

HB

268

<TARGET><BILL>HB 268</BILL><SUBJECT>HB
268</SUBJECT><COMM>SFIN29</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/9/16

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered HOUSE BILL NO. 268

HB 268-AIDEA:DIVIDEND TO STATE;INCOME;VALUATION

"An Act relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'mark-to-market fair value,' 'net income,' 'project or development,' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; and providing for an effective date."

and recommends:

- be replaced with SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
CED		X		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
	Bishop	✓			
	OLSON			✓	
	Hoffman				
CO-CHAIR:	Kelly	✓			
CO-CHAIR:	Mackinnon			✓	

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Governor Bill Walker
STATE OF ALASKA

January 18, 2016

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the dividends the Alaska Industrial Development and Export Authority (AIDEA) pays to the State each year. The bill is intended to clarify or modify accounting matters that affect the calculation of AIDEA's dividends. The overall intent of the bill is to have AIDEA's dividends better reflect the cash-based realized net income of the funds from which AIDEA's dividends are paid.

Under AS 44.88.088, AIDEA is required to pay a dividend each year of between 25 and 50 percent of the "net income" of each of its statutorily created funds, but not more than the total "unrestricted net income" of each fund. The terms "net income" and "unrestricted net income" are defined in AS 44.88.088 as meaning the change in net position of each fund as reported in AIDEA's audited financial statements each year, excluding consideration of certain designated items. The bill would modify the excluded items that are not to be considered in determining the change in the net position of each of AIDEA's funds.

Specifically, the bill proposes to eliminate from consideration in calculating AIDEA's dividends (1) impairment losses on a project or development to the extent financed with state or federal grants or appropriations; (2) any current or future mark-to-market fair value based accounting requirements imposed by the Government Accounting Standards Board (GASB) such as those in Statements No. 31 and No. 72; and (3) non-cash accounting entries related to retirement obligations such as those required under GASB Statement No. 68.

The proposed change in language on losses is meant to remove the restriction that the loss must occur with respect to a development project under AS 44.88.172. Under current law, AIDEA may finance different types of projects and developments, not just development projects under AS 44.88.172. It is not logical to restrict the exclusion to just development projects under AS 44.88.172. Instead, the bill's amended language on excluding consideration of losses proposes to tie the losses to the use of State or federal grants or appropriations to finance a project or development. The amended language in the bill means that, when an investment in a project or development is made with State or federal grants or appropriations, a loss as to that investment will

The Honorable Mike Chenault
Transmittal AIDEA Accounting
January 18, 2016
Page 2

not be compounded by having AIDEA's dividend to the State reduced because of it. At the same time, however, a loss on a project or development funded by AIDEA's own cash will be reflected in the calculation of the dividend.

The bill's amendments directed at GASB Statements No. 31, No. 72, and No. 68 are meant to exclude unrealized "paper" gains or losses AIDEA must record in its financial statements from impacting AIDEA's dividends. Under GASB Statements No. 31 and No. 72, AIDEA must make accounting entries based on the mark-to-market values of its investments at the close of its fiscal year each year. Given the vagaries of the market, these values can and likely will fluctuate significantly from year to year. Under GASB Statement No. 68, AIDEA must make accounting entries for fluctuating actuarial computations on pension obligations. The accounting entries AIDEA must make to comply with these GASB statements do not reflect the actual results of AIDEA's operations, which should be the basis for its dividend to the State. The accounting required by these GASB statements may cause great fluctuations from year to year in the net income of AIDEA's funds. Removing these accounting adjustments from the dividend calculation would stabilize AIDEA's dividend payment to the state and improve predictability as to the amount of the annual dividends.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Walker".

