

SJR

23

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA

5-6-87

3:00 p.m.

Date referred: 4/23/87

FURTHER REFERRALS: Labor & Commerce

DATE: 05/06/87

The Community and Regional Affairs Committee has considered CSSJR 23 (C&RA)

Endorsing the application of the Department of Commerce and Economic Development for a rural development assistance demonstration grant.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Heinrich Springer Springer

Bette Cato Cato

Virginia Collins Collins

Edelheid Herrmann Herrmann

SIGNING OTHER RECOMMENDATIONS:

Springer

Heinrich Springer
Chairman's signature



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: May 6, 1987

SIGN-IN

Subject of meeting: ^{CSSJR 23} (B) ~~CS~~ (C&RA)

*HB 286 - Crating the Rural Governance Council
(first hearing)

CS
SJR 23 - Rural Development Demonstration Grant
(C&RA)

CSSB162(C&RA)am Raw fish tax; local gov't refunds

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
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John Dunker	609 Math St., Juneau	586-4401 465-4972	self	No
Lony Mercurief				

BILL WORKSHEET

Bill #: CSSJR 23 (C&RA)
Date Sched.: HCRA Committee, Wed. May 6, 1987
Title: "Endorsing the application of the Department of
Commerce and Economic Development for a rural
development assistance demonstration grant"
Sponsor: Senate Community and Regional Affairs Committee
Info Attached: Copy of Resolution
Documentation from sponsor: Senate C&RA
Cover letter
Fiscal Note
Grant Proposal
Letters from Governor to U.S. Econ. Dev. Adm.

Sponsor's Briefing, Intent/purpose:

Resolution urges U.S. Dept. of Commerce and Economic Development to approve a \$1 million rural economic development assistance grant to the State Department of Economic Development (DCEd).

The grant would be used by DCEd to strengthen the state's economic development process by advancing local and regional economic development strategies to:

1. establish a regional economic development network
2. establish a revolving loan fund for rural economic development, and
3. provide technical assistance for development activities

Effect of Bill:

Fiscal Impact:

0 (Zero)

Proponents:

Opponents:

Analysis of Bill's effect, by staff:

If the grant is awarded by the Economic Development Administration to the state, a major element of the program will be to establish "economic development regions". These regions will address:

1. economic development planning
2. exports
3. tourism
4. infrastructure development
5. job opportunities
6. resource development
7. entrepreneurial enhancement

Committee Report:

Alaska State Legislature

APR 29 1987

for
CRA file.

(A) SJR 23



2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

Whit- in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

Senate

MEMORANDUM

April 27, 1987

TO: Representative Henry Springer, Chairman
House Community and Regional Affairs Committee

FROM: Senator Arliss Sturgulewski *(AS)*
Senate District F

RE: SJR 23 "Rural Development Demonstration Grant"

The State of Alaska through the Department of Commerce and Economic Development has made application to the federal Economic Development Administration for a \$1 million grant to promote economic development in rural Alaska. This resolution supports that application. Because of heavy competition from other states, we need to give this application as much support as possible.

I hope you will be able to schedule an early hearing as we are getting close to May 18. My staff will be able to provide background material for you.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



Senate Community and Regional Affairs Committee

SJR 23
② SJR 23

P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

12 pgs

MEMORANDUM

March 17, 1987

TO: All Members
Community and Regional Affairs Committee

FROM: Staff *AS*
Community and Regional Affairs Committee

RE: SJR 23 "Endorsing the application of the Department of Commerce and Economic Development for a rural development assistance demonstration grant."

SJR 23 urges the U.S. Department of Commerce, Economic Development Administration to approve a \$1,000,000 Rural Economic Development Assistance Grant to the State of Alaska, Department of Commerce and Economic Development (DCED).

This grant would be used by the DCED to strengthen local and regional economic development strategies and to implement those strategies. Topics to be addressed on a regional basis would include export of Alaska products, tourism, infrastructure development, job opportunities, resource development and the enhancement of entrepreneurship at the local level.

