts Established by Law. This was the source universe of funds and accounts used for the project.

In summary, of the 233 funds and accounts established by law, 176 have been identified as active. The remaining 57 “inactive” funds and accounts are summarized with the recommendations as follows:

- Maintain: 11
- Repeal: 28
- Consider Maintain: 9
- Consider Repeal or Revision: 9

The fund or account legal name, statutory citation, and context/ notes along with the recommendation for each is provided on the following pages.

While these recommendations are made based on an initial analysis provided by LFD, the legislative deliberative process will allow for further agency feedback and confirmation before any action is taken by the legislature.

This report, the fund/ account universe and those identified as “active” can be found on the LFD website here:

<http://www.legfin.akleg.gov/InactiveFunds/DisplayReports.php>

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Item Number	Legal Fund Name	Legal Reference	Primary Use Agency	Active/Inactive	Notes/ Analysis	Recommendation
1	Trauma care fund	AS 18.08.085	DOH	Inactive	<p>The trauma care fund was established in 2010 to "compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) and that achieve or maintain the highest appropriate level of trauma care designation," according to the statute. The last appropriation to the fund was \$500.0 in FY15.</p> <p>The fund's original purpose is still valid and could be used; it appears to be inactive as a result of budget reductions in FY16. The legislature could repeal the fund or retain it if this purpose becomes a priority in the future.</p>	Consider Maintain
2	nursing facility resident security fund	AS 18.20.350(a)	DOH	Inactive	<p>The Nursing Facility Resident Security fund was established in 1990. The fund was established in the Department as a fund separate from other public money of the State, consisting of all civil fines collected under AS 18.20.310(a)(3) and 18.20.340 related to noncompliance with 42 U.S.C. 1396r(b), (c), or (d), and all interest earned on money in the fund. The fund may only be used for the protection of health or property of residents in nursing facilities that are found to be out of compliance with 42 U.S.C 139r(b), (c), or (d) or a similar regulation adopted under those statutes.</p> <p>The Department reports no activity related to the fund in their records. The legislature could repeal the fund or retain it if this purpose becomes a priority in the future.</p>	Consider Maintain
3	Medical facilities special bond guarantee account	AS 18.26.260(a)	DOR	Inactive	<p>Ch 141, SLA 1978 was passed to provide financing for medical care and medical facilities in certain localities of the state that were deemed inadequate.</p> <p>The Alaska Medical Facility Authority was created to provide for the financing of medical facilities from the issuance of bonds. This account was for guaranteeing the bonds issued and no appropriations from the account would be expected unless a guarantee were exercised.</p> <p>The only record of appropriations from the account is from FY97, when \$50,000 was appropriated for the Special Olympics and the remaining balance was appropriated for regional emergency medical services.</p> <p>The account has a zero balance and is inactive.</p>	Repeal
4	Housing insurance fund	AS 18.56.093(a)	AHFC	Inactive	The agency states that there is no known history of AHFC managing its own insurance funds and that these funds were likely established as a means of addressing nonconforming properties that AHFC might purchase. There are presently sufficient insurance options available to address this potential need making this fund obsolete and unnecessary.	Repeal
5	Rural housing hazard insurance fund	AS 18.56.093(a)	AHFC	Inactive	See analysis under Housing Insurance Fund AS 18.56.93(a)	Repeal
6	Rural housing title insurance fund	AS 18.56.093(a)	AHFC	Inactive	See analysis under Housing Insurance Fund AS 18.56.93(a)	Repeal
7	Home ownership assistance fund	AS 18.56.430(a)	AHFC	Inactive	AHFC currently administers a variety of loan products and add-on options that meet the original intent of this statute without requiring direct appropriations from the Legislature. The agency would not object if repealed.	Repeal
8	Operating loss reserve account	AS 18.56.450(a)	AHFC	Inactive	This fund was established as an operating loss reserve account for the purpose of meeting legal expenses incurred through the foreclosure of properties acquired by AHFC. The account is not utilized by AHFC and should be considered obsolete and ready for repeal.	Repeal
9	Restricted title loss reserve account	AS 18.56.490(a)	AHFC	Inactive	This fund was established to compensate AHFC were it to incur a loss on the purchase of a housing loan from a small community. AHFC does not use this account and its purpose is obsolete.	Repeal

