

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

March 23, 2010

5:17 p.m.

MEMBERS PRESENT

Representative Jay Ramras, Chair
Representative Mike Chenault
Representative Reggie Joule
Representative Mark Neuman
Representative Harry Crawford
Representative Chris Tuck

MEMBERS ABSENT

Representative Nancy Dahlstrom
Representative Kyle Johansen
Representative Lindsey Holmes

OTHER LEGISLATORS PRESENT

Representative Cathy Munoz
Representative Alan Austerman
Representative Bob Herron

COMMITTEE CALENDAR

HOUSE CONCURRENT RESOLUTION NO. 21
Creating and relating to the Economic Development Planning
Commission.

- MOVED CSHCR 21(EDT) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HCR 21

SHORT TITLE: ECONOMIC DEVELOPMENT PLANNING COMMISSION

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

02/23/10	(H)	READ THE FIRST TIME - REFERRALS
02/23/10	(H)	EDT, L&C
03/23/10	(H)	EDT AT 5:15 PM CAPITOL 106

WITNESS REGISTER

ROB EARL, Staff
Representative Bob Herron
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced the Committee Substitute to HCR 21, on behalf of the House Community and Regional Affairs Committee, sponsor; participated in the PowerPoint presentation titled, "HCR 21-Creating an Economic Development Planning Commission."

ERIN HARRINGTON, Staff
Representative Alan Austerman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the purposes of HCR 21; participated in the PowerPoint presentation titled, "HCR 21-Creating an Economic Development Planning Commission."

SUSAN BELL, Special Staff Assistant
Office of the Governor
Juneau, Alaska

POSITION STATEMENT: Testified in support of HCR 21.

WAYNE STEVENS, President and CEO
Alaska State Chamber of Commerce
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 21.

ANDY VARNER, Executive Director
Southwest Alaska Municipal Conference (SWAMC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 21.

MARTY METIVA, Executive Director
Mat-Su Resource Conservation & Development (RC&D); President
Alaska Partnership for Economic Development (APED)
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HCR 21 on behalf of the Alaska Partnership for Economic Development (APED).

CHRISTI BELL, Executive Director
Center for Economic Development
University of Alaska Anchorage (UAA)
University of Alaska (UA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 21.

CURTIS THAYER, Deputy Commissioner
Office of the Commissioner
Department of Commerce, Community, & Economic Development
(DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 21 and answered questions.

ACTION NARRATIVE

[5:17:44 PM](#)

CHAIR JAY RAMRAS called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at 5:17 p.m. Present at the call to order were Representatives Ramras, Crawford, Joule, and Chenault. Representatives Neuman and Tuck arrived as the meeting was in progress. Also present were Representatives Austerman, Munoz, and Herron.

[5:17:54 PM](#)

HCR 21-ECONOMIC DEVELOPMENT PLANNING COMMISSION

[5:17:56 PM](#)

CHAIR RAMRAS announced the only order of business would be HOUSE CONCURRENT RESOLUTION NO. 21, Creating and relating to the Economic Development Planning Commission. He identified Committee Substitute to HCR 21, 26-LS1446\S, Cook, as the document before the committee.

[5:18:43 PM](#)

ROB EARL, staff, Representative Bob Herron, Alaska State Legislature, informed the committee that HCR 21 is sponsored by the House Community and Regional Affairs Committee that is co-chaired by Representatives Munoz and Herron. The resolution creates a ten-member Economic Development Planning Commission that would act as a task force in the legislative branch of government, and that is funded through the Alaska Legislative Council budget. He advised an HCR is a "letter from the legislature to itself," and thus does not need to be signed by the governor, nor is it subject to veto. The intent of the resolution is to create a bridge between economic development ideas and the action necessary to finalize related legislation. The resolution includes a 6/30/12 sunset date for the commission.

