

COMMITTEE REPORT

3/7/75

HOUSE

Mr. Speaker:

Date March 27, 1975

The Committee on FINANCE has had CS SB 225

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Rush

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/6/75
Referred: Commerce and
Finance

Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 225
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to governmental reorganization; and
7 providing for an effective date."

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

9 * Section 1. AS 44.45 is repealed.

10 * Sec. 2. AS 44.15.010(14) is repealed.

11 * Sec. 3. AS 41.25 is repealed.

12 * Sec. 4. AS 44.³³~~32~~ is amended by adding new sections to read:

13 ARTICLE ⁴~~3A~~. ALASKA DIVISION OF TOURISM.

14 ^{33/2d}~~44.29.625~~ Sec. 44.~~29.625~~. ALASKA DIVISION OF TOURISM. (a) There is created
15 ~~in the DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT~~
~~in the DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT~~ ~~the Alaska division of tourism~~ ALASKA
16 DIVISION OF TOURISM.

- (b) The Alaska division of tourism shall
- 17 (1) cooperate with organizations in the private sector for
 - 18 the promotion and development of tourism and conventions into and within
 - 19 Alaska;
 - 20 (2) coordinate with municipal, state and federal agencies for
 - 21 the development and promotion of tourism resources and conventions in
 - 22 Alaska;
 - 23 (3) promote and develop the Alaska tourist and convention
 - 24 industry by publicizing state attractions through such means as display
 - 25 advertising in magazines and newspapers, advertising on radio and tele-
 - 26 vision or other advertising media, publishing pamphlets, brochures and
 - 27 other graphic and pictorial materials, or by aiding and assisting
 - 28 representatives of the media to insure greater coverage of Alaska's
 - 29 visitor attractions;

- 1 (4) participate in travel shows;
- 2 (5) increase the awareness of the citizens of the state at
- 3 the statewide, regional and community level of the economic importance
- 4 of the tourist industry;
- 5 (6) assist potential investors in creating new tourist
- 6 facilities;
- 7 (7) administer any program of the state in which the state
- 8 provides matching funds for political subdivisions or nonprofit organi-
- 9 zations that undertake the promotion and development of tourism;
- 10 (8) administer visitor information centers which participate
- 11 in state funds.

12 Sec. 44.^{33.121}~~19.626~~. DIVISION CONTRACT. The division may, with the

13 approval of the governor, contract with private nonprofit organizations

14 formed under AS 10.20, structured for the marketing of tourism into, and

15 inside, the state for the performance of any of the duties specified in

16 sec. 625 of this chapter if the organization participates in the cost by

17 providing at least 15 per cent of the total funds required to complete

18 the project.

19 Sec. 44.^{33.122}~~19.627~~. GRANTS FOR TOURIST DEVELOPMENT. A political sub-

20 division of the state, a nonprofit organization formed under AS 10.20.-

21 010 - 10.20.060, or a bona fide nonprofit civic, fraternal, or service

22 organization which is certified by the director of tourism as qualified

23 as developing tourist attractions as one of its purposes is eligible

24 to receive tourist attraction development matching money from the state.

25 Sec. 44.^{33.123}~~19.628~~. QUALIFYING FOR MATCHING MONEY. In order to

26 qualify for tourist attraction development matching money, the appli-

27 cant shall submit and have approved by the director of tourism, ~~which,~~

28 ~~the following, ~~conditions, ~~and agreements,~~~~~~ ~~to be used for carrying out the~~

29 development of the tourist attraction. Subject to the provisions of

1 sec. 625(8) of this chapter, matching money may also be secured by an
2 applicant for the purpose of constructing, improving or operating a
3 visitor information center established for the intent of providing
4 Alaska visitors and residents with tourist travel information on a local
5 and statewide basis. This may include printing and distributing travel
6 promotion material about Alaska. In order to qualify for visitor infor-
7 mation center matching money, the applicant must first submit and have
8 approved by the director of tourism ~~all plans, proposals, estimates, and~~ ^{A FEASIBILITY STUDY}
9 ~~contracts~~ that will be used for carrying out the construction, improve-
10 ment or operation of the visitor information center.

11 Sec. ~~44.19.629~~ ^{44.33.124} LIMITATIONS ON MATCHING MONEY. An applicant that
12 is qualified to participate under sec. 627 of this chapter may receive
13 one dollar in state matching money for each dollar ^{OR COMMITTED} expended by it for
14 tourist attractions within the limits of available state appropriations
15 and considering the needs of other qualified applicants.

16 Sec. ~~44.19.630~~ ^{44.33.125} USE OF MATCHING MONEY. Tourist attraction devel-
17 opment matching money may be obtained for the purpose of developing
18 tourist attractions of historical or contemporary interest found to be
19 worthwhile by the director of tourism. Available money shall be
20 divided on a fair and equitable basis between applicants. Tourist
21 attraction development may include the preservation and display of
22 historical documents, artifacts, totem poles, historical markers,
23 native dances, native handicraft, or art, and any other worthwhile
24 tourist attraction dealing with Alaskan history or culture, including
25 the creation of contemporary tourist attractions.

26 Sec. ~~44.19.631~~ ^{44.33.126} ADMINISTRATION OF THIS CHAPTER. The director
27 of tourism shall administer this chapter. All participating subdivi-
28 sions and organizations shall submit to the director of tourism com-
29 plete reports covering both the expenditure of state and local matching

1 money for tourist attraction and visitor information center programs.
2 These reports, in the case of programs extending over 12 months, shall
3 be submitted annually. Reports on shorter matching programs shall be
4 submitted at the completion of the program.

5 ⁴⁴
ARTICLE ~~2~~B. TOURISM ADVISORY BOARD.

6 ^{44.33.127}
Sec. ~~44.19.632~~. TOURISM ADVISORY BOARD. (a) There is the Tourism
7 Advisory Board in the Office of the Governor.

8 (b) The Tourism Advisory Board consists of 11 members; nine of
9 whom are public members appointed by the governor for overlapping three-
10 year terms, one of whom is a member of the house of representatives
11 appointed by the speaker of the house, and one of whom is a member of
12 the senate appointed by the president of the senate. The director of
13 the division of parks in the Department of Natural Resources, the
14 director of the division of marine transportation in the Department of
15 Public Works, the chief of information and education in the Department
16 of Fish and Game, and the director of the Alaska division of tourism in
17 the Office of the Governor, or their designees, serve as ex officio
18 members of the commission, without a vote. The director of the Alaska
19 division of tourism serves as the board's executive director.

20 ^{44.33.128}
Sec. ~~44.19.633~~. COMPENSATION, PER DIEM, OR EXPENSES. Members of
21 the Tourism Advisory Board are not entitled to receive compensation for
22 their services, but they shall receive the same travel pay and per diem
23 as provided by law for board members for attendance at a maximum of
24 three meetings each year.

25 ^{44.33.129}
Sec. ~~44.19.634~~. QUALIFICATIONS OF PUBLIC MEMBERS. The public
26 members of the Tourism Advisory Board shall be persons with experience
27 or interest in the Alaska tourist industry.

28 ^{44.33.130}
Sec. ~~44.19.635~~. DUTIES. The board shall advise the governor and
29 make recommendations regarding the promotion and development of tourism

1 into and inside the state. The board shall submit an annual report to
2 the governor and legislature summarizing its activities and expenses.

3 Sec. ~~44.19.536~~ ^{44.33.131} ORGANIZATION AND COOPERATION WITH REGIONAL PRO-

4 MOTION GROUPS. The Tourism Advisory Board may plan for the organization
5 of local tourism promotion groups in the several geographic regions of
6 the state, acquaint these groups with the program of the Alaska division
7 of tourism, receive recommendations from the groups as to the state
8 programming, and encourage the expenditure of private and regional funds
9 for the promotion of tourism to supplement the programs of the state.

10 * Sec. 5. AS 44.19.880 is amended by adding a new subsection to read:

11 (d) The division shall

12 (1) coordinate its services and activities with those of
13 other state departments and agencies to the fullest extent possible to
14 avoid duplication;

15 (2) prepare an integrated annual report on the long-range
16 development program of the state and submit it to the governor for
17 incorporation into his report to the legislature;

18 (3) cooperate with the University of Alaska and other appro-
19 priate public and private institutions in research and investigations.

20 * Sec. 6. AS 44.33.020 is amended by adding new paragraphs to read:

21 (12) conduct studies, enter into contracts and agreements,
22 and make surveys relating to the economic development of the state
23 and, when appropriate, assemble, analyze, and disseminate the findings
24 obtained;

25 (13) provide factual information and technical assistance
26 for potential industrial and commercial investors;

27 (14) receive gifts, grants, and other aid that facilitate the
28 powers and duties of the department from agencies and instrumentalities
29 of the United States or other public or private sources;

1 (15) establish and activate programs to achieve balanced
2 economic development in the state and advise the governor on economic
3 development policy matters;

4 (16) formulate a continuing program for basic economic
5 development and for the necessary promotion, planning and research
6 which will advance the economic development of the state;

7 (17) cooperate with private, governmental and other public
8 institutions and agencies in the execution of economic development
9 programs;

10 (18) review the programs and annual reports of other depart-
11 ments and agencies as they are related to economic development and
12 prepare an annual report on the economic growth of the state;

13 (19) administer the economic development programs of the
14 state;

15 (20) perform all other duties and powers necessary or proper
16 in relation to economic development and planning for the state.

17 * Sec. 7. AS 44.61.030(a) is amended to read:

18 (a) The membership of the authority consists of the commissioner
19 of commerce and economic development, the commissioner of revenue
20 [ECONOMIC DEVELOPMENT] and the commissioner of natural resources,
21 serving ex officio. If a state officer who is a member of the authority
22 is unable for any reason to attend a meeting of the authority, he may by
23 an instrument in writing filed with the authority, designate his deputy
24 or assistant commissioner to act in his place as a member at the meet-
25 ing. For all purposes of this chapter, the designee is a member of the
26 authority at the meeting.

27 * Sec. 8. AS 38.06.025 is amended to read:

28 Sec. 38.06.025. MEMBERSHIP. The board consists of the commis-
29 sioner of natural resources, who is chairman, the commissioner of

1 revenue [ECONOMIC DEVELOPMENT], and three public members. Each of the
2 public members shall possess experience in petroleum-related fields in
3 such areas as exploration, development, production and economics, and
4 shall be appointed by the governor to serve at his pleasure for three-
5 year staggered terms and confirmed by a vote of a majority of the
6 members of the legislature in joint session. The public members may not
7 be state officers or employees. A public member, upon the expiration of
8 his term, shall continue to hold office until his successor is appointed
9 and qualifies. Vacancies in public membership shall be filled in the
10 same manner as original appointment. An appointee to fill a vacancy
11 shall hold office for the balance of the term for which his predecessor
12 on the board was appointed. A vacancy in board membership does not
13 impair the authority of a quorum of the board members to exercise all
14 the powers and duties of the board.

15 * Sec. 9. All references to the Department of Economic Development and
16 to the commissioner of economic development in the Alaska Statutes shall be
17 read as the Department of Commerce and Economic Development and the commis-
18 sioner of commerce and economic development, respectively, in order to carry
19 out the intent and purpose of this Act. All references to the Department of
20 Commerce and the commissioner of commerce in the Alaska Statutes shall be
21 read as the Department of Commerce and Economic Development and the commis-
22 sioner of commerce and economic development, respectively, in order to carry
23 out the intent and purpose of this Act.

24 * Sec. 10. AS 39.25.120(5) is amended to read:

25 (5) all employees of the Office of the Governor and the
26 lieutenant governor, including the staff of the governor's mansion, the
27 director and deputy director of the division of tourism and the attorney
28 members of the public defender agency, but not including the nonattorney
29 members of the staff of that agency or the staff of the division of

1 tourism;

2 * Sec. 11. AS 44.19.870 is amended to read:

3 Sec. 44.19.870. ALASKA DIVISION OF POLICY DEVELOPMENT AND PLAN-
4 NING [AND RESEARCH DIVISION]. There is in the Office of the Governor
5 the Alaska division of policy development and planning [AND RESEARCH
6 DIVISION].

