

**ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE STATE AFFAIRS STANDING COMMITTEE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

April 1, 2025

3:33 p.m.

MEMBERS PRESENT

SENATE STATE AFFAIRS

Senator Scott Kawasaki, Chair
Senator Jesse Bjorkman, Vice Chair
Senator Bill Wielechowski
Senator Elvi Gray-Jackson
Senator Robert Yundt

HOUSE STATE AFFAIRS

Representative Ashley Carrick, Chair
Representative Andi Story, Vice Chair
Representative Rebecca Himschoot
Representative Ky Holland
Representative Sarah Vance
Representative Kevin McCabe
Representative Elexie Moore

MEMEBERS ABSENT

SENATE STATE AFFAIRS

All members present

HOUSE STATE AFFAIRS

All members present

COMMITTEE CALENDAR

SENATE CONCURRENT RESOLUTION NO. 1

Relating to the procedure that the Thirty-Fourth Alaska State Legislature will use to reconsider bills and items vetoed by the governor.

- MOVED SCR 1 OUT OF COMMITTEE

PRESENTATION: WHAT IS AIDEA AND HOW DOES IT BENEFIT ALASKANS?

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: SCR 1

SHORT TITLE: ART. II, SEC. 16, CONST: VETO RECON

SPONSOR(S): SENATOR(S) CLAMAN

01/24/25	(S)	READ THE FIRST TIME - REFERRALS
01/24/25	(S)	STA, JUD
03/04/25	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)
03/04/25	(S)	Heard & Held
03/04/25	(S)	MINUTE(STA)
04/01/25	(S)	STA AT 3:30 PM SENATE FINANCE 532

WITNESS REGISTER

RANDY RUARO, Executive Director
Industrial Development and Export Authority (AIDEA)
Anchorage, Alaska

POSITION STATEMENT: Presented an overview from AIDEA.

ACTION NARRATIVE

3:33:14 PM

CHAIR KAWASAKI called the joint meeting of the Senate and House State Affairs Standing Committees to order at 3:33 p.m. Present at the call to order were Senators, Wielechowski, Gray-Jackson, Yundt and Chair Kawasaki. Senator Bjorkman arrived shortly thereafter.

SCR 1-ART. II, SEC. 16, CONST: VETO RECON

3:33:49 PM

CHAIR KAWASAKI announced the consideration of SENATE CONCURRENT RESOLUTION NO. 1 Relating to the procedure that the Thirty-Fourth Alaska State Legislature will use to reconsider bills and items vetoed by the governor.

3:34:01 PM

[CHAIR KAWASAKI solicited the will of the committee.]

3:34:05 PM

SENATOR WIELECHOWSKI moved to report SCR 1, work order 34-LS0177\A, from committee with individual recommendations and attached fiscal note(s).

[3:34:20 PM](#)

CHAIR KAWASAKI found no objection and SCR 1 was reported from the Senate State Affairs Standing Committee.

[3:34:42 PM](#)

CHAIR KAWASAKI passed the gavel to Representative Chair Carrick.

[3:34:55 PM](#)

Present at the call to order were Representatives Moore, McCabe, Vance, Holland, Himschoot, Story and Chair Carrick.

PRESENTATION: WHAT IS AIDEA AND HOW DOES IT BENEFIT ALASKANS?

[3:35:21 PM](#)

CHAIR CARRICK announced the presentation: What is AIDEA and how does it benefit Alaskans?

[3:35:37 PM](#)

RANDY RUARO, Executive Director, Industrial Development and Export Authority (AIDEA), Anchorage, Alaska, presented an overview from AIDEA and moved to slide 2. He stated that Alaska gained statehood in 1959 with unique provisions: unlike most states, it received both surface lands and subsurface mineral rights from the federal government. Congress intended this to help Alaska develop its resources, support the national interest, and enable the state to be financially self-sufficient while creating good jobs. However, in the early years, Alaska struggled economically; its economy was mostly coastal fishing, banks were few and undercapitalized, state land selections and mineral titles were incomplete, and unemployment was high.

