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**HOUSE COMMITTEE REPORT**

(11)

Date referred: 2/29/88

FURTHER REFERRALS:

DATE: 4-18-88

The Finance Committee has considered HB 430

"An Act relating to the neighborhood business development program; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 430 (FIN)  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:**

Boyer Mark Boyer

Frank Frank

Brown Taylor Brown

Davis Mike Davis

Poundnot Pat Poundnot

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

Adams Al Adams - No Rec.

Larson Ron Larson - No Rec.

Goll Pete Goll - No Rec.

Swack Charles Swack - NO Rec.

Rieger Steve Rieger - No Recommendation

Wallis Kay Wallis - " -

\_\_\_\_\_

\_\_\_\_\_

Al Adams  
Chairman's signature

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB430 ( Finance )  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4/18/88  
Title: Establishing and Alaska  
Neighborhood Revitalization Program  
Sponsor: Labor and Commerce Committee  
Requestor: \_\_\_\_\_

Agency Affected: Commerce and Economic Dev.  
BRU: Business Development  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		109.2	139.3	139.3	79.1	79.1
TRAVEL		10.0	15.0	15.0	10.0	10.0
CONTRACTUAL		55.0	95.0	83.7	55.0	25.0
SUPPLIES		3.0	3.0	2.7	2.7	2.7
EQUIPMENT		2.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		179.2	252.3	240.7	146.8	116.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		179.2	252.3	240.7	146.8	116.8
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		2	3	3	2	2
PART-TIME		1				
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee  
Division: \_\_\_\_\_

Phone: 465-3707

Date: \_\_\_\_\_

Approved by Commissioner: Al Adams, Chair  
Agency: House Finance Committee

Date: 4/18/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

4/18/88

Revised fiscal note analysis for CSHB 430:  
by House Finance Committee

PERSONNEL:

Program Coordinator - Development Specialist I (Range 18)	\$49.3
Architect - (Range 21)	60.2
Accounting Clerk - (Range 9)	29.8

In the first year, FY 89, staff will consist of 2 full-time positions (Program Coordinator and Accounting Clerk) and 1 half-time position (Architect).

In FY 90 and FY 91, staff will consist of 3 full-time positions (Program Coordinator, Accounting Clerk and Architect).

In FY 92 and FY 93, staff will consist of 2 full-time positions (Program Coordinator and Accounting Clerk).

TRAVEL:

Costs include travel to Washington D.C. by the Program Coordinator and Architect and an estimated 12 visits to communities in the state.

First year travel costs (FY 89) \$10.0.

(This allows for an estimated budget of \$750.00 per in-state trip plus travel for two individuals to Washington D.C.)

Travel costs for FY 90 and FY 91 are \$15.0 per year.  
Travel costs for FY 92 and FY 93 are \$10.0 per year.

CONTRACTUAL:

FY 89 contractual services funded at	\$55.0.
FY 90	\$95.0
FY 91	" " \$83.7
FY 92	" " \$55.0
FY 93	" " \$25.0

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 430 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska neighborhood re-  
7 vitalization initiative; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
11 by sec. 2 of this Act, is to promote neighborhood revitalization and devel-  
12 opment through local initiatives of the state's communities with the assis-  
13 tance of financial institutions and the state.

14 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT  
17 FUND. There is created the neighborhood revitalization and develop-  
18 ment fund, to be administered by the commissioner. The commissioner  
19 shall deposit to the credit of the fund

20 (1) grants and contributions to the fund; and

21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to

24 (1) nonprofit development corporations that qualify for  
25 assistance from the Neighborhood Reinvestment Corporation organized  
26 under 42 U.S.C. 8101-8107 (Neighborhood Reinvestment Corporation Act),  
27 for purposes of neighborhood housing services, neighborhood revitali-  
28 zation, and economic development projects in a community; and

29 (2) nonprofit community organizations that qualify for

1 assistance under the Alaska Main Street Program.

2 (b) The commissioner may adopt regulations necessary to carry  
3 out the department's functions under AS 44.33.431 - 44.33.433.

4 (c) The commissioner shall provide for an annual audit of the  
5 grants to nonprofit development corporations made under this section.

6 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

7 (1) "commissioner" means the commissioner of commerce and  
8 economic development;

9 (2) "community" means a home rule city or borough, a city  
10 or borough of any class, and a place that is not incorporated as a  
11 city and in which 25 or more persons reside as a social unit.

12 (3) "department" means the Department of Commerce and  
13 Economic Development;

14 (4) "fund" means the neighborhood revitalization and devel-  
15 opment fund established in AS 44.33.431.

16 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

17 (30) administer the neighborhood revitalization and develop-  
18 ment program under AS 44.33.431 - 44.33.433; in the administration of  
19 that program, the department shall establish a community-based Alaska  
20 Main Street Program that provides technical assistance and training  
21 for municipal governments, business organizations, merchants, and  
22 property owners to accomplish community and economic revitalization  
23 and development of older central business districts and neighborhoods;  
24 the program must use techniques developed by the National Trust for  
25 Historic Preservation that are designed to stimulate business rein-  
26 vestment, restore building facades, retain existing small businesses,  
27 strengthen the local tax base, create employment opportunities, pro-  
28 mote new commercial opportunities in the central business district,  
29 and help to stimulate a renewed sense of community pride.

1 \* Sec. 4. This Act takes effect July 1, 1988.  
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STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 430  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4/14/88 Agency Affected: Commerce & Econ. Dev.  
Title: Establishing an Alaska BRU: Business Development  
Neighborhood Revitalization Program  
Sponsor: Labor & Commerce Committee Components: \_\_\_\_\_  
Requester: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		139.3	188.6	188.6	188.6	188.6
TRAVEL		30.0	25.0	25.0	25.0	25.0
CONTRACTUAL		95.0	95.0	83.7	83.7	83.7
SUPPLIES		3.0	3.0	2.7	2.7	2.7
EQUIPMENT		2.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		269.3	311.6	300.0	300.0	300.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of dollars)

GENERAL FUND		269.3	311.6	300.0	300.0	300.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		3	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Tom Lawson, Economic Development Planner Phone: 465-2017  
Division: Business Development Date: 4/14/88

Approved by Commissioner: J. Anthony Smith Date: 4/15/88  
Agency: Department of Commerce & Econ. Development

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

**RECEIVED**  
APR 18 1988

LEGISLATIVE FINANCE

## FISCAL NOTE ANALYSIS

### CSHB 430--ALASKA NEIGHBORHOOD REVITALIZATION INITIATIVE

#### Assumptions/Program Summary

Under the Main Street Program it is assumed that approximately ten to twelve communities will participate in program grants. It is estimated that about 13 communities may be able to participate in the Neighborhood Revitalization and Development Program. Both programs are new so the first six months of FY 89 will be spent establishing the programs including development of administrative regulations.

