

HB

471

SFIN

FILE

MAY 10 2002

SENATE FINANCE COMMITTEE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/8/02

FURTHER:

DATE TURNED
IN TO OFFICE:

10 May 2002

Finance Committee considered

CS FOR HOUSE BILL NO. 471(CRA)

HB 471 AIDEA LOANS AND DIVIDEND

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	3/22/02		✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	DO NOT PASS	No REC	AMEND
<i>Linda Green</i>				
<i>Alan Gustafson</i>	✓			
<i>Bob...</i>	✓			
<i>Erin Wilhoit</i>	✓			
<i>Sarah S. Kuman</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	

MAY 10 2002

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
1002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 471(CRA)
(H) Publish Date: 3/27/02

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
Division: Alaska Industrial Development & Export Authority
Approved by: Deborah B. Sedwick, Commissioner
Agency: Department of Community & Economic Development

Phone 907-269-4623
Date/Time 3/22/02 2:33 PM
Date 3/22/2002

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:
716 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 proposes changes to the Alaska Industrial Development and Export Authority (AIDEA) statutes relating to the computation of the AIDEA dividend and the eligibility requirements for AIDEA's Rural Development Initiative Fund (RDIF) program. The House C&RA committee amended House Bill 471 to include a proposal to increase the maximum loan amount for the Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund.

The change to the dividend statute results in a status quo dividend formula necessitated by accounting and reporting changes. 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" included in 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 include the terms for either "net income" or "unrestricted net income." This eliminates the reference used by current statutes to define the two terms.

In addition, the new GASB standards also require that intergovernmental transfers, capital contributions and grants be included as either a revenue or expense of the governmental entity. AIDEA's dividend payments to the state will be included as an expense, causing a further reduction of the agency's "net income," and resulting in an automatic reduction of the potential 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 in response to the new accounting requirements. The bill addresses both issues by defining "net income" and "unrestricted net income" using the terms to be found in future audited financial and excluding amounts attributable to intergovernmental transfers, capital contributions and grants.

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 reinserts the definition of "community" and further clarifies the definition 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, rail or the Marine Highway, and less than 2,000 people if they are connected to Anchorage or Fairbanks by road or rail.

Finally, this legislation increases the maximum loan amount from the Bulk Fuel Revolving Loan Fund to \$200,000 per loan. In rural Alaska, communities purchase their fuel in bulk because it costs less to buy larger quantities of fuel than to buy in smaller increments, and the window for transporting fuel is seasonal. The 150 communities off the road system have to purchase their fuel to secure its delivery in a single shipment, working around Alaska's notorious cold weather and freezing conditions that drastically limit transportation options. This program is in high demand in rural communities. Petroleum price increases and increases in bulk fuel tank farm capacity in many communities have made the current limit of \$100,000, which was enacted in 1993, too low to accommodate the needs of many borrowers. AEA has received legislative authorization to capitalize the BFRLF with a \$5 million federal grant. This grant is expected to be finalized in April.

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

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 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 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 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.



May 9, 2002

The Honorable John Torgerson
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Torgeson:

Thank you for your support of House Bill 471 in the Senate Labor & Commerce Committee. I hope this letter answers questions raised in committee and clears the way for successful floor action.

The Bulk Fuel Revolving Loan Fund is a short term, low interest loan that allows rural communities to make their bulk fuel purchase in a cost effective manner. The interest rate on a community's first bulk fuel loan is zero percent. The interest rate charged on subsequent loans is tied to municipal bond yields and is much lower than available through other funding sources. A community then has up to nine months to repay the loan.

The current cash balance in the fund as of 4/30/02 is \$6,125,067. With \$191,429 in outstanding commitments, there is an uncommitted cash balance of \$5,933,638 available for future loans. This balance includes the \$5 million recently received from the U.S. Department of Agriculture, Rural Utilities Service, which represents a four-fold increase in the amount of funds that can be provided to help rural Alaskans with the high cost of purchasing their winter fuel supplies.

