

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 410
 (H) Publish Date: 2/26/10

Identifier (file name): 0811-CED-AIDEA-1-6-10 Dept. Affected: DCCED
 Title: AIDEA programs RDU: AIDEA (125)
 Component: AIDEA operations
 Sponsor: _____
 Requester: _____ Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

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

| | Appropriation Required | Information | | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|------------|
| | | FY 2011 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Contractual | | | | | | | | |
| Supplies | | | | | | | | |
| Equipment | | | | | | | | |
| Land & Structures | | | | | | | | |
| Grants & Claims | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| 1102 AIDEA Rcpt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2010) cost: _____

POSITIONS

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill proposes to 1) amend the method by which AIDEA determines minimum interest rates for certain loan participations; 2) provide AIDEA the ability to provide incentive rate rebates for loan participations that meet certain economic development criteria; 3) clarify AIDEA to ability finance, own and operate a percentage of a development finance project. The amount of potential AIDEA payments for the proposed incentive rate rebates is indeterminate until the program criteria are established and demand for the program is evaluated.

(continued on Page 2)

Prepared by: Sara Fisher-Goad, Deputy Director
 Division: AIDEA
 Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 771-3012
 Date/Time 1/6/10 12:00 AM
 Date 1/6/2010

FISCAL NOTE #1

Bill Number: HB 410

The bill limits the total amount of loans subject to incentive rate rebates to 5% of the total of the amount of the proposed loan participation which would be subject to rebate plus the combined outstanding balance of all loan participations of the Authority. As of 6/30/09, AIDEA's outstanding balance of loan participations was \$340,346,000; 5% = \$17,017,300.

The bill also makes changes to the Rural Development Initiative Fund (RDIF). The RDIF provides long term financing to small businesses located in communities of 5,000 population or less if not connected by road or rail to Anchorage or Fairbanks or communities of 2,000 population or less if connected by road or rail to Anchorage or Fairbanks. This legislation would increase the amount that could be borrowed from the fund and it would remove the restriction that a borrower may only have one loan. It would also reduce the interest rate that may be charged.

To date there is \$4,137,900 outstanding with \$1,411,400 available to lend in the RDIF. There will be no change in operating budget expenditures to facilitate the proposed changes.

The adoption of regulations will not require additional operating funds.