

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

April 12, 2001

8:07 a.m.

MEMBERS PRESENT

Representative Kevin Meyer, Co-Chair
Representative Andrew Halcro
Representative Drew Scalzi
Representative Gretchen Guess
Representative Beth Kerttula

MEMBERS ABSENT

Representative Carl Morgan, Co-Chair
Representative Lisa Murkowski

COMMITTEE CALENDAR

HOUSE BILL NO. 36

"An Act relating to enterprise zones."

- MOVED CSHB 36(CRA) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HB 36

SHORT TITLE: ENTERPRISE ZONES

SPONSOR(S): REPRESENTATIVE(S) HAYES

Jrn-Date	Jrn-Page		Action
01/08/01	0033	(H)	PREFILE RELEASED 1/5/01
01/08/01	0033	(H)	READ THE FIRST TIME - REFERRALS
01/08/01	0033	(H)	EDT, CRA, FIN
02/09/01	0287	(H)	COSPONSOR(S): GUESS
02/22/01		(H)	EDT AT 5:00 PM CAPITOL 124
02/22/01		(H)	Heard & Held
02/22/01		(H)	MINUTE(EDT)
03/15/01		(H)	EDT AT 4:00 PM CAPITOL 120
03/15/01		(H)	Moved Out of Committee
03/15/01		(H)	MINUTE(EDT)
03/16/01	0623	(H)	EDT RPT 3DP 2NR
03/16/01	0624	(H)	DP: CRAWFORD, GUESS, MCGUIRE;
03/16/01	0624	(H)	NR: MORGAN, JAMES

03/16/01	0624	(H)	FN1: (CED)
04/04/01	0846	(H)	COSPONSOR(S): HALCRO
04/10/01		(H)	CRA AT 8:00 AM CAPITOL 124
04/10/01		(H)	Heard & Held MINUTE(CRA)
04/12/01	0980	(H)	CRA RPT CS(CRA) 4DP 1NR
04/12/01	0981	(H)	DP: SCALZI, HALCRO, KERTTULA, GUESS;
04/12/01	0981	(H)	NR: MEYER
04/12/01	0981	(H)	FN1: (CED)
04/12/01	0981	(H)	REFERRED TO FINANCE
04/12/01	0995	(H)	COSPONSOR(S): KERTTULA
04/12/01		(H)	CRA AT 8:00 AM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE HAYES

Alaska State Legislature
 Capitol Building, Room 422
 Juneau, Alaska 99801

POSITION STATEMENT: Spoke as the sponsor of HB 36.

GINNY FAY, Deputy Director

Division of Community and Business Development
 Department of Community & Economic Development
 PO Box 110801
 Juneau, Alaska 99811-0801

POSITION STATEMENT: Discussed DCED's fiscal note for HB 36.

ACTION NARRATIVE

TAPE 01-20, SIDE A
 Number 0001

CO-CHAIR KEVIN MEYER called the House Community and Regional Affairs Standing Committee meeting to order at 8:07 a.m. Representatives Meyer, Halcro, Scalzi, Guess, and Kerttula were present at the call to order.

HB 36-ENTERPRISE ZONES

CO-CHAIR MEYER announced that the only order of business before the committee would be HOUSE BILL NO. 36, "An Act relating to enterprise zones."

Number 0050

REPRESENTATIVE HALCRO moved to adopt CSHB 36 [Version 22-LS0294\C, Bannister, 4/10/01] as the working document before the committee. There being no objection, Version C was before the committee.

REPRESENTATIVE HAYES, Alaska State Legislature, spoke as the sponsor of HB 36. Representative Hayes explained that the committee made a conceptual amendment [at its last hearing on HB 36] and that is incorporated into Version C. The conceptual amendment inserted language so that if legislative action was necessary, the governor would propose legislation specifying that oversight to either approve or disapprove something that is under the purview of the legislature.

CO-CHAIR MEYER recalled that the conceptual amendment was Representative Murkowski's. He asked if Representative Hayes had spoken with Representative Murkowski.

REPRESENTATIVE HAYES replied no and noted that he had received the CS only 20 minutes ago.

