

REPORTS OF STANDING COMMITTEES

HB 97 The Judiciary Committee has had HOUSE BILL NO. 97 (termination of financing statements under the Uniform Commercial Code effective date) under consideration a second time and the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 97 (Judiciary)

"An Act relating to security interests under the Uniform Commercial Code, and providing for an effective date "

and that it be reported back with individual recommendations. Gardiner (Chairman) and Rudd recommend do pass; Dankworth, Carpenter and Brown have no recommendation.

HB 97 was referred to the Rules Committee for placement on the calendar.

HB 682 The Finance Committee has had HOUSE BILL NO. 682 (nonrenewable resources revenues) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 682 (Finance):

"An Act relating to the renewable resources funds."

and that it do pass. Concurring: Cowper (Chairman), Guy, Schaeffer, Meekins, Buchholdt, Duncan and Gruening. Not concurring: Freeman, Rhode, Haugen and Swanson have no recommendation.

HB 682 was referred to the Rules Committee for placement on the calendar.

A fiscal note on HB 682 appears in House Supplement 30.

The Finance Committee's letter of intent appears as follows:

HOUSE FINANCE COMMITTEE
COMMITTEE REPORT ON CS HB682 (Finance)

The Renewable Resources Development Fund was established by the legislature in 1974 to provide for the rehabilitation, enhancement, and development of the state's renewable resources. The Fund consists of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands. The proposed legislation establishes the Alaska Renewable Resources Corporation to invest half of the receipts of the Fund in renewable resource-based industries. The other half of the Fund would be saved through the Renewable Resources Investment Fund. The name of the Renewable Resources Permanent Fund (AS 37.11.050) is changed to the Renewable Resources Investment Fund to avoid confusion with the Alaska Permanent Fund (Article 9, section 15 of the Alaska State Constitution).

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO 611
 (making supplemental appropriations to the Office of the Governor, telecommunications the legislative finance division, the Department of Commerce and Economic Development, division of business loans; the Legislative Affairs Agency; and the Alaska State Council on the Arts; and providing for an effective date.)
 Chapter 25, SLA 1978

FCCS
 HB
 611

HOUSE BILL NO 911
 (making a supplemental appropriation to the Legislative Affairs Agency; and providing for an effective date.)
 Chapter 26, SLA 1978

HB
 911

MESSAGES FROM THE SENATE

A message dated April 11, 1978 was read stating the Senate has passed HOUSE BILL NO. 619 (supplemental appropriation to Department of Labor, vocational rehabilitation and Training Station #8; effective date) and it is returned.

HB
 619

HB 619 was referred to the Chief Clerk for enrollment.

A message dated April 11, 1978 was read stating the Senate has concurred in the House amendment to COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 401, thus adopting:

HCS
 CSSB

HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 401
 (supplemental appropriation to Department of Public Safety and Department of Community and Regional Affairs; effective date)

A message dated April 11, 1978 was read stating the Senate has passed the following bill and it is transmitted for consideration.

FIRST READING AND REFERENCE OF SENATE BILLS

SENATE BILL NO. 556 amended, by the Finance Committee, entitled:

SB
 556
 am

"An Act relating to medical assistance for needy persons; and providing for an effective date."

was read the first time and referred to the Committees on Health, Education and Social Services and Finance.

Investments of the Alaska Renewable Resources Corporation (ARRC) would focus on new products, markets, and technologies which are the key components of expanded renewable resource-based economic activity. Products and markets result from any economic use of the resources, while technologies include the methods for managing, harvesting, processing, or delivering the resources to market. ARRC would also provide funds for the applied research, development and demonstration of new renewable resource-based activities, and the seed capital necessary to introduce them into commercial markets.

HB
682

For the earliest stages of renewable resource industry development (applied research and development), the Committee does not envision ARRC funding of general or basic research by university or other scientific research organizations. This type of research is covered by other programs. Rather, ARRC-funded applied research and development activity would utilize the fruits of basic research to develop specific products or processes for commercial purposes.

In addition to stimulation of new economic activity based on the state's renewable resources, investment goals also include the maintenance or expansion of resource productivity, the development of in-state and export markets, and the expansion of resident employment, income, and governmental revenues from renewable resource development.

The term renewable resources is defined in terms of the resource base, which remains relatively constant over time, rather than in terms of economic activity, which changes over time. Accordingly, non-human living organisms, air, land, water, and naturally recurring energy systems are intended as the target of investment activity. In the tourism industry, for example, the Committee contemplates investment in the resources on which the industry is partially based, such as sport fishing, but not such capital components of the industry as hotels and lodging facilities.

An integral part of the bill is the concept of achieving an appropriate use of the resources. As trustees of our renewable resources the state is constitutionally directed to seek the most beneficial uses. ARRC investment decisions should consider both expected financial returns and the effects of resource development on both the target resource and on other resources. Achieving appropriate resource use at the inception of economic activity will greatly benefit the state and its residents by avoiding longer-run regulatory and rehabilitation burdens resulting in more stable economic activity based on all of the state's renewable resources.

In its deliberations, the Committee determined that the most effective method of investment includes both equity and debt secured by a variety of mechanisms to provide a return to the corporation when an investment starts to generate income. Such methods maximize incentives for entrepreneurship through ARRC sharing of the risks inherent in new ventures and imposing no debt service burdens until the enterprise is earning income. The corporation would in turn receive high returns from its successful investments, commensurate with the risks undertaken.

The Committee identified three important types of activity which may have no income producing potential (depending on the specifics of the project) and therefore must be funded through grants. These include applied research (which directs basic research toward specific products and processes for commercial purposes), one-time-only demonstrations, and common property resource projects where the benefits accrue to the general public. Funds available for grants are limited to ten percent of the corporation's annual appropriation and to ninety percent of a project's costs.

HB 682 In addition to the lack of start-up capital, the Committee found that another major obstacle to renewable resource development is a shortage of Alaskans trained in new harvesting, processing, or marketing techniques and business management skills. CS HB662 provides for the corporation to finance technical assistance to supplement the expertise of its applicants. The corporation is specifically forbidden, however, from managing its projects. The costs of this assistance are to be included in the overall project financing and are to be repaid by the borrower.

The flow of funds, as established in AS 37.11 (Renewable Resources Development Fund), begins with the deposit of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands, into the Renewable Resources Development Fund. Under the proposed legislation, half of this amount would be allocated to the ARRC and half would be allocated to the Renewable Resources Investment Fund. Under existing law (AS 37.11.060), only those funds not expended out of the Development Fund would be deposited in the Investment Fund. When the Investment Fund reaches \$250 million, the five percent flow into the Development Fund ceases and the only further source of money under this program is the income from the Investment Fund. The Committee was concerned that this system creates an incentive to spend out of the Development Fund to prevent the Investment Fund from ever reaching the \$250 million cap. Therefore the fifty-fifty split was devised as a "forced savings" both to remove this incentive to spend and to insure the availability of investment Fund income in perpetuity.

Investment Fund principle under the bill would be invested by the treasury division of the Department of Revenue in secure investments (under AS 19.35.110). The earnings from these investments would be available for legislative appropriation to programs for the rehabilitation, enhancement, and development of the state's renewable resources. The bill proposes as the primary use of Investment Fund income the restoration of the state's renewable resources. Because restoration of public natural resources in most cases is not a direct profit generating activity, the state must take the lead in performing this essential public purpose. Restoration includes such activities as fish hatcheries, land reclamation and habitat improvement.

The allocation into the corporation would be available for investments or grants as described above. The corporation would be subject to the Executive Budget Act (37.07) and may expend money only as appropriated by the legislature. The earnings from corporation investments, and unexpended or unobligated appropriations from previous fiscal years, may be retained by the corporation for expenditure through subsequent appropriations. The operating budget of the ARRC would come from legislative appropriations from the general fund.

HB 692 The Finance Committee has had HOUSE BILL NO. 692 (requiring the election pamphlet to contain fiscal information for ballot propositions) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 692 (Finance):

"An Act requiring the election pamphlet to contain fiscal information for ballot propositions; and providing for an effective date."

and that it do pass. Concurring: Cowper (Chairman), Freeman, Rhode, Haugen, Guy, Schaeffer, Swanson and Buchholdt. Not concurring: Gruening has no recommendation.

COMMITTEE REPORT

3/9/78

HOUSE

FURTHER: _____

Date: 4/11/78

Mr. Speaker:

The Committee on FINANCE has had HB 682

"An Act relating to nonrenewable resources revenues."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for HB 682 (Finance)

and _____ new title same title

AND attaches a Letter of Intent New Fiscal Note

reports it back without recommendation

and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

Buchholdt

OTHER RECOMMENDATIONS:

Freeman No Rec

Rhode No Rec

Chairman

HOUSE FINANCE COMMITTEE
COMMITTEE REPORT ON CS HB682 (Finance)

The Renewable Resources Development Fund was established by the legislature in 1974 to provide for the rehabilitation, enhancement, and development of the state's renewable resources. The Fund consists of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands. The proposed legislation establishes the Alaska Renewable Resources Corporation to invest half of the receipts of the Fund in renewable resource-based industries. The other half of the Fund would be saved through the Renewable Resources Investment Fund. The name of the Renewable Resources Permanent Fund (AS 37.11.050) is changed to the Renewable Resources Investment Fund to avoid confusion with the Alaska Permanent Fund (Article 9, section 15 of the Alaska State Constitution).

Investments of the Alaska Renewable Resources Corporation (ARRC) would focus on new products, markets, and technologies which are the key components of expanded renewable resource-based economic activity. Products and markets result from any economic use of the resources, while technologies include the methods for managing, harvesting, processing, or delivering the resources to market. ARRC would also provide funds for the applied research, development and demonstration of new renewable resource-based activities, and the seed capital necessary to introduce them into commercial markets.

For the earliest stages of renewable resource industry development (applied research and development), the Committee does not envision ARRC funding of general or basic research by university or other scientific research organizations. This type of research is covered by other programs. Rather, ARRC-funded applied research and development activity would utilize the fruits of basic research to develop specific products or processes for commercial purposes.

In addition to stimulation of new economic activity based on the state's renewable resources, investment goals also include the maintenance or expansion of resource productivity, the development of in-state and export markets, and the expansion of resident employment, income, and governmental revenues from renewable resource development.

The term renewable resources is defined in terms of the resource base, which remains relatively constant over time, rather than in terms of economic activity, which changes over time. Accordingly, non-human living organisms, air, land, water, and naturally recurring energy systems are intended as the target of investment activity. In the tourism industry, for example, the Committee contemplates

investment in the resources on which the industry is partially based, such as sport fishing, but not such capital components of the industry as hotels and lodging facilities.

An integral part of the bill is the concept of achieving an appropriate use of the resources. As trustees of our renewable resources the state is constitutionally directed to seek the most beneficial uses. ARRC investment decisions should consider both expected financial returns and the effects of resource development on both the target resource and on other resources. Achieving appropriate resource use at the inception of economic activity will greatly benefit the state and its residents by avoiding longer-run regulatory and rehabilitation burdens resulting in more stable economic activity based on all of the state's renewable resources.

In its deliberations, the Committee determined that the most effective method of investment includes both equity and debt secured by a variety of mechanisms to provide a return to the corporation when an investment starts to generate income. Such methods maximize incentives for entrepreneurship through ARRC sharing of the risks inherent in new ventures and imposing no debt service burdens until the enterprise is earning income. The corporation would in turn receive high returns from its successful investments, commensurate with the risks undertaken.

The Committee identified three important types of activity which may have no income producing potential (depending on the specifics of the project) and therefore must be funded through grants. These include applied research (which directs basic research toward specific products and processes for commercial purposes), one-time only demonstrations, and common property resource projects where the benefits accrue to the general public. Funds available for grants are limited to ten percent of the corporation's annual appropriation and to ninety percent of a project's costs.

In addition to the lack of start-up capital, the Committee found that another major obstacle to renewable resource development is a shortage of Alaskans trained in new harvesting, processing, or marketing techniques and business management skills. CS HB682 provides for the corporation to finance technical assistance to supplement the expertise of its applicants. The corporation is specifically forbidden, however, from managing its projects. The costs of this assistance are to be included in the overall project financing and are to be repaid by the borrower.

The flow of funds, as established in AS 37.11 (Renewable Resources Development Fund), begins with the deposit of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands, into the Renewable Resources Development Fund. Under the proposed legislation, half of this amount would be allocated to the ARRC and half would be allocated to the Renewable Resources Investment Fund. Under existing law (AS 37.11.060), only those funds not expended out of the Development Fund would be deposited in the Investment Fund. When the Investment Fund reaches \$250 million, the five percent flow into the Development Fund ceases and the only further source of money under this program is the income from the Investment Fund. The Committee was concerned that this system creates an incentive to spend out of the Development Fund to prevent the Investment Fund from ever reaching the \$250 million cap. Therefore the fifty-fifty split was devised as a "forced savings" both to remove this incentive to spend and to insure the availability of Investment Fund income in perpetuity.

Investment Fund principle under the bill would be invested by the treasury division of the Department of Revenue in secure investments (under AS 39.35.110). The earnings from these investments would be available for legislative appropriation to programs for the rehabilitation, enhancement, and development of the state's renewable resources. The bill proposes as the primary use of Investment Fund income the restoration of the state's renewable resources. Because restoration of public natural resources in most cases is not a direct profit generating activity, the state must take the lead in performing this essential public purpose. Restoration includes such activities as fish hatcheries, land reclamation and habitat improvement.

The allocation into the corporation would be available for investments or grants as described above. The corporation would be subject to the Executive Budget Act (37.67) and may expend money only as appropriated by the legislature. The earnings from corporation investments, and unexpended or unobligated appropriations from previous fiscal years, may be retained by the corporation for expenditure through subsequent appropriations. The operating budget of the ARRC would come from legislative appropriations from the general fund.

Original sponsor: The Special Committee
on the Alaska Permanent
Fund

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 682 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the renewable resources funds."
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 37 is amended by adding a new chapter to read:

9 CHAPTER 12. ALASKA RENEWABLE RESOURCES CORPORATION.

10 Sec. 37.12.010. DECLARATION OF POLICY. It is the policy of the
11 state to

12 (1) rehabilitate, enhance, and develop its renewable re-
13 sources and, insofar as is consistent with sound resource management
14 policies, develop its human resources by providing maximum opportunities
15 for employment and a higher standard of living for its citizens; and

16 (2) utilize the funds set aside under ch. 11 of this title to
17 further the (A) development of renewable resources that will contribute
18 to a stable self-sustaining state economy, employment opportunities, and
19 lifestyle alternatives for its citizens, and (B) commercial, tradi-
20 tional, and common uses of the state's renewable resources.

21 Sec. 37.12.020. FINDINGS. (a) The legislature finds that Alaska
22 has renewable resources that are not being utilized to their full poten-
23 tial. Many problems which confront the state, including high unem-
24 ployment and unstable economy, could be mitigated by the expanded use
25 and development of its renewable resources.

26 (b) It is further found that Alaska's economy has historically
27 depended upon sporadic and non-stable development.

28 (c) It is further found that several key factors have contributed
29 to the slow development of renewable resource industries, including,

1 (1) insufficiency of research and development financing and
2 venture capital financing;

3 (2) a lack of knowledge within the business and financial
4 communities about conditions affecting renewable resource industrial
5 development in the state and a lack of scientific information concerning
6 many resources; and

7 (3) a lack of technology appropriate to Alaska.

8 (d) It is further found that the state's policy of assisting the
9 development of viable industries is best accomplished by providing
10 assistance to the private sector to identify and demonstrate new pro-
11 ducts, markets, and technologies.

12 Sec. 37.12.030. ALASKA RENEWABLE RESOURCES CORPORATION CREATED.
13 There is created the Alaska Renewable Resources Corporation to carry out
14 the purposes of this chapter. The corporation is a public corporation
15 of the state and an instrumentality of the state within the Department
16 of Revenue, but has a legal existence independent of and separate from
17 the state. The exercise by the corporation of the powers conferred by
18 this chapter is considered an essential function of the state.

19 Sec. 37.12.040. PURPOSES. The purposes of the corporation are to

20 (1) facilitate the rehabilitation, enhancement, and develop-
21 ment of the state's renewable resources so as to strengthen the self-
22 sustaining sectors of the state economy;

23 (2) sponsor research and development of technologies and
24 innovations for the rehabilitation and enhancement of the state's renew-
25 able resources to achieve an appropriate use of the resources;

26 (3) identify new products, markets, and technologies for
27 renewable resource industries in the state which will constitute an
28 appropriate use of the resources; stimulate the research and development
29 of these products, markets, and technologies; assist in the demonstra-

1 tion of their technical and economic feasibility; and assist in their
2 introduction into commercial markets.

