

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G23-12**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY DETERMINING DIVIDENDS TO BE MADE AVAILABLE TO THE STATE FOR FISCAL YEAR 2025 AND PROVIDING A PROCEDURE FOR MAKING DIVIDENDS AVAILABLE**

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**WHEREAS**, pursuant to AS 44.88.088, (the “Act”), the Alaska Industrial Development and Export Authority (the “Authority”) is required to adopt a policy for the payment of dividends to the State each fiscal year from three of the Authority’s funds;

**WHEREAS**, pursuant to the Act, the dividend may not be less than 25 percent nor more than 50 percent of the statutorily defined audited net income of the Authority’s Revolving Fund, Sustainable Energy Transmission and Supply Development (SETS) Fund, and Arctic Infrastructure Development Fund for the fiscal year two years prior to the fiscal year in which the dividend is to be made available (the “base fiscal year”); provided however, that the dividend may not exceed the unrestricted net income for the base fiscal year for each Fund;

**WHEREAS**, in enacting the Act, the legislature expressed an intent that the “financial integrity” of the Authority remain secure so that the Authority can continue to fulfill its vital economic development mission for the State”;

**WHEREAS**, the staff of the authority has provided the Board with financial information and statements indicating the range of allowable and legally authorized dividend ranges under the Act for the Revolving Fund in fiscal year 2025 (the “Revolving Fund Dividend Amount”), the SETS Fund in fiscal year 2025, and the Arctic Infrastructure Development Fund;

**WHEREAS**, in declaring a dividend for fiscal year 2025 within the ranges allowed under law, the Authority will not be materially impeded from continuing to fulfill its vital economic mission to the State;

**WHEREAS**, it is in the best interest of the State and the Authority that the Authority’s staff work with the State Department of Revenue to determine the timing of when during the 2025 fiscal year the dividend amount should be made available to the State.

**NOW THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**

Section 1. In accordance with AS 44.88.088(a)(1) the Authority shall make the sum of \$ 10,819,758.00 available to the State as a dividend from the Revolving Fund for fiscal year 2025.

Section 2. In accordance with AS 44.88.088(a)(2), the Authority shall make the sum of \$ 180,242.00 available to the State as a dividend from the SETS Fund for fiscal year 2025.

Section 3. The staff of the Authority is hereby authorized to work with the Department of Revenue to establish the timing of when, during the fiscal year 2025, the fiscal year 2025 dividend will be made available to the State.

Section 4. The Executive Director of the Authority is hereby authorized and directed to notify the Commissioner of Revenue, in accordance with AS 44.88.088, of the amount and timing of the dividends made available pursuant to this resolution.

Section 5. The Executive Director is authorized and directed to take such actions as may be necessary to implement this resolution, subject to the valid appropriation authority of the legislature of the dividends made available pursuant to this resolution, such actions as may be necessary to transfer the dividends to the State.

Dated at Anchorage, Alaska, this 6<sup>th</sup> day of December, 2023.



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Secretary

  
\_\_\_\_\_  
Chair



## MEMORANDUM

TO: Board of Directors  
Alaska Industrial Development and Export Authority

FROM: Randy Ruaro  
Executive Director

DATE: December 6, 2023

SUBJECT: Fiscal Year 2025 Statutory Dividends

### Introduction:

Pursuant to AS 44.88.088 (the “Dividend Statute”), the Alaska Industrial Development and Export Authority (the “Authority” or “AIDEA”) the Board is required to determine the amount of dividends to be made available for appropriation by the legislature annually. Under the Dividend Statute, the dividends are to not be less than 25% nor more than 50% of the Authority’s net income for the following AIDEA funds (as set out in the Authority’s audited financial statements and as defined in the Dividend Statute) for the fiscal year two years before the fiscal year in which the dividends are to be made available:

- Revolving Fund
- Sustainable Energy Transmission and Supply Development (SETS) Fund; and
- Arctic Infrastructure Development Fund.

In no event may the dividends exceed unrestricted net income of each fund. Once determined by the AIDEA Board, the Authority is to notify the Department of Revenue when the dividend amounts have been finally decided in the state budget and are available for appropriation to legislatively designated purposes.

The Dividend Statute gives the AIDEA Board broad discretion to determine the amount of the dividends. AIDEA’s internal policy was developed to provide guidance to the Board within the constraints of AS 44.88.088. The Board also has the authority to determine when, during the fiscal year, dividends should be made available.

This memo identifies the counterbalancing considerations to keep in mind when determining the dividend amounts and recommends a procedure for determining when, during the fiscal year, the dividends should be made available.

AIDEA’s form and mission is spelled out distinctly in statute. AIDEA is a public corporation of the state and a political subdivision of the state. AS 44.88.020. Its’ statutory mission is to create jobs and economic development and reduce unemployment. Which unemployment is viewed by

the Alaska Legislature as: “a serious menace to the health, safety, and general welfare ... to the people of the entire state.” AS 44.88.010(1). With “establishment and expansion of industrial manufacturing, energy, export, small business, and business enterprises in the state and other facilities ... as essential to the development of the natural resources and the long-term economic growth of the state” AS 44.88.010(4). The legislature also declared: “It is the policy of the state, and in the interests of promoting the health, security, and general welfare of all the people of the state, and a public purpose of the state to “encourage the economic growth of the state”. AS 44.88.010(b) and (c).

AIDEA’s statutory mission and financial needs are balanced against the interest in providing an appropriate financial return to the State in the form of a cash dividend, as contemplated by the Dividend Statute.

### **Dividend Range and Plan for Making the Dividends Available**

The Dividend Statute requires that the “dividend for a fiscal year be made available before the end of the fiscal year.” The Authority is to “notify the Commissioner of Revenue when the dividend is available.” Otherwise, the Board has the discretion and flexibility to determine when, during the fiscal year, the dividend will be provided to the treasury. Historically, the Authority transfers the dividend in quarterly installments at mid-quarter.

### **Conclusion**

The Dividend Statute requires the Board to annually determine dividends. Staff recommends the Board determine and declare a dividend for fiscal year 2025 within the 25% to 50% net income limits for each eligible fund.

Staff believes that dividends within this range totaling this amount will provide the State with an economic return from the Authority without prejudicing the Authority’s mission as described above and as set in the Authority’s organic statutes.