

**ALASKA STATE LEGISLATURE  
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

Anchorage, Alaska

April 24, 2020

3:17 p.m.

**MEMBERS PRESENT**

Representative Ivy Spohnholz, Chair  
Representative Sara Hannan (via teleconference)  
Representative Andi Story (via teleconference)  
Representative Sara Rasmussen (via teleconference)

**MEMBERS ABSENT**

Representative Louise Stutes  
Representative Zack Fields  
Representative Mel Gillis

**OTHER LEGISLATORS PRESENT**

Representative Kelly Merrick (via teleconference)  
Representative Any Josephson (via teleconference)  
Representative Bart LeBon (via teleconference)  
Representative Geran Tarr (via teleconference)

**COMMITTEE CALENDAR**

PRESENTATION(S): THE ECONOMIC IMPACTS OF COVID-19

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

MOUHCINE GUETTABI, PhD/Associate Professor of Economics  
Institute of Social and Economic Research  
University of Alaska Anchorage  
Anchorage, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation, entitled "COVID-19 and the Alaska Economy; People, Businesses, Local Effects, and the State Budget."

NOLAN KLOUDA, Executive Director

Center for Economic Development  
Business Enterprise Institute  
University of Alaska Anchorage  
Anchorage, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation on the economic impact of COVID-19.

REPRESENTATIVE GERAN TARR  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Asked questions during the presentation on the economic impacts of COVID-19.

REPRESENTATIVE BART LEBON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Asked questions during the presentation on the economic impacts of COVID-19.

LAURIE WOLF, President/Chief Executive Officer  
The Foraker Group  
City & State

**POSITION STATEMENT:** provided a PowerPoint presentation, entitled "Alaska's Nonprofits: Three Considerations and Seven Requests to Include Nonprofits in the State's Disbursement of CARES Relief Funding."

BILL POPP, President/Chief Executive Officer  
Anchorage Economic Development Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Provided an overview of the COVID-19 Economic Impact Survey.

#### **ACTION NARRATIVE**

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**CHAIR IVY SPOHNHOLZ** called the House Labor and Commerce Standing Committee meeting to order at 3:17 p.m. Representatives Hannan (via teleconference), Story (via teleconference), Rasmussen (via teleconference), and Spohnholz were present at the call to order.

**PRESENTATION(S): The Economic Impacts of COVID-19**

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CHAIR SPOHNHOLZ announced that the only order of business would be an overview of the economic impacts of the COVID-19 public health response, beginning with Mouhcine Guettabi.

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MOUHCINE GUETTABI, PhD/Associate Professor of Economics, Institute of Social and Economic Research (ISER), University of Alaska Anchorage, provided a PowerPoint presentation, entitled "COVID-19 and the Alaska Economy; People, Businesses, Local Effects, and the State Budget." As background information, he explained that he completed an analysis of the potential economic impacts of COVID-19 on the Alaska economy before any data was available (slide 3). He said that a number of resources have become available over the last few weeks that provide real-time information about how people are responding to shelter-in-place mandates. He added that these resources could also serve as a measuring stick for how well the economy is rebounding once the virus is in check (slide 4). For example, he directed attention to slide 5, which shows a snapshot of Google mobility reports in Anchorage. He said the takeaway is that there is 40 percent less traffic since March 15, 2020, than there was between January 3 and February 6, 2020. He reminded the committee that the Alaska economy has essentially been "frozen" for almost a month and a half due to COVID-19, which has resulted in more than 60,000 people filing for unemployment insurance in 5 weeks. Furthermore, there is uncertainty surrounding the tourism and fishing seasons and oil prices have been in free fall potentially resulting in a larger budget deficit and more layoffs (slide 6). He further noted that the state's share of the Coronavirus Relief Fund is \$1.25 billion. Additionally, 4,842 firms in Alaska were approved for the paycheck protection program (PPP) with an average amount of \$190,000. This represents 22 percent of all firms in Alaska (slide 7).