Currently there are 48 outstanding loans. Of the 21 loans committed in FY02, three are thirty days delinquent and five are 60 days delinquent. Of the 41 loans committed in FY01, two are 30 days delinquent and one is 90 days delinquent. A borrower is not eligible for another loan if they have any unpaid outstanding loans.

The Rural Development Initiative Fund is a loan program designed to create job opportunities in rural Alaska by providing small Alaska businesses with needed capital that may not be available through traditional commercial markets. Existing law requires that businesses eligible for assistance under this program must be Alaskan-owned and located in a community of 5,000 or less. The eligibility revisions in House Bill 471 help ensure that the loans are going to the intended recipients, those who are in truly rural communities.


Over the past ten years, Alaska's population has grown 12%. The population in Bethel, however, has increased by 17% in the same period. I believe this indicates the evolution of Bethel into a strong regional center for the 56 villages in the Yukon-Kuskokwim Delta. Food, fuel, transportation, medical care and other services for these villages are provided by businesses in Bethel.

Businesses and organizations in Bethel, like those located anywhere in the larger communities in Alaska, have access to our Loan Participation Program and Loan Guarantee Program. Those programs require the borrower to find a bank to originate the loan. Those banking sources are available in Bethel. However, with the RDIF program, it is a direct loan from the RDIF Fund; therefore, smaller communities that may not have access to a bank sponsor are most in need of the RDIF program.

AIDEA has been involved in past Bethel business loans for a grocery store and an air service company. We recently made \$1.2 million available for a loan participation with Wells Fargo Bank Alaska to renovate the old Kuskokwim Inn. This project gives a new face to the historic inn and will provide business and leisure travelers to Bethel with a badly needed lodging option. AIDEA is pleased to help make this project happen.

I hope this adequately answers issues raised in committee. Please feel free to contact me if I can be of further assistance.

Sincerely,



Robert Poe, Jr.

cc: Senator Ben Stevens
Senator Austerman
Senator Leman
Senator Davis
Representative Joe Green

OFFICE OF THE CITY ATTORNEY
CITY OF KETCHIKAN, ALASKA

Steven H. Schwegge
City Attorney
204 FRONT STREET
KETCHIKAN, ALASKA 99901
TEL: 225-8546 FAX: 247-2111
FACSIMILE (907) 225-8546

Post-It Fax Note	7671	Date	5/9/02	Page	3
To	Tracy Mathew	From	Steve Schwegge		
Cell/Desk	Leg 056722	CC	City Attorney		
Phone #		Phone #			
Fax #	225-8546	Fax #			

May 9, 2002

Via Facsimile (907) 225-8546

**TO: Senator Dave Donley and Senator Tim Kelly, Co-Chairmen
Members of the Senate Judiciary Committee**

**Re: Opposition to CS For House Bill No. 296, An Act Relating to Mergers and
Consolidations of Municipalities**

Dear Senators Donley, Kelly and Committee Members:

I understand that the Senate Finance Committee will be holding a hearing on CS for House Bill No. 296 this morning at 9:00 p.m. The bill (hereinafter referred to as HB 296) would change the voting requirements needed for approval of the consolidation of a borough and a city lying within that borough. Present law requires a simple majority of all voters in order to approve a consolidation of city and borough governments. HB 296 would require approval of the consolidation by separate majorities of voters within the city and those outside of the city.

The City of Ketchikan has long supported the present law's requirement of a simple majority vote of all borough residents to approve of a consolidation. Several years ago we opposed an effort similar to HB 296 to divide the vote of borough residents living inside the city and those borough residents living outside of a city. With the concurrence of City Mayor Robert Weinstein and City Manager Karl Amylon, I would like to submit these written comments.

My comments can be summed up by three points. The present requirement of a simple majority vote for consolidation works, is fair and allows for the future development of effective local government. I believe that HB 296 thwarts all three of these important purposes.