3 Sec. 37.12.050. ALLOCATION. (a) There shall be allocated to the
4 corporation from the receipts described in AS 37.11.020 five per cent of
5 the total receipts paid the state from mineral lease bonuses and rentals
6 for state land and royalties derived from minerals produced on state
7 land. Payments of the amount allocated by this section shall be made to
8 the corporation by the Department of Revenue on a monthly basis.

9 (b) Fifty per cent of all actual receipts of the corporation, from
10 whatever source except receipts from the corporation's investments,
11 shall be deposited into the renewable resources investment fund (AS
12 37.11.050).

13 Sec. 37.12.060. BOARD OF TRUSTEES. A board of trustees of the
14 corporation is established as its governing body.

15 Sec. 37.12.070. COMPOSITION OF THE BOARD OF TRUSTEES. The board
16 of trustees consists of three members appointed by the governor and
17 confirmed by a majority of the members of the legislature in joint ses-
18 sion. The board shall annually elect a chairman from among its members.
19 A chairman may not succeed himself.

20 Sec. 37.12.080. TERM OF OFFICE. The members of the board of
21 trustees shall be appointed for terms of four years, and they may be
22 reappointed. Terms shall be staggered. The initial terms shall be one
23 member serving for two years, one member serving for three years, and
24 one member serving for four years.

25 Sec. 37.12.090. REMOVAL AND VACANCIES. (a) The governor may
26 remove a board member from office by and with the consent of a majority
27 of the members of the legislature in joint session. A removal by the
28 governor shall be in writing and state the reason for removal. If the
29 legislature is not in session, the governor may suspend a member of the

1 board. Upon suspension, a board member may not participate in board
2 business and may not be counted for the purpose of establishing a quo-
3 rum. A suspended member shall continue to receive his salary as a board
4 member until the legislature in joint session consents to his removal.
5 The joint session shall be held within 30 days from the date of removal
6 if the removal occurs while the legislature is in session or within 30
7 days of convening of the legislature if the legislature is not in ses-
8 sion. If the legislature refuses to consent to his removal, the board
9 member shall be reinstated to his position.

10 (b) A vacancy on the board shall be promptly filled by appointment
11 by the governor and confirmation by a majority of members of the legis-
12 lature in joint session. An appointee to fill a vacancy shall hold
13 office for the balance of the term for which his predecessor on the
14 board was appointed. If a vacancy arises on the board while the legis-
15 lature is not in session, the governor may appoint an interim board
16 member until such time as the legislature in joint session fails to
17 confirm the interim member's appointment.

18 (c) A vacancy on the board does not impair the authority of a
19 quorum of the board to exercise all the powers and perform all the
20 duties of the board.

21 Sec. 37.12.100. QUALIFICATIONS OF BOARD MEMBERS. (a) No person
22 may be appointed to the board who has not been a resident of the state
23 for at least three years.

24 (b) No member of the board may hold any other state or federal
25 office, position, or employment, whether elective or appointive, except
26 as a member of the armed forces of the United States or the state.

27 Sec. 37.12.110. QUORUM. Two members of the board constitute a
28 quorum for the transaction of business and the exercise of the powers
29 and duties of the board.

1 Sec. 37.12.120. COMPENSATION OF BOARD MEMBERS. Board members are
2 in the exempt service under AS 39.25 and receive an annual salary within
3 Range 30 of the salary schedule for state employees established by
4 AS 39.27.011.

5 Sec. 37.12.130. EMPLOYMENT OF PERSONNEL. The board may employ and
6 determine the salary of an executive director. The executive director
7 may, with the approval of the board, select and employ additional staff
8 as necessary. The executive director and all employees of the board are
9 in the exempt service under AS 39.25.

10 Sec. 37.12.140. CONFLICTS OF INTEREST. (a) Members of the board
11 of trustees are subject to the provisions of AS 39.50.

12 (b) No member or employee of the board may acquire an interest,
13 direct or indirect, in a corporation, company, association, or project
14 owned, controlled, or invested in by the corporation. If a member or
15 employee owns or controls such an interest, he shall immediately dis-
16 close the interest in writing to the board and refrain from participat-
17 ing in any manner in any activity relating to that interest.

18 Sec. 37.12.150. POWERS. In carrying out the corporate powers of
19 the corporation, the board may

- 20 (1) adopt, alter, and use a corporate seal;
21 (2) prescribe, adopt, amend, and repeal bylaws;
22 (3) sue and be sued in the name of the corporation;
23 (4) enter into any agreements necessary to the exercise of
24 its powers and functions;

25 (5) accept grants from and contract with the federal govern-
26 ment and the state or its political subdivisions and to that end comply
27 with the provisions of federal, state, or local programs where neces-
28 sary, except that it may not enter into any agreements whereby any
29 permanent state or local government position is funded or partially

1 funded in connection with a project;

2 (6) accept grants and loans from other sources than those in
3 (5) of this section to be held and used for the purposes of the corpora-
4 tion;

5 (7) appear in behalf of the corporation before boards, com-
6 missions, departments, or other agencies of municipal, state, or federal
7 government;

8 (8) acquire, hold, use, lease, sell, or otherwise dispose of
9 property of any kind, real, personal, or mixed, or any interest in it;

10 (9) hold, as a means of securing the providing of financial
11 assistance, patents, copyrights, trademarks, royalties, or any other
12 evidences of protection or exclusivity issued under the laws of the
13 United States or any state or nation;

14 (10) prepare, publish, and distribute technical studies,
15 reports, bulletins and other materials it considers appropriate;

16 (11) invest, in such form as it considers appropriate, in
17 projects which are economically viable and income-producing;

18 (12) provide grants for projects having broad public applica-
19 tion which do not have direct income-producing potential;

20 (13) adopt regulations governing the exercise of its corporate
21 powers;

22 (14) deposit funds, or invest surplus funds through the
23 treasury division of the Department of Revenue which may invest in any
24 investments authorized in AS 39.35.110 so long as its investment policy
25 is consistent with the prudent-man rule;

26 (15) do all acts and things necessary or desirable to carry
27 out the purposes of the corporation.

28 Sec. 37.12.160. DUTIES. In carrying out the purposes of this
29 chapter, the board shall

1 (1) seek to maintain the productivity of healthy renewable
2 resources and expand the productivity of depleted or underutilized
3 renewable resources;

4 (2) provide financial assistance for projects which the board
5 finds will accomplish the purposes of the corporation as set out in sec.
6 40 of this chapter;

7 (3) promote the utilization of the state's renewable re-
8 sources in the state and the development of import substitution and
9 export markets;

10 (4) annually prepare long-range operating and financial plans
11 and the budget for the forthcoming year;

12 (5) monitor approved projects for compliance with this chap-
13 ter and provide operational and performance evaluations (post-audits) of
14 projects receiving financial assistance and an overall assessment,
15 expressed in qualitative and quantitative terms, of the degree to which
16 the purposes of the corporation, as set out in sec. 40 of this chapter,
17 have been achieved; and

18 (6) attempt to fund activities which will tend to maximize
19 returns to the state and local governments and its citizens in such
20 forms as tax revenues and resident employment and income.

21 Sec. 37.12.170. FINANCIAL ASSISTANCE. (a) In providing financial
22 assistance, the board shall

23 (1) consider the proposals of qualified applicants only after
24 the applicant has submitted a detailed proposal in the form prescribed
25 by the board; no assistance may be approved by the board unless it
26 finds, in writing, that

27 (A) the proposed project, if successful, will further
28 the purposes of the corporation as set out in sec. 40 of this
29 chapter;

1 (B) the application contains an adequate plan for pro-
2 ject implementation, including, when applicable, a complete busi-
3 ness, financial and marketing plan for commercial activities;

4 (C) sufficient capital is not available from other
5 sources on reasonable terms;

6 (D) the applicant has agreed that if new renewable
7 resource industrial activity results from the proposed project, his
8 best efforts will be employed to keep that activity in the state
9 for a minimum period of time specified by the board;

10 (E) the applicant demonstrates that sufficient technical
11 and business expertise to accomplish the objectives of the proposed
12 project is available;

13 (F) all costs including additional governmental cost,
14 associated with and ancillary to the project and future obligations
15 generated by the project have been identified, including any neces-
16 sary operating, maintenance, or other support costs for the life of
17 the project;

18 (G) potential resource use conflicts that may result
19 from the proposed project are identified and evaluated, and when
20 necessary, plans to mitigate or resolve those conflicts and to
21 preserve for the future options for the use of the state's renew-
22 able resources are included in the application;

23 (2) use the financial mechanism most appropriate to the
24 conditions of the applicant and the proposed project and which will most
25 effectively utilize the funds available; grants may be made by the board
26 of up to 90 per cent of the total project costs for the following pur-
27 poses:

28 (A) projects for the applied research and development of
29 products, technologies, or innovations for the rehabilitation,

1 enhancement, or development of the state's renewable resources;

2 (B) projects for the demonstration, on a one-time basis,
3 of the economic or technical feasibility of a new product, market,
4 or technology involving a renewable resource; or

5 (C) projects for the rehabilitation, enhancement, or
6 development of a common-property resource where the benefits from
7 the project cannot be captured by any single economic unit.

8 (3) in evaluating projects, consider the preferences and
9 priorities of the residents of the region in which the project is to be
10 located;

11 (4) require investments made by the corporation to be secured
12 by means determined to be appropriate by the board.

13 (b) The board may not

14 (1) invest or otherwise provide assistance of more than five
15 per cent of the resources of the corporation or \$1,500,000, whichever is
16 less, in a single project or applicant unless the legislature has ap-
17 proved the investment by concurrent resolution;

18 (2) invest in more than 49 per cent of the outstanding cor-
19 porate stock or other corporate obligations issued by an applicant
20 unless the legislature has approved the investment by concurrent resolu-
21 tion;

22 (3) make a loan for a period in excess of 30 years unless the
23 legislature has approved the loan by concurrent resolution;

24 (4) assume the responsibility for management of any project
25 in which it has invested and may not exercise voting rights for that
26 purpose or for any other purpose which is within the scope of managerial
27 control; or

28 (5) provide funds to any state agency unless that expenditure
29 is included in the corporation's annual budget;

1 (6) allocate to grants more than 10 per cent of the annual
2 appropriation of the corporation.

3 (c) Nothing in this section prevents the board from taking such
4 action and exercising such rights as it considers necessary for the
5 protection of its financial interests in the event of

6 (1) actual or threatened default on any of the board's in-
7 vestments;

8 (2) actual or threatened insolvency of a project in which the
9 board has made an investment; or

10 (3) any other immediate or actual circumstance or event which
11 jeopardizes an investment made by the board.

12 (d) Projects for which financial assistance is granted shall
13 comply with all applicable provisions of law.

14 Sec. 37.12.180. ELIGIBILITY FOR FINANCIAL ASSISTANCE. The board
15 may provide financial assistance if it finds that an applicant is quali-
16 fied to receive assistance. An applicant is qualified if

17 (1) he has submitted a proposal to the board in accordance
18 with sec. 170(a)(1) of this chapter;

19 (2) he is a resident of the state for three years or, if the
20 applicant is a partnership, corporation, or other association, the
21 majority interest is beneficially owned by residents of the state and a
22 majority of the owners are residents of the state; and

23 (3) his projects which have previously received financial
24 assistance from the corporation, if any, have complied with all require-
25 ments of that assistance and have performed with sufficient success or
26 promise to warrant further aid.

27 Sec. 37.12.190. REPORTS AND PUBLICATIONS. (a) The board shall
28 prepare and distribute in non-technical language materials describing
29 the purposes and activities of the corporation.

1 (b) The board shall publish an annual report for the governor, the
2 legislature, and the public at the time of submitting its annual budget
3 request. Each annual report shall include financial statements and
4 audit reports, a statement detailing the sources from which the corpora-
5 tion received money, a statement detailing the investments made by the
6 corporation, a summary and evaluation of the data required by sec.
7 160(5) and (6) of this chapter, a list of public facilities required by
8 or complementary to the corporation's investment activity, and any other
9 information that the board of trustees believes would be of interest to
10 the recipients of the report.

11 Sec. 37.12.200. BUDGET AND APPROPRIATIONS. (a) The corporation
12 may expend money only as appropriated by the legislature. The corpora-
13 tion is subject to the Executive Budget Act (AS 37.07) except as pro-
14 vided in (b) and (c) of this section.

15 (b) The budget of the corporation shall include the categories and
16 amounts of proposed financial assistance broken down by financing
17 mechanism and resource sector affected and all funds received by the
18 corporation whether through allocations made by this chapter, appropria-
19 tion, or otherwise. The total amount of the corporation's operating
20 budget shall be specified separately in its budget and be appropriated
21 from the general fund.

22 (c) The unexpended and unobligated portion of the appropriations,
23 other than appropriations for operating expenses, does not lapse into
24 the general fund at the end of a fiscal year, but remains available for
25 appropriation as provided in this section in subsequent fiscal years.

26 Sec. 37.12.210. ANNUAL AUDIT. The corporation shall have its
27 financial record audited annually by an independent outside auditor.
28 The legislative auditor may prescribe the form and content of the finan-
29 cial record of the corporation and shall have access to these records at

1 any time.

2 Sec. 37.12.220. COOPERATION WITH OTHER AGENCIES. All departments,
3 agencies, and public corporations of the state shall provide informa-
4 tion, services and facilities to the corporation on its request. The
5 corporation shall reimburse the department, agency, or corporation for
6 expenses reasonably incurred on the corporation's behalf.

7 Sec. 37.12.230. TAX EXEMPTION. The corporation is exempt from all
8 taxes and assessments in the state. All security instruments issued by
9 the corporation, their transfer, and their income are exempt from all
10 taxes and assessments in the state.

11 Sec. 37.12.240. TECHNICAL ASSISTANCE. (a) The corporation may
12 provide financing for pre-investment activities including feasibility
13 studies, when, in its opinion, the proposed project is of high priority
14 and the financing is not available from other sources on reasonable
15 terms and conditions. Amounts so advanced may form a part of a later
16 investment if the enterprise or project is financed by the corporation.

17 (b) The corporation may provide funding for technical and manage-
18 ment advice and assistance to qualified applicants as it considers
19 necessary in the circumstances.

20 Sec. 37.12.250. PUBLIC ACCESS TO INFORMATION. Information in the
21 possession of the corporation is a public record, except that informa-
22 tion which discloses the particulars of the business or affairs of a
23 private enterprise or investor is confidential and is not a public
24 record. Confidential information may be disclosed only for the purposes
25 of an official law enforcement investigation or when its production is
26 required in a court proceeding. These restrictions do not prohibit the
27 publication of statistics presented in a manner that prevents the iden-
28 tification of reports, items, persons, or enterprises.

29 Sec. 37.12.260. DEFINITIONS. In this chapter, unless the context

1 otherwise requires,

2 (1) "applicant" means a person making application to the
3 corporation for financial assistance;

4 (2) "board" means the Board of Trustees of the Alaska Renew-
5 able Resources Corporation;

6 (3) "corporation" means the Alaska Renewable Resources Corpo-
7 ration;

8 (4) "project" means products, markets, innovation, or tech-
9 nological developments for the rehabilitation, enhancement, or develop-
10 ment of renewable resources and includes applied research for those
11 products, markets, or technological developments;

12 (5) "rehabilitation, enhancement, and development" means any
13 activity or program which improves the health and well-being of a renew-
14 able resource or renewable resource population leading to an increase in
15 the quality or productivity of the resource and to an increase in the
16 benefits derived from the resource to the citizens of the state;

17 (6) "renewable resource" means non-human living organisms;
18 natural components of the environment, including the air, land, and
19 water; and energy systems which are naturally recurring or replenished.

20 * Sec. 2. AS 37.11.040 is amended to read:

21 Sec. 37.11.040. FUND BALANCES. Unappropriated or otherwise unen-
22 cumbered balances remaining in the Alaska renewable resources develop-
23 ment fund at the close of each fiscal year shall be transferred to the
24 Alaska renewable resources investment [PERMANENT] fund.

25 * Sec. 3. AS 37.11.050 is amended to read:

26 Sec. 37.11.050. ALASKA RENEWABLE RESOURCES INVESTMENT [PERMANENT]
27 FUND. There is established as a separate fund the Alaska renewable re-
28 sources investment [PERMANENT] fund. Funds apportioned by sec. 60 of
29 this chapter for deposit in the investment [PERMANENT] fund are to be

1 held perpetually in trust for the benefit of both present and future
2 generations of Alaskans.

3 * Sec. 4. AS 37.11.060 is amended to read:

4 Sec. 37.11.060. FUND PRINCIPAL. Unappropriated or otherwise un-
5 encumbered balances remaining in the Alaska renewable resources develop-
6 ment fund at the close of each fiscal year shall be deposited in the
7 investment [PERMANENT] fund. These deposits shall be considered fund
8 principal and shall be invested in perpetuity in accordance with sec. 90
9 of this chapter [AS 37.10.070 (INVESTMENT OF SURPLUS STATE FUNDS)].