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DR. GUETTABI relayed that in the middle of March, there was little sense of the potential economic consequences of COVID-19; therefore, using the best available information at the time, he made assumptions about the losses in the most vulnerable sectors - Leisure and Hospitality, Retail, and Transportation - and calculated the ripple effects on both employment and gross state product. He concluded that April employment in 2020 would be around 48,000 less than April 2019; however, with 62,000 unemployment insurance filings, that number has already been

exceeded (slide 8). Using similar assumptions, Dr. Guettabi found that maintaining the closures for the first two months of the second quarter results in the gross domestic product (GDP) for 2020 being almost \$2 billion less than GDP for 2019. Accounting for the indirect effects shows that GDP could be \$4.1 billion less. He noted that these declines in GDP do not account for the decline in oil prices, which could further depress the GDP (slide 9). In reality, he said, Alaska has already surpassed these expectations leaving the state in an even more precarious situation than anticipated.

DR. GUETTABI indicated the share of overall employment in vulnerable sectors due to declines in tourism, a smaller fishing season, lower oil prices, and potential government cuts using July 2019 employment numbers. He concluded that almost 47 percent of the Alaska economy is in vulnerable sectors (slide 10). He addressed the variation in dependence on different sectors across boroughs in Alaska. He said across boroughs, the economic shock will reverberate differently depending on the industrial structure or dependence, which raises the question of whether federal or state aid should be based on place and industry (slides 11-12).

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CHAIR SPOHNHOLZ asked if fishing falls under natural resources and mining.

MR. GUETTABI said self-employed individuals are not included in this analysis. He explained that seafood processing falls under manufacturing for employees who receive a paycheck [from seafood processing].

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MR. GUETTABI reiterated that varying dependence [on industry] will potentially result in different scales of damage from place to place and require different types of economic packages to stabilize economic activity (slide 13). He turned to a graph on slide 14 to provide context for how big the shock is to the statewide economy. He explained that in just five weeks, the number of initial claims for unemployment is more than five times the number of jobs lost between 2015 and 2018, which was Alaska's longest recession during the previous decline in oil prices.

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MR. GUETTABI continued to summarize the direct individual financial assistance, including boosted federal UI equal to \$600 per week, a one time \$1,200 stimulus check, and typical state UI, which averages around \$250 per week (slide 15). He reviewed the table on slide 15 that showed the difference between monthly aid and lost wages. He concluded that in the first month of the economic shock, wage and salary employees who make less than \$60,000 received more money from the financial assistance than they lost in wages. Whereas wage and salary employees who make more than \$60,000 are not receiving enough aid to replace their wages. He noted that in the second month, the breakeven point drops from \$60,000 to \$40,000 because the one-time stimulus check is no longer factored in.

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CHAIR SPOHNHOLZ noted that this only applies to people who are eligible for current unemployment insurance and the federal wage replacement. She pointed out that it's not applicable for those who are self-employed.

MR. GUETTABI confirmed that. He added that it only applies to wage and salary employees.

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MR. GUETTABI reviewed the graph on slide 18, which showed adjusted gross income by borough. He stated that in 2017, 55 percent of all tax returns filed in Alaska had an adjusted gross income of less than \$50,000, which indicates how many people are potentially protected by the financial assistance. He noted that of the 349,000 filed tax returns in 2017, almost 44,000 - or 13 percent - had self-employment tax, thus suggesting that any aid should account for the potential variation in where people's money comes from (slide 19). He pointed out that questions remain about how quickly the aid is reaching people and whether it is comprehensive. He reviewed the information on slide 22, which read [original punctuation provided]:

We don't really yet know what the initial claims mean in terms of the unemployment rate, and the employer-employee separation. Therefore, it is difficult to speculate about the speed of the recovery.

This short summary lays out many of the difficulties associated with changes in eligibility and how they translate in measurement difficulties.

It is unclear if we will see a second wave of initial unemployment claims given that we expect a much smaller tourism season.

