

HOUSE CS FOR CS FOR SENATE BILL NO. 159(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/12/98

Referred: Rules

Sponsor(s): SENATORS PEARCE, Ellis, Kelly, Taylor, Wilken

REPRESENTATIVES Foster, Berkowitz, Croft, Kemplen, Sanders, Rokeberg

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the new business incentive program."

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 * Section 1. AS 44.88.080 is amended by adding a new paragraph to read:

4 (26) to screen potential applicants for a new business incentive grant
5 and recommend the award of the grants under AS 45.81.020.

6 * Sec. 2. AS 45 is amended by adding a new chapter to read:

7 Chapter 81. New Business Incentive Program.

8 Sec. 45.81.010. New business incentive fund. There is established in the
9 department the new business incentive fund. Up to \$3,000,000 may be appropriated
10 to the fund each fiscal year. The department may use money in the fund for new
11 business incentive grants. On June 30 of each fiscal year, the unexpended and
12 unobligated balance in the fund lapses into the general fund.

13 Sec. 45.81.020. Eligibility for grants. (a) A new business or a business that
14 is opening a new branch in the state is eligible for a new business incentive grant if

15 (1) the business is primarily engaged in manufacturing a product for

1 export outside of the state;

2 (2) the business will not directly compete with an existing business that
3 is located in the state as determined by the department;

4 (3) for a business located in a municipality, the municipality has
5 provided support to the business in a form and in an amount acceptable to the
6 department;

7 (4) the business is primarily financed by the private sector; and

8 (5) the business has been recommended as complying with the
9 requirements for a business incentive grant by the Alaska Industrial Development and
10 Export Authority.

11 (b) The department shall prescribe by regulation the standards for new business
12 incentive grant eligibility and the form and procedure for submitting grant applications.
13 Subject to the availability of money in the new business incentive fund, the department
14 may award a grant to an eligible applicant in an amount that does not exceed the
15 amount recommended by the Alaska Industrial Development and Export Authority for
16 that applicant.

17 **Sec. 45.81.030. Use of grant money.** After awarding a new business incentive
18 grant, the department may pay money from the grant to the recipient business only as
19 reimbursement for one or more of the following costs incurred and paid by the
20 business:

21 (1) cost of relocating key personnel and of moving and installing
22 equipment and initial inventory;

23 (2) up to 50 percent of the cost of site preparation and installation of
24 utilities for a new facility;

25 (3) work force training costs for a period of up to 36 months in an
26 amount not to exceed \$5,000 for each employee receiving training during a 12-month
27 period if the costs are not covered by another governmental program;

28 (4) up to 50 percent of the costs of business feasibility analyses that
29 relate to situations unique to the state, market studies applicable to the state, and
30 business facility designs necessary to address conditions in the state.

31 **Sec. 45.81.040. Grant conditions.** (a) A business that receives a new

1 business incentive grant must be operating on the date the grant is awarded and must
2 continue to operate in the state for at least five years after the date the grant is
3 awarded or must, within 90 days after ceasing to operate, repay the grant money
4 together with interest on the money in an amount established by the department. A
5 business that is a branch or subsidiary of another business may not receive a grant
6 unless that other business agrees, in a form acceptable to the department, to be
7 responsible for the obligation to repay grant money and interest under this subsection.

8 (b) The department may set additional terms and conditions for the award of
9 new business incentive grants and for the payment of grant money. The terms and
10 conditions may include requirements for the repayment of grant money even though
11 repayment is not required under (a) of this section.

12 **Sec. 45.81.050. Definition.** For purposes of AS 45.81.010 - 45.81.050,
13 "department" means the Department of Commerce and Economic Development.