

House Bill 30: Office of Entrepreneurship

REPRESENTATIVE KY HOLLAND, HD 9

PRESENTED TO HOUSE FINANCE COMMITTEE



Economic outlook in Alaska

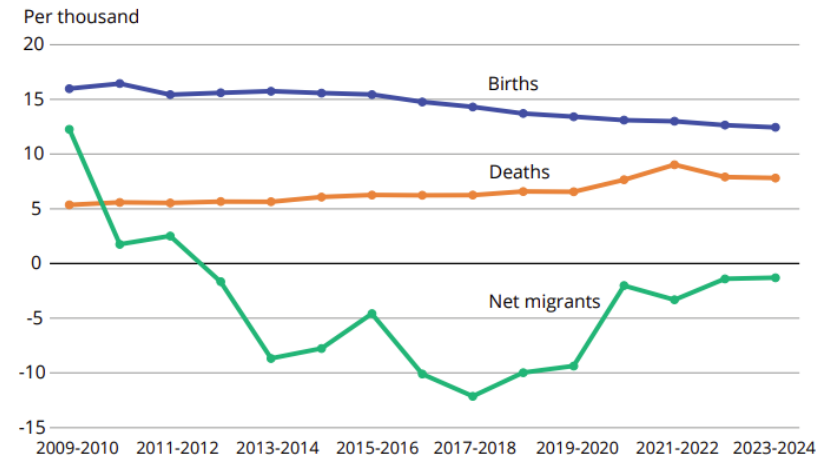
Slow economic growth

Job loss in key industries

Talent and family outmigration

**WE CANNOT RELY ON OUR LEGACY SECTORS
TO CREATE THE JOBS OF THE FUTURE**

Yearly births, deaths, and net migrants per 1,000 Alaskans



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska needs to diversify and support emerging sectors

Future growth will come from ***value-added support*** of existing economic engines and ***investment in emerging sectors*** and jobs

Diversification and technology growth aligns with our CEDS, state and national economic development trends, and history

What is an emerging sector & why they matter for Alaska

Small or nascent industries with high growth potential based on Alaska's competitive advantages. They include mariculture, aerospace, energy technology, and agriculture

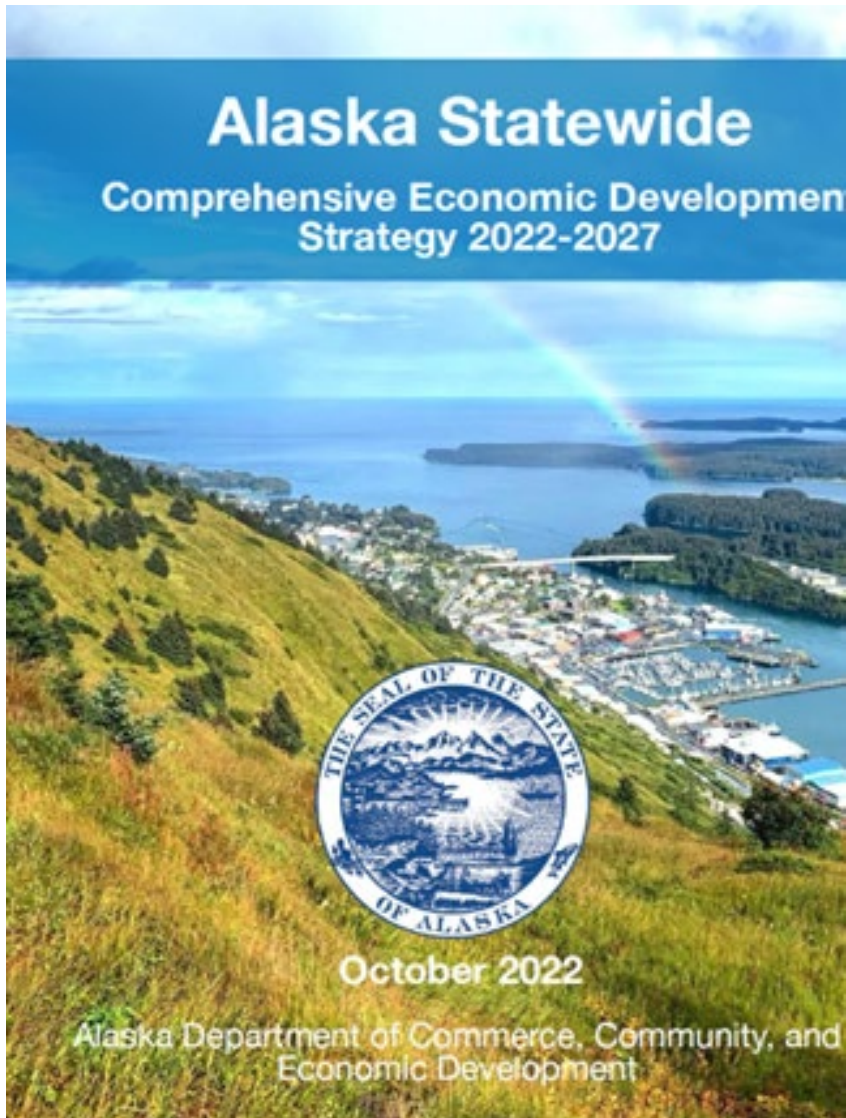
New and young businesses create virtually all net job growth in America