Consolidation efforts have generally been proposed by city governments or city residents. The purpose of those efforts has been to end the duplication, overlap, conflict,

and inefficiency which occurs when two local governments exercise jurisdiction within the same community. In Ketchikan, for example, the City provides borough-wide electric, telephone, mental health/substance abuse, hospital, and library services. It also provides ambulance service to most of the outlying borough and is the economic, financial, and transportation center for the entire Ketchikan Gateway Borough. The Borough provides borough-wide planning, tax collection, animal control, and transit. Both the City and Borough exercise duplicating jurisdiction over economic development within the city boundaries.

In 1991, the City began work on a proposal to consolidate the city government and borough government. This effort continued for 10 years, leading up to a consolidation election last summer. While City residents strongly favored consolidation, the proposal failed to achieve majority approval of all the voters. This was due to overwhelming opposition among voters who resided outside of the City.

From reading HB 296 one would assume that city-sponsored consolidation are being imposed on rural residents across the State. This would be an entirely wrong assumption. Indeed, to our knowledge, no consolidation proposal has ever been approved. Recent urban-sponsored consolidations in Haines, Ketchikan, and Fairbanks have all been defeated through the democratic process of one person—one vote. Those borough residents who live outside of cities have won through the democratic process. The present requirement of a simple majority of all voters has not resulted in their interests being ignored or defeated. We fail to see why residents of outlying areas need further protection from the very democratic process which has brought them success in the past.

The present system of a simple majority vote is fairest and best reflects democratic ideals. The vote of borough residents who live inside a city and those who live outside a city count equally in determining how their borough will be governed. HB 296 gives a minority veto power over the form of government and the allocation of government costs. To use an extreme example for purposes of illustration, suppose that 95% of the residents of a borough lived within a city and 5% of the borough residents lived outside of that city. Under HB 296, the 5% living outside of the city would determine whether the city and borough would consolidate. HB 296 gives control over the future form of local government to such minorities.

Proponents of HB 296 will likely argue that the bill is fair despite its deviation from democratic principles. If their argument is anything like that which we heard during our consolidation effort, they will argue that they moved outside of the city so that they would not be taxed for community services that they did not want. They argue that their desire to avoid taxation entitles them to a veto over consolidation proposals which may more equitably spread the costs of the community's government. This argument has been traditionally rejected for good policy reasons. No matter how much we would like it to be otherwise, government is not a cafeteria plan where each taxpayer can pick and choose from the "services" he or she wants. One must pay taxes for schools even though one does not have children.

By requiring a majority of all residents to approve a consolidation, the present law allows each resident of a community an equal say in how that community's costs will be paid and how community resources will be allocated. People who live outside of artificial city limits have not left the community. They still use the services provided by the city and in many cases are dependent upon them. While they have left the jurisdiction of the city government, they have not left the community and so should not be given veto power over how that community will be governed. In order for any consolidation to proceed to an election, it is necessary to prove that the areas being consolidated are in fact a community. This is a function of the Local Boundary Commission. If a consolidation is proposed for areas having no community connection, that consolidation will be barred by the Commission or the courts before it even gets to an election.

If passed, HB 296 will likely freeze the patchwork of local governments found throughout the State. It is unlikely that the City of Ketchikan would have bothered to seek consolidation if legislature similar to HB 296 had been in place. We correctly believed that despite our efforts to address the concerns of outlying residents, consolidation could never be adopted by a majority of those residents.

We believe that the State needs to support consolidated regional local governments. The costs of patchwork local governments is borne not only by local residents but by the State as well. To the extent that local government does not have the tools to address local problems, the State is the only other authority to address those problems. When, for example, the City of Ketchikan annexed the adjoining Shoreline area, the State was one of the biggest beneficiaries. The costs of road maintenance and law enforcement were transferred from the State to the City and the City became responsible to the State for other governance matters in that area. Consolidation of local governments can create similar state-wide benefits which will not be otherwise achieved. If the costs of regional government can be allocated on a regional basis through united, strong local government, less demand for State participation will occur.

