

# Alaska State Legislature

Session:  
State Capitol 103  
Juneau, AK 99801  
Phone: (907) 465-2995  
Fax: (907) 465-6592

Rules Committee



Interim:  
716 W 4<sup>th</sup> Avenue, Suite 300  
Anchorage, AK 99501-2133  
Phone: (907) 269-0250  
Fax: (907) 269-0249

Committee on Committees

Senator Lesil McGuire

CS SB140 (FIN)  
Arctic Infrastructure Development Fund (AIDF)  
Sectional Analysis  
28-LS1246\E

**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 sustainable energy transmission and supply development fund (SETS) (AS 44.88.660).

**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 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.

**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 promote and provide financing for Arctic Infrastructure development.
- Page 6, line 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 21 (AS 44.88.830)
  - Establishes the Powers and Duties of the authority regarding the AIDF
  - This section mirrors the Powers and Duties of 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
  - Allows AIDEA to use the fund to provide loan guarantees of no less than \$7,000,000 and no more than 1/3 of the capital cost of the project for:
    - Purchase or repair of vessels used in federally managed fisheries
    - The purchase of quota shares or individual fishing quota used in federally managed fisheries in the Arctic.
  - Directs AIDEA to establish regulations to implement the fund
- Page 7, lines 22 thru Page 8, Line 2 (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.

**Section 11.** AS 44.88.900 is amended

- Page 8, lines 2-19
  - 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”
    - The definition includes the “construction, improvement, rehabilitation, or expansion of a facility” for two purposes:
      - In the Arctic to aid in development or meet emergency response needs
      - In the State to further the development of a facility in the Arctic.

- The fund can be used for construction, improvement, rehabilitation, or expansion of a shore-based plant, facility, or equipment used in support of a fishery in the Arctic.