

**ALASKA STATE LEGISLATURE  
HOUSE SPECIAL COMMITTEE ON ECONOMIC  
DEVELOPMENT, TRADE AND TOURISM**

March 15, 2001

4:15 p.m.

**MEMBERS PRESENT**

Representative Lesil McGuire, Chair  
Representative Jeannette James  
Representative Carl Morgan  
Representative Harry Crawford  
Representative Gretchen Guess

**MEMBERS ABSENT**

Representative Joe Green  
Representative Beverly Masek  
Representative Norman Rokeberg  
Representative Fred Dyson

**COMMITTEE CALENDAR**

INTRODUCTION OF YUKON DELEGATION

HOUSE BILL NO. 36

"An Act relating to enterprise zones."

- MOVED HB 36 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 -<br>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<br>MINUTE(EDT)        |
| 03/15/01 |          | (H) | EDT AT 4:00 PM CAPITOL 120         |

## **WITNESS REGISTER**

MIKE McLARNON, Member of the Legislative Assembly  
for Whitehorse Centre  
Yukon Legislative Assembly  
Box 2703

Whitehorse, Yukon, Canada Y1A 2C6

POSITION STATEMENT: Spoke briefly to the committee; expressed desire for an Alaska Highway route for a gas pipeline.

GARY McROBB, Member of the Legislative Assembly  
for Kluane  
Yukon Legislative Assembly  
Box 2703

Whitehorse, Yukon, Canada Y1A 2C6

POSITION STATEMENT: Spoke briefly to the committee; urged members to continue cooperative efforts relating to tourism and economic development; expressed support for options such as a pipeline or railroad extension.

ERIC FAIRCLOUGH, Member of the Legislative Assembly  
for Mayo-Tatchun  
Yukon Legislative Assembly  
Box 2703

Whitehorse, Yukon, Canada Y1A 2C6

POSITION STATEMENT: Spoke briefly to the committee; expressed the desire to build relationships with neighboring provinces as well as Alaska; expressed the need to work together on environmental issues relating to wildlife that cross the border; offered experience with First Nations.

REPRESENTATIVE JOE HAYES  
Alaska State Legislature  
Capitol Building, Room 422  
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 36.

## **ACTION NARRATIVE**

TAPE 01-11, SIDE A  
Number 0001

CHAIR LESIL McGUIRE called the House Special Committee on Economic Development, Trade and Tourism meeting to order at 4:15 p.m. Members present at the call to order were Representatives McGuire, Morgan, Crawford, and Guess. Representative James

arrived as the meeting was in progress. Chair McGuire noted that Representatives Green and Masek were excused.

#### INTRODUCTION OF YUKON DELEGATION

Number 0062

CHAIR MCGUIRE introduced three members of the Yukon Territory's legislative delegation who had been invited to talk to the committee briefly: Mike McLarnon, Eric Fairclough, and Gary McRobb.

Number 0129

MIKE McLARNON, Member of the Legislative Assembly (MLA) for Whitehorse Centre, Yukon Legislative Assembly, noted that this is becoming an annual event and said he looked forward to seeing [Alaskan legislators] come to the Yukon as well. He expressed the desire to share ideas and find common areas for working together, especially now that discussions of a gas pipeline are on the table. He stated:

This trip has an especially important purpose to us, because we are really trying to promote the idea that the Alaska Highway is the most economical and best - the least environmentally impacting - option in front of both of our governments.

We know it ends up becoming a decision by the users - whether it's going to happen - but we certainly would promote ... our legislative colleagues in Alaska to consider the impacts, and also ... the diplomatic treaties that exist between Canada and the United States regarding the routing of the Alaska Highway.

We've appreciated the support of the Alaskans up to this point, and we're here to thank you for that support, and hope that it continues.

Number 0219

GARY McROBB, Member of the Legislative Assembly for Kluane, Yukon Legislative Assembly, explained that the Kluane region extends from the Alaskan border, both on the Haines road and the Alaska Highway, to the city limits of Whitehorse. The Critic for Tourism and Renewable Resources in the official opposition in Yukon Territory's legislative body, he expressed appreciation

for the wonderful hospitality shown to the delegation by Alaskans. Noting that this is his second trip to Juneau in three years, he said he is aware of several ongoing cooperative efforts regarding tourism and economic development; he urged committee members to continue those programs with the Yukon Territory government. Noting that larger projects on the horizon include a potential pipeline and a railroad [extension], he expressed support for those options as well. He encouraged having continued and better relations in the future.

Number 0332

ERIC FAIRCLOUGH, Member of the Legislative Assembly for Mayo-Tatchun, Yukon Legislative Assembly, informed committee members that his district runs from just south of Dawson City to north of Carmacks, itself about 80 miles north of Whitehorse. Leader of the Official Opposition and of the New Democratic Party (NDP) of the Yukon, he expressed the desire to build relations with the neighbors, including the Northwest Territories, British Columbia, and Alaska, in order to benefit from economic development and tourism. He mentioned environmental concerns, noting that development - including that [proposed in] the Arctic National Wildlife Refuge (ANWR) - is of great interest because of the effects on wildlife that cross the border; he commented that the federal government is passing laws regarding endangered species. He also highlighted his experience with First Nations, having been a chief who negotiated land-claims agreements. He offered to share information with Alaskans.

Number 0460

CHAIR McGUIRE expressed her appreciation to the three delegates, noting that they would meet individually with other Alaska legislators in the next couple of days. She asked whether there were questions; none were offered. She also voiced the hope that as things progress, legislators can call upon those delegates' special skills.

REPRESENTATIVE CRAWFORD expressed his thanks for hospitality in the Yukon Territory over the years. He added, "I really appreciate the good neighbors that you've been."