Personal Services. Staff for the Main Street and the Neighborhood revitalization and development Programs include the following 3 permanent full time 12 month positions:

Program Coordinator--Development Specialist I (Range 18)	\$49.3
Architect (Range 21)	60.2
Accounting Clerk II (Range 09)	29.8

In the first year, the Statewide coordinator will initiate, coordinate and supervises both programs. The Architect will serve as the Alaska Main Street Program Architect and will provide design and historic perservation assistance. It is important that the Architect position be filled at the beginning of the program in order for the individual to participate in the design and development of the Alaska Main Street program as well as to utilize the training services of the National Trust for Historic Preservation. Under the supervision of the Program coordinator, the Accounting clerk will administer the grants for both programs and will assist in the administrative details of developing the program.

A second development specialist I (Range 18, \$49.3) will be necessary beginning in FY 90 to fully implement the Neighborhood Revitalization and Development Program. Since this position will not be added until the second year, it is anticipated that only four to five Neighborhood Revitalization grants will be processed during the first year. A limit might have to be established in the administrative regulations.

Travel. Costs include travel to Washington, D.C. by the program coordinator and architect to receive training by the National Trust for Historic Preservation. In addition, once the program is established, an estimated 2 site visits each for each community is estimated, with approximately six communities participating the first year. In subsequent years travel out-of-state travel should diminish while in-state travel will increase resulting in a slight reduction of expenses.

Contractual Services. If the State contracts with the National Main Street Center for assistance in establishing the Alaska Main Street Program, the average costs of programs in other states is \$100.0. However there is some apparent flexibility with the Center regarding a selection of services, so costs are estimated at \$75.0.

An alternative approach is to contract for the various services needed on a competitive basis. A number of consulting firms in the Northwest and other parts of the country have gained expertise with the Main Street Program over the past ten years and offer Main Street program implementation and training services.

The balance of the contractual service funds (\$20.0) are needed for office related services, including advertising, phone, postage, copying, printing, etc. In subsequent years contractual expenses will diminish.

Supplies. These funds will be used to purchase office supplies and training materials. Costs will diminish in future years.

Equipment. Cost will only be for the first year and include purchase of a computer/word processor terminal and miscellaneous equipment.

0699E

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
 Title: An Act relating to the Neighborhood Business Development Program BU: Business Development  
 Sponsor: Labor and Commerce Committee Components: \_\_\_\_\_  
 Requester: Labor and Commerce Committee

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		64.3	64.3	91.0	91.0	91.0
TRAVEL		6.0	6.3	6.6	6.9	7.3
CONTRACTUAL		4.5	4.5	4.0	3.5	3.5
SUPPLIES		.4	.4	.4	.4	.4
EQUIPMENT		10.7	.6	.6	.6	.6
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		85.9	76.1	102.6	102.4	102.8

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of dollars)**

GENERAL FUND		85.9	76.1	102.6	102.4	102.8
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		85.9	76.1	102.6	102.4	102.8

**POSITIONS:**

FULL-TIME		1.5	1.5	2	2	2
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

SEE ATTACHED PAGE

Prepared by: Larry Mercurieff, Director *Bonnie J. Bonchick* Phone: 465-2017  
 Division: Business Development Date: February 26, 1988

Approved by Commissioner: J. Anthony Smith *J. Anthony Smith* Date: 2/26/88  
 Agency: Department of Commerce and Economic Development

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE CONTINUATION

ANALYSIS:

HB 430 states that the funds can only be used by communities of over 20,000 population which means only the Municipality of Anchorage, City and Borough of Juneau, City and Borough of Sitka, and City of Fairbanks can qualify.

The management of the fund will require the full time services of a Development Specialist I (Range 18) and the half services of an Accounting Clerk II (Range 9B). These two new positions will design, implement and administer the programs. By the third year, the Accounting Clerk II will be needed full time.

Development Specialist I (Range 18) (Salary and Benefits)	\$49,340
Accounting Clerk II (1/2 time)	<u>14,938</u>
	\$64,278

Administrative travel necessary to administer program will be \$6,000 in FY 89 increasing by 5% (inflation) a year through FY 93.

Contractual costs will be for communication items such as phone, postage, advertising, etc.

Supply costs will be minimal \$400 per year.

Equipment cost will be higher in the first year as two new offices will have to be equipped. This will include new modular units, two computer/word processors, two chairs and miscellaneous. Cost for each office is approximately \$5,500. After first year, equipment cost will be minimal.

5-1743N  
Chenoweth  
4/14/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 430 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska neighborhood <sup>[business]</sup> revi-  
7 talization initiative; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
11 by sec. 2 of this Act, is to promote neighborhood <sup>[business initiative by]</sup> revitalization and devel-  
12 opment through local initiatives of the state's communities with the assis-  
13 tance of financial institutions and the state.  
14 <sup>[ESTABLISHING A PROGRAM OF ECON. DEV. OF COMMERCIAL NEIGHBORHOODS IN THE STATE'S PRINCIPAL CITIES BY FINANCIAL INSTITUTIONS, RELYING ON LOCAL INITIATIVE FOR THE SPECIFIC DESIGN OF LOCAL PROGRAMS]</sup>

\* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT  
17 FUND. There is created the neighborhood <sup>[business]</sup> revitalization and develop-  
18 ment fund, to be administered by the commissioner. The commissioner  
19 shall deposit to the credit of the fund

- 20 (1) grants and contributions to the fund; and  
21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to

- 24 (1) nonprofit development corporations that qualify for  
25 assistance from the Neighborhood Reinvestment Corporation organized  
26 under 42 U.S.C. 8101-8107 (Neighborhood Reinvestment Corporation Act),  
27 for purposes of neighborhood housing services, <sup>[community]</sup> neighborhood revitali-  
28 zation, and economic development projects in a <sup>[City that has more than</sup> community; and  
29 <sup>20,000 persons.]</sup> (2) nonprofit community organizations that qualify for

1 assistance under the Alaska Main Street Program.

2 (b) The commissioner may adopt regulations necessary to carry  
3 out the department's functions under AS 44.33.431 - 44.33.433.

4 (c) The commissioner shall provide for an annual audit of the  
5 grants to nonprofit development corporations made under this section.

6 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

7 (1) "commissioner" means the commissioner of commerce and  
8 economic development;

9 (2) "community" means a home rule city or borough, a city  
10 or borough of any class, and a place that is not incorporated as a  
11 city and in which 25 or more persons reside as a social unit.

12 (3) "department" means the Department of Commerce and  
13 Economic Development;

14 (4) "fund" means the neighborhood revitalization and devel-  
15 opment fund established in AS 44.33.431.

16 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

17 (30) administer the neighborhood revitalization and develop-  
18 ment program under AS 44.33.431 - 44.33.433; in the administration of  
19 that program, the department shall establish a community-based Alaska  
20 Main Street Program that provides technical assistance and training  
21 for municipal governments, business organizations, merchants, and  
22 property owners to accomplish community and economic revitalization  
23 and development of older central business districts and neighborhoods;  
24 the program must use techniques developed by the National Trust for  
25 Historic Preservation that are designed to stimulate business rein-  
26 vestment, restore building facades, retain existing small businesses,  
27 strengthen the local tax base, create employment opportunities, pro-  
28 mote new commercial opportunities in the central business district,  
29 and help to stimulate a renewed sense of community pride.

\* Sec. 4. This Act takes effect July 1, 1988.