7 * Sec. 12. AS 44.19.871 is amended to read:

8 Sec. 44.19.871. DIRECTOR. The division of policy development
9 and planning [AND RESEARCH DIVISION] is administered by a director
10 who is appointed by, and serves at the pleasure of, the governor.

11 * Sec. 13. AS 44.19.881 is amended to read:

12 Sec. 44.19.881. DEFINITIONS. In secs. 870 - 881 of this chapter,

13 (1) "division" means the division of policy development and
14 planning [AND RESEARCH DIVISION];

15 (2) "director" means the director of the division of policy
16 development and planning [AND RESEARCH DIVISION].

17 * Sec. 14. AS 39.25 is amended by adding a new section to read:

18 Sec. 39.25.155. PERSONNEL RULES FOR CERTAIN DEPARTMENTS. (a) Each
19 personnel officer for the departments of highways, fish and game, educa-
20 tion, labor, and health and social services shall be permanently employed
21 by and located within that department.

22 (b) The personnel officers specified in (a) of this section are
23 authorized to adopt regulations providing for the activities specified
24 in sec. 39.25.150(1) - (10), (13) - (18), (20) and (22) of this chapter
25 for those classes of employees which are unique to the respective depart-
26 ments specified in (a) of this section. The initial determination as to
27 which classes of employees are unique within the respective departments
28 shall be made by the personnel officer in consultation with the commis-
29 sioner of his department and subject to the approval of the director of

1 personnel within the Department of Administration. Regulations adopted
2 under this subsection relate to the internal management of state agencies
3 and their adoption is not subject to the Administrative Procedure Act
4 (AS 44.62).

5 (c) The personnel officers within the departments specified in (a)
6 of this section are subject to all provisions of this chapter not in
7 conflict with this section.

8 * Sec. 15. Sections 1 - 10 of this Act take effect July 1, 1975.

9 * Sec. 16. Sections 11 - 13 of this Act take effect immediately in
10 accordance with AS 01.10.070(c).

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/7/75
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 225

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to governmental reorganization; and
7 providing for an effective date."

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

9 * Section 1. AS 44.45 is repealed.

10 * Sec. 2. AS 44.15.010(14) is repealed.

11 * Sec. 3. AS 41.25 is repealed.

12 * Sec. 4. AS 44.19 is amended by adding new sections to read:

13 ARTICLE 8A. ALASKA DIVISION OF TOURISM.

14 Sec. 44.19.625. ALASKA DIVISION OF TOURISM. (a) There is
15 created in the Office of the Governor the Alaska division of tourism.

16 (b) The Alaska division of tourism shall

17 (1) cooperate with organizations in the private sector for
18 the promotion and development of tourism into and within Alaska;

19 (2) coordinate with municipal, state and federal agencies
20 for the development and promotion of tourism resources in Alaska;

21 (3) promote and develop the Alaska tourist industry by
22 publicizing state attractions through such means as display advertising
23 in magazines and newspapers, advertising on radio and television or
24 other advertising media, publishing pamphlets, brochures and other
25 graphic and pictorial materials, or by aiding and assisting represen-
26 tatives of the media to insure greater coverage of Alaska's visitor
27 attractions;

28 (4) participate in travel shows;

29 (5) increase the awareness of the citizens of the state at

1 the statewide, regional and community level of the economic importance
2 of the tourist industry;

3 (6) assist potential investors in creating new tourist
4 facilities;

5 (7) administer any program of the state in which the state
6 provides matching funds for political subdivisions or nonprofit organi-
7 zations that undertake the promotion and development of tourism;

8 (8) administer visitor information centers which participate
9 in state funds.

10 Sec. 44.19.626. DIVISION CONTRACT. The division may, with the
11 approval of the governor, contract with private nonprofit organizations
12 formed under AS 10.20, structured for the marketing of tourism into, and
13 inside, the state for the performance of any of the duties specified in
14 sec. 625 of this chapter if the organization participates in the cost by
15 providing at least 15 per cent of the total funds required to complete
16 the project.

17 Sec. 44.19.627. GRANTS FOR TOURIST DEVELOPMENT. A political sub-
18 division of the state, a nonprofit organization formed under AS 10.20.-
19 010 - 10.20.060, or a bona fide nonprofit civic, fraternal, or service
20 organization which is certified by the director of tourism as qualified
21 as developing tourist attractions as one of its purposes is eligible
22 to receive tourist attraction development matching money from the state.

23 Sec. 44.19.628. QUALIFYING FOR MATCHING MONEY. In order to
24 qualify for tourist attraction development matching money, the appli-
25 cant shall submit and have approved by the director of tourism, plans,
26 programs, contracts, or agreements to be used for carrying out the
27 development of the tourist attraction. Subject to the provisions of
28 sec. 625(8) of this chapter, matching money may also be secured by an
29 applicant for the purpose of constructing, improving or operating a

1 visitor information center established for the intent of providing
2 Alaska visitors and residents with tourist travel information on a local
3 and statewide basis. This may include printing and distributing travel
4 promotion material about Alaska. In order to qualify for visitor infor-
5 mation center matching money, the applicant must first submit and have
6 approved by the director of tourism all plans, programs, contracts or
7 agreements that will be used for carrying out the construction, improve-
8 ment or operation of the visitor information center.

9 Sec. 44.19.629. LIMITATIONS ON MATCHING MONEY. An applicant that
10 is qualified to participate under sec. 627 of this chapter may receive
11 one dollar in state matching money for each dollar expended by it for
12 tourist attractions within the limits of available state appropriations
13 and considering the needs of other qualified applicants.

14 Sec. 44.19.630. USE OF MATCHING MONEY. Tourist attraction devel-
15 opment matching money may be obtained for the purpose of developing
16 tourist attractions of historical or contemporary interest found to be
17 worthwhile by the director of tourism. Available money shall be
18 divided on a fair and equitable basis between applicants. Tourist
19 attraction development may include the preservation and display of
20 historical documents, artifacts, totem poles, historical markers,
21 native dances, native handicraft, or art, and any other worthwhile
22 tourist attraction dealing with Alaskan history or culture, including
23 the creation of contemporary tourist attractions.

24 Sec. 44.19.631. ADMINISTRATION OF THIS CHAPTER. The director
25 of tourism shall administer this chapter. All participating subdivi-
26 sions and organizations shall submit to the director of tourism com-
27 plete reports covering both the expenditure of state and local matching
28 money for tourist attraction and visitor information center programs.
29 These reports, in the case of programs extending over 12 months, shall

1 be submitted annually. Reports on shorter matching programs shall be
2 submitted at the completion of the program.

3 ARTICLE 8B. TOURISM ADVISORY BOARD.

4 Sec. 44.19.632. TOURISM ADVISORY BOARD. (a) There is the Tourism
5 Advisory Board in the Office of the Governor.

6 (b) The Tourism Advisory Board consists of 11 members; nine of
7 whom are public members appointed by the governor for overlapping three-
8 year terms, one of whom is a member of the house of representatives
9 appointed by the speaker of the house, and one of whom is a member of
10 the senate appointed by the president of the senate. The director of
11 the division of parks in the Department of Natural Resources, the
12 director of the division of marine transportation in the Department of
13 Public Works, the chief of information and education in the Department
14 of Fish and Game, and the director of the Alaska division of tourism in
15 the Office of the Governor, or their designees, serve as ex officio
16 members of the commission, without a vote. The director of the Alaska
17 division of tourism serves as the board's executive director.

18 Sec. 44.19.633. COMPENSATION, PER DIEM, OR EXPENSES. Members of
19 the Tourism Advisory Board are not entitled to receive compensation for
20 their services, but they shall receive the same travel pay and per diem
21 as provided by law for board members for attendance at a maximum of
22 three meetings each year.

23 Sec. 44.19.634. QUALIFICATIONS OF PUBLIC MEMBERS. The public
24 members of the Tourism Advisory Board shall be persons with experience
25 or interest in the Alaska tourist industry.

26 Sec. 44.19.635. DUTIES. The board shall advise the governor and
27 make recommendations regarding the promotion and development of tourism
28 into and inside the state. The board shall submit an annual report to
29 the governor and legislature summarizing its activities and expenses.

1 Sec. 44.19.636. ORGANIZATION AND COOPERATION WITH REGIONAL PRO-
2 MOTION GROUPS. The Tourism Advisory Board may plan for the organization
3 of local tourism promotion groups in the several geographic regions of
4 the state, acquaint these groups with the program of the Alaska division
5 of tourism, receive recommendations from the groups as to the state
6 programming, and encourage the expenditure of private and regional funds
7 for the promotion of tourism to supplement the programs of the state.

8 * Sec. 5. AS 44.19.880 is amended by adding a new subsection to read:

9 (d) The division may

10 (1) coordinate its services and activities with those of
11 other state departments and agencies to the fullest extent possible to
12 avoid duplication;

13 (2) prepare an integrated annual report on the long-range
14 development program of the state and submit it to the governor for
15 incorporation into his report to the legislature;

16 (3) cooperate with the University of Alaska and other appro-
17 priate public and private institutions in research and investigations.

18 * Sec. 6. AS 44.33.020 is amended by adding new paragraphs to read:

19 (12) conduct studies, enter into contracts and agreements,
20 and make surveys relating to the economic development of the state
21 and, when appropriate, assemble, analyze, and disseminate the findings
22 obtained;

23 (13) provide factual information and technical assistance
24 for potential industrial and commercial investors;

25 (14) receive gifts, grants, and other aid that facilitate the
26 powers and duties of the department from agencies and instrumentalities
27 of the United States or other public or private sources;

28 (15) establish and activate programs to achieve balanced
29 economic development in the state and advise the governor on economic

1 development policy matters;

2 (16) formulate a continuing program for basic economic
3 development and for the necessary promotion, planning and research
4 which will advance the economic development of the state;

5 (17) cooperate with private, governmental and other public
6 institutions and agencies in the execution of economic development
7 programs;

8 (18) review the programs and annual reports of other depart-
9 ments and agencies as they are related to economic development and
10 prepare an annual report on the economic growth of the state;

11 (19) administer the economic development programs of the
12 state;

13 (20) perform all other duties and powers necessary or proper
14 in relation to economic development and planning for the state.

15 * Sec. 7. AS 44.61.030(a) is amended to read:

16 (a) The membership of the authority consists of the commissioner
17 of commerce and economic development, the commissioner of revenue
18 [ECONOMIC DEVELOPMENT] and the commissioner of natural resources,
19 serving ex officio. If a state officer who is a member of the authority
20 is unable for any reason to attend a meeting of the authority, he may by
21 an instrument in writing filed with the authority, designate his deputy
22 or assistant commissioner to act in his place as a member at the meet-
23 ing. For all purposes of this chapter, the designee is a member of the
24 authority at the meeting.

25 * Sec. 8. AS 38.06.025 is amended to read:

26 Sec. 38.06.025. MEMBERSHIP. The board consists of the commis-
27 sioner of natural resources, who is chairman, the commissioner of
28 revenue [ECONOMIC DEVELOPMENT], and three public members. Each of the
29 public members shall possess experience in petroleum-related fields in

1 such areas as exploration, development, production and economics, and
2 shall be appointed by the governor to serve at his pleasure for three-
3 year staggered terms and confirmed by a vote of a majority of the
4 members of the legislature in joint session. The public members may not
5 be state officers or employees. A public member, upon the expiration of
6 his term, shall continue to hold office until his successor is appointed
7 and qualifies. Vacancies in public membership shall be filled in the
8 same manner as original appointment. An appointee to fill a vacancy
9 shall hold office for the balance of the term for which his predecessor
10 on the board was appointed. A vacancy in board membership does not
11 impair the authority of a quorum of the board members to exercise all
12 the powers and duties of the board.