10 * Sec. 5. AS 37.11.070 is amended to read:

11 Sec. 37.11.070. UTILIZATION OF FUND INCOME. (a) Income received
12 from investment of investment [PERMANENT] fund principal shall not be
13 held in trust, but shall be used to provide funding for capital and
14 operating appropriations for the rehabilitation, enhancement and de-
15 velopment of renewable resources programs. The primary purpose of the
16 programs shall be to restore the renewable resources of the state for
17 common beneficial uses [PLANS FOR EXPENDITURES FROM FUND INCOME SHALL BE
18 PREPARED IN DETAIL BY THE APPROPRIATE STATE DEPARTMENT OR AGENCY AND
19 SHALL BE SUBMITTED BY THE GOVERNOR IN ACCORDANCE WITH THE EXECUTIVE
20 BUDGET ACT (AS 37.07) AS PART OF HIS ANNUAL BUDGET PRESENTATION TO THE
21 LEGISLATURE].

22 (b) Plans for expenditures from fund income shall be prepared in
23 detail by the cooperative efforts of the Departments of Natural Re-
24 sources, Fish and Game, Environmental Conservation, and Commerce and
25 Economic Development, and shall be submitted by the governor in accor-
26 dance with the Executive Budget Act (AS 37.07) as part of his annual
27 budget presentation to the legislature. Not less than 80 per cent of
28 the total plan submitted each year shall be apportioned for direct
29 capital expenditures or investments.

1 * Sec. 6. AS 37.11.080 is amended to read:

2 Sec. 37.11.080. PROTECTION OF PRINCIPAL. A transaction involving
3 investment [PERMANENT] fund principal which results in an actual dollar
4 loss of principal shall be reimbursed in full from fund income before
5 any additional income is expended.

6 * Sec. 7. AS 37.11 is amended by adding a new section to read:

7 Sec. 37.11.090. INVESTMENTS. Investment responsibility for the
8 Alaska renewable resources investment fund shall reside with the trea-
9 sury division of the Department of Revenue. The treasury division may
10 invest the Alaska renewable resources investment fund in any investments
11 authorized in AS 39.35.110 so long as its investment policy is consis-
12 tent with the prudent-man rule.

13 * Sec. 8. AS 44.66.010(a) is amended by adding a new paragraph to read:

14 (6) Alaska Renewable Resources Corporation (AS 37.12.030) --
15 June 30, 1982.

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 23, 1978

The Honorable Terry Gardiner
Chairman, Subcommittee on Renewable
Resources
House Permanent Fund Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Gardiner:

You have asked for my comments on HB 682 "An Act relating to nonrenewable resource revenues." I endorse the concept and objectives of the proposal and support the bill with the following proposed changes:

1. The title of the bill does not adequately represent the purpose and proposal set forth. Confusion might be avoided by reflecting the "renewable resource" emphasis of the bill in the title.
2. Grant and loan procedures and criteria should be clarified in the bill. The corporation should develop standards regarding interest rates to be offered, and should be required to indicate in its budget submission the amount of interest subsidization anticipated.
3. Section 37.12.170 should be clarified to indicate that government costs (roads, sewer, etc.) generated by the corporation's projects are to be specified by the corporation in its project evaluations.
4. Section 37.12.050(a) dealing with the allocation of monies is ambiguous and should be reworded to reflect the intent that the entire amount referred to in AS 37.11.020 is allocated to the corporation.
5. Section 37.12.070 requires legislative confirmation of appointees to the board of trustees. Similar requirement have been held unconstitutional. Either the requirement should be eliminated or the Constitution amended.

The Honorable Terry Gardiner
February 23, 1978
Page 2

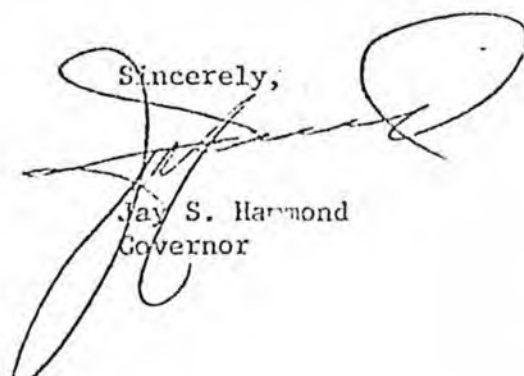
6. In order to avoid constitutional prohibitions regarding dedicated funds, it should be clearly stated in Section 37.12.050(b) that no monies may be expended by the corporation without an appropriation by law. Further, the disposition of funds not appropriated should be clarified (i.e., do they lapse into the Investment Fund?).
7. The loan limit of \$1.5 million should be increased and the maximum on the proportion of total obligations of a project which the corporation could hold should be raised from 25 percent to 50 percent.
8. Section 37.12.060 should be changed to allow for investment of the Alaska renewable resources investment fund by the Department of Revenue in the types of instruments defined in Attachment 2.
9. Section 37.12.170(3) should be clarified to reflect the intention that the corporation consider community input regarding projects.

These changes are acceptable to all of the concerned departments. Additional information about these changes is attached.

There is one additional possible amendment about which there is some dispute among departments and about which I express no opinion at this time: should the board of the corporation be three full-time members or a seven-member advisory group to an existing department? A few of the pros and cons associated with the structural alternatives are discussed in the attachments.

Thank you for this opportunity to comment on HB 682. I appreciate the cooperative method in which you have approached the development of this legislation.

Sincerely,



Jay S. Hammond
Governor

Attachments

Summary of Comments
on House Bill 682Revenue; Commerce and Economic Development (Jim Edenso)

Changes in the form of organization for the Alaska Renewable Resources Corporation (ARRC) were suggested. It was proposed that the ARRC be located in the Department of Commerce and Economic Development (instead of Revenue) with the Director of the Division of Economic Enterprise as Executive Director of the corporation. The Board of Trustees established in HB 682 would be changed from a three-member, full-time, salaried group to a seven-member (five private citizens plus Commissioners of Revenue and Commerce and Economic Development), non-salaried, advisory Board of Directors.

Language clarifications and deletions were suggested for the following sections:

Page 8, line 8; 37.12.170 (D) -- eliminate this section because the requirement of "best efforts" to retain a supported activity in the state is unreasonable and difficult to administer.

Page 8, line 15; 37.12.170 (F) -- clarify wording to indicate that the intention of the section is to require the ARRC specify government costs engendered by projects.

Page 9, line 2; 37.12.170 (3) -- clarify wording to reflect the intention that the ARRC consider community input regarding projects.

Page 9, line 5; 37.12.170 (b) (1) -- eliminate the \$1.5 million investment ceiling, because this amount would exclude important projects.

Page 9, line 9; 37.12.170 (b) (2) -- change the maximum amount of total obligations of a project which the ARRC can hold from 25 percent to 50 percent.

Further, it was recommended that Treasury manage the investment portion of the Fund. (This is now specified in the bill, although there has been some discussion of management by the Permanent Fund Corporation.)

Budget and Management (Ron Lind)

The need to include a section which would specify a method for handling interest rate subsidies was reiterated. Such a section might contain instructions to the corporation to develop standards regarding interest rates to be offered, and further to indicate in their budget submission the amount of interest subsidization anticipated.

The bill should include standards and criteria for the issuance of grants to the private sector. In its present form, HB 682 contains virtually no guidance regarding the granting function.

Problems exist with the provision which requires that the monies allocated by the corporation cannot be used to fund permanent state or local governmental positions. This requirement should be eliminated.

The section (37.12.170 (F)) regarding the specification of government costs should be clarified and retained.

There appears no advantage to the expanded board of directors approach as recommended by the Departments of Commerce and Economic Development and Revenue. If the purpose of their proposal is to make the corporation a state agency, this could be done more simply and efficiently by eliminating the advisory board and designating an existing department to carry out the functions specified in the bill.

Department of Natural Resources (Fred Boness)

The full-time, three-member board structure currently embodied in HB 682 is preferable to the expanded board structure discussed above. Three individuals devoting full efforts will have high visibility and should be able to generate a much higher level of interest and activity than could a part-time board composed of five private citizens and two commissioners.

Fish and Game (Ronald O. Skoog)

HB 682 places emphasis on potentially commercial activities. There are research and development activities which should not be excluded from consideration for funding simply because they are not foreseeably commercial.

Activities and purposes of the proposed corporation are duplicative of Alaska Department of Fish and Game activities and, therefore, steps will be necessary to avoid fragmentation. The provision disallowing the funding of permanent government position further complicates the relationship between state agencies and the corporation. This provision is unreasonable and should be eliminated. (The full text of Fish and Game comments is attached.)

Department of Law (Rodger W. Pegues)

See attached memorandum.

STATE
of ALASKA

MEMORANDUM

RECEIVED
FEB 17 1978
POLICY DEVELOPMENT
& PLANNINGTO: Fran Ulmer
Director
Division of Policy Development
and Planning
Office of the Governor

DATE: February 17, 1978

FILE NO:

TELEPHONE NO:

FROM: Ronald O. Skoog
Commissioner
Department of Fish and GameSUBJECT: House Bill 682
An Act relating to renewable
resources revenues

The Department of Fish and Game has reviewed House Bill 682 and generally concurs with the intent of the legislation. I would like to offer however, the following specific comments:

1. The overall intent of the legislation appears to be somewhat exclusionary of some types of projects that the State might propose. It appears as if only those interests that the foreseeable end product is commercially oriented will be funded. The Department has considered for some time that an area such as nongame research and development may be a logical item to receive this type of funding. We feel that these projects should not be excluded from consideration simply because there is not a foreseeable commercial project. Secondly, a project of this nature probably would never be attempted by the private sector due to the diffuse monetary benefits.
2. Section 37.12.030-040

Presently within at least ADF&G a mechanism already exists to handle the rehabilitation, enhancement, and development of renewable resources. The Bill appears to be duplicative and may create additional fragmentation. Many of the other renewable resources are under Federal management on which this Bill would have little or no impact. I am also concerned that if a private corporation begins to fund State projects it may want to participate actively in technical matters like site selection and species management.

Section 37.12.150

The stipulation that no permanent State or local government positions be hired would appear to be unacceptable to us. If, for example, a fish hatchery is funded under this Bill it is inconceivable that we would not have permanent positions attached to that project. The alternative, I suppose, is to fund only the hatchery and allow the General fund to finance all related positions to that facility. Secondly, if a large number of projects are generated the administrative/technical workload that will fall on agencies will be very large. Must we fund additional technical personnel from General funds or should we make the granting agency pay for its burdens on the agency? The latter, I believe, is a better solution.

STATE
of ALASKA

MEMORANDUM

TO: Frances A. Ulmer, Director
Div. of Policy Development & Planning
Office of the Governor

DATE: February 21, 1978

FILE NO: J-66-499-78

TELEPHONE NO:

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

SUBJECT: Renewable resource
fund. HB 682

By:

Rodger W. Pegues
Assistant Attorney General

RECEIVED
FEB 18 1978
POLICY DEVELOPMENT
& PLANNING

You have asked for our comments on this subject. We confine them to the principal legal problems which we perceive. We will discuss these legal problems section by section.

AS 37.12.050(a).

This subsection is extremely ambiguous. One may, on the one hand, interpret it to provide for 5 percent of the 5 percent referred to in AS 37.11.020 to be allocated to the corporation or, on the other hand, as providing for the entire amount referred to in AS 37.11.020 to be allocated to the corporation. Whichever result in intended, the section needs to be rewritten to clarify its meaning.

AS 37.12.050(b).

This subsection provides for half of all "actual" (gross?) receipts of the corporation to be deposited in the renewable resources investment fund. What happens to the other half is not explained. Presumably, it is expended by the corporation on one or another of the activities it is authorized by the bill to undertake

What the bill appears to do is provide both for the expenditure or investment of money through appropriations made by law and also to provide for expenditure or investment of a set percentage of mineral revenues for a special purpose without an appropriation made by law. To the extent that it would do the latter, it would constitute a dedicated fund, and it would be unconstitutional and invalid. Alaska Const., art. IX, §7.

The existing law also sets up special funds. But it also requires an appropriation to be made by law in order to expend any money from the funds. AS 37.11.030, 070. Moreover, the legislature could -- at any time -- appropriate any and all monies from either of the two funds to any

Frances A. Ulmer
Div. of Policy Development
and Planning
February 21, 1978
Page #2

purpose whatsoever. Hence, there is no true dedication. Here, however, the corporation appears to be empowered to make expenditures */ without any appropriation made by law, and only a part of its spending will be covered by appropriations. If our perception of the bill is correct, then the bill constitutes an attempt to create an unconstitutional dedicated fund.

This is not a minor matter. Enormous amounts of money could be involved. Any state official who participates in their unconstitutional allocation and expenditure could be personally liable to the state, and there would be a duty to recover the wrongfully expended funds from those officials and from the recipients. 1963 Op. Att'y Gen., No. 20. Accordingly, we strongly recommend that the bill be amended to provide that none of the monies allocated to the corporation under section 50 can be expended except as authorized by an appropriation made by law. If this is not done, we would have to advise the Commissioner of Revenue that he could be personally liable for any monies he paid over to the corporation which were thereupon expended without an appropriation made by law.

AS 37.12.070.

This section would require that the appointment of persons to the corporation's board of trustees be confirmed by the legislature. The board is not the head of a principal department. It is not a regulatory or quasi-judicial board. Accordingly, the appointments to the board can not be made subject to legislative confirmation. Bradner v. Hammond, 553 P.2d 1 (Alaska 1976). AS 37.12.090(b) is equally defective.

There are several bills before the legislature which contain similar invalid provisions. We do not comprehend this apparent disregard for the Alaska Supreme Court's

*/ "Expenditures" would include so-called investments in enterprises or ventures of relatively high risk or with relatively low rates of return.

Frances A. Ulmer
Div. of Policy Development
and Planning
February 21, 1978
Page #3

recent ruling on this matter nor the apparent willingness to throw the composition of these important boards into legal jeopardy. There are going to be enough grounds for legal challenges to these corporations without adding yet another.

AS 37.12.090.

Just as the legislature cannot expand its power over the confirmation of gubernatorial appointees so it cannot usurp power over their subsequent discharge. The hiring and firing of officials in the executive branch is not a part of the law making power of government. It is part of the executive power. The legislature may participate in its exercise only to the extent authorized by the constitution and no further. Bradner v. Hammond, 553 P.2d 1 (Alaska 1976).

The provisions in this section for legislative approval are a potential mischief maker for the future of the corporation. Recently, similar provisions almost hamstrung the Pipeline Commission, and only the timely resignation of the commissioner who had been fired by the governor removed the matter from the hands of the courts -- a place in which it never belonged. There simply is no reason for muddying the water here with a requirement which is patently unconstitutional. Myers v. United States, 272 U.S. 52 (1926).

AS 37.12.100.

It is not likely that the governor would appoint a non-resident or a very new resident to the board, yet it would be a possibility. It was in recognition of the possible need or opportunity for the governor to reach out and select a non-resident that a residency requirement for heads of principal departments was stricken by the framers of the Alaska Constitution. 3 MINUTES, ALASKA CONSTITUTIONAL CONVENTION 2232-2244 (1956). There is some reason to infer that the constitution's framers intended a blanket ban on a restriction on executive appointments based on residence. Id. The same is true for judicial appointments. Id., at 2232-2233. The framers were interested in quality; if the best man lived Outside, they reasoned, we ought to hire him. Accordingly, while perhaps not constitutionally infirm, this residence requirement might well be deleted.

Frances A. Ulmer
Div. of Policy Development
and Planning
February 21, 1978
Page #4

AS 37.12.170(b)(1), (2), and (3).

It is our best guess that, except as provided for in the constitution, i.e., art. III, §23; art. X, §12, the legislature cannot veto an action proposed or taken by another branch of the government. This point of law is now in litigation in Kelley v. Hammond, and to a lesser degree, in State v. A.L.I.V.E. Voluntary. We would, therefore, advise that an express provision be added to the bill to state that, if the legislative veto is unconstitutional, then the provisions for it are severable, assuming that result is intended.

Conclusion:

This review and comment are hurried in response to a last-minute request. The bill could present other legal problems which we may have missed.