The fiscal note is zero.

Enclosures: Fiscal Note
Grant Proposal
Letter from Governor Cowper

Original sponsors: Sturgulewski, Uehling,
Zharoff, et al.

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 23 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Endorsing the application of the Depart-
6 ment of Commerce and Economic Develop-
7 ment for a rural development assistance
8 demonstration grant.

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

10 WHEREAS the state is experiencing a major downturn in its economy due
11 to the drop in oil revenue over the past two years; and

12 WHEREAS the people of the state are faced with rising unemployment,
13 reduced state and local government services, a decrease in the level of
14 business activity, and in many instances, the personal tragedy of the loss
15 of a home or personal property; and

ONLY
ADDITION
IN
C&RA
COMMITTEE

16 WHEREAS all areas of the state are being affected by the drop in oil
17 revenue and the reduction of state and local services; and

18 WHEREAS the large size of the state and the sparse population of the
19 rural parts of the state cause unique problems for the delivery of ser-
20 vices; and

21 WHEREAS the rural areas of the state are a vital and important part of
22 the state; and

23 WHEREAS the Department of Commerce and Economic Development has sub-
24 mitted an application to the federal Economic Development Administration
25 for a rural economic development assistance grant that would fund a demon-
26 stration project to promote economic development, establish businesses, and
27 increase job opportunities in the rural areas of the state;

28 BE IT RESOLVED that the Alaska State Legislature endorses the applica-
29 tion by the Department of Commerce and Economic Development for a rural

1 development assistance demonstration grant from the Economic Development
2 Administration; and be it

3 FURTHER RESOLVED that the Economic Development Administration is
4 requested to expedite the review and approval of the grant application.

5 COPIES of this resolution shall be sent to the Honorable Malcolm
6 Baldrige, Secretary of the U.S. Department of Commerce; and to the Honor-
7 able Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
8 Honorable Don Young, U.S. Representative, members of the Alaska delegation
9 in Congress.

No 160

STATE OF ALASKA 1987 LEGISLATIVE SESSION

FISCAL NOTE

SENATE
BILL VERSION: CSSJR 23(C&RA)
PUBLISH DATE: 3/26/87

REQUEST: _____

Revision Date: _____

Title: Endorsing DCED application for

Agency Affected: Comm. & Econ. Dev.

BRU: Advocates

rural development assistance demonstration grant

Sponsor: Sturqulewski

Components: Office of Enterprise

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS :

Prepared by: Larry Mercurieff, Director Phone: 465-2017
Division: Office of Enterprise Date: March 6, 1987

Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 6, 1987
Agency: Department of Commerce and Economic Development

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary
 - 0201k3987

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____ Bill Version: SJR 23
 Revision Date: _____ Publish Date: _____
 Title: Endorsing DCED application for Agency Affected: Comm. & Econ. Dev.
rural development assistance demonstration grant BRU: Advocates
 Sponsor: Sturgulewski Components: Office of Enterprise
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Larry Mercurieff, Director Phone: 465-2017
 Division: Office of Enterprise Date: March 6, 1987
 Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 6, 1987
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):
 Legislative Finance
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 Impacted Agency(ies)
 Senate Secretary
 0201k3987

DEMONSTRATION GRANT PROPOSAL FOR THE
ECONOMIC DEVELOPMENT ADMINISTRATION

The State of Alaska now faces double digit unemployment, and some communities have 60 percent or more. There are 11,500 fewer jobs in Alaska today than there were one year ago, business incorporations are down by 24.5 percent, and the state has a net loss of population. Many of the problems facing the state are attributable to the decline of world oil prices, and reflects the overdependence of the state upon that single commodity.

Except for the Municipality of Anchorage, Alaska basically has a rural economy. The state has some 148 cities and boroughs and several hundred Native villages. Much of the state is not organized into boroughs or any other form of local government. Vast land areas, difficult transportation, climatic peculiarities, sparse population and heavy reliance on governmental and service sector jobs contribute to economic development impediments.