13 * Sec. 9. All references to the Department of Economic Development and
14 to the commissioner of economic development in the Alaska Statutes shall be
15 read as the Department of Commerce and Economic Development and the commis-
16 sioner of commerce and economic development, respectively, in order to carry
17 out the intent and purpose of this Act. All references to the Department of
18 Commerce and the commissioner of commerce in the Alaska Statutes shall be
19 read as the Department of Commerce and Economic Development and the commis-
20 sioner of commerce and economic development, respectively, in order to carry
21 out the intent and purpose of this Act.

22 * Sec. 10. This Act takes effect July 1, 1975.
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Introduced: 3/4/75
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 225

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to governmental reorganization; and
7 providing for an effective date."

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

9 * Section 1. AS 44.45 is repealed.

10 * Sec. 2. AS 44.15.010(14) is repealed.

11 * Sec. 3. AS 44.19 is amended by adding new sections to read:

12 ARTICLE 5 A. ALASKA DIVISION OF TOURISM.

13 Sec. 44.19.394. ALASKA DIVISION OF TOURISM. (a) There is
14 created in the Office of the Governor the Alaska division of tourism.

15 (b) The Alaska division of tourism may

16 (1) cooperate with organizations in the private sector for
17 the promotion and development of tourism into and within Alaska;

18 (2) coordinate with municipal, state and federal agencies
19 for the development and promotion of tourism resources in Alaska;

20 (3) promote and develop the Alaska tourist industry by
21 publicizing state attractions through such means as display advertising
22 in magazines and newspapers, advertising on radio and television, or
23 through other advertising media, or by publishing pamphlets, brochures
24 and other graphic and pictorial materials;

25 (4) participate in travel shows by designing, publishing
26 and distributing materials used to answer inquiries about Alaska and
27 its travel attractions;

28 (5) stimulate the interest of the citizens of the State of
29 Alaska in the economic importance of the tourist industry;

1 (6) assist potential investors in creating new tourist
2 facilities;

3 (7) administer any program of the state in which the state
4 provides matching funds for political subdivisions or non-profit
5 organizations that undertake the promotion and development of tourism.

6 ARTICLE 5 B. TOURISM ADVISORY BOARD.

7 S . 44.19.395. TOURISM ADVISORY BOARD. (a) There is a Tourism
8 Advisory Board in the Office of the Governor.

9 (b) The Tourism Advisory Board consists of 13 members, nine of
10 whom are public members appointed by the governor for overlapping
11 three-year terms. The remaining four members are the director of the
12 division of parks in the Department of Natural Resources, the director
13 of the division of marine transportation in the Department of Public
14 Works, the chief of information and education in the Department of
15 Fish and Game, and the director of the Alaska division of tourism in
16 the Office of the Governor.

17 Sec. 44.19.396. COMPENSATION, PER DIEM, OR EXPENSES. Members of
18 the Tourism Advisory Board are not entitled to receive compensation
19 for their services, but they shall receive the same travel pay and per
20 diem as provided by law for board members.

21 Sec. 44.19.397. QUALIFICATIONS OF PUBLIC MEMBERS. The public
22 members of the Tourism Advisory Board shall be persons with experience
23 or interest in the Alaska tourist industry.

24 Sec. 44.19.398. DUTIES. The board shall advise the governor and
25 make recommendations in regard to the promotion and development of
26 programs to attract tourists to the state.

27 Sec. 44.19.399. ORGANIZATION AND COOPERATION WITH REGIONAL
28 PROMOTION GROUPS. The Tourism Advisory Board may plan for the organi-
29 zation of local tourism promotion groups in the several geographic

1 regions of the state, acquaint these groups with the program of the
2 Alaska division of tourism, receive recommendations from the groups & s
3 to the state programming, and encourage the expenditure of private and
4 regional funds for the promotion of tourism to supplement the programs
5 of the state.

6 * Sec. 4. AS 44.19.880 is amended by adding a new subsection to read:

7 (d) The division may:

8 (1) coordinate its services and activities with those of
9 other state departments and agencies to the fullest extent possible to
10 avoid duplication;

11 (2) prepare an integrated annual report on the long range
12 development program of the state and submit it to the governor for
13 incorporation into his report to the legislature;

14 (3) cooperate with the University of Alaska and other
15 appropriate public and private institutions in research and investi-
16 gations.

17 * Sec. 5. AS 44.33.020 is amended by adding new paragraphs to read:

18 (12) conduct studies, enter into contracts and agreements,
19 and make surveys relating to the economic development of the state
20 and, when appropriate, assemble, analyze, and disseminate the findings
21 obtained;

22 (13) provide factual information and technical assistance
23 for potential industrial and commercial investors;

24 (14) receive gifts, grants, and other aid that facilitate
25 the powers and duties of the department from agencies and instru-
26 mentalities of the United States or other public or private sources;

27 (15) establish and activate programs to achieve balanced
28 economic development in the state and advise the governor on economic
29 development policy matters;

1 (16) formulate a continuing program for basic economic
2 development and for the necessary promotion, planning and research
3 which will advance the economic development of the state;

4 (17) cooperate with private, governmental and other public
5 institutions and agencies in the execution of economic development
6 programs;

7 (18) review the programs and annual reports of other
8 departments and agencies as they are related to economic development
9 and prepare an annual report on the economic growth of the state;

10 (19) administer the economic development programs of the
11 state;

12 (20) perform all other duties and powers necessary or
13 proper in relation to economic development and planning for the state.

14 * Sec. 6. AS 44.61.030(a) is amended to read:

15 (a) The membership of the authority consists of the commissioner
16 of commerce and economic development, the commissioner of revenue
17 [ECONOMIC DEVELOPMENT] and the commissioner of natural resources,
18 serving ex officio. If a state officer who is a member of the authority
19 is unable for any reason to attend a meeting of the authority, he may
20 by an instrument in writing filed with the authority, designate his
21 deputy or assistant commissioner to act in his place as a member at
22 the meeting. For all purposes of this chapter, the designee is a
23 member of the authority at the meeting.

24 * Sec. 7. AS 38.06.025 is amended to read:

25 Sec. 38.06.025. MEMBERSHIP. The board consists of the commissioner
26 of natural resources, who is chairman, the commissioner of revenue
27 [ECONOMIC DEVELOPMENT], and three public members. Each of the public
28 members shall possess experience in petroleum-related fields in such
29 areas as exploration, development, production and economics, and shall

1 be appointed by the governor to serve at his pleasure for three-year
2 staggered terms and confirmed by a vote of a majority of the members
3 of the legislature in joint session. The public members may not be
4 state officers or employees. A public member, upon the expiration of
5 his term shall continue to hold office until his successor is appointed
6 and qualifies. Vacancies in public membership shall be filled in the
7 same manner as original appointment. An appointee to fill a vacancy
8 shall hold office for the balance of the term for which his predecessor
9 on the board was appointed. A vacancy in board membership does not
10 impair the authority of a quorum of the board members to exercise all
11 the powers and duties of the board.

12 * Sec. 8. All references to the Department of Economic Development and
13 to the commissioner of economic development in the Alaska Statutes shall be
14 read as the Department of Commerce and Economic Development and the commis-
15 sioner of commerce and economic development, respectively, in order to
16 carry out the intent and purpose of the Act. All references to the Depart-
17 ment of Commerce and the commissioner of commerce in the Alaska Statutes
18 shall be read as the Department of Commerce and Economic Development and
19 the commissioner of commerce and economic development, respectively, in
20 order to carry out the intent and purpose of this Act.

21 * Sec. 9. This Act takes effect July 1, 1975.
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Master file

JOURNAL SUPPLEMENT

January 20, 1975

SENATE

NO. 1

EXECUTIVE ORDER NO. 37

Under the authority of Section 23, Article III, Constitution of the State of Alaska, and AS 24.30.130(b), I order the following:

- * Section 1. AS 44.45 is repealed.
- * Sec. 2. AS 10.10.020 is amended to read:

Sec. 10.10.020. ASSISTANCE OF COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT. The commissioner of commerce and economic development shall assist the incorporators in forming the corporation and shall meet with and advise the corporation's board of directors.
- * Sec. 3. AS 10.10.040(8) is amended to read:

(8) to cooperate with and avail itself of the facilities of the United States Department of Commerce, the state Department of Commerce and Economic Development, and any other state or federal governmental agencies; and to cooperate with and assist, and otherwise encourage organizations in the various communities of the state in the promotion, assistance, and development of the business prosperity and economic welfare of such communities or of this state or of any part of the state;
- * Sec. 4. AS 23.15.617(a)(4) is repealed.
- * Sec. 5. AS 38.06.025 is amended to read:

Sec. 38.06.025. MEMBERSHIP. The board consists of the commissioner of natural resources, who is chairman, the commissioner of revenue, the director of the division of policy development and planning [COMMISSIONER OF ECONOMIC DEVELOPMENT], and three public members. Each of the public members shall possess experience in petroleum-related fields in such areas as exploration, development, production and economics, and shall be appointed by the governor to serve at his pleasure for three-year staggered terms and confirmed by a vote of a majority of the members of the legislature

in joint session. The public members may not be state officers or employees. A public member, upon the expiration of his term, shall continue to hold office until his successor is appointed and qualifies. Vacancies in public membership shall be filled in the same manner as original appointment. An appointee to fill a vacancy shall hold office for the balance of the term for which his predecessor on the board was appointed. A vacancy in board membership does not impair the authority of a quorum of the board members to exercise all the powers and duties of the board.

* Sec. 6. AS 43.25.050(a) is amended to read:

(a) The commissioner of revenue [ECONOMIC DEVELOPMENT AND PLANNING] shall appoint the personnel necessary to carry out this chapter. The commissioner shall make arrangements for such public hearings as he considers necessary and shall require an applicant for tax exemption to present evidence that will justify the exemption.

* Sec. 7. AS 43.25.150(a) (2) is amended to read:

(2) "department" means Department of Revenue [ECONOMIC DEVELOPMENT];

* Sec. 8. AS 43.26.010 is amended to read:

Sec. 43.26.010. TAX CREDITS AUTHORIZED. (a) A person who has established and owns or proposes to establish and own an eligible business is entitled to a tax credit not to exceed 50 per cent of the value of the investment made in the business as of the date it commenced operation. The grant of tax credit shall be effective for a period, established by the commissioner of revenue [ECONOMIC DEVELOPMENT], not to exceed 10 years from the date of grant and shall be applied against the amount of certain taxes, as determined by the department, due the state during that period as a result of the development, organization, construction, establishment and operation of the specific business for which the credit is granted. The unused portion of a tax credit authorized under this chapter shall be forfeited at the expiration of the period of credit for which the grant was

made. Only one grant of tax credit shall be made for an eligible business, irrespective of transfer of the business or other circumstances. If a tax for which credit is given under this chapter produces revenue shared with local political subdivisions, the state shall pay to any affected subdivision the amount of revenue it would receive had the tax credit not been given.

(b) The commissioner of revenue [ECONOMIC DEVELOPMENT] may by regulation classify and exclude from investments qualifying for tax credit under this chapter investments in an eligible business which are not of substantial benefit to the state in furthering the purposes of industrial development. Adoption, amendment or modification of regulations under this subsection is not subject to the procedural requirements of AS 44.62.180-44.62.290.

- * Sec. 9. AS 43.26.040(a) is amended to read:

(a) The commissioner of revenue [ECONOMIC DEVELOPMENT] shall appoint the personnel necessary to carry out this chapter. The commissioner shall make arrangements for such public hearings as he considers necessary and shall require an applicant for a tax credit to present evidence that will justify the credit.

