

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 6, 2020

3:30 p.m.

MEMBERS PRESENT

Senator Click Bishop, Chair
Senator Peter Micciche, Vice Chair
Senator Mike Shower
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Lyman Hoffman

COMMITTEE CALENDAR

OVERVIEW: ALASKA DEVELOPMENT TEAM BY THE DEPARTMENT OF COMMERCE~
COMMUNITY AND ECONOMIC DEVELOPMENT (DCCED)

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JOHN SPRINGSTEEN, Deputy Commissioner
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Delivered a PowerPoint on the Alaska
Development Team.

ACTION NARRATIVE

3:30:00 PM

CHAIR CLICK BISHOP called the Senate Community and Regional
Affairs Standing Committee meeting to order at 3:30 p.m. Present
at the call to order were Senators Micciche, Gray-Jackson, and
Chair Bishop. Senator Shower arrived as the meeting was in
progress.

**Overview: Alaska Development Team by the Department of Commerce,
Community and Economic Development (DCCED)**

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CHAIR BISHOP announced the only business before the committee would be an overview of the Alaska Development Team by the Department of Commerce, Community, and Economic Development. He noted that the committee requested this presentation.

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JOHN SPRINGSTEEN, Deputy Commissioner, Department of Commerce, Community and Economic Development, Juneau, Alaska, briefly touched on his prior work history related to economic development, noting that he previously served in several positions at the Alaska Industrial Development and Export Authority (AIDEA), including several years as the executive director. He has traveled throughout Alaska to speak with communities to talk about their challenges. He brings his experience to this development team's effort to drive economic engines in the state.

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MR. SPRINGSTEEN began a PowerPoint, by discussing slide 2, Why establish an "Alaska Development Team?" He said this administration has recognized the need to be forward thinking about how to approach business, so the goal is to find ways to make advancements in all areas to support the things that need to be supported, and allow the things that are doing well to progress. The team would like to grow existing Alaskan businesses, find opportunities for new growth, and provide a good environment to improve Alaska's economy.

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MR. SPRINGSTEEN turned to slide 3 that lists the Alaska CEDS Committee (2016/2017) composed of a crosscut of business, industry, and government leaders.

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MR. SPRINGSTEEN reviewed slide 4 that describes the Alaska Development Team (AKDT). It read as follows:

Mission

To promote growth of existing Alaskan businesses, encourage new businesses to invest in Alaska, and help create an economic environment that is favorable for business development.

Vision

To enable a flourishing private sector economy that brings job opportunities to the state and increases prosperity and self-sufficiency for Alaskan families.

Fundamental Question

What can Alaska do today, with what we have in our regions and communities, to grow and attract commerce, industry, and investment?

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CHAIR BISHOP asked if the department had identified key drivers, such as a matrix or guiding principles for Alaska.

MR. SPRINGSTEEN replied the presentation will touch on those issues and he can elaborate later, if necessary.

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SENATOR GRAY-JACKSON asked about new businesses and entrepreneurs in Alaska.

MR. SPRINGSTEEN replied it is important to let businesses know what resources currently exist. The Alaska Small Business Development Center has a good footprint. He said joint discussions with the USDA Rural Development, the federal Small Business Administration, along with the Department of Commerce, Community and Economic Development (DCCED) and the Division of Community and Regional Affairs all recognize that Alaska has great resources that need to be better utilized.

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SENATOR SHOWER joined the meeting.

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MR. SPRINGSTEEN said the administration is fully supportive of entrepreneurs and small businesses and seeks to help them use the available tools.

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SENATOR GRAY-JACKSON asked if he was familiar with the Municipality of Anchorage's Angel [Investment] Fund.

MR. SPRINGSTEEN answered yes. In addition to the Angel Investment Fund, he knows several of the individual angel capital providers, which are the firms that do work on behalf of the fund.