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MR. GUETTABI turned attention to small businesses in Alaska, which are much more vulnerable to disruption. He noted that almost 90 percent of all firms in Alaska have fewer than 20 employees. Furthermore, in 2019, total wages were \$437 million higher in July than in January due to the seasonal nature of tourism and the fishing industries, both of which are in jeopardy (slides 23). He reported that the \$900 million in approved loans that was allocated to small Alaskan businesses only represents 6 percent of the state's annual payroll, indicating a need for multiple rounds of aid to keep them afloat; further, that the current aid package, as distributed, is inadequate (slide 26).

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REPRESENTATIVE HANNAN asked where the \$900 million came from.

MR. GUETTABI stated that \$900 million was allocated to Alaska firms from the Paycheck Protection Program (PPP).

REPRESENTATIVE HANNAN sought to clarify whether that amount has already been allocated.

MR. GUETTABI confirmed that. He reiterated that a total of \$900 million in aid was allocated to 4,800 Alaska firms at an average of \$190,000 each.

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MR. GUETTABI reminded the committee that the statewide shock is large, but it will vary by place. He said that a gap in local government revenues will emerge due to dependence on tourism; oil and gas; and fishing. Additionally, sales tax revenues totaled over \$260 millions and bed taxes added another \$45 million in 2019 (slide 28). He emphasized the seasonality of Alaska's economy on slide 29, which read [original punctuation provided]:

Employment data for 2019 shows that there were 35,369 more jobs in July than in January.

A little more than 15,000 of these jobs were added in the manufacturing sector due to the fishing season.

Another 14,000 were created in the Leisure and Hospitality sector.

There is also typically a sizeable increase in Construction, Professional and Business Services, and retail. Between these three sectors, there are typically another 10,000 jobs added during the summer.

MR. GUETTABI further noted that these summer sectors have a large share of nonresident employees. This could be potentially beneficial, as many of the seasonal jobs that get created go to nonresidents, which means that even if they aren't created the burden won't be on Alaska residents. On the other hand, many of the nonresidents spend money in Alaska's communities and the channels of revenue collected by the seasonal sectors is not just employment. He concluded by pointing out that any future aid will need to be "surgical" enough to potentially hit the pocket of Alaska residents.

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REPRESENTATIVE RASMUSSEN asked what policy makers can do to help the state weather this economic downturn.

MR. GUETTABI said aid to local government, aid to individuals, and aid to businesses to keep employees on the payroll. He stressed the importance of aggressive action that keeps people attached to their employers. He offered his belief that the state and federal governments are the only entities that should spend money right now because outside those channels, there will be a lack of demand.

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REPRESENTATIVE HANNAN asked what tools can measure lost earnings for seasonal businesses and what they require in terms of payroll replacement.

MR. GUETTABI acknowledged that seasonal businesses have not been accounted for. He said the best way to help is by working with

economic development agencies at a local level to survey the businesses in question. He suggested identifying them through small business records to create quick inventories of the firms that operate within each borough. He advised removing as much red tape as possible to get them money quickly. He offered his belief that allocating overall money to a broad group of businesses will fall short and that a sectoral method would be most effective.

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NOLAN KLOUDA, Executive Director, Center for Economic Development, Business Enterprise Institute, University of Alaska Anchorage, provided a PowerPoint presentation from the University of Alaska Center for Economic Development (CED). He highlighted Alaska's most vulnerable sectors, which account for around 90,000 jobs, as well as March UI claims by industry. He pointed out that 19 percent of the claims were in the accommodation and food services sector, followed by construction at 16 percent (slides 3-4). Mr. Klouda addressed a study by the National Bureau of Economic Research on how small businesses are adjusting to COVID-19. The research, published in April 2020, concluded the following: 43 percent of businesses are currently closed; employee counts have been reduced by 40 percent; and the typical business has \$10,000 in median monthly expenses and less than one month of cash in hand (slides 5-7). The study also found that less than one-third of restaurants and bars are likely to remain open after 4 months of social distancing mandates (slide 8).