RWP/pjg

RECEIVED
FEB 23 1978

37.11.090. Investments. Investment responsibility for the Alaska Renewable Resources Investment Fund shall reside with the Treasury Division of the Department of Revenue. Treasury may invest the Alaska Renewable Resources Investment Fund in any of the following so long as Treasury investment policy is consistent with the prudent man rule:

(1) bonds or other interest-bearing obligations and securities of the (A) United States or an agency of the United States, (B) a state of the United States, or (C) a political subdivision of a state of the United States, if the political subdivision has a population as shown by the last federal census preceding the investment of not less than 30,000 inhabitants; with respect to political subdivisions of this state, no population limitation applies;

(2) first lien real estate mortgage securities insured by the Federal Housing Administration under the National Housing Act of the United States or held by the division of veterans' affairs under AS 26.15, or loans guaranteed by the division of veterans' affairs under AS 26.15.040(b);

(3) corporation bonds and preferred and common stocks as the Treasury considers proper investments for the fund;

(4) first lien real estate mortgage securities held by the Department of Natural Resources under AS 03.10;

(5) shares of federally chartered savings and loan associations in Alaska, to the extent that such investment is insured by the federal government or an agency thereof;

(6) deposits with mutual savings banks in Alaska, to the extent that such investment is insured by the federal government or an agency thereof;

(7) deposits with state and national banks in Alaska to the extent that the investment is insured by the federal government or an agency of the federal government;

(8) mutual funds;

(9) the guaranteed portion of Small Business Administration loans;

(10) first lien real estate mortgages guaranteed by the federal Veterans Administration;

(11) notes secured by mortgages of commercial or residential real estate or other security if the mortgages are insured by a private mortgage insurance corporation which is authorized to do business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000; however, (A) no mortgage insurance is necessary for commercial loans having loan-to-value ratios of less than 50 per cent and the minimum coverage of other commercial loans shall be 10 per cent for those having a loan-to-value ratio of 50-60 per cent and 15 per cent for those having a loan-to-value ratio greater than 60 per cent but no more than 75 per cent, and (B) no mortgage insurance is necessary for residential loans having a loan-to-value ratio of less than 70 per cent and the minimum coverage of other residential loans shall be 10 per cent for those having a loan-to-value ratio greater than 70 per cent but less than 90 per cent and 20 per cent for those having a loan-to-value ratio of 90 per cent;

(12) conventional residential mortgages if the originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years;

(13) notes secured by mortgages of commercial real estate if the originating financial institution retains at least 25 per cent of the mortgage;

(14) FHA guaranteed portion of business and industrial loans made under the Rural Development Act of 1972;

(15) guaranteed portion of loans made under the Federal Ship Financing Act of 1972;

(16) bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada, or by any municipality of Canada which has

has a population of not less than 150,000, if (A) the full faith and credit of the issuer, guarantor, or assumer of the bonds, debentures, notes, or other obligations is pledged for the payment of principal and interest on them, (B) the principal and interest on them is payable in United States currency, either unconditionally or at the option of the holder, and (C) these obligations are rated A or an equivalent quality by a nationally recognized rating organization;

(17) bankers' acceptances which are eligible for discount at the Federal Reserve Bank and negotiable time certificates of deposit issued by commercial banks.

Notes on HB 662

Alaska Renewable Resource Corporation

3 Member Board of Trustees	\$ 60,000
Range 30 - Salary	180,000
12 trips per year (Alaska)	5,400
3 trips per year (out of State)	5,400
24 meeting days (Alaska)	3,600
12 meeting days (out of State)	1,800
Regular per diem plus travel	
1 Executive Director - Range 30	60,000
24 trips per year (Alaska)	3,600
6 trips per year (out of State)	3,600
90 days total travel plus per diem	4,500
1 Grant Officer - Range 20	34,440
12 trips per year (Alaska)	5,400
4 trips per year (out of State)	2,400
32 days total travel plus per diem	1,600
1 Investment Officer - Range 24	46,275
12 trips per year (Alaska)	5,400
4 trips per year (out of State)	2,400
32 days total travel plus per diem	1,600
1 Secretary II - Range 11	18,210
1 Clerk III - Range 8	15,075
1 Accountant IV - Range 18	29,745
Office Space	60,000
Office Equipment	15,000
Contractual:	
Safekeeping	50,000
Consulting	200,000
Telephone	20,000
Postage	5,000
Printing/Advertising	10,000
Auditing	30,000
Equipment Rental	10,000
Miscellaneous	3,000
Commodities	5,000

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 682
Title An Act relating to the renewable resources funds.
Requested by Special Committee on the Alaska Permanent Fund Date 3/9/78

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected General Government
Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		383.7				
200 TRAVEL		46.7				
300 CONTRACTUAL		328.0				
400 COMMODITIES		5.0				
500 EQUIPMENT		15.0				
600 LAND & STRUCTURES		60.0				
700 GRANTS, CLAIMS, ETC.						
TOTAL		838.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		838.4				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		9.0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This note enumerates a portion of the fiscal impact of CSHB 682 upon Treasury Management. Costs of the following administrative structures are included above:

Board of Trustees - 3 members full time salaried
Executive Director and staff

Fiscal years subsequent to FY 79 would properly be estimated by the emergent administrative body.

IV. DATE March 15, 1978 PREPARED BY Jim Edenso
AGENCY Department of Revenue
Original: Legislative Finance PHONE 465-2350
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB 682

ALASKA RENEWABLE RESOURCES CORPORATION

FY 79

	Personal Services	Travel	Contractual	Commodities	Equipment	Grand Total
3 Commissioners Range 30						
Salaries @ \$50.8	152.4					
Benefits @ 25%	38.1					
2 Professional Staff Range 20						
Salaries @ \$27.8	55.6					
Benefits @ 25%	13.9					
1 Clerical Staff Range 12						
Salary	15.7					
Benefits	3.9					
Travel & Per Diem		31.5				
Office Expenses			30.0			
Consulting Services			150.0 200.0			
Commodities				6.5		
Equipment					8.0	
TOTAL	279.6	31.5	180.0	6.5	8.0	505.6 555.6

Introduced: 1/25/78
Referred: The Special Committee
on the Permanent Fund and
Finance

1 IN THE HOUSE

BY THE SPECIAL COMMITTEE ON
THE ALASKA PERMANENT FUND

2 HOUSE BILL NO. 682

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues."

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

8 * Section 1. AS 37 is amended by adding a new chapter to read:

9 CHAPTER 12. ALASKA RENEWABLE RESOURCES CORPORATION.

10 Sec. 37.12.010. DECLARATION OF POLICY. It is the policy of the
11 state to

12 (1) rehabilitate, enhance, and develop its renewable re-
13 sources and, insofar as is consistent with sound resource management
14 policies, develop its human resources by providing maximum opportunities
15 for employment and a higher standard of living for its citizens; and

16 (2) utilize the funds set aside under ch. 11 of this title to
17 further the (A) development of renewable resources that will contribute
18 to a stable self-sustaining state economy, employment opportunities, and
19 lifestyle alternatives for its citizens, and (B) commercial, tradi-
20 tional, and common uses of the state's renewable resources.

21 Sec. 37.12.020. FINDINGS. (a) The legislature finds that Alaska
22 has renewable resources that are not being utilized to their full poten-
23 tial. Many problems which confront the state, including high unem-
24 ployment and unstable economy, could be mitigated by the expanded use
25 and development of its renewable resources.

26 (b) It is further found that Alaska's economy has historically
27 depended upon sporadic and non-stable development.

28 (c) It is further found that several key factors have contributed
29 to the slow development of renewable resource industries, including,

1 (1) reductions in research and development financing and
2 venture capital financing;

3 (2) a lack of knowledge within the business and financial
4 communities about conditions affecting renewable resource industrial
5 development in the state; and

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7 (d) It is further found that the state's policy of assisting the
8 development of viable industries is best accomplished by providing
9 assistance to the private sector to identify and demonstrate new pro-
10 ducts, markets, and technologies.

11 Sec. 37.12.030. ALASKA RENEWABLE RESOURCES CORPORATION CREATED.
12 There is created the Alaska Renewable Resources Corporation to carry out
13 the purposes of this chapter. The corporation is a public corporation
14 of the state and an instrumentality of the state within the Department
15 of Revenue, but has a legal existence independent of and separate from
16 the state. The exercise by the corporation of the powers conferred by
17 this chapter is considered an essential function of the state.

18 Sec. 37.12.040. PURPOSES. The purposes of the corporation are to

19 (1) facilitate the rehabilitation, enhancement, and develop-
20 ment of the state's renewable resources so as to strengthen the self-sus-
21 taining sectors of the state economy;

22 (2) sponsor research and development of technologies and
23 innovations for the rehabilitation and enhancement of the state's renew-
24 able resources to achieve their most appropriate use;

25 (3) identify new products, markets, and technologies for
26 renewable resource industries in the state; stimulate the research and
27 development of these products, markets, and technologies; assist in the
28 demonstration of their technical and economic feasibility; and assist in
29 their introduction into commercial markets.

1 Sec. 37.12.050. ALLOCATION. (a) There shall be allocated to the
2 corporation from the receipts described in AS 37.11.020 five per cent of
3 the receipts paid the state from mineral lease bonuses and rentals for
4 state land and royalties derived from minerals produced on state land.
5 Payments of the amount allocated by this section shall be made to the
6 corporation by the Department of Revenue on a monthly basis.

7 (b) Fifty per cent of all actual receipts of the corporation, from
8 whatever source, shall be deposited into the renewable resources invest-
9 ment fund (AS 37.11.050).

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11 corporation is established as its governing body.

12 Sec. 37.12.070. COMPOSITION OF THE BOARD OF TRUSTEES. The board
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25 governor shall be in writing and state the reason for removal. If the
26 legislature is not in session, the governor may suspend a member of the
27 board. Upon suspension, a board member may not participate in board
28 business and may not be counted for the purpose of establishing a quo-
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1 member until the legislature in joint session consents to his removal.
2 The joint session shall be held within 30 days from the date of removal
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4 days of convening of the legislature if the legislature is not in ses-
5 sion. If the legislature refuses to consent to his removal, the board
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20 (4) enter into any agreements necessary to the exercise of
21 its powers and functions;
22 (5) accept grants from and contract with the federal govern-
23 ment and the state or its political subdivisions and to that end comply
24 with the provisions of federal, state, or local programs where neces-
25 sary, except that it may not enter into any agreements whereby any
26 permanent state or local government position is funded or partially
27 funded in connection with a project;
28 (6) accept grants and loans from other sources than those
29 in (5) of this section to be held and used for the purposes of the

1 corporation;

2 (7) appear in behalf of the corporation before boards, com-
3 missions, departments, or other agencies of municipal, state, or federal
4 government;

5 (8) acquire, hold, use, lease, sell, or otherwise dispose of
6 property of any kind, real, personal, or mixed, or any interest in it;

7 (9) hold, as a means of securing the providing of financial
8 assistance, patents, copyrights, trademarks, royalties, or any other
9 evidences of protection or exclusivity issued under the laws of the
10 United States or any state or nation;

11 (10) prepare, publish, and distribute technical studies,
12 reports, bulletins and other materials it considers appropriate;

13 (11) make financial assistance available in the form of grants,
14 loans, loan guarantees, or other appropriate forms to public research
15 and development groups in the state in order to facilitate investment by
16 the board in specific projects which do not warrant direct supervision
17 by the corporation;

18 (12) invest, in such form as it considers appropriate, in
19 projects which have income-producing potential;

20 (13) provide grants only for projects or demonstration of
21 projects which do not yet have income-producing potential but which are
22 commercially promising or have potentially broad application to the
23 public;

24 (14) adopt regulations to implement this chapter;

25 (15) deposit funds, or invest funds through the permanent fund
26 (AS 37.13) in such obligations as it may determine;

27 (16) do all acts and things necessary or desirable to carry
28 out the purposes of the corporation.

29 Sec. 37.12.160. DUTIES. In carrying out the purposes of this

1 chapter, the board shall

2 (1) seek to maintain the productivity of healthy renewable
3 resources and expand the productivity of depleted or underutilized
4 renewable resources;

5 (2) provide financial assistance for projects which the board
6 finds will accomplish the purposes of the corporation as set out in sec.
7 40 of this chapter;

8 (3) promote the utilization of the state's renewable re-
9 sources in the state and the development of import substitution and
10 export markets;

11 (4) annually prepare long-range operating and financial plans
12 and the budget for the forthcoming year;

13 (5) monitor approved projects for compliance with this chap-
14 ter and provide operational and performance evaluations (post-audits) of
15 projects receiving financial assistance and an overall assessment,
16 expressed in qualitative and quantitative terms, of the degree to which
17 the purposes of the corporation, as set out in sec. 40 of this chapter,
18 have been achieved; and

19 (6) attempt to fund activities which will tend to maximize
20 returns to the state and local governments and its citizens in such
21 forms as tax revenues and resident employment and income.

22 Sec. 37.12.170. FINANCIAL ASSISTANCE. (a) In providing financial
23 assistance, the board shall

24 (1) consider the proposals of qualified applicants only after
25 the applicant has submitted a detailed proposal in the form prescribed
26 by the board; no assistance may be approved by the board unless it
27 finds, in writing, that

28 (A) the proposed project, if successful, will further
29 the purposes of the corporation as set out in sec. 40 of this

1 chapter;

2 (B) the application contains an adequate plan for pro-
3 ject implementation, including, when applicable, a complete busi-
4 ness, financial and marketing plan for commercial activities;

5 (C) private financing cannot reasonably be undertaken
6 without aid or that financial participation is not otherwise avail-
7 able;

8 (D) the applicant has agreed that if new renewable
9 resource industrial activity results from the proposed project, his
10 best efforts will be employed to keep that activity in the state
11 for a minimum period of time specified by the board;

12 (E) the applicant demonstrates sufficient technical and
13 business expertise to accomplish the objectives of the proposed
14 project;

15 (F) all costs associated with and ancillary to the pro-
16 ject and future obligations generated by the project have been
17 identified, including any necessary operating, maintenance, or
18 other support costs for the life of the project;

19 (G) potential resource use conflicts that may result
20 from the proposed project are identified and evaluated, and when
21 necessary, plans to mitigate or resolve those conflicts and to
22 preserve for the future options for the use of the state's renew-
23 able resources are included in the application;

24 (H) a proposed project involving the use of a renewable
25 resource is an appropriate use of that resource;

26 (2) use the financial mechanism most appropriate to the
27 conditions of the applicant and the proposed project and which will most
28 effectively utilize the funds available; grants may be utilized when
29 other mechanisms are not feasible and when the benefits of the grant

1 will accrue to the general public;

2 (3) consider regional preferences and priorities in evaluat-
3 ing projects.

4 (b) The board may not

5 (1) invest more than five per cent of the resources of the
6 corporation or \$1,500,000, whichever is less, in a single project or
7 applicant unless the legislature has approved the investment by con-
8 current resolution;

9 (2) invest in more than 25 per cent of the outstanding cor-
10 porate stock or other corporate obligations issued by an applicant
11 unless the legislature has approved the investment by concurrent resolu-
12 tion;

13 (3) make a loan for a period in excess of 10 years unless the
14 legislature has approved the loan by concurrent resolution;

15 (4) assume the responsibility for management of any project
16 in which it has invested and may not exercise voting rights for that
17 purpose or for any other purpose which is within the scope of managerial
18 control; or

19 (5) provide funds to any state agency unless that expenditure
20 is included in the corporation's annual budget.

21 (c) Nothing in this section prevents the board from taking such
22 action and exercising such rights as it considers necessary for the
23 protection of its financial interests in the event of

24 (1) actual or threatened default on any of the board's invest-
25 ments;

26 (2) actual or threatened insolvency of a project in which the
27 board has made an investment; or

28 (3) any other immediate or actual circumstance or event which
29 jeopardizes an investment made by the board.

1 (d) Projects for which financial assistance is granted shall
2 comply with all applicable provisions of law.

3 Sec. 37.12.180. ELIGIBILITY FOR FINANCIAL ASSISTANCE. The board
4 may grant financial assistance if it finds that an applicant is quali-
5 fied to receive assistance. An applicant is qualified if

6 (1) he has submitted a proposal to the board in accordance
7 with sec. 170(a)(1) of this chapter;

8 (2) he is a resident of the state or, if the applicant is a
9 partnership, corporation, or other association, it is owned by a major-
10 ity who are residents of the state; and

11 (3) his projects which have previously received financial
12 assistance from the corporation, if any, have complied with all require-
13 ments of that assistance and have performed with sufficient success or
14 promise to warrant further aid.

15 Sec. 37.12.190. REPORTS AND PUBLICATIONS. (a) The board shall
16 prepare and distribute in non-technical language materials describing
17 the purposes and activities of the corporation.

18 (b) The board shall publish an annual report for the governor, the
19 legislature, and the public at the time of submitting its annual budget
20 request. Each annual report shall include financial statements and
21 audit reports, a statement detailing the sources from which the corpora-
22 tion received money, a statement detailing the investments made by the
23 corporation, a summary and evaluation of the data required by sec.
24 160(5) and (6) of this chapter, and any other information that the board
25 of trustees believes would be of interest to the recipients of the
26 report.

27 Sec. 37.12.200. BUDGET AND APPROPRIATIONS. The corporation shall
28 submit its annual budget to the legislature through the governor as pro-
29 vided for state agencies by the Executive Budget Act (AS 37.07). The

1 budget shall include the categories and amounts of proposed financial
2 assistance broken down by financing mechanism and resource sector af-
3 fected and all funds received by the corporation whether through alloca-
4 tions made by this chapter, appropriation, or otherwise. The corpora-
5 tion may expend money directly appropriated by the legislature only as
6 authorized by the legislature. The total amount of the corporation's
7 operating budget shall be specified as a separate item of its budget and
8 be appropriated from the general fund.

