

SCR

41

COMMITTEE REPORT

HOUSE

(7)

FURTHER:

5/24  
Rules

5/21/80

Date:

5-24-80

Mr. Speaker:

The Committee on STATE AFFAIRS has had CSSCR 41am

"Adopting a state policy for economic development and directing the Legislative Council to make a study of this policy."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

*[Handwritten signatures]*

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MEMBERS HAVING OTHER RECOMMENDATIONS:

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*[Handwritten signature]*  
 \_\_\_\_\_  
 CHAIRMAN

# Alaska State Legislature

SENATOR MIKE COLLETTA




SENATE MAJORITY LEADER

Senate

MEMORANDUM

MAY 22, 1980

TO: REPRESENTATIVE MIKE MILLER, CHAIRMAN  
HOUSE STATE AFFAIRS COMMITTEE

FROM: SENATOR MIKE COLLETTA 

RE: SCR 41

Attached herewith are letters, notes  
and comments for this resolution.

Your consideration of this resolution  
is appreciated.

Attachments.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SCR 41 am

Title Adopting state policy for econ. develop. & directing Legis. Cncl to study the

Requested by Senator Sackett Date 5-22-80 policy

II. FISCAL DETAIL

Agency Affected Legislative Council

Program Category Affected General Government

BRU, Program, or Subprogram(s) Affected Council & Subcommittees

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	-0-	150.0	-0-	-0-	-0-	-0-
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>150.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/22/80

PREPARED BY Senator John C. Sackett  
AGENCY \_\_\_\_\_  
PHONE \_\_\_\_\_

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



OFFICE OF THE MAYOR  
POUCH 6-650  
ANCHORAGE, ALASKA 99502

GEORGE M. SULLIVAN  
MAYOR

December 7, 1979

Senator Mike Colletta  
P. O. Box 3188  
Anchorage, Alaska 99501


Dear Mike:

In response to your recent memorandum, I would like to advise you that I very strongly support the concept of the State implementing an economic development policy.

I presented it to the Assembly and after they postponed the matter twice, I am now told they want to work on some rewording.

Wish you the best over the coming holiday season.

Sincerely,

  
George M. Sullivan  
Mayor

GMS:lh



# Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

BOROUGH ASSEMBLY

December 3, 1979

The Honorable Glenn Hackney  
Alaska State Senate  
1136 Sunset Drive  
Fairbanks, AK 99701

Dear Mr. Hackney:

The attached Senate Concurrent Resolution drafted by Senator Mike Colletta regarding economic development, has been reviewed by the Matanuska-Susitna Borough Assembly. The Assembly strongly supports the draft resolution and has adopted an Assembly resolution endorsing it. (Attached).

We wish to congratulate Senator Colletta on his foresight in drafting this Senate Concurrent Resolution and strongly urge your support of it also.

Sincerely,

  
Ronald L. Larson  
Mayor

PLL:kek  
Attachments

*Hi Mike —  
That's a fine Resolution and I'd be proud  
to be a co-sponsor if you don't object.  
Glenn Hackney*

# KODIAK ISLAND BOROUGH

JAN 28 1980

Telephones 486-5736 - 486-5737 — Box 1246

KODIAK, ALASKA 99615

January 23, 1980

Senator Mike Colletta  
Senate Floor Leader  
POUCH V  
Juneau, Alaska 99811

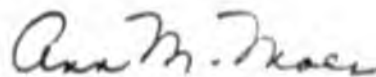
Dear Senator Colletta,

The Kodiak Island Borough Overall Economic Development Program Committee has reviewed the draft Senate Concurrent Resolution regarding the adoption of a State Policy for Economic Development as you transmitted to Mayor Wallin of the Kodiak Island Borough late last year.

This Committee fully supports the concept of a State Economic Development Policy. However, we feel that certain elements of your draft may not be in the best long term economic interests of all Alaskans. I refer here to your attempts at providing direct state subsidies for resource development and royalty share guidelines for instate processing. With these comments in mind I wish to reiterate our support of your efforts at developing a State Economic Development Policy.

Thank you very much for the opportunity to comment on your draft Resolution.

Sincerely,



Ann H. Moen  
O.E.D.P. Chairman

CC:  
Mayor Wallin  
O.E.D.P. Committee

# City of Whittier

TELEPHONE (907) 472-2337  
WHITTIER, ALASKA 99502

December 5, 1979

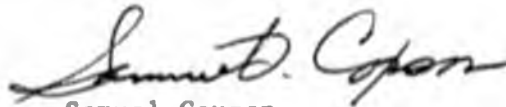
Sen. Mike Colletta  
Alaska State Legislature  
Juneau, AK

Dear Mike:

Your draft Senate Concurrent Resolution for economic development is fine. I believe it addresses the major points without getting bogged down in detail. Probably as essential for economic development as policy is a consistent response at the state level towards development. Are we actually doing things to further development? The state has the manpower and resources to establish a plan that will genuinely carry out such a policy but is or has this been done? If not I would imagine that to be the very next step in terms of state response to economic development.

Whittier, too is in need of an economic development policy and plan. I took the liberty to "cut and paste" your policy making changes to fit Whittier's circumstances. I believe Alaska's future is very bright but to realize its best potential your efforts in approaching economic development will be most productive. That is, an organized and thought out approach will realize the best results and the policy statement is the first step. You are leading in that first step and we certainly support your proposal.

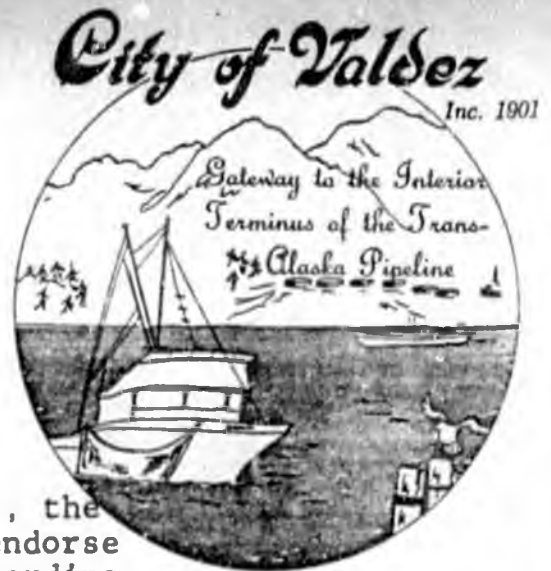
Sincerely,



Samuel Coxnon  
City Manager

SLC/jh

OFFICE OF ADMINISTRATION  
December 5, 1979



Senator Mike Colletta  
P. O. Box 3188  
Anchorage, Alaska 99501

Dear Senator Colletta:

At its regular meeting of December 3, 1979, the Valdez City Council voted unanimously to endorse the draft Senate Concurrent Resolution regarding the adoption of a State Policy for Economic Development.

After discussing this issue, one concern expressed by the council was, in fact, the impact upon the community and they suggested that the second "Be It Resolved" read:

- (2) is environmentally sound and is wanted, if evidenced by positive indication of support, by local citizens most impacted by the development.

The council also suggested a change in the fifth "Be It Further Resolved" to have it read:

- (5) establish a competitive position with other states and countries seeking to attract economic development and adopt various economic development incentives including tax incentives to attract various industries.