Research shows that for every 1 percent increase in the U.S. entrepreneurship rate, the poverty rate decreases by 2 percent

New businesses

- grow local GDP
- increase community wealth
- create homegrown jobs
- diversify goods and services





Alaska's Comprehensive Economic Development Strategy (CEDS)

- Developed between January and July of 2022, the CEDS is a five-year economic development plan for Alaska, active from 2022-2027
- The CEDS outlines several goals for a resilient and growing Alaska economy, including
 - Accelerating growth in emerging sectors
 - support for entrepreneurial ecosystem



HB 30: support for entrepreneurial ecosystem and emerging sectors

Creates Office of Entrepreneurship in Department of Commerce, Community and Economic Development

Duties of the Office of Entrepreneurship

- Promote entrepreneurship
- Assist new business as they navigate interactions with the state of Alaska
- Coordinate and streamline service delivery for new businesses
- Annually review policy changes that impact new businesses

Directs state agency money to support programs or organizations that help new businesses

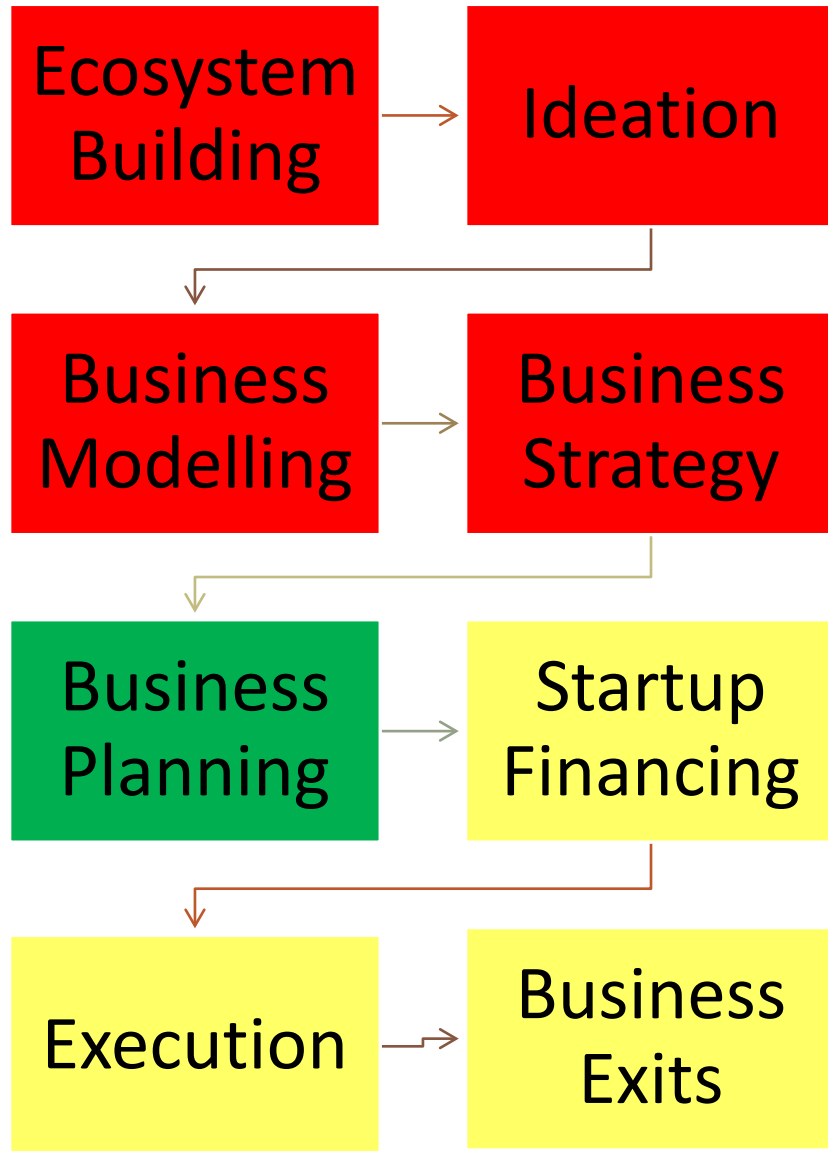
What changed from v. LS0230/G to H?