[3:38:26 PM](#)

MR. RUARO moved to slide 3, In What Circumstances Was AIDEA Created, and stated that in 1961, Alaska's legislature passed Senate Bill 153, a precursor to the Alaska Industrial Development Authority. The bill aimed to create jobs, support economic development, and help new businesses grow. He said lawmakers recognized that access to investment capital was essential for job creation and improving Alaskans' welfare.

[3:39:03 PM](#)

MR. RUARO moved to slide 4, In What Circumstances Was AIDEA Created, and stated that in 1967, the legislature passed House Bill 14, establishing the Alaska Industrial Development Authority's foundational statutes. He said the law emphasized that access to capital for industry and manufacturing was vital

to Alaska's economic growth and reducing unemployment. The law was approved on April 4, 1967.

[3:39:41 PM](#)

MR. RUARO moved to slide 5, AIDEA's Mission and Purpose, and stated that over the years, amendments refined AIDEA's policies, now codified in AS 44.88.010. The legislature found that high unemployment threatened the health, safety, and welfare of both specific regions and the state. The legislature declared it a public purpose and state interest to promote new economic activity, foster growth, and create jobs for Alaskans.

[3:40:44 PM](#)

MR. RUARO moved to slide 6, State Constitutional Authorities, Foundational to AIDEA, and stated that AIDEA's mission reflects Alaska's constitutional framework, particularly Article VIII: Natural Resources. Sections 1 and 2 of Article VIII establish that the state's resources must be developed, utilized, and conserved for the maximum benefit of Alaskans and in public interest. He said the resource development provides revenue to support Article VII: Health, Education and Welfare obligations while also reducing unemployment.

[3:41:45 PM](#)

MR. RUARO moved to slide 7, How is AIDEA Different from the Alaska Permanent Fund, and stated that AIDEA and the Permanent Fund serve different purposes: AIDEA focuses on job creation and economic growth, while the Permanent Fund conserves state revenues for future generations through financial investments without a focus on economic development and jobs. AIDEA takes on higher-risk economic development investments, acting as a shield that protects the Permanent Fund from such pressures, making the two complementary rather than competitive.

[3:42:59 PM](#)

MR. RUARO moved to slide 8, What Are the Circumstances AIDEA Operates in Now, and stated that AIDEA faces major challenges in promoting economic growth and reducing unemployment due to the difficult federal permitting process. The process has become lengthy, and litigious. He shared a study from S&P that found it takes an average of 29 years to develop a U.S. mine, the second longest timeframe globally after Zambia. This lengthy permitting process has been a major change since statehood.

[3:44:20 PM](#)

MR. RUARO moved to slide 9, What Are the Circumstances AIDEA Operates in Now, and stated that AIDEA now operates under added

challenges beyond federal permitting: national and international campaigns pressure banks and insurers to avoid supporting oil and gas projects in Alaska, particularly in the Arctic National Wildlife Refuge area set aside by Section 1002 [of the Alaska National Interest Lands Conservation Act]. He said as a result, most major banks and many insurers refuse to fund or insure North Slope development. Combined with lengthy, litigious permitting, these financial and insurance restrictions make advancing projects in Alaska especially difficult.

[3:46:11 PM](#)

MR. RUARO moved to slide 10, What Are the Circumstances AIDEA Operates in Now, and stated that despite the challenges, AIDEA views development as worthwhile for both financial and social benefits. Successful projects like the Red Dog Mine generate money that goes into dividends, royalties, and corporate taxes for the state, while also distributing billions to Alaska Native corporations under the Alaska Native Claims Settlement Act (ANCSA) Section 7(i), benefiting shareholders statewide. Socially, development creates jobs, supports small businesses, and strengthens communities, helping to reduce social problems linked to high unemployment.

[3:47:27 PM](#)

SENATOR GRAY-JACKSON referenced slide 7 and asked for more details on how AIDEA protects the permanent fund.