- * Sec. 10. AS 43.26.095(a)(2) is amended to read:

(2) The Department shall set up procedures to be followed by the person seeking tax credit status under this section and shall certify to the Department of Revenue [ECONOMIC DEVELOPMENT] those persons qualifying for this status. In no case may the Department of Revenue [ECONOMIC DEVELOPMENT] grant tax credit status to a person coming under the provisions of this section without first receiving certification from the department nor continue this status after revocation of certification by the department.

- * Sec. 11. AS 43.26.100(1) is amended to read:

(1) "department" means the Department of Revenue [ECONOMIC DEVELOPMENT], except as provided in sec. 95 of this chapter;

- * Sec. 12. AS 43.26.100(2) (A) is amended to read:

(A) an industrial unit having as its object the production on a commercial scale in the state of a manufactured product which was not produced on a commercial scale before July 1, 1968, and for which there were on that date in the same competitive area in the state as defined by the commissioner of revenue [ECONOMIC DEVELOPMENT], no production facilities capable of the production of that manufactured product on a commercial scale;

- * Sec. 13. AS 44.15.010(8) is amended to read:

(8) Department of Commerce and Economic Development

- * Sec. 14. AS 44.15.010(14) is repealed.

- * Sec. 15. AS 44.19 is amended by adding new sections to read:

ARTICLE 5A.

Sec. 44.19.394. ALASKA TRAVEL DIVISION. (a) There is created in the Office of the Governor the Alaska travel division.

(b) The Alaska travel division shall

(1) cooperate with organizations which represent private tourist operations to inventory tourist attractions and facilities;

(2) promote and develop the Alaska tourist industry by publicizing state attractions through display advertising, advertising in magazines, newspapers, over radio and television, and through other advertising media, and by publishing pamphlets, brochures, and other graphic and pictorial materials;

(3) participate in travel shows by designing, publishing, and distributing materials used to answer inquiries about Alaska and its travel attractions;

(4) stimulate the interest of the citizens of Alaska in the economic importance of the tourist industry, and encourage intrastate travel;

(5) assist potential investors in finding financial support for the development of tourist facilities;

(6) administer any program of the state in which the state matches political subdivisions and nonprofit organizations that undertake tourist development programs eligible for state tourist attraction matching funds.

ARTICLE 5B.

Sec. 44.19.395. TOURISM ADVISORY BOARD. (a) There is a Tourism Advisory Board in the Office of the Governor.

(b) The Tourism Advisory Board consists of 13 members, nine of whom are public members appointed by the governor for overlapping three-year terms. The remaining four members are the director of the division of parks in the Department of Natural Resources, the director of the division of marine transportation in the Department of Public Works, the chief of information and education in the Department of Fish and Game, and the director of the Alaska travel division in the Office of the Governor.

Sec. 44.19.396. COMPENSATION, PER DIEM, OR EXPENSES. Members of the Tourism Advisory Board are not entitled to receive compensation for their services, but they shall receive the same travel pay and per diem as provided by law for board members for attendance at a maximum of two meetings each year.

Sec. 44.19.397. QUALIFICATIONS OF PUBLIC MEMBERS. One public member of the board shall be either the executive director or another officer of the Alaska Visitors Association. The remaining eight public members of the Tourism Advisory Board shall be persons with experience or interest in the Alaska tourist industry.

Sec. 44.19.398. DUTIES. The board shall advise the Alaska travel division and make recommendations to it in regard to the promotion and development of a program to attract tourists to the state and the advertising and publicizing of the state's tourist attractions.

Sec. 44.19.399. ORGANIZATION AND COOPERATION WITH REGIONAL PROMOTION GROUPS. The Tourism Advisory Board may plan for the organization of local tourism promotion groups in the several geographic regions of the state, acquaint these groups with the program of the Alaska travel division, receive recommendations from the groups as to the state programming, and encourage the expenditure of private and regional funds for the promotion of tourism to supplement the program of the state.

Sec. 16. AS 44.19.880 is amended by adding a new subsection to read:

(d) The division may

(1) advise and recommend state policies to the governor for the economic development of the state;

(2) conduct research studies on subjects relating to the economic development of the state, enter into research contracts with the University of Alaska and private research organizations and otherwise cooperate with appropriate public and private institutions in research and investigations to carry out this chapter;

(3) cooperate with other departments and agencies of the state and furnish them with information upon request;

(4) coordinate its services and activities with those of other state departments and agencies to the fullest extent possible to avoid duplication;

(5) review the programs and annual reports of the departments and agencies of the executive branch as they are related to economic development, and prepare an annual report on the economic growth of the state;

(6) receive for the state from agencies and instrumentalities of the United States or other public or private sources gifts, grants, or other aids that facilitate the provisions of this section;

(7) perform the other duties related to economic development and planning which the governor directs;

(8) facilitate interdepartmental cooperation in the execution of development programs and in the conduct of economic research, statistical services, and the dissemination of information;

(9) review the work and annual reports of other departments and agencies of the executive branch as they relate to the economic development of the state, and prepare an integrated annual report on the long range economic development program, and submit it to the governor for incorporation into his report to the legislature;

(10) make surveys of the economic potential of the state and its various development possibilities, and assemble, analyze, evaluate, and disseminate the data and findings obtained;

(11) cooperate with the University of Alaska and other appropriate public and private institutions in research and investigations;

(12) make continuing study of federal and state laws and activities which relate to state economic development, and recommend suitable legislation to the governor;

(13) enter into authorized interstate compacts;

(14) do all other acts necessary or proper to perform its duties.

* Sec. 17. AS 44.19 is amended by adding new sections to Article 11 to read:

Sec. 44.19.891. CREATION OF COMMITTEE. Upon completion of current Rampart Dam studies and a favorable feasibility report, there will be created in the division of policy development and planning the Rampart Dam Development Committee.

Sec. 44.19.892. COMPOSITION AND TERM OF OFFICE. The committee consists of 10 citizens of Alaska appointed by the governor on a nonpartisan basis to give representation on the committee to major groups interested in the economic development of the Yukon Basin and

Alaska as a whole. Members of the committee are appointed for three-year terms, except that initial appointments shall be four for three years, three for two years, and three for one year.

Sec. 44.19.893. COMPENSATION AND PER DIEM. Members of the committee serve without compensation but receive the same transportation costs and per diem as state officials and employees.

Sec. 44.19.894. QUORUM AND CHAIRMAN. (a) A majority of the committee constitutes a quorum for the transaction of business of the committee.

(b) The governor shall appoint a chairman for the committee.

Sec. 44.19.895. POWERS AND DUTIES. The committee shall

(1) use every appropriate means to inform the United States Congress and the public, both inside and outside Alaska, of Rampart Dam and Alaska's power and resource potential, and how development of this potential would be in the best interest of the people of the United States and the State of Alaska;

(2) whenever possible, assist all public and private agencies and organizations planning or encouraging power development on the Yukon River or its basin; and

(3) recommend to the governor action to further these purposes.

• Sec. 18. AS 44.33.010 is amended to read:

Sec. 44.33.010. COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT.

The principal executive officer of the Department of Commerce and Economic Development is the commissioner of commerce and economic development.

• Sec. 19. AS 44.33.020 is amended to read:

Sec. 44.33.020. DUTIES OF DEPARTMENT. The Department of Commerce and Economic Development shall

(1) administer the state programs relating to commerce, enforce the laws relating to these programs, and adopt regulations under these laws;

- (2) register corporations;
- (3) collect corporation franchise taxes;
- (4) enforce state laws regulating public utilities and other public service enterprises, banking and securities, insurance, and other businesses and enterprises touched with a public interest;
- (5) make veterans' loans;
- (6) inspect weights and measures;
- (7) promote and develop civil aviation; and
- (8) furnish the budgeting, clerical and administrative services for regulatory agencies and professional and occupational licensing boards not otherwise provided for;
- (9) operate motor vehicle weighing stations and enforce highway weight and load limitations;
- (10) Repealed by Executive Order No. 33 (1968);
- (11) before the commencement of each calendar quarter, furnish lending institutions, title insurance companies, mortgage companies and clerks of the respective superior courts with the 12th Federal Reserve District discount rate which is to be used during that calendar quarter for computing the maximum rate of interest under AS 45.45.010(b);
- (12) provide factual information for prospective industrial and commercial investors;
- (13) negotiate with potential investors as to studies and other activities under this chapter which are useful to the potential investors;
- (14) provide technical assistance to potential investors and to industries interested in Alaskan investment by drawing on professional, specialized, and technical employees of the department and other agencies.

* Sec. 20. AS 44.33 is amended by adding a new section to read:

Sec. 44.33.025. ACCESS TO INFORMATION. The department has immediate access to all information in the possession of another department or agency of the state if the information is useful to the department in performing the duties prescribed in this chapter.

- Sec. 21. AS 44.47.050 is amended by adding new paragraphs to read:
 - (19) assist local government units in planning and development programs;
 - (20) provide technical assistance to the municipalities of the state which want to attract industrial and commercial development.
- Sec. 22. AS 44.60.020 is amended to read:

Sec. 44.60.020. SMALL BUSINESS DEVELOPMENT CORPORATION OF ALASKA. The Small Business Development Corporation of Alaska is a public corporation of the state. The corporation is an instrumentality of the state within the Department of Commerce and Economic Development, but has a legal existence independent of and separate from the state.
- Sec. 23. AS 44.60.040 is amended to read:

Sec. 44.60.040. APPOINTMENT AND COMPOSITION OF BOARD. The board consists of six residents of the state none of whom may be public employees or officials, and the commissioner of commerce and economic development. Members of the board are appointed by the governor and serve at his pleasure. Appointments to the board shall be made without regard to political affiliation and shall represent the state's geographic and economic interests.
- Sec. 24. AS 44.60.090 is amended to read:

Sec. 44.60.090. QUORUM AND NOTICE OF MEETINGS. Four members, which may include the commissioner of commerce and economic development, constitute a quorum for the transaction of business unless the bylaws require a larger number, except that notice of a meeting of the board must be given to each member.
- Sec. 25. AS 44.61.020 is amended to read:

Sec. 44.61.020. CREATION OF AUTHORITY. There is created the Alaska Industrial Development Authority. The authority is a public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce and Economic Development, but with separate and independent legal existence.

- * Sec. 26. AS 44.61.030(a) is amended to read:

(a) The membership of the authority consists of the commissioner of commerce and economic development, the commissioner of revenue [ECONOMIC DEVELOPMENT] and the commissioner of natural resources, serving ex officio. If a state officer who is a member of the authority is unable for any reason to attend a meeting of the authority, he may by an instrument in writing filed with the authority, designate his deputy or assistant commissioner to act in his place as a member at the meeting. For all purposes of this chapter the designee is a member of the authority at the meeting.

- * Sec. 27. AS 44.61.040 is amended to read:

Sec. 44.61.040. CHAIRMAN AND VICE-CHAIRMAN. The commissioner of commerce and economic development is the chairman of the authority, presides over all meetings, and has the duties which the authority may direct. A vice-chairman may be elected by the authority from among its other members for one or more terms of one year each. The vice-chairman presides over all meetings in the absence of the commissioner of commerce and economic development and has other duties which the authority may direct.

- * Sec. 28. AS 44.62.330(a)(19) is amended to read:

(19) Department of Commerce and Economic Development, under Alaska Small Loans Act;

- * Sec. 29. AS 44.62.330(a)(38) is amended to read:

(38) Department of Commerce and Economic Development, under the Emergency Residential Rent Regulation and Control Act (AS 34.06);

- * Sec. 30. AS 46.03.110(c) is amended to read:

(c) When the department receives an application, the commissioner shall immediately send copies of the application to the commissioner of fish and game, the commissioner of natural resources, [THE COMMISSIONER OF ECONOMIC DEVELOPMENT] and the commissioner of health and social services.

