

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version: HB 124  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB124CS(STA)-DCCED-AIDEA-02-12-26  
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	FY 2032
<b>OPERATING EXPENDITURES</b>								
Personal Services	358.8	8,660.3	358.8	358.8	358.8	358.8	358.8	358.8
Travel		258.3						
Services	1,740.0	2,357.7	425.0	425.0	425.0	425.0	425.0	425.0
Commodities	20.0	98.9						
Capital Outlay		35.5						
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>2,118.8</b>	<b>11,410.7</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)					12,194.5	12,194.5	12,194.5
1061 CIP Rcpts (Other)		941.7			(941.7)	(941.7)	(941.7)
1102 AIDEA Rcpt (Other)	2,118.8	10,469.0	783.8	783.8	(10,469.0)	(10,469.0)	(10,469.0)
<b>Total</b>	<b>2,118.8</b>	<b>11,410.7</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>	<b>783.8</b>

**Positions**

Full-time	2.0	43.0	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)
1140 AIDEA Div (UGF)					(16,500.0)	(16,500.0)	(16,500.0)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(49,500.0)</b>	<b>(49,500.0)</b>	<b>(49,500.0)</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/27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:**

Updated to reflect committee substitute changes (ver. N).

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Division: <u>Alaska Industrial Development and Export Authority</u>	Date: <u>02/12/2026</u>
Approved By: <u>Hannah Lager, Administrative Services Director</u>	Date: <u>02/12/26</u>
Agency: <u>Department of Commerce, Community, and Economic Development</u>	

## FISCAL NOTE ANALYSIS

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BILL NO. CSHB 124

### Analysis

Committee Substitute House Bill 124 (CSHB 124) changes the Alaska Industrial Development and Export Authority's (AIDEA's) governing statutes and reduces AIDEA's ability to continue to meet its obligations as an economic development entity. This bill will severely compromise AIDEA's flexibility, financial capacity, business relationships, and ability to maintain a strong credit rating. CSHB 124 would make multiple changes to AIDEA's statutes that are inconsistent with statutory conditions for other State corporations governed by a Board and will reduce AIDEA's ability to meet its statutory purpose of promoting economic prosperity and employment (AS 44.88.070). This bill contains provisions to change the structure of AIDEA's Board of Directors, adds multiple layers of oversight, and constricts AIDEA's asset base which includes funds for new loan financing for essential services. This bill will endanger AIDEA's ability to secure low-cost bond funds.

The bill adds two members appointed by the Legislature to the board of directors and requires that all appointees to the board be approved by the Legislature.

The bill amends AS 44.88.080(1) to refer to a new section which requires approvals from Alaska's Attorney General to initiate lawsuits. Although AIDEA rarely initiates lawsuits, this provision could delay or prevent the enforcement of AIDEA's rights or agreements, compromising the Authority's operational integrity and increasing AIDEA's legal costs. AIDEA's in-house legal counsel have often consulted with the Department of Law, and AIDEA expects that it will continue to do so, in conjunction with its own resources for legal issues supported by the AIDEA Board. This fiscal note reflects an annual increment for increased legal costs included in the contractual service expenditure line.

The bill adds limits on AIDEA's assets and AIDEA's Board authority to approve projects. These types of limitations and statutory restrictions will obstruct AIDEA's ability to function effectively, efficiently, and fulfill its statutory mission. The most recent bill version changed the limits on aggregate value of all funds and accounts (assets) from \$500 million to \$3 billion, and project expenditure plans requiring legislative approval by law from \$10 million to \$100 million but adds the requirement to adjust limits annually based on the previous year Consumer Price Index for Urban Alaska (CPI-U). Based on project development work that is currently underway, AIDEA could potentially exceed the limit on the value of its assets within 2-3 years, rather than July 1, 2027, as contemplated under this bill. This fiscal note reflects revenue impacts starting in FY2030.

The bill adds a limit on AIDEA's asset balance which would lead to losses and write-downs on the value of assets sold if AIDEA is forced to liquidate balances to meet an annual deadline. Because this legislation requires an annual review of obligated assets to determine if liquidation actions should be initiated and ensure that projects in progress do not exceed the asset balance restriction, AIDEA could be forced to deny project financing requests that may require substantial due diligence, permitting, or other efforts needed to achieve a final investment decision. Additionally, AIDEA may determine that low performing assets should be liquidated to preserve limited funds for projects that will generate higher returns. Ultimately, placing a limit on AIDEA's assets would reduce or eliminate AIDEA's annual dividend payment to the State of Alaska, constrict the funds that AIDEA has available for financing Alaskan enterprises, and decrease opportunities for job creation and economic growth.

The bill imposes a limit for projects that require legislative approval by law of \$100 million adjusted annually by the CPI-U. However, this limit is based on estimated project costs and applied without consideration of geographic needs, state or federal strategic priorities, or future benefits such as new tax and royalty revenues to the State's general fund. The legislation adds substantial legislative oversight and controls that will limit AIDEA's ability to provide financing that is responsive to the needs of Alaskan enterprises. Legislative review and approval will impose additional risks, increase

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project timelines, and result in higher costs. These factors create barriers that will reduce the number of resource development projects that would otherwise increase economic opportunity in the state and generate substantial revenues for the State's general fund.