[3:47:49 PM](#)

MR. RUARO replied that AIDEA often takes the lead on high-risk project proposals that may benefit Alaska, as proponents usually approach AIDEA rather than the Permanent Fund. While not legally barred from seeking Permanent Fund support, developers see AIDEA as the go-to entity for financing. This frontline role positions AIDEA as a buffer, absorbing risks that might otherwise pressure the Permanent Fund.

[3:48:45 PM](#)

REPRESENTATIVE HOLLAND mentioned that he has reflected on AIDEA's wide-ranging projects, which span from low- to high-risk. He asked whether the board uses a specific rubric or policy to manage the risks of the projects it undertakes.

[3:49:58 PM](#)

MR. RUARO replied that since his tenure at AIDEA, the board's approach has been to balance risk and potential benefit when evaluating projects. For high-risk ventures like ANWR leases, AIDEA conducts thorough due diligence, including expert

geological reviews, to de-risk investments and assess potential returns. He said recent investments, such as Alyeschem and Cook Inlet/Hex Fury, illustrate this careful evaluation. AIDEA leverages both talented internal staff and outside experts to quantify risks, maximize upside, and make well-informed recommendations to the board.

[3:52:38 PM](#)

SENATOR BJORKMAN stated that the Permanent Fund invests in in-state ventures, similarly, AIDEA invests in Alaskan businesses, while the Division of Investments pursues investment opportunities. Alaska Commercial Fishing and Agriculture Bank (CFAB) also has the ability to make loans. He asked what level of coordination and communication exists among these Alaska government entities to ensure Alaska's dollars are used effectively and efficiently.

[3:53:40 PM](#)

MR. RUARO replied that AIDEA coordinates with the entities mentioned above. Two of AIDEA's loan programs are managed through the Division of Investments. AIDEA also communicates with the Permanent Fund regarding potential investment opportunities and maintains ongoing dialogue with these other entities to discuss programs, capital needs, and collaboration.

[3:54:28 PM](#)

REPRESENTATIVE HIMSCHOOT referenced slide 10 and said it seems the focus on potential suicide prevention measures in rural communities is quite narrow. She said considering aspects like culture, access to subsistence resources, and language revitalization there needs to be a broader approach. She asked if the board approaches this topic from a wider perspective or if this the primary lens that's recommended to use.

[3:55:18 PM](#)

MR. RUARO agreed that access to jobs, education, and healthcare are important but stated his belief that they should not be seen as the sole factor in addressing suicide. Multiple causes contribute to the issue, and a broader perspective is necessary.

[3:56:00 PM](#)

REPRESENTATIVE HIMSCHOOT noted that the legislature is focused on the issue highlighted on slide 10 and expects that investment in rural Alaska should be comparable to that in urban areas, although she is not yet certain if this is currently the case.

[3:56:29 PM](#)

SENATOR WIELECHOWSKI stated that the Barker and Erickson report, a 126-page economic analysis of AIDEA, found that AIDEA had received a net \$301 million in public funds for economic development. He said had these funds been allocated to and earnings retained in the Alaska Permanent Fund, it would have been \$11.4 billion richer as of 2021, compared to AIDEA's net worth of \$1.4 billion, a difference of about \$10 billion. He asked if Mr. Ruaro disagreed with the findings.

[3:57:15 PM](#)

MR. RUARO replied that he disagrees with the findings. He said the findings overlook the full returns from AIDEA investments, including 7(i) revenue, corporate income taxes, and royalties. He gave an example of the Alyeschem Project that yielded an internal rate of return of 22 percent when all benefits are considered, much higher than the Permanent Fund's typical 8 percent return. He emphasized that AIDEA invests in Alaskan resource projects, which provide broader financial and social benefits, including jobs and state revenue, and that these factors should be included when assessing AIDEA's overall value.