Native issues are paramount, with sovereignty, subsistence and land ownership and use are nearing a critical phase under implementation of the Alaska Native Claims Settlement Act. Among the numerous Native entities are villages comprised of Eskimos, Aleuts or Indians, with traditional or Indian Reorganization Act councils, or perhaps with both; village and regional corporations, incorporated under state law; regional nonprofit entities; plus a variety of statewide and local organizations. These complexities have in the past been obstacles in the state's efforts to assist economic development in the rural areas. One of the principal objectives of this demonstration project will be an effort to develop appropriate regional entities that can serve as vehicles for more efficient and equitable delivery of business and economic development assistance.

There is a new governor and a new state administration which is committed to making the economic climate for Alaska as warm and friendly as possible. There are significant opportunities for this resource-rich state in export development, mining extraction, fish, timber, tourism and expanded entrepreneurship. Alaska's proximity to the Pacific Rim countries and its position as an international transportation crossroads are major factors in such plans. Diversification, including increased value-added manufacturing and processing, rank high on the priority list of the states.

One of the most critical needs in the State of Alaska is the strengthening of its economic development processes. The state has made substantial progress under its 302(a) Planning Grant, but there is still an obvious need to strengthen the regional economic development planning, support, and implementation efforts. Alaska wants meaningful public-private sector economic development at the local level, which can then be channelled into coherent state economic development policy, plan and execution.

This proposal has basically three program components. First, there is the need to establish a regional economic development network to draw upon local resources and ideas, and then to effectively direct those contributions to the state economic development planning process. Second, for reasons described below, a revolving loan fund is essential for the development of a broadened economic base in the rural areas of the state. Third, closely related to the state economic development planning commitment is the need for several specific technical assistance elements to address discrete issues relating to the Alaskan economy.

The state believes that the establishment of regional economic development organizations is critical to the effective investment of limited state, federal and local funds in the rural areas. To facilitate the creation of such organizations, it is proposed that Economic Development Administration (EDA) assistance be provided to the Department of Commerce and Economic Development (DCEd) to delineate economic development regions throughout the state. It is anticipated that these regions will evolve into Economic Development Districts (EDDs), meeting the criteria of mutual-benefit local institutions responsible to the regions they serve.

The focus of the economic development regions (EDRs) will include such interests as economic development planning, export, tourism, infrastructure development, increased job opportunities, entrepreneurship in villages, and resource development. It is anticipated that they will be multi-governmental, multi-purpose and multi-funded organizations. But they also serve additional functions. An EDR, when operational, will be able to speak as a single voice representing the needs and requirements of its constituents concerning economic development activities in its region. By presenting such an organized front, the EDR can greatly increase its influence with both the state and federal government in getting needed financial and other assistance required to further local economic development plans.

The formation of EDRs will also be of considerable benefit to the state. By organizing these regional focal points, the state can now work with a relatively small number of organizations instead of trying to serve 300 plus local governments and a multitude of other development interests. This will be of great assistance in the state's overall economic development planning program (supported by an EDA Sec. 302a Grant); it will allow for increased efficiency in providing needed assistance; and will provide a statewide network for the gathering and dissemination of data and information.

We anticipate perhaps 8 to 12 EDD regions can be established statewide, and these will reflect the concurrence of both the regions involved and the state. We anticipate that three to four EDDs can be established during the first year of operation.

