

SR

480

SENATE COMMITTEE REPORT

FURTHER

3/15/88

DATE TURNED INTO OFFICE 4/13/88

Mr. President:

Finance Committee considered SB 480

establishing the Alaska regional economic assistance program; efd

and recommended

replace with CS SB 480 (FIN) same title
 or adopt _____ new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature] do pass
Chairman signature and recommendation

Committee Backup attached

14/B

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 480 (Fin)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Alaska Regional Economic Assistance Program BRU: Division of Business Development
Sponsor: Special Committee on Local & Economic Development
Requester: Senator Sturgulewski

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	300.0	500.0	500.0	500.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	300.0	500.0	500.0	500.0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	300.0	500.0	500.0	500.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	300.0	500.0	500.0	500.0	0

POSITIONS:

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

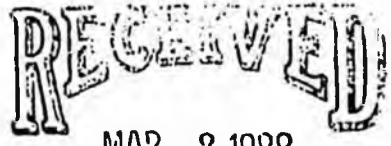
ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Tom Lawson, Economic Development Planner Phone: 465-2017
Division: Business Development Date: February 23, 1988

Approved by Commissioner: J. Anthony Smith Date: 3/7/88
Agency: Department of Commerce and Economic Development

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



MAR 3 1988

08/1/88

FISCAL NOTE ANALYSIS

SB 480 -- ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM

Assumptions/Program Summary: The fiscal note assumes that approximately ten regional development organizations will form and need funding at an average level of \$50.0 on an annual basis.

The program will be administered by the Division of Business Development staff as detailed in the FY 89 Operating Budget.

Economic Impact: While the proposed program will have a modest impact on the state budget, the projected long-term benefit of the program on the state's economy should be significant.

Impact on Local Government: Establishment of regional development organizations is optional. However, to receive state funding for the organization, matching funds are required. Nonstate matching funds would no doubt be solicited from a variety of sources, including local governments within the region. Since the total nonstate match would not have to exceed \$50.0, the fiscal impact on local governments within each region would vary, but on average would be slight. The benefits of the program, local/regional economic development and diversification, should far outweigh the costs.

Original sponsor: Special Committee on
Local and Regional
Economic Opportunity

Finance
~~BY THE LABOR AND
COMMERCE COMMITTEE~~

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 480 *Fix* (~~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 regional economic
7 assistance program; and providing for an effective
8 date."

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

10 * Section 1. PURPOSE. It is the purpose of the legislature in estab-
11 lishing the Alaska regional economic assistance program to

12 (1) encourage the formation of regional development organiza-
13 tions that address the economic problems of specific regions in the state;

14 (2) coordinate private and public resources to support economic
15 development on a regional basis;

16 (3) provide the state with information on regional economic
17 issues and opportunities for international trade; and

18 (4) provide assistance in local economic diversification and
19 development efforts during the current recession to encourage regions of
20 the state to become economically self-sufficient.

21 * Sec. 2. AS 44.33 is amended by adding a new section to read:

22 Sec. 44.33.026. ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM.

23 (a) The department shall

24 (1) encourage the formation of regional development orga-
25 nizations by providing assistance in forming organizations to inter-
26 ested individuals, including information on how to qualify and apply
27 for regional development grants and federal funding under 42 U.S.C.
28 3121 - 3246 (Public Works and Economic Development Act of 1965), as
29 amended;

1 (2) assist an interested individual in establishing bound-
2 aries for a proposed organization to ensure that the region

3 (A) is of sufficient geographic size and contains a
4 large enough population to form an economically viable unit with
5 shared interests, resources, traditions, and goals;

6 (B) contains at least one municipality that serves as
7 a regional center; and

8 (C) contains the entire area of each municipality
9 included in the region;

10 (3) gather information about regional economic issues,
11 international trade, and tourism from organizations;

12 (4) serve as liaison between organizations and other state
13 agencies and encourage other agencies to make resources available to
14 help accomplish goals of the organizations;

15 (5) assist each organization to

16 (A) provide services designed to encourage economic
17 development to local communities and businesses;

18 (B) collect and distribute economic information rele-
19 vant to the region;

20 (C) participate in state marketing campaigns and join
21 state trade missions that are relevant to the region; and

22 (D) develop and implement strategies to attract new
23 industry, expand international trade opportunities, and encourage
24 tourism within the region.

25 (b) Subject to (c) of this section, the department may make
26 regional development grants to organizations for projects the depart-
27 ment determines will be of value in encouraging economic development.
28 During a fiscal year the department may make no more than 15 grants
29 and may only make grants to one organization from a particular region.

1 An organization that is designated an economic development district
2 under 42 U.S.C. 3171 qualifies for grants under this subsection. The
3 department shall by regulation adopt procedures for applying for
4 regional development grants, including application deadlines. The
5 department may by regulation establish additional grant eligibility
6 requirements.