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10	mortgage insurance fund	AS 18.56.95(a)	AHFC	Inactive	See analysis under Housing Insurance Fund AS 18.56.93(a)	Repeal
11	Servicemembers' group life insurance premium fund	AS 26.05.263(a)	DMVA	Inactive	This fund was established by the legislature in 2006 for the purpose of reimbursing eligible members of the Alaska National Guard deployed to a combat zone for premiums paid under the federal Servicemembers' Group Life Insurance Program. No funds were ever appropriated to this fund and it has never been used. If the legislature no longer intends to make this reimbursement, this fund should be repealed.	Consider maintain
12	Alaska World War II veterans' revolving fund	AS 26.15.090(a)	DCCED	Inactive	This fund was established to provide home, education, or personal loans to eligible veterans. No loans have been made in at least 20 years and World War II veterans are now unlikely to need loans. The fund can be repealed.	Repeal
13	Alaska Aerospace Corporation reserve fund	AS 26.27.290	DMVA	Inactive	This reserve fund is established to assure the maintenance of any outstanding debt service on Alaska Aerospace Corporation bonds. The agency does not currently have any outstanding debt, but has stated they would like to maintain its existence for potential future financing opportunities.	Maintain
14	Mining loan fund	AS 27.09.010(a)	DNR	Inactive	The mining revolving loan fund was created in 1980 to make loans to underwrite advanced mineral exploration. No loans have been made from this fund for many years, but it retained a single foreclosed property through FY24. The remaining property was sold in FY24, so the entirety of AS 27.09 can be repealed.	Repeal
15	Foreclosure expense account (((in the mining loan fund)))	AS 27.09.015	DNR	Inactive	See analysis under mining loan fund, AS 27.09.010(a)	Repeal
16	Enterprise development account (in the Adak Reuse Authority)	AS 30.17.280	DCCED	Inactive	All of AS 30.17 creates the Adak Reuse Authority and its powers and purpose. Since Adak was incorporated in 2001, this Authority and all of the statutes are obsolete and should be repealed.	Repeal
17	Public facility planning fund	AS 35.10.135	GOV	Inactive	This fund is used for advance planning for projects funded with a general obligation bond to allow for work to begin before the bond is issued; the fund is then repaid by the bond issue. Since the State has not issued new general obligation bonds for over a decade, this fund is not currently in use. However, its purpose remains if bonds are issued again and it should be retained.	Maintain
18	Railbelt energy fund	AS 37.05.520	DCCED	Inactive	<p>The Railbelt Energy Fund was created in 1986 for the purpose of meeting railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation. Several hundred million of general funds were appropriated to the fund through FY03. The last appropriation out of the fund was in the FY12 budget cycle.</p> <p>The fund has no current balance, but it does have a potential source of future revenue and should be maintained. The Alaska Energy Authority's contract for the Bradley Lake Hydroelectric project stipulates that utilities will make payments into the fund when project debt is retired. This was originally scheduled for FY22, but a new bond was initiated that year that will utilize this revenue stream. When that bond is complete, in theory payments could be made to the fund at that time. The fund should therefore be retained as long as the Bradley Lake contracts are active, which is expected to be at least 2050.</p>	Maintain
19	University of Alaska building fund	AS 37.05.555	UA	Inactive	The UA Building Fund was established by SB74 in FY15 and has not been used. However, the University has been active in discussions with the legislature to create a sustainable facilities maintenance funding strategy and they are hopeful that this fund can be part of that solution.	Maintain