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ERIN HARRINGTON, staff, Representative Alan Austerman, Alaska State Legislature, said HCR 21 fulfils two purposes: (1) creates a tool by which the legislature can monitor ongoing economic development initiatives; (2) creates a mechanism by which the legislature can collaborate with the private sector and identify where state government can support economic development. Ms. Harrington pointed out that the resolution is also a response to shortcomings found in previous economic development efforts and processes. One of the current statewide processes is Alaska Forward, which is led by the Alaska Partnership for Economic Development (ADEP), a partnership between the Alaska Regional Development Organizations (ARDORs), and other groups. Alaska Forward received \$500,000 from the Denali Commission and is working on funding for its Phase 11 tasks. Another ongoing process is Legacy, which was established by an administrative order from the Palin Administration, and that is another effort directed at long-term, strategic planning for economic development. She displayed slide 5 titled, "Alaska's Economic Development 'System'" that identified some of the different organizations involved in economic development efforts at the state, regional, borough, and municipal levels. Slide 6 listed the kinds of opportunities the commission may identify such as: financial tools that need to be set in place by statutory action; targeting industry "clusters"; preparing the legislature in advance of the session to address the needs of economic development organizations; restructuring of departments that relate to economic development.

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MR. EARL presented slide 7 that displayed the appointment authority for the membership of the commission. He pointed out that the commissioners of the Department of Commerce, Community, & Economic Development (DCCED) and the Department of Labor & Workforce Development (DLWD) are appointed automatically, and are ex officio, non-voting members. In addition, all members serve until the sunset date of 6/30/12. Slide 8 displayed a timeline for HCR 21 as follows: March, 2010, Alaska Forward Phase 1 Report; April 30, 2010, or when members are appointed, whichever is earlier, commission begins work; January 30, 2011, first legislative report deadline; 2011 (tentative), Alaska Forward Phase 11 report; December 15, 2011, second report deadline; June 30, 2012, sunset. Mr. Earl observed that there is a consensus in the business community that there is a "lack

of cohesive thinking on economic development in Alaska," and although Alaska Forward is making progress, the commission would help implement the ideas advanced by Alaska Forward. Slide 10 reviewed the documents provided in the committee packet. Slide 11 was a breakdown of the fiscal note: \$130,000 total; \$108,000 for commission staff; \$11,000 for travel; \$11,000 for per diem. The fiscal note was written under the following assumptions: three meetings require travel; one Anchorage meeting and two Fairbanks meetings; per diem for two days per travel meeting; three Anchorage-based members, one Fairbanks-based member. Mr. Earl concluded his testimony.

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REPRESENTATIVE CRAWFORD expressed his disappointment at the lack of input from the minority side of the legislature. In response to Chair Ramras, he clarified that he referred to minority members, not minority party members.

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REPRESENTATIVE NEUMAN asked whether there is a provision in the resolution that would prevent the Speaker of the House, the Senate President, or the co-chairs from appointing a minority member.

MS. HARRINGTON said no.

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REPRESENTATIVE CHENAULT, in his role as Speaker of the House, assumed that either the [Speaker of the House] or the President of the Senate would choose the members to serve on the committee, and not the finance committee co-chairs.

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CHAIR RAMRAS identified the relevant provision of the resolution at page 2, lines 4-6, and suggested an amendment may be required to correlate with the PowerPoint presentation.

[5:36:01 PM](#)

MR. EARL clarified that the information presented in the PowerPoint coincides with Version S.

[5:36:21 PM](#)

REPRESENTATIVE CHENAULT misunderstood "chair" to be the chair of the legislative council.

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CHAIR RAMRAS opened the hearing for public testimony.

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SUSAN BELL, Special Staff Assistant, Office of the Governor, stated that she is working with the Department of Revenue (DOR), and the Department of Commerce, Community, & Economic Development (DCCED), on four fronts related to economic development. Firstly, while representing the governor's office, she served on the steering committee of Alaska Forward and was involved in the Legacy process as well. Secondly, at the departmental level, there has been a bolstering of staff for the Office of Economic Development within DCCED, and interest in "where the division is going." Thirdly, Ms. Bell pointed out the number of bills relating to economic development that have been introduced by the governor, and she said the fourth part of the governor's plan is to preserve some elements from Legacy, the economic development planning process established by former Governor Palin. She continued to explain that Governor Parnell is interested in preserving the Legacy element of a sub-cabinet planning team consisting of: the commissioners or designees of DCCED, the Department of Labor & Workforce Development (DLWD), and the Department of Transportation & Public Facilities (DOT&PF); the executive directors of the Alaska Housing Finance Corporation (AHFC), the Alaska Energy Authority (AEA), and the Alaska Industrial Development & Export Authority (AIDEA); the president of the University of Alaska (UA); a representative from the Office of the Governor. In fact, further revisions to the administrative order are in progress. The Legacy process also organized 13 industry-specific workgroups that have produced interim reports that have been reviewed by DCCED and the governor's staff. Referring again to Alaska Forward, she advised that the workgroups from Legacy will be merged with "industry cluster groups," under Alaska Forward, to bring state, regional, and industry leaders from the private sector together with state agencies. Ms. Bell advised that at this time, the administration is reviewing reports produced by Legacy, forming hoc groups to meet with the governor, bolstering staff, and advancing legislation. She concluded that the commission will be "another body that will be very instrumental in helping us