On behalf of the city council, I wish to express the City's appreciation for having been provided the opportunity of offering some preliminary input on this worthy resolution. Should you wish further participation by the City on other legislative matters, we would be happy to oblige you. Thank you again.

Sincerely,

CITY OF VALDEZ, ALASKA

Mark Lewis  
City Manager

# CITY OF KOTZEBUE

P.O. BOX 46  
KOTZEBUE, ALASKA 99752  
907-442-3401

November 19, 1979

The Honorable Mike Colletta  
Stat Senator  
P.O. Box 3188  
Anchorage, Ak. 99501

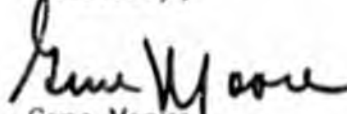
Dear Senator Colletta,

The City Council of Kotzebue has reviewed your proposed policy for economic development and agree with it in concept. However, the Council expressed great concern as to why the legislators are just beginning to address the problem.

There was concern expressed that the legislators and State Chamber of Commerce should be working together to develop the policy and that this time has long since past.

There was one nay vote. The above stated concerns resulted in the nay vote.

Sincerely,

  
Gene Moore  
City Manager

cc: Senator Frank Ferguson

GFM/ss

"GATEWAY TO NORTHWEST ALASKA"

JAN 16 1980

Anchorage, January 4, 1980

The Honorable Mike Colletta  
Box 3188  
Anchorage, 99501

Re: State Policy for  
Economic Development

Dear Mike:

I have been negligent in not responding to your invitation to comment on this subject. The difficulty for me has been trying to reconcile confidence in our own "great economic potentials" - if the State will just do something or other - with inherent and/or exceedingly costly disadvantages as to diversified production enterprises. Since seeing you at the Cattleman's in November I have been reviewing information and putting various facts on paper to see how or if they would fit together in ways leading to creating viable potentials.

I have had some experience in development, starting in 1949 on a homestead where we operated commercial gardens, hothouses and a small sawmill. As first K.P.B. mayor I worked with industry, chamber of commerce and city officials trying to stimulate diversified production enterprises that we supposed would progressively become viable by various stimuli out of the great oil boom. Instead, we got hotels, gas stations, air service to platforms and numerous other services activities, the support of which all originates from petroleum industry dollars.

The Kenai Peninsula Borough population increased about 6000 from 1960 to 1970 in the biggest boom to then. And the boom included building three large petroleum industry plants. As Borough Chairman I spend considerable time discouraging Anchorage enterprises from rushing down to the Peninsula to the "Alaskan industrial center". We can't want them to lose their shirts and have to pick up after them at boom's end.

In 1948 I talked with the executives of the San Francisco and Seattle Chambers of Commerce and was told the key to tapping the vast mineral wealth of Alaska was building a railroad to Alaska. When Walter Hickel became governor he wanted to "telescope time and get on with building the State". He created the North Commission "to devise transportation systems to open up the North Country to tap and bring its vast resources to market".

There is now a North Slope Road, built by industry when economically feasible to develop a resource. None of the "vast resources" between Fairbanks and the Arctic Ocean that might benefit from a road within reach are stirring toward development - and for one reason only: economics, not competitive on the world market.

Senator Mike Colletta  
Jan. 4, 1980

Alaska is the highest cost area in the U.S. for living and doing business. Distance from supplies and markets, high cost of shipping manufactured consumer goods, high cost of construction and plant operation, higher labor costs than anywhere else ---. It is economic disadvantages such as these, and others, that make us largely non-competitive for diversified production for export or international use.

A case simply cannot be made for artificially supporting economic enterprise with subsidies of various kinds to make output competitive on markets outside or with the prices of goods imported from outside for our consumption. When a potential for profit exists, the initiative and ingenuity of private enterprise will seize it and a viable independent business will result - not one crippling along with a crutch.

Should the dairies in Anchorage be subsidized for the wage cost difference between \$16.00/hr outside and \$28.00/hr here so they could continue to sell products in competition with those imported from outside? Or should producing dairies in the Matanuska Valley be subsidized so they could deliver in Anchorage low enough to make up the wage disadvantage?

It is unlikely a prospective enterprise which cannot make both ends meet on its own, and requiring a subsidy, will be able to pay taxes above our present "normal" rates - unless the subsidy from the treasury is enough to cover any increase. In any event it should be remembered that every new person for which a new enterprise accounts costs the state more than \$2000 per year in state expenditures above the average total collected in normal taxes - plus whatever subsidy is paid.

Of course all this can be dismissed if we are on our way towards reducing "normal" taxes to a token and living it up on the money from selling our oil - until it isn't enough anymore.

It is a myth that new enterprise will employ the unemployed - meaning that if we do enough in this direction we will achieve "full" employment for Alaskans. This could happen only if we were an independent country and could control immigration completely.

By Supreme Court decision employment cannot be by length of residence. Both public and private employment is on this basis. There is always a substantial number of job seekers regardless of new enterprise employment. Our experience is that a new supply of seekers takes the place of those newly employed. This is a feature of our population turnover.

Public investment in infrastructure may facilitate development and pay a good return. Example: a harbor and port development that no one enterprise could support but that several could use on a sound payout basis.

Senator Mike Colletta  
Jan. 4, 1980

We are not on the downhill. National need ensures that for the next 15 or 20 years at least, there must be vigorous oil exploration and development. This will support a prosperous services society, growing at a moderate rate from the point we have reached now.

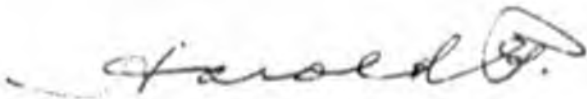
There will be a few large petroleum industry capital intensive enterprises. Because these will have very few workers the revenue return to the state will be large. Profitability can disappear, however, if an attempt is made to force the manufacturing process to the extent of producing diverse consumer products. The plant producing base ingredients for further manufacture outside would be quite different as to the economics of it from one producing consumer plastic products and employing ten or twenty times as many workers at twice the wages and far higher ratio of workers to invested capital.

Mirerals and other natural resources will develop as world demand pushes prices up to where production can make both ends meet and pay a profit and taxes. The extent of manufacture is readily determined by the economics of operation. We may never use our trees to manufacture furniture. We do have a requirement of "primary manufacture", which means cutting away four slabs, leaving a "square" log. The problem is that a purchaser may want the whole log in one piece, with the result that the slabs are cut to the last four inches, nailed down on the other end, so the purchaser can get what he wanted to buy in the first place.

The Native Corporations sell their logs round as their people benefit more from the substantially higher price and avoid the wasteful slabbing step, in preference to "buying" a few jobs in an uneconomic operation.

The foregoing suggests that we need a practical economic evaluation procedure to determine what makes good common sense on behalf of all the citizens in the long run. Otherwise we can dissipate an awful lot of money in various subsidy schemes in the name of "getting going in economic development" that by rational calculations is simply not cost effective.

Sincerely,



Harold E. Pomeroy

HEP/rsp



# SOHIO PETROLEUM COMPANY

A Division of Sohio Natural Resources Company

3111 "C" STREET, ANCHORAGE, ALASKA

TELEPHONE (907) 265-0135

MAIL POUCH 6-612  
ANCHORAGE, ALASKA 99502

SOHIO—BP ALASKA PRODUCTION DIVISION

KENNETH E. SHOWALTER  
DIRECTOR ALASKA GOVERNMENT AFFAIRS

December 11, 1979

Senator Mike Colletta  
Box 3188  
Anchorage, Alaska 99501

Re: Proposed Resolution  
Policy for Economic Development

Dear Mike:

We have reviewed your proposed resolution and wanted to get together and discuss our thoughts with you. However the schedules haven't meshed so I'll attempt to express our viewpoint in this letter.