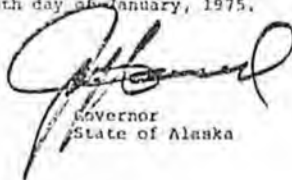
- Sec. 11. Sec. 2, ch. 4, ESSIA 1974 is amended to read:

Sec. 2. There is established in the Office of the Governor the Bristol Bay Regional Development Council. The council consists of [THE COMMISSIONER OF ECONOMIC DEVELOPMENT WHO IS CHAIRMAN,] the commissioner of community and regional affairs who is chairman, the commissioner of fish and game, and six public members appointed by the governor. Members receive no compensation but are entitled to per diem and travel allowances established for state boards and commissions. The public members may not be state officers or employees. The public members shall be chosen from the Bristol Bay region and shall represent a cross section of the economic interests of the region.

- Sec. 12. All references to the Department of Commerce and to the commissioner of commerce in the Alaska Statutes shall be read as the Department of Commerce and Economic Development and the commissioner of commerce and economic development, respectively, in order to carry out the intent and purpose of this Executive Order.

- Sec. 13. The effective date of this order is July 1, 1975.

Dated at Juneau, Alaska this 20th day of January, 1975.



Governor
State of Alaska

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION
JUNEAU, ALASKA

RECOMMENDATIONS OF THE LOCAL BOUNDARY COMMISSION
SUBMITTED TO THE NINTH STATE LEGISLATURE
FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 20, 1975

RECOMMENDATIONS

- I. Recommendation for annexation of territory to the City of Wrangell

- II. Recommendation for annexation of territory to the Haines Borough

- III. Recommendation for dissolution of the City of Long Island

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

JUNEAU, ALASKA

RECOMMENDATION FOR ANNEXATION OF TERRITORY TO THE CITY OF
WRANGELL, ALASKA

SUBMITTED TO THE NINTII STATE LEGISLATURE, FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 20, 1975

RECOMMENDATION FOR ANNEXATION OF TERRITORY

to the
CITY OF WRANGELL

WHEREAS, petitioner, the City of Wrangell, Alaska, has requested that certain territory be annexed to the City of Wrangell, to wit: an area contiguous to and north, east and south of the City of Wrangell including residential, commercial and industrial properties, National Forest lands containing the Wrangell watershed, and certain municipally-owned lands; and

WHEREAS, subsequent to giving proper notice, the Local Boundary Commission conducted a public hearing in Wrangell on Thursday, March 7, 1974, to consider whether the territory for which the City of Wrangell petitioned, as well as other areas contiguous and adjacent to the City, should be annexed to the City of Wrangell; and

WHEREAS, the Local Boundary Commission at a public meeting held in Fairbanks on Friday, April 26, 1974, reviewed the City of Wrangell's petition, supporting brief and all testimony received prior to, during and subsequent to the March 7, 1974, public hearing; and

WHEREAS, the Local Boundary Commission has determined that the territory sought to be annexed meets the standards for annexation in that it is urban in character, is in need of municipal services and is in need of planned and orderly development; and

WHEREAS, the City of Wrangell is the only local government located proximate to the territory; and

WHEREAS, the annexation of the territory would further accomplish valid public purposes by enabling residents of the territory to participate in the conduct of municipal affairs of the City of Wrangell;

NOW, THEREFORE, the Local Boundary Commission recommends that pursuant to Article X, Section 12, of the Alaska Constitution, Alaska Statutes 44.19.260 and Alaska Administrative Code 19 AAC 05.010

(a) (3) (4) (5) and (9), that the petition to annex territory to the City of Wrangell be approved and the corporate boundaries of the City of Wrangell be amended to read as follows:

CITY OF WRANGELL

An area encompassing all those islands bounded on the west by Zimovia Strait, on the north and east by Eastern Passage and on the south by the section line extending from the center line of Eastern Passage west along the southern boundary of section 24 of T63S, R84E, Copper River Meridian, thence south along the eastern section line boundary of sections 26 and 35 of T63S, R84E and continuing along the eastern section line boundary of sections 2 and 11 of T64S, R84E, thence west along the southern boundary line of sections 11, 10, 9, 8 and 7 of T64S, R84E to the center line of Zimovia Strait.

In accordance with Article X, Section 12 of the Alaska Constitution, this recommendation shall become effective forty-five days after presentation to the Legislature or at the end of the Session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each House.

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

JUNEAU, ALASKA

RECOMMENDATION FOR ANNEXATION OF TERRITORY TO THE
HAINES BOROUGH, ALASKA

SUBMITTED TO THE NINTH STATE LEGISLATURE, FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 20, 1975

RECOMMENDATION FOR ANNEXATION OF TERRITORY

to the

HAINES BOROUGH

WHEREAS, petitioner, the Haines Borough, has requested that certain territory be annexed to the Haines Borough, to wit: territory located south and west of the present corporate boundaries of the Haines Borough; and

WHEREAS, subsequent to giving proper notice, the Local Boundary Commission conducted a public hearing in Haines on Friday, March 8, 1974, to consider whether the territory for which the Haines Borough petitioned, as well as other areas contiguous and adjacent to the Borough, should be annexed to the Haines Borough; and

WHEREAS, the Local Boundary Commission, at a public meeting held in Fairbanks on Friday, April 26, 1974, reviewed the Haines Borough petition, supporting brief and all testimony submitted prior to, during and subsequent to the March 8, 1974, public hearing; and

WHEREAS, the territory sought to be annexed by the Haines Borough meets the standards for annexation in that the territory will be subject to future growth and development and annexation will enable the Borough to assist in and receive benefits from that development; and

WHEREAS, annexation of the territory would allow the Haines Borough to more fully meet standards for formation of a borough in that the new boundaries established would more closely approximate "natural geography," altering the geographical southern boundary of the Haines Borough, an arbitrary line extending east and west bisecting the Chilkat Peninsula, a natural geographic part of the Haines Borough; and

WHEREAS, the Haines Borough is being denied certain revenues (specifically, raw fish taxes and stumpage fees) to which it, as the regional entity responsible for governmental services, is rightfully entitled;

NOW, THEREFORE, the Local Boundary Commission recommends that pursuant to Article X, Section 12, of the Alaska Constitution, Alaska Statutes 44.19.260 and Alaska Administrative Code 19 AAC 05.110(a) (4) and (8) and 19 AAC 05.140, that the petition seeking annexation of territory to the Haines Borough be approved and the corporate boundaries of the Haines Borough be amended to read as follows:

Beginning at Eldred Rock Light at Latitude $58^{\circ}58.3'N$ and Longitude $135^{\circ}13.2'W$; thence in a straight line east to Mt. Nesselrode, Boundary Peak No. 98 at Latitude $58^{\circ}57'44.96''W$ and Longitude $134^{\circ}18'42.03''W$; thence northerly at the Alaska-Canada Boundary line on a meander line to Mt. Bagot at Latitude $59^{\circ}21'N$ and Longitude $135^{\circ}02'W$; thence due west on a straight line to a point in the center of Lynn Canal on Taiya Inlet at approximately Latitude $59^{\circ}21'N$ and Longitude $135^{\circ}22.5'W$; thence northwesterly to Monument No. 124 on the Alaska-Canada Boundary at Latitude $59^{\circ}44'N$ and Longitude $135^{\circ}43'W$; thence in a meandering westerly line following the Alaska-Canada Boundary to Mt. Harris; thence in a southeasterly and then southerly manner along the Glacier Bay National Monument Boundary to a point due north of Porpoise Island Light at Latitude $58^{\circ}27.1'N$ and Longitude $135^{\circ}27.2'W$; thence south to Porpoise Island at Latitude $58^{\circ}19.1'N$ and Longitude $135^{\circ}27.2'W$; thence southeasterly to the southern tip of the Sisters Islands at Latitude $58^{\circ}10'N$ and Longitude $135^{\circ}15'W$; thence southeasterly to Hanus Reef at Latitude $58^{\circ}07.9'N$ and Longitude $134^{\circ}59.8'W$; thence north to a point midway between Lincoln Island on the east and the mainland on the west, at Latitude $58^{\circ}30'N$ and Longitude $135^{\circ}04.15'W$; thence north paralleling the boundary of the City and Borough of Juneau to Eldred Rock Light the point of beginning, containing 2,620 square miles more or less.

Save and excepting therein: (1) the land comprising Hainan Indian Reservation established by Executive Order numbered 1764 dated April 21, 1913 and amended as to the boundaries thereof by Executive Order number 62673 dated May 15, 1922 and further amended by the Act of September 2, 1957, Public Law 85-271, 71 Stat. 596, particularly described as follows: Lots 1, 2 and 3 of Section 32, all of the north one-half of Section 33, Lots 1, 2, 3 and 4 of the south one-half of Section 33; Lots 1 and 2 and the northeast one-quarter of the southwest one-quarter of Section 34, Township 28 South, Range 56 East, CRM Alaska (and Lots 2, 3 and 4 of Section 5, and Lots 1 and 9 of Section 6, Township 29 South, Range 57 East, Copper River Meridian); (2) the base proper of the Petroleum Distribution Office, Haines Terminal and Pumping Station so long as it remains a military installation; when the Petroleum Distribution Office, Haines Terminal and Pumping Station is no longer a military reservation, it shall become a part of the Haines Borough.

In accordance with Article X, Section 12 of the Alaska Constitution, this recommendation becomes effective forty-five days after its presentation to the Legislature or at the end of the Session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each House.

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

JUNEAU, ALASKA

RECOMMENDATION FOR DISSOLVING THE CITY OF
LONG ISLAND, ALASKA

SUBMITTED TO THE NINTH STATE LEGISLATURE, FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 20, 1975

RECOMMENDATION FOR DISSOLUTION

of the

CITY OF LONG ISLAND

AS 29.68.500(c) charges the Department of Community and Regional Affairs with responsibility for investigation of municipalities which it considers to be inactive and reporting to the Local Boundary Commission on the status of those municipalities. From information available to the Department, a determination was made that the City of Long Island was a municipality which might be considered for dissolution.

WHEREAS, the Local Boundary Commission has undertaken, at the request of the Department of Community and Regional Affairs, a review of the status of the City of Long Island; and

WHEREAS, subsequent to giving proper notice, the Local Boundary Commission conducted a public hearing in Long Island on Friday, February 8, 1974, to consider whether the City of Long Island should be dissolved; and

WHEREAS, the Local Boundary Commission at a public decisional meeting convened immediately following adjournment of the February 8, 1974, public hearing reviewed the comments of the Department of Community and Regional Affairs, City of Long Island and the public submitted prior to and including the public hearing; and

WHEREAS, the Local Boundary Commission has determined that the City of Long Island meets the standards for dissolution in that the City is not responsible for any bonded indebtedness and has not and does not presently levy and collect municipal taxes; and

WHEREAS, the City of Long Island no longer meets the minimum standards for incorporation in that the permanent resident population of the City, as reported in the 1970 Census, is seven (7), and

WHEREAS, the City of Long Island has conducted elections during the past three years but those elections were not conducted in accordance with State statutes; and

WHEREAS, the City of Long Island's ability to provide municipal services is doubtful due to the limited population base and financial resources available to the City;

NOW, THEREFORE, the Local Boundary Commission recommends that pursuant to Article X, Section 12, of the Alaska Constitution, AS 29.68.500(c) and Alaska Administrative Code 19 AAC 05.090, that the City of Long Island, with corporate boundaries as follows, be dissolved:

LONG ISLAND

Long Island Subdivision as shown on Plat 62-19 filed in the Palmer District Recorder's Office, Third Judicial District, Palmer, Alaska; that all of the foregoing is located in Lot 10, Section 19, Township 17 North, Range 3 West, Seward Meridian, Lot 1, Section 30, Township 17 North, Range 3 West, Seward Meridian and Lot 4, Section 29, Township 17 North, Range 3 West, Seward Meridian.

