

[TAB 9]

Advisory Opinion 26-20-CD,

Randy Ruaro, Executive Director,

AIDEA

Presented By:

Kim Stone, Campaign Disclosure Coordinator

Number: AO 26-02-CD
Requested By: AIDEA
Prepared By: Kim Stone, Campaign Disclosure Coordinator
Date Issued March 27, 2026
Subject: AIDEA public messaging concerning HB 124¹
Commission Decision:

I. BACKGROUND FACTS

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation of the state,² created to promote, develop, and advance the general prosperity and economic welfare of the people of the state, relieve problems of unemployment, and to create additional employment by various means.³ AIDEA is not registered with the Alaska Public Office Commission (APOC) as a person, as that term is defined in 15.13.400(16),⁴ able to make contributions, expenditures, and/or communications to influence the election of a candidate.⁵

Pending before the Alaska legislature is House Bill 124, “The AIDEA Accountability Act.”⁶

AIDEA would like to use AIDEA funds to communicate “the true negative impacts” of HB 124 by: (1) placing newspaper ads throughout the state; (2) directly contacting residents via mail in certain house districts throughout the state, including those in the bill sponsor’s district and other unspecified districts; and (3) directly contacting AIDEA’s existing borrowers, investors, and partners via mail.⁷ AIDEA would include with these communications weblinks to publicly available documents concerning HB 124, including the sponsor statement authored by the bill’s legislative sponsor.

¹ Exhibit 1, Advisory Opinion Request and Attachments.

² AS 44.88.020.

³ AS 44.80.070.

⁴ Under AS.13.400(16), person “has the meaning given in AS 01.10.060” which in turn at subsection (8) defines person as “a corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person.”

⁵ AS 15.13.010.

⁶ Exhibit 1, p. 1.

⁷ Exhibit 1, p. 1.

II. QUESTION PRESENTED

May AIDEA use staff time and funds to produce and disseminate advertising and direct mail imparting the negative impacts of House Bill 124 – An act related to the Alaska Industrial Development and Export Authority?⁸

III. SHORT ANSWER

Yes.

IV. LAW AND ANALYSIS

Alaska’s campaign disclosure laws in AS 15.13 “appl[y] to contributions, expenditures, and communications made for the purpose of influencing the outcome of a ballot proposition or question as well as those made to influence the nomination or election of a candidate.”⁹ Generally speaking, APOC regulates messaging only if it can be considered an expenditure or a communication under Alaska’s campaign disclosure laws.¹⁰

Alaska law defines several types of communications. A communication generally includes “an announcement or advertisement” disseminated through print media and includes mass mailings.¹¹ The general definition excludes those that “do not directly or indirectly identify a candidate.”¹²

An electioneering communication is one that “occurs within the 30 days preceding a general...election.”¹³ An express communication is “a communication that, when read as

⁸ APOC’s jurisdiction extends only to enforcement of AS 15.13, regulations adopted under AS 15.13, AS 24.45, AS 24.60.200--24.60.260, and AS 39.50, and thus the question of whether AIDEA’s proposed activities are limited or prohibited by any state or federal law outside APOC jurisdiction is not addressed herein.

⁹ AS 15.13.010.

¹⁰ See, e.g., [Final Order Schulte v. Alaska Democratic Party, 12-18-CD](#), <https://aws.state.ak.us/ApocReports/Paper/Download.aspx?ID=8047> (where advertisements “did not identify directly or indirectly a specific candidate for election(,) they did not constitute “communication” under state law, and similarly the spending for the advertisements did not constitute an “expenditure” under state law given that the advertisements did not directly or indirectly identify a candidate”).

¹¹ AS 15.13.400(3).

¹² AS 15.13.400(3).

¹³ AS 15.13.400(6).

a whole and with limited reference to outside events, is susceptible of no other reasonable interpretation but as an exhortation to vote for or against a specific candidate.”¹⁴

Communications that constitute an expenditure under Alaska’s campaign financial disclosure laws include both electioneering and express communications but do not include an issues communication: one that directly or indirectly identifies a candidate and addresses an issue of state political importance¹⁵

As described by AIDEA, its messaging would explain HB 124’s “true negative impacts” to the general public. AIDEA would deliver the messaging through statewide newspaper advertising and direct letters to select individuals and businesses, including (1) residents of the bill sponsor’s district and other unspecified districts, and (2) those who have business dealings with AIDEA. While the Advisory Opinion request does not share or propose the exact language to be used, AIDEA states generally that the messaging would describe how it believes HB 124 will affect AIDEA’s ability to carry out its mission and existing and future projects. AIDEA intends to link or include additional documents to its messaging, including HB 124’s Sponsor Statement, an excerpt of the House Journal concerning HB 124, HB 124’s fiscal note, and letters from PFM Financial Advisors, LLC from 2025 and 1996 concerning previous proposed amendments.¹⁶

Based on the facts provided by AIDEA, its newspaper advertisements and letters are not communications for purposes of expenditure reporting under Alaska’s campaign disclosure laws. Provided AIDEA promulgates the messaging outside of the 30-day window preceding the state general election, its messaging is not an electioneering communication.¹⁷ Neither is AIDEA’s messaging, when read as a whole, “susceptible of no other reasonable interpretation but as an exhortation to vote for or against a specific candidate.”¹⁸ Instead, the subject matter of the messaging is legislation and is not being disseminated contemporaneously with a ballot proposition involving the same or similar

¹⁴ AS 15.13.400(8).

¹⁵ AS 15.13.400(7)(C).

¹⁶ Exhibit 1, pp. 2-12.

¹⁷ AS 15.13.400(6)(C).

¹⁸ *See* AS 15.13.400(7).

subject that might transform the message from an issues communication into an express communication, an expenditure that must be reported to APOC.

APOC staff notes that AIDEA provides only a general description of its intended messaging in its AO request but does not provide the actual text of the messaging. The foregoing analysis relies on AIDEA's representations that the language will not directly or indirectly name candidates.

APOC staff additionally finds that AIDEA's inclusion of legislative documents identifying HB 124's supporting legislators by name does not constitute a direct or indirect identification of a candidate, which bring AIDEA's messaging within the definition of communication or issues communication under AS 15.13.400. The distinction is important because while an issues communication generally does not trigger registration and reporting requirements, those that name legislators who are candidates are required to contain paid-for-by identifiers under AS 15.13.090.¹⁹ While AIDEA intends to link to or distribute with its messaging legislative documents in which candidates' names appear, this activity would not transform the messaging into an express communication.²⁰

Because this recommended advisory opinion concludes AIDEA's messaging is neither a regulated communication or expenditure, it does not address the question of whether AIDEA is considered a state agency or corporation for purposes of AS 15.13.145,²¹ which would trigger provisions of Alaska law prohibiting the use of public funds to influence a candidate election.

V. CONCLUSION

AIDEA's messaging through newspaper advertisements and direct letters and concerning pending legislation do not constitute regulated communications under

¹⁹ AS 15.113.090. Identification of communication. (a) All communications shall be clearly identified by the words "paid for by" followed by the name and address of the person paying for the communication; [AO 17-03-CD AlaskaWins](https://aws.state.ak.us/ApocReports/Paper/Download.aspx?ID=15979), <https://aws.state.ak.us/ApocReports/Paper/Download.aspx?ID=15979>. A legislator who has filed a letter of intent or a declaration of candidacy is considered a candidate.

²⁰ See AS 15.13.400(7).

²¹ AS 15.13.145. Money of the state and its political subdivisions. (a) Except as provided in (b) and (c) of this section, each of the following may not use money held by the entity to influence the outcome of the election of a candidate to a state or municipal office: (1) the state, its agencies, and its corporations.

campaign disclosure law. As such, nothing in AS 15.13 requires AIDEA to report them as expenditures or identify them with paid-for-by disclaimers.

