

**HOUSE BILL NO. 220**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES SANDERS, Barnes, Austerman, Dyson, Kemplen

Introduced: 4/1/97

Referred: House Special Committee on Economic Development, Finance

**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 approve 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 consisting of appropriations to the fund  
10 from money available under AS 44.88.088 or from other sources. The amount  
11 appropriated to the fund each fiscal year may equal \$3,000,000. The department may  
12 use money in the fund for new business incentive grants. On June 30 of each fiscal  
13 year, the unexpended and unobligated balance in the fund lapses into the general fund.

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

1 the business

2 (1) is primarily engaged in manufacturing a product for export outside  
3 of the state;

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

6 (3) is located in a municipality that has provided financial support to  
7 the business in a form and in an amount acceptable to the department;

8 (4) is primarily financed by the private sector;

9 (5) is receiving financing from the Alaska Industrial Development and  
10 Export Authority; and

11 (6) has been approved for a business incentive grant by the Alaska  
12 Industrial Development and Export Authority.

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

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

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

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

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

29 (4) up to 50 percent of the costs of business feasibility analyses, market  
30 studies, and business facility designs.

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

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

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