Bill Walker
Governor

Enclosure



House Bill 268

AIDEA: Dividend to State; Income; Valuation

Sectional Analysis

Section 1: Section 1 amends AS 44.88.088(b) to include a definition for “mark-to-market fair value” adjustments that are mandated by the General Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). It then adds the following adjustments to the list of items to be excluded from statutory “net income” prior to the dividend calculation:

- mark-to-market fair value” adjustments
- adjustments and noncash accounting entries relating to pension obligations and other postemployment benefits

Section 1 also adjusts the existing scope of project losses that are to be excluded from the definition of AIDEA’s statutory net income (dividend base). The Legislature previously instructed that amounts attributable to intergovernmental transfers, capital contributions and grants were to be excluded so as not to impact the dividend base. Additionally, losses on development projects financed under AS44.88.172 were also excluded. However, the prior policy instruction did not anticipate periodic write offs for projects financed outside of AS44.88.172 with funds from non AIDEA sources. In these limited cases, project losses would affect AIDEA financial statement net income which could, in turn lower the calculated dividend.

Finally, Section 1 applies the mark-to-market adjustment, noncash pension and other postemployment benefit adjustments and redefined project loss exclusions discussed above to all AIDEA funds subject to the dividend statute to remove unnecessary volatility from the yearly dividend.

Section 2: Section 2 provides for an immediate effective date.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HB 268
Fiscal Note Number:	1
(H) Publish Date:	1/20/2016

Identifier: DCCED-AIDEA-11-20-15
 Title: AIDEA:DIVIDEND TO
 STATE;INCOME;VALUATION
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Alaska Industrial Development and Export
 Authority
 Allocation: Alaska Industrial Development and Export
 Authority
 OMB Component Number: 1234

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	***	***	***	***	***	***	***	***
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	***	***	***	***	***	***	***	***

Fund Source (Operating Only)

None								
Total	***	***	***	***	***	***	***	***

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	John Springsteen, Executive Director	Phone:	(907)771-3080
Division:	Alaska Industrial Development and Export Authority	Date:	11/09/2015 03:26 PM
Approved By:	Catherine Reardon, Director	Date:	11/20/15
Agency:	Division of Administrative Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

AIDEA pays an annual dividend to the State of Alaska (averaging \$18.7MM from FY06 - FY15) based upon its statutorily defined net income for general state government use. Currently that net income includes mark-to-market adjustments (the actual posting of gains or losses that never happened, which increase or decrease the real net income result).

Implementation of Governmental Accounting Standards Board (GASB) Statement 31, by itself, has created volatility in AIDEA's dividend to the State of Alaska. A historical analysis of the past ten years shows that the affect of GASB 31 mark-to-market entries have impacted AIDEA's net income by up to \$22.0MM, with the dividend impact being \$11.0MM.

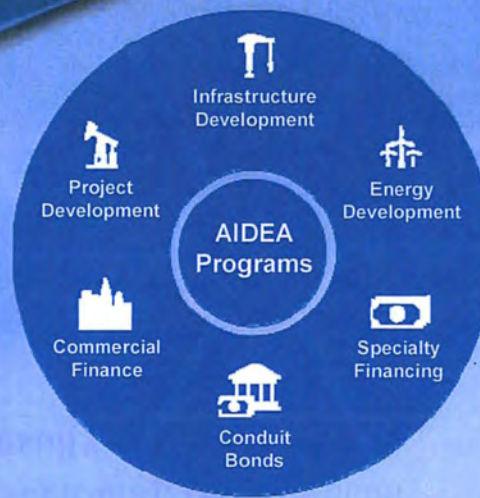
The future impacts on AIDEA's net income from implementing GASB 68 (pension obligations) in FY15, GASB 72 (fair value measurement) in FY16, and GASB 75 (other post-employment benefits) in FY18 are indeterminate, but can only be expected to add to the GAAP-based net income volatility. The ten year history of booking GASB 31 entries and their impact, by itself, on net income and the dividend is shown below:

Historic GASB 31 Mark-to-Market Net Income and Dividend Impact

Fiscal Year	Net Income Gain/(Loss)	Dividend Impact
2006	(13.8) MM	(6.9) MM
2007	4.8 MM	2.4 MM
2008	1.8 MM	0.9 MM
2009	3.2 MM	1.6 MM
2010	18.1 MM	9.0 MM
2011	(0.9) MM	(0.4) MM
2012	7.1 MM	3.6 MM
2013	(22.0) MM	(11.0) MM
2014	4.7 MM	2.4 MM
2015	(3.3) MM	(1.7) MM

The legislation also includes language to limit the scope of impairment losses (the re-valuation of assets at the end of a fiscal year) to the extent that AIDEA has paid for the asset (excluding any state or federal grants or appropriations).