State of Alaska Grant Request and Proposed Work Effort

EDA is requested to provide \$100,000 to aid the state in delineating the EDD boundaries and to assist in the initial establishment of the regions and their organizations, as well as to fully assist those entities ready to function as EDDs. Over approximately a 15 to 18 month period, in order to create additional private sector jobs, the department plans to: (1) develop an approach to issues surrounding labor/management relations, (2) to review and make substantive recommendations concerning the effectiveness of rural tourism throughout the state, (3) evaluate and subsequently enhance the "high tech" potential of the state, perhaps including such direct assistance approaches as incubators or other mechanisms deemed appropriately effective, (4) develop a state economic development policy, which includes Native entities, which will enhance economic development within the state, (5) prepare a plan for developing the state's import/export potential, and (6) take the initiative to coordinate and facilitate state government efforts to enhance private sector development. An additional \$260,000, in keeping with levels of support now provided to other EDDs, is further requested. Significant travel, meetings and other expenses will be involved to meet this overall objective. The state will provide matching funds as indicated in the attached Budget Proposal. Various state departments will provide direct staff assistance, and all the various public and private resources will be invited to participate in the process.

The EDRs will function as ongoing local economic development planners and implementers, and they will also provide meaningful support to the state's continuing economic development process and programs.

As part of the critical first steps of implementation, several technical assistance activities have been identified that will be closely tied to the 302(a) grant program. Over approximately a 15 to 18 month period, the department plans to: (1) develop an approach to issues surrounding local hire and export-import conflicts, (2) to review and make substantive recommendations concerning the effectiveness of rural tourism throughout the state, (3) evaluate and subsequently enhance the "high tech" potential of the state, perhaps including such direct assistance approaches as incubators or other mechanisms deemed appropriately effective, (4) develop a state economic development policy in conjunction with Native representation which will enhance their position within the state processes for meaningful economic development, and (5) participate in a statewide small business conference scheduled for the fall of 1988 which will examine the needs and requirements of small business in both the urban and rural areas.

For this five part technical assistance effort EDA will be asked to provide \$200,000 for two full-time staff persons plus contractual, travel and other expenses. This will be matched from state resources with at least \$75,000 in cash plus in-kind. These technical assistance efforts will be closely tied to current EDA grant activities in the University Center Program (University of Alaska, Juneau), the regional Native nonprofit corporations and several local community projects. Full coordination will occur with all of the state departments, other federal agencies and programs, the public and private sectors, cities, boroughs, chambers of commerce, Native villages and corporations.

Funding in rural areas of the state for both manufacturing and commercial enterprises is often severely lacking. The state, working with EDA, the Small Business Administration (SBA), the Minority Business Development Agency (MBDA), from its own resources, and with the private sector has helped to establish technical assistance networks to provide entrepreneurial assistance across the state.

To meet the specific need of a lack of capital in rural Alaska, however, it is requested that a Revolving Loan Fund be established. It is proposed that EDA contribute \$500,000, to be matched with \$300,000 in state funds. If EDA Title IX eligibility criteria are applied some 80 percent of the rural areas of the state will be served by this program.

Examples of the need and opportunity can be expressed by noting a couple of examples. There is not a single car-lift in the city of Kotzebue, a principal regional center in Northwestern Alaska. Both the Matanuska-Susitna Borough and the Kenai Peninsula Borough have significant small manufacturing and business activities. Small salmon smoking operations are located in many areas of rural Alaska, and these frequently involve Native interests. By utilizing this new source of capital to enhance the interest of the state's lending institutions in doing business in the more rural areas, meaningful, substantial and lasting development should be possible.

This new Revolving Loan Fund will be coordinated with the RLF funded by EDA three years ago for the Fairbanks Native Association, Inc., recent efforts in the state by the Bureau of Indian Affairs, and the grant and loan programs of the Minority Business Development Agency.

The individual elements described here are intimately related, and for optimum chance of success these elements should be coordinated in the closest way possible. Better priority setting should be established, coupled with wise investment of limited resources.

The Department of Commerce and Economic Development is looking forward to working together with EDA in bringing a more meaningful, broad-based and effective economic development process to the State of Alaska.