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MR. SPRINGSTEEN turned to slides 5-7, and explained that the FY 2020 budget included three positions: a division director, partially funded by the Division of Economic Development and the Division of Investments, a development manager, and a business development officer. The latter two positions were created in the Division of Economic Development.

CHAIR BISHOP asked if the positions were filled.

MR. SPRINGSTEEN said yes. He turned to slide 6 that depicts a staff organization chart. He said the prior administration did a lot of grants administration work and compliance with statutory and regulatory reporting. This Alaska Development Team (AKDT) is composed of people with private sector backgrounds. He identified the team: Matthew Fagnani serves as Director of the Division of Economic Development, Keith Comstock serves as Development Manager, and Anne Marie Russell and a development associate will provide research for the team. He said positions for a business development officer or development manager and one development associate are vacant.

CHAIR BISHOP asked whether any lateral position transfers had occurred.

MR. SPRINGSTEEN answered yes; Mr. Fagnani transitioned from the Director of the Division of Economic Development to the senior development executive position. The new hires are Jeffrey Hunter and Anne Marie Russell.

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MR. SPRINGSTEEN turned to slide 7, AKDT Governance and Participation. He said it is the governor-led initiative that Alaska is open for business. In addition to the previously mentioned positions, the development team includes the DCCED Commissioner, Department of Revenue Deputy Commissioner Greg Samorajski who is under contract to AIDEA, and the governor's office.

CHAIR BISHOP asked if Clark Penney serves as the contractor [shown on the organization chart] under AIDEA.

MR. SPRINGSTEEN answered yes.

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MR. SPRINGSTEEN paraphrased the following description of what AKDT does:

We work with Alaskan businesses, governmental entities, economic development organizations, industry groups, and chambers of commerce to identify and facilitate ways to make doing business in Alaska easier.

How are we doing this?

- Promoting the advantages of doing business in Alaska to prospective investors
- Serving as a facilitator to connect interested parties and move investment ready commercial and industrial projects forward
- Interacting with economic development organizations, industry groups, and business owners and participating in trade events to share information and ideas for promoting business growth
- Identifying barriers to business development in Alaska and developing approaches to resolve impediments

MR. SPRINGSTEEN provided an example of promoting the advantages of doing business in Alaska to prospective investors. He related that Mr. Samorajski has introduced global providers of capital, investment banks, and private equity funds that have come to the state to some large promising infrastructure projects for public and private investment with the Alaska Railroad and ports within Alaska.

He said the contractor, Mr. Penney, has worked with the Ted Stevens Anchorage International Airport and the Fairbanks International Airport on enhancing air cargo capabilities, securing cold storage, and attracting investments for these types of opportunities. Some of the team has worked with the regional development organizations and the Denali Commission to determine growth of new sectors and growth of existing economic engines for the state. He stated that Mr. Fagnani has worked with the mariculture sector to try to remove impediments, such as providing agency staff to process leases and renewals at the Department of Natural Resources (DNR).

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CHAIR BISHOP asked whether DNR has adequate resources in its permitting section. He recalled the legislature passed a bill last year to help induce and grow the shellfish and kelp industries. He said DNR returns \$28 for every \$1 of general funds invested so he wants to be sure the department has the resources.

MR. SPRINGSTEEN said yes; DNR was able to dedicate resources to facilitate this activity. Another example of identifying barriers to Alaska was having someone in the right place at the right time when the state worked with the Denali Commission to update its broadband study. Having Keith Comstock in place to provide comments allowed the next wave of satellite standards to be included and eligible for federal funding. It does not provide the entire solution, but it helps the parts of rural Alaska that lack fiber and microwave or feeder system access.

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MR. SPRINGSTEEN said slide 9 illustrates that a 2008 Scott Goldsmith article outlining what drives Alaska's economy is still relevant today. Petroleum, federal tax dollars, and everything else represent the three-legged-stool of Alaska's economy. The focus of this article was bringing new money into Alaska to provide the economic engine to drive the economy.