This legislation seeks to stabilize the dividend by removing these market value entries from the net income calculation. A prediction of future market conditions, future actuarial estimates, or potential impairments, and thereby, their affect on AIDEA's dividend to the State of Alaska , cannot be made.



ALASKA'S DEVELOPMENT FINANCE AUTHORITY

*Proposed Language Changes to Modernize
AIDEA's Dividend Statute Using HB 268 / SB 149*

Investing in Alaskans



AIDEA's Dividend: History, Goal, Statutory Language, and Two Accounting Problems Working to Fix

AIDEA Dividends to State of Alaska



Recap of AIDEA Dividends to State of Alaska
(\$ rounded to nearest thousand)

Year Ended June 30	Payable in FY	Dividend
1995	1997	15,000,000
1996	1998	16,000,000
1997	1999	16,000,000
1998	2000	26,000,000
1999	2001	18,500,000
2000	2002	17,500,000
2001	2003	20,150,000
2002	2004	18,176,000
2003	2005	22,000,000
2004	2006	8,812,000
2005	2007	16,650,000
2006	2008	10,000,000
2007	2009	23,800,000
2008	2010	22,720,000
2009	2011	23,423,000
2010	2012	29,400,000
2011	2013	20,400,000
2012	2014	20,745,000
2013	2015	10,665,000
2014	2016	17,650,000
Declared thru 2016		373,591,000
2015	2017	6,328,000
Cumulative Total		379,919,000

State's capitalization of AIDEA:
Early 1980's \$189M +
Mid 1980's \$143.5M
= \$332.5M

AIDEA's Dividend & Language Change Goal



Goal:

Share with the State, through an annual dividend (*that is stable and more predictable*), the financial benefits of AIDEA's actual results of operations.

Dividend Statute Language Needs Modernizing, As Accounting Rules Have Evolved Over Time



3 Accounting Transaction Types, #3 Causes Dividend Problems:

1. Entries from “**real transactions**” that actually occurred, they are historic in nature. *(These are okay.) Examples: booking what was paid for an asset, revenue that is generated, payroll that is paid, taxes paid, what was cash received and why, etc.*
2. Entries from “**estimates and allocations**”. *(These are okay.) Examples: booking depreciation and amortization expenses which recognizes and records that an asset used up some of its estimated useful life over the period of operations.*
3. Entries from “**market value adjustments**”. These are entries related to transactions that didn't happen, but, AIDEA must record them for the audit as though they did happen to comply with G.A.S.B. and have a G.A.A.P. audit. *(We want to modernize the existing “excluding...” statutory language and remove G.A.S.B. “market value” impacts on the dividend through HB 268 and SB 149 proposed language changes.) Example: booking the gain or loss that would have been the result of selling your marketable securities at the end of the day of the last day of the year (GASB 31).*

Sec. 44.88.088. Payment of dividend to state.



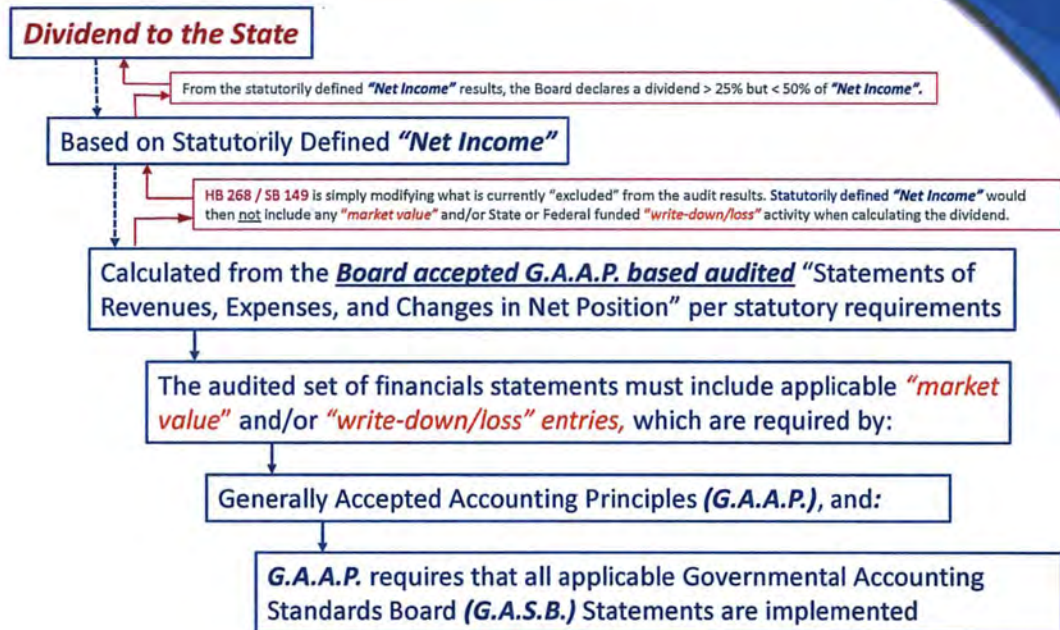
The Pertinent Language:

The authority **shall** adopt a policy for payment of a dividend... to the state each fiscal year.

... The amount of the dividend payable... may not be less than 25 percent nor more than 50 percent of the **net income** ...for the base fiscal year...

...“**net income**” means **the change in net position**, or the equivalent term under **generally accepted accounting principles**, ... as set out in the **audited financial statements** of the authority for the base fiscal year, **excluding amounts attributable to intergovernmental transfers, capital contributions, grants, or impairment losses on development projects financed under AS 44.88.172;**

Dividend Calculation Stack Visual



Dividend Problem #1: **"Market Value" Adjusting Entries**

Problem #1:

1. **G.A.A.P. keeps evolving**, requiring booking/recording **"market value"** adjusting entries. Essentially, act like something happened that didn't happen, and book it as though it did...
2. The result: **AIDEA's "net income" swings**, sometimes materially, which means **the State's dividend swings** sometimes materially year-over-year, **we want to fix this.**
3. And in the end, ultimately, the **dividend payment is a cash based transaction.** (*Paying it when cash hasn't been earned is a problem -- for AIDEA, but likewise, not paying it when it has been earned, and is available, is a problem -- for the State.*)



Problem #1 Analogy of



"Market Value" Entries Impacts

\$ Based Tax Payer Analogy

1040 U.S. Individual Income Tax Return **2015**

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7
8a	Taxable interest. Attach Schedule B if required	8a
8b	Tax-exempt interest. Do not include on line 8a	8b
9a	Ordinary dividends. Attach Schedule D if required	9a
9b	Qualified dividends	9b
10	Taxable refunds, credits, or offsets of state and local income taxes	10
11	Alimony received	11
12	Business income or loss. Attach Schedule C or C-EZ	12
13	Capital gain or loss. Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13
14	Other gains or losses. Attach Form 4797	14
15a	IRA distributions	15a
15b	Taxable amount	15b
16a	Pensions and annuities	16a
16b	Taxable amount	16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17
18	Farm income or loss. Attach Schedule F	18
19	Unemployment compensation	19
20a	Social security benefits	20a
20b	Taxable amount	20b
21	Other income. List type and amount	21
22	Combine the amounts in 7a for right column for lines 7 through 21. This is your total income	22

Adjusted Gross Income

23	Charitable contributions	23
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24
25	Health savings account deduction. Attach Form 8889	25
26	Moving expenses. Attach Form 3903	26
27	Deductible part of self-employment tax. Attach Schedule SE	27
28	Self-employed SEP, SIMPLE, and qualified plans	28
29	Self-employed health insurance deduction	29
30	Penalty on early withdrawal of savings	30
31a	IRA deduction	31a
32	IRA deduction	32
33	Student loan interest deduction	33
34	Tuition and fees. Attach Form 8917	34
35	Domestic production activities deduction. Attach Form 8803	35
36	Add lines 23 through 35	36
37	Subtract line 36 from line 22. This is your adjusted gross income	37