7 (c) To qualify for a grant, a regional development organization
8 must match the grant by providing an amount of money from nonstate
9 sources for the project that equals the amount of grant money to be
10 used for the project. The total amount of grant money provided to an
11 organization during a fiscal year may not exceed \$50,000.

12 (d) There is established in the department the regional develop-
13 ment fund consisting of appropriations to the fund. Money from the
14 fund may be used only for regional development grants. ~~An appro-~~
15 ~~priation to the regional development fund lapses to the fund from~~
16 ~~which it was appropriated July 1, 1993, unless otherwise provided in~~
17 ~~the appropriation act.~~

18 (e) In this section

19 (1) "department" means the Department of Commerce and
20 Economic Development;

21 (2) "regional development organization" or "organization"
22 means a nonprofit ^{organization or} corporation formed to encourage economic development
23 within a particular region of the state that includes the entire area
24 of each municipality within that region and that has a board of
25 directors that represents the region's economic, political, civic and
26 social interests.

27 * Sec. 3. AS 44.33.026 is repealed July 1, 1993.

28 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 480 Revised
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Alaska Regional Economic Assistance Program

Agency Affected: Commerce & Econ. Dev.
BRU: Division of Business Development

Sponsor: Special Committee on Local & Economic Opportunity
Requester: Senator Sturgulewski

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	300.0	500.0	500.0	500.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	300.0	500.0	500.0	500.0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	300.0	500.0	500.0	500.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	300.0	500.0	500.0	500.0	0

POSITIONS:

FULLTIME	0	0	0	0	0	0
PARTTIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Tom Lawson, Economic Development Planner
Division: Business Development

Phone: 465-2017
Date: February 23, 1988

Approved by Commissioner: J. Anthony Smith
Agency: Department of Commerce and Economic Development

Date: 3/7/88

Distribution (by preparer):

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

RECEIVED

MAR 3 1988

page 1 of 2

0972D-1/030488b

LEGISLATIVE FINANCE

1/6

0972D-1/030488b

FISCAL NOTE ANALYSIS

SB 480 -- ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM

Assumptions/Program Summary: The fiscal note assumes that approximately ten regional development organizations will form and need funding at an average level of \$50.0 on an annual basis.

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Impact on Local Government: Establishment of regional development organizations is optional. However, to receive state funding for the organization, matching funds are required. Nonstate matching funds would no doubt be solicited from a variety of sources, including local governments within the region. Since the total nonstate match would not have to exceed \$50.0, the fiscal impact on local governments within each region would vary, but on average would be slight. The benefits of the program, local/regional economic development and diversification, should far outweigh the costs.

3/1/88 S (840)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 480
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Alaska Regional Economic Assistance Program BRU: Division of Business Development
Sponsor: Special Committee on Local & Economic Opportunity
Requester: Senator Sturquilewski

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	500.0	500.0	500.0	500.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	500.0	500.0	500.0	500.0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	500.0	500.0	500.0	500.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	500.0	500.0	500.0	500.0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Tom Lawson, Economic Development Planner Phone: 74652017
Division: Business Development Date: February 23, 1988

Approved by Commissioner: J. Anthony Smith Date: 3/1/88
Agency: Department of Commerce and Economic Development
MAR 7 1988

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

LEGISLATIVE FINANCE

213 480

FISCAL NOTE ANALYSIS

SB 480 -- ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 24, 1988

SUBJECT: Alaska regional economic assistance
program (SB 480)

TO: Senator Arliss Sturgulewski

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested for SB 480.

Section 1. This is a statement of the purpose of the legislature in establishing the Alaska regional economic assistance program.

Section 2. The Department of Commerce and Economic Development is required to encourage the formation of regional development organizations, assist individuals in establishing boundaries for proposed organizations, gather information about regional economic issues, serve as liaison between organizations and other state agencies, and assist organizations to provide services designed to encourage economic development, collect economic information, participate in state marketing campaigns and trade missions, and develop strategies to attract new industry, expand trade opportunities, and encourage tourism. The department may make grants to organizations for projects of value in encouraging economic development. The department may only make grants to one organization from a particular region during a fiscal year and an organization designated as an economic development district under federal law qualifies for grants. In addition, to qualify for a grant an organization must match the grant. The total amount of grant money provided to one organization may not exceed \$50,000 during a fiscal year. A regional development fund is established and money in the fund lapses to the fund from which it was appropriated July 1, 1993 unless otherwise provided in the appropriation act. A regional development organization is defined to be a

Senator Arliss Sturgulewski
Page 2
February 24, 1988

nonprofit corporation formed to encourage economic development within a particular region with specific requirements regarding the composition of the board of directors.

Section 3. The Alaska regional economic assistance program is repealed July 1, 1993.

Section 4. The Act has an immediate effective date.

TBC:gc
WKG2:02

Economic Development Planning

REGIONAL DEVELOPMENT ORGANIZATIONS PROGRAM PROPOSED

Alaska communities are facing a myriad of complex local, regional, state, and international economic issues which are at best difficult to address. As a result a series of regional economic development entities have evolved as individual communities have begun to pool their resources, providing communities with a cooperative and organized means to meet these economic challenges. Because of the economic downturn, the demand from regional organizations and communities for state economic development technical and financial assistance has increased dramatically while revenues for state, federal, and local economic development assistance programs have been reduced.

