

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Senator Anna MacKinnon, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
Phone: (907) 465-3777
Sen.Anna.MacKinnon@akleg.gov



Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, Alaska 99801-1182
Phone: (907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Senate Bill 107 Sponsor Statement An Act relating to the Alaska capital income fund

The State of Alaska maintains over 2,200 facilities which span over 14 entities, including the University of Alaska and the Court system. These facilities total 19 million square feet of space and have a combined replacement value of \$8.6 billion.

The State's current outstanding deferred maintenance backlog totals over \$1.84 billion, which peaked in FY2012 at \$2.3 billion. With current funding levels and no consistent funding source, the deferred maintenance backlog is expected to trend up, causing our facilities to fall into disrepair.

The Alaska capital income fund was created in 2006 and receives an annual deposit of the earnings from the Amerada Hess Settlement invested by the Permanent Fund.

Senate Bill 107 envisions using these funds, which cannot be used for dividends, to provide reliable annual funding for preventative and deferred maintenance. It is important we set up this mechanism to continue to preserve our investment in these facilities as the infrastructure ages and cost for repairs and replacement increases.