9 Sec. 37.12.210. ANNUAL AUDIT. The corporation shall have its
10 financial record audited annually by a certified public accountant. The
11 legislative auditor may prescribe the form and content of the financial
12 record of the corporation and shall have access to these records at any
13 time.

14 Sec. 37.12.220. COOPERATION WITH OTHER AGENCIES. All departments,
15 agencies, and public corporations of the state shall provide information,
16 services and facilities to the corporation on its request. The corpora-
17 tion shall reimburse the department, agency, or corporation for expenses
18 reasonably incurred on the corporation's behalf.

19 Sec. 37.12.230. DEFINITIONS. In this chapter, unless the context
20 otherwise requires,

21 (1) "applicant" means a person making application to the
22 corporation for financial assistance;

23 (2) "appropriate use" means (definition to be supplied by
24 other source);

25 (3) "board" means the Board of Trustees of the Alaska Renew-
26 able Resources Corporation;

27 (4) "corporation" means the Alaska Renewable Resources Corpo-
28 ration;

29 (5) "project" means products, markets, innovation, or

1 technological developments for the rehabilitation, enhancement, or
2 development of renewable resources and includes applied research for
3 those products, markets, or technological developments;

4 (6) "rehabilitation, enhancement, and development" means any
5 activity or program which improves the health and well-being of a renew-
6 able resource or renewable resource population leading to an increase in
7 the quality or productivity of the resource and to an increase in the
8 benefits derived from the resource to the citizens of the state;

9 (7) "renewable resource" means non-human living organisms;
10 natural components of the environment, including the air, land, and
11 water; and energy systems which are naturally recurring or replenished.

12 * Sec. 2. AS 37.11.040 is amended to read:

13 Sec. 37.11.040. FUND BALANCES. Unappropriated or otherwise unen-
14 cumbered balances remaining in the Alaska renewable resources development
15 fund at the close of each fiscal year shall be transferred to the Alaska
16 renewable resources investment [PERMANENT] fund.

17 * Sec. 3. AS 37.11.050 is amended to read:

18 Sec. 37.11.050. ALASKA RENEWABLE RESOURCES INVESTMENT [PERMANENT]
19 FUND. There is established as a separate fund the Alaska renewable re-
20 sources investment [PERMANENT] fund. Funds apportioned by sec. 60 of
21 this chapter for deposit in the investment [PERMANENT] fund are to be
22 held perpetually in trust for the benefit of both present and future
23 generations of Alaskans.

24 * Sec. 4. AS 37.11.060 is amended to read:

25 Sec. 37.11.060. FUND PRINCIPAL. Unappropriated or otherwise un-
26 encumbered balances remaining in the Alaska renewable resources develop-
27 ment fund at the close of each fiscal year shall be deposited in the
28 investment [PERMANENT] fund. These deposits shall be considered fund
29 principal and shall be invested in perpetuity in accordance with

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AS 37.10.070 (investment of surplus state funds).

* Sec. 5. AS 37.11.070 is amended to read:

Sec. 37.11.070. UTILIZATION OF FUND INCOME. Income received from investment of investment [PERMANENT] fund principal shall not be held in trust, but shall be used to provide funding for capital and operating appropriations for the rehabilitation, enhancement and development of renewable resources programs. Plans for expenditures from fund income shall be prepared in detail by the appropriate state department or agency and shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of his annual budget presentation to the legislature.

* Sec. 6. AS 37.11.080 is amended to read:

Sec. 37.11.080. PROTECTION OF PRINCIPAL. A transaction involving investment [PERMANENT] fund principal which results in an actual dollar loss of principal shall be reimbursed in full from fund income before any additional income is expended.

* Sec. 7. AS 44.66.010(a) is amended by adding a new paragraph to read:

(6) Alaska Renewable Resources Corporation (AS 37.12.030) --
June 30, 1982.

#

Original sponsor: The Special Committee
on the Alaska Permanent
Fund

Offered: 3/9/78
Referred: Finance

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BY THE SPECIAL COMMITTEE ON
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12 evidences of protection or exclusivity issued under the laws of the
13 United States or any state or nation;

14 (10) prepare, publish, and distribute technical studies,
15 reports, bulletins and other materials it considers appropriate;

16 (11) invest, in such form as it considers appropriate, in
17 projects which are economically viable and income-producing;

18 (12) provide grants for projects having broad public applica-
19 tion which do not have direct income-producing potential;

20 (13) adopt regulations governing the exercise of its corporate
21 powers;

22 (14) deposit funds, or invest surplus funds through the
23 Alaska Permanent Fund Corporation (AS 37.13) in such obligations as the
24 Board of Trustees of the Alaska Renewable Resources Corporation may
25 determine;

26 (15) do all acts and things necessary or desirable to carry
27 out the purposes of the corporation.

28 Sec. 37.12.160. DUTIES. In carrying out the purposes of this
29 chapter, the board shall

1 (1) seek to maintain the productivity of healthy renewable
2 resources and expand the productivity of depleted or underutilized
3 renewable resources;

4 (2) provide financial assistance for projects which the board
5 finds will accomplish the purposes of the corporation as set out in sec.
6 40 of this chapter;

7 (3) promote the utilization of the state's renewable re-
8 sources in the state and the development of import substitution and
9 export markets;

10 (4) annually prepare long-range operating and financial plans
11 and the budget for the forthcoming year;

12 (5) monitor approved projects for compliance with this chap-
13 ter and provide operational and performance evaluations (post-audits) of
14 projects receiving financial assistance and an overall assessment,
15 expressed in qualitative and quantitative terms, of the degree to which
16 the purposes of the corporation, as set out in sec. 40 of this chapter,
17 have been achieved; and

18 (6) attempt to fund activities which will tend to maximize
19 returns to the state and local governments and its citizens in such
20 forms as tax revenues and resident employment and income.

21 Sec. 37.12.170. FINANCIAL ASSISTANCE. (a) In providing financial
22 assistance, the board shall

23 (1) consider the proposals of qualified applicants only after
24 the applicant has submitted a detailed proposal in the form prescribed
25 by the board; no assistance may be approved by the board unless it
26 finds, in writing, that

27 (A) the proposed project, if successful, will further
28 the purposes of the corporation as set out in sec. 40 of this
29 chapter;

1 (B) the application contains an adequate plan for pro-
2 ject implementation, including, when applicable, a complete busi-
3 ness, financial and marketing plan for commercial activities;

4 (C) sufficient capital is not available from other
5 sources on reasonable terms;

6 (D) the applicant has agreed that if new renewable
7 resource industrial activity results from the proposed project, his
8 best efforts will be employed to keep that activity in the state
9 for a minimum period of time specified by the board;

10 (E) the applicant demonstrates sufficient technical and
11 business expertise to accomplish the objectives of the proposed
12 project;

13 (F) all costs, including additional governmental cost,
14 associated with and ancillary to the project and future obligations
15 generated by the project have been identified, including any neces-
16 sary operating, maintenance, or other support costs for the life of
17 the project;

18 (G) potential resource use conflicts that may result
19 from the proposed project are identified and evaluated, and when
20 necessary, plans to mitigate or resolve those conflicts and to
21 preserve for the future options for the use of the state's renew-
22 able resources are included in the application;

23 (2) use the financial mechanism most appropriate to the
24 conditions of the applicant and the proposed project and which will most
25 effectively utilize the funds available; grants may be made by the board
26 of up to 90 per cent of the total project costs for the following pur-
27 poses:

28 (A) projects for the applied research and development of
29 products, technologies, or innovations for the rehabilitation,

1 enhancement, or development of the state's renewable resources;

2 (B) projects for the demonstration, on a one-time basis,
3 of the economic or technical feasibility of a new product, market,
4 or technology involving a renewable resource; or

5 (C) projects for the rehabilitation, enhancement, or
6 development of a common-property resource where the benefits from
7 the project cannot be captured by any single economic unit.

8 (3) in evaluating projects, consider the preferences and
9 priorities of the residents of the region in which the project is to be
10 located;

11 (4) require investments made by the corporation to be secured
12 by means determined to be appropriate by the board.

13 (b) The board may not

14 (1) invest or otherwise provide assistance of more than five
15 per cent of the resources of the corporation or \$1,500,000, whichever is
16 less, in a single project or applicant unless the legislature has ap-
17 proved the investment by concurrent resolution;

18 (2) invest in more than 49 per cent of the outstanding cor-
19 porate stock or other corporate obligations issued by an applicant
20 unless the legislature has approved the investment by concurrent resolu-
21 tion;

22 (3) make a loan for a period in excess of 30 years unless the
23 legislature has approved the loan by concurrent resolution;

24 (4) assume the responsibility for management of any project
25 in which it has invested and may not exercise voting rights for that
26 purpose or for any other purpose which is within the scope of managerial
27 control; or

28 (5) provide funds to any state agency unless that expenditure
29 is included in the corporation's annual budget;

1 (6) allocate to grants more than 10 per cent of the annual
2 appropriation of the corporation.

3 (c) Nothing in this section prevents the board from taking such
4 action and exercising such rights as it considers necessary for the
5 protection of its financial interests in the event of

6 (1) actual or threatened default on any of the board's invest-
7 ments;

8 (2) actual or threatened insolvency of a project in which the
9 board has made an investment; or

10 (3) any other immediate or actual circumstance or event which
11 jeopardizes an investment made by the board.

12 (d) Projects for which financial assistance is granted shall
13 comply with all applicable provisions of law.

14 Sec. 37.12.180. ELIGIBILITY FOR FINANCIAL ASSISTANCE. The board
15 may provide financial assistance if it finds that an applicant is quali-
16 fied to receive assistance. An applicant is qualified if

17 (1) he has submitted a proposal to the board in accordance
18 with sec. 170(a)(1) of this chapter;

19 (2) he is a resident of the state for three years or, if the
20 applicant is a partnership, corporation, or other association, the
21 majority interest is beneficially owned by residents of the state and a
22 majority of the owners are residents of the state; and

23 (3) his projects which have previously received financial
24 assistance from the corporation, if any, have complied with all require-
25 ments of that assistance and have performed with sufficient success or
26 promise to warrant further aid.

27 Sec. 37.12.190. REPORTS AND PUBLICATIONS. (a) The board shall
28 prepare and distribute in non-technical language materials describing
29 the purposes and activities of the corporation.

1 (b) The board shall publish an annual report for the governor, the
2 legislature, and the public at the time of submitting its annual budget
3 request. Each annual report shall include financial statements and
4 audit reports, a statement detailing the sources from which the corpora-
5 tion received money, a statement detailing the investments made by the
6 corporation, a summary and evaluation of the data required by sec.
7 160(5) and (6) of this chapter, a list of public facilities required by
8 or complementary to the corporation's investment activity, and any other
9 information that the board of trustees believes would be of interest to
10 the recipients of the report.

11 Sec. 37.12.200. BUDGET AND APPROPRIATIONS. (a) The corporation
12 may expend money only as appropriated by the legislature. The corpora-
13 tion is subject to the Executive Budget Act (AS 37.07) except as
14 provided in (b) and (c) of this section.

15 (b) The budget of the corporation shall include the categories and
16 amounts of proposed financial assistance broken down by financing
17 mechanism and resource sector affected and all funds received by the
18 corporation whether through allocations made by this chapter, appropria-
19 tion, or otherwise. The total amount of the corporation's operating
20 budget shall be specified separately in its budget and be appropriated
21 from the general fund.

22 (c) The unexpended and unobligated portion of the appropriations,
23 other than appropriations for operating expenses, does not lapse into
24 the general fund at the end of a fiscal year, but remains available
25 for appropriation as provided in this section in subsequent fiscal
26 years.

27 Sec. 37.12.210. ANNUAL AUDIT. The corporation shall have its
28 financial record audited annually by an independent outside auditor.
29 The legislative auditor may prescribe the form and content of the finan-

1 cial record of the corporation and shall have access to these records at
2 any time.

3 Sec. 37.12.220. COOPERATION WITH OTHER AGENCIES. All departments,
4 agencies, and public corporations of the state shall provide information
5 services and facilities to the corporation on its request. The corpora-
6 tion shall reimburse the department, agency, or corporation for expenses
7 reasonably incurred on the corporation's behalf.

8 Sec. 37.12.230. TAX EXEMPTION. The corporation is exempt from all
9 taxes and assessments in the state. All security instruments issued by
10 the corporation, their transfer, and their income are exempt from all
11 taxes and assessments in the state.

12 Sec. 37.12.240. TECHNICAL ASSISTANCE. (a) The corporation may
13 provide financing for pre-investment activities including feasibility
14 studies, when, in its opinion, the proposed project is of high priority
15 and the financing is not available from other sources on reasonable
16 terms and conditions. Amounts so advanced may form a part of a later
17 investment if the enterprise or project is financed by the corporation.

18 (b) The corporation may provide for technical and management
19 advice and assistance to qualified applicants as it considers necessary
20 in the circumstances.

21 Sec. 37.12.250. PUBLIC ACCESS TO INFORMATION. Information in the
22 possession of the corporation is a public record, except that informa-
23 tion which discloses the particulars of the business or affairs of a
24 private enterprise or investor is confidential and is not a public
25 record. Confidential information may be disclosed only for the purposes
26 of an official law enforcement investigation or when its production is
27 required in a court proceeding. These restrictions do not prohibit the
28 publication of statistics presented in a manner that prevents the iden-
29 tification of reports, items, persons, or enterprises.

1 Sec. 37.12.260. DEFINITIONS. In this chapter, unless the context
2 otherwise requires,

3 (1) "applicant" means a person making application to the
4 corporation for financial assistance;

5 (2) "board" means the Board of Trustees of the Alaska Renew-
6 able Resources Corporation;

7 (3) "corporation" means the Alaska Renewable Resources Corpo-
8 ration;

9 (4) "project" means products, markets, innovation, or tech-
10 nological developments for the rehabilitation, enhancement, or develop-
11 ment of renewable resources and includes applied research for those
12 products, markets, or technological developments;

13 (5) "rehabilitation, enhancement, and development" means any
14 activity or program which improves the health and well-being of a renew-
15 able resource or renewable resource population leading to an increase in
16 the quality or productivity of the resource and to an increase in the
17 benefits derived from the resource to the citizens of the state;

18 (6) "renewable resource" means non-human living organisms;
19 natural components of the environment, including the air, land, and
20 water; and energy systems which are naturally recurring or replenished.

21 * Sec. 2. AS 37.11.040 is amended to read:

22 Sec. 37.11.040. FUND BALANCES. Unappropriated or otherwise unen-
23 cumbered balances remaining in the Alaska renewable resources development
24 fund at the close of each fiscal year shall be transferred to the Alaska
25 renewable resources investment [PERMANENT] fund.

26 * Sec. 3. AS 37.11.050 is amended to read:

27 Sec. 37.11.050. ALASKA RENEWABLE RESOURCES INVESTMENT [PERMANENT]
28 FUND. There is established as a separate fund the Alaska renewable re-
29 sources investment [PERMANENT] fund. Funds apportioned by sec. 60 of

1 this chapter for deposit in the investment [PERMANENT] fund are to be
2 held perpetually in trust for the benefit of both present and future
3 generations of Alaskans.

4 * Sec. 4. AS 37.11.060 is amended to read:

5 Sec. 37.11.060. FUND PRINCIPAL. Unappropriated or otherwise un-
6 encumbered balances remaining in the Alaska renewable resources develop-
7 ment fund at the close of each fiscal year shall be deposited in the
8 investment [PERMANENT] fund. These deposits shall be considered fund
9 principal and shall be invested in perpetuity by the Alaska Permanent
10 Fund Corporation [IN ACCORDANCE WITH AS 37.10.070 (INVESTMENT OF SURPLUS
11 STATE FUNDS)].

12 * Sec. 5. AS 37.11.070 is amended to read:

13 Sec. 37.11.070. UTILIZATION OF FUND INCOME. Income received from
14 investment of investment [PERMANENT] fund principal shall not be held in
15 trust, but shall be used to provide funding for capital and operating
16 appropriations for the rehabilitation, enhancement and development of
17 renewable resources programs. Plans for expenditures from fund income
18 shall be prepared in detail by the appropriate state department or
19 agency and shall be submitted by the governor in accordance with the
20 Executive Budget Act (AS 37.07) as part of his annual budget presenta-
21 tion to the legislature.

22 * Sec. 6. AS 37.11.080 is amended to read:

23 Sec. 37.11.080. PROTECTION OF PRINCIPAL. A transaction involving
24 investment [PERMANENT] fund principal which results in an actual dollar
25 loss of principal shall be reimbursed in full from fund income before
26 any additional income is expended.