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MR. SPRINGSTEEN explained that slide 10 depicts a chart that describes ways to help the Alaska Economy by growing the state's existing economic engines, encouraging new growth sectors, and creating a favorable environment for the induced sectors. The first column identifies the existing economic engines as oil & gas, mining, seafood, tourism, Alaska Native Corporation businesses, international air cargo, manufacturing and export, investment management, and federal tax dollars.

He highlighted a business in Palmer that Alaska manufactures naval deck cleaners in Palmer for aircraft carriers globally and the vibrant export market for peonies, which command a high price point. He said the idea is to find more opportunities like these.

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SENATOR SHOWER stated that the market for peonies is expanding and his district has most of the peony flower farms in the state. It is an economic driver that fits a niche nicely because Alaskan peonies bloom when they are not blooming in other parts

of the world. He also noted that hemp production is expanding rapidly and flour is produced in the Delta Junction area and becoming available for export.

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CHAIR BISHOP said there was a question last year as to whether the flowers could even be exported so it is important to fund the Division of Agriculture and ensure the inspectors are available.

SENATOR SHOWER replied the flowers cannot be exported without the agriculture program in place to do the inspections, but he has assurances from the Division of Agriculture that the inspections will happen. He said the division is looking for ways to become self-funding, but the state must have a glide path so that businesses do not suffer in the meantime. He estimated the value of the industry in the tens of millions of dollars.

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MR. SPRINGSTEEN said one of the roles of the team is to act as an additional voice to the administration for business and industry that have an express need. Turning to investment management, he explained that aside from the Alaska Permanent Fund and its goal to maximize returns for all Alaskans, the state has investment managers who manage global portfolios and bring some new money into the economy.

He said federal tax dollars is an existing economic engine that benefits all Alaskans. These include infrastructure funds provided through the U.S. Department of Transportation and health care funding. He said the Alaska Native Claims Settlement Act, Section 8(a) government contracting work, also benefits Alaskans. Also, the U.S. Department of Defense (DoD) is bringing the F-35 Squadrons to Eielson Air Force Base. Alaska's military bases are economic engines in Alaska, including the U.S. Coast Guard that is securing the Arctic which includes Alaska's coastal waters.

MR. SPRINGSTEEN turned to the second column that lists new growth sectors to encourage, starting with product exports. He said there is an ongoing discussion about mariculture since it has a large and competitive global market. With agriculture, the focus is on looking for products with a high price point that help solve logistical costs. He noted that Alaska exports glacier water that has been marketed with the aurora from the Northern Lights. The state is looking for new opportunities for

timber. He said there is a lot of interest at the federal level for critical minerals. An executive order relates to critical minerals and the need for self-reliance to support defense needs. He related that high power magnets in iPhones and androids contain rare earth elements, including neodymium, praseodymium, and dysprosium. Graphite prospects in Northwest Alaska have markets since the mineral is used in Tesla automobiles and most modes of transportation.

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SENATOR SHOWER remarked that the Joint Armed Services Committee (JASC) recently discussed that 96 percent of the rare earth metals are owned and controlled by China. He emphasized that Alaska has an opportunity to explore for rare-earth metals.

CHAIR BISHOP commented that Alaska is 50 years behind knowing what it has in terms of resources in mineral exploration.

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SENATOR SHOWER recalled the JASC testimony was that the Wilson Institute said that just five percent of Alaska's Northwest coast is mapped and explored. He described that as shocking.

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CHAIR BISHOP asked what outreach has been done in mariculture.

MR. SPRINGSTEEN replied senior development executive Mr. Fagnani has been working with the Mariculture Task Force to remove barriers and silos; it is a driving point of the administration.

CHAIR BISHOP described the development team as DCCED's brain trust on steroids that will take things to the next step.

MR. SPRINGSTEEN related that the development team comes with decades of private sector experience. Their focus is on understanding how to accomplish deals, not spending time looking backward or being theoretical. One of the goals is to create recognizable value that citizens can see, such as investment of new capital in new sectors or to grow existing sectors.