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20	Alaska veterans' cemetery fund	AS 37.05.600	DMVA	Inactive	<p>This fund was created by the legislature in 2009 to fund maintenance of an Alaska veterans' cemetery. The statute allows the legislature to appropriate funds from the sale of veterans special request license plats as well as gifts, donations and grants. While no veterans' cemetery has yet been built, a potential Interior Veterans' Cemetery is under development. While the fund could be used if that cemetery is built, there is no practical advantage to using a fund rather than directly appropriating these fund sources to the department, as the receipts would be much less than the full cost of maintaining the cemetery. Therefore, the fund can be repealed.</p>	Repeal
21	Alaska affordable energy fund	AS 37.05.610	DCCED	Inactive	<p>This fund was established in 2014 in preparation for a future Alaska Liquefied Natural Gas (AKLNG) project. If a project is constructed, this statute directs 20% of royalties from it to this fund. According to the statute, "The purpose of the fund is to provide a source from which the legislature may appropriate money to develop infrastructure to deliver energy to areas of the state that are not expected to have or do not have direct access to a North Slope natural gas pipeline." If an AKLNG project is completed in the future, this fund could be used at that point.</p>	Maintain
22	Municipal capital project matching grant fund	AS 37.06.010(b)	DCCED	Inactive	<p>This municipal capital project matching grant program/ fund was established in 1993 and was capitalized by legislative appropriation. There was an individual grant account for each municipality, with the allocation to accounts determined by population.</p> <p>The intent of the program was to provide an equitable capital project funding mechanism for municipalities. The fund was also created to improve the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community, the executive branch and the legislature.</p> <p>The program has not been funded since FY04, and the LFD Fund Code was deactivated. The statutes for the program are somewhat strict and agency management of the program could be tedious and require additional grant managers if the fund were to be recapitalized.</p> <p>The fund and enabling program statutes should be repealed under current budgetary practices, or revisions could be made updating the program and fund to a mechanism acceptable to current legislative practices.</p>	Consider Repeal or Revision
23	Unincorporated community capital project matching grant fund	AS 37.06.020(b)	DCCED	Inactive	<p>The unincorporated community capital project matching grant program/ fund was established in 1993 and was capitalized by legislative appropriation. There was an individual grant account for each community, with the allocation to accounts determined by population.</p> <p>The intent of the program was to provide a funding system that was arguably equitable to communities throughout the state. The fund was also created to improve the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community, the executive branch and the legislature.</p> <p>The program has not been funded since FY04, and the LFD fund code was deactivated.</p> <p>The fund and enabling program statutes should be repealed under current budgetary practices, or revisions could be made updating the program and fund to a mechanism acceptable to current legislative practices.</p>	Consider Repeal or Revision

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24	Investment loss trust fund	AS 37.14.300(a)	DOR	Inactive	<p>The Investment Loss Trust Fund (ILTF) was established in 1991 to provide financial security to participants in the state supplemental annuity plan and other annuity holders who may be harmed by the possible default on guaranteed insurance contracts of Executive Life Insurance Company of California (Executive Life). Executive Life had issued guaranteed investment contracts to the Plan and individual annuities to three hundred members. In April, 1991, California State Regulators took over Executive Life, raising considerable uncertainty about the value of the Plan assets and the individual annuities.</p> <p>In 1991, \$45 million was appropriated from the General Fund and \$93.1 million was appropriated from the statutory budget reserve fund into the ILTF. The balance in the fund is held in escrow to protect annuitants who currently receive annuities from the successor to Executive Life and for recovery actions still in progress. The state would be obligated to pay these annuitants if that company should fail.</p> <p>The amount available for appropriation is the amount released from escrow. That amount depends on the number of affected employees still working for the State. As of the end of FY23, \$2.1 million was reserved for annuitant commitments. When the remaining fund balance is released, the fund can be repealed and any remaining balance can be returned to the general fund.</p>	Maintain
25	Alaska debt retirement fund	AS 37.15.011(a)	DOR	Inactive	<p>This fund was intended as a "collector" for appropriations intended to pay state debt service, however, in 2011, use of the fund was disbanded in an effort to clarify the budget by directly appropriating fund sources to debt service payments. While there may be a creative future use for the fund, under current budgetary practices, the fund is no longer utilized.</p> <p>If it is to be repealed, AS 37.15.012 should be repealed as well.</p>	Consider Repeal or Revision
26	Knik Arm construction fund	AS 37.15.230	DOTPF	Inactive	<p>The Knik Arm crossing is still a potentially viable alternative for providing alternative access to and from Alaska's largest city. This fund would hold any bond proceeds issued to finance the project or other money appropriated to it to be used to pay construction costs.</p> <p>If the legislature deems this project as an option at any point in the future, this fund should be maintained.</p>	Consider Maintain
27	Toll bridge revenue fund	AS 37.15.240	DOTPF	Inactive	While created specifically for the Knik Arm crossing, the toll bridge revenue fund may be used to collect toll revenues for other potential future toll bridge facilities. The fund would collect all revenues which would be limited in their expenditure to the operations and maintenance of the facility and for payment of any debt requirements of the facility.	Consider Maintain
28	Toll bridge revenue bond redemption fund	AS 37.15.245	DOTPF	Inactive	See analysis under toll bridge revenue fund, AS 37.15.240	Maintain
29	Toll bridge revenue bond reserve fund	AS 37.15.260	DOTPF	Inactive	See analysis under toll bridge revenue fund, AS 37.15.240	Maintain
30	Toll facilities construction fund	AS 37.15.620(a)	DOTPF	Inactive	See analysis under toll bridge revenue fund, AS 37.15.240	Maintain
31	Toll facilities revenue fund	AS 37.15.630(a)	DOTPF	Inactive	See analysis under toll bridge revenue fund, AS 37.15.240	Maintain
32	Toll facilities revenue bond redemption fund	AS 37.15.640	DOTPF	Inactive	See analysis under toll bridge revenue fund, AS 37.15.240	Maintain