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5-1743X ✓

Chenoweth  
4/6/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 430 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska neighborhood business  
7 initiative; and providing for an effective date."

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote a neighborhood business initiative by  
11 establishing a program of economic development of commercial neighborhoods  
12 in the state's communities by financial institutions, relying on local  
13 initiative for the specific design of local programs.

14 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There  
17 is created the neighborhood business development fund, to be adminis-  
18 tered by the commissioner. The commissioner shall deposit to the  
19 credit of the fund

20 (1) grants and contributions to the fund; and

21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to nonprofit  
24 development corporations that qualify for assistance from the Neigh-  
25 borhood Reinvestment Corporation organized under 42 U.S.C. 8101-8107  
26 (Neighborhood Reinvestment Corporation Act), for purposes of neighbor-  
27 hood housing services, neighborhood revitalization, and economic  
28 development projects in a community.

29 (b) The commissioner may adopt regulations necessary to carry

1 out the department's functions under AS 44.33.431 - 44.33.433.

2 (c) The commissioner shall provide for an annual audit of the  
3 grants to nonprofit development corporations made under (b) of this  
4 section.

5 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

6 (1) "commissioner" means the commissioner of commerce and  
7 economic development;

8 (2) "community" means a home rule city or borough, a city  
9 or borough of any class, and a place that is not incorporated as a  
10 city and in which 25 or more persons reside as a social unit.

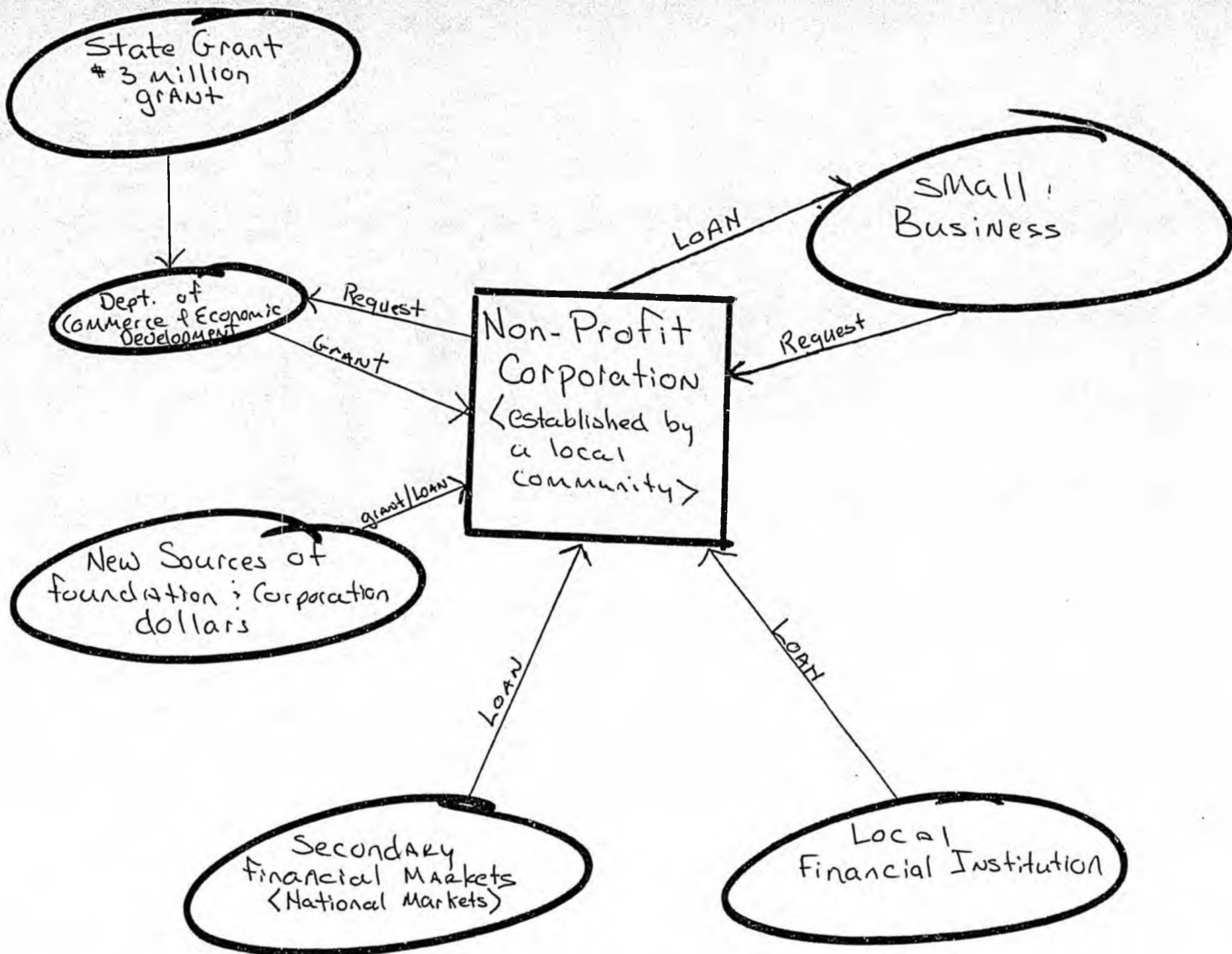
11 (3) "department" means the Department of Commerce and  
12 Economic Development;

13 (4) "fund" means the neighborhood business development fund  
14 established in AS 44.33.431.

15 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

16 (30) administer the neighborhood business development pro-  
17 gram under AS 44.33.431 - 44.33.433.

18 \* Sec. 4. This Act takes effect July 1, 1988.



Anchorage Neighborhood Housing Services, Inc.  
 Business Loan Fund  
 ECONOMIC DEVELOPMENT IMPACT  
 Seven Months

<u>BUSINESS TYPE</u> <u>PROJECT/LOAN</u>	<u>TOTAL \$</u>	<u>ANHS</u> <u>Loan \$</u>	<u>PRIVATE \$</u>	<u>CONST.</u> <u>JOBS</u>	<u>PERM.</u> <u>EMP.</u>
<u>LOANS CLOSED</u>					
Multi Family House	\$ 83,000	\$ 33,000	\$ 50,000	15	
Micro Computer Support Systems	440,000	50,000	390,000	7	14
Travel Agency	75,000	50,000	25,000	4	6
Site Development	15,500	15,500		4	
G.H. Private	3,500	3,500		2	Residence
N.V. Private	1,000	1,000		1	Residence
G.H. Private	3,500	3,500		2	Residence
N.V. Private	<u>1,098</u>	<u>1,098</u>		<u>2</u>	<u>Residence</u>
TOTAL	622,598	157,598	465,000	37	20
<u>LOANS APPROVED PENDING CLOSING</u>					
Hotel/Motel	3,053,000	195,000	2,858,000	15	8
Post Production Facil.	255,000	75,000	180,000		15
Retail Space	75,000	75,000		3	For <u>Lease</u>
AK. Food Manufacturer	300,000	270,000	30,000	12	8
Specialty Retail Store	420,000	84,000	336,000	4	7
Speciality Grocery	<u>130,000</u>	<u>100,000</u>	<u>30,000</u>	<u>4</u>	<u>4</u>
TOTAL	4,233,000	799,000	3,434,000	38	42
<u>OTHER PROJECTS</u>					
		<u>CONST.</u> <u>JOBS</u>		<u>NEW PERMANENT</u> <u>EMPLOYMENT</u>	
Small restaurant		4		5	
Delicatessen		3		5	
Bed and Breakfast		5		5	
Restaurant expansion		25		40	
Warehouse		30		10	
Small Shopping Center		N/A		N/A	
<u>TOTALS</u>					
<u>TOTAL</u> <u>INVESTMENT</u>	<u>ANHS \$</u>	<u>PRIVATE \$</u>		<u>CONST.</u> <u>JOBS</u>	<u>PERM.</u> <u>EMP.</u>
\$4,855,598	\$956,598	\$3,899,000		142	127