implement things that are coming out of a number of these different initiatives, as well as our own department."

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MS. BELL, in response to Representative Neuman, further described the efforts to bring Legacy and Alaska Forward together, rather than having two independent sets of workgroups working on tasks. The logical point at which to do this is in Phase 11 of Alaska Forward, where the governor can interact with the groups at a personal level, and also preserve the subcabinet.

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WAYNE STEVENS, President and CEO, Alaska State Chamber of Commerce, informed the committee the Alaska State Chamber of Commerce is a statewide, non-profit, membership-funded organization, and its mission is to promote a positive business environment in Alaska. The Chamber's members represent a broad spectrum of Alaskan businesses, from the resource and tourism industries, the service and transportation sector, Native corporations, and a variety of other business interests. Mr. Stevens said the development of a strategic economic development plan has been a top legislative priority of his organization. He spoke in support of Legacy, Alaska Forward, and HCR 21, and pointed out that strategic economic development cannot happen in a vacuum; in fact, it is critical that the legislature, the administration, the business community, and the university work collaboratively to create a strategic economic development plan for Alaska's future. He advised the Alaska State Chamber of Commerce supports HCR 21.

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ANDY VARNER, Executive Director, Southwest Alaska Municipal Conference (SWAMC), informed the committee that the Southwest Alaska Municipal Conference (SWAMC) is an Alaska Regional Development Organization (ARDOR), and a founding and board member of the Alaska Partnership for Economic Development (APED), the organization that undertook the Alaska Forward initiative. Mr. Varner encouraged the committee to review the Phase 1 report issued by Alaska Forward. He stated that SWAMC's mission is to advance economic development in Southwest Alaska, and is responsible for the region's economic development plan. Regarding the resolution, SWAMC supports HCR 21 and the establishment of an economic development planning committee to

oversee visions and strategies, and to serve as a clearing house for the legislature regarding economic development activities in the state. The commission's value to lawmakers is that it would serve as a starting point for necessary policy changes, or regulatory and management discussions, arising from the Alaska Forward or Legacy initiatives. Most importantly, the commission would be a mutual partnership between state government and the private sector, and is structured so that both parties are "marching step-in-step." Mr. Varner summarized that this effort to streamline activities that strengthen and diversify the state's economy is the reason SWAMC is in support of HCR 21.

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MARTY METIVA, Executive Director, Mat-Su Resource Conservation & Development (RC&D); President, Alaska Partnership for Economic Development (APED), stated he was testifying as the president of APED. He gave a brief update of the Alaska Forward project and clarified that Phase 1 completed a situational analysis of "where we are now," by hiring consultants and conducting surveys. Of interest was the response of over 300 business and community leaders that indicated: 52 percent felt the state's economic development efforts are ineffective; 61 percent felt the outlook for Alaska's economy in the next 10 years is uncertain; 2.5 percent felt the economic development efforts are very effective; 6 percent felt the outlook for economic development efforts are very good; they felt there is a lack of leadership at the state level. He opined HCR 21 addresses this issue by developing the private and public partnership that is needed for economic development, as has been proven in other states. Mr. Metiva expressed his support of the implementation process within the resolution, because this is the part that has always been missing. He concluded that APED and the Mat-Su RC&D fully support the resolution.

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REPRESENTATIVE NEUMAN inquired as to the lack of leadership.

