

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSHB 74(L&C)
Fiscal Note Number: 2
(H) Publish Date: 3/28/13

Identifier: HB074CS(L&C)-DCCED-AIDEA-03-26-13
Title: AIDEA: LNG PROJECT; DIVIDENDS; FINANCING
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Labor & Commerce

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alaska Industrial Development and Export
Authority
Allocation: Alaska Industrial Development and Export
Authority
OMB Component Number: 1234

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services	200.0		150.0	150.0	150.0	150.0	150.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	200.0	0.0	150.0	150.0	150.0	150.0	150.0

Fund Source (Operating Only)

1102 AIDEA Rcpt	200.0		150.0	150.0	150.0	150.0	150.0
Total	200.0	0.0	150.0	150.0	150.0	150.0	150.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	0.0		0.0	600.0	625.0	625.0	625.0
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/13

Why this fiscal note differs from previous version:

This version removes the AIDEA technical dividend sections and Interior Gas Plan sections and updates operating expenditures, fund source, and changes in revenue amounts based on AIDEA direct financing created under this CS.

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Division: Alaska Industrial Development and Export Authority	Date: 03/26/2013 05:30 PM
Approved By: JoEllen Hanrahan, Director	Date: 03/26/13
Administrative Services Division	

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 74(L&C)

Analysis

The CS for House Bill 74 (L&C) allows the Alaska Industrial Development and Export Authority (AIDEA) the ability to provide project financing for all or a portion of the cost of a development project which the authority does not intend to own or operate. At present, AIDEA is permitted to provide financing for a project that it intends to have an ownership stake in, but cannot make a direct loan on a project or guarantee a loan for a project. This bill would permit the authority to engage in project financing by loaning money to a project or guaranteeing a loan for a project rather than owning an interest in the project.

Funding for FY 2014 includes a one-time cost of 50.0 for consultants to assist in the preparation of new regulations necessary to implement a direct financing program and 150.0 to hire consultants and counsel to assist in underwriting loans and guarantees under this program. It is projected that this 150.0 in underwriting expenditures will be on-going and will be offset by financing and guarantee fees paid by project sponsors.

The revenues projected to be earned from direct loan and guarantee finance packages are approximately \$1.4 million. The direct loan and guarantee program will generate earnings on financing of development projects. The amount that AIDEA can charge for each direct financing is limited, but the overall anticipated returns are projected to be substantial due to the large dollar amounts involved with the type of projects that will be financed through the Direct Finance Program.

The Change in Revenues reflects General Fund revenues to the state generated from the increased AIDEA dividends. The AIDEA dividend is calculated from "base year" which is two years prior to current year, for example the FY 2016 dividend calculation will be based on FY 2014 net revenues. It is estimated that dividends earned to the state will start increasing in FY 2016 based on projected yearly increase in net income generated from the new financing tool.

Direct Financing		FY14	FY15	FY16	FY17	FY18	FY19
Cost to AIDEA							
	AIDEA Receipts	200	150	150	150	150	150
	Preparation of regulations	50	-	-	-	-	-
	Underwriting (Includes 200.0 operating request)	150	150	150	150	150	150
	SETS Fund	-	-	-	-	-	-
	GF Cost	-	-	-	-	-	-
	Revenue to AIDEA	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
	GF Revenue (Dividends to State - Impact for FY 16 from FY 14 revenues)			600	625	625	625