27 * Sec. 7. AS 37.11 is amended by adding a new section to read:

28 Sec. 37.11.090. INVESTMENTS. Investment responsibility for the
29 Alaska renewable resources investment fund shall reside with the

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treasury division of the Department of Revenue. The treasury division may invest the Alaska renewable resources investment fund in any investments authorized in AS 39.35.110 so long as its investment policy is consistent with the prudent-man rule.

* Sec. 8. AS 44.66.010(a) is amended by adding a new paragraph to read:
(6) Alaska Renewable Resources Corporation (AS 37.12.030) --
June 30, 1982.

THE ALASKA RENEWABLE RESOURCES CORPORATION

A PROPOSAL

OVERVIEW - RENEWABLE RESOURCES: PROMISE AND PROBLEMS

Alaskan economic history has been wrought with boom/bust cycles, resource exploitation, and seasonal and high unemployment. These conditions still exist in 1977. Alaskans realize that the present wealth of oil revenues will not last and, as reflected in many polls, believe that renewable resource development holds out the greatest promises for long range stability in Alaska.

Renewable resources, such as fish, timber, agriculture, and energy sources, are diffused throughout the State and thus offer possibilities for employment, long-term stability, and environmental compatibility State-wide, particularly in the most underdeveloped areas. While landings and value for most fishery harvests have increased over recent years, Alaskans are impatient to realize the potential three-fold increase in the fishery sector promised by the 200 Mile Limit. Only 17,000 of the 15 million acres of potentially arable lands are presently utilized for agriculture. In many areas of the State, renewable energy and timber resources are unutilized.

With such desires and promises surrounding the development of Alaska's renewable resources, what is holding us up? What is the problem? There are several problems.

Page Two

Major uncertainties face individuals, businesses, and government seeking to expand the renewable resource sectors of our economy. Uncertainty over land ownership, and a myriad of regulatory actions, surround renewable resources development activity. Lack of knowledge or experience makes for unacceptably high risks in areas of even immediate potential such as Alaska's bottom fishery. Government agencies lack sufficient information to back up resource development efforts. These risks and uncertainties result in a lack of available capital for both starting new businesses and for expanding existing ones.

Alaska's lack of a large supply of experienced entrepreneurs and managers further reduces investor interest or confidence. Necessary infrastructure, such as transportation facilities and service industries, are absent in many areas of Alaska. Also, the widespread reduction in research and development spending by both the private and public sectors since the early 1970's threatens expansion into Alaska's economic frontiers.

There are many actions the State performs or will perform to accelerate the development of our renewable resources. General Fund expenditures continue to fund capital projects creating infrastructure, such as transportation and energy systems, which are necessary to economic activity. Government expenditures at several levels fund many agencies increasing knowledge about our resources and improving resource management techniques. Existing State loan programs and new programs

Page Three

to be debated in the upcoming legislative session expand the availability of capital for Alaska businesses. Permanent Fund monies will be available, but because of the Constitutional requirement, the funds may only be invested in financially sound, proven business ventures.

None of these aids are capable of resolving the uncertainties that presently inhibit renewable resource developments. The Renewable Resources Development Fund (RRDF) created by the Legislature in 1973 for the "rehabilitation, enhancement, and development of Alaska's renewable resources" can fill this gap. Unlike the Permanent Fund, the RRDF does not have to be invested in a safe, income producing manner. With this flexibility, the Subcommittee on the RRDF proposes to apply the RRDF to the earliest and riskiest and neediest stage in the development of renewable resources. Fund dollars* allocated by the Alaska Renewable Resources Corporation (ARRC) will be used to assist the development and demonstration of techniques and innovations for the rehabilitation, enhancement, or maintenance of renewable resources systems and the identification, development, demonstration, and introduction of new products, markets, or technologies for renewable resources industries in Alaska.

This proposal seeks to match individual Alaskans, their ideas and energies, with our vast opportunities for renewable resources development. By providing small demonstration grants and loans tailored to existing and potential renewable resources users and

* see Appendix III for projections.

Page Four

government agencies, the ARRC will provide a presently missing link between new ideas, innovations, and business ventures and the existing Alaskan economy. ARRC funding will be the leading edge in the State's efforts to manage renewable resources systems and to stimulate renewable resources development by providing Alaskans with an ability to prove that their ideas and efforts can mature into viable, self-sustaining economic pursuits. In filling this gap, the ARRC will facilitate the long range rehabilitation, enhancement, and development of Alaska's renewable resources and assist Alaskan private enterprise to create a self-sustaining Alaskan economy benefitting both present and future generations of Alaska.

The charts in Appendix I are offered to familiarize the reader with the processes of innovation and business formation.

THE LEADING EDGE CONCEPT

As anyone who tries to obtain financing in Alaska knows, capital is not very easy to come by. This is especially true for high risk or new, unproven enterprises. The leading edge concept addresses this aspect of the problem by creating a linkage between the idea and the marketplace. Leading edge investments include both risk capital and technical assistance to people and organizations with innovative ideas to be tested and demonstrated, so that major uncertainties preventing private financing can be resolved. Such investment increases the supply of financing for new products, experiments, trial production, prototypes,

technologies, processes, etc., and also promotes entrepreneurship to implement risky opportunities by increasing the supply of competent managers and businessmen. It also generates new information to assist resource managers.

Leading edge investment can play three basic roles. First, it can play the part of a catalyst bringing opportunities and people together. In the development process, credible examples of success play a crucial role, as the proliferation of grocery stores in the bush demonstrates. Familiarity in the business world is self-reinforcing, especially in investment activity. Thus leading edge investments must identify and demonstrate viable examples of renewable resource ^{development} and disseminate information about them.

A second role involves the provision of risk capital for financing new and innovative projects. Leading edge investments provide pilot project and start-up capital which is so sorely lacking in Alaska. Large businessmen and proven entrepreneurs can sometimes obtain risk capital from private lending institutions. But new entrepreneurs and small firms traditionally must come up with their own resources. Thus large numbers of new, potential businesses and small firms seeking to expand are severely constrained by the lack of such sources in Alaska. Leading edge investment in Alaska would break open this narrow field of entry and opportunity.

A third role is the provision of adequate managerial and technical assistance (through outside contract, see Appendix II), to individuals, firms, or agencies attempting to implement new ideas. Leading edge investments include both inexperienced individuals making a first attempt at demonstrating an idea or launching a business venture, and experienced businessmen or researchers entering into a new or unfamiliar area. Both cases will require assistance from sources experienced in either the type of project or its various components. Provision of such assistance will result both in more successful projects and in a general increase in the technical and managerial competence of Alaskans who must compete with outside interests.

For a closer look at possible types of leading edge investments, the following table is offered: (see Appendix IV for abstracts of two actual proposals).

TYPES OF LEADING EDGE INVESTMENT

<u>Area of Investment</u>	<u>Activity</u>	<u>Outcome</u>
Applied Research and Development	Development, Verification, and Application	Refinement or use by public or private sectors
New Products	Development, Demonstration, Introduction for market test	New goods and services available for production and/or consumption by Alaskans
New Markets	Market research, Pilot projects	New areas of economic activity in Alaska for import substitution and export markets
New Technologies, Processes, or Techniques	Develop and Demonstrate	New resource management harvesting, processing, or production techniques for the private or public sectors

Page Seven

All leading edge investments are intended to either expand resource populations, expand existing small firms, start new firms, or produce innovations or knowledge for use by the public and government agencies.

By focusing on the ideas, efforts and conditions of Alaskans and Alaskan firms, leading edge investment will promote self-reliance, diversity, and self-sustaining economic activities. The State can better aid its residents by directly increasing their opportunities instead of attracting outside developers. By focusing on innovation and information to aid the State and other governments in the rehabilitation and enhancement of Alaska's renewable resources, such investment will improve the ability of the public sector to manage our renewable resources and the conditions of our resource population.

Leading edge investment is only one aspect of the entire range of financial aid available to the private sector. There are approximately ten State loan programs loaning to Alaskan businesses. In addition, during the upcoming legislative session the Legislature will consider several proposals for management and use of the Permanent Fund. All of these proposals include programs to serve those capital needs of established Alaskan business still unmet by private financial institutions and existing State loan programs. Finally, the established Alaskan business sector does receive the bulk of its financing from the private sector. Seen in this context, the leading edge investments make good sense by providing the early missing link between new ideas and capital markets.

OTHER GOVERNMENT EXPERIENCE

The ideas of leading edge investment and the promotion of entrepreneurship are not new. Fifteen national governments, including Great Britain, France, and Japan have programs designed to give financial and management aid to firms during the early stages of business formation. The National Research Development Corporation of Great Britain has considered over 32,000 inventions since 1949, acquired patent rights in 20% of them, completed 1600 license agreements, and has entered into 340 joint venture projects. In FY 1974, it received \$22.5 million in license and joint venture income, \$8.7 in excess of project development and administration expenditures. The Nova Scotia Department of Development is presently engaged in a program to facilitate business formation and entrepreneurship. In Ohio, an Ohio Entrepreneurship Office was created as an experiment between 1972 and 1974, and resulted in the creation of several new companies, increased financing of Ohio firms by Ohio banks, the development of new products and services, new enterprise courses in twelve universities, and aided in the creation of 3000 new jobs at an approximate cost of \$15 per job. Another program, Project New Enterprise, of the Indianapolis Center for Advanced Research, facilitates the commercialization of ideas by fostering research, evaluating inventions and ideas, and providing managerial and financial assistance. They are presently assisting over ninety independent inventors.

THE ALASKA RENEWABLE RESOURCES CORPORATION

The Alaska Renewable Resources Corporation is the institution proposed by the Subcommittee to make leading edge investments. It will be a public corporation designed to allocate RRDF monies in a flexible, responsive, and efficient manner. The functions and organization of the Corporation were formulated to minimize administrative overhead and put Fund monies to their most productive uses. The ARRC will be managed by a three member Board of Directors assisted by a small staff. Much of the substantive work required by leading edge investments, such as identifying opportunities, evaluating highly technical proposals, and providing technical assistance will be performed under contract by other government agencies or by firms in the private sector.

There are a series of functions that the ARRC must perform to guarantee that investments are made wisely. At its inception, and then periodically throughout its operations, the ARRC must analyse the status of renewable resources industries in Alaska and the market for renewable resources-based products and innovations. Such analysis will yield an overview of the problems and opportunities in renewable resources sectors and provide information needed by the ARRC to concentrate investments in areas of high potential.

The ARRC must also have the capability to structure its investments, both grants and loans, to best meet the needs and conditions of its applicants. This capability must combine the foresight and creativity of a research and development foundation with the comprehensive and

Page Ten

and practical business skills of the venture capitalist. While meeting the needs of applicants, the ARRC must seek a maximum return on investment consistent with the goals of the program.

A third and critical function of the ARRC will be to evaluate the various projects and their proponents seeking ARRC assistance. Because leading edge investments target on promising but unproven ideas, funding will be based solely on the potential of the projects and the people behind them. Thus careful evaluation of the technical, financial, management, and market components of each projects is needed to minimize losses to both the ARRC and its applicants.

Because there are so many existing sources of technical assistance (see Appendix II), the ARRC need not have in-house capability to provide these services. However, ARRC managers must be able to perceive the technical and managerial weaknesses of applicants and determine the type of technical assistance needed. Private and other government sources can then be contracted with to provide the needed services to assist applicants in project formulation and implementation.

Since many areas of Alaska are remote and contain culturally diverse people, the ARRC must be active in informing all Alaskans about the opportunities it offers. Such activities could include simple

Page Eleven

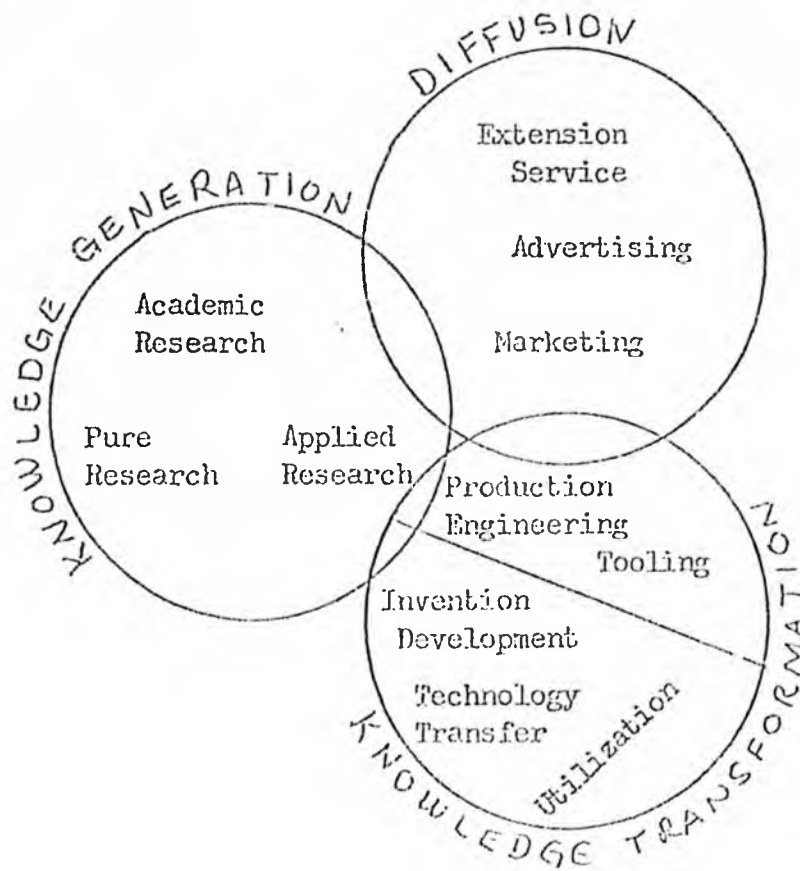
pamphlets, periodic, boardoggles, and posters or notices in places of public gathering.

The use of public monies for investments is to accomplish more than economic development of our renewable resources. In the required evaluation process the ARRC must also analyze proposals for their effect on other goals prescribed by the Legislature. The ARRC must evaluate proposals in terms of the distribution of benefits flowing from the ARRC investments, the promotion of Alaska resources in in-State use, the inclusion of local and regional preferences in funding decisions, and the mitigation of resource use conflicts imbedded in development activities.

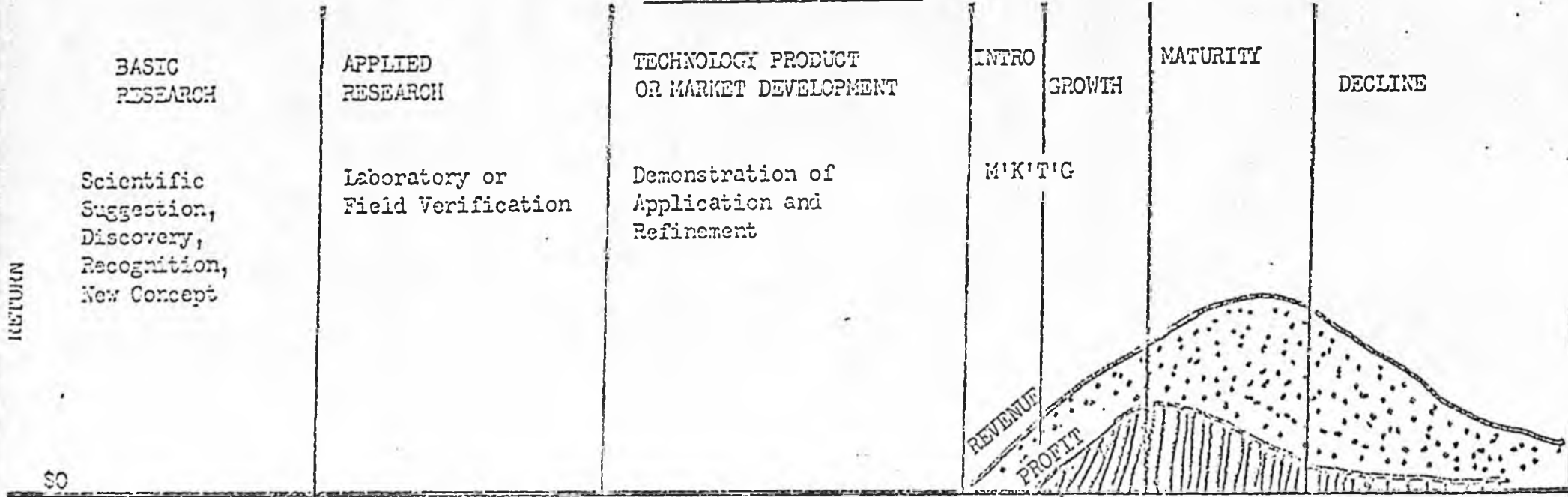
A final function of the ARRC will be to record its progress towards achieving its purposes. Establishing measurement criteria for success and failure, monitoring each project to insure proper implementation, and reporting investment activities and final results will all contribute to the accountability of the ARRC to the Governor, the Legislature, and the people of Alaska. The ultimate accountability of the ARRC will be the fact that its budgets, both operating and investment, will be subject to the Executive Budget Act. The Administration and Legislature by means of the reporting procedures and budget analysis will be able to judge whether the ARRC is meeting the goals established in the enabling legislation and whether it is operating efficiently.

