

HB

471

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 25, 2002

SUBJECT: Single subject requirement (HB 471)

TO: Representative Gary Stevens
Attn: Katrina Matheny

FROM: Tamara Brandt Cook
Director *TBC*

You ask whether it might violate the single subject rule to add a provision to HB 471 amending AS 42.45.250(e) to increase the maximum amount of a loan from the bulk fuel revolving loan fund operated by Alaska Energy Authority. HB 471 amends several sections of law that apply to the Alaska Industrial Development and Export Authority. Both authorities are public corporations. Therefore, probably provisions dealing with both could be placed in a single bill with the broad subject "public corporations" because the court has approved broad subjects in the past. In construing the single subject rule, the court will "resolve doubts in favor of validity" and "in order to warrant the setting aside of enactments for failure to comply, the violation must be substantial and plain." (Suber v. Alaska State Bond Committee, 414 P.2d 546, 557 (Alaska 1966); see also Gellert v. State, 522 P.2d 1120 (Alaska 1974) and Short v. State, 600 P.2d 20 (Alaska 1970))

In this situation, however, the two public corporations are closely connected. The directors of the Alaska Energy Authority are composed of members of the Alaska Industrial Development and Export Authority. (AS 44.83.030) Consequently, HB 471 with the provision dealing with the bulk fuel revolving loan fund would probably be viewed as consisting of the more narrow subject "relating to the Alaska Industrial Development and Export Authority." Therefore, it is very unlikely that a court would find that the bill violates the single subject requirement of Art. II, sec. 13 of the state constitution.

TBC:lmb
02-049.lmb

HB 471
AIDEA Bill
Sectional Analysis

*Library
(Version 2) provided
after packets made up)*

Sections 1 and 2 – AIDEA's Dividend Program. Sections 1 and 2 of the bill amend definitions used in the statutory guidelines for the AIDEA dividend program to accommodate recent changes in governmental accounting and reporting standards. Section 1 amends the definition of "net income" and section 2 amends the definition of "unrestricted net income." Additionally, Section 4 of the bill is a transitional provision that clarifies that the amendments made in section 1 and 2 will become effective for the dividend calculated from AIDEA's audited financial statements for fiscal year 2002 - - the first audited financial statements after these changes in governmental accounting standards become effective.

Background. Since its inception, AIDEA has provided \$128 million in dividends, including the dividend AIDEA in December 2001 declared available to the state for fiscal year 2003. AS 44.88.088 provides statutory guidelines for AIDEA's dividend policy. AIDEA is to provide to the state a dividend of between 25 percent and 50 percent of AIDEA's net income for the base fiscal year, but in no event may the dividend exceed AIDEA's unrestricted net income for the base fiscal year.

AS 44.88.088(b) defines "net income" and "unrestricted net income" used in the statutory guidelines for AIDEA's dividend policy to be the amount of net income and unrestricted net income that are set out in the audited financial statements of AIDEA. AIDEA's audited financial statements comply with standards adopted by the Governmental Accounting Standards Board (GASB). Two recent changes to these governmental accounting and reporting standards alter or create ambiguity regarding how the statutory guidelines for AIDEA's dividend program would be implemented.

First, GASB Statement 34 provides that audited financial statements will no longer report any amount for either "net income" or "unrestricted net income." Without those amounts reported in AIDEA's audited financial statements, AS 44.88.088 will no longer provide clear instruction to the Board for determining the amount of the AIDEA dividend. This ambiguity will compel the Board either to attempt to calculate what

the "net income" and "unrestricted net income" would have been without GASB Statement 34, or to declare no dividend as the audited financial statements will include no amount for "net income."

Second, GASB Statement 33 requires that grants be included as either revenue or expense of the governmental entity. GASB Statement 34 requires that intergovernmental transfers be included as components of the Statement of Revenues, Expenses and Changes in Fund Net Assets. These accounting modifications will alter the calculation of AIDEA's future dividends. For example, the amount appropriated from any AIDEA dividend will be an intergovernmental transfer item that will reduce "net income" for that fiscal year. This reduction of "net income" will simultaneously reduce the amount of the AIDEA dividend that will be calculated from the audited financial statement for that fiscal year. For the first time, the payment of an AIDEA dividend will automatically reduce the amount of a future dividend.

The amendments proposed in sections 1 and 2 neutralize the impact the recent changes to governmental accounting and reporting standards in GASB Statements 33 and 34 would otherwise have on the AIDEA dividend program.

