

HOUSE FINANCE COMMITTEE
April 22, 2022
10:02 a.m.

10:02:26 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 10:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative Andy Josephson
Representative Bart LeBon via Teleconference
Representative Sara Rasmussen via Teleconference
Representative Steve Thompson

MEMBERS ABSENT

Representative DeLena Johnson
Representative Adam Wool

ALSO PRESENT

John Sonin, Self, Douglas.

PRESENT VIA TELECONFERENCE

Morgan Neff, Chief Investment Officer, Alaska Industrial Development and Export Authority; Andrea Feniger, Self, Anchorage; Phillip Moser, Self, Juneau; Margi Dashevsky, Fairbanks Climate Action Coalition, Anchorage; Curtis Thayer, Executive Director, Alaska Energy Authority.

SUMMARY

HB 170 ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

HB 170 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the meeting.

#hb170

HOUSE BILL NO. 170

"An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

10:02:44 AM

Co-Chair Merrick indicated the bill had been heard previously on April 8, 2022. She invited Mr. Neff to make opening comments.

MORGAN NEFF, CHIEF INVESTMENT OFFICER, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA) (via teleconference), indicated he would be following-up with the information requested at the previous meeting in short order.

10:03:54 AM

Co-Chair Merrick OPENED public testimony.

ANDREA FENIGER, SELF, ANCHORAGE (via teleconference), opposed HB 170 as currently written. Although she liked the idea of a green bank, she did not think AIDEA was the best entity to house the fund. The entity had not reached out to the community for input resulting in a lack of public trust. She appreciated the opportunity to testify.

10:05:02 AM

PHILLIP MOSER, SELF, JUNEAU (via teleconference), spoke in opposition of HB 170 because of the sole source contract awarded. He agreed with the idea of a green bank but did not feel heard by AIDEA. He mentioned a public testimony session with the board in which the board chair had dismissed a person's testimony. He opposed the bill.

10:07:27 AM

MARGI DASHEVSKY, FAIRBANKS CLIMATE ACTION COALITION, ANCHORAGE (via teleconference), opposed HB 170 as it was

currently posed because the AIDEA board lacked the in-house expertise, public trust, accountability, and transparency necessary to oversee the administration of the green bank that Alaska needed. She mentioned recently submitting a letter signed by 7 organizations and 17 individuals. The parties supported the 35 percent allocation to rural areas. She also spoke of HB 271, the AIDEA reform bill proposing many needed updates to AIDEA including increased legislative oversight. She was dismayed that no one from AIDEA attended the hearing which reiterated the blatant disregard for public process. She was encouraged to hear that AIDEA was in attendance presently.

Ms. Dashevsky emphasized that in order for a green bank to succeed in Alaska, there needed to be officers well versed in interfacing with individuals and businesses. It was her understanding that AIDEA had not reached out to agencies with expertise such as the Alaska banking community, credit unions, and others. She thought it would be important for such entities like local bank branches to be the ones interfacing with public loan applicants for loans administered by the green bank. Furthermore, the bill needed substantial amendments to remove loopholes that could undermine its legislative intent. The primary purpose of any project funded by a green bank must be used to reduce greenhouse gas emissions and/or increase energy efficiency. She also argued that decision makers should include state and tribal experts with backgrounds in traditional ecological knowledge, clean energy, and green economies.

Ms. Dashevsky hoped the legislature would take the time to amend the bill to ensure a transparent and public process. She also suggested making sure to include prior and informed consent for all affected tribes. She thanked the committee.

[10:10:34 AM](#)

JOHN SONIN, SELF, DOUGLAS, spoke in opposition of HB 170. He agreed with the previous testifier's testimony. He spoke of things other than the bill. He did not want to see the funds utilized for personal gain.

[10:14:17 AM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated the fiscal notes would be reviewed. The first fiscal note was by the Alaska Energy Authority with a control code UROxV. She invited Mr. Thayer to review the note.

10:14:41 AM

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY (AEA) (via teleconference), reported that the fiscal note provided for one analyst to be housed within AEA to assist in doing the analysis with AIDEA's program. The position would augment what AEA did not currently have in internal resources as it did the evaluation, particularly in rural Alaska, to identify possible green bank loan selections.

Co-Chair Merrick invited Mr. Neff from AIDEA to review the second fiscal note with control code jrjZd.

10:16:06 AM

Mr. Neff wanted to make sure he was referencing the correct fiscal note, as there were 2 from AIDEA. He asked Co-Chair Merrick to specify which fiscal note he was supposed to review.

Co-Chair Merrick referenced the fiscal note with an OMB component number of 1234.

Mr. Neff reported that it was an operating budget fiscal note and was based on additional position control numbers that would be needed to facilitate the administration and management of the Alaska Energy Independence Fund. It included a project manager, port folio analyst, loan servicing officer, administrative assistant, and the analyst that was in the fiscal note just described by Mr. Thayer. Travel costs, service costs, and commodities were also incorporated in the note. In the first year, FY 23, there was an offset for a 6 month start-up process. It was annualized at the full operating expense amount thereafter. It was important to note that the fund was designed to be self-sufficient to cover the costs so that no additional UGF appropriations would be needed from the state. The monies would come out of the receipts from the returns from the Energy Independence Fund.

10:17:37 AM

AT EASE

[10:18:50 AM](#)

RECONVENED

Co-Chair Merrick indicated that the fund capitalization fiscal note was being revised and included the fund capitalization of \$30 million by the House Labor and Commerce Committee. It would be reviewed at a future meeting.

Representative Thompson asked a clarifying question regarding the number of added positions. He suggested it appeared that 5 people would be added each year.

Mr. Neff responded that it was 5 positions on an ongoing basis.

Representative Thompson thought the fiscal note was confusing.

Representative Josephson asked about receipts since they were relative to the fiscal note.

Mr. Neff responded that the receipts were outlined just as AIDEA's operating budget was capitalized. Alaska Industrial Development and Export Authority was a public corporation and a self-sustaining organization within the State of Alaska. Receipts were provided through the returns of AIDEA's programs including the Energy Independence Fund program if the legislation were to pass.

Co-Chair Merrick reviewed the agenda for the afternoon.

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ADJOURNMENT

[10:21:53 AM](#)

The meeting was adjourned at 10:21 a.m.