The four "Whereas" clauses set out a very positive list of objectives and would, if the State followed through by implementing means to reach those objectives, encourage investors to seriously consider putting their money in Alaska.

We do have some problems with specific resolve clauses. I guess my first reaction was that the oil industry was left out of the resolution.

It seems to us that the problem spelled out in the paper submitted to the Future Frontiers Conference (copy enclosed) has to be solved, otherwise any investor looking at a large, long term commitment in Alaska will pause to wonder -- how is the government going to generate needed revenues after Prudhoe Bay? Will it be through higher taxes on my investment?

Some of our specific concerns with the resolve clauses are as follows:

- (1) Since oil and gas investments will not diversify the economy does this imply that such investments will be discouraged?
- (2) The phrase "...is wanted by local citizens most impacted by the development;" would indicate, for instance, that since there is some local opposition the Beaufort Sea lease sale would be discouraged. Obviously local concerns must be considered in any development but there must also be a balance with State and National concerns.
- (3) This resolve clause seems to have the same problem as (1), i.e., all the thrust is to diversification and it indicates that oil and gas development is not to be encouraged.

*file  
ceder  
Policy  
Resolution*

- (6) This has our whole-hearted support!
- (7) The requirement that all royalty be processed in the State might be impossible to accomplish in some specific cases. An objective of doing this when possible might be an approach.

In the "Further Resolved" clauses we have the following comments:

- (5) We suggest that the State should first examine its competitive status as regards the current basic industry, oil and gas, if it is to solve the problem pointed out in our "Future Frontiers" paper.
- (7) Fixed prices for the investment amortization period could result in unknown revenue losses in the future, e.g.,; with the recent run up in oil prices consider how the Alpetco project would look if their contract specified a fixed price.

Please do not take this as a criticism of your effort. Passage of a resolution along this line would be a big step in the right direction.

As you will note we are passing the resolution along to some others in Sohio and are asking them to comment.

I hope to be able to discuss this in greater detail with you later.

May you, Peggy and Mikey have a happy holiday season.

Sincerely,



K. E. Showalter

KES:kmo  
Attachment

cc: R. M. Donaldson  
W. J. Saint  
C. R. Elder

# A Look At Sen. Colletta's Economic Development Resolution

By Kelly Robinson, Realtor



Between the resource in the ground and the useable energy or product at the critical time and place, exists one of the most complex, best documented, least understood, most frustrating, most exciting processes the world has ever known. The process includes hardware, software, liveware, beware and more yet to be defined or invented wares. The process is both macro and micro, dynamic and static, political and non-political, fundamental and highly innovative all at the same time. It is a tangible pot of wealth at the end of an Alaskan rainbow — but there are risks as large as grizzlies and as numerous as mosquitoes. The process is as necessary as is it inevitable. The process is already underway and gaining momentum.

The process is Alaskan Economic Development.

There are no cookbooks nor road maps to follow. Like many other Alaskan endeavors, we are out in front and on our own. We have available the combined wisdom of the ages. However, it will challenge our knowledge, effectiveness, and Alaskan resolve to apply this existing wisdom to our current situation.

A major stride toward defining the parameters of our Economic Development Philosophy has been taken by Sen. Mike Colletta. Sen. Colletta has prepared a resolution for the second session of the 11th Alaskan State Legislature adopting an Alaskan policy for economic development. I believe this resolution documents a development philosophy acceptable to responsible Alaskans, while at the same time, it will serve to meet the critical energy and resource needs of our nation. However, the document will speak for itself:

### BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the State of Alaska firmly supports and encourages responsible economic development that will develop, strengthen and diversify its economic base by utilizing its human and natural resources in an effective manner; and

WHEREAS the use of the manifold natural resources of Alaska which most benefits Alaskans is for development of jobs in the state with expansion and diversification of the state's economic base through processing the resources in the state to the maximum amount feasible; and

WHEREAS adoption of an economic development policy that clearly expresses the state goals of achieving a sound, healthy and growing economy for Alaska would clearly communicate to the business community the basis on which the state encourages responsible investors; and

WHEREAS a clearly communicated economic development policy would aid in establishing a sound working relationship with industry so that investors will be encouraged to develop further economic opportunities within the state that can proceed in the common interest of the state and the investors;

BE IT RESOLVED that the Alaska State Legislature adopts the following policy which is intended to clearly communicate to the business community the basis on which the state encourages responsible investors to come to Alaska and determine if various industrial projects are in our common interest; the state should encourage economic development that

(1) offers long-term benefits and increased employment to Alaskans through strengthening and diversification of the state's economy;

(2) is environmentally sound and is wanted by local citizens most impacted by the development;

(3) diversifies the state's revenue, increases average personal income and reduces the cost of living by creating economic activity in economic sectors that do not presently exist or are not presently fully developed;

(4) has a positive effect on the revenue needs and fiscal conditions of the state and local communities and does not impose additional governmental costs in excess of this positive effect;

(5) has a positive effect on power and energy availability for present and future needs;

(6) promotes tax and revenue stability within the state;

(7) processes in the state the maximum feasible amount of any natural resource derived in the state with, as a minimum, processing in the state of that amount of any derived in the state equal to the state's royalty share of that resource; and be it

FURTHER RESOLVED that the state should actively undertake activities to attract investment within these criteria to take advantage of the investment opportunities afforded by Alaska's abundant resources, and use its powers and resources as a catalyst for responsible economic development of the state in the interests of its citizens; the state should:

(1) be aware of the many advantages and disadvantages to the state that will result from the development of various industries and, through its various agencies, identify and evaluate these factors and make information available to investors and to governmental officials to aid in their evaluation of potential industrial projects;

(2) provide necessary leadership to aid potential investors to acquire or develop necessary information which is unique to the state and required for their evaluation;

(3) with cooperation from investors, seek to identify the many constraints to economic development of the state imposed by the federal government and work with the federal government through the state congressional delegation to resolve the problems created by these constraints;

(4) identify how the economy will change as a result of normal growth and evolution of the possible basic industries and evaluate proposals based on the criteria adopted;

(5) establish a competitive position with other areas seeking to attract economic development and adopt various economic development incentives including tax incentives to attract various industries;

(6) provide necessary assistance to responsible investors to aid in the determination of whether proposed development is in the interest of the investor and the state;

(7) provide a stable economic environment by sale of natural resources owned by the state to processors of the resource at a fixed price for a period necessary for amortization of capital investment by the processor.

Senator Colletta has continually worked to bring the state closer to the business community. He feels a clearly communicated economic development policy is critical to attract industry and investors.

Your comments concerning the resolution should be directed to Senator Mike Colletta at 1016 West 6th Ave., Suite 435, Anchorage 99501 or you may call Sen. Colletta's Anchorage office at 714-8351.

Kelly Robinson is the broker for Century 21 Northwind, Realtors, 2518 East Tudor Road.