Section 3 – Rural Development Initiative Fund Program. Section 3 of the bill modifies AIDEA's rural development initiative fund program (RDIF) by making RDIF available to businesses located in communities with populations of less than 5,000 if not connected by road or rail to Anchorage or Fairbanks, or to businesses in communities with populations of less than 2,000 if connected by road or rail to Anchorage or Fairbanks. Section 3 of the bill also provides definitions for terms.

Background. The intent of the RDIF program is to provide commercial financing to businesses in the rural areas of Alaska that do have access to standard commercial financing because of their location. While the statutory language refers to businesses located in a community of 5,000 or less, the definition of community was dropped over the years. This definition more clearly sets forth the intent of the program and will allow users of the program to use established references for determining eligibility.

Section 4 – AIDEA’s Dividend Program. Section 4 is a transitional provision that clarifies that the amendments to the statutory guidelines for AIDEA's dividend program under sections 1 and 2 of the bill will first be used for the dividend to be calculated from AIDEA's audited financial statement for fiscal year 2002.

Background. Sections 1 and 2 of the bill amend definitions of terms used in the statutory guidelines for the AIDEA dividend program in order to neutralize the impact of changes made in governmental accounting and reporting standards under GASB Statements 33 and 34. These provisions first become effective for the audited financial statements of AIDEA that will be prepared for fiscal year 2002. The transitional provision clarifies that the amendments will be effective for dividend to be calculated from that fiscal year 2002 audited financial statement.

Section 5 – Effective Date. Section 5 of the bill provides for an immediate effective date.

Library file

22-LS1560C
Cook
3/20/02

CS FOR HOUSE BILL NO. 471()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE GREEN

A BILL
FOR AN ACT ENTITLED

1 "An Act increasing the maximum amount of loans from the bulk fuel revolving loan
2 fund operated by the Alaska Energy Authority; relating to the definitions of 'net
3 income' and 'unrestricted net income' for purposes of determining the amount of the
4 Alaska Industrial Development and Export Authority's dividend to the state; relating to
5 communities within which rural development loans may be made by the Alaska
6 Industrial Development and Export Authority; and providing for an effective date."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** AS 42.45.250(e) is amended to read:

9 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
10 fiscal year are not subject to AS 42.45.060 and

- 11 (1) may not exceed \$200,000 [\$100,000];
- 12 (2) shall be repaid in one year or less; and
- 13 (3) may not exceed 90 percent of the wholesale price of the fuel

1 purchased.

2 * Sec. 2. AS 44.88.088(b)(2) is amended to read:

3 (2) "net income" means the authority's change in net assets [NET
4 INCOME] as set out in the audited financial statements of the authority for the base
5 fiscal year, excluding amounts attributable to intergovernmental transfers, capital
6 contributions, or grants;

7 * Sec. 3. AS 44.88.088(b)(3) is amended to read:

8 (3) "unrestricted net income" means the authority's unrestricted change
9 in net assets [NET INCOME] as set out in the audited financial statements of the
10 authority for the base fiscal year, excluding amounts attributable to
11 intergovernmental transfers, capital contributions, or grants.

12 * Sec. 4. AS 44.88.610(a) is amended to read:

13 (a) The authority may use money from the rural development initiative fund to
14 make a loan of up to \$100,000 to a person, or a loan of up to \$200,000 to two or more
15 persons, to be used for working capital, equipment, construction, or other commercial
16 purposes by a business located in a community with a population of 5,000 or less that
17 is not connected by road or rail to Anchorage or Fairbanks, or with a population
18 of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks. A
19 person who has received a loan under this subsection may not be granted another loan
20 until after the original loan is entirely repaid. For purposes of this subsection,

21 (1) "community" means a city as defined in AS 29.71.800 or an
22 unincorporated community as defined in AS 29.60.140; and

23 (2) "connected by road" does not include a connection by the
24 Alaska marine highway system.

25 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 TRANSITION. AS 44.88.088(b)(2) and (3), as amended in secs. 2 and 3 of this Act,
28 first apply to calculations made for base fiscal year 2002 and apply thereafter.

29 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

Library file

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 471
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title AIDEA Programs BRU AIDEA (125)
Component AIDEA
Sponsor Representative Green
Requester House Community & Regional Affairs Component No. 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 471 modifies the Alaska Industrial Development and Export Authority dividend policy statutes to reflect recent changes in governmental accounting standards. The bill also clarifies eligibility for the Rural Development Initiative Fund.

HB 471 has no fiscal impact to AIDEA.

