

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	CSHB 170(L&C)
Fiscal Note Number:	3
(H) Publish Date:	5/4/2021

Identifier: HB170CS(ENE)-DCCED-AIDEA-04-23-21
 Title: ENERGY INDEPENDENCE PROGRAM & FUND:
 AIDEA
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (H) 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)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates					
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OPERATING EXPENDITURES								
Personal Services	301.2		602.4	602.4	602.4	602.4	602.4	602.4
Travel	23.0		46.0	46.0	46.0	46.0	46.0	46.0
Services	87.5		175.0	175.0	175.0	175.0	175.0	175.0
Commodities	50.0							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	461.7	0.0	823.4	823.4	823.4	823.4	823.4	823.4

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	85.2		150.3	150.3	150.3	150.3	150.3	150.3
1102 AIDEA Rcpt (Other)	376.5		673.1	673.1	673.1	673.1	673.1	673.1
Total	461.7	0.0	823.4	823.4	823.4	823.4	823.4	823.4

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0	5.0
Part-time								
Temporary								

Change in Revenues

1252 DGF Temp (DGF)	212.5		439.0	452.0	464.0	476.0	488.0
Total	212.5	0.0	439.0	452.0	464.0	476.0	488.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new 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 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/22

Why this fiscal note differs from previous version/comments:

CSHB 170(ENE) adds an analyst position for the Alaska Energy Authority and adds four additional members to the advisory board.

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Division:	Alaska Industrial Development and Export Authority	Date:	04/23/2021 12:00 PM
Approved By:	Micaela Fowler, Administrative Services Director, DCCED	Date:	04/23/21
Agency:	Office of Management and Budget		

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.

CSHB 170(ENE) creates one analyst position employed in a professional capacity by the Alaska Energy Authority (AEA) to assist underserved communities with the technical development of projects and applications for funding from the Alaska Energy Independence Fund and Program.

AIDEA provides all staff support for AEA programs and is reimbursed via a reimbursable services agreement from AEA. As a result, this fiscal note includes the analyst position for the Alaska Energy Authority.

Cost Assumptions

Personal Services Costs: AIDEA estimates five (5) new positions will be required to staff the operations of the Alaska Energy Independence Fund. These positions will become effective January 1, 2022.

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	
Analyst for AEA (range 23)	\$135.3 annually	TOTAL:
	\$602.4 annually starting in FY2023	
	<i>\$301.2 in FY2022 (six months)</i>	

Travel Costs: Staff travel for onsite due diligence in state and annual conferences and events. \$10.0 annually
 Travel and per diem for the 9 member program advisory board. The estimate is based quarterly meetings and assumes \$36.0 annually
 a cost of \$1.0 per trip: \$1.0 per trip x 4 meetings per year for 9 advisory board members.

TOTAL: **\$46.0 annually starting in FY2023**
FY2022 costs for six months of the fiscal year are estimated to be \$23.0.

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 5 positions)	\$75.0 annually
IT Consultant-Contract	\$50.0 annually
TOTAL:	\$175.0 annually
	<i>\$87.5 in FY2022 (six months)</i>

Commodities:

One-time start-up commodities for 5 positions	\$50.0 in FY2022
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Analysis

Program operating expenditures will be funded with AIDEA receipts (fund code 1102). For the operating expenditures related to the AEA position, interagency receipt authorization (fund code 1007) is needed in the AIDEA component.

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.