[3:58:57 PM](#)

SENATOR WIELECHOWSKI noted that since 1980, AIDEA earned an average annual investment return of 3.8 percent, compared to the Permanent Fund's 9.4 percent. While there have been successes, like the Alyeschem Project, AIDEA also experienced failures, including the Healy Clean Coal Project, Alaska Seafood International, Seward Coal Facility, and Skagway Ore Terminal, which have lost over \$233.3 million. He stated that AIDEA has lost money in 17 of 35 years they have been in existence. He said there have been concerns that many loans were low-interest and would have been made by the private sector anyway. This has led some Alaskans to question AIDEA's ongoing role and consider withdrawing funds.

[4:00:25 PM](#)

MR. RUARO responded that the Loan Participation Program (LPP) is a legislative initiative, and AIDEA does not initiate loans. Loans are only made when an Alaska bank requests AIDEA's participation to reduce risk and make the loan feasible, often resulting in slightly below market interest rates. He said the program supports Alaskan businesses, job creation, and projects that might not proceed without AIDEA. Additionally, the board has recently adopted a new investment policy aimed at achieving significantly higher returns, addressing concerns about past investment performance.

[4:02:22 PM](#)

MR. RUARO moved to slide 11, What is the Status of Employment in the United States, and shared a chart. He said that AIDEA's mission to reduce unemployment is highlighted by limitations in official unemployment statistics. The Bureau of Labor Statistics' rate can be misleading, as it excludes people who have stopped looking for work due to a lack of jobs, disability, or other reasons. He said considering the broader labor participation rate, which includes those not actively in the workforce, revealed a much larger portion of the population was affected and underscored the continued need for AIDEA in Alaska.

[4:03:44 PM](#)

MR. RUARO moved to slide 12, Employment and Labor Force Participation in Alaska, and shared a chart. He said Alaska's labor participation rate is slightly above the national average at 65 percent, but some rural areas fall below this due to limited economic activity. Addressing job scarcity in these regions was a key concern when AIDEA was established in 1967.

[4:04:28 PM](#)

MR. RUARO moved to slide 13 and shared a video about why AIDEA does what they do.

[4:06:27 PM](#)

MR. RUARO moved to slide 15, AIDEA Assets, Projects, Bonds and Loans, and shared a map that illustrates the number of projects AIDEA is part of. Some AIDEA projects, like revenue bonds for the Yukon-Kushokwim Health Corporation's (YKHC's) new hospital, didn't generate a large financial return. However, some projects still provide significant economic benefits, creating jobs and improving healthcare services, demonstrating value to Alaskans beyond direct profit.

[4:07:27 PM](#)

REPRESENTATIVE STORY referenced slide 9 of the presentation and asked if she could receive the references to the study on the Alaska arctic ice and snow damage. She asked Mr. Ruaro to speak about the board's new investment policy.

[4:08:18 PM](#)

MR. RUARO replied that the board updated its investment policy to allow up to 20 percent of AIDEA's assets to be invested in equities. Previously, investments were limited to fixed income, which is more secure but offers lower returns. This change aims to increase returns without significantly increasing risk.

[4:09:03 PM](#)

REPRESENTATIVE MCCABE stated that Alaska has multiple funds with distinct purposes: the Permanent Fund supports government operations, AHFC funds housing, the Mental Health Trust funds mental health programs, and the Retirement Fund supports pensions. He said AIDEA, however, provides financing for infrastructure projects that create jobs. He asked if the legislative removal of funds from AIDEA would impact its ability to fund infrastructure projects and, in turn, provide employment, particularly in communities like Shungnak and Tetlin, where jobs are scarce.

[4:10:13 PM](#)

MR. RUARO replied that appropriating AIDEA funds would severely damage its financial standing, effectively turning its bonds into "junk bonds" and increasing the cost—or even preventing—future financing. Experience shows that even small legislative appropriations or threats of appropriation, such as in 2019 or during the Healy Clean Coal Project, led to reduced bond ratings and lost investor confidence. He said that AIDEA's statutory protection from budget appropriations is critical to maintain investor trust and the ability to fund projects.

[4:12:22 PM](#)

REPRESENTATIVE MCCABE emphasized that AIDEA's mission is to fund projects that create jobs in Alaska. While some past projects failed, like the salmon packing plant and grain elevators, successes would have directly advanced that mission. He said there has been discussion about risk balancing and about portfolios between the Permanent Fund and AIDEA. He asked how AIDEA incorporates the human impact into the risk balancing decisions.

