

**HB**

**112**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 112  
 (H) Publish Date: 2/19/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title AIDEA Bonding Authority BRU AIDEA (125)  
 Component AIDEA  
 Sponsor Rules  
 Requester Governor Component No. 1234

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation extends to July 1, 2007 the sunset of statutory authority for AIDEA to issue bonds that do not exceed \$10 million for development projects. Unless extended, AIDEA's general bonding authority would sunset on July 1, 2003.

Prepared by: Sara Fisher-Goad, Financial Analyst Phone 907-269-4623  
 Division: Alaska Industrial Development and Export Authority Date/Time 2/11/03 9:05 AM  
 Approved by: Edgar Blatchford, Commissioner Date 2/11/2003  
 Agency: Department of Community & Economic Development

23-GH1018\D  
Cook  
2/25/03

adopted N/O

**CS FOR HOUSE BILL NO. 112( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the authority of the Alaska Industrial Development and Export  
2 Authority to issue bonds and to a municipal tax exemption for certain assets and  
3 projects of the Alaska Industrial Development and Export Authority; and providing for  
4 an effective date."

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

6 \* Section 1. AS 44.88.095(g) is amended to read:

7 (g) Before July 1, 2007 [2003], the authority may issue bonds in an amount  
8 greater than \$10,000,000 to assist in the financing of a development project under  
9 AS 44.88.172 - 44.88.177 only with legislative approval. Beginning July 1, 2007  
10 [2003], and thereafter, without prior legislative approval, the authority may not issue  
11 bonds, except refunding and conduit revenue bonds.

12 \* Sec. 2. Sections 3 and 19, ch. 117, SLA 2000, are repealed.

13 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).



## AIDEA Comments on HB 112

**House Bill 112 "An Act Relating to the authority of the Alaska Industrial Development and Export Authority to issue bonds; and providing for an effective date."**

HB112 extends AIDEA's general bonding authority to July 1, 2007. Without the extension AIDEA would need legislative authorization to issue bonds for development projects under \$10,000,000. AIDEA would also be restricted from issuing any bonds to finance the purchase of loan participations without legislative authorization.

Examples of bond issues that AIDEA has issued that would require legislative authorization after July 1, 2003 if the bonding authority were to sunset:

- \$8,020,000 AIDEA Revolving Fund Bonds, Series 1995A. Provided tax-exempt funds for a loan participation made to Kodiak Fishmeal Company for a fish by-product processing plant.
- \$7,000,000 AIDEA Revolving Fund Bonds, Series 1991A. Provided tax-exempt funds for the expansion and improvement of the Unalaska Marine Center. (This project also had legislative authorization.)

The following requirements are not affected by HB 112:

- ✓ All development projects over \$10,000,000 for which bonds are to be issued require legislative authorization prior to issuing the bonds.
- ✓ Prior to issuing bonds over \$6,000,000, AIDEA is required to receive approval from the local government in which the project is to be located.
- ✓ All development projects for which bonds are to be issued require AIDEA to make findings that the project is economically and financially feasible.

Recently, AIDEA has only issued refunding and conduit revenue bonds which are not affected by HB112. If this bill does not pass, AIDEA will continue to have the ability to issue refunding bonds and conduit revenue bonds; however, the sunset extension provides AIDEA the flexibility to assist in the financing of key development projects. If this authorization is allowed to sunset, and depending on the timing of the potential projects, AIDEA may have to wait for legislative authorization to issue bonds. Allowing the bond authority to sunset would eliminate a tool for AIDEA to use to assist projects that could provide an economic benefit to the state.