Come and meet in our room, ages. I from N

THE

Located major in DIMON

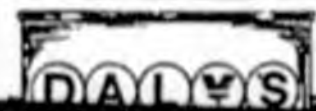
Featuring

- PROC
- PAPA
- BROV
- SEAK

Th

DIMC

Ms. Relo Likes The Job, The Name



**NO MONEY  
FOR  
MONUMENTS...  
WE HOPE**

Senator Ted Stevens joined with other members of the Senate Interior Appropriations Committee to cut off funding for the administration of the 57 million acres of national monuments which were created last December. The committee also recommended that \$1 million be deleted from the Carter Administration's budget request for fiscal 1980 to manage Alaskan wildlife refuges.

Regarding the legitimacy of presidentially established withdrawals, the committee's report was succinct in its view:

"The Committee cannot agree--nor does

it feel that it has the authority to agree--to funding established parks and wildlife areas in Alaska without full congressional view and approval."

Furthermore:

"The protection and conservation of Alaska's vast natural resources pivot on important national policy decisions of the scope that are reserved for Congress."

With this strong opposition it will be interesting to see where the Carter Administration finds the money to manage the newly-created monuments in Alaska.

**SENATOR  
COLLETTA  
ADDRESSES...  
RDC**

Senator Mike Colletta delivered some upbeat words to a packed house at the Council's October 24 meeting. Discussing a natural gas liquids line and potential for petrochemicals development, Colletta warned strong, aggressive action was needed to make such development a reality.

The senator reported on his recent meetings with petrochemicals industry officials. He was obviously excited by their interest in Alaska's natural gas feedstocks, and some officials, he said, would even consider building a small diameter line to the facility. "The interest is out there. They will pay the wellhead price, they will build the pipeline and they will build the plant," he said.

Colletta also expressed optimism that the Northwest pipeline project would proceed quickly, with or without state financial participation. In his opinion, a petrochemicals industry was possible regardless of whether the conditioning plant were located at Prudhoe Bay or Fairbanks. And, he said, the outlook for gas-based petrochemicals industry had brightened considerably over the past year from previous gloomy forecasts.

Colletta also discussed the lack of stability in Alaska's economic environment. Citing statements made to him by Outside industry officials, Colletta said they told him repeatedly that Alaska should formulate a stable development attitude or there would be reduced investment in the state. Taxes for the oil companies, he noted, has risen 12 times in 11 years. He warned that if this trend was not reversed--and quickly, many businessmen would be hesitant to invest in Alaska. To promote a stable development environment, Colletta introduced

a resolution which he intends to put before the legislature in January. He said it was time for Alaskans to act in the best interests of the state's economy. The administration is not "moving fast enough" and if the pace did not speed up, the legislature would have to "take the lead" in stabilizing the business climate. Colletta's 14-point resolution included the following selected points:

That the Alaska State Legislature adopts the following policy which is intended to clearly communicate to the business community the basis on which the state encourages responsible investors to come to Alaska and determine if various industrial projects are in our common interest, the state should encourage economic development that

3) diversifies the state's revenues, increases average personal income and reduces the cost of living by creating economic activity in economic sectors that do not presently exist or are not presently fully developed;

5) has a positive effect on power and energy availability for present and future needs; and

6) Promotes tax and revenue stability within the state.

Furthermore, the state should actively undertake activities to attract investment and to take advantage of the investment opportunities afforded by Alaska's abundant resources. The state should also use its powers and resources as a "catalyst for responsible economic development of the state."

In conclusion, Colletta asked Council members to work with him on the markup of the resolution. Copies of the proposed resolution are available at Council offices.

**FRESH-WATER  
PRAWNS  
AND  
ENERGY, TOO**

In Pilgrim Hot Springs, some 50 miles north of Nome, the State Division of Energy and Power Development and the University of Alaska are conducting a research program to

see if the springs can be used for heating, electric generation, agriculture and aquaculture.

Don Markle, energy project coordinator

Continued next page

MEMORANDUM

November 14, 1979

TO: Gordon DeWitt  
FROM: Senator Mike Colletta

I wanted to let you know that I received your message and appreciate your expressing support for a strong economic development policy for the State. I am hopeful that you will speak in a positive manner to all concerned about your support of the proposed resolution. Again, many thanks for your support.

mailing address:

P. O. Box 47  
Eagle River, Alaska 99571

276-0619

Proposed Resolution for the 1980  
Alaska Legislature

Prepared by the COMMONWEALTH NORTH GAS PIPELINE STUDY COMMITTEE,  
Millett Keller, Chairman

WHEREAS the State of Alaska firmly supports and encourages responsible development that will strengthen and diversify the economy through the utilization of the human and natural resources of Alaska in an effective manner; and

WHEREAS adoption of a State Economic Development Policy that clearly sets forth the goals of achieving a healthy and growing economy would establish a sound working relationship with industry; and

WHEREAS an economic development policy would establish a basis upon which critical planning decisions could be made and alternatives could be evaluated;

BE IT THEREFORE RESOLVED that the Alaska Legislature adopts the following policy which sets forth the conditions and expectations under which the state will encourage economic development:

- (1) offers long term employment opportunities to Alaskans
- (2) improves the productivity of the existing economy
- (3) contributes to the economy through capital investment
- (4) increases energy availability for present and future needs
- (5) does not cause a substantial adverse impact on the environment
- (6) provides in-state processing of natural resources derived in the state in an amount equal to or greater than the State's royalty share of the resource;

BE IT FURTHER RESOLVED that the state should undertake activities to attract investment within these criteria to take advantage of the opportunities afforded by Alaska's abundant resources, and use its powers and resources as a catalyst for economic development. The Alaska Legislature therefore ordains that the state should:

- (1) identify the many constraints to economic development imposed by the federal, state and local governments and work to eliminate unreasonable constraints as well as resolve the problems created by these constraints;
- (2) establish a competitive position with other areas seeking to attract economic development and adopt incentives to attract industry
- (3) provide a stable economic environment for the sale of natural resources owned by the state to processors of the resource.

MEMO TO FILE

SENATE RESOLUTION ON POLICY STATEMENT FOR ECONOMIC DEVELOPMENT

FROM: Marcie

1/14/80

Many people have commented and suggested the following amendment:

Page 2 line 1 : Delete the following:

"and is wanted by local citizens  
most impacted by the development;"

Bill

SENATE RESOURCES COMMITTEE  
HEARING  
on

SENATE CONCURRENT RESOLUTION 41

"Adopting a state policy for  
economic development"

Friday, February 15, 1980

Court Building  
303 K Street, Room 422  
10 a.m.

Senator Jay Kerttula called the hearing to order. Also present was Senator Ed Dankworth and the panel was later joined by Senator Mike Colletta.

These individuals expressed the following comments:

KELLY WALLER, Tanana Chiefs Conference

SUGGESTION: The following changes be made: page 1, lines 7 - 10, should also include that such economic development will insure protection of the environment and lifestyles of rural Alaska.

page 2, line 24 expressed concern with "investors" -- who?  
page 2, line 2 asked that "local citizens" be defined

WILLIAM WOOD, Mayor City of Fairbanks

Commented that the resolution does not address the state's developmental tasks. SUGGESTION: In a "whereas" clause, there should be a statement that any economic development should wisely utilize our resource base as an outlet for the human talent that the state already has.

PAM SMITH, Alaska Industry Support Alliance

Spoke on behalf of the A.S.I.A. who suggests that the legislature examine the purposes of taxation and its possible constraint to economic development.

