

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	CSHB 271(STA)
Fiscal Note Number:	1
(H) Publish Date:	4/27/2022

Identifier: HB271-DCCED-AIDEA-03-18-22
Title: AIDEA: MEMBERSHIP; RESPONSIBILITIES
Sponsor: JOSEPHSON
Requester: (H) STA

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)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	2,161.4		2,161.4	2,161.4	2,161.4	2,161.4	2,161.4
Travel	48.0		48.0	48.0	48.0	48.0	48.0
Services	561.9		561.9	561.9	561.9	561.9	561.9
Commodities	180.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	2,951.3	0.0	2,771.3	2,771.3	2,771.3	2,771.3	2,771.3

Fund Source (Operating Only)

1004 Gen Fund (UGF)	2,951.3		2,771.3	2,771.3	2,771.3	2,771.3	2,771.3
Total	2,951.3	0.0	2,771.3	2,771.3	2,771.3	2,771.3	2,771.3

Positions

Full-time	18.0		18.0	18.0	18.0	18.0	18.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(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If yes, by what date are the regulations to be adopted, amended or repealed? 6/31/2023

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Approved By: Micaela Fowler, Administrative Services Director
Agency: Department of Commerce, Community, and Economic Development

Phone: (907)771-3050
Date: 03/15/2022 03:00 PM
Date: 03/18/22

FISCAL NOTE ANALYSIS

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Analysis

This bill proposes substantial programmatic, operational, and administrative changes that would have a significant impact on the functioning of AIDEA. It would alter the manner and mechanisms by which the corporation fulfills its mission to promote economic development and support job growth for Alaskans. Implementing this legislation requires a ramp-up period for AIDEA to reorganize and expand from a development finance authority to a public information and legislative reporting entity.

The bill includes expansive requirements relating to AIDEA's development projects, which will require operational restructuring and additional staffing to implement a public-facing organization. Requirements include disclosures of sensitive, confidential, and proprietary information; expanded regional advisory group oversight in each project region; studies related to demand on public facilities; employment analyses; economic modeling; legal review; as well as multiple levels of reporting on all the above.

This bill also rewrites AIDEA's statutes regarding disclosure of information. Existing statutes protect the privacy, proprietary information, and property of private companies who conduct business with AIDEA. It is impossible to fully predict the impact of these changes. However, increased legal costs and changes in behavior of private entities (based on their proprietary financial data becoming public records) should be expected. Additionally, the disclosure requirements will affect AEA, since all AEA business is conducted by AIDEA staff.

This legislation will have considerable impacts on AIDEA's commercial lending and development finance programs. AIDEA would be required to publicly disclose all application materials received from private entities, including business plans, trade secrets, credit reports, tax returns, existing debt, and other sensitive documents. The anticipated economic effect would be a decline in the number and dollar value of new loans funded through AIDEA's programs, resulting in declining revenues, with a subsequent decrease in the dividend paid to the State of Alaska. Additionally, the existing loan portfolio would likely see an increase in refinancing of loans with other institutions, further decreasing revenues.

Sections of this bill relate to the restructuring of AIDEA's board in terms of composition, confirmation, and duration of membership. The members of the AIDEA board would require confirmation by the Legislature. Changes to the AIDEA board directly affects the Alaska Energy Authority (AEA), because the two public corporations have a shared board. Additionally, repealing AS 44.88.030(b) will impact AIDEA's ability to reach a quorum, impeding the decision making process necessary to carry on operations.

Personal Services costs are included on the following page. AIDEA does not anticipate that the increased costs, combined with the potential impact of this legislation on existing income generating functions, would allow the costs of this legislation to be borne by AIDEA receipts. Therefore, the additional costs of this legislation are listed as Unrestricted General Fund (UGF).

TRAVEL: **\$48.0 / year**

Administration of the program would require visits to remote sites, primarily by the Rural Liaison and Director positions. 24 trips are anticipated at \$2.0 per trip.

SERVICES: **\$561.9 / year**

Statewide and Department Core Services:	\$270.0 / year	(\$15.0/new position)
Printing costs:	\$ 1.0 / year	
Advertising costs:	\$ 0.5 / year	
Audit fees:	\$ 5.0 / year	
External legal costs:	\$100.0 / year	
Department of Law support:	\$ 50.0 / year	
Additional leased office space:	\$135.4 / year	(estimated 3,471 sq. ft. at \$3.25/sq. ft./month)

COMMODITIES: **\$180.0 in first year only**

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Analysis

Operational Personal Services Requirements

Communications Group

Communications Specialist: Handle information requests for the public per §12, and manage public hearings on projects per §9 requirements.

Legislative Liaison: Handle information requests for the legislature per §12, assist with public hearings on projects per §9 requirements, and work with the legislature for bonding approval per §9(c)(2)

Tribal Government Liaison: Projects for the tribal representative board member per §2

Administrative Assistant: Assist with information requests per §12

Legal Support

Internal Counsel: Address confidentiality law conflicts, assist with reporting to state agencies per §9(a)(3), review operational decisions, and provide guidance

Internal Counsel: Work with multiple Regional Resource Advisory Councils and municipalities, review operational decisions, and provide guidance

Project Compliance Group

Project Manager: Coordinate project oversight requirements outlined in §9

Assistant Project Manager: Assist with §9 project oversight requirements

Economist: Perform economic analyses for §9 requirements: 44.88.79 (a)(2)(A), (2)(B), (2)(C)

Economist: Work with DLWD as well as perform employment and financial analyses for §9 requirements: 44.88.79 (a)(2)(D), (2)(E)

Administrative Assistant: Perform administrative tasks for section §9 requirements and assist the reporting specialist position

Reporting Specialist: Compile information from economists, project manager, assistant project manager, and administrative assistant for preparation of multiple levels of reporting under §9 requirements: 44.88.79 (3)(A)

Financial and IT Support

Accounting Analyst: Query, format, and present financial information for reporting to the legislature and other government entities per §9 requirements: 44.88.79 (c)(2-3). Coordinate with legislative liaison position.

Accounting Analyst: Perform financial planning and analysis functions in support of operational metrics required for the annual report per §11(a)

Senior Loan Servicer: Respond to information requests for the loan participation program per §12. Coordinate with communications specialist position.

Investment Analyst: Prepare financing plans per §9(b)(3), assist accounting analyst with metrics regarding investment performance.

IT MIS Administrator: Support application administration, data portal maintenance, and information requests per §12. Coordinate with communications specialist.

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PERSONAL SERVICES - Total FY2023-FY2028:**2,161.4 / year**

This program would require a total of 18 new positions.

<u>Position</u>	<u>Range</u>	<u>FY2023</u>
Communications Specialist	16	91.8
Legislative Liaison	22	127.8
Tribal Government Liaison	22	127.8
Administrative Assistant	14	82.7
Internal Counsel	26	156.9
Internal Counsel	26	156.9
Project Manager	24	143.3
Assistant Project Manager	20	114.4
Economist	23	135.2
Economist	23	135.2
Administrative Assistant	14	82.7
Reporting Specialist	16	91.8
Accounting Analyst	18	102.7
Accounting Analyst	18	102.7
Senior Loan Servicer	19	108.5
Investment Analyst	20	114.4
IT MIS Administrator	24	143.3
IT Technician	24	143.3