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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 3, 2000

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Porter:

The Alaska Industrial Development and Export Authority (AIDEA) has been a key player in many of Alaska's economic successes through the years. AIDEA programs have financed smaller projects, such as the Unalaska Marine Center dock, and the multi-million dollar Red Dog mine and Federal Express aircraft maintenance facility. This bill I transmit today continues AIDEA's role in boosting economic development and creating jobs in the state by extending its bonding authority for development projects of up to \$10 million and for conduit bond financing that does not involve the assets or credit of AIDEA or the state.

Under the bill, AIDEA's general bonding authority for projects up to \$10 million would be extended for three years, until June 30, 2003. The bill also clarifies that the sunset provision does not apply to conduit revenue financing transactions. Projects larger than \$10 million would still require specific legislative authorization.

In addition, this bill clarifies the procedures available to municipalities to grant tax exemptions for privately held interests in AIDEA-owned assets and projects, and instead enter into agreements and receive payments in lieu of taxes.

The bill also provides for the transfer of the rural development initiative fund (RDIF) program from the Department of Community and Economic Development (DCED) to AIDEA. This makes formal the program transfers authorized in last year's departmental merger bill. Transferring the RDIF program would enable AIDEA to further its economic development mission in communities of 5,000 or less.