

House Finance Committee
Senate Finance Committee

March 10, 2022

Dear House and Senate Finance Committee members,

Our municipalities took on debt obligations in 2002, consistent with needs of the state at the time and the commitments made in law. HB528 (Chapter 115, SLA 2002) obligated the State to full reimbursement of those debts, which our residents believed when they approved the bond packages.

While HB528 was more expansive than municipal infrastructure improvements, and included UAA's CTCC and UAS Juneau Readiness Center, and projects by Kodiak Electric and Copper Valley Electric, we can only speak from our perspective. These funds have either not been included in proposed budgets or vetoed these last three years, and today are absent from the FY23 proposed budget. The following are the local governments that took these projects on, approximate dollar value of FY23 reimbursement, years left on their debt, and total expectation.


- Mat Su Borough – port and road upgrade - \$700k; 3 years; \$2.1M
- Aleutians East – False Pass and Akutan small boat harbor - \$400k; 5 and 8 years; \$2.5M
- Fairbanks North Star Borough – Eielson AFB schools - \$340k; 5 years; \$1. M
- Unalaska – harbor improvement - \$365k; 9 years; \$3.3M
- Valdez – harbor - \$200k; 4 years; \$.8M


The reimbursement amounts aren't large, and maybe don't take on the significance similar to things like school bond debt reimbursement, but for many of us they still have material impact on our budgets. The smaller the budget, the bigger the impact. Most importantly, perhaps, is the committed to fully funding this reimbursement. The total amounts for all TIDSRA project reimbursement in FY21 and FY22 was \$3.5M for each year, which didn't occur, and could be considered in any supplemental appropriations. This would fully make these projects whole.

For reference, from the Alaska Public Debt Book: Per Alaska Statute 29.60.700, "Reimbursement for costs of municipal capital projects," the state shall allocate payment to municipalities for the reimbursement of qualified debt service issued to fund authorized municipal capital projects. This program is administered by the Department of Transportation and Public Facilities and is commonly referred to as the Transportation and Infrastructure Debt Service Reimbursement Authorization (TIDSRA).

We encourage your consideration of this commitment, and remember the partnership within which these promises were made.


Cordially,

Anne Bailey, Administrator, Aleutians East Borough 
Anne Bailey (Mar 9, 2022 12:53 AKST)

Jim Williams, Chief of Staff, Fairbanks North Star Borough 

Mike Brown, Manager, Mat Su Borough 
Michael Brown (Mar 9, 2022 12:59 AKST)

Erin Reinders, Manager, City of Unalaska

Mark Detter, Manager, City of Valdez 
Mark Detter (Mar 9, 2022 12:17 AKST)