

Introduced: 2/3/69
Referred: Labor and
Management

1 IN THE SENATE

BY THOMAS

2 SENATE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to training programs for industrial
7 incentive tax credits; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 43.26 is amended by adding a new section to read:

11 Sec. 43.26.085. EXTRACTING INDUSTRIES. (a) To qualify for a
12 tax credit under this chapter, a person in an extracting industry need
13 only meet the requirements of sec. 95 of this chapter and need not be
14 an "eligible business" as defined in sec. 100(2) of this chapter.

15 (b) In this section, "extracting industry" means an industry which
16 processes, severs, harvests or extracts a natural resource of the state
17 as a primary activity of the industry.

18 * Sec. 2. AS 43.26.095 is amended to read:

19 Sec. 43.26.095. TRAINING PROGRAM [EXTRACTING INDUSTRIES]. (a) The
20 following provisions apply with regard to training programs: [NOTWITH-
21 STANDING ANY OTHER PROVISIONS IN THIS CHAPTER, EXTRACTING INDUSTRIES
22 SHALL MEET THE FOLLOWING PROVISIONS OF THIS SECTION AS A CONDITION OF
23 QUALIFYING FOR A TAX CREDIT SET OUT IN THIS CHAPTER.]

24 (1) A person seeking tax credit status under this chapter
25 shall set up and maintain an on-the-job training program approved by
26 the Department of Labor aimed at qualifying Alaska natives and
27 residents [PRESENTLY] lacking in the requisite technical skills of the
28 activity carried on. This training program shall be geared so that
29 individuals who were Alaska residents before starting their employment

1 for the person seeking tax credit status [ALASKA RESIDENTS] comprise
2 50 per cent of the employees at the end of the first year of tax
3 credit, [. ALASKA RESIDENTS SHALL COMPRISE] 60 per cent of the
4 employees at the end of the second year of tax credit and 70 per cent
5 at the end of the third and subsequent years [YEAR] of tax credit.

6 (2) The department shall set up procedures to be followed
7 by the person seeking tax credit status [UNDER THIS SECTION] and shall
8 certify to the Department of Economic Development those persons qualify-
9 ing for this status. In no case may the Department of Economic Develop-
10 ment grant tax credit status to a person [COMING UNDER THE PROVISIONS
11 OF THIS SECTION] without first receiving certification from the
12 Department of Labor [DEPARTMENT] nor continue this status after revoca-
13 tion of certification by the department.

14 (3) The department shall hold formal hearings for those
15 persons to whom it denies certification. The purpose of these hearings
16 is to hear evidence on the reasons for a person failing to qualify under
17 this section. In order to obtain a reversal of the denial, the [THE]
18 person denied certification must show by convincing evidence that he is
19 unable to comply with this section because

20 (A) the specific activity engaged in requires a greater
21 percentage of trained personnel than the guidelines for resident
22 hiring permits and these trained personnel are not available within
23 the state in great enough number to make [PRECLUDE] out-of-state
24 recruiting unnecessary; or

25 (B) even though the person applying for tax credit
26 status has set up an on-the-job training program approved by the
27 department, he has been unable to meet the resident guideline re-
28 quirements due to the inability of the local labor market to
29 supply enough trainable personnel.

1 (4) A person certified for tax credit status who subsequently
2 fails to comply with the training and hiring practices set out in this
3 section, upon a finding by the department of this failure, forfeits
4 this status. However, if the person seeking to maintain tax credit
5 status, within a reasonable time during the first year of tax credit
6 [EXEMPTION], has made application to the department for a hearing to
7 show cause why he will be unable to comply with the training and hiring
8 provisions of this section and the department determines that the failure
9 is excusable under this section the department shall permit a maximum
10 of six months to comply with the training and hiring practices before
11 revoking [WITHDRAWING] certification and causing the credit to lapse.
12 if a time extension is granted, the second year of tax credit begins
13 when the extension terminates. [EXTENSIONS OF TIME FOR COMPLIANCE
14 SHALL BE ADDED ON TO THE OVERALL TIME REQUIREMENTS IN THE SECOND AND
15 THIRD YEARS SO THAT A PERSON NEED NOT COMPLY WITH THE HIGHER PERCENTAGES
16 UNTIL THE EXPIRATION OF HIS EXTENSION PLUS THE YEAR ALLOWED IN THIS SEC-
17 TION.]

18 (5) A person having certification revoked under (4) of this
19 subsection [SECTION] may, within six months of the revocation, apply
20 to the department for a hearing to show cause for recertification
21 [WITHIN SIX MONTHS OF THE REVOCATION]. In determining a person's
22 position in time, with regard to his tax credit status and the per-
23 centages in (1) of this subsection, the period of recertification is
24 tacked onto the earlier period of certification.

25 (6) Under (1) of this subsection, the Alaska residents shall
26 include at least as many Alaska natives as would approximate the
27 proportion that the native population bears to the total resident
28 population of the election district in which the employment is to be
29 performed.

1 (b) In this section

2 (1) "department" means the Department of Labor;

3 [(2) "EXTRACTING INDUSTRY" MEANS AN INDUSTRY WHICH PROCESSES,
4 SEVERS, HARVESTS OR EXTRACTS A NATURAL RESOURCE OF THE STATE AS A PRIMARY
5 ACTIVITY OF THE INDUSTRY;]

6 (3) "resident" means a person who, with the intent to be
7 domiciled in Alaska, resides in Alaska for at least one year; [.]

8 (4) "native" and "Alaska native" mean a person who is
9 genetically at least one-fourth Alaska Indian, Eskimo or Aleut, or, in
10 the absence of genetic proof, who is regarded as native by the native
11 group in which he claims enrollment.

12 (c) A person holding a tax credit granted before July 1, 1969
13 [THE EFFECTIVE DATE OF THIS SECTION] is not subject to the provisions
14 of this section.

15 * Sec. 3. AS 43.26.100(2) is amended to read:

16 (2) "eligible business" means an industrial unit which meets
17 the requirements of sec. 95 of this chapter and is

18 (A) an industrial unit having as its object the produc-
19 tion on a commercial scale in the state of a manufactured product
20 which was not produced on a commercial scale before July 1, 1968,
21 and for which there were on that date in the same competitive area
22 in the state as defined by the commissioner of economic develop-
23 ment, no production facilities capable of the production of that
24 manufactured product on a commercial scale;

25 (B) an industrial unit established after July 1, 1968,
26 and having as its objective the production on a commercial scale
27 in the state of a designated article, and which, in the judgment
28 of the department

29 (1) is established in good faith and with a

1 permanent character, and

2 (ii) produces, or will produce, on a sustained
3 basis, within a reasonable time, a substantial amount of a
4 designated article additional to the amount of the same
5 articles being produced by other industrial units in
6 operation in the state; in determining the amount of the
7 production in the state of these articles, the department shall
8 use the average production in the state of these articles,
9 for the three calendar years immediately preceding July 1,
10 1968; or

11 (C) an industrial unit established before July 1, 1968,
12 engaged in the production of a designated article in the state on
13 a commercial scale if

14 (i) tax credit has been granted to a new industrial
15 unit under the terms of this chapter to produce the same
16 designated article, and

17 (ii) the new industrial unit has begun production
18 on a commercial scale;

19 * Sec. 4. This Act takes effect July 1, 1969.
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