

# FISCAL NOTE

STATE OF ALASKA  
2021 LEGISLATIVE SESSION

Bill Version LL 0074-2  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) LL0074-2-DCCED-AIDEA-04-08-21 Dept. Affected DCCED  
Title Alaska Energy Independence Fund Appropriation AIDEA  
Allocation Alaska Industrial Development and  
Sponsor Rules by Request of the Governor Export Authority  
Requester Governor OMB Component Number 1234

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY2022	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Personal Services	233.6		467.1	467.1	467.1	467.1	467.1
Travel	5.0		10.0	10.0	10.0	10.0	10.0
Services	160.0		160.0	160.0	160.0	160.0	160.0
Commodities	40.0						
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>438.6</b>	<b>0.0</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>

FUND SOURCE	(Thousands of Dollars)						
1002 Fed Rcpts (Fed)							
1003 GF/Match (UGF)							
1004 Gen Fund (UGF)							
1005 GF/Prgm (DGF)							
1007 I/A Rcpts (Other)							
1102 AIDEA Rcpt (Other)	438.6		637.1	637.1	637.1	637.1	637.1
	<b>438.6</b>	<b>0.0</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>	<b>637.1</b>

POSITIONS							
Full-time	4		4	4	4	4	4
Part-time							
Temporary							

CHANGE IN REVENUES	FY2022	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
1252 DGF Temp (DGF)	212.5		439.0	452.0	464.0	476.0	488.0
1002 Fed Rcpts (Fed)							
<b>TOTAL CHANGE IN REVENUES</b>	<b>212.5</b>	<b>0.0</b>	<b>439.0</b>	<b>452.0</b>	<b>464.0</b>	<b>476.0</b>	<b>488.0</b>

Estimated SUPPLEMENTAL (FY2021) operating costs 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a fund or account? Yes  
(Supplemental/Capital/New Fund- discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended, or repealed? 1/1/2022 Discuss details in analysis section.

## Why this fiscal note differs from previous version/comments (if initial version, please note as such)

Not applicable, initial version.

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Approved by Micaela Fowler, Administrative Services Director, DCCED  
Agency Office of Management and Budget

Phone (907) 771-3000  
Date/Time 4/7/21 5:00 PM  
Date 4/8/2021

## FISCAL NOTE ANALYSIS

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### Analysis

This legislation would create and establish parameters for the Alaska Energy Independence Fund (Fund) and the Alaska Energy Independence Program (Program) within the Alaska Industrial Development and Export Authority (AIDEA). It provides AIDEA with the ability to arrange financing to suit Alaska's unique energy finance needs, particularly with regard to addressing urban and rural energy requirements. It is estimated that establishing the Fund would create new jobs and businesses, lower commercial and household energy costs for redeployment in Alaska's economy, and improve Alaska's energy independence.

Capitalization of the fund would be required and is included in a separate fiscal note. Cost assumptions below are based on a January 1, 2022 effective date and only six months of operating costs for fiscal year 2022 are required.

#### Cost Assumptions

**Personal Services Costs:** AIDEA estimates four (4) new positions will be required to staff the operations of the Alaska Energy Independence and Development Fund:

Project Manager (range 26)	\$152.4 annually
Portfolio Analyst (range 23)	\$131.2 annually
Loan Servicing Processor (range 18)	\$99.4 annually
Administrative Assistant (range 14)	\$84.1 annually
<b>TOTAL:</b>	<b>\$467.1 annually</b>
	<i>\$233.6 in FY2022 (six months)</i>

**Travel Costs:** Estimated \$10.0 per year for travel for onsite due diligence throughout the state and annual conferences and events. FY22 costs for half of a fiscal year are estimated to be \$5.0.

#### **Services Costs:**

Subscriptions to third-party research portals and databases	\$10.0 annually
Internal and external legal expenses	\$40.0 annually
Statewide core services (\$15.0 x 4 positions)	\$60.0 annually
IT Consultant-Contract	\$50.0 annually
<b>TOTAL:</b>	<b>\$160.0 annually</b>
	<i>\$80.0 in FY2022 (six months)</i>

#### **Commodities:**

One-time start-up commodities for 4 positions	\$40.0 in FY2022
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Program operating expenditures will be funded with AIDEA receipts (fund code 1102).

#### **Total Asset, Expense, and Revenue Projections:**

Revenues are calculated based on projected gross returns of the Fund and include a 25 basis point annual onboard rate increase as the fund recycles capital through private market participation in a modestly higher interest rate environment. The gross returns only represent a loan performance scenario and do not include other customary return components typically received as the fund gains scale and size. Total asset growth past FY2022 is based on the compounded net Fund returns and does not factor in any additional federal, state or philanthropic appropriations. Expenses are expected to remain flat as total assets grow from federal appropriations to the Fund. Fund earnings are reflected on page one of the fiscal note using the temporary DGF fund code for informational purposes and in actuality will be retained in the Fund.