Form 1040 Impact Analogy



<p>Income</p> <p>Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.</p> <p>If you did not get a W-2, see instructions.</p>	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	100,000
	8a	Taxable interest. Attach Schedule B if required	8a	1,500
	b	Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	6,000
	b	Qualified dividends	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions	15a	
	b	Taxable amount	15b	
	16a	Pensions and annuities	16a	
	b	Taxable amount	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits	20a	
	b	Taxable amount	20b	
	21	Other income. List type and amount	21	1,500
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	109,000

GASB Statements 31, 68, 72, & 75



The image displays four overlapping covers of GASB Governmental Accounting Standards Series documents. The covers are as follows:

- Statement No. 31 (March 2007):** Accounting and Financial Reporting for Certain Investments and for External Investment Pools.
- Statement No. 68 (June 2012):** Accounting and Financial Reporting for Pensions.
- Statement No. 72 (February 2018):** Fair Value Measurement and Application.
- Statement No. 75 (June 2015):** Accounting and Financial Reporting for Postemployment Benefits or Other Than Pensions.

All covers feature the GASB logo and the text "GOVERNMENTAL ACCOUNTING STANDARDS BOARD OF THE FINANCIAL ACCOUNTING FOUNDATION".

Form 1040 Analogy – Add GASB Impacts



(Now adjust your **1040 total income** as if "GASB Type" adjustments were required at year-end)

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see instructions.	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	100,000
	8a	Taxable interest. Attach Schedule B if required	8a	1,500
	b	Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	6,000
	b	Qualified dividends	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	GASB 31 - Unrealized gain or loss on marketable securities (10% on \$250k portfolio)	11	25,000
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions	15a	
	b	Taxable amount	15b	
	16a	GASB 68 - Value adjustment from Retirement 401k Account (5% on \$200k growth)	16b	10,000
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	GASB 72 - Fair value adjustment for your rental property (5% on \$400k value)	18	20,000
	19	Unemployment compensation	19	
	20a	GASB 75 - Fair value adjustment for your other post employment benefits	20b	5,000
	21	Other income. List type and amount	21	1,500
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	169,000

Under this analogy you'd have \$60,000 more income that you'd have to pay taxes on if you had to recognize "market value" adjustments on your personal tax return, without having earned the \$ to pay the taxes... (Note: any of these adjustments could go in either direction.)

HB 268's / SB 149's Impact To 1040 Analogy



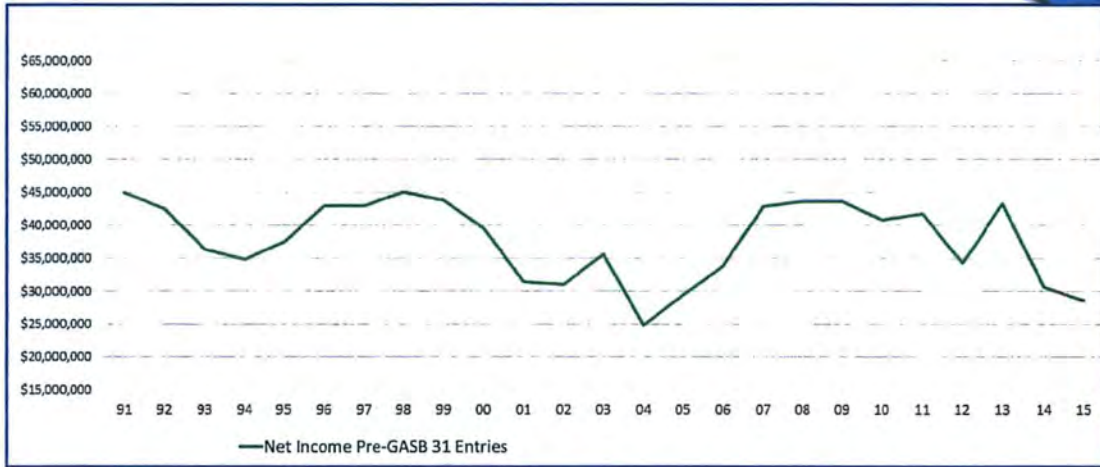
The "market value" unrealized adjustments would be excluded from "Net Income."