VI. COMMISSION DECISION

Only the Commission has the authority to approve an advisory opinion.²² The Commission will rule on staff's recommended advisory opinion at its next regular meeting. The Commission may approve, disapprove, or modify the proposed advice. An advisory opinion must be approved by an affirmative vote of at least four members or it will be considered disapproved. Both staff's recommended advisory opinion and the Commission's final advisory opinion apply only to the specific facts and activity for which advice was requested.

If you rely on staff's proposed advisory opinion in good faith and the Commission subsequently rejects the proposed advice, staff will take no enforcement action on your activities up to that point if you act under the specific facts described. If you have any additional questions or would like to discuss this proposed advice, please contact me at (907) 276-4176.

²² AS 15.13.374(d); 2 AAC 50.840.

From: [Randy P. Ruaro](#)
To: [Stone, Kim S \(DOA\)](#); [Hebdon, Heather R \(DOA\)](#)
Cc: [Bill Kendig](#); [Randy Eledge](#); [Randy Eledge](#)
Subject: Request for Advisory Opinion
Date: Friday, March 20, 2026 9:36:07 AM
Attachments: [SKM_C300i26032009030.pdf](#)



Dear Ms. Stone:

AIDEA hereby requests an advisory opinion from APOC. Specifically, the issue is whether AIDEA can use AIDEA employee time and AIDEA funds (which are not by statute, funds of the state under AS 44.88.190(b)) to:

1. Place ads in newspapers such as the Fairbanks Newsminer, the Anchorage Daily News, the Kenai Peninsula Clarion, Juneau Empire, or the Mat-Su Frontiersman, that would explain the true negative impacts of a bill pending in the legislature (HB 124) that would amend existing statutes and give the legislature or in some instances, a single legislative committee, the authority to approve or disapprove of funding every action AIDEA could take from the smallest business loan to the largest resource development project; materially damage AIDEA's bonding authority, and disincentivize use of AIDEA's financing programs; or
2. Direct mail a written letter explaining the negative impacts of HB 124 to residents of house districts in 15-20 different house districts across the State that would include the house district of the bill sponsor and house districts in general; or
3. Direct mail a written letter to existing borrowers, investors, partners of AIDEA in loans and projects that are pending and advising them of the negative effects of HB 124 on AIDEA and potentially, their businesses.

Each of the above would include weblinks to publicly available documents and hearings on the bill, including the sponsor statement by the legislator sponsoring the bill.

Sincerely,

Randy Ruaro
AIDEA Executive Director

-----Original Message-----

From: scanner@akenergyauthority.org <scanner@akenergyauthority.org>
Sent: Friday, March 20, 2026 9:04 AM
To: Randy P. Ruaro <raruaro@aidea.org>
Subject: Message from KM_C300i

Scan



Representative Ashley Carrick

Alaska State House ~ District 35, West Fairbanks

Chair, House State Affairs ~ Co-Chair, House Transportation
Member, House Labor, and Commerce ~ Member, Tribal Affairs

House Bill 124 Sponsor Statement Ver. A (34-LS0411\A)

The AIDEA Accountability Act

The Alaska Industrial Development and Export Authority (AIDEA) is a state-owned corporation with the mission to “promote, develop, and advance economic growth by providing various means of financing and investment.” This means that AIDEA is involved with a wide variety of development projects, from smaller, less controversial ones to larger and more controversial ones. As a young state, Alaska needs entities like AIDEA to help build our state, but we also need to make sure that those entities are acting in the public interest.

The AIDEA Accountability Act includes various policy changes to increase legislative oversight and encourage public participation to ensure that AIDEA works in the public interest. Specific reforms include:

- Legislative confirmation for AIDEA board members.
- Designating a seat on the AIDEA board for someone from an environmental advocacy organization.
- Adding two seats on the AIDEA board for members that are appointed by the Speaker of the House and the Senate President.
- Codifying public testimony requirements for the AIDEA Board and increases the timeline for public notice requirements for board meetings.
- Requiring Legislative approval for AIDEA projects over \$10 million
- Increasing annual reporting requirements to the Legislature.
- Subjecting AIDEA to the Alaska Public Records Act.

The intent of the AIDEA Accountability Act is not to limit responsible development in Alaska, but rather it is an effort to ensure that AIDEA acts within the public interest as it fulfills its mission to develop Alaska. I hope you will join me in supporting this effort to ensure accountability and transparency for AIDEA and support HB 124.

Staff Contact: Stuart Relay, Stuart.Relay@akleg.gov, 907-465-6879.

In Fairbanks
1292 Sadler Way, Third Floor
Fairbanks, AK 99701
Phone: 907-452-6084



Email: Rep.Ashley.Carrick@akleg.gov
Follow me on social media @RepCarrick
Facebook, Instagram, Twitter, and YouTube

In Juneau
Alaska State Capitol
120 Fourth Street
Juneau, AK 99801
Phone: 907-465-4976

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-FOURTH LEGISLATURE
SECOND SESSION

Juneau, Alaska

Wednesday

February 18, 2026

Thirtieth Day

Pursuant to adjournment the House was called to order by Speaker Edgmon at 10:35 a.m.

Roll call showed 40 members present.

The invocation was offered by the Chaplain, Reverend Guy Crockroft of Love in The Name of Christ. Representative Story moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With the deepest respect for the religious beliefs of all Alaskans, I offer the following prayer:

Dear Heavenly Father,
I thank you for this day, for this beautiful state of Alaska, and for each representative.

As the Apostle Paul encouraged Timothy to pray for our leaders, I gladly and humbly ask for your blessings upon each of these leaders in the Alaska House of Representatives.

May you grant them wisdom, discernment, insight, humility, compassion, and integrity as they work together to benefit all Alaskans.

In the name of Jesus Christ, I pray, Amen.

The Pledge of Allegiance was led by Representative Story.

HOUSE JOURNAL

February 18, 2026

1639

The report was signed by Representative Gray, Chair; and Representatives Eischeid, Vance, Costello, Mina, Kopp, and Underwood.

HB 124

The State Affairs Committee considered:

HOUSE BILL NO. 124

"An Act relating to the Alaska Industrial Development and Export Authority; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 124(STA)

(same title)

The report was signed by Representative Carrick, Chair, with the following individual recommendations:

Do pass (3): Holland, Himschoot, Carrick

Do not pass (3): Vance, McCabe, St. Clair

Amend (1): Story

The following fiscal note(s) apply to CSHB 124(STA):

1. Fiscal, Dept. of Commerce, Community, & Economic Development

HB 124 was referred to the Finance Committee.

HB 195

The Labor & Commerce Committee considered:

HOUSE BILL NO. 195

"An Act relating to the prescription and administration of drugs and devices by pharmacists; relating to reciprocity for pharmacists; and providing for an effective date."

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 124
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB124CS(STA)-DCCED-AIDEA-02-12-26
Title: AIDEA
Sponsor: CARRICK
Requester: (H) STATE AFFAIRS

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)

| | FY2027 Appropriation Requested | Included in Governor's FY2027 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|------------------------------------------------|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | | | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | 358.8 | 8,660.3 | 358.8 | 358.8 | 358.8 | 358.8 | 358.8 | 358.8 |
| Travel | | 258.3 | | | | | | |
| Services | 1,740.0 | 2,357.7 | 425.0 | 425.0 | 425.0 | 425.0 | 425.0 | 425.0 |
| Commodities | 20.0 | 98.9 | | | | | | |
| Capital Outlay | | 35.5 | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 2,118.8 | 11,410.7 | 783.8 | 783.8 | 783.8 | 783.8 | 783.8 | 783.8 |

Fund Source (Operating Only)

| | | | | | | | |
|-------------------------|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|
| 1004 Gen Fund (UGF) | | | | | 12,194.5 | 12,194.5 | 12,194.5 |
| 1061 CIP Rcpts (Other) | | 941.7 | | | (941.7) | (941.7) | (941.7) |
| 1102 AIDEA Rcpt (Other) | 2,118.8 | 10,469.0 | 783.8 | 783.8 | (10,469.0) | (10,469.0) | (10,469.0) |
| Total | 2,118.8 | 11,410.7 | 783.8 | 783.8 | 783.8 | 783.8 | 783.8 |