In accordance with Article X, Section 12, of the Alaska State Constitution, this recommendation shall become effective forty-five days after its presentation or at the end of the Session, whichever is earlier, unless disapproved by a resolution concurred in by the majority of the members of each House.

March 3, 1975

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

As mentioned in my February 28, 1975, letter to you and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill which abolishes the Department of Economic Development and transfers functions of that department to other departments and agencies of state government and which changes the name of the Department of Commerce to the Department of Commerce and Economic Development. This bill, then, in shortened format, replaces Executive Order Number 37 which I withdrew February 28, 1975.

The organizational statutes relating to the Department of Economic Development are repealed. However, most of the powers and duties of the department and programs administered by the department are transferred to the Department of Commerce and Economic Development with the following exceptions:

1. The Alaska Travel Division, formerly under the Department of Economic Development, is transferred to the Office of the Governor, as is the Tourism Advisory Board. The name of the division is changed to the Alaska Division of Tourism. The composition of the Tourism Advisory Board is changed by adding four members of the administration to the present nine public members who are appointed by the governor. The four additional members are: the Director of the Division of Parks, the Director of the Division of Marine Transportation, the Chief of Information and Education of the Department of Fish and Game, and the Director of the Alaska Division of Tourism.

The Honorable Chancy Croft

-2-

March 3, 1975

2. Several of the powers and duties of the former Department of Economic Development are transferred as discretionary powers of the Division of Policy Development and Planning.

The Commissioner of Revenue was substituted for the Commissioner of Economic Development as a member of the Alaska Industrial Development Authority and the Alaska Royalty Oil and Gas Development Advisory Board. The Commissioner of Commerce and Economic Development remains a member of the Alaska Industrial Development Authority.

A general provision was added at the end to provide that any references to the "Department of Economic Development" and "Commissioner of Economic Development", shall now be read as "Department of Commerce and Economic Development" and "Commissioner of Commerce and Economic Development", and further that references to the "Commissioner of Commerce" and to the "Department of Commerce" in the Alaska statutes shall now be read as the Commissioner of Commerce and Economic Development" and "Department of Commerce and Economic Development".

Sincerely,

Jay S. Hammond
Governor

all numbers file 50225

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER POUCH Z - JUNEAU 99501

May 8, 1975

The Honorable Bob Bradley
Chairman, House Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Bradley:

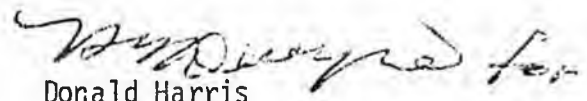
Reference is made to Committee Substitute for Senate Bill No. 225 which has been referred to your Committee by the State Affairs Committee.

It is noted in Section 39.25.155(a) of referenced bill that the Department of Public Works, which is a major Department of the State, has not been included as a part of the bill. This Department has many classes of employees which are unique to this Department and they include all the supervisory positions in the Division of Marine Transportation; most of the supervisory positions in the Divisions of Aviation, Buildings, and Communications; and many general classifications such as firefighter guards, ferry terminal employees, engineering technicians, construction and civil engineers, electronic technicians, architectural assistants, realty and leasing officers, and reservation specialists.

We believe the Department of Public Works should be included in Section 39.25.155(a) of this bill so that we may operate more efficiently by internal control of functions contained in Section (b) of the bill.

Your consideration of this request will be appreciated.

Sincerely,



Donald Harris
Commissioner

- cc: Representative Tim Willis
- Representative Helen Fischer
- Representative Oral Freeman
- Representative Ramona Kelley
- Representative Leo Rhode
- Representative Richard Urion
- Representative Hugh Malone

STATE
of ALASKA

MEMORANDUM

SB ~~CS 225~~

RE: CS 225



TO

Representative William Parker
Chairman, State Affairs Committee
Alaska House of Representatives
Juneau, Alaska

DATE : February 7, 1975

FROM:

John Halterman
Project Coordinator
Department of Economic Development

SUBJECT:

Results of the reorganization
of DED

Effects by Agency

Department of Revenue

- Commissioner becomes member of Alaska Royalty Oil and Gas Advisory Board
- Department administers Alaska Industrial Incentive Act
- Department administers Industrial Incentive Tax Credit Act
- Commissioner becomes member of Alaska Industrial Development Authority

Department of Community and Regional Affairs

- Receives community development function of the Division of Economic Enterprise
- Commissioner becomes chairman of the Bristol Bay Regional Development Council

Department of Commerce

- Name changed to Department of Commerce and Economic Development
- Receives industrial services function of Division of Economic Enterprise
- Administers Business and Industrial Development Corporation Act
- Administers Small Business Development Corporation Act
- Commissioner becomes chairman of Alaska Industrial Development Authority

Office of the Governor

- Division of Tourism
- Tourism Advisory Board
- Director of the Division of Policy Development and Planning becomes member of Alaska Royalty Oil and Gas Advisory Board
- Division of Policy Development and Planning assumes responsibility for economic research and statistical function from Division of Economic Enterprise
- Division of Policy Development and Planning assumes administrative responsibility for Rampart Dam Development Committee

Greater Anchorage

CHAMBER of COMMERCE

February 23, 1975

The Honorable Bill Parker
Chairman, State Affairs Committee
Pouch V - State Capitol
Juneau, AK 99801

Crossroads of the Air World

Dear Chairman Parker:

SUBJECT: HOUSE SPECIAL CONCURRENT RESOLUTION NO. 1

After review of Executive Order No. 37, the Greater Anchorage Chamber of Commerce wishes to go on record as supporting House Special Concurrent Resolution No. 1.

We believe that Executive Order No. 37 should not be approved, as it does not create a structure under which the Department of Economic Development can function as it should. The development of business is as important to the growth of Alaska as the development of its natural resources, as they go hand-in-hand.

Tourism is only one industry and should not be singled out for special treatment, but it should be a part of the Department of Economic Development.

Functions performed by the former Department of Economic Development cannot be performed by the Department of Revenue as tax collecting and development of new business cannot be done by the same party.

When we speak of new business, we are not solely referring to the bringing in of outsiders, but assisting the many small businesses in Alaska to grow and compete with outsiders. The opposite of this is to allow outsiders with the capital and knowledge to control and profit from the businesses. The result is that the profits also leave the state.

At a time when our State Government is concerned about running out of money, we believe it is the time to stimulate the growth of our economy. This, in effect, is actually the source of taxes. The Chamber of Commerce maintains that the State of Alaska can benefit by an investment in a strong Department of Economic Development rather than a franchised department with direction from the Commissioner of Commerce and the Director of the Division of Policy Development and Planning.

Sincerely,

Kenneth C. Hurme
Kenneth C. Hurme, President

cc: Governor Jay Hammond
All local area Legislators
Mayor Roderick
Mayor Sullivan
Doug Wieford, City Manager
Bill Beatty, GAAB Planning Dept.
Alaska State Chamber of Commerce

ad

Irene Ryan Raps Disbanding Of Department

EDITOR'S NOTE: The following is the complete text of former commissioner of Economic Development Irene Ryan's testimony given yesterday before the combined Senate and House state affairs committees, which held a pair of public hearings in Anchorage.

By IRENE E. RYAN

I have been invited to submit comments on the plan to disband the Department of Economic Development, as well as my ideas for the future growth and development of the State of Alaska.

As you are probably aware, the movement to dismember the department (although underground at first) originated prior to my being named commissioner by Gov. Egan in 1970.

Early in the organization of the administrative departments of the new state government a number of studies were contracted for by the legislatures and the administration. One of these from the Sanford Research Institute proposed a department of economic development and planning, whose commissioner would be a member of the governor's cabinet. Responsibilities and duties of the department included but were not limited to: (1) examination of and reporting on the economic health of the private sector, (2) preparation of forecasts and reports on economic trouble-spots, (3) planning for and outlining needed infra-structure for expansion of existing industries; i.e. fishing, lumbering, tourism, farming, and minerals extraction, (4) assisting businesses and industries, whether they were large corporations or individuals with their state government problems, (5) reporting their needs and desires to the governor and the cabinet, (6) advertising the economic resources of the state and promoting expansion of existing business and industry as well as promoting new development to:

(a) bring payrolls to those areas of Alaska where the people suffer from long existing and chronic poverty and degradation.

(b) promote more year round industries to smooth out the seasonal slumps and the high winter unemployment.

(c) develop a diversified economy, instead of concentrating upon the extraction of a single resource as in the past. The wild boom and bust cycles that marked the fur, followed by the gold and then the salmon fishery, are the result of dependance on a single industry.

Very shortly after the organization of the department the planning function was severed and put in the governor's office. In doing so, it ceased operating as a division dealing with planning the overall economy. Its efforts tended more and more to the planning for the satisfaction of pressing demands for government services at both the state and local levels as more Alaskans were born or

came from other states to settle here.

This latter endeavor is an important function of planning, but without the broader interest and understanding, it is like the members of a family planning on how they are going to spend the breadwinner's paycheck without any interest in the origin of the paycheck or the length of time it might be forthcoming.

It was also about this time that the morbid yearning to return to a supposedly ideal past, a back to 'mukluks and snowshoes' syndrome, swept so many otherwise reasonable and sensible people. Anything that suggested a forward movement into a different future, or smacked of growth or development was an anathema, and the proponents of such 'sick'.

The natural result of these pressures at the state level of government was continued emasculation of the programs of the department, and stringent reductions in budget requests (except for promotion of tourism — which was labelled a clean industry) to such an extent that the department could rightly be accused of not accomplishing the purposes for which it was organized. The pressure and efforts of individuals in both the administration and the legislatures during my term of office was to abolish the department.

Incidentally, speaking of tourism as a 'clean, or non-polluting' industry as compared to other businesses or industries is giving the public a very false conception. When the effects of procuring the energy and the materials, of developing the service facilities and the transportation, as well as safely and aesthetically disposing of the developed wastes are considered, the tourism industry is neither better or worse than many other industries, including the extractive ones. There have been and are more false ideas about the problems of pollution, if energy use and procurement, of the basic fundamentals of our economy expounded by proponents of the new movements than I have either the time or strength to refute. When historians of the future begin a review of the 1960s and early 70s

I am sure they will be appalled and wonder if we all took leave of our senses.

Do all the other states have a Department of Economic Development? No. However, all have the 'functions' of such a department centralized in another bureau or division, as for instance in the department of commerce in some, or in the department of agriculture in others. The tendency of the immediate past has been to gather all such planning and promotional efforts in a department of economic development by the greater number of states, and the director, commissioner or whatever title he may hold, has always been close to the governor.

Most administrations have been aware that their slide out of power is a greased chute if

Irene Ryan Raps Disbanding Of Department

their policies and programs result in a downturn in the economy — in loss of jobs, reduction in pay, business bankruptcies — when there is a sudden chill in the prospects and expansion possibilities for the individual citizen.

In the present case in Alaska, where the people that are needed to continue doing the bare bones functions of the Department of Economic Development are scattered throughout other state departments, or the work is contracted to private concerns, and the expense of the commissioner's office is transferred to the proposed advisory planning committee — the result will not be a saving of money — but an increase in expense. To be able to accomplish the task that will be assigned to the planning committee it will have to duplicate much of the staff and the work of the Department of Economic Development — so where is the saving? I shall be prepared to substantiate this statement at the end of the term of this administration! Saving money then is not the reason for the dismemberment of the department.

