

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 11, 2009

9:17 a.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Mark Neuman, Vice Chair
Representative Mike Chenault
Representative John Coghill
Representative Robert L. "Bob" Buch
Representative Lindsey Holmes

MEMBERS ABSENT

Representative Bob Lynn

COMMITTEE CALENDAR

SENATE BILL NO. 125

"An Act changing the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation."

- MOVED SB 125 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 125

SHORT TITLE: AK AEROSPACE CORPORATION

SPONSOR(S): SENATOR(S) PASKVAN

02/27/09	(S)	READ THE FIRST TIME - REFERRALS
02/27/09	(S)	L&C
03/12/09	(S)	L&C AT 1:30 PM BELTZ 211
03/12/09	(S)	Moved SB 125 Out of Committee
03/12/09	(S)	MINUTE(L&C)
03/13/09	(S)	L&C RPT 5DP
03/13/09	(S)	DP: PASKVAN, MEYER, THOMAS, DAVIS, BUNDE
03/13/09	(S)	FIN REFERRAL ADDED AFTER L&C
03/23/09	(S)	FIN RPT 4DP 1NR
03/23/09	(S)	DP: STEDMAN, HUGGINS, THOMAS, ELLIS
03/23/09	(S)	NR: OLSON
03/23/09	(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/23/09	(S)	Moved SB 125 Out of Committee
03/23/09	(S)	MINUTE(FIN)

03/27/09 (S) TRANSMITTED TO (H)
03/27/09 (S) VERSION: SB 125
03/30/09 (H) READ THE FIRST TIME - REFERRALS
03/30/09 (H) L&C, FIN
04/10/09 (H) L&C AT 3:15 PM BARNES 124
04/10/09 (H) Scheduled But Not Heard
04/11/09 (H) L&C AT 9:00 AM BARNES 124

WITNESS REGISTER

SENATOR JOE PASKVAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 125 as the prime sponsor of the bill.

DALE NASH, Chief Executive Officer
Alaska Aerospace Development Corporation (AADC)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of SB 125.

ACTION NARRATIVE

[9:17:39 AM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 9:17 a.m. Representatives Buch, Holmes, Neuman, and Olson were present at the call to order. Representatives Chenault and Coghill arrived as the meeting was in progress.

SB 125-AK AEROSPACE CORPORATION

[9:17:52 AM](#)

CHAIR OLSON announced that the only order of business would be SENATE BILL NO. 125, "An Act changing the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation."

SENATOR JOE PASKVAN, Alaska State Legislature, stated that the Alaska Aerospace Development Corporation (AADC) was established by the Alaska Legislature in 1991. The AADC was charged with stimulating a high technology aerospace industry in the state. The AADC in partial fulfillment of its charter built and operates a Kodiak Launch Facility, the nation's first full service commercial spaceport that is not co-located on a federal

reservation. This bill simply seeks to change the name of the Alaska Aerospace Development Corporation to the Alaska Aerospace Corporation. He explained that the word "development" in the corporation's title gives the perception that the organization is a nonprofit administrative body that simply encourages aerospace development in Alaska, rather than an organization that owns and operates space launch facilities that are fully developed and capable of launching rockets.

SENATOR PASKVAN stated that according to Dale Nash, the Chief Executive Officer of the AADC, the difference is significant. This name change will assist the corporation in securing launch and other aerospace related contracts that generate significant economic benefits to Alaska by providing long-term, high-paying, stable jobs by providing local economy diversity, and by creating short-term benefits from projects and construction activities.

SENATOR PASKVAN related that the AADC maintains and operates the Kodiak Launch Facility which is designed to augment the nation's ability to place satellites into orbit and support missile defense testing, which has an impact in Interior Alaska and Fort Greely through employment in the region.