Prepared by: Sara Fisher-Goad, Financial Analyst Phone 907-269-4623
 Division Alaska Industrial Development & Export Authority Date/Time 3/22/02 2:33 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 3/22/2002
 Agency Department of Community & Economic Development

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
JUNEAU, ALASKA 99601-1182
(907) 465-4931
1-800-670-4931
(907) 465-4318 FAX

INTERIM ADDRESS:
716 WEST 4TH AVENUE
ANCHORAGE, ALASKA 99501
(907) 269-0125
(907) 269-0124 FAX



CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIR, ECONOMIC DEVELOPMENT
TRADE & TOURISM
MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

Sponsor Statement for House Bill 471

House Bill 471 makes changes to the Alaska Statutes in two areas that govern the Alaska Industrial Development and Export Authority: the payment of AIDEA dividends and the eligibility requirements for AIDEA's Rural Development Initiative Fund program.

Under current state law, AIDEA pays an annual dividend to the State of Alaska's General Fund, the amount of which is based on the agency's "net income" and "unrestricted net income." Alaska Statutes define these two terms as the "net income" and "unrestricted net income" listed on AIDEA's audited financial statement.

New standards adopted by the Governmental Accounting Standards Board (GASB) provide that audited financial statements, such as the one produced by AIDEA, will no longer report any amount for either "net income" or "unrestricted net income." This eliminates the reference used by current statutes to define the two terms, and will compel AIDEA's board to either attempt to calculate what the "net income" and "unrestricted net income" might have been, or simply declare no dividend.

In addition, the new GASB standards also require that intergovernmental transfers be included as either a revenue or expense of the governmental entity. AIDEA's dividend payments to the state would have to be listed as an expense, causing a reduction of the agency's "net income," and resulting in an automatic reduction of the next year's dividend.

Since its inception, AIDEA has provided \$128 million in dividends, including the dividend that will be paid to the state for fiscal year 2003. In order to preserve this important source of general fund revenue, HB 471 makes the necessary changes to statute in response to the new federal guidelines.

The bill addresses both problems by linking the definitions to AIDEA's changes in net assets as set out in the audited financial statements, and not including changes that result from intergovernmental transfers.

AIDEA's RDIF program was designed to make commercial loans to rural businesses that did not have other financing options because of their location. HB 471 changes the eligibility requirements for the program to ensure that the loans are going to the intended recipients, those who are in truly rural communities. The amended standards specify that qualifying participants must be in communities of less than 5,000 people if they are not connected to Anchorage or Fairbanks by road or the Marine Highway, and less than 2,000 people if they are connected to the state's urban centers.

HB 471
AIDEA Bill
Sectional Analysis

Sections 1 and 2 – AIDEA's Dividend Program. Sections 1 and 2 of the bill amend definitions used in the statutory guidelines for the AIDEA dividend program to accommodate recent changes in governmental accounting standards. Section 1 amends the definition of "net income" and section 2 amends the definition of "unrestricted net income." Additionally, Section 4 of the bill is a transitional provision that clarifies that the amendments made in section 1 and 2 will become effective for the dividend calculated from AIDEA's audited financial statements for fiscal year 2002 - - the first audited financial statements after the changes in governmental accounting standards become effective.

Background. Since its inception, AIDEA has provided \$128 million in dividends, including the dividend AIDEA in December 2001 declared available to the state for fiscal year 2003. AS 44.88.088 provides statutory guidelines for AIDEA's dividend policy. AIDEA is to provide to the state a dividend of between 25 percent and 50 percent of AIDEA's net income for the base fiscal year, but in no event may the dividend exceed AIDEA's unrestricted net income for the base fiscal year.

AS 44.88.088(b) defines "net income" and "unrestricted net income" used in the statutory guidelines for AIDEA's dividend policy to be the amount of net income and unrestricted net income that are set out in the audited financial statements of AIDEA. AIDEA's audited financial statements must comply with standards adopted by Governmental Accounting Standards Board (GASB). Two recent changes to these governmental accounting standards alter or create ambiguity regarding how the statutory guidelines for AIDEA's dividend program would be implemented.

First, GASB Statement 34 provides that audited financial statements will no longer report any amount for either "net income" or "unrestricted net income." Without those amounts reported in AIDEA's audited financial statements, AS 44.88.088 will no longer provide clear instruction to the Board for determining the amount of the AIDEA dividend. This ambiguity will compel the Board either to attempt to calculate what

the "net income" and "unrestricted net income" would have been without GASB Statement 34, or to declare no dividend as the audited financial statements will include no amount for "net income."

Second, GASB Statement 33 requires that intergovernmental transfers be included as either revenue or expense of the governmental entity. This accounting modification will alter the calculation of AIDEA's dividends. For example, the amount appropriated from any AIDEA dividend would be an intergovernmental transfer expense item that would reduce "net income" for that fiscal year. This reduction of "net income" would simultaneously reduce the amount of the AIDEA dividend that will be calculated from the audited financial statement for that fiscal year. For the first time, the payment of an AIDEA dividend would automatically reduce the amount of a future dividend.