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MR. KLOUDA noted that 88 percent of professional economists agree or strongly agree with the statement, "A comprehensive policy response to the coronavirus will involve tolerating a very large contraction in economic activity until the spread of infections has dropped significantly." Furthermore, 0 percent disagreed with the statement and only 5 percent were uncertain (slide 9). He addressed the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL), two features of the federal CARES Act for small business relief. The PPP provided forgivable loans to businesses if at least 75 percent went towards payroll. The PPP allocated 4,800 loans to Alaska businesses, averaging \$190,000 each. The EIDL offered 1,600 loan advances at an average of \$4,6000 (slide 10). Nonetheless, Mr. Klouda explained that the programs created challenges that are important to note. He said the pathway that the PPP used to

get money to businesses worked through an existing group of lenders, which meant borrowers had to navigate which banks were participating in the program and which banks would only take existing customers, raising the question of whether enough small businesses received the funding. Another issue focused on payroll forgiveness. Many businesses face the prospect of going broke from ongoing operating expenses even after they laid off their employees. Furthermore, businesses that settled with unforgivable debt that they will need to pay off in a down economy will be difficult. He further noted that these programs were quickly depleted, despite being replenished (slide 11).

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CHAIR SPOHNHOLZ said there was \$350 billion spent on the PPP in two weeks, with \$900 million of that in the state of Alaska. She asked what the second wave of authorization for funding was for both the PPP and the EIDL.

MR. KLOUDA reported that \$310 billion was allocated to the PPP and \$50 billion was allotted to the EIDL.

DR. GUETTABI noted that in the second wave of funding, \$60 billion was reserved specifically for small businesses.

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MR. KLOUDA, returning to his presentation, said a group of statewide economic development organizations put forth a recommendation to the governor and the Alaska State Legislature requesting that money from the CARES Act be set aside for cash grants to employers. He recounted that this letter [included in the committee packet] argues that more aggressive measures need to take place in order to help businesses (slide 12). He added that it would be more valuable to provide grants to businesses for operating expenses.

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CHAIR SPOHNHOLZ explained that awarding grants to for-profit businesses may seem counterintuitive; however, rather than deferring a debt that businesses will have to carry on their books for a long period of time, a grant would help keep employees on payroll and get those businesses healthy as quickly as possible. She asked if that is a fair statement.

MR. KLOUDA agreed. He expressed his concern that businesses acquiring large amounts of debt will have to repay that debt in an economy that may be depressed for a long time.

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REPRESENTATIVE HANNAN asked for clarification on Mr. Klouda's conversation with the OMB director regarding the use of federal funding for grants to small businesses.

MR. KLOUDA clarified that during today's House Finance Committee meeting the OMB Director testified that the U.S. Treasury indicated that grants would be a more suitable use of funding than loans.

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REPRESENTATIVE STORY asked what qualifies as a "small business."

MR. KLOUDA said a business with fewer than 500 employees generally qualifies as a small business.

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REPRESENTATIVE GERAN TARR, Alaska State Legislature, inquired as to the potential avenues for administering the funding for prospective grants.

MR. KLOUDA offered his understanding that under SB 241, there is a provision that funding could go through the Department of Commerce, Community & Economic Development (DCCED) and be distributed by the Alaska Regional Development Organizations. Additionally, ATIA could distribute money to tourism businesses. He opined that it needs to be an efficient channel that can get money out expeditiously. He further emphasized the importance of not being "overly onerous" while balancing accountability so that the money goes where it's needed and doesn't get misused. He recommended that the state economic development organizations help define that conversation.

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MR. KLOUDA resumed his presentation on slide 14, which listed a network of statewide economic development organizations. He offered that this group of economic developers is at the committee's disposal to help define business related issues. He said they are "boots on the ground" when it comes to helping

businesses and advising local governments on the economic recovery.