Number 0200

REPRESENTATIVE KERTTULA informed the committee that she talked with Representative Murkowski about the conceptual amendment. Representative Kerttula explained that the conceptual amendment attempted to clarify how the legislation should come forward. The [new] language is on page 3, lines 24-28, which reads as follows:

(d) If legislative action is needed to enable a particular incentive to be used in an enterprise zone, the department shall recommend to the governor that the governor introduce legislation to enable the incentive to be used or shall recommend to the legislature that the legislature take the necessary legislative action to enable the incentive to be used.

CO-CHAIR MEYER surmised then that Representative Kerttula was indicating that Representative Murkowski would be comfortable with [the CS].

REPRESENTATIVE KERTTULA pointed out that the [new language] doesn't require the governor to do anything or for the legislature to pass anything. However, the language does require that if "we" feel that it's the right policy move, then something should be recommended.

REPRESENTATIVE HAYES announced that he didn't have any objections to the amendment. In fact, he felt that the conceptual amendment made the legislation stronger. He noted that Representative Whitaker also had legislative oversight concerns, which the CS should address.

CO-CHAIR MEYER directed the discussion to the fiscal note for HB 36.

Number 0500

GINNY FAY, Deputy Director, Division of Community and Business Development, Department of Community & Economic Development (DCED), began by saying that DCED fully supports HB 36, which offers some effective tools for Alaskan communities. Ms. Fay turned to the fiscal note and announced that her answer would be framed in the context of DCED's situation. She informed the committee that she works in a division that used to be six divisions that were in two departments [both of which] have faced budget cuts for 14 years. From a state perspective, Ms. Fay said that Alaska's economic development efforts are, at best, minimal. Furthermore, [the division] has the staff necessary for a state the tenth of Alaska's size. Alaska's business development staff is probably smaller than that for the state of New Hampshire. Furthermore, the [division] faces potential budget cuts in the amount of \$300,000 that would result in the elimination of development specialists in Bethel and Nome, which now only have one each. She pointed out that [these potential cuts] include matching grants for the Department Commerce [and] the Economic Development Administration. Those federal dollars have allowed for the development of economic information that would enable communities to take advantage of this enterprise zone. Ms. Fay said, "I guess I'm ... giving you a long story of why I don't think state government ever was fat enough, at least in terms of economic development and diversification, to absorb budget cuts or absorb new programs."

MR. FAY emphasized that much thought has been given to this fiscal note because of the knowledge that putting a fiscal note on a bill could likely kill the bill. However, the reality is that if this bill passes, Ms. Fay will have to take a person to develop this information and regulations, and implement a program, which would take some time. Therefore, she didn't believe it would be fair to the communities in Alaska or to this program to say that this could be implemented at no cost, when

the [department] already does triage for economic development and diversification in this state. Ms. Fay said:

I can't, in good conscious, say that it would ... cost nothing to do something because we left that behind at least a decade ago. Something else would have to not be done and there's a lot of something else that is already not done. ... I think it's unfair to think that we can make fish and bread from water.

Number 0810

CO-CHAIR MEYER said that he didn't think the House Community and Regional Affairs Standing Committee should get too involved with the financial portion of this legislation because that is the responsibility of the House Finance Committee. Co-Chair Meyer pointed out that the first hearing of HB 36 followed a hearing of a bill that was going to review 1,200 applications for the [renters' rebate] program and there was no fiscal note on that. Therefore, the fiscal note for HB 36 seemed inconsistent.

MS. FAY said that she thinks that does raise a flag. However, she pointed out the enterprise zones will require a much higher level of analysis than [the renters' rebate program]. This legislation will require a development specialist who has a background in economic development. The [renters' rebate program] would require a clerk processing some checks, which for the most part has been automated. She emphasized that these are two completely different tasks.

MS. FAY explained that in general, if it is a very marginal, incremental addition such as less than a quarter of a person's time, then [that would be absorbed]. She pointed out that [the renters' rebate program] would be done as part of the State Assessor's Office, which hasn't received budget cuts to the extent of the Division of Community and Business Development. These are two very different tasks.

REPRESENTATIVE HAYES said that he hopes the committee sees the need for this and forwards it from committee. He said, "We create this myth that we're open for business, but as we go through the process I think we find out more and more that we are far less open for business than ... any of us imagined. I think that the state is in a lot of trouble in a lot of different areas."

Number 1097

REPRESENTATIVE HALCRO moved to report CSHB 36, Version C, out of committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 36(CRA) was reported from the House Community and Regional Affairs Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:22 a.m.