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MR. METIVA explained that many respondents to the on-line survey mentioned this in their general comments in the questionnaire.

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CHRISTI BELL, Executive Director, Center for Economic Development, University of Alaska Anchorage (UAA), University of Alaska (UA), informed the committee the mission of the Center for Economic Development is to leverage the UA system to support statewide economic development. Ms. Bell stated she was a member of the steering committee on the Alaska Forward project, that her organization is a member of APED, and that she was closely involved with the Legacy process. She expressed her support of HCR 21 as a bridge that brings the legislative body into the economic development conversation, and encourages the legislature to be more engaged in a collaborative approach to economic development. Ms. Bell agreed with the previous speakers that the process should be more inclusive, not only of the private industry and private entities, but of state agencies, the legislature, institutes of higher learning, economic development organizations, and others. She encouraged the incorporation of language into HCR 21 that ensures the participation of nonprofit organizations, Alaska Forward, and Legacy.

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CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Commerce, Community, & Economic Development (DCCED), said, "Legislation such as this, I feel is needed." Presently, the Office of Economic Development (OED) and his department have established an 120-day action plan that began with an inventory of over 100 economic development projects, from this and previous administrations. The DCCED also completed an analysis of economic challenges, and is working with Alaska Forward to create a non-governmental structure for an economic board. Mr. Thayer said his department is in support of funding in the amount of \$100,000 for Alaska Forward. Furthermore, the department has hired a new director of the OED, and identified a business outreach officer to facilitate projects with the private sector, and to serve as an ombudsman. The DCCED is working with other state agencies to remove impediments for growth and to promote investment in the state, is reviewing Legacy and its future combination with Alaska Forward, and is working with a community outreach plan to encourage community involvement. The department is also meeting with the Alaska Industrial Development & Export Authority (AIDEA), the Alaska Seafood Marketing Institute (ASMI), the Alaska Travel Industry Association (ATIA), and other state-funded organizations. There are also fishing, mining, and mariculture opportunities to be explored. He pointed out that the department's participation with the Alaska Alliance for

Cruise Travel (AlaskaACT) at the Seatrade Cruise Shipping conference in Florida, was an example of a private and public partnership working to bring tourism back to Alaska. Mr. Thayer concluded "we have a fairly new team in place, we're making some changes within the staffing structure of OED within the [DCCED], so we're more pro-active."

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REPRESENTATIVE NEUMAN asked for information on Alaska Forward.

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MR. THAYER explained that Alaska Forward was funded by the Denali Commission and looks at economic planning for the state. In fact, Legacy will transition into Alaska Forward. He cautioned that related entities should not be in competition, and opined Alaska Forward, because it utilizes private sector and regional input, is "where the state needs to go." Mr. Thayer advised that Governor Parnell's vision is not "the state leading the effort; we can foster economic development, but also the State of Alaska needs to know when to step back and stay out of the way." He concluded that projects with private involvement are most likely to success.

[6:04:00 PM](#)

REPRESENTATIVE NEUMAN asked whether Alaska Forward will work with the private sector.

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MR. THAYER indicated yes.

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REPRESENTATIVE NEUMAN suggested increases to funding for ASMI might be shared with entities that promote sport fishing.

MR. THAYER said he cannot speak for ASMI, although the OED could look at that.

CHAIR RAMRAS closed public testimony.

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REPRESENTATIVE NEUMAN moved to report HCR 21, Version [S] out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE TUCK objected.

[6:08:30 PM](#)

REPRESENTATIVE TUCK offered Conceptual Amendment [1] to change Version S, page 2, [paragraphs 3 and 4], to allow one public member to be appointed by a minority leader in the Senate, and one public member to be appointed by a minority leader in the House.

[6:09:07 PM](#)

CHAIR RAMRAS announced that Conceptual Amendment 1 was before the committee. Seeing no objection, Conceptual Amendment 1 was adopted. The committee substitute for HCR 21, Version S, as amended, was before the committee.

[6:09:15 PM](#)

REPRESENTATIVE TUCK removed his objection to the Committee Substitute to HCR 21, Version S, as amended.

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There being no objection, CSHCR 21(EDT) was reported from the House Special Committee on Economic Development, International Trade and Tourism.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 6:09 p.m.