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REPRESENTATIVE BART LEBON, Alaska State Legislature, offered his belief that if grant money is intended to be distributed to businesses through Alaska Industrial Development and Export Authority (AIDEA) or Alaska Housing Finance Corporation (AHFC), involving the banks is important. He maintained that banks know their small business customers better than anyone. He suggested that AIDEA, AHFC, and the state be included in the allocation process.

MR. KLOUDA pointed out that nonprofit organizations are also important employers as well. He offered his belief that they are easily neglected in conversations about small businesses and should be included in the conversation.

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LAURIE WOLF, President/CEO, The Foraker Group, provided a PowerPoint presentation, entitled "Alaska's Nonprofits: Three Considerations and Seven Requests to Include Nonprofits in the State's Disbursement of CARES Relief Funding." She stated that Alaska nonprofits play a critical role in the state's economy, both as major employers and revenue generators. No industry can prosper without the strength of the nonprofit sector, she said. Nonprofits are part of health care, fisheries, and the oil and gas industry. They provide essential services, such as firefighting, early childcare, basic utilities, housing, and food security (slide 2).

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MS. WOLF examined the nonprofit sector in Alaska. She explained that 501(c)(3) nonprofits, which are classified as charitable, make up 77 percent of the nonprofits in the state. Charitable nonprofits reflect a variety of missions, including health, art, conservation, education, and many more (slides 3-4). She noted that nonprofits employ 44,100 Alaskans and represent 17 percent of the state's workforce, with up to 40 percent in rural regions. In 2016, nonprofits generated \$3.8 billion in total income and \$6.98 billion in revenue into the economy (slide 5). She said nonprofits are responsible for creating jobs in Alaska; however, they are often overlooked because they are not seen as an industry in and of themselves.

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MS. WOLF stated that 6 weeks ago, as the state headed into quarantine, the nonprofit sector was surveyed. The findings indicated that almost 15 percent of nonprofits were at risk of closure. Furthermore, they are currently filling significant gaps in the economy while facing resource challenges from cancellations or postponement of fundraising events, a decrease in volunteerism, loss of earned income due to closures, and impacts on their investments from a declining stock market (slides 6-10). She shared three considerations for relief in response to COVID-19: (1) Plan for the future; (2) Timing of nonprofit financial relief; (3) Create many paths - one sector - all nonprofits. She pointed out that organizations need relief with few restrictions to fund operational costs of adaptation, temporary closure, and revenue loss from the pandemic (slides 11-15).

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MS. WOLF continued to offer seven requests to include nonprofits in the \$1.25 billion federal relief funding. The summary of recommendations on slide 26 read as follows [original punctuation provided]:

- 1. Say nonprofits - Recommendation:** Every time you use the words small business in your relief response include nonprofits.
- 2. Support all small nonprofit businesses - Recommendation:** Alaska's solution should include all nonprofits that have been financially impacted by COVID-19. Recommendation: Create granting programs based on mission activity in Alaska not based on staffing as a qualification.
- 3. Grants, not loans - Recommendation:** Create a separate granting option with a minimum of \$50 million for nonprofits outside of the state process.
- 4. If loans, make them accessible - Recommendation:** Require equitable and appropriate access for nonprofits to any loan program created or mandated by the state. We welcome the use of Foraker's recommend parameters for nonprofits to access loan program.

**5. Partner with local governments - Recommendation:**  
Strongly encourage local governments in your district and in your overall guidelines to include nonprofits in both their direct and indirect funding decisions.

**6. Adopt federal OMB flexibility - Recommendation:**  
Ensure flexibility in state grants and contracts by following, at a minimum, the federal Office of Management and Budget COVID relief rules.  
**Recommendation:** Ask nonprofit leaders which of the temporary relaxed regulations can continue based on positive evidence during this time.

