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Referred: State Affairs,
Labor & Commerce and Finance

6-1415A

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 344

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the business incentive program;

7

and providing for an effective date."

8

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

9

* Section 1. AS 44.88 is amended by adding new sections to read:

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ARTICLE 6B. BUSINESS INCENTIVE PROGRAM.

11

Sec. 44.88.600. BUSINESS INCENTIVE REVOLVING FUND. (a) The

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business incentive revolving fund is established in the authority.

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The fund consists of money appropriated to it by the legislature,

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repayments of the principal of grants made from the fund, and other

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money that is received by the fund as grants or donations.

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(b) The money in the fund shall be used solely to make grants to

17

municipalities

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(1) for business incentive programs; and

19

(2) for the expansion of publicly-owned roads, ports,

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airports, utilities, and other public works needed for the business

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incentive programs under (1) of this subsection.

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Sec. 44.88.610. GRANT COVERAGE. (a) Items that may be paid for

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by a grant under AS 44.88.600(b)(1) include

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(1) training expenses for permanent jobs created by the

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program;

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(2) a portion of the cost of interest on loans obtained

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from other sources and used for the purchase and installation of

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manufacturing equipment for the program.

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(b) Training expenses for the jobs needed to construct

1 facilities for the business incentive program or for jobs in a petro-
2 leum-development-related business incentive program may not be paid
3 for by a grant under AS 44.88.600.

4 Sec. 44.88.620. APPLICATIONS FOR GRANTS. (a) To obtain a grant
5 under AS 44.88.600 for a business incentive program, a privately-owned
6 business shall submit an application to the municipality where the
7 program would be implemented.

8 (b) A municipality shall screen the applications that it re-
9 ceives under (a) of this section. If a municipality approves an
10 application, the municipality shall submit an application to the
11 authority for a grant for the business incentive program proposed by
12 the approved application. When submitting the application, the munic-
13 ipality may add on to the grant request a request for money to cover
14 the municipality's expansion of publicly-owned roads, ports, airports,
15 utilities, and other public works needed for the proposed business
16 incentive program.

17 (c) An application under (b) of this section must demonstrate
18 that all other financial sources for the business incentive program
19 have been used or exhausted and that appropriate performance guaran-
20 tees or other commitments have been or will be entered into to ensure
21 that the business incentive program will be completed and that the
22 predicted number of jobs will be created.

23 (d) An application under (b) of this section must demonstrate
24 that the privately-owned business has a line of credit with a finan-
25 cial institution sufficient to cover the program or a performance bond
26 for the program.

27 Sec. 44.88.630. NOTICE OF GRANT APPLICATIONS. When the authori-
28 ty receives a grant application from a municipality under AS 44.88.-
29 620, the authority shall notify all municipalities by mail that the

1 application has been filed.

2 Sec. 44.88.640. ACTION ON GRANT APPLICATIONS. The authority
3 shall take action on an application under AS 44.88.620 within 30 days
4 after the application has been filed with the authority.

5 Sec. 44.88.650. ADMINISTRATION OF GRANTS. A municipality that
6 receives a grant under AS 44.88.600 - 44.88.700 shall retain that part
7 of the grant that is to be used for the expansion of the public works
8 needed for the business incentive program. The municipality shall
9 make a grant of the balance to the business that proposed the business
10 incentive program. The municipality shall be responsible for adminis-
11 tering the grant made to the business, but may contract out the admin-
12 istration to the entity selected under 29 U.S.C. 1513 to administer
13 programs under 29 U.S.C. 1501 - 1781 (Job Training Partnership Act) in
14 the area where the business incentive program will be implemented.

15 Sec. 44.88.660. GRANT LIMITATION. The total amount of a grant
16 from the fund for a business incentive program may not exceed \$7,500
17 for each job estimated to be created by the program.

18 Sec. 44.88.670. REPAYMENT. (a) A grant for a business incen-
19 tive program must require that the privately-owned business will repay
20 to the fund all or a portion of the grant if the business incentive
21 program does not create the number of new jobs stated in the grant
22 agreement.

