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House District 37
Kuskokwim Bay • Western Bristol Bay • Alaska Peninsula
Aleutian Chain • Bering Sea Islands • Bethel

Adak
Akutan
Atka
Attu Station
Bethel
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Eek
Egegik
False Pass
Goodnews Bay
Ivanof Bay
King Cove
Mekoryuk
Nelson Lagoon
Nikolski
Perryville
Pilot Point
Platinum
Port Heiden
Portage Creek
Quinhagak
Sand Point
St. George
St. Paul
Togiak
Twin Hills
Ugashik
Unalaska

CSHB288 28-LS1349/N Arctic Infrastructure Development Fund Sectional Analysis

Section 1. AS 44.88.088(a) is amended

- Page 1, Line 5 thru Page 2, Line 19.
 - This section establishes that the Alaska Industrial Development and Export Authority (AIDEA) shall adopt a policy for payment of a dividend from the Arctic infrastructure development fund (AS 44.88.810) to the state each fiscal year.
 - The dividend may not be less than 25% nor more than 50% of the net income of the fund.
 - This puts the AIDF in-line with AIDEA's revolving fund and sustainable energy transmission and supply development fund (SETS).

Section 2. AS 44.88.088(b)(2) is amended

- Page 2, Lines 20-29
 - This section defines "net income" for the purposes of this chapter.
 - The definition now includes the AIDF.

Section 3. AS 44.88.088(b)(3) is amended

- Page 2, line 30 thru Page 3, line 7
 - This section defines "unrestricted net income" for the purposes of this chapter.
 - The definition now includes the AIDF

Sections 4-8 AS 44.88.159(a)(b)(d)(e)(f) are amended

- Page 3, Line 8 thru Page 5, Line 6
 - These sections make conforming changes to include loans from the Arctic Infrastructure Development fund to existing statues regarding interest rates and other requirements for loans from funds managed by AIDEA.
 - These changes place the same requirements on the AIDF that currently exist for the revolving fund and the SETS fund.

Section 9 AS 44.88.159(g) is amended

- Page 5, Lines 7-27
 - This section adds the AIDF to the types of programs to pay borrowers of loan participation the Authority may establish.
 - This places the AIDF in parallel with the existing revolving fund and SETS fund.

Section 10 AS 44.88 is amended to add a new section

- Page 5, Line 29 thru Page 6, Line 1 (AS 44.88.800)
 - This section establishes the Arctic Infrastructure Development Program and fund.
 - The purpose of this fund is to provide financing for Arctic Infrastructure development.
- Page 6, Lines 2-16 (AS 44.88.810)
 - This section defines what the fund consists of:
 - Direct appropriations made by the legislature
 - Money or assets transferred to the fund by AIDEA from any other fund controlled by AIDEA
 - These transfers would require a majority vote by the members of the authority- essentially an action by the Board of Directors
 - Unrestricted loan repayments
 - Interest
 - Other income earned by the fund
 - Investment or assets of the fund.
 - This section also allows separate accounts to be established within the fund and managed by AIDEA
 - This section establishes the AIDF and clarifies that it is not part of the revolving fund.
- Page 6, Lines 17-19 (AS 44.88.820)
 - Clarifies that the fund will be used for Arctic Infrastructure development.
- Page 6, Lines 20 thru Page 7, Line 14 (AS 44.88.830)
 - Establishes the Powers and Duties of the authority regarding the AIDF
 - This section mirrors the Powers and Duties of the Revolving Fund and the SETS fund.
 - Allows AIDEA to use the AIDF for:
 - Finance Arctic Infrastructure development
 - Insure project obligations
 - Guarantee loans or bonds
 - Establish reserves.
 - Acquire real or personal property by
 - Purchase, transfer, or foreclosure
 - Defer principle payments or capitalize interest on Arctic Infrastructure development
 - Enter into lease agreements, sales-lease-back agreements, build-operate-transfer and operate-transfer agreements or similar financing agreements
 - Enter into agreements with government entities for the transfer and control of infrastructure, facilities, rights-of-way, and studies
 - Allows contract services
 - Allows the fund to borrow money or issue bonds
 - Directs AIDEA to establish regulations to implement the fund

(Section 10 continued)

- Page 7, Line 15 thru Page 8, Line 1 (AS 44.88.840)
 - Establishes the limitations on financing in the AIDF
 - Provides that legislative authority would be needed to go beyond the limitations set forth in this section, the Authority may not use the AIDF to make the following:
 - A loan for more than 1/3 of the capital cost of the development
 - A loan guarantee if the amount of the guarantee exceeds \$20 Million
 - Financing for more than 40yrs
 - Notwithstanding (a) of this section (legislative approval) the Authority can use the fund as security for a bond guarantee.
 - Notwithstanding (a) of this section (legislative approval) the Authority may provide financing, loans, or bond guarantees for the development and support of fisheries in the Arctic provided the amount of any financing, loan, or bond guarantee is no less than \$7 Million.
 - Limits financing, loans, or bond guarantees for fishing vessels, quota shares or individual fishing quotas to those used within a federally managed fishery.
 - Limits financing, loans, or bond guarantees for the construction, improvement, rehabilitation, or expansion of a plant, facility, or equipment to those used in support of a fishery in the Arctic.

Section 11. AS 44.88.900 is amended

- Page 8, Lines 3-6
 - Defines “Arctic” in a geographical boundary similar to the boundary set forth in the Arctic Region Policy Act (ARPA)
 - North of the Arctic Circle
 - North and West of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers
 - All contiguous seas including
 - The Arctic Ocean
 - Beaufort, Bering and Chukchi Seas
 - The Aleutian Chain
- Page 8, Lines 7-19
 - Defines “Arctic Infrastructure development”