HB 296 is a bad idea. It ends a process which has worked and which holds the promise of improved local government. It ends a fair process and gives minorities a veto power. It will freeze local government jurisdictions, leaving a greater demand for State resources. We urge you to reject HB 296.

Yours very truly,

Steven H. Schweppe
City Attorney

cc: Mayor Weinstein
Karl Amylon

Cliff Notes for HB 471

HB 471 amends 3 important programs for AIDEA/AEA

1. The AIDEA dividend calculation
2. The Bulk Fuel Revolving Loan Fund
3. The Rural Development Initiative Fund.

The AIDEA dividend calculation:

- Under current state law, AIDEA pays an annual dividend of which is based on the agency's "net income" and "unrestricted income". Alaska statutes define these two terms as the NET INCOME and UNRESTRICTED NET INCOME included in AIDEA'S audited financial statement.
- New standards adopted by the Governmental Accounting Standards Board will no longer include the terms for "net income" in the audited financial statements
 - Without those amounts reported it does not give AIDEA clear instruction for determining the amount of the dividend. This eliminates the reference used by current statutes to define these two terms.
- In addition to that change, GASB standards will now require that intergovernmental transfers, capital contributions and grants be included as an expense.
 - These accounting modifications will alter the calculation of AIDEA's future dividends.
 - In other words - since our dividend from AIDEA is a intergovernmental transfer item - then that will reduce the "net income" for that fiscal year.

- o That reduction of "net income" will then simultaneously reduce the amount of the dividend that is calculated from the audited financial statement.
- o Sections 2 & 3 addresses both issues by defining "net income" and "unrestricted net income" using the terms to be found in future audited financial statements and excluding amounts attributable to intergovernmental transfers, capital contributions and grants.

The Bulk Fuel Revolving Loan Fund:

- HB 471 also increases the maximum amount from the Bulk Fuel Revolving Loan fund to 200,000 per loan.
 - o The purpose of the Rural Bulk Fuel Revolving Loan Fund is to help small rural communities in purchasing annual bulk fuel supplies.
 - o In rural Alaska, communities buy their fuel in bulk because it is cheaper than buying in smaller increments - and the window for transporting fuel is seasonal.
 - o A 5 million grant from Department of Agriculture, Rural Utilities Service, will support this program.

The Rural Development Initiative Fund:

- Finally, Section 4 - adds language describing the eligibility requirements for AIDEA's Rural Development Initiative Fund - this program was designed to provide commercial loans to rural businesses who don't have other financing options because of their location.

- o AIDEA wants to insure that the loans are going to the intended recipients who are truly in a rural community.
- o So qualifying participants must be in communities of less than 5,000 people if they are not connected by road or rail to Anchorage or Fairbanks or less than 2,000 people if they are connected to Anchorage or Fairbanks by road or rail.

SENATE COMMITTEE REPORT

DATE: 5/6/02

FURTHER:

DATE TURNED IN TO OFFICE: 5/7/02

Labor and Commerce Committee considered CS FOR HOUSE BILL NO. 471(CRA)

HB 471 AIDEA LOANS AND DIVIDEND

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	3/27/02		✓	

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Alan Gustafson</i>	✓			
<i>Al Johnson</i>	✓			
<i>John D. Hansen</i>	✓			
CHAIR: <i>Ben Hansen</i>	✓			

SENATE COMMITTEE REPORT

DATE: 4/26/02

FURTHER: Labor and Commerce

DATE TURNED IN TO OFFICE: 5/3/02

Community and Regional Affairs Committee considered

CS FOR HOUSE BILL NO. 471(CRA)

HB 471 AIDEA PROGRAMS

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	3/22		✓	11

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

SENATE FINANCE COMMITTEE
HB 471-AIDEA LOANS AND DIVIDEND
SIGN - IN

NAME: BOB ROE Subject/Bill No: HB 471
Co./Dept./Title: AIDEA/AEA Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions