



House Bill 122 Amendment

Authorizing AIDEA to issue \$300 million of Bonds for Infrastructure that Supports the Development of Critical Mineral & Rare Earth Element Projects

- **What is House Bill 122?**
 - House Bill 122 (sponsored by Rep. Tomaszewski) grants legislative authorization for the Alaska Railroad Corporation to issue revenue bonds for the replacement of its passenger dock terminal in Seward.
- **How was House Bill 122 amended by the House Transportation Committee?**
 - Sponsored by Rep. Tom McKay, the House Transportation Committee amended House Bill 122 to grant AIDEA the legislative authorization to issue up to \$300 million in bonds for critical mineral and rare earth element infrastructure projects throughout the State. The amendment passed 5-2 on March 14, 2024.
- **Why is this amendment important?**
 - Many federal energy and critical mineral programs have a match requirement, which could be satisfied through the issuance of bonds by AIDEA.
 - Allowing AIDEA to issue infrastructure bonds will alleviate pressures on the capital budget during periods of revenue shortfalls.
- **Why now?**
 - Federal authorization for several energy and critical minerals programs is scheduled to sunset in the next couple of years, so it is critical that the state be ready to finance projects now and take advantage of federal matching funds.
- **How will Alaskans benefit?**
 - AIDEA-financed projects have the potential to produce revenue for the State and local governments. Critical mineral and rare-earth projects have the potential to create hundreds of jobs for Alaskans.
- **What types of infrastructure could be financed with these bonds?**
 - Example projects include, but are not limited to, access roads, processing facilities, power generation and transmission, utility infrastructure, etc.
- **Does this amendment spend any AIDEA or State funds?**
 - No, the amendment does not appropriate any State or AIDEA funds. The amendment simply grants the legislative approval necessary for AIDEA to issue up to \$300 million in bonds to finance infrastructure for economically viable critical mineral projects throughout Alaska.

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- **Doesn't AIDEA already have bonding authority?**
 - Yes, AIDEA can currently bond up to \$25 million for various purposes, but AIDEA needs legislative approval to bond above this threshold. This amendment requests legislative approval for critical mineral and rare earth element infrastructure projects up to \$300 million.
- **Why AIDEA?**
 - AIDEA has a long history of issuing bonds to support mining projects, such as the Red Dog Road and the Port in Kotzebue.
 - Loan guarantees under the U.S. Department of Energy's Section 1703 program include projects involving critical mineral processing and can receive support from an eligible state energy financing institution (SEFI), which AIDEA was designated as a SEFI in 2023.
- **What will AIDEA now be able to do if the amendment passes?**
 - AIDEA will be able to fund, through bonding, critical mineral, and rare-earth infrastructure projects and work with project stakeholders to attract private-sector investing for critical mineral projects.
- **How will AIDEA ensure projects that are issued bond financing produce a return on investment?**
 - AIDEA has developed a series of requirements for potential investments and each bond goes through a robust due diligence process. AIDEA bonds have historically had a 100% success rate and 0% default.
- **What approval procedures are in place for AIDEA to issue bonds?**
 - All AIDEA bonds receive a robust due diligence process and must be approved by the Board of directors. Public testimony is available at every AIDEA board meeting and is strongly considered as part of the board approval process.
- **What's next for House Bill 122?**
 - HB 122 moved from the House Transportation Committee and awaits a hearing in House Finance.
- **How can you help?**
 - It will be important to let the Legislature know of the benefits of granting approval for AIDEA to issue bonds for critical mineral infrastructure. You can participate in HB 122 by giving public testimony at upcoming committee meetings and by submitting letters of support to Representative Tomaszewski, the House Finance Committee, and the Senate Finance Committee:
 - Rep.Frank.Tomaszewski@akleg.gov
 - House.Finance@akleg.gov
 - Senate.Finance@akleg.gov
- **Who do I contact for questions?**
 - Questions can be emailed to Communications@AIDEA.org or by calling (907) 771-3000.