

**CS FOR HOUSE BILL NO. 220(ECD)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT

Offered: 4/18/97  
Referred: Finance

Sponsor(s): REPRESENTATIVES SANDERS, Barnes, Austerman, Dyson, Kemplen, Berkowitz

**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. Up to \$3,000,000  
11 may be appropriated to the fund each fiscal year. The department may use money in  
12 the fund for new business incentive grants. On June 30 of each fiscal year, the  
13 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 (1) the business is primarily engaged in manufacturing a product for  
2 export outside of the state;

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

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

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

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

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

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

30 **Sec. 45.81.040. Grant conditions.** (a) A business that receives a new  
31 business incentive grant must continue to operate in the state for at least five years

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

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

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