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Representative Joe Green

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AIDEA Loan Adjustments Win House OK **HB 471 Benefits Rural Borrowers, Protects State Dividend**

(JUNEAU) – The House today passed legislation modifying two important economic development and energy loan programs to provide increased benefit to small communities in rural Alaska, and ensuring continued state collection of up to \$25 million in dividends from a state economic development agency.

House Bill 471, sponsored by Rep. Joe Green (R-Anchorage) addresses loan programs operated by the Alaska Industrial Development and Export Authority (AIDEA), a state-owned corporation that finances business, economic development, export and energy projects in Alaska. The first change would modify AIDEA's Rural Development Initiative Fund loan program to make it available to applicants living in on-road communities of less than 2,000 residents, or off-road communities of less than 5,000 residents.

“We’re trying to make sure these loans are available to those for whom this program was set up: the smaller, more isolated communities that do not have access to other financing sources,” Green said. “HB 471 protects this important source of investment capital and ensures AIDEA doesn’t get distracted from the important job of helping encourage development of a better economy in rural Alaska.”

The second change would be to double the maximum size of loans offered by the Alaska Energy Authority's bulk fuel revolving fund operated by AIDEA from \$100,000 to \$200,000 per borrower. Increases in fuel prices and fuel usage since the \$100,000 limit was set in 1993 have made that limit impractical, Green said. The higher limit would let rural communities save money by buying more fuel oil when prices dipped, and have greater assurance against running out of fuel in mid-winter and having to pay extremely high prices to ship in more fuel by air.

Finally, HB 471 makes technical changes necessary for AIDEA to meet new federal Government Accounting Standards Board directives, while continuing to use state accounting practices necessary to calculate AIDEA's annual dividend to the state. AIDEA traditionally pays the state General Fund an annual dividend of approximately 45 percent of its earnings, about \$20 million to \$25 million per year. Without these changes, the dividend would have to be charged as an expense, significantly limiting the size of the state's dividend, Green said.

“AIDEA is an important part of Alaska's economic engine, and the adjustments made in House Bill 471 represent a tune-up to make sure it continues working at its best for the people of Alaska,” Green said.

[HB 471](#) moves next to the Senate for consideration.

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