HISTORIC  
KETCHIKAN  
ALASKA

334 FRONT STREET  
KETCHIKAN, ALASKA 99811  
907-225-3111

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March 14, 1988

Honorable Robin Taylor  
House of Representatives  
Post Office Box V  
Juneau, Alaska 99811

Dear Representative Taylor:

The City of Fairbanks is leading a campaign to create a state office devoted to downtown economic development and historic preservation, and to have the State of Alaska join the National Main Street program.

As you know, Ketchikan has its' own community development and historic preservation program underway. Our program, called "Historic Ketchikan", is designed after the National Main Street model. We recognize that the Main Street concept offers a significant advantage to a participating community, but is expensive for the individual community. The program is far less costly yet more effective when the state is the member and the communities participate through that state office. Participating in this manner allows for developing a networking process by which all of our communities can benefit and the state government is supporting a community need.

I support the Fairbanks effort to persuade the State of Alaska to create and support a Main Street program office at state level.

Sincerely,

A handwritten signature in cursive script that reads "Ted Ferry". The signature is written in dark ink and is positioned above the printed name.

Ted Ferry  
Mayor, City of Ketchikan

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN • SPENARD

NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN  
LABOR AND COMMERCE  
COMMITTEE

MEMBER  
STATE AFFAIRS COMMITTEE  
HEALTH, EDUCATIONAL  
AND SOCIAL SERVICES COMMITTEE

DATE: March 17, 1988

TO: Representative Al Adams, Chair  
House Finance Committee

FROM: Representative Dave Donley *DB*

SUBJECT: HB 430, Neighborhood Business Initiative  
HB 431, Appropriation to the Neighborhood Business Initiative

I am writing to request that the House Finance Committee schedule a hearing on HB 430 and HB 431 the companion legislation of the Neighborhood Business Initiative, at your earliest convenience.

Neighborhood Business Initiative ( NBI ) is set up to help revitalize targeted neighborhood business zones. The goals of NBI is to create new short and long term jobs, create an incentive to attract new businesses to the area and to help make existing businesses more viable, attractive and stable.

Currently there is some thirty million dollars available from secondary financial markets, which include national insurance companies, commercial banks and national foundations who wish to make " social investments" available for community service and public relation purposes. Just in Anchorage alone we have seen this program create over 50 short term jobs and 60 long term jobs in less then eight months.

This secondary market would work hand-in-hand with a local non-profit corporations within the targeted area to utilize its money as well as the states money. The goal would be the state money would be able to be leveraged against the secondary markets at the rate of four to ten times.

This is one of the reasons I have introduced HB 430 and HB 431. In times like these we need to maximize the states money when creating jobs, in other words " get the biggest bang for the our money".

Please contact me or my aide, Mark Begich, 3892 should you have any questions or need additional information.

" AN ACT RELATING TO THE NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM "

HB 430 and the companion appropriation bill HB 431 is a program modeled after an existing loan program run by a non-profit corporation within Anchorage. The concept of the program is to leverage state money with the secondary financial markets, which include over \$30 million from national insurance companies. Some national insurance companies have made such "social investments" funds available for community service and public relation purposes. The purpose of this program is to redevelop commercial business zones.

The objectives of the program is:

- Create new short term and long term jobs.
- Create an incentive mechanism for attracting new businesses to an area.
- Help make existing businesses more viable, attractive, and stable.
- Leverage business loans made with conventional financing.
- Create a business climate that better services the community.

The bill also stipulates that any non-profit that applies for the grant funds from the Department of Commerce and Economic Development must meet the criteria set out in the Neighborhood Reinvestment Corporation.

The purpose of this bill is to offer an opportunity to develop a "true" public/private partnership in communities.

from Commissioner Tony Smith

pledge any additional assets or responsibility. There will be losses in the program irrespective of the quality of the underwriting standards, but these losses will appear at least a year or two in the future. We also recommend that there be a 1-to-4 ratio of reserves to program commitment at the start with the Board of AIDEA having the flexibility to adjust reserves to reflect actual experience. This means that there needs to be an appropriation of loans which will generate \$25 million if we are to do \$100 million in guarantees for the program to have the impact desired. We recommend a \$100 million program at the start.

3. HB 422 -- Payment for Purchases by Various Public Entities -- DCED supports this expansion of current law.
4. HB 429 -- Optional Exemption from Property Taxes on Vacated Land -- The Department is supportive of this concept and would suggest elimination of the limitation of its applications by removing the 30-year-old requirement on improvements currently included in the bill. So long as this proposal does not directly affect the revenues of the state, and is optimal for local governments, it should be considered.
5. HB 430 - 431 -- Neighborhood Business Development Programs and Appropriation -- The Department is conceptually supportive of these bills. We understand the difficulties associated with balancing the state's budget and do not represent that this is an essential \$3 million item. Hence, a threshold question is identifying a source of funding.

