

Agencies in Partial Compliance (with Reasons for Partial Compliance)**DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS****4. Military and Veterans' Affairs**
Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department of Military and Veterans' Affairs and the Alaska Aerospace Corporation develop options to realize a return from the State's investment in the Alaska Aerospace Corporation and the associated State assets. The Department of Military and Veterans' Affairs shall submit a preliminary summary of the options and any relevant statute revisions to the House and Senate Finance Committees and to the Legislative Finance Division by September 30, 2018 and a final summary being submitted to the same committees by December 1, 2018.

On September 13, 2018 the Alaska Aerospace Board of Directors adopted a new company Policy Manual that included a new section (Chapter 6.10) for providing the State of Alaska with a dividend, based on a defined calculation as follows: "AAC will develop a procedure to calculate a dividend payment to the State of Alaska. The amount of the dividend will be determined by the Board of Directors based on a five- year rolling average of Net Income not to exceed twenty percent of Net Income."

All physical and assorted assets at the Pacific Spaceport Complex - Alaska (PSCA) are the property of the State of Alaska and, as such, the value of the physical assets belongs to the State. This includes the \$167,012,435 in Federal Grants used for construction and development of the PSCA.

As an independent corporation of the State of Alaska, these actions do not require legislative action.

Legislative Fiscal Analyst Comment: Although DMVA did not list multiple options for providing a return on the state's investment, the corporation adopted policy providing for a dividend. Adoption of a policy goes beyond the words themselves and responds to the spirit of the intent language.

DMVA did not submit proposed statute revisions on grounds that they were unnecessary in view of the corporation's independence and the dividend policy adopted by the board.

Other state corporations—including AHFC and AIDEA—have the same independent status as the AAC yet have statutory language regarding dividends. The reason for statutory dividend language is to ensure that the board does not independently change the policy.