I presume the Department of Economic Development is down the drain and the reins that control or promote the future of the economy will pass to the planning committee or whatever it is to be called. Now it is very difficult for planners to develop a blueprint for action without working to see that it is set in concrete. I am sure that it is the opinion of those individuals that are urging the establishment of such a committee that the government will adopt and effectuate whatever the committee recommends. Since these recommendations are going to vitally effect the future well being of all of us in Alaska and our children's also — and since the main push behind all the changes is really anti-growth or development I'd like to see a few realists appointed to it. Professional people whether educators, scholars, economists, sociologists, attorneys or scientists seldom have had the practical experience in the market place to have a real understanding of what makes the economy tick. It takes someone who has been or is a

'business-man'. For this reason the committee or commission should be balanced with equal numbers from the ranks of the workers, managers and owners in the construction, transportation, manufacturing, processing, marketing extractive, as well as banking and finance industries. I would also like to point out that an excess of planning results in an increasing hobbling of individual initiative, of freedom of movement, of job choice and ultimately of a very structured society. One in which we are each planned to occupy a specific slot and must remain there or else jeopardize the plan.

The economy is an extremely complex system and it is already being slowly and effectively strangled by a growing mass of rules, regulations and contradictory planning by agencies at every level of government. The results already seen are an increase in costs of production and an inflation that has not yet reached its apex.

The notion that any state, any area within a state, or any community can choose when, how and what kind of development is rather a tragic one. All these factors, when, how much and what kind, can be affected to some degree by planning and promotion — but the most usual and pervasive effect on development by planning is a negative one. When the time and the tide are right; when regional, national and international conditions are favorable, it is possible to generate the capital and induce industry or business to initiate a local project. However, there is always somewhere else in the world where money can be profitably invested, so let time pass, the tide of interest wane, local conditions change and the impetus to development will fade.

Alaska's economy can slump and slump badly despite our anticipated oil wealth. After this has happened will those in leadership positions today resemble the Mad Hatter at the tea party in "Alice in Wonderland"? Will they complain that they don't understand why the watch doesn't work — because after all they dipped it in the best grade of butter?

TO: Members of House State Affairs

SB 225 alf

FROM: Ruth Edmondson
AA, House State Affairs

SECTIONAL ANALYSIS OF
COMMITTEE SUBSTITUTE FOR
SB NO. 225

"An Act entitled: "An Act relating to governmental reorganization;
and providing for an effective date."

OVERVIEW:

Intent of the act is to disband existing Department of Economic Development and place certain of its functions within the Department of Commerce, the Office of the Governor, and effect certain personnel changes and make-up of various boards and commissions.

CSSB 225 began as Executive Order #37, which was rescinded by the Governor after legislative protest. Today's consideration marks the first public discussion of the merits of the basic proposal by a House committee. Prior hearings had been additionally concerned with the scope of the privilege of Executive Orders by a governor.

→ PAGE 1
Sec. 4 - AS. 44.19 -

*Section
Amended to
Keep classified
positions
classified*

AS 44.19.625 -- The division of tourism is moved to the office of the governor. This may conflict with personnel rules relating to exempt employees and require statutory change of Sec. 29.25.120 (or personnel transferred may already be in exempt and partially-exempt service).

→ PAGE 2
44.19.625 (6) (7) (8) . These sections appear to be receiving greater emphasis in the reorganization proposal. The method for assisting and administering these duties appears to be largely through direct contracts and grants rather than with and by state personnel.

Sec 44.19.626 (Line 10)

New language. Apparently this section allows the state to fund up to 85% of a "tourism marketing project" under contract to an authorized organization. By phrase "approval of the governor", it is unclear whether the governor would actually

sign a contract (as would a director within an administrative department) or would actually study and compare various proposals for his personal approval before contracts are signed by the director.

It is not clear whether contracts are to be let on bid or all contracts are to be negotiated. Neither does the section make the contracting work subject to the standards of the administrative procedures act.

→ Sec. 44. 19.627. (Line 17)
New Language

Scope of the grants program could be fairly widespread. The number of non-profit organizations (civic, fraternal, municipal, trade, service) who could be certified at the discretion of the director of tourism is unknown. During FY'74, grants were predominantly to municipal or cultural organizations and only one grant exceeded \$1,000.00. (See ANNUAL REPORT D.E.D.)

→ Sec. 44.19.628. (Line 23) new language

Applications for 50-50 state matching money appear not to be subject to review by any other authority than the director of tourism, although the intent may be to make the tourism grant subject to approval by the governor and/or the tourism advisory board.

By language of the section, apparently the state could furnish operating funds for existing facilities like the Anchorage Chamber of Commerce Log Cabin. In other sections, however, emphasis appears to be placed on matching money for new attractions. Line 13, places "need" as a consideration for grants among otherwise qualified applicants.

→ Sec. 44.19.630. USE OF MATCHING MONEY (new language)

Again, this section does not specify the criteria for apportioning grant money other than to "developing tourist attractions of historical or contemporary interest found to be worthwhile by the director of tourism."

(cont'd)

Sec. 44.19.630 (cont'd)

Line 17-18, Page 3, stipulates that "Available money shall be divided on a fair and equitable basis between applicants" and appears to leave the division and equity to discretion of director of division of tourism, although the intent may be to make the grant subject to approval of the governor and/or the tourism advisory board.

→ SEC. 44.19.631 ADMINISTRATION OF THIS CHAPTER (new language)

With administration of grants and contracts by the tourism director, it is unclear to what extent a departing director may obligate his successor, since line 29 relates to contracts and grants "in the case of programs extending over 12 months".

PAGE 4 --

→ ARTICLE 8B -- Places Tourism Advisory Board in the Office of the Governor

Line 6 (b) Composition of the tourism advisory board differs significantly in the bill before committee when compared with Executive Order #37.

From 13, the number of members has been scaled down to 11, with two of the nine being legislators appointed by the chief presiding officer of their legislative body. Previously, the administration had been represented by the director of the division of parks, director of marine transportation, chief of information Fish and Game and the director of tourism -- all four having a vote. Now all of these persons serve in ex officio capacity.

The legislators, presumably, would not serve the three-year term as do the public members.

→ SEC. 44.19.634. QUALIFICATIONS OF PUBLIC MEMBERS

As originally proposed, one public member of the board would have been the executive director or another officer of the Alaska Visitors Association.

(cont'd)

→ SEC. 44.19.634. DUTIES

Changes in this section between Executive Order #37 and CSSB225 are marked up as follows:

DUTIES: The board shall advise the [Alaska travel division] governor and make recommendations [to it in] regarding [to] the promotion and development of [a program to attract tourists to the state and the advertising and publicizing of the state's tourist attractions.] tourism into and inside the state. The board shall submit an annual report to the governor and legislature summarizing its activities and expenses.

By inference, one might presume THE new language of annual report and the summary of activities and expenses is an intent to allow the tourism board a more significant role in guiding the tourism policy of the state -- perhaps to the degree that the board would evolve to a tourism regulatory board and set guidelines and standards for contracting agents and for grant recipients.

→ *Sec. 5 AS 44.19.880

new section added making changes → This section by inference refers to former Division of Planning and Research under Office of Governor. However, by Administrative Order, the title was changed to Division of Policy Planning and Development. References to the newly-named division within the statutes, however, remain as Planning and Research in Sec. 44.19.870, 44.19.880, 44.19,871, 44.19,875, 44.19.877 and 44.19.881.

While the division was allotted 14 duties from Economic Enterprise by the Executive Order, only three of the functions from D.E.D. appear to have been transferred to Policy Planning.

(And whereas (d) Line 9 used the mandatory shall in original language, the new change used the more permissive may.)

↑
became "shall"
in State Affairs amendment

→ #Sec. 6. AS44.33.020

Department of Commerce absorbs certain functions of Division of Economic Enterprise from D.E.D.

Commissioner apparently remains as active member of boards and committees -- 27 of a total of 91 in state government -- and adds those committees and authorities administered by Economic Development.

Scheduled to be added to Department duties -- with or without Economic Development -- are emergency rent control authority and emergency rent subsidies relating to pipeline impact.

Certain of programs of Economic Enterprise were scheduled as ongoing (Silver Hand, Statewide Economic Information System) and inquiry could be made as to intent of new directions. (Program listing contained in FY'74 Economic Development Annual Report).

Page 6

→ #Sec 7. AS 44.61.030

The Alaska Industrial Development Authority

→ #Sec 8. AS38.06.025

The Oil and Gas Royalty Board. Ratio of two administrative and three public members maintained. Executive Order had aligned a three-three split.

With direction from the committee, staff could assure the cooperation needed for a definitive study of personnel and fiscal implications of this Act.

BB225

all

P. O. Box 781
Juneau, Alaska 99801
March 14, 1975

The Honorable Bill Parker
Chairman, House State Affairs
State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative Parker:

During a brief tenure as Commissioner of Economic Development, I came to the realization that the Department, as it now exists, could not survive. Lacking a broad base of support and an "essential" day-to-day administrative function, it has stagnated on a starvation budget, dissipating much of its remaining energy defending against charges that it is a "do-nothing" Department.

Consequently, I recommended to the Administration that the Department be dissolved and its functions redistributed as a means of preserving them. The plan which was subsequently developed is, in my opinion, at best unworkable. At worst, it is catastrophic.

But the basic fact remains that the functions must be preserved and made effective because economic growth, particularly in the sense of diversification, is essential to Alaska's survival as a State. Growth or death is an immutable law of nature which applies to economics equally as rigidly as to biology.

Dependency on a single industry, or a lone source of revenue, is a form of "Russian Roulette" that Alaska has played too long and with previous near-disastrous results. Planned, rational promotion of a diversified, healthily balanced economy based on natural resources is the only means of achieving a relative degree of economic security for the State.

Therefore, I offer you the observations of this particular "preservationist" on the subject of economic development.

Sincerely,



Cameron Edmondson

As presently constituted, the Department of Economic Development is not capable of performing its job with any large measure of success. Political adversity has drained its vitality, and public dissatisfaction with the resultant performance has eroded any hope for great improvement.

This dissatisfaction led to the administration's resolution to abolish the Department and distribute its functions among various other agencies. Philosophically, the administration is on the right track. Alaska is now in rapid transition from a relatively simple to a highly complex economic structure. Governmental response to commercial community requirements must also change and keep pace. A basic precept of political science is evolution or revolution.

The question, then, is what kind of change?

Logically, there are three basic alternatives. One is to abolish the existing Department of Economic Development and build anew from the ground upward.

The second would be to expand and strengthen the existing structure.

Third, there is the Hammond administration proposal or some variation thereof.

The first alternative, a tabula rasa approach, is always attractive but appears unnecessarily drastic and costly in this case.

In theory, the Hammond administration approach is the least expensive means of preserving and enhancing the functions which support our commercial community's march to maturity.

In actuality, the administration plan would make the Department a hapless target for cabinet corsairs, pillaging personnel positions to build their bureaucratic emirates. Further, the proposal shows every promise of repeating mistakes while adding new ones almost certain to prove more costly to the taxpayers and which could produce administrative disasters.

At best, the projected cost reductions and efficiency increases will be equally mythical.

If the Department is to be dismantled, the tourism function should be shifted to the Department of Highways or the Department of Transportation, whichever is the case when a decision is made. The other economic promotion functions should be assigned to private enterprise contractors with legislative funding determining the level of commitment. Alternatively, a commission or authority could administer the program.

No basically regulatory agency of state government, as all the prospective foster parents are, can administer the functions of the Department of Economic Development without encountering serious conflicts of interest. Even an organization as large and diverse as the proposed Department of Transportation could expect to experience some degree of this conflict in administering a Division of Tourism.

Revitalizing the existing Department appears the most practical alternative, a conclusion supported by a brief review of the history of economic development encouragement as a government function in Alaska.

Economic development promotion was written into state law by the first Alaska Legislature - a period when the state had little revenue to spend on such activity and private investors had even less interest in committing capital here.

For three years the responsibility was passed gingerly around within the administrative structure before the Legislature decided to establish a separate department. One of the first things the new agency did was commission the national management consulting firm of Booz, Allen & Hamilton, Inc. (B.A. & H.) to conduct a study and make recommendations on organizational structure and functions.