The amendments proposed in sections 1 and 2 neutralize the impact the recent changes to governmental accounting standards in GASB Statements 33 and 34 would otherwise have on the AIDEA dividend program.

Section 3 – Rural Development Initiative Fund Program. Section 3 of the bill modifies AIDEA's rural development initiative fund program (RDIF) by making RDIF available to businesses located in communities with populations of less than 5,000 if not connected by road or rail to Anchorage or Fairbanks, or to businesses in communities with populations of less than 2,000 if connected by road or rail to Anchorage or Fairbanks. Section 3 of the bill also provides definitions for terms.

Background. The intent of the RDIF program is to provide commercial financing to businesses in the rural areas of Alaska that do not have access to standard commercial financing because of their location. While the statutory language refers to businesses located in a community of 5,000 or less, the definition of community was dropped over the years. This definition more clearly sets forth the intent of the program and will allow users of the program to use established references for determining eligibility.

Section 4 – AIDEA’s Dividend Program. Section 4 is a transitional provision that clarifies that the amendments to the statutory guidelines for AIDEA’s dividend program under sections 1 and 2 of the bill will first be used for the dividend to be calculated from AIDEA’s audited financial statement for fiscal year 2002.

Background. Sections 1 and 2 of the bill amend definitions of terms used in the statutory guidelines for the AIDEA dividend program in order to neutralize the impact of changes made in governmental accounting standards under GASB Statements 33 and 34. These provisions first become effective for the audited financial statements of AIDEA that will be prepared for fiscal year 2002. The transitional provision clarifies that the amendments will be effective for dividend to be calculated from that fiscal year 2002 audited financial statement.

Section 5 – Effective Date. Section 5 of the bill provides for an immediate effective date.

3/26

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
JUNEAU, ALASKA 99801-1102
(907) 465-4931
1-800-870-4931
(907) 465-4316 FAX

INTERIM ADDRESS
716 WEST 11TH AVENUE
ANCHORAGE, ALASKA 99501
(907) 269-0123
(907) 269-0124 FAX



CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIR, ECONOMIC DEVELOPMENT,
TRADE & TOURISM
MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES:
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

To: Rep. Carl Morgan
Rep. Kevin Meyer

From: Rep. Joe Green

Date: March 1, 2002

Re: Hearing for House Bill 471

Please schedule a hearing for House Bill 471 at your earliest convenience. I have attached a sponsor statement and a sectional analysis for your review.

If you have any questions please call Jessica Menendez in my office at ext. 4920.

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
JUNEAU, ALASKA 99801-1182
(907) 465-4931
1-800-870-4931
(907) 465-4316 FAX

INTERIM ADDRESS
116 WEST 4TH AVENUE
ANCHORAGE, ALASKA 99501
(907) 269-0123
(907) 269-0124 FAX



CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIR, ECONOMIC DEVELOPMENT
TRADE & TOURISM
MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

Sponsor Statement for House Bill 471

House Bill 471 makes changes to the Alaska Statutes in two areas that govern the Alaska Industrial Development and Export Authority: the payment of AIDEA dividends and the eligibility requirements for AIDEA's Rural Development Initiative Fund program.

Under current state law, AIDEA pays an annual dividend to the State of Alaska's General Fund, the amount of which is based on the agency's "net income" and "unrestricted net income." Alaska Statutes define these two terms as the "net income" and "unrestricted net income" listed on AIDEA's audited financial statement.

New standards adopted by the Governmental Accounting Standards Board (GASB) provide that audited financial statements, such as the one produced by AIDEA, will no longer report any amount for either "net income" or "unrestricted net income." This eliminates the reference used by current statutes to define the two terms, and will compel AIDEA's board to either attempt to calculate what the "net income" and "unrestricted net income" might have been, or simply declare no dividend.

In addition, the new GASB standards also require that intergovernmental transfers be included as either a revenue or expense of the governmental entity. AIDEA's dividend payments to the state would have to be listed as an expense, causing a reduction of the agency's "net income," and resulting in an automatic reduction of the next year's dividend.

Since its inception, AIDEA has provided \$128 million in dividends, including the dividend that will be paid to the state for fiscal year 2003. In order to preserve this important source of general fund revenue, HB 471 makes the necessary changes to statute in response to the new federal guidelines.

The bill addresses both problems by linking the definitions to AIDEA's changes in net assets as set out in the audited financial statements, and not including changes that result from intergovernmental transfers.

