

SB

468

COMMITTEE REPORT
SENATE

FURTHER: None

4/2/80

Date: 4/10/80

Mr. President:

The Committee on JUDICIARY has had SB 468
relating to foreign trade zones

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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 468

Title An Act relating to foreign trade zones; eff. date.

Requested by _____ Date February 25, 1980

II. FISCAL DETAIL

Agency Affected Commerce and Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Economic Enterprise

(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	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

There is no fiscal impact associated with passage of this bill.

IV. DATE 2-25-80

PREPARED BY Fred Muller, Deputy Director

AGENCY Division of Economic Enterprise

PHONE 465-2018

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Fred Muller

FOREIGN TRADE ZONES

One of the bright possibilities for enhancing Alaska's role as a processing and transshipping center is the establishment of a series of foreign trade zones. First, a set of definite users must be identified. We are holding active discussions with ocean and air carriers presently and plan to initiate talks with foreign fish processors.

"Each port of entry in the U.S. is entitled to at least one Foreign Trade Zone." "Before a grant is made an economic survey must demonstrate to the satisfaction of the (FTZ) Board that the anticipated commerce, benefits and returns, both direct and indirect, will justify its construction to expediate and encourage foreign commerce." "The ability of the applicant adequately to finance and conduct the undertaking must be demonstrated..." The board will also review the availability of all the necessary infrastructure. Additionally, "where harbor facilities of any port of entry in the State are owned and controlled by the State, and where harbor facilities of any port of entry in the State are owned and controlled by the municipality, grants to public corporations will not be approved by the board unless such applications have been authorized by an act of the State Legislature..."

"Grants to private corporations will not be approved by the board unless such corporations have been authorized by an act of the State Legislature..."

The application must include: "Evidence satisfactory to the board that permits for construction have been obtained from federal, State or municipal authorities."

The above information is taken from a paper by Mr. Ron walt of the Division of Economic Enterprise.

The Anchorage Economic Development Commission has requested enabling legislation.

The Anchorage Assembly has authorized the filing of an application with the U.S. Department of Commerce for establishing a FTZ.

The Anchorage Chamber of Commerce has formed a Free Trade Zone Committee in an effort to gain public and private support for the project.

The Anchorage Marketing and Development Study is currently making a feasibility study on the establishment of a FTZ in Anchorage.

The Economic Enterprise Division, of the State Department of Commerce and Economic Development, has been looking for possible users for the FTZ.

Foreign Trade Zone: Foreign or "Free" Trade Zones are secured areas legally outside a nation's customs territory. Their purpose is to attract and promote international trade and commerce.

user: Company or companies that can guarantee consistent use of the FTZ.

grant: The "grant" is a grant of authority.

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND
GOVERNOR

POUCH D — JUNEAU 99811

February 27, 1980

Honorable M.E. "Ed" Dankworth
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 468

Dear Senator Dankworth:

Marie of your staff recently stated the comments of this department on the above referenced bill.


Foreign trade zones are one of the bright possibilities for enhancing Alaska's role as a processing and transshipping center and, as such, we support the bill. Generally, such zones are not profit making enterprises but must be regarded as an added incentive to doing business in the State. Benefits are derived from secondary activities generated around and related to the zone.

Each zone requires enabling legislation, state and local, a sponsor, an operator, a user, identified benefits and operating capital. Unless a public or private agency is willing to provide the start-up capital, the capital usually comes from the potential user. In either case, a user or a group of users must be identified. In Alaska, this has proven to be a difficult task.

All indications are that Alaska is ready for the establishment of a foreign trade zone. This piece of enabling legislation helps bring the Alaska statutes into compliance with the minimum requirements of the federal statutes and we support this approach.

If you find you are in need of further information with respect to this bill, please feel free to call upon us again.

Sincerely,



Bertram L. Wagnon
Deputy Commissioner