MR. SPRINGSTEEN continued to discuss ways to Encourage New Growth Sectors, turning to Service Enhancement, Additional Tourism Destinations. He said Iceland has built a budding tourism industry, providing itineraries for people to spend three days in Iceland before moving on to other destinations. He suggested that Alaska might be able to develop a similar model in addition to building on the success of Hoonah Totem

Corporation in Hoonah. The community has embraced tourism as its economic engine, working with the cruise lines. Also, enhancing airport capabilities will have a higher value for global logistics service providers. In terms of Export Services/Knowledge, Alaska is close to the point of hosting secure data centers, dropping the fiber line that was Matanuska Telecom Association, a land line that goes through Canada helps with redundancy issues that prevented Alaska from being part of the market to have secure back up storage data centers in the state. The team is working with the university system to determine what can be commercialized, such as Artic research and development or attracting additional research dollars. The department encourages people to offer ideas to the Alaska Development Team.

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MR. SPRINGSTEEN turned to the third column, Create Favorable Environment for Induced Sectors. He reviewed the logistics and supply chain, construction, and professional services, all of which happen in conjunction with other purposes, such as construction of a hospital or dock. The development team would like to separate the economic engines that Mr. Goldsmith talks about from those things the state takes and supports in the Alaska economy to get the work done.

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SENATOR SHOWER remarked that when people discuss manufacturing in Alaska, it is usually in the context of obstacles due to Alaska's remote location. However, manufacturing happens in Asia and is shipped to the Lower 48 and Alaska is halfway between Asia and destinations in the Lower 48 so he would argue that Alaska is poised to manufacture goods. What is needed is a base of qualified people building factories for manufacturing. Also, some people would like to manufacture firearms or refine Alaska's oil in the state instead of shipping it to out-of-state refineries. Alaska should be employing Alaskans to refine its oil. He said these things represent opportunities and Alaska is missing out.

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CHAIR BISHOP asked if the Alaska Development team has identified the top three barriers that keep Alaska from growing its economy.

MR. SPRINGSTEEN said he appreciated Senator Shower's comments, but it is context dependent as to whether the challenges are due to workforce, transportation, or cost of energy. He said he

tends to start with the market and purchase price and look back at the impediments, which makes sense for the peony market. He pointed out that refineries in Fairbanks were shut down, and the state began to import refined fuels from the Lower 48. He said he would be happy to continue the conversation on that issue offline.

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CHAIR BISHOP said he learned last spring that Iceland not only has tourism, but it also refines and smelts aluminum from South America. He said the only way that can happen is if energy is cheap. "That's the number one starter. If you've got cheap energy, the business will come."

SENATOR SHOWER commented that if Alaska had its own refineries it would have cheap energy.

CHAIR BISHOP replied he advocates for hydroelectric.

MR. SPRINGSTEEN said he was jealous of Iceland's geothermal resources.

CHAIR BISHOP added, "And hydro."

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MR. SPRINGSTEEN said he was grateful for the arrangement that allows large-scale hydro projects in Alaska.

MR. SPRINGSYTEEN reviewed slide 11, Who is Focused Where? He restated the assignments for team members Mr. Fagnani, Mr. Comstock, and Mr. Samorajski.

4:08:55 PM

MR. SPRINGSTEEN reviewed slide 12, Highlights of Recent AKDT Activities, which read as follows:

AKDT and Mining

- Making it easier to do business
- Alaska mining, U.S. Critical Minerals, and eligibility for "high priority infrastructure project" designation to streamline permitting.

AKDT and Mariculture

- Interacting with industry to promote business growth
- Alaska Mariculture Task Force, Alaskan grown shellfish & seaweed, overcoming statutory and

regulatory hurdles, and consultation with the seafood industry.