AIDEA's RDIF program was designed to make commercial loans to rural businesses that did not have other financing options because of their location. HB 471 changes the eligibility requirements for the program to ensure that the loans are going to the intended recipients, those who are in truly rural communities. The amended standards specify that qualifying participants must be in communities of less than 5,000 people if they are not connected to Anchorage or Fairbanks by road or the Marine Highway, and less than 2,000 people if they are connected to the state's urban centers.

HB 471
AIDEA Bill
Sectional Analysis

Sections 1 and 2 – AIDEA’s Dividend Program. Sections 1 and 2 of the bill amend definitions used in the statutory guidelines for the AIDEA dividend program to accommodate recent changes in governmental accounting standards. Section 1 amends the definition of “net income” and section 2 amends the definition of “unrestricted net income.” Additionally, Section 4 of the bill is a transitional provision that clarifies that the amendments made in section 1 and 2 will become effective for the dividend calculated from AIDEA’s audited financial statements for fiscal year 2002 -- the first audited financial statements after the changes in governmental accounting standards become effective.

Background. Since its inception, AIDEA has provided \$128 million in dividends, including the dividend AIDEA in December 2001 declared available to the state for fiscal year 2003. AS 44.88.088 provides statutory guidelines for AIDEA’s dividend policy. AIDEA is to provide to the state a dividend of between 25 percent and 50 percent of AIDEA’s net income for the base fiscal year, but in no event may the dividend exceed AIDEA’s unrestricted net income for the base fiscal year.

AS 44.88.088(b) defines “net income” and “unrestricted net income” used in the statutory guidelines for AIDEA’s dividend policy to be the amount of net income and unrestricted net income that are set out in the audited financial statements of AIDEA. AIDEA’s audited financial statements must comply with standards adopted by Governmental Accounting Standards Board (GASB). Two recent changes to these governmental accounting standards alter or create ambiguity regarding how the statutory guidelines for AIDEA’s dividend program would be implemented.

First, GASB Statement 34 provides that audited financial statements will no longer report any amount for either “net income” or “unrestricted net income.” Without those amounts reported in AIDEA’s audited financial statements, AS 44.88.088 will no longer provide clear instruction to the Board for determining the amount of the AIDEA dividend. This ambiguity will compel the Board either to attempt to calculate what

the "net income" and "unrestricted net income" would have been without GASB Statement 34, or to declare no dividend as the audited financial statements will include no amount for "net income."

Second, GASB Statement 33 requires that intergovernmental transfers be included as either revenue or expense of the governmental entity. This accounting modification will alter the calculation of AIDEA's dividends. For example, the amount appropriated from any AIDEA dividend would be an intergovernmental transfer expense item that would reduce "net income" for that fiscal year. This reduction of "net income" would simultaneously reduce the amount of the AIDEA dividend that will be calculated from the audited financial statement for that fiscal year. For the first time, the payment of an AIDEA dividend would automatically reduce the amount of a future dividend.

The amendments proposed in sections 1 and 2 neutralize the impact the recent changes to governmental accounting standards in GASB Statements 33 and 34 would otherwise have on the AIDEA dividend program.

Section 3 – Rural Development Initiative Fund Program. Section 3 of the bill modifies AIDEA's rural development initiative fund program (RDIF) by making RDIF available to businesses located in communities with populations of less than 5,000 if not connected by road or rail to Anchorage or Fairbanks, or to businesses in communities with populations of less than 2,000 if connected by road or rail to Anchorage or Fairbanks. Section 3 of the bill also provides definitions for terms.

Background. The intent of the RDIF program is to provide commercial financing to businesses in the rural areas of Alaska that do not have access to standard commercial financing because of their location. While the statutory language refers to businesses located in a community of 5,000 or less, the definition of community was dropped over the years. This definition more clearly sets forth the intent of the program and will allow users of the program to use established references for determining eligibility.

Section 4 – AIDEA’s Dividend Program. Section 4 is a transitional provision that clarifies that the amendments to the statutory guidelines for AIDEA’s dividend program under sections 1 and 2 of the bill will first be used for the dividend to be calculated from AIDEA’s audited financial statement for fiscal year 2002.

Background. Sections 1 and 2 of the bill amend definitions of terms used in the statutory guidelines for the AIDEA dividend program in order to neutralize the impact of changes made in governmental accounting standards under GASB Statements 33 and 34. These provisions first become effective for the audited financial statements of AIDEA that will be prepared for fiscal year 2002. The transitional provision clarifies that the amendments will be effective for dividend to be calculated from that fiscal year 2002 audited financial statement.

Section 5 – Effective Date. Section 5 of the bill provides for an immediate effective date.