Despite its faults, and it has some, that report was and is a valid document on which to base a workable economic development organization.

The very first recommendation, made in the introduction, is that "administration, methods and procedures, as well as personnel of the Department, should remain on a fairly constant course and not be rearranged, or substantially changed, at frequent intervals."

This, of course, did not happen. Even before the report had the opportunity to collect a decent coating of dust in its file cabinet crypt, the planning division was shifted to the Office of the Governor. One of three principal substructures in the Department, research and planning, had served as a vital link in its function. Its removal left the Department in the unhappy condition of a pass receiver fielding flurries of randomly thrown footballs, the sun forever in its eyes.

At least equally unfortunate is the fact that the action appears to have opened a floodgate through which flows a proliferation of state planners. Any department which does not now have its own research and planning staff is at least below parity with, if not beneath the contempt of, its fellow agencies. (That is not to say planners are bad, but rather that the resultant lack of coordination is undesirable.)

A second significant point made by the consultant is almost totally ignored by the public and is even overlooked at times by persons in the administration. That is, "Alaska has been and continues to be viewed by private industry as a marginal production area."

Until there is dramatic change in world economics, undeveloped areas such as Alaska cannot and should not try to compete with the economic development agencies of Alabama and Appalachia. The aim should be, and to a large extent has been, to foster intra-Alaska commercial growth and to make the state as attractive as possible to large investors in basic resource development.

This kind of activity produces few measureable and no spectacular results. Until this basic fact is understood and accepted, there will be public pressure detrimental to the Department. Restoring the planning process and, consequently, involving the public in that process should improve the public understanding of the Department's role in addition to improving its operation.

Only through the process of gathering and disseminating information can the public be brought to an understanding of the harsh but simple fact that Alaska can survive as a state only by exploitation of its basic natural resources, including the scenery which brings an annual migration of tourists.

The land is Alaska's only source of new wealth at this stage of its growth.

The only alternative is federal spending--a largesse Congress might well be reluctant to dispense without demanding a degree of political subservience which would return Alaska to de facto territorial status.

Just as Alaska's harvestable and producible basic resources are attractive almost exclusively to major companies with vast finances, many of the state's prime tourist attractions are currently accessible only to small numbers of wealthy travelers. By directing promotion toward the wealthy international traveler, the state can realize the greatest amount of revenue for the least degree of environmental degradation.

Growth of this high dollar value commerce also stimulates expansion of other sectors such as air transportation, retail trade and various services industries.

Again, the B.A. & H. report recommends a balanced, coordinated approach toward development of tourism and industrial resources. This balanced approach would be preceded by comprehensive research and analysis of the

most desirable approach to future development, including planning of transportation, labor, power and financial requirements needed to pursue the chosen objectives.

Despite the fact this all has a familiar ring from having been stated repeatedly, such a coherent effort toward improving and stabilizing Alaska's economic base has yet to begin.

It should be noted, however, that the Governor appears to have taken a step in this direction by adopting a variation of another B.A. & H. proposal. The study recommended that the Governor appoint a committee of Legislators versed in economic development to meet regularly for purposes of reviewing current activity and "to formulate and promote the public policy to keep the economic effort moving forward."

The Governor's committee was instead drawn from the private sector and appears more inclined toward an abstract than a pragmatic advisory approach.

Consequently, the Legislature might entertain the idea of creating an advisory group drawn from a cadre of outstanding Alaska business leaders, or possibly even some with strong Alaska interests living in other parts of the world. Although volunteer, the group could serve in a manner similar to the Legislature's paid petroleum consultants; that is, under the guidance and with the assistance of an interim legislative committee.

While the primary purpose of the group would be to lend expertise and give encouragement to efforts of the economic development organization, no matter what its title or structure, the appointed body could provide valuable advisory service to the Legislature--even while honorably accommodating the member's own commercial interests.

The appointed group could also assist the state's economic development organization with a communications problem for which it and nearly every state agency has been justly criticized. Reliance on legal advertisements to distribute public information has resulted in repeated and needless controversies. Few indeed are those who read these legal ads, other than their authors and the printer who sets the type.

A function of the economic development organization could and should be to see that information regarding actions of every state agency which may significantly affect the commercial community of Alaska reaches most if not all concerned individuals.

This could be done either through a newsletter or a news release service to all the interested media in the state. But it would require a greater effort and much larger degree of interdepartmental cooperation

than has previously been achieved. On the other hand, some lawsuits such as the one involving petroleum leases in Kachemak Bay could have been averted by such a service.

On a more technical basis, the organization could obtain valuable assistance from the volunteer group in producing a quarterly assessment of the state's economy for use by both government and business planners.

The B.A. & H. report contains other valuable suggestions along with some impractical and outdated concepts--it was, after all, written in 19763. But anyone concerned with the present effort to salvage the state's economic development effort might well ponder some of the points made in this professional study.

In summation, past experience clearly indicates the most essential requirement for a functionally effective economic development agency responsive to the state's needs is an advisory group drawn from the business community. Only with the political, professional and moral support of such a body will any form of state agency operate effectively at what has been an almost uniformly thankless task in Alaska.

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ALASKA FEDERATION OF NATIVES, INC.

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PHONE (907) 274-3611

Integrity, Pride in Heritage, Progress

EXECUTIVE OFFICES

April 21, 1975

The Honorable Bill Parker
Chairman
State Affairs Committee
Alaska State House
Juneau, Alaska 99801

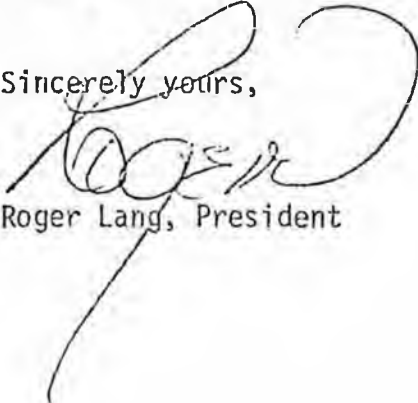
Dear Bill:

It is my understanding that your committee is looking at the possible reorganization of the Department of Economic Development into other departments. One of the programs that the Department of Economic Development has run which is of particular interest to the Native community is the Silver Hand Program to identify Native made arts and crafts. There has been some indication by members of the Hammond Administration that this program might be phased out. We're not sure if they have taken a definite stand on this or if the legislature has dealt with it.

We suggest that in your review of the Department of Economic Development you make sure that this very important program stays in. Elimination of the program would not only be a disservice to Native craftsmen, but also to the buying public who would then have no idea which artifacts were made by Alaska Natives and which were made by others.

If you have any questions on this or require any further information please let us know.

Sincerely yours,

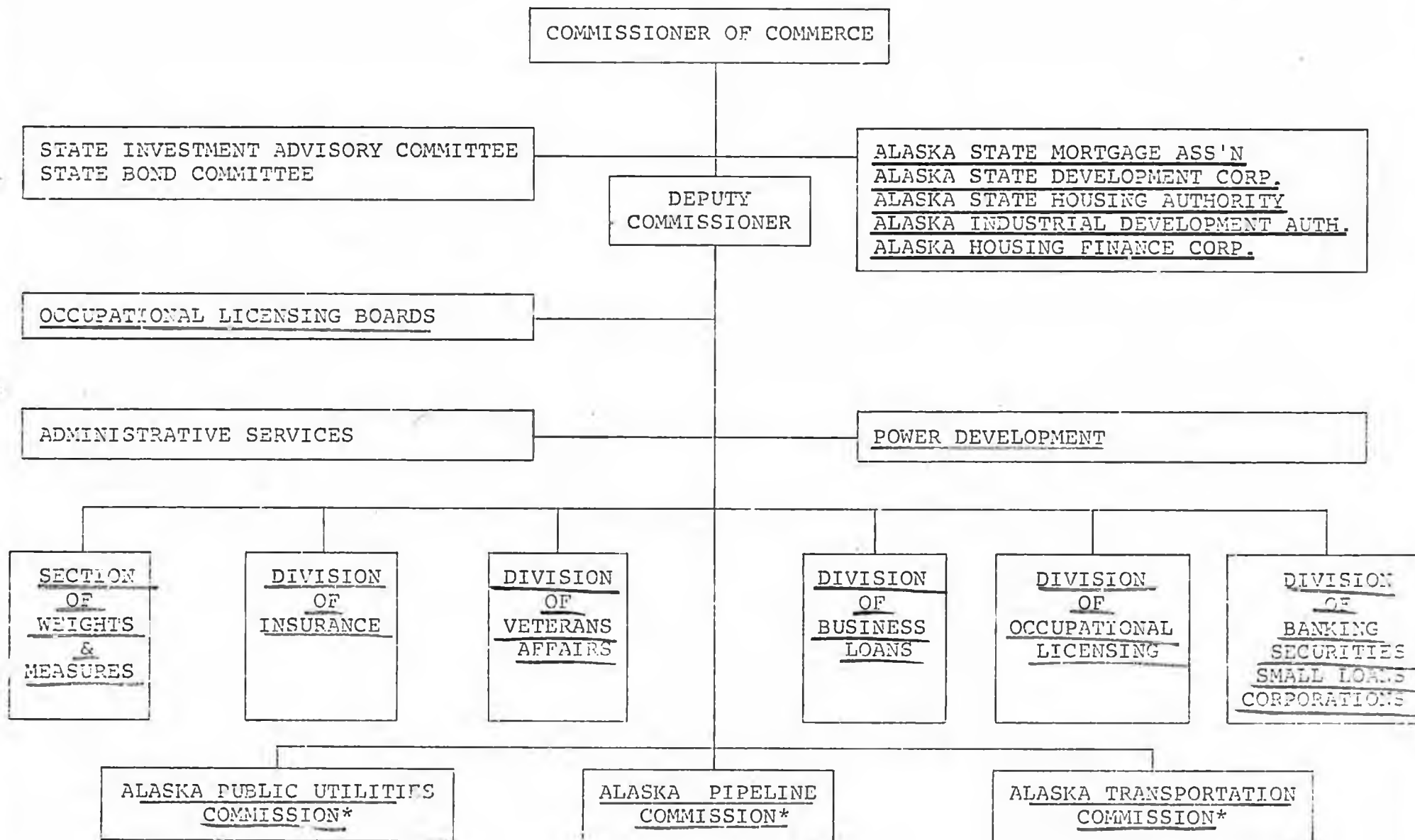

Roger Lang, President

cc: Tim Wallis
Phillip Guy
Brenda Itta
Ed Naughton
Larry Davis
Alvin Osterback
Leslie Swanson
Jimmie Huntington

J. Hastings

SB 225

DEPARTMENT OF COMMERCE
UNIT ORGANIZATION CHART



-2-

*LIMITED LINE AUTHORITY

Proposed Concept

all
SB225

COMMISSIONER OF COMMERCE

STATE BOND COMMITTEE

ADMINISTRATIVE SERVICES

INVESTMENT ADVISORY
COMMITTEE

DEPUTY COMMISSIONER

DEPUTY COMMISSIONER

ALASKA STATE MORTGAGE ASSOCIATION

ECONOMIC ENTERPRISE

LICENSING BOARDS

INDUSTRIAL SERVICES

ALASKA STATE DEVELOPMENT CORPORATION

WEIGHTS & MEASURES

INVESTORS RESEARCH

ALASKA STATE HOUSING AUTHORITY

INSURANCE

POWER DEVELOPMENT

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY

BANKING, SECURITIES & CORPORATIONS

STATE BUSINESS DEVELOPMENT CORPORATION

ALASKA PUBLIC UTILITIES COMMISSION*

VETERANS' AFFAIRS

ALASKA TRANSPORTATION COMMISSION*

BUSINESS LOANS

ALASKA PIPELINE COMMISSION*

ALASKA HOUSING FINANCE CORPORATION*

*Limited Line Authority