Positions

| | | | | | | | |
|-----------|-----|------|-----|-----|-----|-----|-----|
| Full-time | 2.0 | 43.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|-------------------------|------------|------------|------------|------------|-------------------|-------------------|-------------------|
| 1102 AIDEA Rcpt (Other) | | | | | (33,000.0) | (33,000.0) | (33,000.0) |
| 1140 AIDEA Div (UGF) | | | | | (16,500.0) | (16,500.0) | (16,500.0) |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | (49,500.0) | (49,500.0) | (49,500.0) |

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/27

Why this fiscal note differs from previous version/comments:

Updated to reflect committee substitute changes (ver. N).

| | |
|----------------------------------------------------------------------------|-----------------------------|
| Prepared By: <u>Jean Kornmuller, Chief Financial Officer</u> | Phone: <u>(907)771-3000</u> |
| Division: <u>Alaska Industrial Development and Export Authority</u> | Date: <u>02/12/2026</u> |
| Approved By: <u>Hannah Lager, Administrative Services Director</u> | Date: <u>02/12/26</u> |
| Agency: <u>Department of Commerce, Community, and Economic Development</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

Committee Substitute House Bill 124 (CSHB 124) changes the Alaska Industrial Development and Export Authority's (AIDEA's) governing statutes and reduces AIDEA's ability to continue to meet its obligations as an economic development entity. This bill will severely compromise AIDEA's flexibility, financial capacity, business relationships, and ability to maintain a strong credit rating. CSHB 124 would make multiple changes to AIDEA's statutes that are inconsistent with statutory conditions for other State corporations governed by a Board and will reduce AIDEA's ability to meet its statutory purpose of promoting economic prosperity and employment (AS 44.88.070). This bill contains provisions to change the structure of AIDEA's Board of Directors, adds multiple layers of oversight, and constricts AIDEA's asset base which includes funds for new loan financing for essential services. This bill will endanger AIDEA's ability to secure low-cost bond funds.

The bill adds two members appointed by the Legislature to the board of directors and requires that all appointees to the board be approved by the Legislature.

The bill amends AS 44.88.080(1) to refer to a new section which requires approvals from Alaska's Attorney General to initiate lawsuits. Although AIDEA rarely initiates lawsuits, this provision could delay or prevent the enforcement of AIDEA's rights or agreements, compromising the Authority's operational integrity and increasing AIDEA's legal costs. AIDEA's in-house legal counsel have often consulted with the Department of Law, and AIDEA expects that it will continue to do so, in conjunction with its own resources for legal issues supported by the AIDEA Board. This fiscal note reflects an annual increment for increased legal costs included in the contractual service expenditure line.

The bill adds limits on AIDEA's assets and AIDEA's Board authority to approve projects. These types of limitations and statutory restrictions will obstruct AIDEA's ability to function effectively, efficiently, and fulfill its statutory mission. The most recent bill version changed the limits on aggregate value of all funds and accounts (assets) from \$500 million to \$3 billion, and project expenditure plans requiring legislative approval by law from \$10 million to \$100 million but adds the requirement to adjust limits annually based on the previous year Consumer Price Index for Urban Alaska (CPI-U). Based on project development work that is currently underway, AIDEA could potentially exceed the limit on the value of its assets within 2-3 years, rather than July 1, 2027, as contemplated under this bill. This fiscal note reflects revenue impacts starting in FY2030.

The bill adds a limit on AIDEA's asset balance which would lead to losses and write-downs on the value of assets sold if AIDEA is forced to liquidate balances to meet an annual deadline. Because this legislation requires an annual review of obligated assets to determine if liquidation actions should be initiated and ensure that projects in progress do not exceed the asset balance restriction, AIDEA could be forced to deny project financing requests that may require substantial due diligence, permitting, or other efforts needed to achieve a final investment decision. Additionally, AIDEA may determine that low performing assets should be liquidated to preserve limited funds for projects that will generate higher returns. Ultimately, placing a limit on AIDEA's assets would reduce or eliminate AIDEA's annual dividend payment to the State of Alaska, constrict the funds that AIDEA has available for financing Alaskan enterprises, and decrease opportunities for job creation and economic growth.

The bill imposes a limit for projects that require legislative approval by law of \$100 million adjusted annually by the CPI-U. However, this limit is based on estimated project costs and applied without consideration of geographic needs, state or federal strategic priorities, or future benefits such as new tax and royalty revenues to the State's general fund. The legislation adds substantial legislative oversight and controls that will limit AIDEA's ability to provide financing that is responsive to the needs of Alaskan enterprises. Legislative review and approval will impose additional risks, increase

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

project timelines, and result in higher costs. These factors create barriers that will reduce the number of resource development projects that would otherwise increase economic opportunity in the state and generate substantial revenues for the State's general fund.

This legislation adds requirements for large projects to procure an independent feasibility study performed by a contractor approved by the Legislative Budget and Audit Committee (LB&A). AIDEA already performs extensive due diligence, feasibility, and environmental impact studies for its development projects and generally procures external contractors to perform this work. The requirement for an independent feasibility study to be performed by an LB&A approved contractor is not expected to replace AIDEA's contractual services for project feasibility studies; instead, this requirement would add an incremental cost for duplicative studies. In addition to intensive federal and state review processes required for large infrastructure projects, which include extensive opportunities for public participation, Section 9 also adds a requirement to compile summary project impact documents and hold hearings in conjunction with the Departments of: 1) Fish and Game, 2) Natural Resources, 3) Environment Conservation, and 4) Labor and Workforce Development. This fiscal note reflects annual increments to contractual services and personal services to fund two new positions to support these efforts.

The bill adds new reporting requirements. These requirements will need further clarification to determine their fiscal impacts. Without clarification, the fiscal impacts are indeterminate, but will require adoption of new regulations.

The bill repeals "Confidentiality of records and information" language and replaces it with new statutory language under the header "Records and information." The revised language changes statutes that previously ensured program applicants sensitive and proprietary information was protected. AIDEA expects that this will reduce the number of program applicants, which will reduce AIDEA's future revenues and dividend payments to the State. Under current law, the majority of AIDEA's documents are public records and AIDEA routinely receives and responds to public records requests. These changes are not needed and create unnecessary risks of exposing applicants sensitive or proprietary information. The language in this section will deter potential applicants and reduce AIDEA's effectiveness in supporting private sector growth, as required by AS 44.88.070. The revenue impacts are indeterminate at this time because the long-term impacts from applicants opting out of loan financing due to this change are unknown.

The bill repeals existing statute, which states that "officers, employees, or agents of the authority may not be held personally liable in a civil action." The protections of the repealed section are the same protection that every other employee of the State of Alaska is guaranteed. Repealing this section removes this protection from AIDEA's employees, which is projected to dramatically reduce applicant pools for AIDEA jobs. This fiscal note reflects an annual increment for liability insurance expenditures.

Over AIDEA's history, its assets have been used as leverage for bond issuances to fund hospitals, utility projects, roads, and other large-scale capital-intensive projects that have provided tremendous economic and social benefits for Alaskans throughout the State of Alaska. AIDEA recently received a credit rating from Standard and Poor (S&P) of AA+. This rating was based on the \$1.7 billion in assets and AIDEA's projected ongoing revenue stream. Liquidation of AIDEA's assets would result in a substantial downgrade to AIDEA's credit rating, which increases the cost of debt and severely limits the amount of financing that AIDEA could provide to business enterprises in Alaska. Imposing any limitation on the value of assets that AIDEA can hold on its books would put AIDEA's credit rating in jeopardy, which would inevitably increase borrowing costs for AIDEA, and the many Alaskan business ventures financed through AIDEA's programs. This legislation

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

will discourage growth and reduce jobs for Alaskans by constricting Alaska's capital market and making it harder for Alaskan businesses to get financing.

CHANGE IN EXPENDITURES

This legislation increases the size of the AIDEA board by two public members. Public members must travel periodically for regional meetings and receive a daily stipend for Board meetings. Travel and stipend costs for two new board members for ten one-day board meetings per year are projected to be \$5 thousand. To meet additional requirements for performance metrics and coordination with other agencies two new full-time positions are needed. One-time setup costs of \$10.0 per position are also included in the first year only, and ongoing support costs of \$25.0 per position. AIDEA anticipates that it will need to engage consultants for feasibility study work, personnel policy and performance metrics updates, legal services, and financial analysis services to develop an investment-liquidation strategy to mitigate asset rebalancing impacts and preserve sufficient income generating assets.

CHANGE IN REVENUES

In addition to foregone revenue resulting from a smaller, less diverse asset portfolio, an appropriation of State of Alaska general funds may be needed to fund ongoing operating costs. AIDEA's annual operating costs are currently funded by AIDEA's earned revenues without any appropriation of general funds. Historically, AIDEA's asset base growth has generated the funds needed to maintain its capital assets and continue developing capital intensive assets. Since 1997, AIDEA has provided an annual dividend payment to the state treasury. Including the FY2027 dividend payment, AIDEA will have provided the state \$512 million to the general fund. Over the last 31 years, the maximum dividend payment amount was \$29.5 million, and the average amount was \$16.5 million. FY2028 and future year dividend payments may be reduced or eliminated based on net income results. The requirement to liquidate assets annually would impose a fiscally harmful reduction to AIDEA's income generating asset base and jeopardize AIDEA's AA+ credit rating. For purposes of this fiscal note, revenue impacts are projected to be ongoing starting with FY2030. The dividend reduction is reflected as decreases to the general fund, and changes to AIDEA Receipts for income that would not be earned, retained, and reinvested in Alaska's economy. Foregone revenues are projected as two times the average dividend in recognition that the board may declare a dividend between 25% and 50% of statutory net income.

Costs (in thousands)

Personal Services:

- \$169.0 One full-time Project and Policy Coordinator (range 22) located in Anchorage
- \$189.8 One full-time Performance Measurement and Technical Assistant (range 24) located in Anchorage

Contractual Services:

- \$ 5.0 Board member stipends for two members for ten meetings per year
- \$ 50.0 Ongoing support costs, including core and allocated services (\$25.0 per position per year)
- \$100.0 Ongoing insurance services costs
- \$325.0 Contractual support for personnel policy and performance metric development in FY2027 only
- \$450.0 1,000 Legal hours x \$450.00/hour in FY2027 only
- \$ 45.0 100 Legal hours x \$450.00/hour, starting in FY2028
- \$ 90.0 200 Human Resources hours x \$450.00/hour in FY2027 only
- \$450.0 1,000 Economist hours x \$450.00/hour in FY2027 only
- \$225.0 500 Economist hours x \$450.00/hour annually, starting in FY2028

Commodities:

- \$ 20.0 One-time setup costs for positions (computer, office furniture, equipment) in FY2027 only



Memorandum

To: Alaska Industrial Development and Export Authority
Randy Ruaro, *Executive Director*
Mark Davis, *Special Counsel*

From: Thomas Toepfer, *Managing Director*, PFM Financial Advisors LLC
Matt Schoenfeld, *Senior Managing Consultant*, PFM Financial Advisors LLC

CC: Leslie Krusen, *Partner*, Orrick, Herrington & Sutcliffe

Date: April 25, 2025

Re: Financial and Credit Rating Considerations of House Bill 53 and Senate Bill 57

pfm

107 Spring Street
Seattle, WA 98104

pfm.com

Background

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation of the state of Alaska and exists as a separate and independent political subdivision within the Department of Commerce (AS 44.88.020).

AIDEA's statutory mission is to **create economic development and jobs**, to fight unemployment which the legislature found to be a "serious menace to the health, safety, and general welfare" of Alaskans in areas of high unemployment and the entire state. AS 44.88.010(a)(1) and (a)(2). AIDEA pursues this mission through its Loan Participation Program and the Direct Finance Program, along with a number of other financial tools (AS 44.88.080).

AIDEA Dividend Statute and Rules Based Payments to the Treasury

For over 28 years, the Alaska Legislature has followed a tradition of a rules-based system for payments from AIDEA to the state Treasury in the form of a dividend formula.

In 1996, the legislature passed Senate CS for CS for HB 526 (FIN) AM S. The bill established the AIDEA dividend statute in law. Per AS 44.88.080 AIDEA pays an annual dividend to the Treasury of at least 25% but not more than 50% of unrestricted net income. The legislature has control over how the dividend funds are used through the appropriations process.

The legislature intended this rules-based system to provide the Board of AIDEA with some authority to set a dividend amount between the "goal posts" of 25% and 50% net income, while insulating AIDEA from ad hoc draws above and beyond the dividend amount declared by the Board.

Section 1 of HB 526 entitled "FINDINGS, POLICY, and INTENT" sets out a legislative finding that (emphasis added):



"It is the policy and intent of the legislature that the financial integrity of the Alaska Industrial Development and Export Authority remain secure so the authority can continue to fulfill its vital economic development mission for the state. The legislature finds that this Act fulfills this intent."

Consistently, following a rules-based system for fund transfers from AIDEA to the Treasury is a basic best practice for the Legislature to follow and is required to provide the financial stability AIDEA needs to invest, survive, and grow over time.

Proposed HB 53 – Introducing Significant Credit Risk through Appropriation of AIDEA's Unrestricted Revenues

Proposed HB 53 Section 8(b) reaches beyond the dividend payment stating that "all unrestricted loan interest payments, loan commitments fees and other unrestricted receipts received by or accrued to" AIDEA are appropriated by the Legislature. While in its current form these receipts would be appropriated back to AIDEA as corporate receipts, it introduces the risk that in the future these unrestricted revenues would be appropriated to other (non-AIDEA) purposes. This presents a significant risk to AIDEA's ability to conduct its business, to its credit rating and to its ability to leverage its cash flows to borrow and invest in impactful, job creating economic development projects. HB 53 Section 8(b) undermines AS 44.88.080 and the Legislature's intent of financial integrity described above.

Financial and Credit Considerations

Impact on AIDEA Credit Rating and Borrowing Cost

Ad hoc draws or appropriating unrestricted AIDEA revenues to other purposes, will have a negative impact on AIDEA's credit rating, resulting in higher borrowing costs, further straining its financial resources. After the legislature appropriated a \$2 million draw from AIDEA's revolving fund in 2019, Moody's Ratings reacted severely, downgrading AIDEA's credit rating by two notches from Aa3 to A2. The rating agency voiced concern that the state could divert funds or "push funding burden" onto AIDEA. **Moody's stated that factors that could lead to further downgrades was if the state would force AIDEA "to absorb financial burdens"**.

In the current market, we estimate that the downgrade from Aa3 to A2 increases interest rates for AIDEA by approximately 0.20% on average (10 bps per notch downgrade). Diverting additional funds from AIDEA could further impact AIDEA credit rating and its future cost of borrowing.¹

The rating agencies assess the credit worthiness for AIDEA. Similarly, banks and investors undertake their own credit review and assessment. As stated on PFM's memo supporting the initial legislation for AS 44.88.080, "any removal of revenues from AIDEA degrades the security of future payments to bondholders".² Ad hoc draws (on reserves) or redirecting unrestricted AIDEA revenues (beyond the dividend payments) will significantly weaken AIDEA financial integrity and hurts its ability to access the debt capital markets including direct bank lending.

¹ AIDEA does not currently carry a credit rating as AIDEA has currently no Revolving Fund Bonds outstanding.

Assumes taxable interest rates

² See PFM's 1996 memo attached.



Impact on Revolving Loan Capacity

Diverting funds from AIDEA to pay for government services impacts AIDEA's stability and is damaging for future AIDEA operations. For instance, AIDEA provides loans as economic drivers from job creation in Alaska, and interest earned, and principal repaid on the loans can be reinvested in additional loans (revolving loan pool). We calculate that an initial \$1 million 20-Year loan from AIDEA³ with reinvestment of interest earnings and amortizing principal into new loans, would generate \$3.2 million of additional loans and \$2.0 million of interest income of which about \$505,000⁴ would be remitted to the State in the form of dividends over 20 years. In simple terms, for every \$1 million of funds AIDEA can make over \$4.2 million of loans in a 20-year timeframe. Diverting \$1 million from AIDEA today will reduce AIDEA reach and economic impact as well as future dividends to the State which only compounds with time.

Impact on Direct Investments and Partnerships

Ensuring AIDEA funds are not diverted is critical for AIDEA to advance its mission of jobs and economic development. AIDEA often partners with project proponents or investors on projects that require substantial investments or guarantees (and currently has hundreds of millions of dollars of projects in its pipeline) including Cook Inlet projects. AIDEA must be able to maintain certainty of its reserves to be able to make these types of substantial investments. If AIDEA's funds are diverted through ad hoc draws it will limit the investments AIDEA can make and impact the trust and creditworthiness AIDEA has with its partnerships with investors, banks, and others.

Summary

Ad hoc draws and the diversion of revenues from AIDEA outside the dividend formula will result in significant negative financial consequences, including potential credit rating impacts and higher cost of borrowing, reduced lending capacity, a reduction of future dividend payments to the state, and limit AIDEA's ability to make major infrastructure investments either in terms of direct investments or in partnerships.

³ Assumed interest rate of 6.63%

⁴ Assumes 25% of interest earned is remitted as dividend to the State

PUBLIC FINANCIAL MANAGEMENT, INC.

Financial and Investment Advisors

1000 SW Broadway, Suite 1800
Portland, Oregon 97208-3087
503-223-3383 (FAX) 503-223-7002

May 6, 1996

Valorie Walker
Alaska Industrial Development and Export Authority
480 W. Tudor Road
Anchorage, Alaska 99503

Via Fax 907-269-3044

Dear Valorie:

I have reviewed the proposed amendment to AS 44.68.088 which provides a statutory framework for an annual dividend to the State of Alaska's General Fund from AIDEA's "net revenues". While any removal of revenues from AIDEA degrades the security of future payment to bondholders, the framework which is established in this amendment is far superior to an approach which would leave unspecified future dividends up to the annual budget process. The proposed amendment deals with several important aspects which will be regarded as strong points in the credit markets. These important aspects are:

1. The dividend approach is in statute. This is much better than having an undetermined yearly process.
2. The amendment leaves control with the Authority's Board. This will be considered important as it maintains control within the business process rather than the political process.
3. The amendment establishes a maximum dividend. Much of the concern of the credit markets is that too much will be taken too quickly. The "maximum" dividend controls the process and makes it more predictable.
4. Lastly, the amounts suggested in the amendment are reasonable.

Again, the new language is much better than a yearly budget process and should help soothe concerns that have been raised by the credit markets.

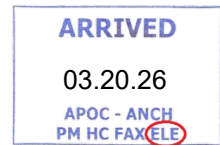
If you have any questions regarding my comments, please feel free to call.

For Public Financial Management, Inc. / Gardiner & Clancy, LLC



Patrick H. Clancy

From: [Randy P. Ruaro](#)
To: [Stone, Kim S \(DOA\)](#); [Hebdon, Heather R \(DOA\)](#)
Cc: [Bill Kendig](#); [Randy Eledge](#); [Randy Eledge](#)
Subject: Request for Advisory Opinion
Date: Friday, March 20, 2026 9:36:07 AM
Attachments: [SKM_C300i26032009030.pdf](#)



Dear Ms. Stone:

AIDEA hereby requests an advisory opinion from APOC. Specifically, the issue is whether AIDEA can use AIDEA employee time and AIDEA funds (which are not by statute, funds of the state under AS 44.88.190(b)) to:

1. Place ads in newspapers such as the Fairbanks Newsminer, the Anchorage Daily News, the Kenai Peninsula Clarion, Juneau Empire, or the Mat-Su Frontiersman, that would explain the true negative impacts of a bill pending in the legislature (HB 124) that would amend existing statutes and give the legislature or in some instances, a single legislative committee, the authority to approve or disapprove of funding every action AIDEA could take from the smallest business loan to the largest resource development project; materially damage AIDEA's bonding authority, and disincentivize use of AIDEA's financing programs; or
2. Direct mail a written letter explaining the negative impacts of HB 124 to residents of house districts in 15-20 different house districts across the State that would include the house district of the bill sponsor and house districts in general; or
3. Direct mail a written letter to existing borrowers, investors, partners of AIDEA in loans and projects that are pending and advising them of the negative effects of HB 124 on AIDEA and potentially, their businesses.

Each of the above would include weblinks to publicly available documents and hearings on the bill, including the sponsor statement by the legislator sponsoring the bill.

Sincerely,

Randy Ruaro
AIDEA Executive Director

-----Original Message-----

From: scanner@akenergyauthority.org <scanner@akenergyauthority.org>
Sent: Friday, March 20, 2026 9:04 AM
To: Randy P. Ruaro <rruaro@aidea.org>
Subject: Message from KM_C300i

Scan



Representative Ashley Carrick

Alaska State House ~ District 35, West Fairbanks

Chair, House State Affairs ~ Co-Chair, House Transportation
Member, House Labor, and Commerce ~ Member, Tribal Affairs

House Bill 124 Sponsor Statement Ver. A (34-LS0411\A)

The AIDEA Accountability Act

The Alaska Industrial Development and Export Authority (AIDEA) is a state-owned corporation with the mission to “promote, develop, and advance economic growth by providing various means of financing and investment.” This means that AIDEA is involved with a wide variety of development projects, from smaller, less controversial ones to larger and more controversial ones. As a young state, Alaska needs entities like AIDEA to help build our state, but we also need to make sure that those entities are acting in the public interest.

The AIDEA Accountability Act includes various policy changes to increase legislative oversight and encourage public participation to ensure that AIDEA works in the public interest. Specific reforms include:

- Legislative confirmation for AIDEA board members.
- Designating a seat on the AIDEA board for someone from an environmental advocacy organization.
- Adding two seats on the AIDEA board for members that are appointed by the Speaker of the House and the Senate President.
- Codifying public testimony requirements for the AIDEA Board and increases the timeline for public notice requirements for board meetings.
- Requiring Legislative approval for AIDEA projects over \$10 million
- Increasing annual reporting requirements to the Legislature.
- Subjecting AIDEA to the Alaska Public Records Act.

The intent of the AIDEA Accountability Act is not to limit responsible development in Alaska, but rather it is an effort to ensure that AIDEA acts within the public interest as it fulfills its mission to develop Alaska. I hope you will join me in supporting this effort to ensure accountability and transparency for AIDEA and support HB 124.

Staff Contact: Stuart Relay, Stuart.Relay@akleg.gov, 907-465-6879.

In Fairbanks
1292 Sadler Way, Third Floor
Fairbanks, AK 99701
Phone: 907-452-6084



Email: Rep.Ashley.Carrick@akleg.gov
Follow me on social media @RepCarrick
Facebook, Instagram, Twitter, and YouTube

In Juneau
Alaska State Capitol
120 Fourth Street
Juneau, AK 99801
Phone: 907-465-4976

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-FOURTH LEGISLATURE
SECOND SESSION

Juneau, Alaska

Wednesday

February 18, 2026

Thirtieth Day

Pursuant to adjournment the House was called to order by Speaker Edgmon at 10:35 a.m.

Roll call showed 40 members present.

The invocation was offered by the Chaplain, Reverend Guy Crockroft of Love in The Name of Christ. Representative Story moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With the deepest respect for the religious beliefs of all Alaskans, I offer the following prayer:

Dear Heavenly Father,
I thank you for this day, for this beautiful state of Alaska, and for each representative.

As the Apostle Paul encouraged Timothy to pray for our leaders, I gladly and humbly ask for your blessings upon each of these leaders in the Alaska House of Representatives.

May you grant them wisdom, discernment, insight, humility, compassion, and integrity as they work together to benefit all Alaskans.

In the name of Jesus Christ, I pray, Amen.

The Pledge of Allegiance was led by Representative Story.

The report was signed by Representative Gray, Chair; and Representatives Eischeid, Vance, Costello, Mina, Kopp, and Underwood.

HB 124

The State Affairs Committee considered:

HOUSE BILL NO. 124

"An Act relating to the Alaska Industrial Development and Export Authority; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 124(STA)
(same title)

The report was signed by Representative Carrick, Chair, with the following individual recommendations:

Do pass (3): Holland, Himschoot, Carrick

Do not pass (3): Vance, McCabe, St. Clair

Amend (1): Story

The following fiscal note(s) apply to CSHB 124(STA):

1. Fiscal, Dept. of Commerce, Community, & Economic Development

HB 124 was referred to the Finance Committee.

HB 195

The Labor & Commerce Committee considered:

HOUSE BILL NO. 195

"An Act relating to the prescription and administration of drugs and devices by pharmacists; relating to reciprocity for pharmacists; and providing for an effective date."

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 124
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB124CS(STA)-DCCED-AIDEA-02-12-26
Title: AIDEA
Sponsor: CARRICK
Requester: (H) STATE AFFAIRS

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)

| | FY2027 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|----------------|----------------|----------------|
| | Appropriation Requested | Governor's FY2027 Request | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
| OPERATING EXPENDITURES | FY 2027 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
| Personal Services | 358.8 | 8,660.3 | 358.8 | 358.8 | 358.8 | 358.8 | 358.8 |
| Travel | | 258.3 | | | | | |
| Services | 1,740.0 | 2,357.7 | 425.0 | 425.0 | 425.0 | 425.0 | 425.0 |
| Commodities | 20.0 | 98.9 | | | | | |
| Capital Outlay | | 35.5 | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 2,118.8 | 11,410.7 | 783.8 | 783.8 | 783.8 | 783.8 | 783.8 |

Fund Source (Operating Only)

| | | | | | | | |
|-------------------------|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|
| 1004 Gen Fund (UGF) | | | | | 12,194.5 | 12,194.5 | 12,194.5 |
| 1061 CIP Rcpts (Other) | | 941.7 | | | (941.7) | (941.7) | (941.7) |
| 1102 AIDEA Rcpt (Other) | 2,118.8 | 10,469.0 | 783.8 | 783.8 | (10,469.0) | (10,469.0) | (10,469.0) |
| Total | 2,118.8 | 11,410.7 | 783.8 | 783.8 | 783.8 | 783.8 | 783.8 |

Positions

| | | | | | | | |
|-----------|-----|------|-----|-----|-----|-----|-----|
| Full-time | 2.0 | 43.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|-------------------------|------------|------------|------------|------------|-------------------|-------------------|-------------------|
| 1102 AIDEA Rcpt (Other) | | | | | (33,000.0) | (33,000.0) | (33,000.0) |
| 1140 AIDEA Div (UGF) | | | | | (16,500.0) | (16,500.0) | (16,500.0) |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | (49,500.0) | (49,500.0) | (49,500.0) |

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/27

Why this fiscal note differs from previous version/comments:

Updated to reflect committee substitute changes (ver. N).

| | |
|---------------------------------------------------------------------|----------------------|
| Prepared By: Jean Kornmuller, Chief Financial Officer | Phone: (907)771-3000 |
| Division: Alaska Industrial Development and Export Authority | Date: 02/12/2026 |
| Approved By: Hannah Lager, Administrative Services Director | Date: 02/12/26 |
| Agency: Department of Commerce, Community, and Economic Development | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

Committee Substitute House Bill 124 (CSHB 124) changes the Alaska Industrial Development and Export Authority's (AIDEA's) governing statutes and reduces AIDEA's ability to continue to meet its obligations as an economic development entity. This bill will severely compromise AIDEA's flexibility, financial capacity, business relationships, and ability to maintain a strong credit rating. CSHB 124 would make multiple changes to AIDEA's statutes that are inconsistent with statutory conditions for other State corporations governed by a Board and will reduce AIDEA's ability to meet its statutory purpose of promoting economic prosperity and employment (AS 44.88.070). This bill contains provisions to change the structure of AIDEA's Board of Directors, adds multiple layers of oversight, and constricts AIDEA's asset base which includes funds for new loan financing for essential services. This bill will endanger AIDEA's ability to secure low-cost bond funds.

The bill adds two members appointed by the Legislature to the board of directors and requires that all appointees to the board be approved by the Legislature.

The bill amends AS 44.88.080(1) to refer to a new section which requires approvals from Alaska's Attorney General to initiate lawsuits. Although AIDEA rarely initiates lawsuits, this provision could delay or prevent the enforcement of AIDEA's rights or agreements, compromising the Authority's operational integrity and increasing AIDEA's legal costs. AIDEA's in-house legal counsel have often consulted with the Department of Law, and AIDEA expects that it will continue to do so, in conjunction with its own resources for legal issues supported by the AIDEA Board. This fiscal note reflects an annual increment for increased legal costs included in the contractual service expenditure line.

The bill adds limits on AIDEA's assets and AIDEA's Board authority to approve projects. These types of limitations and statutory restrictions will obstruct AIDEA's ability to function effectively, efficiently, and fulfill its statutory mission. The most recent bill version changed the limits on aggregate value of all funds and accounts (assets) from \$500 million to \$3 billion, and project expenditure plans requiring legislative approval by law from \$10 million to \$100 million but adds the requirement to adjust limits annually based on the previous year Consumer Price Index for Urban Alaska (CPI-U). Based on project development work that is currently underway, AIDEA could potentially exceed the limit on the value of its assets within 2-3 years, rather than July 1, 2027, as contemplated under this bill. This fiscal note reflects revenue impacts starting in FY2030.

The bill adds a limit on AIDEA's asset balance which would lead to losses and write-downs on the value of assets sold if AIDEA is forced to liquidate balances to meet an annual deadline. Because this legislation requires an annual review of obligated assets to determine if liquidation actions should be initiated and ensure that projects in progress do not exceed the asset balance restriction, AIDEA could be forced to deny project financing requests that may require substantial due diligence, permitting, or other efforts needed to achieve a final investment decision. Additionally, AIDEA may determine that low performing assets should be liquidated to preserve limited funds for projects that will generate higher returns. Ultimately, placing a limit on AIDEA's assets would reduce or eliminate AIDEA's annual dividend payment to the State of Alaska, constrict the funds that AIDEA has available for financing Alaskan enterprises, and decrease opportunities for job creation and economic growth.

The bill imposes a limit for projects that require legislative approval by law of \$100 million adjusted annually by the CPI-U. However, this limit is based on estimated project costs and applied without consideration of geographic needs, state or federal strategic priorities, or future benefits such as new tax and royalty revenues to the State's general fund. The legislation adds substantial legislative oversight and controls that will limit AIDEA's ability to provide financing that is responsive to the needs of Alaskan enterprises. Legislative review and approval will impose additional risks, increase

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

project timelines, and result in higher costs. These factors create barriers that will reduce the number of resource development projects that would otherwise increase economic opportunity in the state and generate substantial revenues for the State's general fund.

This legislation adds requirements for large projects to procure an independent feasibility study performed by a contractor approved by the Legislative Budget and Audit Committee (LB&A). AIDEA already performs extensive due diligence, feasibility, and environmental impact studies for its development projects and generally procures external contractors to perform this work. The requirement for an independent feasibility study to be performed by an LB&A approved contractor is not expected to replace AIDEA's contractual services for project feasibility studies; instead, this requirement would add an incremental cost for duplicative studies. In addition to intensive federal and state review processes required for large infrastructure projects, which include extensive opportunities for public participation, Section 9 also adds a requirement to compile summary project impact documents and hold hearings in conjunction with the Departments of: 1) Fish and Game, 2) Natural Resources, 3) Environment Conservation, and 4) Labor and Workforce Development. This fiscal note reflects annual increments to contractual services and personal services to fund two new positions to support these efforts.

The bill adds new reporting requirements. These requirements will need further clarification to determine their fiscal impacts. Without clarification, the fiscal impacts are indeterminate, but will require adoption of new regulations.

The bill repeals "Confidentiality of records and information" language and replaces it with new statutory language under the header "Records and information." The revised language changes statutes that previously ensured program applicants sensitive and proprietary information was protected. AIDEA expects that this will reduce the number of program applicants, which will reduce AIDEA's future revenues and dividend payments to the State. Under current law, the majority of AIDEA's documents are public records and AIDEA routinely receives and responds to public records requests. These changes are not needed and create unnecessary risks of exposing applicants sensitive or proprietary information. The language in this section will deter potential applicants and reduce AIDEA's effectiveness in supporting private sector growth, as required by AS 44.88.070. The revenue impacts are indeterminate at this time because the long-term impacts from applicants opting out of loan financing due to this change are unknown.

The bill repeals existing statute, which states that "officers, employees, or agents of the authority may not be held personally liable in a civil action." The protections of the repealed section are the same protection that every other employee of the State of Alaska is guaranteed. Repealing this section removes this protection from AIDEA's employees, which is projected to dramatically reduce applicant pools for AIDEA jobs. This fiscal note reflects an annual increment for liability insurance expenditures.

Over AIDEA's history, its assets have been used as leverage for bond issuances to fund hospitals, utility projects, roads, and other large-scale capital-intensive projects that have provided tremendous economic and social benefits for Alaskans throughout the State of Alaska. AIDEA recently received a credit rating from Standard and Poor (S&P) of AA+. This rating was based on the \$1.7 billion in assets and AIDEA's projected ongoing revenue stream. Liquidation of AIDEA's assets would result in a substantial downgrade to AIDEA's credit rating, which increases the cost of debt and severely limits the amount of financing that AIDEA could provide to business enterprises in Alaska. Imposing any limitation on the value of assets that AIDEA can hold on its books would put AIDEA's credit rating in jeopardy, which would inevitably increase borrowing costs for AIDEA, and the many Alaskan business ventures financed through AIDEA's programs. This legislation

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 124

Analysis

will discourage growth and reduce jobs for Alaskans by constricting Alaska's capital market and making it harder for Alaskan businesses to get financing.

CHANGE IN EXPENDITURES

This legislation increases the size of the AIDEA board by two public members. Public members must travel periodically for regional meetings and receive a daily stipend for Board meetings. Travel and stipend costs for two new board members for ten one-day board meetings per year are projected to be \$5 thousand. To meet additional requirements for performance metrics and coordination with other agencies two new full-time positions are needed. One-time setup costs of \$10.0 per position are also included in the first year only, and ongoing support costs of \$25.0 per position. AIDEA anticipates that it will need to engage consultants for feasibility study work, personnel policy and performance metrics updates, legal services, and financial analysis services to develop an investment-liquidation strategy to mitigate asset rebalancing impacts and preserve sufficient income generating assets.

CHANGE IN REVENUES

In addition to foregone revenue resulting from a smaller, less diverse asset portfolio, an appropriation of State of Alaska general funds may be needed to fund ongoing operating costs. AIDEA's annual operating costs are currently funded by AIDEA's earned revenues without any appropriation of general funds. Historically, AIDEA's asset base growth has generated the funds needed to maintain its capital assets and continue developing capital intensive assets. Since 1997, AIDEA has provided an annual dividend payment to the state treasury. Including the FY2027 dividend payment, AIDEA will have provided the state \$512 million to the general fund. Over the last 31 years, the maximum dividend payment amount was \$29.5 million, and the average amount was \$16.5 million. FY2028 and future year dividend payments may be reduced or eliminated based on net income results. The requirement to liquidate assets annually would impose a fiscally harmful reduction to AIDEA's income generating asset base and jeopardize AIDEA's AA+ credit rating. For purposes of this fiscal note, revenue impacts are projected to be ongoing starting with FY2030. The dividend reduction is reflected as decreases to the general fund, and changes to AIDEA Receipts for income that would not be earned, retained, and reinvested in Alaska's economy. Foregone revenues are projected as two times the average dividend in recognition that the board may declare a dividend between 25% and 50% of statutory net income.

Costs (in thousands)

Personal Services:

- \$169.0 One full-time Project and Policy Coordinator (range 22) located in Anchorage
- \$189.8 One full-time Performance Measurement and Technical Assistant (range 24) located in Anchorage

Contractual Services:

- \$ 5.0 Board member stipends for two members for ten meetings per year
- \$ 50.0 Ongoing support costs, including core and allocated services (\$25.0 per position per year)
- \$100.0 Ongoing insurance services costs
- \$325.0 Contractual support for personnel policy and performance metric development in FY2027 only
- \$450.0 1,000 Legal hours x \$450.00/hour in FY2027 only
- \$ 45.0 100 Legal hours x \$450.00/hour, starting in FY2028
- \$ 90.0 200 Human Resources hours x \$450.00/hour in FY2027 only
- \$450.0 1,000 Economist hours x \$450.00/hour in FY2027 only
- \$225.0 500 Economist hours x \$450.00/hour annually, starting in FY2028

Commodities:

- \$ 20.0 One-time setup costs for positions (computer, office furniture, equipment) in FY2027 only



Memorandum

To: Alaska Industrial Development and Export Authority
Randy Ruaro, *Executive Director*
Mark Davis, *Special Counsel*

From: Thomas Toepfer, *Managing Director*, PFM Financial Advisors LLC
Matt Schoenfeld, *Senior Managing Consultant*, PFM Financial Advisors LLC

CC: Leslie Krusen, *Partner*, Orrick, Herrington & Sutcliffe

Date: April 25, 2025

Re: Financial and Credit Rating Considerations of House Bill 53 and Senate Bill 57

pfm

107 Spring Street
Seattle, WA 98104

pfm.com

Background

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation of the state of Alaska and exists as a separate and independent political subdivision within the Department of Commerce (AS 44.88.020).

AIDEA's statutory mission is to **create economic development and jobs**, to fight unemployment which the legislature found to be a "serious menace to the health, safety, and general welfare" of Alaskans in areas of high unemployment and the entire state. AS 44.88.010(a)(1) and (a)(2). AIDEA pursues this mission through its Loan Participation Program and the Direct Finance Program, along with a number of other financial tools (AS 44.88.080).

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The legislature intended this rules-based system to provide the Board of AIDEA with some authority to set a dividend amount between the "goal posts" of 25% and 50% net income, while insulating AIDEA from ad hoc draws above and beyond the dividend amount declared by the Board.

Section 1 of HB 526 entitled "FINDINGS, POLICY, and INTENT" sets out a legislative finding that (emphasis added):



“It is the policy and intent of the legislature that the financial integrity of the Alaska Industrial Development and Export Authority remain secure so the authority can continue to fulfill its vital economic development mission for the state. The legislature finds that this Act fulfills this intent.”

Consistently, following a rules-based system for fund transfers from AIDEA to the Treasury is a basic best practice for the Legislature to follow and is required to provide the financial stability AIDEA needs to invest, survive, and grow over time.