X
5*
STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 4, 1987

Ms. Beverly L. Milkman
Deputy Director for Grant
Programs
Economic Development
Administration
US Department of Commerce
Washington, DC 20230

Dear Ms. Milkman:

The State of Alaska is experiencing a very severe downturn in its economy due to the precipitous drop in oil prices over the past two-year period. The people of this state are faced with rising unemployment, reduced services from state and local governments, a decrease in the level of business activity, and, in too many instances, the personal tragedy of the loss of homes and businesses. But we Alaskans are a resilient and resourceful lot and are already beginning to take actions to solve the problems facing us, one of which is this demonstration project.

Over the past two years, life has changed a great deal for all of us in Alaska, but nowhere has that change been felt as deeply as in rural Alaska. Even as the urban areas of Alaska were enjoying the fruits of the oil boom, the rural areas were still suffering from high unemployment, as much as 90 percent in some communities and villages; a lack of job and business opportunities; and a serious problem of coping with a cash economy in a traditional subsistence society. The recent fall of oil revenues to the state has only served to worsen those conditions.

Rural Alaska is a vital and important part of our state, but I believe that the needs and requirements of villages and communities in the rural areas have not been adequately addressed in the past. This new administration, however, is proposing new and expanded efforts in this area. The application we have submitted to you for the Demonstration Project is just one of a number of actions we are taking to assist the rural areas, but an extremely important one. With the approval of this project, we will be able to

Ms. Beverly L. Milkman

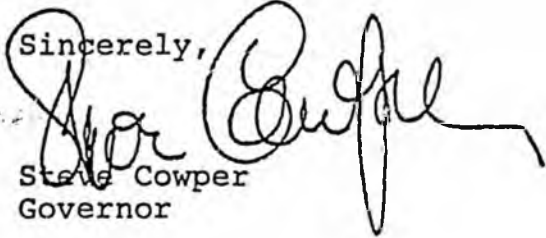
-2-

February 4, 1987

greatly accelerate our economic development efforts,
provide services in a more rational and effective way, and
do it in ways that are most appropriate to rural Alaska.

We are looking forward to working with you on this project.

Sincerely,



Steve Cowper
Governor

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 4, 1987

Mr. John Woodward
Regional Director
Economic Development
Administration
US Department of Commerce
1700 Westlake Avenue North
Seattle, WA 98109

RECEIVED
OFFICE OF ECONOMIC DEVELOPMENT

FEB 6 1987

DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT

Dear Mr. Woodward:

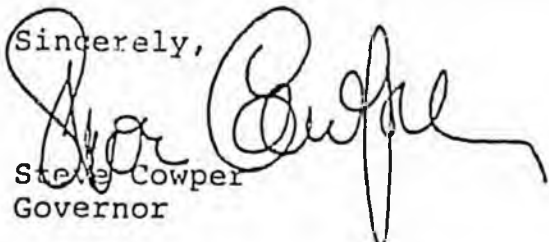
The State of Alaska is applying for this Demonstration Grant in order to expand and strengthen our economic development efforts in the rural areas of the state. Approximately 85 percent of Alaska's land area can be classified as "rural", and it is occupied almost exclusively by Native Americans: Indians, Aleuts, and Eskimos. The communities and villages are generally very small, ranging in population from 25 to 5,000--the majority having 500 persons or less.

Over the past two years, life has changed a great deal for all of us in Alaska, but nowhere has that change been felt as deeply as in rural or "bush" areas. Rural Alaska did not share equally in the benefits of the 1980s oil boom, and the recent fall in state oil revenues has only made things worse. With the help of EDA through the Demonstration Grant, we hope to reverse this downward economic trend in the rural economy.

The Demonstration Project will provide rural Alaskans with new tools and procedures for attacking their economic problems, several of which will become available while the project is still underway, i.e., the Revolving Loan Fund and the technical assistance work on tourism. Most importantly, the completion of the project will allow the state to accelerate its economic development efforts in the rural areas and permanently break the hold of poverty, joblessness, and need in bush Alaska.

We are looking forward to working with you on this project.

Sincerely,


Steve Cowper
Governor