



## House Bill 268

### AIDEA: Dividend to State; Income; Valuation

#### Sectional Analysis

**Section 1:** Section 1 amends AS 44.88.088(b) to include a definition for “mark-to-market fair value” adjustments that are mandated by the General Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). It then adds the following adjustments to the list of items to be excluded from statutory “net income” prior to the dividend calculation:

- mark-to-market fair value” adjustments
- adjustments and noncash accounting entries relating to pension obligations and other postemployment benefits

Section 1 also adjusts the existing scope of project losses that are to be excluded from the definition of AIDEA’s statutory net income (dividend base). The Legislature previously instructed that amounts attributable to intergovernmental transfers, capital contributions and grants were to be excluded so as not to impact the dividend base. Additionally, losses on development projects financed under AS44.88.172 were also excluded. However, the prior policy instruction did not anticipate periodic write offs for projects financed outside of AS44.88.172 with funds from non AIDEA sources. In these limited cases, project losses would affect AIDEA financial statement net income which could, in turn lower the calculated dividend.

Finally, Section 1 applies the mark-to-market adjustment, noncash pension and other postemployment benefit adjustments and redefined project loss exclusions discussed above to all AIDEA funds subject to the dividend statute to remove unnecessary volatility from the yearly dividend.

**Section 2:** Section 2 provides for an immediate effective date.