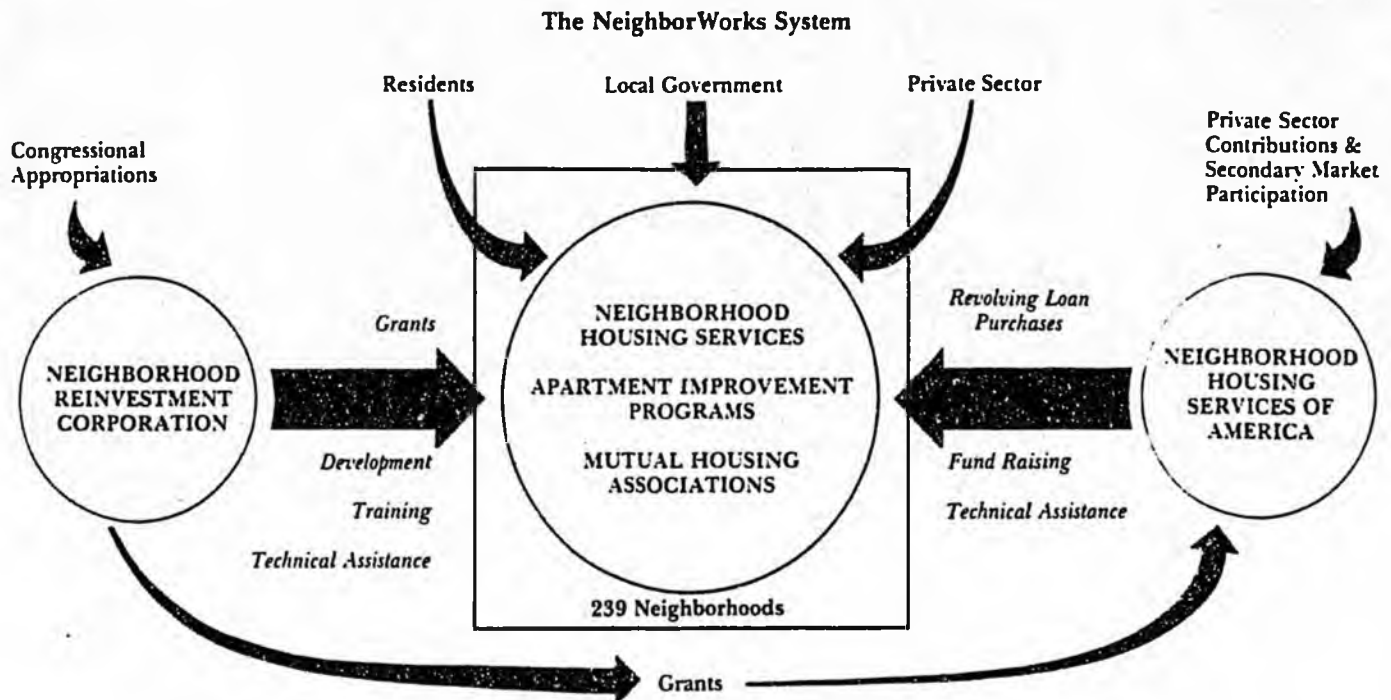
In addition to HB 429, 430, and 431, it is our perception that an appropriate public sector response to the supply/demand problem is public acquisition of developments for purposes of parks, neighborhood upgrade and to eliminate obsolete or nonconforming properties. Thus, special appropriations to entities such as the Heritage Land Bank and local governments would allow local governments and the state to take advantage of present price levels to improve the quality of life while beneficially impacting the supply/demand problem.

6. HB 432 -- AHFC Trades -- We are conceptually supportive of this bill; although by this time the Labor and Commerce Committee is fully cognizant of the limitations on AHFC's ability to unilaterally achieve the ends sought in this bill. The approach currently undertaken by the Labor and Commerce Committee seems to reasonably address this issue.

There are other changes in AHFC which would allow the agency to manage its revenues to be part of the solution rather than part of the problem. For example, AS 18.56.098 needs to be altered so that the interest rate formula is more flexible. Some recommended changes are:

“NHS has shown that cooperation among local and federal governments, businesses and the neighborhoods themselves can produce some very valuable results: the rehabilitation of not just individual homes but of whole neighborhoods as well.”

The Honorable Jake Garn  
United States Senate



### The Partners

In each NHS, *residents* take the lead. Residents hold the majority of seats on the board of directors and are represented on all committees. They determine the goals and standards for their neighborhoods, fix up their properties, and promote their neighborhoods. *Community business leaders* from insurance, banking, thrift institutions, and other, non-financial corporations supply their specialties: loans, property coverage, management expertise, operating contributions, or any combination of these. A crucial member of the partnership, especially in the development stages, is the *local government*. The local government usually provides the funds to develop a new NHS; targets necessary capital improvements as well as loans, grants and special programs to the NHS neighborhood; supplies principal funding for the NHS revolving loan fund; and, in cooperation with the NHS, conducts a sensitive, systematic housing inspection program aimed at voluntary compliance.

### A Local Response to Neighborhood Decline

Local communities ask a lot of NHS—and NHS responds. NHS's strength comes from its adaptability to a wide variety of local situations. For example, NHSs serve rural Dimmit County, Texas, as well as seven neighborhoods in New York City. Despite differences in size and geography, neighborhoods often share strikingly similar problems: a shrinking supply of housing affordable to low-income people; housing in various stages of deterioration; road, sidewalk, sewer and drainage systems in ill repair; a reduction in visible city services; a general lack of reinvestment in the neighborhood.

Often, these sorts of problems create related problems which accelerate the cycle of decline. Insurance companies may be reluctant to provide coverage in the neighborhood. Loan officers may hesitate to make loans. Local governments may reduce or defer

## Neighborhood Reinvestment Corporation

### *Balance Sheets*

Assets	<i>September 30,</i>	
	<i>1986</i>	<i>1985</i>
Cash and short-term investments (at cost, which approximates market)	\$5,746,998	\$3,967,991
Receivables:		
Neighborhood Housing Services of America, Inc. (Note 3)	500,000	350,000
Federal Home Loan Bank System	73,780	158,159
Local governments	180,775	177,463
Accrued interest receivable	90,077	73,258
Travel advances	68,465	54,946
Prepaid expenses and other	83,963	207,211
Office furniture and equipment, less accumulated depreciation of \$980,361 and \$776,369	<u>443,007</u>	<u>520,525</u>
<b>Total assets</b>	<b><u>\$7,187,065</u></b>	<b><u>\$5,509,553</u></b>
Liabilities and Fund Balance		
Accounts payable and accrued expenses	\$1,688,574	\$1,334,422
Installment purchase payable		83,761
Grant commitments (Note 4)	4,368,925	3,375,588
Unexpended local funds	<u>204,738</u>	<u>154,120</u>
<b>Total liabilities</b>	<b><u>6,262,237</u></b>	<b><u>4,947,891</u></b>
Fund balance		
Unrestricted	481,821	124,898
Net equity in fixed assets	<u>443,007</u>	<u>436,764</u>
<b>Total fund balance</b>	<b><u>924,828</u></b>	<b><u>561,662</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$7,187,065</u></b>	<b><u>\$5,509,553</u></b>

## Neighborhood Reinvestment Corporation

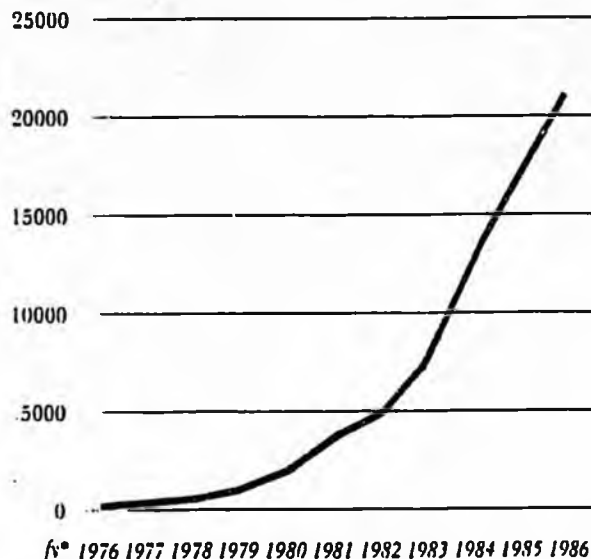
### *Statements of Revenue, Expenses and Changes in Fund Balance*

Revenue:	<i>Year Ended September 30,</i>	
	<i>1986</i>	<i>1985</i>
Congressional appropriation	\$17,669,000	\$15,512,000
Federal Reserve Board	200,000	400,000
Federal Home Loan Bank System	200,000	400,000
Local governments	341,127	496,945
Interest and other	1,100,471	1,112,991
<b>Total revenue</b>	<b>19,510,598</b>	<b>17,921,936</b>
Expenses:		
Grants and grant commitments (Note 4)	4,763,461	4,297,602
Salaries and employee benefits (Note 5)	8,580,509	8,454,712
Travel	1,658,001	1,703,505
Professional services	609,200	468,108
Conferences and workshops	303,129	380,279
Rent (Note 6)	1,284,410	1,184,623
Telephone, postage and delivery	789,172	545,525
Printing, films and supplies	406,257	411,909
Other general and administrative	549,301	527,256
Depreciation	203,992	208,612
<b>Total expenses</b>	<b>19,147,432</b>	<b>18,182,131</b>
Revenue over (under) expenses	363,166	(260,195)
Fund balance, beginning of year	561,662	821,857
Fund balance, end of year	<b>\$ 924,828</b>	<b>\$ 561,662</b>

## ■ Adding Strength through Private Sector Support

### NHS Secondary Market Loan Purchases For the years 1976 to 1986

*Cumulative Purchases  
Loan Balances (000's)*



fy\* 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986

\*Fiscal years ending September 30

### NHSA Secondary Market, 1986

*Note Purchase Agreements (in millions)*

Prudential	\$12.5
Metropolitan	5.0
Aetna	4.0
Allstate	4.0
Equitable	3.0
Mutual Benefit Life	1.0
Employers Insurance of Wausau	.5
<b>Total</b>	<b>\$30.0</b>

By leveraging social investments, NHSA has been able to purchase more than \$21 million in loans from 112 NHSs.

Affordable financing for home purchase and repair is essential to neighborhood revitalization. Because many residents in NHS neighborhoods cannot afford the cost of major home repairs under traditional loan repayment terms or do not meet conventional credit criteria, each NHS maintains a revolving loan fund to provide loans at interest rates and terms that meet these borrowers' ability to repay.

Neighborhood Housing Services of America (NHSA), a national corporation created in 1974, provides support to the NHS network and Neighborhood Reinvestment by operating a secondary market to keep NHS loan funds capitalized so that local NHSs will continue to have the resources they need to solve neighborhood problems.

NHSA buys loans from local NHSs and then sells collateralized securities, backed by pools of these NHS loans, to social investors. Initially, NHSA used its own funds to purchase NHS loans. In 1978, the Ford Foundation and Neighborhood Reinvestment contributed loan-fund working capital and the Equitable Life Assurance Society of the United States agreed to invest \$1 million in NHSA notes backed by NHS loans, thus introducing private-sector funds into the process and creating a true secondary market.

The secondary market quickly proved to be both a major resource for the NHS network and a sound and satisfying social investment (participating investors agree to "give up" the difference between the rate of return on their notes with NHSA and the market rate). Currently, seven major insurance companies have active note participation agreements with NHSA totaling \$30 million dollars.





January 29, 1988

Representative Dave Donley  
Alaska State House of Representatives  
Pouch V  
Juneau, AK 99811

ATTN: Mark Begich

Dear Representative Donley:

At your request, I am enclosing the annual report of the Neighborhood Reinvestment Corporation and some material describing the breadth of program services developed within local corporations as part of the Neighborhood Housing Services of America (NHS) network.

Also enclosed is a copy of the Community Development Amendments of 1978 which originally chartered Neighborhood Reinvestment by Congress and provides for annual appropriations to support the corporation. At the request of a local government, Neighborhood Reinvestment will conduct an assessment of a community with that community and provide assistance in developing local public and private partnerships that are necessary to set up a Neighborhood Housing Services Corporation. Once established, the corporations are independent, local non profits, chartered by state and local incorporation requirements, but are provided ongoing network assistance and occasional program development capital to test new programs within the local community as required.

Typically the local Neighborhood Housing Services Corporation operating under a public private partnership board administers a loan fund for housing and economic development type of activities. The national track record for leveraging capabilities is quite high and on the average has provided a ratio of 32:1 in private to public dollars. The secondary market support comes from our network consortium of NHS, which purchases loans made by the local NHS to continue to replenish needed loan fund dollars.

Anchorage Neighborhood Housing Services is currently one of small handful of Neighborhood Housing Services Corporations which is providing Commercial Development Loans which I described to you previously. If the city of Fairbanks is interested in creating a local non profit corporation modeled after the NHS, my suggestion is that they seek assistance through Neighborhood Reinvestment in developing that corporation. Anchorage Neighborhood Housing Services would be happy to assist both Neighborhood Reinvestment and Fairbanks in that effort, but it is paramount in my mind that it be a locally controlled private non profit. In establishing public private partnerships, local control is essential, as is an adequate resource base of funds to do the work at hand. If the state legislature were to provide additional capital for commercial revitalization, ANHS most certainly could utilize those funds because we have some significant projects that need funding and will help to stabilize the economy, as I am sure could a Fairbanks NHS.

**TITLE VI—NEIGHBORHOOD REINVESTMENT CORPORATION**

Neighborhood  
Reinvestment  
Corporation Act.

**SHORT TITLE**

**Sec. 601.** This title may be cited as the "Neighborhood Reinvestment Corporation Act".

42 USC 8101  
note.

**FINDINGS AND PURPOSE**

**Sec. 602. (a)** The Congress finds that—

42 USC 8101.

(1) the neighborhood housing services demonstration of the Urban Reinvestment Task Force has proven its worth as a successful program to revitalize older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level; and

(2) the demand for neighborhood housing services programs in cities throughout the United States warrants the creation of a public corporation to institutionalize and expand the neighborhood housing services program and other programs of the present Urban Reinvestment Task Force.

(b) The purpose of this title is to establish a public corporation which will continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government, and which will continue the nonbureaucratic approach of the Urban Reinvestment Task Force, relying largely on local initiative for the specific design of local programs.

**ESTABLISHMENT OF CORPORATION**

**Sec. 603. (a)** There is established a National Neighborhood Reinvestment Corporation (hereinafter referred to as the "corporation") which shall be a body corporate and shall possess the powers, and shall be subject to the direction and limitations specified herein.

42 USC 8102

(b) The corporation shall implement and expand the demonstration activities carried out by the Urban Reinvestment Task Force.

Dunes.

(c) The corporation shall maintain its principal office in the District of Columbia or at such other place the corporation may from time to time prescribe.

Offices.

(d) The corporation, including its franchise, activities, assets, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

**BOARD OF DIRECTORS; ESTABLISHMENT**

**Sec. 604. (a)** The corporation shall be under the direction of a board of directors made up of the following members:

Membership.  
42 USC 8103.

(1) the Chairman of the Federal Home Loan Bank Board;

(2) the Secretary of Housing and Urban Development;

(3) a member of the Board of Governors of the Federal Reserve System, to be designated by the Chairman of the Board of Governors of the Federal Reserve System;

(4) the Chairman of the Federal Deposit Insurance Corporation;

(5) the Comptroller of the Currency; and

(6) the Administrator of the National Credit Union Administration.