The Committee Substitute for House Labor & Commerce yielded these changes:

1. The Office of Entrepreneurship is now required to actively seek and use volunteers to assist in the performance of their duties
2. Enables the department to determine whether office facilities are necessary to perform duties
3. Office of Entrepreneurship enabling statutes sunset December 2030

Fiscal Notes for HB 30

- 1) Department of Commerce, Community and Economic Development
 - \$661.7 first-year appropriation requested
 - \$616.7 out-year cost estimates
 - This cost represents three new positions to perform the functions of the office
- 2) Department of Administration
 - \$500 only in first year only
 - This is the cost to conduct a disparity study to determine whether new businesses are underrepresented in statewide contracts



The Startup Process

(and where OoE will help)



“Alaska: State of Entrepreneurship” by The University of Alaska Center for Economic Development (2018)

“Over the last decade, startups in Alaska consistently added 4,000 to 6,000 jobs to the economy each year. Firms that are aged five years or younger accounted for 89% of Alaska’s net employment growth in the private sector.”

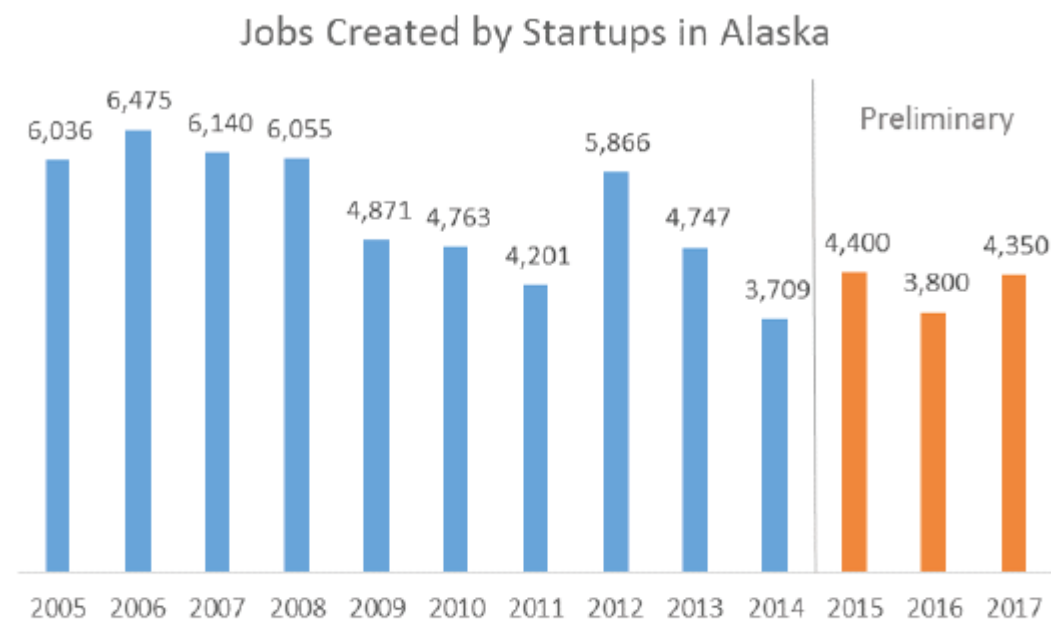


Figure 4: Jobs created by employer firms less than one year old in Alaska. Source: Business Dynamics Statistics, Business Employment Dynamics, and CED calculations.

Expected Outcomes from HB 30

NEW BUSINESSES AND JOBS

REDUCED COSTS FOR NEW BUSINESSES

IMPROVE STATE INTEGRATION WITH STARTUP ECOSYSTEM

ECONOMIC OPPORTUNITY FOR THE NEXT GENERATION OF ALASKANS

Questions?