HAROLD POMEROY

It is inexcusable the drag that regulations and requirements have on inhibiting and discouraging economic development. The state does not use the people and information it already has here, instead it brings in others from outside to provide the expertise that is already available. The state should exercise caution against giving tax exemptions to businesses who without the exemption, would not

BII

survive -- that's bad business. SUGGESTION: page 2, lines 7 - 9 questions what is intended by the statement; page 2, lines 13 - 16, suggests that this is not economically practical; page 3, lines 8 - 10, he can't justify a subsidy in order to establish a competitive position. Suggests the state utilize a practical economic evaluation procedure to determine what is cost effective.

LLE FISHER, People Against State Income Tax

Suggests that the abolition of individual and corporate taxes will be the best incentive to economic development.

DAVE HARBOUR, ARCO

Suggests that the state do a comparison of its investment climate to that of other states. Concerned that the resolution does not enumerate the constraints to economic development which are spelled out in last session's SCR 27. Suggests the House and Senate Resource Committee members, Department of Commerce and Economic Development and industry people get together to develop a consensus plan.

BUD DYE, Resource Development Council

States that the legislature is going to need to do more than simply pass a resolution. SUGGESTION: that the state:

- implement the economic development program put together last year by Commerce and Economic Development;
- determine why there is an adversary tax relationship between the state and oil industry;
- make a statement that there will be "no more" taxes on the oil industry;
- study the prohibitive effect of regulations on industry with the hope that regulation reform will decrease the cost of government (Resource Development Council is presently doing such a study). The end result of the above suggestions will be a predictable investment climate. Also suggests that a tax credit be established for any money made from specified projects that is re-invested into other specified projects.

KEN SHOWALTER, SOHIO

Concerned that the resolution only pertains to future businesses and does not address present businesses such as the oil industry. SUGGESTION: submitted a revised resolution which is contained in the committee's records as well as a copy of his comments.

PAULA EASLEY, Resource Development Council

The state desperately needs a clear-cut economic development policy and without one, the private sector is unable to

BII

grow. SUGGESTION: The authority and responsibility of fulfilling the resolution's needs should be the responsibility of the Department of Commerce and Economic Development. On page 2, line 21, add to "the state should, under the direction of the Department of Commerce and Economic Development; page 2, lines 1 - 2, unanimously opposed to present wording; page 2, lines 7 - 9, is a problem of defining "excess" -- something may be excessive now but on a long term basis, it may be best; page 2, lines 10 - 11, concerned that an industry that is energy intensive may be discouraged; page 2, lines 13-- 16, eliminate the minimum requirement; page 3, lines 1 - 4, suggests adopting Showalter's suggestion; page 3, lines 14 - 17, questioned if the resolution would permit the state's royalty oil to be sold for less than the market price, if it is shown that such a sale would be beneficial to Alaskans.

DON LYON, Overall Economic Development Program, Mat-Su Borough

Investment incentives are needed. The state also needs to look beyond initial investment incentives (which often are viewed as subsidies) and instead, must examine the long-term benefits. Regulation reform, which can serve as a catalyst for development, should be a key part of economic development. Once the resolution is adopted, he hopes the necessary money follows in order to carry it out.

BOB DEMPSEY, Fairbanks Chamber of Commerce

The Fairbanks Chamber of Commerce will be submitting written testimony at a later time. Asks that there be available government funding for projects that are to be undertaken by the private sector. Also urged that money be available to implement the intent of the resolution.

MYRON IGLANTOC, Tlingit and Haida of Anchorage

Energy efficient projects should be a priority and the long-term benefits of any project must be taken into consideration. Expressed concern about the high energy costs in Southeast and the fact that lines have not been extended to villages because it is not economically feasible. Also stressed that the state should take a look at utilizing natural gas in the northern areas.

WRITTEN COMMENTS

The following individuals and organizations submitted written comments:

- -- C. W. Baer, General Manager, Greater Fairbanks Chamber of Commerce
- Malcolm B. Roberts, Executive Director, Commonwealth North
- Alfred R. Ketzler, Executive Director, Community Enterprise Development Corporation of Alaska
- Arthur R. Hauver, Attorney-at-Law
- Charles F. Becker, Economic Development Director, Municipality of Anchorage
- Eddie J. Turner, President and Managing Officer, Peninsula Savings and Loan Association

Copies of the above comments follow.

THOSE ATTENDING HEARING

Mr. Bob Dempsey  
Fairbanks Chamber of Commerce  
550 First  
Fairbanks, Alaska 99701

Mr. Paul A. Dunham  
Machinists, Local 601  
825 East 8th  
Anchorage, Alaska 99501

Mr. Bud Dye  
2301 Loussac  
Anchorage, Alaska 99503

Mr. Wayne L. Fincher  
Painters Union, Local 1140  
1818 Northern Lights Boulevard  
Anchorage, Alaska 99503

Mr. Lee E. Fisher, C.P.A.  
430 West 7th Avenue  
Anchorage, Alaska 99501

Mr. Dave Harbour  
S&A Box 62-R  
Anchorage, Alaska 99507

Mr. Martin Hoskins  
Post Office Box 288  
Anchorage, Alaska 99510

Mr. Ken Hume  
225 Cordova, Building B  
Anchorage, Alaska 99501

Mr. Myron B. Igtanloc  
2201 West 48th Avenue  
Anchorage, Alaska 99503

Mr. Dick Kloep  
IUOE, Local 302  
2510 Arctic Boulevard  
Anchorage, Alaska 99503

THOSE ATTENDING HEARING

Mr. Don Lyon  
Overall Economic Development Program  
Matanuska-Susitna Borough  
SR Box 5011  
Wasilla, Alaska 99687

Mr. Ken Peavyhouse  
FAA-AAL-4C  
Box 14  
Anchorage, Alaska 99513

Ms. Jennie Day Peterson  
Public Employees, Local 71  
Post Office Box 4-241  
Anchorage, Alaska 99509

Mr. Harold Pomeroy  
4048 Wright Street  
Anchorage, Alaska 99504

Mr. Ken Showalter  
Pouch 6-612  
Anchorage, Alaska 99502

Mr. Patrick J. Smutz  
HRDI  
213 West 6th  
Anchorage, Alaska 99501

Mr. Rudy J. Trosclair  
Painters Union, Local 1140  
1818 Northern Lights Boulevard  
Anchorage, Alaska 99503

Mr. Frank N. Van Zant  
Pouch 6607 H-280  
Anchorage, Alaska 99502

Mr. Kelly Waller  
Tanana Chiefs Conference  
First and Hall Streets  
Fairbanks, Alaska 99701

Dr. William R. Wood, Mayor  
City of Fairbanks  
619 Eleventh Avenue  
Fairbanks, Alaska 99701



# Greater Fairbanks

CHAMBER OF COMMERCE

(907) 452-1105 550 First Avenue

FAIRBANKS  
ALASKA 99701

Memorandum

U. S. Chamber of Commerce  
Alaska State Chamber of Commerce

February 14, 1980

Senator Bill Sumner, Chairman  
Senate Resources Committee  
Pouch V  
Juneau, Alaska 99811

Re: Senate Concurrent Resolution No. 41

The Greater Fairbanks Chamber of Commerce is greatly encouraged by, and is in firm support of, the proposals contained in Senate Resolution No. 41 to adopt a state policy for economic development.