APPENDIX I

FIGURE 1: THE INNOVATION PROCESS



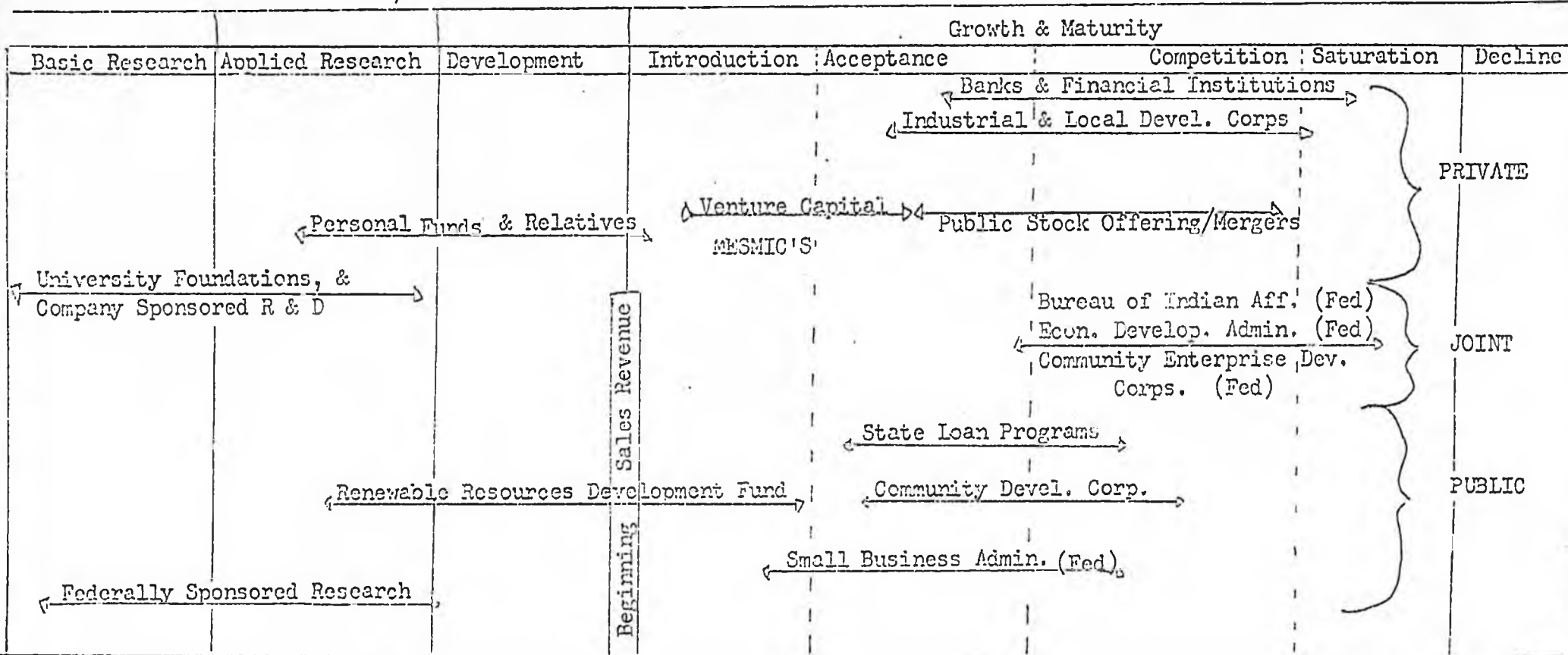
THE PRODUCT LIFE CYCLE



Source: 1969 World Outlook Report
 William McLoughlin, Corporate Plans Office LTV, INC.

APPENDIX I (Cont'd)

PROCESS OF BUSINESS FORMATION
& SOURCES OF CAPITAL: PUBLIC/PRIVATE



APPENDIX II

TECHNICAL ASSISTENCE PROGRAMS AVAILABLE IN ALASKA

State: Department of Commerce and Economic Development
Division of Economic Enterprise
Development Specialists in: Transportation
Internal trade
Minerals
Fisheries
Agriculture
Small Business

Private: Alaska and outside management consulting firms
ANSCA Corps. and the Alaska Native Foundation
Community Enterprise Development Corporation

Federal: 4.9 Catalog of Federal Domestic Assistance. The "Catalog of Federal Domestic Assistance" provides a comprehensive listing and description of Federal programs, activities, and funding which relate to management and technical assistance. For ready reference following are pertinent Agency program titles and section numbers as shown in the catalog:

- 10.500 - Department of Agriculture -- Cooperative Extension Service
- 11.104 - Department of Commerce -- Domestic and International Business Administration (Business Assistance Services and Information)
- 11.303 - Economic Development Administration -- U. S. Department of Commerce (Technical Assistance)
- 11.411 - National Oceanic and Atmospheric Administration -- Department of Commerce (Fishery Cooperative Service)
- 11.800 - OMBE -- Office of Minority Business Enterprise
- 39.001 - General Services Administration -- (Business Services)
- 59.005 - SBA -- Management Assistance to Small Business
- 59.006 - SBA -- Minority Business Development -- Procurement Assistance
- 59.007 - SBA -- Management and Technical Assistance for Disadvantaged Businessmen
- 59.019 - SBA -- Minority Vendors Program
- 72.006 - Action -- (Score and ACE)

APPENDIX III

POSSIBLE CONTRIBUTIONS TO THE RENEWABLE RESOURCES DEVELOPMENT FUND*

Three Cases** (Figures in millions of dollars)

F/Y	Case I (Low Income, High Expenditure Model)		Case II (Medium Income, Medium Expenditure Model)		Case III (High Income, Low Expenditure Model)	
	<u>RRDF Contribution</u>	<u>RRDF Balance</u>	<u>RRDF Contribution</u>	<u>RRDF Balance</u>	<u>RRDF Contribution</u>	<u>RRDF Balance</u>
1978	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1979	16.7	16.7	20.9	20.9	23.2	23.2
1980	19.4	36.0	24.6	45.4	29.4	52.6
1981	19.8	55.8	25.4	70.8	30.8	83.4
1982	20.1	75.9	26.2	97.1	34.1	117.5
1983	20.8	96.7	27.3	124.4	37.9	155.5
1984	21.3	118.1	28.4	152.8	42.0	197.4
1985	<u>21.8</u>	<u>139.9</u>	<u>29.3</u>	<u>182.1</u>	<u>43.9</u>	<u>241.4</u>
TOTAL	N/A	\$139.9	N/A	\$182.1	N/A	\$241.4

* Derived from November 17, 1977 memo from Dick Haggart to Clark Gruening.

** The amounts projected here are significantly lower than those projected in the Interim Report of 9/17/1977 using 7/7/1977 projections.

A PROPOSAL TO PROMOTE MODERN COASTAL
TRAWL FISHING IN THE UNITED STATES
TWO - HUNDRED MILE ZONE OFF ALASKA

Program Objective: To demonstrate success in trawl fishing for bottomfish off Alaska to stimulate the flow of private capital into American coastal trawlers. A sub-objective is to demonstrate the current state of trawl fishing technology to Alaskan fishermen.

Program Activities: Five well-equipped trawlers with outstanding American skippers to fish for one year; two in the western Gulf of Alaska, three in the eastern Gulf and inside waters of Southeast Alaska. Vessels to deliver bottomfish to processors in region on contract basis. Scientific recording and observation conducted by observers from government. Five European trawler captains to serve as advisors on each vessel for two months.

Participants: Federal Government (NMFS), State Government (ADF&G), Private industry.

Management: Non-profit institute organized to run project; headed by manager loaned from industry and scientist loaned from NMFS or ADF&G.

Term: One year

Location: Eastern and western Gulf of Alaska

Program Components and Costs:	Gov't.	Industry
Equipment subsidy for trawlers --	\$1,200,000	\$1,200,00
Underwriting of gross stock guarantee -----	900,000	300,00
Program to bring skippers from Europe or eastern Canada -----	139,000	
General contingency -----	261,000	
Expenditures for fish -----		656,25
Total government contribution --	<u>2,500,000</u>	
Total industry contribution ----		<u>2,156,00</u>

Outcome: Markets and information (potential annual catch) for vessel owners for estimating return on capital investment in trawling capability. Management information for the North Pacific Fisheries Management Council.

Future Prospects: Similar demonstrations in other regions of Alaska such as the Bering Sea.

APPENDIX IV cont'd.SOLAR ENERGY APPLICATIONS TEST AND DEMONSTRATION IN A FAR-NORTHERN REGION

Program Objective: To demonstrate the viability of solar hot water heating on a small commercial scale in a far-northern bush community and to stimulate the development of a solar industry within Alaska. Also to reduce the cost, and increase the supply, of energy - related services to rural Alaska and increase rural economic development potentials.

Program Activities: The design and construction of a modular shower and laundry facility using flat plate solar collectors on the University of Alaska Fairbanks campus for a test demonstration. Relocation of the facility to a rural village location for a field demonstration as a small commercial business providing employment and domestic hot water which is not presently available.

Participants: Institute of Water resources, School of Engineering, and Geophysical Institute - U of A Fairbanks, and the Tanana Chiefs Conference.

Management: Faculty and staff from the Institute of Water Resources, School of Engineering, and Geophysical Institute.

Term: Two years

Location: U of A Fairbanks campus; Dot Lake Village.

Project Components
and Costs:

Total overhead, salaries, and benefits ----	\$76,641
Equipment -----	15,900
Transportation and travel -----	5,900
Publication costs -----	1,500
Computer time -----	500
	<u>TOTAL \$100,441</u>

Outcome: Demonstration of the technical and economic feasibility of applying solar technology in rural Alaska; familiarization of the construction industry and rural governments with solar technology and its applicability; publication of results in industry and scientific journals.

Future Prospects: Further applications of solar technology in far-northern regions.

MEMORANDUM

To: House Finance Committee Members

3/21/78

From: Rep. Terry Gardiner, Chairman
Subcommittee on the Renewable
Resources Development Fund

Re: HB 682 (the Alaska Renewable Resources Corporation)

This package of information provides an introduction to the concepts embodied in HB 682 and additional background material. The following items are included:

The Alaska Renewable Resources Corporation, A Proposal (Final Report of the House Special Committee on the Alaska Permanent Fund, Subcommittee on the Renewable Resources Development Fund)

An Example of the Financial Allocation Process of the Proposed Alaska Renewable Resources Corporation (using a bottomfish demonstration proposal)

Breakdown of Renewable Resource Fund Monies

The Proposed Flow of the Renewable Resources Development Fund

MEMORANDUM

To: Bush Caucus Members

3/21/78

From: Rep. Terry Gardiner, Chairman
Subcommittee on the Renewable
Resources Development Fund

Re: HB 682 (the Alaska Renewable Resources Corporation)

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Breakdown of Renewable Resource Fund Monies

The Proposed Flow of the Renewable Resources Development Fund



Official Business

Alaska State Legislature

House of Representatives

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

January 19, 1978

Memo

To: Rep. Terry Gardiner

From: Tom Singer *TS*

Re: An Example of the Financial Allocation Process of
the Proposed Alaska Renewable Resources Corporation

Introduction:

This memo provides a detailed example of how the Alaska Renewable Resources Corporation (ARRC) could serve to rationally allocate Renewable Resources Development Fund monies. Taking a sample proposal relating to renewable resources development in Alaska, the memo describes the procedures established in the legislation for use by the ARRC in evaluating requests for funding. The evaluation process was designed to establish a systematic methodology for selecting those proposals which promise to best achieve the goals of the bill.

After a start-up period, the ARRC will begin operations by soliciting applications for funding. The applications will be received and requests for any further documentation will be made. When an application is complete, the Board's staff will perform the analysis outlined in this report.

The Proposal

The sample proposal outlined below represents one type of activity intended for funding by the ARRC.

A PROPOSAL TO PROMOTE MODERN
COASTAL TRAWL FISHING IN THE UNITED
STATES TWO - HUNDRED MILE ZONE OFF ALASKA

Program Objective: To demonstrate success in trawl fishing for bottomfish off Alaska to stimulate the flow of private capital into American coastal trawlers. A sub-objective is to demonstrate the current state of trawl fishing technology to Alaskan fishermen.

Program Activities: Five well-equipped trawlers with outstanding American skippers to fish for one year; two in the western Gulf of Alaska, three in the eastern gulf and inside waters of Southeast Alaska. Vessels to deliver bottomfish to processors in region on contract basis. Scientific recording and observation conducted by observers from government. Five European trawler captains to serve as advisors on each vessel for two months.

Participants: Federal Government (NMFS), State Government (ADF&G), private industry.

Management: Non-profit institute organized to run project; headed by manager loaned from industry and scientist loaned from NMFS or ADF&G.

Term: One Year

Location: Eastern and Western Gulf of Alaska

Program Components and Costs:

	Gov't	Industry
Equipment and subsidy for trawlers -	\$1,200,000	\$1,200,000
Underwriting of gross stock guarantee-----	900,000	300,000
Program to bring skippers from Europe or Eastern Canada-----	139,000	
General contingency -----	261,000	
Expenditures for fish-----		656,250
Total Government contribution-----	\$2,500,000	
Total Industry contribution-----		\$2,156,000

Outcome: Markets and information (potential annual catch) for vessel owners for estimating return on capital investment in trawling capability. Management information for the North Pacific Fisheries Management Council.

Future Prospects: Similar demonstrations in other regions of Alaska such as the Bering Sea.

The Analysis

The guidelines for project evaluation by the ARRC are carefully enumerated in the bill. The following represents the type of evaluation the corporation would perform prior to a funding decision on the Bottomfish Proposal.

Step 1 - Eligibility - First, the ARRC must determine if the applicant is eligible for funding. Eligibility criteria are presented below:

Sec. 37.12.180. ELIGIBILITY FOR FINANCIAL ASSISTANCE - The Board may grant financial assistance if it finds that an applicant is qualified to receive assistance. An applicant is qualified if

(1) he has submitted a proposal to the board in accordance with Sec. 170(a)(1) of this chapter;

For the purposes of this exercise, we assume the full proposal presented in Appendix I represents a complete application.

(2) he is a resident of the state or, if the applicant is a partnership, corporation, or other association, it is owned by a majority who are residents of the state; and

Again, for the purposes of this exercise, we assume that the non-profit institute formed to implement the proposal constitutes a majority of Alaska residents (ADF&G and Alaskan fishermen and processors).

(3) his projects which have previously received financial assistance from the corporation, if any, have complied with all requirements of that assistance and have performed with sufficient success or promise to warrant further aid.

The applicants have not previously received ARRC funding.

Once eligibility has been demonstrated, the staff will begin the actual analysis as follows:

Step 2 - Conformance with Purposes of the Corporation - The overall purposes of the ARRC are stated in Sec. 040 of the bill. Projects seeking ARRC funding must implement these purposes.

-- Sec.37.12.170. FINANCIAL ASSISTANCE (a) In providing financial assistance, the board shall

- (1) consider the proposals of qualified applicants only after the applicant has submitted a detailed proposal in the form prescribed by the board; no assistance may be approved by the board unless it finds, in writing, that
 - (A) the proposed project, if successful, will further the purposes of the corporation as set out in Sec.40 of this chapter;

Sec.37.12.040. PURPOSES. The purposes of the corporation are to:

- (1) facilitate the rehabilitation, enhancement, and development of the state's renewable resources so as to foster a self-sustaining state economy;

The Bottomfish Proposal contains two objectives pertaining to this purpose:

- (1) To demonstrate success in trawl fishing, a development goal, and;
- (2) to generate scientific information for fisheries management, a rehabilitation and enhancement goal.

The overall objective of this proposal is to demonstrate the potential for the development of an Alaskan bottomfish industry. Such a demonstration would hopefully lead to self-sustaining economic activity based on an Alaskan renewable resource.

- (2) sponsor research and development of technologies and innovations for the rehabilitation and enhancement of the state's renewable resources to achieve their most appropriate use;

Scientific information gathered concerning catch potentials and the impact of trawl fishing technology on the resource would be valuable for the rehabilitation and enhancement of the bottom fishery.

- (3) identify new products, markets, and technologies for renewable resource industries in the state; stimulate the research and development of these

products, markets, and technologies; assist in the demonstration of their technical and economic feasibility; and assist in their introduction into commercial markets.

The main objective of the proposal is to demonstrate success in trawl fishing to Alaskan fishermen and to potential investors. This includes both demonstration of technologies unfamiliar to Alaskan fishermen and development of new products and markets utilizing bottom fish. A successful demonstration will hopefully assist in the expansion of commercial activity by attracting private capital into American coastal trawlers.