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33	Pension obligation bond redemption fund	AS 37.15.905	DOR	Inactive	AS 36.16 authorizes a Pension Obligation Bond corporation that may issue up to \$1.5 billion of bonds. This statute has never been utilized. The Alaska Supreme Court's 2020 decision in <i>Forrer v. State of Alaska</i> casts doubt on the constitutionality of this statute, as this statute uses a similar construction as the tax credit statute struck down by the court. The legislature should consider repealing all of AS 36.16 as well as related statutes in AS 37.15.903 and 37.15.905 or revising the statute to ensure that the provision is constitutional. If the statute is deemed constitutional as written, we still recommend revisiting the decision to give the Department of Revenue the authority to issue these bonds without legislative approval.	Consider Repeal or Revision
34	Alaska pension obligation bond corporation reserve fund	AS 37.16.040	DOR	Inactive	See analysis under pension obligation bond redemption fund, AS 37.15.905.	Consider Repeal or Revision
35	Alaska Tax Credit Certificate Bond Corporation reserve fund	AS 37.18.040(a)	DOR	Inactive	In <i>Forrer v. State of Alaska</i> , the Alaska Supreme Court ruled that the legislation creating this fund and the related corporation are unconstitutional. In light of this decision, the entire statute (not just the fund) can be repealed.	Repeal
36	public access fund	AS 38.05.874(a)	DNR	Inactive	This fund was created to receive donations from individuals and corporations to create recreational public access points. The fund is not being used by the agency and were donations to materialize for this purpose, Statutory Designated Program Receipts could be used in the budget toward an agreed upon recreational access purpose.	Repeal
37	unorganized borough national forest receipts fund	AS 41.15.180(b)	DCCED	Inactive	This fund appears obsolete under current practices. National forest receipts are received from the federal government and essentially passed through directly to the unorganized borough.	Repeal
38	state land reforestation fund	AS 41.17.300	DNR	Inactive	This fund is considered obsolete by the agency due to a shift towards timber sales receipts now providing funding for this activity.	Repeal
39	Southeast energy fund	AS 42.45.040	DCCED	Inactive	This fund was established with revenue from the Four Dam Pool Fund, but in 1999 the legislature redirected those payments to the Power Cost Equalization Endowment Fund. The remaining balance of the fund was appropriated to the general fund in 2006. Since there is no ongoing source of revenue and this fund is subject to the CBR sweep, there is not a practical purpose for this fund and it can be repealed.	Repeal
40	Alaska Gasline Inducement Act reimbursement fund	AS 43.90.400(a)	DCCED	Inactive	This fund was used to reimburse project expenses for the Alaska Gasline Inducement Act (AGIA) contract. The last capitalization was in FY12 and the contract is no longer active. The fund has no remaining balance and can be repealed.	Repeal
41	community development quota program account	AS 44.33.113(g)	DCCED	Inactive	The Community Development Quota program is administered through the National Marine Fisheries Service. The State is required to review the program every 10 years, the last review of which occurred in 2022. Funding for review is absorbed in the Commissioner's Office and this fund is not utilized or necessary.	Repeal
42	Child care facility revolving loan fund	AS 44.33.240(a)	DCCED	Inactive	The child care facility revolving loan fund was established in 1976 as a way of helping child care facilities comply with the appropriate licensing standards for child care facilities, or to comply with the requirements for certification by the Department of Education and Early Development. No loans have been made for at least 20 years. The statute as written does not appear to provide an advantage over private financing, so it could be repealed or modified to provide more favorable terms to borrowers (and recapitalized).	Consider Repeal or Revision
43	Foreclosure expense account (in the child care facility revolving loan fund)	AS 44.33.242	DCCED	Inactive	See analysis under Child care facility revolving loan fund, AS 44.33.240(a)	Consider Repeal or Revision