Adoption and implementation of such a policy will provide the basic structure for the orderly development of Alaskan resources through a partnership of government and private industry.

Toward this end I would urge that a framework be developed as a part of this resolution that would make possible governmental funding assistance for needed projects undertaken by the private sector. Such a provision would greatly facilitate joint development of worthwhile projects.

Further comment on these matters, on behalf of the Greater Fairbanks Chamber of Commerce will be provided by Bob Dempsey, Chairman of the Chamber's Economic Development Committee.

Sincerely,

C. W. Baer, General Manager  
Greater Fairbanks Chamber of Commerce

CWB/sh





February 18, 1980

Senator Bill Sumner  
Pouch V  
Juneau, AK 99811

Dear Bill:

Thank you for letting us know about the hearings last Friday and Saturday.

Enclosed is a copy of a letter to Senator Kerttula regarding the state policy on economic development.

Everywhere, I find great enthusiasm for the benefits the Susitna Project can mean to the entire railbelt. Although I was unable to attend that hearing, I believe it is fair to say that most of the Board and membership of Commonwealth North are 100% behind those who will make this project move, and move quickly.

With best regards.

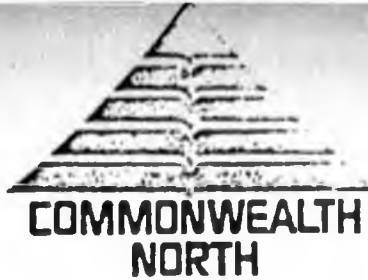
Sincerely,



Malcolm B. Roberts  
Executive Director

MBR/cds

Encl.



February 18, 1980

Senator Jalmar M. Kerttula  
Pouch V  
Juneau, AK 99811

Dear Senator Kerttula:

I am sorry I had to leave your hearings last Friday before I had a chance to testify.

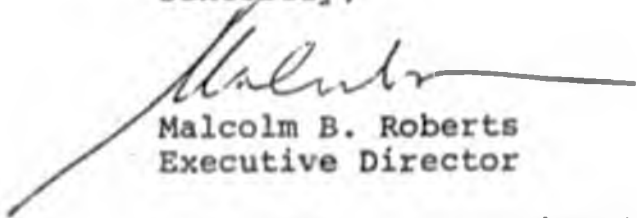
We support Senate concurrent Resolution 41, adopting a state policy for economic development.

The current debate over the feasibility of a petrochemical industry being established as part of the natural gas pipeline project focused the need for such a state policy. Industry across America and elsewhere in the world has received mixed signals as to what Alaska really wants.

Our committee studying the gas pipeline recommended a shorter version. Please see attached. But we have no problem with the intent or wording of the resolution as it stands, with the one suggestion that on page 3 line 15 the author probably meant "fixed terms" rather than "fixed price." The way the cost of resources is skyrocketing, fixed price contracts may prove to be very unwise in the decades ahead.

With best regards.

Sincerely,



Malcolm B. Roberts  
Executive Director

cc: Senator E. Dankworth  
Senator M. Colletta

Governor William A. Egan, Co-Chairman • Governor Walter J. Hickel, Co-Chairman  
Max Hestel, President • Helen Fisher, Vice President • Morris Thompson, Vice President • William Sheffield, Vice President  
Robert Harris, Secretary • Milton Keller, Treasurer • Carl Brady, Sr. • Larry Carr • Henry Hallberg • Loren Lounsbury • Dr. Glenn Olds  
Glenn Simpson • William J. Tobin  
Malcolm B. Roberts, Executive Director

935 West Third Avenue / Anchorage, Alaska 99501 / 907-276-1414

Recommended Resolution for the 1980

Alaska Legislature

Proposed by the COMMONWEALTH NORTH GAS PIPELINE STUDY COMMITTEE

Approved by the Commonwealth North Board of Directors, Nov. 20, 1979

WHEREAS the State of Alaska firmly supports and encourages responsible development that will strengthen and diversify the economy through the utilization of the human and natural resources of Alaska in an effective manner; and

WHEREAS adoption of a State Economic Development Policy that clearly sets forth the goals of achieving a healthy and growing economy would establish a sound working relationship with industry; and

WHEREAS an economic development policy would establish a basis upon which critical planning decisions could be made and alternatives could be evaluated;

BE IT THEREFORE RESOLVED that the Alaska Legislature adopts the following policy which sets forth the conditions and expectations under which the state will encourage economic development:

- (1) offers long term employment opportunities to Alaskans
- (2) improves the productivity of the existing economy
- (3) contributes to the economy through capital investment
- (4) increases energy availability for present and future needs
- (5) does not cause a substantial adverse impact on the environment
- (6) provides in-state processing of natural resources derived in the state in an amount equal to or greater than the State's royalty share of the resource;

BE IT FURTHER RESOLVED that the state should undertake activities to attract investment within these criteria to take advantage of the opportunities afforded by Alaska's abundant resources and use its powers and resources as a catalyst for economic development. The Alaska Legislature therefore ordains that the state should:

- (1) identify the many constraints to economic development imposed by the federal, state and local governments and work to eliminate unreasonable constraints as well as resolve the problems created by these constraints;
- (2) establish a competitive position with other areas seeking to attract economic development and adopt incentives to attract industry
- (3) provide a stable economic environment through the sale of natural resources owned by the state to those firms which will process those resources within Alaska.



February 13, 1980

The Honorable Bill Sumner  
Chairman  
Senate Committee on Resources  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Senator Sumner:

With reference to SCR 41 which establishes the guidelines for a State policy on economic development, I would like to offer the following comments.

In rural Alaska one of the most expensive aspects of economic development is compliance with state and federal environmental laws. The main reason is existing fresh water systems, sewage treatment facilities and local electrical utilities are not capable of meeting the needs of major industrial activity. In fact, many communities have no utilities, no fresh water system and the sewage disposal systems are very crude.

Any kind of economic development in these areas must bear the additional cost of infrastructure development in order to acquire necessary licences and permits. Hotels, lodges, fish processing facilities and other activities requiring large amounts of power and fresh potable water are especially victimized by the high cost of infrastructure development.

Part of the state policy on economic development as outlined in SCR 41 should include a statement number 8 to be added on line 18 of page 3 which reads:

"Provide utility infrastructure development funds to rural communities located within the unorganized borough to facilitate otherwise unfeasible projects that promote the general economic development goals of the State of Alaska."

**CEDC**

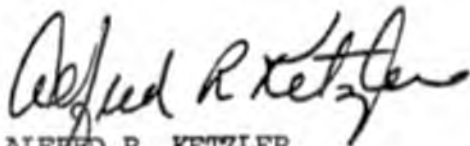
Community Enterprise Development Corporation of Alaska  
1011 E. Tudor Road, Suite 210/Anchorage, Alaska 99503. 907-279-4551

Ltr. to Sumner  
2/13/80  
Page two

State assistance is infrastructural development as outlined would generally lend itself to promoting resource based industries and ensuring local support and proper facilities to aid profitable business development.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT  
CORPORATION OF ALASKA



ALFRED R. KETZLER  
Executive Director

ARK:kra

Arthur Ronald Hauber  
Attorney At Law  
P.O. Box 2782  
Anchorage, Alaska 99510  
(907) 694-3983

February 20, 1980

The Honorable Bill Sumner  
Alaska State Senator  
Chairman, Senate Resources Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Sumner:

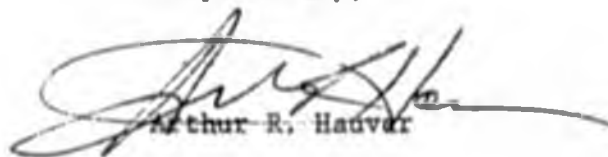
Thanks very much for your letter of February 6 and your invitation to attend the hearings on SCR 41 in Anchorage. Unfortunately, all of my efforts at setting the morning aside for that activity were in vain due to a number of matters which my clients classified as emergencies.