**7. Be transparent to honor intent - Recommendation:**  
Create a public-facing dashboard to show how nonprofits, small businesses, and local governments are benefiting from CARES dollars through the SBA, PPP, and EIDL programs and also from the \$1.25 billion in state relief funds

MS. WOLF opined that following these three considerations and seven requests would allow nonprofits to continue to respond to this pandemic and would ensure their place in Alaska's future.

CHAIR SPOHNHOLZ acknowledged the importance of considering the nearly 5,800 nonprofits in the state that employ over 44,000 Alaskans while contemplating the economic landscape.

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REPRESENTATIVE LEBON maintained that banks know their nonprofit customers well. He opined that regarding grants, the banks should consider nonprofits the same as their small business customers. He recommended that the banks come up with a formula that treats both groups equally. He expressed concern that the available assistance will dry up quickly, establishing an urgency to find a solution fast. He suggested bringing the banks into a discussion with AIDEA, AHFC, and the state to create a formula that benefits as many as possible.

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CHAIR SPOHNHOLZ said given that \$900 million in PPP funding was awarded in two weeks, there will be a shortage of funds. She added that state funds should complement that using the federal CARES Act funding.

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CHAIR SPOHNHOLZ asked Ms. Wolf to provide the criteria for nonprofits to be considered for the pick-click-give program.

MS. WOLF said she would follow up with the requested information.

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BILL POPP, President/CEO, Anchorage Economic Development Corporation, informed the committee that he is co-chair of the Economic Resiliency Task Force (ERTF) that was formed at the beginning of the pandemic by Mayor Berkowitz. As background information, he explained that the Anchorage Economic Development Corporation (AEDC) was created by the municipality in 1987 and functions as an economic development organization in partnership with the city of Anchorage. The ERTF, he said, is a volunteer organization supported by Alaska's congressional delegation, the municipality of Anchorage, and a myriad of business organizations. The focus is on immediate response and mitigation strategies, as well as better communication to the business community and the workforce in the community at large. He noted that their long-term focus will be on strategies for workforce retraining and encouraging new business growth to create new branches of the economy that could replace those that have been badly damaged.

MR. POPP proceeded to provide an overview of the COVID-19 Economic Impact Survey [included in the committee packet]. He noted that this is the second of two surveys given to numerous businesses in Anchorage. He directed attention to question 4 of the survey, which asked, "Have you experienced any disruption in business due to COVID-19." He said there is a 5 percent increase in those that answered yes compared to the first survey, which was launched one day after the announcement that restaurants, bars, and other related businesses were to close. Question 5 read, "If yes, please indicate how your business has been affected by COVID-19 (check all that apply)." The responses revealed that 30 percent have laid off staff, 13 percent have closed until restrictions are lifted, and a substantial percentage continue to operate with employees working from home or continue to operate at a reduced scale. Question 6 asked, "Has your business experienced a decline in revenue due to COVID-19 in the last 30 days (compared to same period in 2019)." Mr. Popp reported that 80 percent responded affirmatively, which is a 12 percent increase from the first

survey. Question 8 asked, "How much do you project your revenues will change in the first half of 2020 compared to 2019." The results, he said, remain relatively unchanged, with 46 percent responding, "decrease significantly." Question 9 asked, "Is your revenue outlook for 2020 more pessimistic, less pessimistic, or about the same as it was two weeks ago." The responses indicate that 56 percent are more pessimistic. The responses to question 10 suggest that 45 percent have made employment reductions due to COVID-19 - a 7 percent increase from the first survey.

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MR. POPP continued to question 11. The responses showed that 27 percent expect to make employment cuts in the future due to COVID-19. He said that nearly 40 percent answered affirmatively in the first survey, indicating that the current rate of cuts is slowing. The responses to question 12 indicated that 36 percent of supply chains have been disrupted. Question 14 revealed that 55 percent have experienced disruptions from vendors and service providers, which increased by 17 percent from the first survey. The responses to question 16 suggested that 62 percent of businesses are not at risk of closing permanently due to COVID-19 - 16 percent said they are at risk. Question 17 asked, "Is the risk today of your business closing permanently greater than it was 10 days ago." The responses showed that 27 percent answered affirmatively. The final pages of the survey detail what steps the businesses are taking to mitigate the impact of COVID-19.