[9:20:16 AM](#)

SENATOR PASKVAN indicated that the AADC contributed about \$28.7 million to the state according to the independent firm, Northern Economics, Inc. During fiscal year 2008, the AADC spent about \$17.8 million in Kodiak supporting about 100 local vendors and generating about 155 jobs. Those jobs paid about \$7.7 million in wages and salaries on Kodiak Island and nearly 1,000 people visited Kodiak to participate in activities at the launch facility. He opined that the visits generated \$365,000 for hotels, restaurants, and retail services on the island.

SENATOR PASKVAN pointed out that the AADC was involved in a project to increase cellular phone access on Kodiak Island. He highlighted that the activities helped generate funding for road improvements. He related that the Kodiak Launch Facility was responsible for 11 percent of the total earnings in the Kodiak Island Borough. Additionally, the AADC employed 20 staff in Anchorage and paid wages, salaries, and fees to its Anchorage employees totaling \$1.7 million. He opined that the AADC contributed \$7.1 million to the Anchorage economy.

SENATOR PASKVAN emphasized that the launch site in Kodiak is operational, functioning, and self supporting, such that no Alaska General Fund appropriations are needed for operations and maintenance of the site. He referred to the fiscal note for \$4,500 is for supplies such as letterhead, business cards, and website design, but will be paid for from federal receipts and not from GF dollars.

SENATOR PASKVAN related that the corporation's title needs to reflect these facts and this name change will help the organization meet its 21st century goals. The new title, Alaska Aerospace Corporation, is unambiguous about their capabilities and will improve their ability to offer launch services to the national and international aerospace market. He urged support of this legislation.

9:22:19 AM

REPRESENTATIVE NEUMAN inquired as to how having the name change would assist the corporation in securing launches.

SENATOR PASKVAN answered that the confusion arises with the name "development" since people assume that the organization is a nonprofit development only organization. He explained that by removing the name "development" will indicate that the "corporation" is independently capable and are fully engaged in the process.

REPRESENTATIVE NEUMAN inquired as to how this request for a name change arose and if the AADC approached the industry.

9:24:05 AM

DALE NASH, Chief Executive Officer, Alaska Aerospace Development Corporation (AADC) explained that the issue has been discussed for years with the AADC board. He related he is very familiar with the space shuttle programs in Florida, Virginia and New Mexico and questions that have arisen with the function and scope of the AADC. He stressed that the AADC repeatedly is asked questions about its status, that organizations assume the AADC is a nonprofit organization. Thus, the organizations question the level of state funding for each launch. He remarked that he could provide countless e-mails from space advocacy groups with similar misconceptions about the AADC. He opined the AADC is very different from other states that fund facilities. He related most states do not have a corporation that will provide funding for launches.

MR. NASH explained that the AADC can handle almost every aspect of a launch from logistics, operations, which include such functions as "stack the hardware, process the satellites, and process the rocket motors." He related the AADC has the range safety system to track and ensure rockets fly 1700 miles down range. He highlighted that the AADC coordinates launches with the Federal Aviation Administration, the U.S. Coast Guard and other government agencies that need notification of any launches. Additionally, he pointed out that the AADC experiences problems with defense contract audit agencies. Thus, the AADC must continually assert its status as a for profit agency, not a nonprofit development agency. Instead, he must assert that the AADC is an aerospace company. He highlighted that the name change will assist the AADC during many aspects of its work, including contract negotiations, discussions, and introductions. This bill will clarify that the AADC is not a nonprofit organization, he stated.

[9:26:59 AM](#)

REPRESENTATIVE CHENAULT related that he could understand the quandary that the organization has had. He asked whether the senator who represents the region in which the Kodiak Launch Facility is located supports the name change.

SENATOR PASKVAN related that the senator who represents Kodiak Island is thrilled to have the name of the corporation changed and has asked him to carry the bill.

[9:27:54 AM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on SB 125.

[9:28:37 AM](#)

REPRESENTATIVE NEUMAN moved to report SB 125 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, SB 125 was reported from the House Labor and Commerce Standing Committee.

[9:28:50 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 9:28 a.m.