I have, in fact, reviewed Senate Concurrent Resolution No. 41 in detail. The proposal is, in my view, worthy of the Committee's attention and of its support.

Any critique will have to come from someone other than myself. I find it most difficult to find any problems with the Resolution at all. Perhaps my only change would be to underline numbered paragraphs (5) and (6) on page 3 as being particularly germane to the infrastructure and support systems -- such as the transportation system -- upon which new enterprises will depend for their long term existence. You are undoubtedly aware of the enormous economic hardship suffered by the Alaskan motor carrier industry in the last few years and the continuing losses which the railroad has suffered. While no single factor is the sole cause of the sundry liquidations, insolvencies, and bankruptcies, high costs of operation, poor management planning, and a dramatic diminution of traffic all were contributing factors. But, perhaps the most compelling force of all has been the widespread inadequate capitalization of these enterprises. While a few firms are beginning to emerge with substantial financial strength, the battle is far from over in this arena of essential support services and the State's efforts, both financial and regulatory, are essential to the maintenance and growth of a sound and stable system.

If the Legislature follows the light that has been illuminated by your Committee's Resolution, this will be an extraordinary session, indeed.

Respectfully,

  
Arthur R. Hauber

AR:tag

# PENINSULA SAVINGS AND LOAN ASSOCIATION

Eddie J. Turner  
President  
and Managing Officer

February 19, 1980

The Honorable Bill Sumner  
Senate Committee on Resources  
Pouch V  
State Capital  
Juneau, Alaska 99811

RE: SCR 41 - A state policy for economic development  
Senate Bill No. 294

Dear Senator Sumner:

It was with regret that my schedule prevented attendance to the public testimony on Friday, February 15th in Anchorage.

SCR 41 is a very sound and basic policy which could benefit all of the residents of Alaska and enhance the development of our natural resources. I therefore support this resolution.

While the Susitna River hydroelectric project is outside my area of expertise, it is my opinion that the state as a whole will greatly benefit from such a project. The ever increasing need for energy demands that alternative sources be developed. Costs continue to soar, therefore it would appear such a project should be pursued with the greatest expediency.

The state presently has the fortunate opportunity to promote, through skillful leadership and proper funding, the beginning of a new era in the development of our abundant resources. It is always my pleasure to provide any input which might prove beneficial to these goals.

Sincerely,



Eddie J. Turner

EJT/jt

cc: Senator Coiletta  
Senator Hackney  
File

---

Pouch 1000  
Soldotna, Alaska 99669  
907/262-9166  
Blazy Mall - Sterling Highway

118

Testimony of

K. E. Showalter, Director Alaska Government Affairs

SOHIO ALASKA PETROLEUM COMPANY

Before the Senate Resources Committee

Anchorage, Alaska

February 15, 1980

Mr. Chairman and Committee members:

I am K. E. Showalter, Director Alaska Government Affairs for Sohio Alaska Petroleum Company.

Thank you for this opportunity to comment on Senate Concurrent Resolution

No        It is very encouraging to Sohio to read a proposed resolution  
          this that actually is aimed at improving the business climate

          . We heartily endorse your efforts.

BIT  
We agree totally with the whereas clauses in this resolution. After studying the resolve clauses we had the impression that this resolution was only aimed at future businesses and did not seem to apply to the oil and gas exploration, production and transportation industries. Perhaps this was an oversight in your zeal to encourage new industries and that is understandable.

On the assumption that it was in fact an oversight, we have taken the liberty of adding several phrases and deleting a few words that we believe will improve the resolution and make it more all encompassing.

I have asked that a copy of our re-written version of SCR 41 be passed to each of you. You will note that we have simply re-written it as we are recommending, rather than offering several amendments.

With your indulgence I will go over our suggested changes and comment briefly on them.

- (1) We have added to the end of resolve #1 the phrase "by building on its present economic base and encouraging new activities that are economically feasible." This will make it clear that you are encouraging existing businesses as well as new ones and indicates also that you want viable projects.
- (2) The second resolve seemed to indicate that any group of local citizens, matter how small, could stop a project that was of overriding importance to statewide concern. We have struck the words "wanted by" replaced them with the phrase "undertaken after careful consideration of the views of". This assures that local concerns will be carefully considered in the balanced decision that a state administrator must make.
- (3) We have added the phrase "adds to and where possible" at the beginning of this clause. We are all in favor of diversifying the State's revenues but believe that the resolution should allow for encouragement of those developments that may not, in fact, diversify revenues, such as oil and gas development.
- (5) We have added after "effect" the phrase "where applicable and economical feasible". As this clause was originally written it seemed to preclude developments that did not enhance power and energy availability and there may be many desirable developments that will be net users of power or energy. Our rewrite is not all that good and perhaps the committee can think of a better way to express the thought.

- (6) We are overwhelmingly in favor of resolve #6.
- (7) At the end of resolve #7 we have added the phrase "where economically feasible and in the state's best interest." We believe there could be many circumstances where a requirement to process all of the state's royalty share of a resource within the state would in fact prevent the development of the resource. No doubt there will be many others where it is possible.

Other resolves:

- BII
- (1) The words "both existing and potential" have been added after the word "industries" to make it clear that expansion of existing industries is recognized as responsible economic development.
- (2) After "aid" we have added the words "present and" to again include present industries. At the end after "evaluation" we have added a clarifying phrase "of new projects."
- (3) We suggest that you strike the words "the many" and replace with the word "any" so as to make it all inclusive. After Federal we have added "and the state" to recognize that realistically there are many constraints to development in state laws and regulations and, contrary to the rhetoric, they are being added to on a daily basis.
- (4) The wording has been changed to again include present and future basic industries.

(5) Here, after "areas" we have added "of the country" to indicate that the prime requirement is to compete within the U.S. where, from a practical political standpoint most markets for Alaska's resources will exist. After "tax incentives to" we have added "retain current industries and"; also we have replaced "various" with "future". This resolve is most important and has seldom been recognized here in the past. It would be a very positive signal to investors.

BII

Understand the objective of the "fixed price" language but are very apprehensive that this could result in unnecessary huge losses of revenue to the state. Our experience would indicate that no one has a good enough crystal ball to make long term, fixed price contracts that work fairly for both parties over the years. We suggest the word fixed be replaced by the phrase "competitive or most favored nation." This will signal that the state wants to be fair and will not let their buyer be undercut by a competitor who is getting a better price. It will also show that you want a reasonable price for your resources and will not subsidize uneconomic development.

Sohio applauds your efforts in fashioning this resolution. We believe our suggested changes retain the basic purpose and thrust while making it clear that current industries as well as new ones are to be encouraged.

We urge the passage of SCR 41 with amendments.

Thank you.