[4:13:46 PM](#)

MR. RUARO replied that AIDEA begins project evaluation by thoroughly assessing risk. Once risks are understood, AIDEA considers potential financial returns and then factors in employment impacts. He said job creation is a top consideration, but it comes after ensuring the project's risks are manageable and financial benefits are viable.

[4:14:53 PM](#)

REPRESENTATIVE VANCE asked if he knew how many times an AIDEA invested dollar turns over in the economy.

[4:15:02 PM](#)

MR. RUARO replied that ICER studies found that each dollar circulates three to seven times in the economy. He said to fairly assess AIDEA's value, one must consider all economic impacts, including 7(i) distributions, royalties, and private sector business contracts, which together provide a more comprehensive measure of its overall contribution.

[4:15:54 PM](#)

MR. RUARO moved to slide 16, AIDEA Fiscal Year 2024, Financial Highlights, and stated that AIDEA's net position is \$1.49 billion, composed of roughly \$500 million in loan participation program (LPP) loans, \$200-\$250 million in hard assets like Red Dog Road, \$50-\$100 million in accounts receivable, investments, and a revolving fund—so it is not all cash. In 2024, net income rose 20-30 percent to \$65 million, the highest statutory net income in AIDEA history, with expectations for even higher returns in 2025 from new investments totaling \$150-\$200 million. He said the board sets dividends from 25-50 percent of statutory net income; for 2026, the dividend was \$20 million, the highest in a decade. Since 1997, total dividends have approached half a billion dollars, reflecting ongoing job creation, economic development, and returns.

[4:18:29 PM](#)

MR. RUARO moved to slide 17, AIDEA's Financial Toolbox and stated that AIDEA employs a variety of financing tools for projects:

-Loan Participation Program: fixed-rate loans brought by local Alaska banks.

-Project Finance Program: funds projects like Alyeschem and Hexfury.

-Conduit Revenue Bonds has financed: Native health clinics in Bethel and Fairbanks; renewed interest from other Alaska Native health entities.

-Energy and Resource Development Programs: including SETS and Arctic Infrastructure Program.

-Cook Inlet Reserve Base Lending Program: established last year.

-Asset Ownership and Federal Infrastructure Financing: owns assets like FedEx Hangar and Camp Denali for the U.S. Coast Guard, with the ability to finance federal projects.

-Tax-Exempt Bonds - authority to issue these, supported by a strong in-house team.

[4:20:11 PM](#)

MR. RUARO moved to slide 18, AIDEA Metrics and Considerations for Project Undertaking and stated that advancing resource development projects is complex, but progress is being made. AIDEA recently had its annual leases reinstated by the court and anticipates securing the Ambler Road right-of-way, as required by the 1980 Alaska National Interest Lands Conservation Act (ANILCA) legislation. These projects are expected to generate significant state returns and create jobs.

[4:20:58 PM](#)

MR. RUARO moved to slide 19, How Does AIDEA Engage with the Public and stated that AIDEA maintains regular board meetings with publicly posted notices and actively engages in outreach. He said staff attend trade shows, conferences, and visit communities like Shungnak to connect with Alaskans. AIDEA also participates in federal permitting agency events and meets with tribal representatives to ensure broad engagement.

[4:22:22 PM](#)

CHAIR KAWASAKI referenced slide 18 and stated that two years ago AIDEA indicated that an independent economic analysis would be completed and submitted to the legislature by the following year. He stated that the committee had not yet received the report and asked why.

[4:23:00 PM](#)

MR. RUARO replied that issues with contractor turnover and a request for the inclusion of additional information are why the report has not been released. The contractor has been asked to include social benefits, such as job creation, while not suggesting jobs are the sole solution to issues like suicide. Additionally, the contractor is evaluating AIDEA's net returns more broadly, considering not just direct financial returns but also royalties, production taxes, corporate income taxes, private sector returns, and 7(i) distributions. He said preliminary in-house analysis of projects like Alyeschem shows a comprehensive return of around 22 percent, and the contractor is expected to include this broader perspective in the final report.