Chairman.

(b) The Board shall elect from among its members a chairman who shall serve for a term of two years, except that the Chairman of the Federal Home Loan Bank Board shall serve as Chairman of the Board of Directors for the first such two-year term.

Compensation and expenses.

(c) Each director of the corporation shall serve ex officio during the period he holds the office to which he is appointed by the President.

(d) The directors of the corporation, as full-time officers of the United States, shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as directors of the corporation.

(e) The directors of the corporation shall adopt such bylaws, policies, and administrative provisions as are necessary to the functioning of the corporation and consistent with the provisions of this title.

Quorum.

(f) The presence of a majority of the board members shall constitute a quorum.

(g) The corporation shall be subject to the provisions of section 552 of title 5, United States Code.

(h) All meetings of the board of directors will be conducted in accordance with the provisions of section 552b of title 5, United States Code.

## OFFICERS AND EMPLOYEES

42 USC 8104.

Sec. 605. (a) The board shall have power to select, employ, and fix the compensation and benefits of such officers, employees, attorneys, and agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no officer, employee, attorney, or agent of the corporation may be paid compensation at a rate in excess of the highest rate provided for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The directors of the corporation shall appoint an executive director who shall serve as chief executive officer of the corporation.

(c) The executive director of the corporation, subject to approval by the board, may appoint and remove such employees of the corporation as he determines necessary to carry out the purposes of the corporation.

(d) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the corporation or of any recipient, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(e) Officers and employees of the corporation shall not be considered officers or employees of the United States, and the corporation shall not be considered a department, agency, or instrumentality of the Federal Government. The corporation shall be subject to administrative and cost standards issued by the Office of Management and Budget similar to standards applicable to non-profit grantees and educational institutions.

## POWERS AND DUTIES

Sec. 606. (a) (1) The corporation shall continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services programs in neighborhoods throughout the United States, supervising their progress, and providing them with grants and technical assistance. For the purpose of this paragraph, a neighborhood housing services program may involve a partnership of neighborhood residents and representatives of local governmental and financial institutions, organized as a State-chartered non-profit corporation, working to bring about reinvestment in one or more neighborhoods through a program of systematic housing inspections, increased public investment, increased private lending, increased resident investment, and a revolving loan fund to make loans available at flexible rates and terms to homeowners not meeting private lending criteria.

Housing services programs, continuation. 42 USC 8105.

(2) The corporation shall continue the work of the Urban Reinvestment Task Force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

Preservation projects.

(3) The corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success, and after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States which in the judgment of the corporation can benefit therefrom, by providing assistance in organizing programs, providing grants in partial support of program costs, and providing technical assistance to ongoing programs.

(4) The corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America, a nonprofit corporation established to provide services to local neighborhood housing services programs, with support which may include technical assistance and grants to expand its national loan purchase pool and may contract with it for services which it can perform more efficiently or effectively than the corporation.

(5) The corporation shall, in making and providing the foregoing grants and technical and other assistance, determine the reporting and management restrictions or requirements with which the recipients of such grants or other assistance must comply. In making such determinations, the corporation shall assure that recipients of grants and other assistance make available to the corporation such information as may be necessary to determine compliance with applicable Federal laws.

(b) To carry out the foregoing purposes and engage in the foregoing activities, the corporation is authorized—

(1) to adopt, alter, and use a corporate seal;

(2) to have succession until dissolved by Act of Congress;

(3) to make and perform contracts, agreements, and commitments;

(4) to sue and be sued, complain and defend, in any State, Federal, or other court;

(5) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation of consultants, without regard to any other law, except as provided in section 608(d);

(6) to settle, adjust, and compromise, and with or without compensation or benefit to the corporation to release or waive in whole

or in part, in advance or otherwise, any claim, demand, or right of, by, or against the corporation;

(7) to invest such funds of the corporation in such investments as the board of directors may prescribe;

(8) to acquire, take, hold, and own, and to deal with and dispose of any property; and

(9) to exercise all other powers that are necessary and proper to carry out the purposes of this title.

Contracts and grants.

(c) (1) The corporation may contract with the Office of Neighborhood Reinvestment of the Federal home loan banks for all staff, services, facilities, and equipment now or in the future furnished by the Office of Neighborhood Reinvestment to the Urban Reinvestment Task Force, including receiving the services of the Director of the Office of Neighborhood Reinvestment as the corporation's executive director.

(2) The corporation shall have the power to award contracts and grants to—

(A) neighborhood housing services corporations and other non-profit corporations engaged in neighborhood preservation activities; and

(B) local governmental bodies.

Services and facilities.

(3) The Secretary of Housing and Urban Development, the Federal Home Loan Bank Board and the Federal home loan banks, the Board of Governors of the Federal Reserve System and the Federal Reserve banks, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the National Credit Union Administration or any other department, agency, or other instrumentality of the Federal Government are authorized to provide services and facilities, with or without reimbursement, necessary to achieve the objectives and to carry out the purposes of this title.

(d) (1) The corporation shall have no power to issue any shares of stocks, or to declare or pay any dividends.

(2) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

#### REPORTS AND AUDITS

Transmittal to President and Congress.  
42 USC 8106.

SEC. 607. (a) The corporation shall publish an annual report which shall be transmitted by the corporation to the President and the Congress.

(b) The accounts of the corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(c) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. The financial transactions of the corporation shall be audited by the General Accounting Office at least once during each three years.

(d) For any fiscal year during which Federal funds are available to finance any portion of the corporation's grants or contracts, the General Accounting Office, in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States, may audit the grantees or contractors of the corporation.

(e) The corporation shall conduct or require each grantee or contractor to provide for an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the corporation.

#### AUTHORIZATION

SEC. 608. (a) There are authorized to be appropriated to the corporation to carry out this title not to exceed \$12,500,000 for fiscal year 1979.

Appropriation authorization.  
42 USC 8107.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the corporation, and funds received by any recipient from a source other than the corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.

(d) The corporation shall prepare annually a business-type budget which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget program may be submitted from time to time.

Annual budget submission.

Transmittal to Congress.

31 USC 1.

## HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1980

PUBLIC LAW 96-399—OCT. 8, 1980

94 STAT. 1645

#### NEIGHBORHOOD REINVESTMENT CORPORATION

SEC. 315 Title VI of the Housing and Community Development Amendments of 1978 is amended—

(1) by striking out "National" in section 603(a);

42 USC 8102

(2) by striking out "supervising" in the first sentence of section 603(a)(1) and inserting in lieu thereof the word "monitoring"; and

42 USC 8103

(3) by striking out "and not to exceed \$12,000,000 for fiscal year 1980" in section 603(a) and inserting in lieu thereof the following: "not to exceed \$12,000,000 for fiscal year 1980, and not to exceed \$13,425,000 for fiscal year 1981"

42 USC 8107

**GARN-ST GERMAIN DEPOSITORY  
INSTITUTIONS ACT OF 1982.**

96 STAT. 1544

**PUBLIC LAW 97-320—OCT. 15, 1982**

**NEIGHBORHOOD REINVESTMENT CORPORATION**

42 USC 6103      **Sec. 710. (a) Section 604 of the Neighborhood Reinvestment Corporation Act (Public Law 95-557) is amended—**

(1) by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively, and by inserting after subsection (e) the following:

"(f) A director who is necessarily absent from a meeting of the board, or of a committee of the board, may participate in such meeting through a duly designated representative who is serving, pursuant to appointment by the President of the United States, by and with the advice and consent of the Senate, in the same department, agency, corporation, or instrumentality as the absent director, or in the case of the Comptroller of the Currency, through a duly designated Deputy Comptroller."; and

(2) by inserting in section 604(g), as redesignated, after "members" a comma and the words "or their representatives as provided in subsection (f)."