This legislation adds requirements for large projects to procure an independent feasibility study performed by a contractor approved by the Legislative Budget and Audit Committee (LB&A). AIDEA already performs extensive due diligence, feasibility, and environmental impact studies for its development projects and generally procures external contractors to perform this work. The requirement for an independent feasibility study to be performed by an LB&A approved contractor is not expected to replace AIDEA's contractual services for project feasibility studies; instead, this requirement would add an incremental cost for duplicative studies. In addition to intensive federal and state review processes required for large infrastructure projects, which include extensive opportunities for public participation, Section 9 also adds a requirement to compile summary project impact documents and hold hearings in conjunction with the Departments of: 1) Fish and Game, 2) Natural Resources, 3) Environment Conservation, and 4) Labor and Workforce Development. This fiscal note reflects annual increments to contractual services and personal services to fund two new positions to support these efforts.

The bill adds new reporting requirements. These requirements will need further clarification to determine their fiscal impacts. Without clarification, the fiscal impacts are indeterminate, but will require adoption of new regulations.

The bill repeals "Confidentiality of records and information" language and replaces it with new statutory language under the header "Records and information." The revised language changes statutes that previously ensured program applicants sensitive and proprietary information was protected. AIDEA expects that this will reduce the number of program applicants, which will reduce AIDEA's future revenues and dividend payments to the State. Under current law, the majority of AIDEA's documents are public records and AIDEA routinely receives and responds to public records requests. These changes are not needed and create unnecessary risks of exposing applicants sensitive or proprietary information. The language in this section will deter potential applicants and reduce AIDEA's effectiveness in supporting private sector growth, as required by AS 44.88.070. The revenue impacts are indeterminate at this time because the long-term impacts from applicants opting out of loan financing due to this change are unknown.

The bill repeals existing statute, which states that "officers, employees, or agents of the authority may not be held personally liable in a civil action." The protections of the repealed section are the same protection that every other employee of the State of Alaska is guaranteed. Repealing this section removes this protection from AIDEA's employees, which is projected to dramatically reduce applicant pools for AIDEA jobs. This fiscal note reflects an annual increment for liability insurance expenditures.

Over AIDEA's history, its assets have been used as leverage for bond issuances to fund hospitals, utility projects, roads, and other large-scale capital-intensive projects that have provided tremendous economic and social benefits for Alaskans throughout the State of Alaska. AIDEA recently received a credit rating from Standard and Poor (S&P) of AA+. This rating was based on the \$1.7 billion in assets and AIDEA's projected ongoing revenue stream. Liquidation of AIDEA's assets would result in a substantial downgrade to AIDEA's credit rating, which increases the cost of debt and severely limits the amount of financing that AIDEA could provide to business enterprises in Alaska. Imposing any limitation on the value of assets that AIDEA can hold on its books would put AIDEA's credit rating in jeopardy, which would inevitably increase borrowing costs for AIDEA, and the many Alaskan business ventures financed through AIDEA's programs. This legislation

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will discourage growth and reduce jobs for Alaskans by constricting Alaska's capital market and making it harder for Alaskan businesses to get financing.

**CHANGE IN EXPENDITURES**

This legislation increases the size of the AIDEA board by two public members. Public members must travel periodically for regional meetings and receive a daily stipend for Board meetings. Travel and stipend costs for two new board members for ten one-day board meetings per year are projected to be \$5 thousand. To meet additional requirements for performance metrics and coordination with other agencies two new full-time positions are needed. One-time setup costs of \$10.0 per position are also included in the first year only, and ongoing support costs of \$25.0 per position. AIDEA anticipates that it will need to engage consultants for feasibility study work, personnel policy and performance metrics updates, legal services, and financial analysis services to develop an investment-liquidation strategy to mitigate asset rebalancing impacts and preserve sufficient income generating assets.

**CHANGE IN REVENUES**

In addition to foregone revenue resulting from a smaller, less diverse asset portfolio, an appropriation of State of Alaska general funds may be needed to fund ongoing operating costs. AIDEA's annual operating costs are currently funded by AIDEA's earned revenues without any appropriation of general funds. Historically, AIDEA's asset base growth has generated the funds needed to maintain its capital assets and continue developing capital intensive assets. 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 was \$16.5 million. FY2028 and future year dividend payments may be reduced or eliminated based on net income results. The requirement to liquidate assets annually would impose a fiscally harmful reduction to AIDEA's income generating asset base and jeopardize AIDEA's AA+ credit rating. For purposes of this fiscal note, revenue impacts are projected to be ongoing starting with FY2030. The dividend reduction is reflected as decreases to the general fund, and changes to AIDEA Receipts for income that would not be earned, retained, and reinvested in Alaska's economy. Foregone revenues are projected as two times the average dividend in recognition that the board may declare a dividend between 25% and 50% of statutory net income.

**Costs (in thousands)**

**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

**Contractual Services:**

- \$ 5.0 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)
- \$100.0 Ongoing insurance services costs
- \$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
- \$ 45.0 100 Legal hours x \$450.00/hour, starting in FY2028
- \$ 90.0 200 Human Resources hours x \$450.00/hour in FY2027 only
- \$450.0 1,000 Economist hours x \$450.00/hour in FY2027 only
- \$225.0 500 Economist hours x \$450.00/hour annually, starting in FY2028

**Commodities:**

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