1 IN THE SENATE

2 SENATE CONCURRENT RESOLUTION NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

Adopting a state policy for economic  
development.

RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 **Bill**  
9 WHEREAS the State of Alaska firmly supports and encourages responsible  
10 economic development that will develop, strengthen and diversity its economic  
11 base by utilizing its human and natural resources in an effective manner; and

12 WHEREAS the use of the manifold natural resources of Alaska which most  
13 benefits Alaskans is for development of jobs in the state with expansion and  
14 diversification of the state's economic base through processing the resources  
15 in the state to the maximum about feasible; and

16 WHEREAS adoption of an economic development policy that clearly ex-  
17 presses the state goals of achieving a sound, healthy and growing economy for  
18 Alaska would clearly communicate to the business community the basis on which  
19 the state encourages responsible investors; and

20 WHEREAS a clearly communicated economic development policy would aid in  
21 establishing a sound working relationship with industry so that investors  
22 will be encouraged to develop further economic opportunities within the state  
23 that can proceed in the common interest of the state and the investors;

24 BE IT RESOLVED that the Alaska State Legislature adopts the following  
25 policy which is intended to clearly communicate to the business community the  
26 basis on which the state encourages responsible investors to come to Alaska  
and determine if various industrial projects are in our common interest; the

1 state should encourage economic development that

2 (1) offers long-term benefits and increased employment to Alaskans  
3 through strengthening and diversification of the state's economy by building on  
4 its present economic base and encouraging new activities that are economically  
asible;

(2) is environmentally sound and is undertaken after careful consider-  
ation of the views of local citizens most impacted by the development;

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BIL  
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(3) adds to and where possible diversifies the state's revenue,  
increases average personal income and reduces the cost of living by creating  
economic activity in economic sectors that do not presently exist or are not  
presently fully developed:

(4) has a positive effect on the revenue needs and fiscal conditions  
of the state and local communities and does not impose additional governmental  
costs in excess of this positive effect;

(5) has a positive effect where applicable and economically feasible  
on power and energy availability for present and future needs;

(6) promotes tax and revenue stability within the state;

(7) processes in the state a maximum feasible amount of any natural  
resource derived in the state with, as a minimum, processing in the state of  
that amount of any resource derived in the state equal to the state's royalty  
share of that resource where economically feasible and in the state's best  
interest; and be it

FURTHER RESOLVED that the state should actively undertake activities to  
attract investment within these criteria to take advantage of the investment  
opportunities afforded by Alaska's abundant resources, and use its powers and  
resources as a catalyst for responsible economic development of the state in

1 the interests of its citizens; the state should

2 (1) be aware of the many advantages and disadvantages to the state  
3 that will result from the development of various industries both existing and  
4 potential and, through its various agencies, identify and evaluate these  
factors and make information available to investors and to governmental officials  
aid in their evaluation of potential industrial projects;

5 (2) provide necessary leadership to aid present and potential  
6 stors to acquire or develop necessary information which is unique to the  
7 state and required for their evaluation of new projects;

8 (3) with cooperation from investors, seek to identify any con-  
9 straints to economic development of the state imposed by the federal and the  
10 state government and to work with the federal government through the state  
11 congressional delegation and with the appropriate state departments to resolve  
12 the problems created by these constraints;

13 (4) identify how the economy will change as a result of normal  
14 growth and evolution of present and possible future basic industries and  
15 evaluate proposals based on the criteria adopted;

16 (5) establish a competitive position with other areas of the  
17 country seeking to attract economic development and adopt various economic  
18 development incentives including tax incentives to retain current industries  
19 and attract future industries;

20 (6) provide necessary assistance to responsible investors to aid  
21 in the determination of whether proposed development is in the interest of  
22 the investor and the state;

23 (7) provide a stable economic environment by sale of natural  
24 resources owned by the state to processors of the resource at a competitive  
25  
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1 or "most favored nation" price for a period necessary for amortization of  
2 capital investment by the processor.

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TESTIMONY OF

CHARLES F. BECKER

ECONOMIC DEVELOPMENT DIRECTOR

MUNICIPALITY OF ANCHORAGE

BEFORE THE SENATE RESOURCES COMMITTEE

ANCHORAGE, ALASKA

FEBRUARY 15, 1980

BIT

Mr. Chairman:

I am Chuck Becker, Economic Development Director for the Municipality of Anchorage. My position was created last year as a demonstration of Anchorage's commitment to planned and sustained economic development strategies and initiatives. Mayor Sullivan extends his personal regards to each of you and regrets he cannot be here personally.

It is a privilege to be here today to present the position of the Municipality of Anchorage on the Senate Concurrent Resolution Number 41, which would adopt a state policy on economic development.

III

We applaud this articulation of economic development policy by the State Legislature. The importance of conveying a clear and consistent statement of policy to Alaska's business community and to corporate offices throughout the United States cannot be underestimated. Consistent policy, consistent laws and consistent regulations are crucial if the State of Alaska is to retain our existing economic base and to expand that base. Business leaders and industrial leaders go to locations in which they are wanted. Throughout the country those places which are successful in retaining and attracting business and industry demonstrate governmental stability, a positive public attitude, a positive private sector attitude, in addition to having the social and cultural amenities which are contributory to a high standard of the quality of life.

Alaska has great potential for a healthy, vibrant economy. Your efforts to enact SCR 41 will be most beneficial in establishing the fertile soil for the seeds of healthy economic development.

Our specific observations on SCR 41 are as follows:

1. We would encourage you to modify the language slightly to focus more on the existing Alaskan entrepreneurs and industries currently

doing business within the State of Alaska.

2. In any community, vocal opposition will develop over proposed modifications to the status quo. These views must be encouraged, must be heard and must be carefully considered. If, however, public decision-makers conclude that the public good is best served by approving such modifications, those public officials must be free to act in accordance with their conclusions. We suggest that the second resolve clause be modified to reflect this observation.
3. Economic feasibility must be considered in each policy statement.
4. No statement should be contrary to that which is in the best interests of the State of Alaska and its citizens.
5. Although we in Alaska know all too well the impediments to a thriving economy which have been created by the federal government, we must always search for and rectify any similar impediments created by actions of the State or its political subdivisions.
6. Providing in state processors with a "fixed price" guarantee on our resources throughout the amortization period, could prove to be detrimental to the interests of the State. To be certain we should provide assurances of fairness and competitiveness. However a fixed price guarantee could prove detrimental to the State's best interest in the long term.

It may be inappropriate in this forum to offer comments not specifically germane to the provisions of SCR 41, Mr. Chairman, and I will defer to your wishes on this matter, I do however, have some brief observations on the economic development structure of the State government along with similar observations on State government activities which I am prepared to offer at this time.

Addendum

First, the Municipality of Anchorage would encourage a reorganization of the State government's economic development structure. We would specifically wish a separation of the Department of Commerce which has certain regulatory functions potentially incompatible with efforts to establish a positive climate for development from that of the Economic Development operation.

Secondly, we would advocate elevating the Economic Development operation to a Departmental status.

Third, we would urge the consolidation of the various economic development activities presently scattered throughout several Departments, into the newly created Department of Economic Development.

Finally, we advocate the establishment of a formal mechanism for intergovernmental involvement in the economic development planning and implementation process.

Thank you for this opportunity to express the observations of the Municipality of Anchorage regarding economic development in Alaska.