AKDT and Broadband

- Identifying barriers and resolving impediments
- Alaska broadband, sensible standards for satellite performance, and OneWeb collaboration with Pacific Dataport to improve rural connectivity

MR. SPRINGSTEEN stated that he and Mr. Penney have been working together to make it easier to do business mining for U.S. critical minerals in Alaska. He pointed out that the mining industry was added to eligibility for the Fix America Surface Transportation Act.

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SENATOR MICCICHE said the administration favors cutting funding for experts in some of these fields, so that generalists may be successful in some of these areas, but that does not work. He asked how to work together with some of the people who have experience in these fields. He said he is an advocate of the private sector operating without a lot of government intervention. He reviewed DCCED's budget submission for this year and wondered how much is redundant and how much expertise is being set aside that knows the markets. He asked what the development team thinks will be successful when Alaskans have been "banging their heads against the wall" for decades in some of these markets. He acknowledged the difficulty to be competitive due to labor, natural resources, and permitting issues. He asked why the other departments are not doing this with their funding and how does he see that the development team will improve those processes.

MR. SPRINGSTEEN answered that the development team did not necessarily have expertise in each of these sectors and was not trying to replace that expertise. He said the big drivers of the development team will be to bring experienced operators and smart money to the issue. He said these people have the knowledge to vet and evaluate a deal and if something is brought to the table that does not make sense, the department will repurpose its efforts to move forward with other initiatives.

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SENATOR MICCICHE noted that some of the funding has been shifted from subject management experts in tourism and Alaska Seafood Marketing Institute (ASMI) to a generalist group. He said he knows some of the team and they are very bright generalists.

However, he wonders why the department does not continue with the subject matter experts since they have been remarkably effective for decades. He suggested the administration could supplement these subject matter experts with a smaller development team, which could market the talents of both sets of experts.

MR. SPRINGSTEEN said if the expertise has not resulted in growth or advancement in the industry, it points to another factor, such as experienced operators and smart money to invest in these types of businesses. He said the budget request would take the sunseting avionics fund and direct it to a pilot project for the next three years for this development team effort. It will move it from a government only activity to something that is integral but independent of the political process.

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SENATOR MICCICHE suggested that the reason it is difficult to be competitive in Alaska is the same reason everything is more expensive. The cost of everything, the distance, the weather, and the cost of labor make it hard to compete but Alaska has succeeded in some areas. While he is supportive of this concept, he predicted that it would take very detailed and out-of-the-box thinking to crack some of these codes.

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SENATOR SHOWER asked if the administration had identified anything in particular or if it was bureaucracy and regulations that make it difficult for Alaska to be responsive and nimble in the business environment.

MR. SPRINGSTEEN said part of the feedback from the Conference of Economic Development Strategy was a need for statewide coordination. The Alaska Development Team is this administration's effort to do so, but to do it differently than in the past. He reiterated that past effort was focused on grants administration and not growing Alaska's economic engines and creating new ones.

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MR. SPRINGSTEEN continued reading the highlights on slide 12, related to AKDT and Broadband:

AKDT and Broadband

- Identifying barriers and resolving impediments

- Alaska broadband, sensible standards for satellite performance, and OneWeb collaboration with Pacific Dataport to improve rural connectivity.

He said that AKDT has helped put those groups in touch with private equity and global investment banks to help move the project forward.

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MR. SPRINGSTEEN said the next few slides show some recognition that the team has received for its work. He highlighted their successes. The team helped get mining included as an eligible sector under the federal Fix America Surface Transportation Act (Fast-41). This effort was prompted by the governor who nominated Graphite One Inc.'s Graphite Creek deposit in Western Alaska as a high-priority infrastructure project. The AKDT's support facilitated meetings with Graphite One and UCorp, the rare earth development prospect in Southeast Alaska, and getting mining included as an eligible sector. He said he personally found it to be a huge win.

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MR. SPRINGSTEEN reviewed slide 14, AKDT and Mariculture. He explained that the Anchorage Daily News article by Julie Decker acknowledged AKDT's involvement in providing state support to grow a \$100 million mariculture industry.