42 USC 6105

(b) Section 608(c)(3) of such Act is amended by inserting "funds," after "provide"

PLEASE DISTRIBUTE TO ALL MEMBERS OF THE HOUSE FINANCE COMMITTEE

PUBLIC TESTIMONY RE: HOUSE BILL NO. 430

April 7, 1988

Introduction:

My name is Bernie Souphanavong and I am the owner of Northland Soy Products in Anchorage, Alaska. I started my business in May, 1980. We are the main producer of Soy based foods and sprouts, and distributor of speciality Asian foods to grocery stores, military users and wholesalers from Anchorage to Barrow. In 1986 our business was named Alaska's Minority Small Business of the Year by the Small Business Administration. In 1988 we have been named the Small Business of the Year.

Statement:

We urge your support for HB 430 and HB 431 for the Neighborhood Business Development Loan Fund. As you are all aware, most businesses are facing an unprecedented change in economic profile and vitality. This has resulted in tight budgets, slow growth and low returns on investment. Many businesses have folded, most are maintaining, with a few expanding. As long as a business is meeting costs and is intact, it needs money to replace, maintain and upgrade equipment, to advertise products and services, expand new product lines to diversify income sources and pay for inventory. All of this means a need for working capital. That's just the way most businesses are operated. An analogy to this is State government and services - even if our population is reduced by half, basic and essential services must be maintained. Money must be had from somewhere to provide those services. Businesses too need continued sources of working capital to maintain operations. That's one of the reasons for having banks.

The financial institutions today are undergoing a period of uncertainty, internal turmoil, and lack of direction. Banks in general are hesitant. They are experiencing high turnovers and layoffs. Their focus now seems to be on collections rather than on making new loans or expanding existing loans. For many banks there are fewer loan officers and more people working in collections and special credits. There are simply fewer banks in the market. We've lost Bank of the North, Alaska Mutual, UBA, First Interstate and a savings and loan.

The Neighborhood Business Development Loan Fund can be a valuable resource for small businesses unable to obtain funding elsewhere. It would put critically needed funds in the hands of entrepreneurs to incubate businesses for future growth. By helping keep businesses running, it would maintain leases in commercial buildings, maintain stability in neighborhoods, keep jobs, hold up property values and generally promote a positive outlook in an otherwise down and dismal local economy.

Except for the first year of operations, we have made a profit every year. We have successfully paid off three SBA loans, and one bank loan, increasing sales every year. Even with this excellent track record and a well thought out business plan, I was still unable to obtain financing from conventional sources this year. The flexibility of Anchorage Neighborhood Housing Services loan fund enabled me to obtain a loan for expansion of my business and for purchasing a building in which to locate. This will drastically reduce my monthly costs thereby making my business stronger and more successful.

Anchorage Neighborhood Housing Services is a proven service provider. They have the important ingredient of management experience to help translate concept into reality. Good programs like this deserve your support. This bill is not just a local Anchorage interest. It is a positive addition to any community in Alaska. It crosses all boundaries. It will help many who deserve assistance to bridge the current financing gap.

*B. Souphanavong*  
Bernard Souphanavong April 17/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 430 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the Alaska neighborhood business  
initiative; and providing for an effective date."

7

8

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote a neighborhood business initiative by  
11 establishing a program of economic development of commercial neighborhoods  
12 in the state's principal cities by financial institutions, relying on local  
13 initiative for the specific design of local programs.

14

\* Sec. 2. AS 44.33 is amended by adding new sections to read:

15

ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

16

Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There

17

is created the neighborhood business development fund, to be adminis-  
18 tered by the commissioner. The commissioner shall deposit to the  
19 credit of the fund

20

(1) grants and contributions to the fund; and

21

(2) appropriations to the fund.

22

Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The

23

commissioner may use money in the fund to make grants to nonprofit  
24 development corporations that qualify for assistance from the Neigh-  
25 borhood Reinvestment Corporation organized under 42 U.S.C. 8101-8107  
26 (Neighborhood Reinvestment Corporation Act), for purposes of neighbor-  
27 hood housing services, community revitalization, and economic develop-  
28 ment projects in a city that has more than 20,000 persons.

29

(b) The commissioner may adopt regulations necessary to carry

1 out the department's functions under AS 44.33.431 - 44.33.433.

2 (c) The commissioner shall provide for an annual audit of the  
3 grants to nonprofit development corporations made under (b) of this  
4 section.

5 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

6 (1) "commissioner" means the commissioner of commerce and  
7 economic development;

8 (2) "department" means the Department of Commerce and  
9 Economic Development;

10 (3) "fund" means the neighborhood business development fund  
11 established in AS 44.33.431.

12 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

13 (30) administer the neighborhood business development pro-  
14 gram under AS 44.33.431 - 44.33.433.

15 \* Sec. 4. This Act takes effect July 1, 1988.

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE BILL NO. 430

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the neighborhood business devel-  
7 opment program; and providing for an effective date."

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote the economic development of commercial  
11 neighborhoods in the state's principal cities by financial institutions,  
12 relying on local initiative for the specific design of local programs.

13 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

14 ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

15 Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There  
16 is created the neighborhood business development fund, to be adminis-  
17 tered by the commissioner. The commissioner shall deposit to the  
18 credit of the fund

19 (1) grants and contributions to the fund; and

20 (2) appropriations to the fund.

21 Sec. 44.33.432. POWERS OF THE DEPARTMENT. (a) The commissioner  
22 may use money in the fund to make grants to nonprofit development  
23 corporations that qualify for assistance from the Neighborhood Rein-  
24 vestment Corporation organized under 42 U.S.C. 8101-8107 (Neighborhood  
25 Reinvestment Corporation Act), for purposes of neighborhood housing  
26 services, community revitalization, and economic development projects  
27 in a city that has more than 20,000 persons.

28 (b) The commissioner may adopt regulations necessary to carry  
29 out the department's functions under AS 44.33.431 - 44.33.433.

1           Sec. 44.33.433. DEFINITIONS.    In AS 44.33.431 - 44.33.433

2           (1) "commissioner" means the commissioner of commerce and  
3   economic development;

4           (2) "department" means the Department of Commerce and  
5   Economic Development;

6           (3) "fund" means the neighborhood business development fund  
7   established in AS 44.33.431.

8   \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

9           (30) administer the neighborhood business development  
10 program under AS 44.33.431 - 44.33.433.

11   \* Sec. 4.       This Act takes effect July 1, 1988.