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see instructions.	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	100,000
	8a	Taxable interest. Attach Schedule B if required	8a	1,500
	b	Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	6,000
	b	Qualified dividends	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	GASB 31 - Unrealized gain or loss on marketable securities (10% on \$250k portfolio)	11	25,000
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions	15a	
	b	Taxable amount	15b	
	16a	GASB 68 - Value adjustment from Retirement 401k Account (5% on \$200k growth)	16b	10,000
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	GASB 72 - Fair value adjustment for your rental property (5% on \$400k value)	18	20,000
	19	Unemployment compensation	19	
	20a	GASB 75 - Fair value adjustment for your other post employment benefits	20b	5,000
	21	Other income. List type and amount	21	1,500
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	109,000

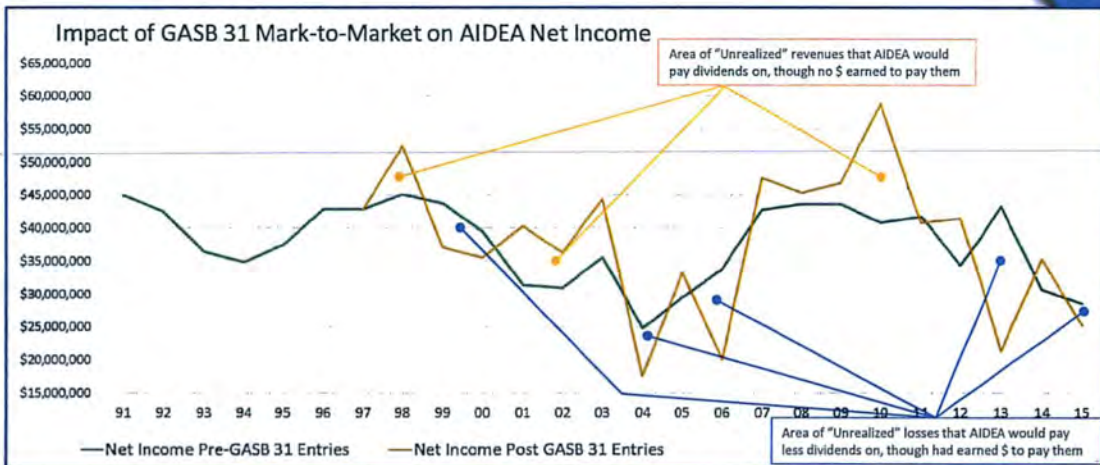
HB 268 / SB 149 removes these impacts
X

Revised line 22 total taxable income post market value if recognized	169,000
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AIDEA's Net Income, Pre-G.A.S.B. 31 "Market Value" Adjusting Entries



GASB 31 "Market Value" Impact to Net Income



Problem #2 “Dividend Penalty” Adjusting Entries

Dividend Problem #2: “Dividend-Penalty” Effect Adjusting Entries

Problem #2:

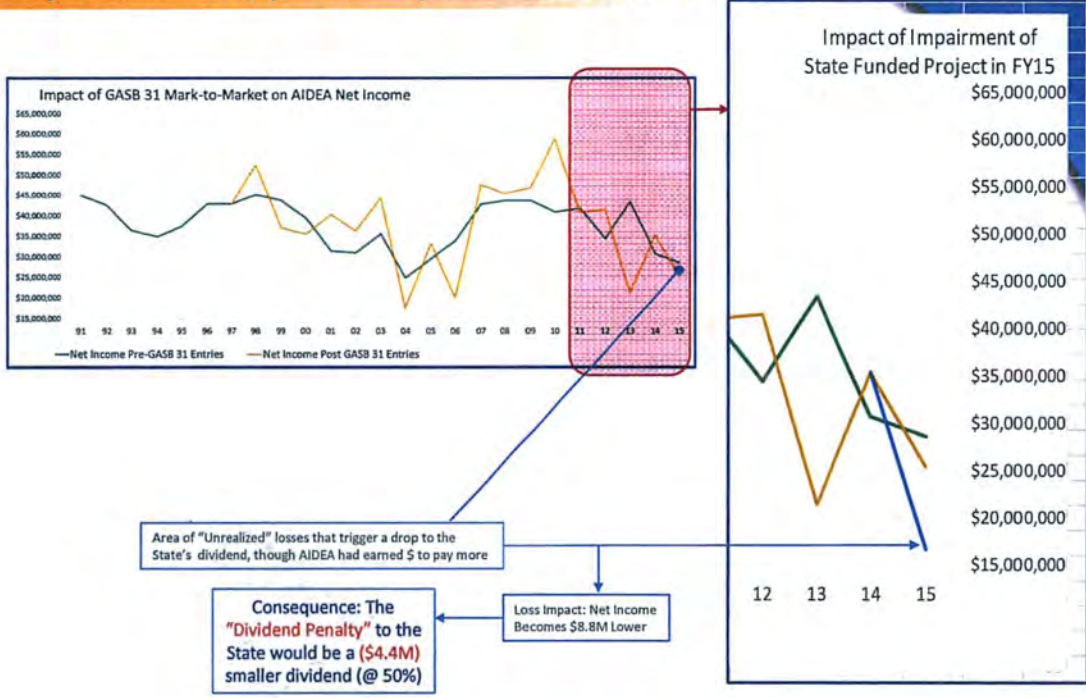
1. When the **value** of a project has been determined to have been **permanently reduced**, for some reason, G.A.A.P. requires booking/recording an adjusting entry between the Balance Sheet and the Income Statement to *reduce and/or remove some or all of the value of an asset or a project from AIDEA's Balance Sheet.*
2. The resulting entry **reduces net income**. The consequence (depending on the facts), could possibly either reduce the State's dividend from a project it funded due to an adjusting entry reducing value, and/or have AIDEA paying a dividend on top of a project it funded due to an adjusting entry reducing value.
3. Thus, **there could be** up to a 25% to 50% “dividend penalty” from an adjusting entry, *we want to fix this too.*

Potential Effect of an Adjustment to State Funded Investment (Project X Hypothetical)



Computation of statutory "net income" for FY17 dividend (in thousands)			
Net position-Revolving Fund	\$ 27,984		
Appropriations and contributions from the State of Alaska	(14,008)		
Capital grant revenue	(25)		
Dividend to State	10,665		State's Dividend Penalty Impact
Expenditures attributable to capital contributions	692		
FY15 Statutory "net income"	25,308		
Hypothetical adjustment attributable to a State funded impairment loss	(8,800) x 50%	=	\$ (4,400)
Revised FY15 Statutory "net income" for dividend calculations	\$ 16,508		

Hypothetical State Funded Non-172 Project, if Stopped, Impact to "Net Income"



Proposed Statutory Language Explanation

Language Changes – Selected Highlighted

- **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**
- * **Section 1.** AS 44.88.088(b) is amended to read:
- (2) **"mark-to-market fair value" means fixing the value of an investment as its market value as of the financial reporting date;**
- (3) **"net income" means the change in net position, or the equivalent term under generally accepted accounting principles, of the revolving fund, the change in net position of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), or the change in net position of the Arctic infrastructure development fund (AS 44.88.810) as set out in the audited financial statements of the authority for the base fiscal year, excluding amounts attributable to intergovernmental transfers, capital contributions, grants, [OR IMPAIRMENT] losses on a project or development to the extent [DEVELOPMENT PROJECTS] financed with state or federal grants or appropriations, mark-to-market fair value based accounting entries, and noncash accounting entries related to retirement obligations [UNDER AS 44.88.172];**

Summary



- ✓ The proposed statutory change of HB 268 / SB 149:
- 1) Removes the **“market value” entries** that impact the dividend, **thus better stabilizing the dividend** amount paid to the State year-over-year.
 - 2) Removes the **“dividend-penalty”** result on the financier of an investment project that did not materialize as originally planned.
 - 3) **Modernizes and aligns statutory language to the fact that the dividend is a check to the State, and thus, is a cash based transaction.** Language changes better connect the payment to the actual realized results of operations. *Paying it when cash hasn't been earned is a problem (for AIDEA), and not paying it when it has been earned, and is available, is a problem (for the State).*



Alaska Industrial Development and Export Authority

813 West Northern Lights Blvd.
Anchorage, Alaska 99503



(907) 771-3000
(888) 300-8534 (Toll Free in Alaska)



#AIDEA



www.aidea.org