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44	regional development fund	AS 44.33.896(d)	DCCED	Inactive	This fund was created to provide for regional development grants. The funding source derives from legislative appropriations to the fund. There are currently nine existing Alaska Regional Development Organizations (ARDORs). While this fund is currently inactive, it could be utilized in support of the ARDOR program in the future.	Consider Maintain
45	new business incentive fund	AS 45.81.010	DCCED	Inactive	This fund was created to receive legislative appropriations up to \$3 million for business incentive grants. The fund is not active and has no funding available, but could be capitalized again in the future.	Consider Maintain
46	Tourism revolving fund	AS 45.81.100(a)	DCCED	Inactive	Ch. 171, SLA 72 established the Tourism Revolving Loan Fund to make loans to businesses directly involved in the tourist industry. Ch. 106, SLA 1980 provides that no further loans may be made from the Tourism Revolving Loan Fund after July 1, 1981. There are no outstanding tourism loans. This fund can be repealed as the underlying program has not allowed new loans in decades.	Repeal
47	residential energy conservation fund	AS 45.88.100(a)	DCCED	Inactive	The Residential Energy Conservation Fund was intended to issue loans or grants for the purchase, construction, and installation of energy conservation improvements in residential buildings. Loans were not to exceed \$5,000 and required an energy audit showing potential savings. No loans have been made in over a decade, and the Alaska Housing Finance Corporation has a similar program that is active serving the purpose of this fund.	Repeal
48	foreclosure expense account (((in the residential energy conservation fund)))	AS 45.88.110(a) doesn't exist, now in 45.81	DCCED	Inactive	This account was established as a loan reserve account for the Residential Energy Conservation Fund and should be repealed in conjunction with that fund. See analysis under AS 45.88.010(a).	Repeal
49	Foreclosure expense account (in the tourism revolving fund)	AS 45.90.015(a)	DCCED	Inactive	See analysis under Tourism revolving fund, AS 45.81.100(a).	Repeal
50	Historical district revolving loan fund	AS 45.98.010(a)	DCCED	Inactive	The Historical District Revolving Loan Fund was established in 1977 to make loans to a person, firm, business or municipality for the restoration, improvement, rehabilitation, or maintenance of a historical building or structure. The state's participation in a loan cannot exceed \$250,000 (increased from \$100,000) for any one building or structure, nor \$1,500,000 for any one historical district. No new loans have been made for at least 20 years. The statute as written does not appear to provide an advantage over private financing, so it could be repealed or modified to provide more favorable terms to borrowers (and recapitalized).	Consider Repeal or Revision
51	Foreclosure expense account (in the historical district revolving loan fund)	AS 45.98.015(a)	DCCED	Inactive	See analysis under historical district revolving loan fund, AS 45.98.014(a).	Consider Repeal or Revision
52	Hazardous waste reduction grant account	AS 46.03.317(a)	DEC	Inactive	This fund is established to receive appropriations from the legislature for hazardous waste reduction matching grants. The fund has a zero balance with no program activity, but could be utilized in the future if there was a desire to appropriate money for the purpose.	Consider Maintain
53	Community solid waste management planning grant account	AS 46.06.041(a)	DCCED	Inactive	These planning grants were established by the legislature in 1990 to provide up to \$50,000 in matching grants for planning solid waste management facilities. No appropriations appear to have been made to this account, and it can be repealed.	Repeal

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54	Alaska affordable heating fund	AS 47.25.621(c)	DOH	Inactive	<p>The Alaska affordable heating fund was established in 2010 to provide a funding source for the Alaska affordable heating program. The program was funded through FY16 using general funds and then funding was eliminated; the fund was never utilized.</p> <p>As the fund has no separate source of revenue, it is not necessary even if the affordable heating program is restored, and can therefore be repealed.</p>	Repeal
55	Alaska temporary assistance program emergency account	AS 47.27.075	DOH	Inactive	<p>The Alaska temporary assistance program emergency account was established in 1996 (Ch. 107 SLA 1996 (SB 98)). The account was meant to consist of appropriations that were made by the legislature from federal money available for cash assistance, diversion payments, and self-sufficiency services, including lapsing money that was previously appropriated from federal money for the Alaska temporary assistance program, but that were not expended or obligated in the fiscal year for which they were appropriated.</p> <p>The Department reports no activity related to the account in their records. As there are mechanisms in place for the Department to utilize federal funds as referenced in the statute, and the account has no separate source of revenue, it is not necessary and can therefore be repealed.</p>	Repeal
56	2001 Special Olympics World Winter Games reserve fund	sec. 2, ch. 16, SLA 1998	AIDEA	Inactive	This fund was created as a repository for all funding provided to the 2001 Special Olympics World Winter Games. Since this is a one-time use fund, it can be repealed.	Repeal