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MR. SPRINGSTEEN reviewed slides 15-16, AKDT and Alaska Broadband, consisting of a table of performance measures that will define success by 2024.

A Blueprint for Alaska's Broadband Future

Advice prompts inclusion of satellite standard for Alaska Broadband (critical for rural access and federal funding eligibility)

One line emphasized the satellite standard on the chart:

Latency (satellite, covering Alaska) NGS0: 100 milliseconds, GEO: 670 milliseconds.

CHAIR BISHOP asked him to describe AKDT's working relationship with the Denali Commission.

MR. SPRINGSTEEN answered that the relationship is great.

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MR. SPRINGSTEEN briefly touched on slide 16, AKDT and Alaska Broadband. He said AKDT has been making introductions to different capital groups.

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MR. SPRINGSTEEN reviewed slide 17, Other AKDT Initiatives, which read as follows:

- Expanding gaming opportunities in Alaska
- Attracting investors for cold storage and secure storage facilities for international air cargo
- Capitalizing on University of Alaska research and development capabilities
- Providing long-term supplies of timber to global markets
- Exploring potential for multi-user infrastructure funded primarily by and for industry (similar to Delong Mountain Transportation System)
- Pursing public-private partnerships for tourism opportunities
- Ongoing work with Alaska Regional Development Organizations (ARDORs), Alaska Municipal League members, industry groups, and chambers of commerce on driving local and regional economic engines

MR. SPRINGSTEEN provided more detail on AKDT's efforts, stating that Deputy Commissioner of Revenue Samorajski has been working on the governor-announced state lottery. Clark Penney has worked with the airport manager, and Jim Szczesniak worked to bring in investors for cold storage and secure storage facilities for international air cargo. Development Executive Keith Comstock and senior development executive Matthew Fagnani were working on capitalizing the University of Alaska research and development capabilities. Mr. Penney and Mr. Clark are working with the forest industry to revitalize the timber industry for Alaska.

MR. SPRINGSTEEN said the road and port model that serves the Red Dog Mine illustrate the importance of access to resources. He stated that AIDEA has custody of the Ambler Access Project that seeks permits to access the project from the Dalton Highway. AKDT would like to create access for resource development and have long-term assessment arrangements in order to raise funds for construction costs. Mr. Comstock is working on public-private partnerships for tourism opportunities similar to Iceland's approach and adding new tourism destinations. AKDT will work with the ARDORS and AML to discuss economic engines and potential projects.

CHAIR BISHOP asked him to identify the biggest barrier to tourism.

MR. SPRINGSTEEN replied it varies depending on the region. In certain areas it is the lack of reliable infrastructure to get to the destination. He said the National Park Service's plan has been to ensure access going forward. Part of this discussion relates to public-private partnership (PPP), working with the different companies that are active and identifying areas for investment to grow their tourism experiences. Alyeska Resort is moving forward with a plan for a Nordic spa [using hydrotheraphy] to help expand their experiences for cruise lines, but also to attract locals.

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SENATOR MICCICHE wondered if expanded focus groups could find out the reasons that organizations in the Lower 48 are not coming to Alaska. He related his own experience coming to Alaska and loving it. On the flip side, he said he has hired workers who brought their families here but soon left because Alaska is not for everyone.

He said Mr. Springsteen pointed out that businesses choose to base their companies in Delaware. He said 60 percent of the Fortune 500 companies are incorporated in Delaware because of their tax laws and stability, and Alaska does not have any of those things going for it.

SENATOR MICCICHE expressed frustration that the state has perhaps undermined people who have been remarkably successful in growing tourism. It is the one industry that has fired on all cylinders during the recession, and the same thing with Alaska Seafood Marketing Institute (ASMI). He pointed out that Iceland is in the middle of two heavily populated coasts. It is a country that is not in the middle of nowhere, while Alaska is

only a strategic location for air cargo. He said he is not discouraged by new ideas, but he is trying to figure out how AKDT can be the most valuable in determining the reasons that some are not doing business in Alaska.