23 (b) Repayment under (a) of this section shall be made on the
24 terms established by the authority. Repayment bears interest from the
25 date the grant was made to the municipality at a rate that will
26 approximately cover the rate of inflation calculated by the authority.

27 Sec. 44.88.675. ACCOUNTING FOR CERTAIN MONEY. The authority
28 shall deposit in the general fund all interest, including interest
29 collected on delinquent payments, and other money, except repayment of

1 application has been filed.

2 Sec. 44.88.640. ACTION ON GRANT APPLICATIONS. The authority
3 shall take action on an application under AS 44.88.620 within 30 days
4 after the application has been filed with the authority.

5 Sec. 44.88.650. ADMINISTRATION OF GRANTS. A municipality that
6 receives a grant under AS 44.88.600 - 44.88.700 shall retain that part
7 of the grant that is to be used for the expansion of the public works
8 needed for the business incentive program. The municipality shall
9 make a grant of the balance to the business that proposed the business
10 incentive program. The municipality shall be responsible for adminis-
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24 terms established by the authority. Repayment bears interest from the
25 date the grant was made to the municipality at a rate that will
26 approximately cover the rate of inflation calculated by the authority.

27 Sec. 44.88.675. ACCOUNTING FOR CERTAIN MONEY. The authority
28 shall deposit in the general fund all interest, including interest
29 collected on delinquent payments, and other money, except repayment of

1 the principal of a grant, collected under AS 44.88.600 - 44.88.700.
2 The commissioner of administration shall separately account for the
3 money deposited in the general fund under this section. The annual
4 estimated balance in the account may be used by the legislature to
5 make appropriations to the authority to carry out the purposes of
6 AS 44.88.600 - 44.88.700.

7 Sec. 44.88.680. DISTRIBUTION OF GRANTS. The authority shall
8 equitably distribute the grants from the fund throughout the state. A
9 municipality may not receive a total amount of business incentive
10 program grants in one calendar year that exceeds 25 percent of the
11 money available from the fund for grants during that calendar year.
12 The authority may not make grants for business incentive programs in
13 one judicial district during one calendar year that exceed 50 percent
14 of the money available from the fund for grants in that calendar year.

15 Sec. 44.88.690. ANNUAL REPORT. On or before the 30th day of
16 each regular legislative session, the authority shall file a report
17 with the governor and the legislature on the authority's activities
18 under AS 44.88.600 - 44.88.700 during the preceding calendar year.

19 Sec. 44.88.695. REGULATIONS. The authority shall adopt regula-
20 tions under AS 44.88.085 establishing the terms and conditions for
21 grants under AS 44.88.600 - 44.88.700 and otherwise implementing
22 AS 44.88.600 - 44.88.700.

23 Sec. 44.88.700. DEFINITIONS. In AS 44.88.600 - 44.88.700,

24 (1) "business incentive program" means a program by a
25 privately-owned business to provide new permanent jobs through new or
26 expanded business operations that substantially serve markets outside
27 the state or that provide goods or services not generally provided by
28 businesses located in the state;

29 (2) "fund" means the business incentive revolving fund.

- 1 * Sec. 2. AS 44.88.080 is amended by adding a new paragraph to read:
2 (25) to make grants under AS 44.88.600 - 44.88.700.
- 3 * Sec. 3. AS 44.88.190(b) is amended to read:
4 (b) Except for the funds in the business incentive revolving
5 fund under AS 44.88.600 and money collected under AS 44.88.600 -
6 44.88.700, the [THE] funds, income, or receipts of the authority may
7 [SHALL] not be considered or constitute money of the state, nor may
8 [SHALL] real property in which the authority has an interest be con-
9 sidered land owned in fee by the state or to which the state may
10 become entitled or in any way land belonging to the state, or state
11 land referred to in Art. VIII of the Alaska Constitution.
- 12 * Sec. 4. AS 44.88.210 is amended by adding a new subsection to read:
13 (c) This section does not apply to AS 44.88.600 - 44.88.700.
- 14 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).