HB 36 - ENTERPRISE ZONES

Number 0543

CHAIR McGUIRE turned attention to HOUSE BILL NO. 36, "An Act relating to enterprise zones." She noted that at the previous hearing, some questions had arisen from committee members.

Number 0581

REPRESENTATIVE JOE HAYES, Alaska State Legislature, sponsor of HB 36, offered a quick recap of his intentions with the bill. Emphasizing the desire to help impoverished "economic zones" in Alaska, Representative Hayes said he is looking at areas in Anchorage, Fairbanks, Wrangell, Ketchikan, and anywhere else that could use any of the four criteria established in HB 36 to help spur development.

REPRESENTATIVE HAYES told members there is substantial proof that this concept works both in urban and rural settings. Prime examples in rural settings are Metlakatla and Pine Ridge, South Dakota. He referred to a document named "List of Champion Communities," pointing out that it has information on rural economic development and empowerment zones.

REPRESENTATIVE HAYES reported that in Metlakatla, where he had talked to Paul Brindaball (ph), two projects were either heightened or brought in because of its being an enterprise zone: one was water-related, and one was mining-related. The two companies involved were particularly interested in the tax incentives. Representative Hayes informed members that he had been unable to get anyone from Metlakatla to testify, but said "they are very supportive." He offered to answer questions about the bill and how it could bring an economic boom to Alaska.

Number 0710

CHAIR McGUIRE advised the committee that although some members who had questions at the previous hearing were not present currently, she understood that Representative Hayes had spoken to people individually about those concerns. One focus [of the questions] had related to tax incentives, with concern that the rural areas, which might need the economic benefits the most, might have nothing to give in that regard. She noted that [Representative Hayes] had pointed out that there are really four benefit areas.

CHAIR McGUIRE also said Representative Hayes had addressed the other line of questioning - about how the areas which have utilized the federal enterprise zones have benefited - very

well. She noted that Metlakatla and Mountain View [in Anchorage] were the two areas specifically mentioned.

Number 0581

REPRESENTATIVE HAYES clarified that he doesn't believe [Mountain View] to be part of the federal program as far as being an "enterprise zone"; to his understanding, Mountain View had applied, but was denied. He continued:

They have a new region that's called the "renaissance zone, and they're doing ... a lot of the things that an enterprise zone would do, but ... not all of the things an enterprise zone would do. ... As of right now, I do not believe they have any economic development going on in that particular zone. ... It is simply a defined area for which they are concentrating their efforts on HUD [U.S. Department of Housing and Urban Development] assistance.

REPRESENTATIVE HAYES said he believes HB 36 would really help open up an opportunity for [Mountain View] to get a full enterprise zone, because HB 36 proposes a statewide process. The statewide process would be the first step, after which [a community] would apply to HUD "or whatever the case may be," and then would be eligible, hopefully, to apply for federal monies.

Number 0850

REPRESENTATIVE GUESS noted that she represents the Mountain View area, then clarified, "They did apply to be a renaissance zone; unfortunately, the ball dropped in the former mayor's office. So, there wasn't a denial, but, unfortunately, it didn't happen." She stated that a bill like this would be very beneficial for areas such as Mountain View, South Mountain View, Fairview, or Russian Jack, where she herself lives, in order to try to get the type of economic development needed, rather than just pawnshops and liquor stores. She thanked Representative Hayes for introducing HB 36.

REPRESENTATIVE GUESS remarked that the nice thing about HB 36 is that it allows municipalities freedom to do some things, and it allows the state some freedom regarding incentives. She asked, "Would those be done on a case-by-case basis? Is there kind of a toolbox that they can pull out for each one, or would they set up certain reductions ... in fees for any enterprise zone?"

REPRESENTATIVE HAYES answered that a local area is able to use any of the four criteria. There is no mandate, so the community can pick and choose what is believed to be the most advantageous. "X" amount of communities would apply. The bill would authorize the governor to designate up to four enterprise zones each year from a prioritized list; that designation would last for 20 years. He stressed the local option aspect regarding the four criteria.

Number 0966

REPRESENTATIVE GUESS sought further clarification. She referred to HB 36, page 2 [beginning at lines 30-31], which read as follows [followed by the four listed criteria on page 3]:

Sec. 44.33.319. Local incentives. A qualifying municipality may identify as incentives under AS 44.33.315

She also called attention to subsection (d) [page 3, beginning at line 24], which read:

- (d) The department may recommend to the governor and the legislature incentives to enterprise zones that include
- (1) reduction of state permit or user fees;
  - (2) credits on state income taxes or exemptions from the taxes; and
  - (3) the proposed lease or sale to private persons of the state's real property that is not designated or otherwise targeted for public use.

REPRESENTATIVE GUESS asked how it would work. Would it be the same for all enterprise zones? Or could the Municipality of Anchorage, for example, say that Mountain View is an enterprise zone that needs a particular "package," whereas Muldoon is another enterprise zone that needs another type of package, in order to be the most beneficial?

REPRESENTATIVE HAYES said that is what he is envisioning. He then noted that representatives from Legislative Legal and Research Services, the Alaska Municipal League (AML), and the Department of [Community] and Economic Development were available to answer questions.

CHAIR McGUIRE asked whether anyone else wished to testify; there was no response. She asked whether there were further questions or comments from the committee; none were offered.

Number 1129

REPRESENTATIVE CRAWFORD made a motion to move HB 36 out of committee with individual recommendations and the attached fiscal note. There being no objection, HB 36 was moved out of the House Special Committee on Economic Development, Trade and Tourism.

**ADJOURNMENT**

Number 1142

There being no further business before the committee, the House Special Committee on Economic Development, Trade and Tourism meeting was adjourned at 4:31 p.m.