MR. SPRINGSTEEN responded that he hoped to have the conversation on how Alaska can play to its strengths and move forward.

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SENATOR SHOWER said London used to be the center of banking but now it is Hong Kong. He surmised that even though Hong Kong has nothing over London, it enticed people with tax breaks, free buildings and whatever it took.

He said Alaska should look at those types of things in an effort to be nimble and flexible. Even though not everything will stick, Alaska should not limit itself. He asked if a railroad system that connects the Alaska Railroad to the Lower 48 would provide business opportunities.

MR. SPRINGSTEEN said infrastructure should be purpose-built, right-sized, and sustainable through a source of revenue that will support it. If the revenue source is exporting Alberta oil sands through Alaska to Asian markets with a long-term contract with a credible buyer, then there are no reasons against it.

SENATOR MICCICHE highlighted issues Alaska has had as a rapidly growing economy due to oil and gas production. The state created departments for jobs, but in the 1990s it began overregulating natural resource development, so the state has suffered from a downward spiral. The state became undercapitalized, so it began to overtax companies. He asked if AKDT will evaluate which regulatory obstacles need to be eliminated. He said he was not talking about the basic safety and environmental protections, but the eight layers of them. He suggested that it would be a valuable exercise.

SENATOR MICCICHE said he has worked in the private sector oil and gas and fishing industries for 35 years. He has worked in two countries and the Lower 48, and somehow those regions have avoided those problems.

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MR. SPRINGSTEEN replied Assistant Commissioner Amy Demboski has been working on regulatory review and reform to streamline regulations to promote a business-friendly environment in the state.

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MR. SPRINGSTEEN continued the presentation with slide 18, From AKDT to a "Partnership Model." He explained that many states use some form of private or public-private partnership (PPP). AKDT's early effort has been to stand up the organization. Its near-term goals are to create recognizable value and transition to an integral but independent entity. This concept has been very successful in other states and is an acknowledgement that facilitation and coordination for economic development is a necessity for all states across the country. Many states use some form of public-private entity for statewide economic development, he said. It keeps the focus on a group of people, industry, and government leaders driving forward on economic engines for their states.

MR. SPRINGSTEEN highlighted several models AKDT is reviewing such as the Delaware prosperity partnership and the Missouri partnership, but noted that the team is still early in its evaluation. He characterized it as being in a research phase working towards a partnership model.

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MR. SPRINGSTEEN reviewed slide 19, Working to a Partnership Model:

- Performing research on economic engine development models
- Participating in best practices working group e.g. the State Economic Development Executives (SEDE) Network
- Ongoing interviews with other state economic development executives

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CHAIR BISHOP referenced slide 18 and asked, if AKDT's approach is not working by the end of this administration, whether he would be the first to say that the state needs to shelve it and stand the team down. He remarked that this approach will speak for itself if there is merit and the legislature can see the tangible results.

MR. SPRINGSTEEN said part of the idea is to have some "end caps" on AKDT. The department is repurposing the state's [Alaska Capstone Avionics Revolving Loan Fund] over three years for this pilot project. If this effort does not produce results, it is

not likely the legislature would be very receptive to future funding.

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SENATOR MICCICHE asked what tangible metrics or deliverables he could provide the legislature to measure and determine AKDT's success. He said he has been in the legislature long enough to see people celebrate successes while moving backwards. He asked if he could provide realistic goals going forward.

MR. SPRINGSTEEN replied others are assessing what the team is doing and would like to see results for the investment.

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CHAIR BISHOP opined that it is not affordable energy that will bring business to the state. It is cheap energy.

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There being no further business to come before the committee, Chair Bishop adjourned the Senate Community and Regional Affairs Standing Committee meeting at 4:40 p.m.