

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	SB 123
Fiscal Note Number:	1
(S) Publish Date:	4/9/2021

Identifier: LL0074-2-DCCED-AIDEA-04-08-21
Title: ENERGY INDEPENDENCE PROGRAM & FUND:
AIDEA
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

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				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services	233.6		467.1	467.1	467.1	467.1	467.1
Travel	5.0		10.0	10.0	10.0	10.0	10.0
Services	160.0		160.0	160.0	160.0	160.0	160.0
Commodities	40.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	438.6	0.0	637.1	637.1	637.1	637.1	637.1

Fund Source (Operating Only)

1102 AIDEA Rcpt (Other)	438.6		637.1	637.1	637.1	637.1	637.1
Total	438.6	0.0	637.1	637.1	637.1	637.1	637.1

Positions

Full-time	4.0		4.0	4.0	4.0	4.0	4.0
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If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/22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:

Not applicable, initial version.

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Agency: Office of Management and Budget

Phone: (907)771-3000
Date: 04/07/2021 05:00 PM
Date: 04/08/21

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

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.

Cost Assumptions

Personal Services Costs: AIDEA estimates four (4) new positions will be required to staff the operations of the Alaska Energy Independence and Development Fund:

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
TOTAL:	\$467.1 annually
	<i>\$233.6 in FY2022 (six months)</i>

Travel Costs: Estimated \$10.0 per year for travel for onsite due diligence throughout the state and annual conferences and events. FY22 costs for half of a fiscal year are estimated to be \$5.0.

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 4 positions)	\$60.0 annually
IT Consultant-Contract	\$50.0 annually
TOTAL:	\$160.0 annually
	<i>\$80.0 in FY2022 (six months)</i>

Commodities:

One-time start-up commodities for 4 positions	\$40.0 in FY2022
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Program operating expenditures will be funded with AIDEA receipts (fund code 1102).

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.