[4:25:07 PM](#)

CHAIR KAWASAKI asked if the study is conducted by Northern Economics.

MR. RUARO responded that is correct.

CHAIR KAWASAKI referenced the Barker and Erickson report which criticized AIDEA saying that some projects, like Red Dog Mine, might have still been successful without AIDEA's involvement.

[4:25:43 PM](#)

MR. RUARO replied that former Senator Hensley who was the commissioner of Commerce and Economic Development when Red Dog went through and was adamant that Red Dog would not have gone through without AIDEA's help. He stated that research into Kamiko's financial condition at the time showed the company was struggling and losing money for several years, selling assets, and needing capital. AIDEA's support was therefore essential, and both the governor and legislature agreed, approving AIDEA's bonds with overwhelming support. He said Red Dog would not have gone forward without AIDEA's involvement.

CHAIR KAWASAKI asked when Northern Economics would complete the independent audit.

MR. RUARO answered that he hopes to get the report out in the next two weeks.

[4:29:04 PM](#)

CHAIR CARRICK referenced slide 19 and asked who AIDEA's constituents are and how does public input factor into the decision-making process.

[4:29:26 PM](#)

MR. RUARO replied that every Alaskan is AIDEA's constituents. He said AIDEA reviews and responds to public comments. Communications staff gather input and while not every individual receives a direct call, AIDEA tries to be responsive and incorporate public feedback into decisions.

[4:30:25 PM](#)

CHAIR CARRICK stated that someone testified as a community advocate during a House Resource Committee hearing but was a paid consultant for AIDEA. She asked how many paid consultants AIDEA currently employs; when the consultants provide testimony, are they considered part of community or public input in addition to their consultant role, and how does AIDEA manage that distinction.

[4:31:01 PM](#)

MR. RUARO replied that AIDEA hires local representatives, often tribal members, to assist with outreach in rural communities because they understand local issues better than outside staff. He said for example, Chief Simon of Allakaket serves both as a community leader and as a paid outreach contractor. AIDEA emphasized that these representatives are not asked to compromise their views and freely share community perspectives and concerns while helping facilitate engagement.

CHAIR CARRICK asked how many paid consultants are on AIDEA's payroll.

MR. RUARO replied ADIEA has three consultants for stakeholder outreach.

[4:33:10 PM](#)

SENATOR WIELECHOWSKI stated that a report found that between 2008 and 2023, AIDEA was responsible for only 6 percent of the jobs it claimed to create, with 94 percent attributed to bank lending that would have happened without AIDEA. He asked what AIDEA's role is in the gas line, specifically its involvement with Glenfarne, Alaska Gasline Development Corporation (AGDC), and 8 Star and whether AIDEA is funding or providing financial backing for the project.

[4:33:41 PM](#)

MR. RUARO replied that AIDEA confirmed it received an application from AGDC seeking potential backstop funding for project work, which is still under review with no final agreement reached with AGDC or Glenfarne. He said discussions are ongoing, as with any project applicant. He expressed optimism about the gasline project's prospects, noting it appears stronger now than in the past, but emphasized the application remains active and undecided.

[4:34:46 PM](#)

REPRESENTATIVE HOLLAND referenced slide 18 and stated that the state has produced several reports and strategies, including from the Governor's Energy Security Task Force, the Fisheries and Mariculture Task Forces, and the 2022 comprehensive economic development strategy, all outlining steps to diversify the economy and support emerging sectors. He asked how AIDEA influences whether the board prioritizes diversification and emerging sectors versus continuing to focus on traditional resource-based projects and are these reports shaping AIDEA's role as a catalyst for Alaska's future economy now or in the future.

[4:36:14 PM](#)

MR. RUARO replied that AIDEA monitors economic trends and opportunities, primarily reacting to projects brought forward by banks (via the LPP program) or project proponents. However, AIDEA is also proactively exploring new areas, such as manufacturing from natural gas and IT infrastructure like data centers, to create revenue and benefits for the state, even if job creation is limited. He said some significant applications in these emerging sectors are currently under review.