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MR. POPP concluded by addressing the grants initiative. He recounted that ADEC proposed an ardor-based grant program that would use fixed dollar amount grants that would be disseminated to businesses. He added that it would be focused on businesses with 50 employees or fewer. He continued to explain that the ERTF followed up with a \$125 million grant proposal wherein businesses would receive an allocation of \$10,000 flat with certain stipulations, such as an Alaska business license, employees that are working in the state, and other criteria that would give accountability to the grant being distributed. He stated that loans involve a more arduous process and lose a higher percentage of the original funding to processing costs. He referenced a grant program in the city of Boston that allows for grants in the \$10,000, \$5,000, and \$2,000 range based on business size and needs. He said a program like that could be

incredibly important. He offered his belief that the complexities of banking decisions that are based on customer relationships could create a significant challenge due to the large number of licensed entities doing business in Anchorage that don't necessarily have a relationship with their banks but are still an important part of the employer base in the city. He urged the committee to strongly consider dedicating a portion of the \$300 million to grants for businesses and nonprofits. He opined that it's a critical piece that could be deployed quickly with a strong partnership between the different economic development organizations and many nonprofits that have the capacity to go through a simple set of criteria to get the grants distributed.

CHAIR SPOHNHOLZ said it's nice to hear that businesses are starting to think that things are getting better given the recession that has taken place in the last 5 weeks. She expressed her hope that things would get better from here.

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REPRESENTATIVE HANNAN asked for the timeframe in which the survey was conducted.

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MR. POPP said the survey that was reviewed today started on April 14, 2020 and closed out on April 23, 2020. The first survey was done over a 5-day period starting on March 10, 2020.

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REPRESENTATIVE HANNAN asked if the same businesses participated in both surveys.

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MR. POPP said he cannot claim that the exact same businesses participated in both surveys. He explained that it was distributed through the business network of Anchorage and was inclusive of both small and large businesses. He added that the surveys were anonymous.

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REPRESENTATIVE HANNAN sought to clarify whether the businesses that participated in the surveys were in Anchorage only.

MR. POPP confirmed that.

CHAIR SPOHNHOLZ expressed that she was incredibly sobered by today's presentations. She highlighted the information presented by Mr. Guettabi suggesting that Alaska has five times more jobs in the last five weeks than was lost during the three-year period of the most recent economic recession. She expressed her hope that many of these people will be rehired as the state loosens up on some of the public health measures that were ratified to prevent the spread of COVID-19. She encouraged small businesses that are in need of aide to work with their bankers to attain access to the next round of funding from the PPP. She emphasized that the [PPP] funds do not need to be repaid if they are spent on payroll, rent, mortgages, etcetera.

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REPRESENTATIVE HANNAN recounted having two lengthy conversations with two different constituent businesses who have struggled with getting aid because of their banks. She said the banks were overwhelmed and would not process the applications. She expressed concern that if banks are overwhelmed, businesses will flounder without the assistance that banks typically provide. She also pointed out that the cannabis industry cannot legally have a banking relationship, despite being one of the few positive revenue streams right now. She recommended that the state avoid granting banks the authority to process grants and loans exclusively, because that would not meet the need of some of the Alaskan communities.

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REPRESENTATIVE RASMUSSEN agreed with Representative Hannan on the importance of helping businesses that might not have a relationship with a bank on their financial needs.

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REPRESENTATIVE STORY expressed her concern that some small businesses are not familiar with how to network through the banking industry and the different processes involved in applying for loans. She opined that a simple, streamlined process would be helpful.

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CHAIR SPOHNHOLZ acknowledged that banks can be part of the solution, but not the only solution for the reasons described previously. She added that there will need to be a series of distribution mechanisms to get money to the right place expeditiously.

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**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:15] p.m.