

Alaska State Legislature

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REPRESENTATIVE Paul Seaton

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The following HB 230 Version U amendments will be presented to the House Labor and Commerce Committee on Friday, March 14:

- Version U Amendment **U.1**: Deletes word “loan” from “revolving loan fund” as the correct term for the AIDEA program at 44.88.060 is the Alaska Industrial Development and Export Authority revolving fund.
- Version U Amendment **U.2**: moves definition of “Oil and Gas Processing Facility” from the statute created by HB 230 to the general AIDEA definition statute at 44.88.900. This was by suggestion of AIDEA in order to put more emphasis on the program within AIDEA.
- Version U Amendment **U.4**: Deletes proposed HB 230 tax credit language. Incorporates language into the current SB 21 Service Industry Tax Credit.
- Version U Amendment **U.5**: Incorporates AIDEA suggestion to clarify that G.O. bonds as well as revenue bonds can be used in financing projects under this bill. (See discussion on following page from AIDEA on this amendment.)

Please contact my office if you have further questions.

Representative Seaton

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Amendment U.5 Explanation

“The proposed language deleting the second sentence of the bond authorization section was proposed because the original language created confusion about what sort of bonds were being authorized. (The sentence read: “The processing facility, flow lines, and other surface infrastructure for the facility shall be used to secure bonds issued under this section.”) AIDEA’s financial advisors said that they were inclined to believe the sentence meant these bonds could **only** be issued as revenue bonds but they were not entirely certain. As you know, revenue bonds are ones for which an identified income stream is the sole source for payment of the bonds; if that revenue stream fails for some reason the bond issuer is not otherwise obligated to pay the bondholders. AIDEA’s financial advisors thought there was no reason to include this particular sentence in the bill other than to indicate that only a revenue bond was meant to be approved, with only the processing facility serving as security for the bonds and only the revenues it generates being available to pay the bonds. The new wording would give AIDEA the greatest flexibility in structuring the financing for the project. If revenue bonds could not be easily marketed or the rates were not favorable, then AIDEA could opt to issue its general obligation bonds if AIDEA thought that appropriate to move forward with the project.” - **Ted Leonard, Executive Director, AIDEA**