[4:37:49 PM](#)

REPRESENTATIVE HOLLAND stated that banking options in the state are limited. He asked what AIDEA recommends or what the legislature could do to create an environment that supports more bankable loans for projects. He emphasized the current bottleneck in the banking sector's appetite for the type of work the state needs and asked how the legislature or AIDEA could help unlock or expand available loan assets for programs.

[4:39:00 PM](#)

MR. RUARO replied that over the past year, AIDEA has noticed strong interest from large private equity investors wanting to invest in Alaska but were unsure where to start. He said to bridge this gap, AIDEA plans to host an annual event to connect these investors with local Alaskan businesses and entrepreneurs, facilitating funding and job creation even if AIDEA itself doesn't invest.

[4:40:36 PM](#)

REPRESENTATIVE STORY noted that the public often feels they can only provide input after project decisions are underway, rather than early enough to influence which projects are considered. She asked at what point in the process does the public become aware that a project is under consideration, and when is the most effective time for them to provide input.

[4:41:44 PM](#)

MR. RUARO replied that public access starts at the legislature. He said the public has opportunities to provide input on projects, starting from years prior with appropriations. Board decisions aren't made until after public comment is allowed, and meetings are properly noticed. He said public attendance is often low, though opportunities to comment always exist once the board considers a resolution.

[4:43:09 PM](#)

REPRESENTATIVE STORY stated that it would be helpful for the public to know upcoming projects early and understand how to provide input. There's interest in contributing at the early planning stages, such as for agriculture or resource projects, so examining AIDEA's process for early engagement may improve public participation.

[4:43:54 PM](#)

MR. RUARO replied that balancing early public input with project confidentiality can be challenging, as applicants may need to keep details like finances and location private until board approval. He said AIDEA can explore ways to improve engagement opportunities.

[4:44:23 PM](#)

REPRESENTATIVE STORY asked if it's possible to search somewhere to see what projects are on the horizon.

MR. RUARO replied approved projects are on the board's agenda and projects not approved follow confidentiality statutes until they are put in front of the board.

[4:45:46 PM](#)

REPRESENTATIVE MCCABE suggested that connecting large investment funds with the Alaska Railroad may be a valuable opportunity for investment in Alaska.

[4:46:22 PM](#)

MR. RUARO moved to slide 21, Red Dog Mine, and stated that the expansion road and new deposit site may extend operations by 30-40 years. He said this would generate continued payments to AIDEA , shared with the legislature through the dividend. It would also mean sustained jobs and infrastructure funding for the Northwest Arctic Borough, which relies 80 percent on the Red-Dog for revenue in the form of payment in lieu of taxes (PILT).

[4:47:25 PM](#)

MR. RUARO moved to slide 22, Loan Participation Program (LPP), and stated that Alaska banks come to AIDEA and look for assistance in making loans.

[4:47:37 PM](#)

MR. RUARO moved to slide 23, AIDEA Small Business Loans, and highlighted that there are two loan programs managed by the Division of Investments: The Rural Development Initiative Fund and the Small Business Economic Development Program. He noted

there is an ongoing review to determine if they need more capital, rule changes, or other adjustments to increase small business lending.

[4:48:14 PM](#)

MR. RUARO moved to slide 24, Innovative Commercialization of Natural Resources, and stated that the Alyeschem project on the North Slope is progressing, with hopes that it will serve as the start of a larger chemical production industry using Alaska's natural gas, potentially expanding significantly in the coming years.

[4:48:40 PM](#)

MR. RUARO moved to slide 25, Interior Energy Project for Fairbanks, and stated that Interior Gas Utility (IGU) will stop drawing gas from Cook Inlet in June, freeing up gas for other users, while gas from the North Slope will begin being transported in larger trucks.