Step 3. - Conformance with Sub-Goals - The bill also directs the Board to pursue several more specific sub-goals. Again, a proposal must demonstrate that it addresses some or all of these sub-goals.

Sec.37.12.160

- (1) seek to maintain the productivity of healthy renewable resources and expand the productivity of depleted or underutilized renewable resources;

The scientific recording and observation conducted by observers from government would provide data useful for the management of the various bottomfish species, including actual observation of the technologies involved and their impact both on the species harvested and on other resources.

- (3) promote the utilization of the state's renewable resources in the state and the development of import substitution and export markets;

Demonstration of catch potentials and contracts with processors in the region could facilitate the development of both in-state markets for bottomfish and export markets.

- (6) attempt to fund activities which will tend to maximize returns to the state and local governments and its citizens in such forms as tax revenues and resident employment and income.

An in-depth analysis would be required to determine the tax revenue, resident employment, and income potential of the operation of five trawlers for one year. Projections of future potential given a successful demonstration would also be required. The ARRC would work closely with such state agencies as the Department of Revenue and Department of Commerce & Economic Development in developing

these projections. Other potential returns, such as the growth of coastal communities, should also be identified and analyzed.

Sec.37.12.170

- (4) consider regional preferences and priorities in evaluating projects.

The Board must solicit comments and reactions from communities which would be impacted by the proposal. Local attitudes towards the proposed project must be weighed in all funding decisions.

Step 4 - Other Conditions for Financial Assistance - The bill imposes a number of specific conditions and requirements upon the board and the applicant.

Sec.37.12.170 (a) (1)

- (B) the application contains an adequate plan for project implementation, including, when applicable, a complete business, financial and marketing plan for commercial activities;

As the draft proposal contained in Appendix I was not prepared to meet the conditions of the bill, it does not fully meet this requirement. More detail concerning commitments between the trawlers and the processors would be required, as well as an analysis of the market for the processed fish.

- (C) private financing cannot reasonably be undertaken without aid or that financial participation is not otherwise available;

The applicant would be required to document the lack of availability of alternative funding sources.

- (D) The applicant has agreed that if new renewable resources industrial activity results from the proposed project, his best efforts will be employed to keep that activity in the state for a minimum period of time specified by the board;

While the Bottomfish Proposal is not designed to launch a specific commercial venture, the private sector participants clearly intend to develop a trawl fishery if the project demonstrates commercial potential. Therefore, the board would be required to extract some form of agreement between the private sector participants and the ARRC concerning the continuation of fishing and processing activity in Alaska if the project is successful.

- (E) The applicant demonstrates sufficient technical and business expertise to accomplish the objectives of the proposed project.

The board would be required to assess the ability of both the public and private sector participants to carry out the program activities presented in the proposal.

- (F) all costs associated with and ancillary to the project and future obligations generated by the project have been identified, including any necessary operating, maintenance, or other support costs for the life of the project;

Fairly detailed cost estimates appear in the proposal for direct project costs. However, further analysis would be required to identify other obligations which may result for the ARRC or other state agencies. These might include infrastructure requirements, future maintenance costs, or additional service burdens resulting from the project.

- (G) potential resource use conflicts that may result from the proposed project are identified and evaluated, and when necessary, plans to mitigate or resolve those conflicts and to preserve for the future options for the use of the state's renewable resources are included in the application;

The board must assess the probability and nature of resource use conflicts arising from implementation of the proposal, such as the impact of trawling technology or other fishing techniques (gear damage) or the disruption of actual resources such as shrimp or crab. The board would rely heavily on such state agencies as Environmental Conservation, Fish & Game and Natural Resources for both identification of potential resource conflicts and development of plans to avoid them. This critical part of the analysis is designed to avoid conflicts at the earliest stage of resource or business development, reducing the likelihood of damage to the resource base, or costly legal or regulatory battles in the future.

Sec.37.12.170 (a)

- (3) require, as a condition of a grant, the assignment by the applicant of rights to patents, copyrights, trademarks, royalties, or any other evidence of protection or exclusivity as to any products or technologies which the proceeds of the grant are used to develop;

Product or technological development is not a direct aim of the Bottomfish Proposal. Nevertheless, the proposal offers the board an opportunity to recoup its investment if the project results in any technological innovation with commercial potential. The board must condition its funding on assignment by the applicant to the ARRC of all rights to any commercial innovations, such as in trawling technology, which might be developed during the project year.

The Funding Decision

In its actual operations, the board would not have one but several applications under analysis at any given time. In making funding decisions, the board would meet periodically to consider a group of proposals and choose that mix of proposals which best implements the goals embodied in the legislation. The board would utilize project evaluations, such as the one outlined above, to assess how each proposal would implement the ARRC's long range operating plans and conform to their budget for the present fiscal year. Thus the Bottomfish Proposal would receive funding if the ARRC had identified the development of Alaska's Bottom Fishery as a priority investment area, if the evaluation showed the proposal to have merit, if the proposal compared favorably with other proposals related to bottom fish, and if the amount requested could be accommodated in the ARRC budget.

In its annual budget request, the ARRC must specify categorical areas for funding activity. These categories would encompass areas identified by the board as offering the greatest potential for implementing the bill in the upcoming year. If in the prior fiscal year the board had requested, and the Legislature had appropriated, an allocation for "bottomfish development," the board would be empowered to fund the Bottomfish Proposal. If there was not bottomfish category in the current budget but the proposal alerted the board to the opportunities in this area, the board could submit a "bottomfish development" category for the following fiscal year (without identifying any specific proposals). If the Legislature approved the category, the board could then fund the Bottomfish Proposal in the following year.

Due to the broad scope of their mission, the ARRC would need a great deal of flexibility to respond to the financing needs of each applicant. The bill states;

Sec. 37.12.170 (a)

- (2) use the financial mechanism most appropriate to the conditions of the applicant and the proposed project and which will most effectively utilize the funds available; grants may be utilized when other mechanisms are not feasible and when the benefits from the project will accrue to the general public;

If the board decided to fund this proposal, it would in turn have to determine the most appropriate financing mechanism. The proposal seeks a grant; however, it offers at least two opportunities for generating a return in which the board could seek a share. First, the board could expect the processors to sell at a profit any bottom fish purchased from the trawlers. Second, as mentioned above, the proposal presents possibilities for innovation which could result in commercial activity (licensing technology, for example).

Given these potential returns, the board should structure its financing to secure a return to the corporation commensurate with the risk it assumes. However, because this return is highly uncertain, some form of conditional grant based on profit sharing might be most appropriate - this could take the form of a percentage share of the profits on processed fish sales and patent rights or royalties on commercialized innovations. The board would have to determine that the Bottomfish Proposal would benefit the general public before such a conditional grant could be made.

The ARRC's responsibility would not end with the funding of a project. It would be obligated to monitor funded projects for performance against the conditions made in the application. This would be achieved by the use of both quantitative and qualitative indicators of those factors identified in the analysis as critical to project success. For the Bottomfish Proposal indicators might include potential catch statistics generated, numbers of new trawlers or investment dollars entering the fishery, growth in the American share of the bottomfish market, or employment growth in trawling.

The ARRC will also be required to perform post-audits when a project is completed to identify if the project achieved its goals. This information, both monitoring of on-going projects and post-audits, would be included in the annual report of the ARRC and would expose the actual performance of the Corporation to the Governor, the Legislature, and the interested public.

Notes on HB 682

Alaska Renewable Resource Corporation

3 Member Board of Trustees	\$ 60,000
Range 30 - Salary	180,000
12 trips per year (Alaska)	5,400
3 trips per year (out of State)	5,400
24 meeting days (Alaska)	3,600
12 meeting days (out of State)	1,800
Regular per diem plus travel	
1 Executive Director - Range 30	60,000
24 trips per year (Alaska)	3,600
6 trips per year (out of State)	3,600
90 days total travel plus per diem	4,500
1 Grant Officer - Range 20	34,440
12 trips per year (Alaska)	5,400
4 trips per year (out of State)	2,400
32 days total travel plus per diem	1,600
1 Investment Officer - Range 24	46,275
12 trips per year (Alaska)	5,400
4 trips per year (out of State)	2,400
32 days total travel plus per diem	1,600
1 Secretary II - Range 11	18,210
1 Clerk III - Range 8	15,075
1 Accountant IV - Range 18	29,745
Office Space	60,000
Office Equipment	15,000
Contractual:	
Safekeeping	50,000
Consulting	200,000
Telephone	20,000
Postage	5,000
Printing/Advertising	10,000
Auditing	30,000
Equipment Rental	10,000
Miscellaneous	3,000
Commodities	5,000

BREAKDOWN OF THE RENEWABLE RESOURCES DEVELOPMENT FUND MONIES
1979-1989

Under the Proposed Alaska Renewable Resources Corp.

(figures in millions of dollars)

Fiscal Year	Annual Ren. Res. Dev. Fund Income (Existing Law)	50% to Alaska Ren. Res. Corp - HB 682 (cumulative)	50% to Ren. Res. Investmt. Fund (annual)	Ren. Res. Investmt. Fund Income (7% avg.)* (Avail. for Leg. Appro.)
FY '79 ¹	\$16.7	\$ 8.35	\$ 8.35	\$.00
FY '80	19.4	9.70	18.05	.58
FY '81	19.8	9.90	27.95	1.26
FY '82	20.1	10.05	38.00	1.95
FY '83	20.8	10.40	48.40	2.66
FY '84	21.3	10.65	59.05	3.38
FY '85	21.8	10.90	69.95	4.13
FY '86 ²	23.8	11.90	81.85	4.89
FY '87	25.5	12.75	94.60	5.72
FY '88	23.8	11.90	106.50	6.62
FY '89	21.1	10.55	117.05	7.45

Breakdown/ Renewable Resources Development Fund Monies

(cont.)

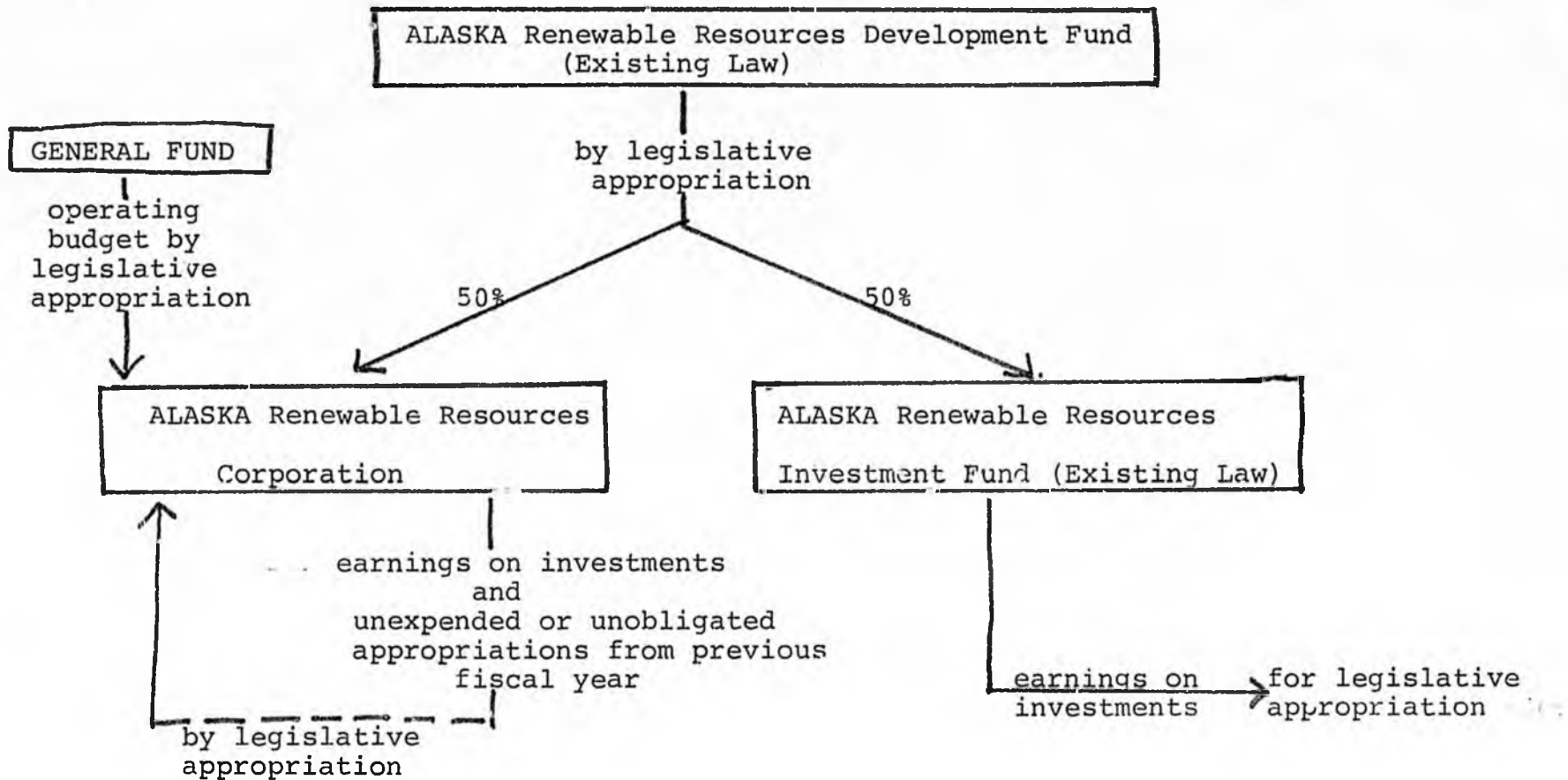
* Existing law provides that, the Renewable Resource Investment Fund principal will build to \$250 million at which time the Renewable Resources Development Fund contribution of 5% of oil and mineral incomes is repealed.

1. Estimates for FY'70 through FY'85 are taken from November 17, 1977 memo from Dick Haggart to Rep. Clark Gruening, "State Revenue Outlook through 1985," Case I (Low Income, High Expenditure Model).

2. Estimates for FY'86 through FY'89 are derived from December 5, 1977 memo from Milt Barker to Senator George Hohman, "Projected Permanent Fund Balances." Barker's assumptions have been revised to conform to those used in the Haggart memo (principally gas production estimates).

3. Earnings are also anticipated from ARRC investments from the 50% available for expenditures. Because these will be venture capital-type investments, the nature, amounts, and timing of these returns are impossible to estimate. Repayment mechanism will be tailored to the needs of venture being financed, and may include license or royalty income, deferred repayments or joint venture equity agreements, all of which involve high risk and uncertain returns. Nevertheless, successful venture investments yield substantial returns, which will augment the total available for expenditure by the Corporation.

THE PROPOSED FLOW OF THE RENEWABLE RESOURCES DEVELOPMENT FUND



THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 682 -
 Title "An Act relating to nonrenewable resource revenues."
 Requested by Special Committee on the Alaska Permanent Fund Date 1/25/78

HB 682

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		383.7				
200 TRAVEL		46.7				
300 CONTRACTUAL		328.0				
400 COMMODITIES		5.0				
500 EQUIPMENT		15.0				
600 LAND & STRUCTURES		60.0				
700 GRANTS, CLAIMS, ETC.						
TOTAL		838.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		838.4				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		9.0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This note enumerates a portion of the fiscal impact of HB 682 upon Treasury Management. Costs of the following administrative structures are included above:

Board of Trustees - 3 members full time salaried
 Executive director and staff

Fiscal years subsequent to FY 79 would properly be estimated by the emergent administrative body.

IV. DATE February 23, 1978 PREPARED BY Jim Edenso
 AGENCY Department of Revenue
 PHONE 465-2350

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 682
 Title An Act relating to the renewable resources funds.
 Requested by Special Committee on the Alaska Permanent Fund Date 3/9/78

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Treasury Management

CSHB 682

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		383.7				
200 TRAVEL		46.7				
300 CONTRACTUAL		328.0				
400 COMMODITIES		5.0				
500 EQUIPMENT		15.0				
600 LAND & STRUCTURES		60.0				
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FUNDING (Thousands of Dollars)

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POSITIONS

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This note enumerates a portion of the fiscal impact of CSHB 682 upon Treasury Management. Costs of the following administrative structures are included above:

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 Executive Director and staff

Fiscal years subsequent to FY 79 would properly be estimated by the emergent administrative body.

IV. DATE March 15, 1978 PREPARED BY Jim Edenso
 AGENCY Department of Revenue
 PHONE 465-2350
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 682 -
 Title "An Act relating to nonrenewable resource revenues."
 Requested by Special Committee on the Alaska Permanent Fund Date 1/25/78

HB 682

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

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FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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TEMPORARY						

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IV. DATE February 23, 1978 PREPARED BY Jim Edenso
 AGENCY Department of Revenue
 PHONE 465-2350

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)