Proposed HB 53 – Introducing Significant Credit Risk through Appropriation of AIDEA’s Unrestricted Revenues

Proposed HB 53 Section 8(b) reaches beyond the dividend payment stating that “all unrestricted loan interest payments, loan commitments fees and other unrestricted receipts received by or accrued to” AIDEA are appropriated by the Legislature. While in its current form these receipts would be appropriated back to AIDEA as corporate receipts, it introduces the risk that in the future these unrestricted revenues would be appropriated to other (non-AIDEA) purposes. This presents a significant risk to AIDEA’s ability to conduct its business, to its credit rating and to its ability to leverage its cash flows to borrow and invest in impactful, job creating economic development projects. HB 53 Section 8(b) undermines AS 44.88.080 and the Legislature’s intent of financial integrity described above.

Financial and Credit Considerations

Impact on AIDEA Credit Rating and Borrowing Cost

Ad hoc draws or appropriating unrestricted AIDEA revenues to other purposes, will have a negative impact on AIDEA’s credit rating, resulting in higher borrowing costs, further straining its financial resources. After the legislature appropriated a \$2 million draw from AIDEA’s revolving fund in 2019, Moody’s Ratings reacted severely, downgrading AIDEA’s credit rating by two notches from Aa3 to A2. The rating agency voiced concern that the state could divert funds or “push funding burden” onto AIDEA. **Moody’s stated that factors that could lead to further downgrades was if the state would force AIDEA “to absorb financial burdens”.**

In the current market, we estimate that the downgrade from Aa3 to A2 increases interest rates for AIDEA by approximately 0.20% on average (10 bps per notch downgrade). Diverting additional funds from AIDEA could further impact AIDEA credit rating and its future cost of borrowing.¹

The rating agencies assess the credit worthiness for AIDEA. Similarly, banks and investors undertake their own credit review and assessment. As stated on PFM’s memo supporting the initial legislation for AS 44.88.080, “any removal of revenues from AIDEA degrades the security of future payments to bondholders”.² Ad hoc draws (on reserves) or redirecting unrestricted AIDEA revenues (beyond the dividend payments) will significantly weaken AIDEA financial integrity and hurts its ability to access the debt capital markets including direct bank lending.

¹ AIDEA does not currently carry a credit rating as AIDEA has currently no Revolving Fund Bonds outstanding.

Assumes taxable interest rates

² See PFM’s 1996 memo attached.



Impact on Revolving Loan Capacity

Diverting funds from AIDEA to pay for government services impacts AIDEA's stability and is damaging for future AIDEA operations. For instance, AIDEA provides loans as economic drivers from job creation in Alaska, and interest earned, and principal repaid on the loans can be reinvested in additional loans (revolving loan pool). We calculate that an initial \$1 million 20-Year loan from AIDEA³ with reinvestment of interest earnings and amortizing principal into new loans, would generate \$3.2 million of additional loans and \$2.0 million of interest income of which about \$505,000⁴ would be remitted to the State in the form of dividends over 20 years. In simple terms, for every \$1 million of funds AIDEA can make over \$4.2 million of loans in a 20-year timeframe. Diverting \$1 million from AIDEA today will reduce AIDEA reach and economic impact as well as future dividends to the State which only compounds with time.

Impact on Direct Investments and Partnerships

Ensuring AIDEA funds are not diverted is critical for AIDEA to advance its mission of jobs and economic development. AIDEA often partners with project proponents or investors on projects that require substantial investments or guarantees (and currently has hundreds of millions of dollars of projects in its pipeline) including Cook Inlet projects. AIDEA must be able to maintain certainty of its reserves to be able to make these types of substantial investments. If AIDEA's funds are diverted through ad hoc draws it will limit the investments AIDEA can make and impact the trust and creditworthiness AIDEA has with its partnerships with investors, banks, and others.

Summary

Ad hoc draws and the diversion of revenues from AIDEA outside the dividend formula will result in significant negative financial consequences, including potential credit rating impacts and higher cost of borrowing, reduced lending capacity, a reduction of future dividend payments to the state, and limit AIDEA's ability to make major infrastructure investments either in terms of direct investments or in partnerships.

³ Assumed interest rate of 6.63%

⁴ Assumes 25% of interest earned is remitted as dividend to the State

PUBLIC FINANCIAL MANAGEMENT, INC.

Financial and Investment Advisors

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Portland, Oregon 97208-3087
503-223-3363 (FAX) 503-223-7002

May 6, 1996

Valerie Walker
Alaska Industrial Development and Export Authority
480 W. Tudor Road
Anchorage, Alaska 99503

Via Fax 907-269-3044

Dear Valerie:

I have reviewed the proposed amendment to AS 44.68.088 which provides a statutory framework for an annual dividend to the State of Alaska's General Fund from AIDEA's "net revenues". While any removal of revenues from AIDEA degrades the security of future payment to bondholders, the framework which is established in this amendment is far superior to an approach which would leave unspecified future dividends up to the annual budget process. The proposed amendment deals with several important aspects which will be regarded as strong points in the credit markets. These important aspects are:

1. The dividend approach is in statute. This is much better than having an undetermined yearly process.
2. The amendment leaves control with the Authority's Board. This will be considered important as it maintains control within the business process rather than the political process.
3. The amendment establishes a maximum dividend. Much of the concern of the credit markets is that too much will be taken too quickly. The "maximum" dividend controls the process and makes it more predictable.
4. Lastly, the amounts suggested in the amendment are reasonable.

Again, the new language is much better than a yearly budget process and should help soothe concerns that have been raised by the credit markets.

If you have any questions regarding my comments, please feel free to call.

For Public Financial Management, Inc. / Gardiner & Clancy, LLC



Patrick H. Clancy



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Administration

ALASKA PUBLIC OFFICES COMMISSION

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Anchorage, AK 99508-4149
Main: 907.276.4176
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www.doa.alaska.gov/apoc

May 15, 2026

Via Certified Mail and Email

Randy Ruaro
Executive Director, AIDEA
813 W. Northern Lights Blvd.
Anchorage, AK 99503-6690
rruaro@aidea.org

Re: Commission Meeting Notice

Dear Mr. Ruaro:

At its upcoming meeting, the Commission will consider the matter of the advisory opinion request in AO 26-01-CD, *Alaska Industrial Development and Export Authority*.

Currently, the matter is scheduled to be considered **on June 2, 2026 at 2:45 p.m.** You have the right to participate at the meeting in-person at the offices of the Alaska Public Offices Commission located at 2221 E. Northern Lights Boulevard, Room 128, in Anchorage, Alaska; by telephone (1-907-202-7104, Conference ID: 269 275 710#); or remotely via [Microsoft Teams](#) (Meeting ID: 226 535 332 612 23, Passcode: wZ9Uy9wz).

If you do not attend the meeting, staff will send you a final order notifying you of the Commission's decision.

If you have any questions, please contact our office.

ALASKA PUBLIC OFFICES COMMISSION

John Whitlock
John G. Whitlock
Paralegal

Encl: Draft AO 26-02-CD

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| CERTIFICATE OF SERVICE: | |
| I hereby certify that on this date, I caused a true and correct copy of the foregoing to be delivered to: | |
| Randy Ruaro AIDEA 813 W. Northern Lights Blvd. Anchorage, AK 99503-6690 rruaro@aidea.org | <input checked="" type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Email |

Cari Rousselle

05/15/2026

Signature

Date

Rousselle, Cari J (DOA)

From: postmaster@aidea.org
To: Ruaro, Randy (AIDEA)
Sent: Friday, May 15, 2026 2:48 PM
Subject: Delivered: Commission Meeting Notice

You don't often get email from postmaster@aidea.org. [Learn why this is important](#)

Your message has been delivered to the following recipients:

[Ruaro, Randy \(AIDEA\) \(rruaro@aidea.org\)](#)

Subject: Commission Meeting Notice



Commission
Meeting Notice

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1. Article Addressed to:

Randy Ruaro
 Executive Director, AIDEA
 813 W Northern Lights BLVD
 Anchorage AK 99503



9590 9402 9917 5335 2996 57

2. Article Number (Transfer from service label)

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