[4:49:02 PM](#)

MR. RUARO moved to slide 26, Railbelt Energy Solutions HEX Cook Inlet LLC, and stated that AIDEA is finalizing a \$50 million revolving line of credit for Hex Cook Inlet. He noted that HEX Cook Inlet has a positive repayment history and has success in finding gas, making the project promising for Cook Inlet gas production.

[4:49:32 PM](#)

MR. RUARO moved to slide 27, Alaska Wildbirch Hotel, and stated that the downtown Anchorage hotel is a major renovation project AIDEA invested in to help rejuvenate downtown Anchorage.

[4:49:45 PM](#)

MR. RUARO moved to slide 28, AIDEA's Future Opportunities, and stated that AIDEA is exploring projects in AI data centers, chemical manufacturing, and critical mineral processing, recognizing the growing importance of critical minerals for the economy and Department of Defense needs.

[4:50:18 PM](#)

SENATOR GRAY-JACKSON asked if he would give more information regarding qualifying for the small business loan program.

[4:50:30 PM](#)

MR. RUARO stated his belief that the small business program offers loans capped at \$700k. He said the program is run by the Division of Investments and us under federal rules and control.

AIDEA is seeking to remove those restrictions to allow greater flexibility, expand lending, and adjust borrower requirements, with plans to advance changes at the next board meeting.

[4:51:29 PM](#)

REPRESENTATIVE VANCE asked for AIDEA's recommendations on areas where reforms or new focus might help, especially with emerging sectors like AI data centers and what steps the legislature can take to strengthen Alaska's economy and fill in the gaps.

[4:52:46 PM](#)

MR. RUARO replied that AI and small-scale data centers may bring significant opportunities, especially in communities with excess power capacity. He suggested the legislature explore policies on AI, data centers, and related taxation, while also investing in workforce training to prepare Alaskans for jobs in the AI/IT sector. He cautioned that automation and AI might also displace jobs, create potential disruption, and encourage the legislature to study what other states are doing to address these challenges.

[4:56:49 PM](#)

CHAIR CARRICK asked how the extended contract for the economic analysis study was funded since the appropriated funds for the study were no longer available.

[4:57:10 PM](#)

MR. RUARO replied that the contract required completion of the study, and while additional work was requested, most has been done by AIDEA. He said the contractor isn't expected to charge much more, but if extra funds are needed, AIDEA is prepared to cover the cost.

CHAIR CARRICK asked whether the study would remain independent if AIDEA funded the work.

MR. RUARO replied that funds for the study were always paid by AIDEA. He said he was not aware of a legislative appropriation.

[4:58:13 PM](#)

REPRESENTATIVE STORY shared a concern regarding the Skagway Ore Terminal and AIDEA's lack of cleanup after the terminal was returned to the city. She asked whether communities should worry about AIDEA not following through on clean up and proper closure when projects end.

[4:59:20 PM](#)

MR. RUARO replied that when the Skagway ore terminal lease ended, the new occupants, Minto Minerals of Canada left the facility in poor condition before going bankrupt. AIDEA pursued recovery in Canadian court, securing about \$50,000-\$60,000. AIDEA offered those funds, along with hiring the former facility manager for cleanup, but the borough manager at the time declined. He said with new local leadership, AIDEA plans to re-offer the funds and support to address the contamination.

[5:00:47 PM](#)

REPRESENTATIVE STORY noted that cleaning up the Skagway facility will likely cost much more than the \$50-60,000. She emphasized that AIDEA held the lease during the contracted operation. She thanked AIDEA for the cleanup offer but stressed the need for a larger effort.

[5:01:12 PM](#)

MR. RUARO said AIDEA has inspected the Skagway facility and is offering to address the basic mess left behind. He emphasized that AIDEA is not solely responsible for mineral contamination, as past leaseholders and the borough share responsibility. AIDEA will formally offer assistance for the remaining basic cleanup.

CHAIR CARRICK thanked the presenters for their overview.

[5:03:27 PM](#)

There being no further business to come before the committees, Chair Carrick adjourned the joint Senate and House State Affairs Standing Committee meeting at 5:03 p.m.