To address this issue, the Division of Business Development has designed the Alaska Regional Development Organizations (ARDOR) Program and is included in Governor Cowper's FY 89 capital budget submission. The purpose of ARDOR program is to facilitate economic development at the regional and local level through establishment of a network of regional economic development organizations and the provision of financial and technical assistance. Governor Cowper recently introduced the program in Anchorage at the 37th Annual Alaska Municipal League (AML) Local Government Conference.

As proposed, the ARDORs will work with the communities and the division to develop and implement regional development strategies; address regional economic issues; collect and distribute regional economic information; provide development assistance within the region; participate in state economic development programs, such as marketing efforts; and coordinate economic development activities with member communities and the state. The ARDORs and regional development strategies will provide the foundation for the development of a credible, strong, and pragmatic state development strategy, under preparation by the division.

The ARDOR program is designed to encourage evolution of economic regions and organizations from the local level and ultimately be self-sustaining. An economic region will likely consist of communities with similar or related economic problems and opportunities. At least one city within the region should be recognized as a regional center of economic activity. It will be up to the region to determine its ARDOR. The organization selected must represent the economic, political, civic and social interests of the region with the confidence of its residents.

The ARDOR Program grants will be administered by the Division of Business Development. One-to-one matching grants of up to \$30,000 will be provided annually to ARDORs to support full-time professional staff in each ARDOR office.

A state/regional electronic mail computer network for coordination of economic development activities and dissemination of economic information and news will be established. In addition, quarterly regional teleconferences will be conducted between appropriate state agencies and regions.

In developing the ARDOR program, the division has been working closely with Senator Arliss Sturgulewski, Chair of the Senate Community and Regional Affairs Committee and Chair of the Senate Special Committee on Local and Regional Economic Opportunity. At the AML Conference a joint session of the Senate and House Community and Regional Affairs Committees was held. The ARDOR program was a focal point of discussion. The AML passed a resolution in support of the ARDOR program.



ALASKA ECONOMIC DEVELOPMENT STRATEGY PROGRESSES

As part of the Alaska Economic Development Strategy, a report entitled, *The Alaska Economy: An Overview*, has been prepared and is in the final editing stages. The report assesses the relative strengths and weaknesses of each sector of the state's economy and will serve as the foundation of the strategy. It is anticipated that the report will be published in early 1988.

Development of a process for coordinating the development of state, regional and local economic development planning and implementation activities is a major objective of the strategy program. The Alaska Regional Development Organizations Program (see related story) was formally proposed in November to meet this objective.

VENTURE CAPITAL IN ALASKA

Elaine Wurster was recently hired to assist the division explore the feasibility of attracting venture capital into the state. Legitimate venture capital groups (with sizable investment capital) will be contacted to explore possible efforts in Alaska.

ANNUAL RDC MEETING

The Resource Development Council's Eighth Annual International Conference on Alaska's Resources, "What Alaska Can Do For America" will be held February 26-27 at the Anchorage Sheraton Hotel. A number of speakers will cover a broad range of topics affecting Alaska's development.

Concurrently, the Fourth Annual All-Alaska Exposition will highlight tourism, transportation, and local economic development projects.



Official Business

Alaska State Legislature

P.O. BOX V
State Capitol
Juneau, Alaska 99811

PRESS RELEASE

February 22, 1988

By: SENATOR ARLISS STURGULEWSKI, CHAIRMAN
Senate Special Committee on Local & Regional Economic Opportunity

Contact: Frank Homan - 465-3818

Senator Arliss Sturgulewski announced today the introduction of legislation designed to promote regional economic development. Senate Bill 480 will establish the Alaska regional economic assistance program and apply throughout the state. The legislation is sponsored by the Senate Special Committee on Local and Regional Economic Opportunity of which Senator Sturgulewski is chairman. Other members of the committee include Senator Lloyd Jones of Ketchikan and Senator Fred Zharoff of Kodiak.

"I am particularly pleased with this legislation," said Senator Sturgulewski. "We have been working on this bill for the past year and have had many meetings with numerous groups who are trying to bring about economic development in their areas. There is an excitement and a momentum out there that we want to encourage and assist. For example," she continued, "there are people coming together on a regional basis to help each other such as the Southwest Municipal Conference, the Southeast Conference, the Kenai Peninsula, the Mat-Su, the Lower Yukon Kuskokwim River area, Interior Alaska and the Northwest Arctic to mention only a few. They are now in various stages of formation and I hope this legislation

will aid in bringing them together for mutual benefit of the region."

The legislation will compliment the regional program being developed within the Department of Commerce and Economic Development (DCED) by giving it a formal structure. SB 480 provides for grants of up to \$50,000 per year to each region that qualifies.

"We have tried to keep the requirements of each region to a minimum," she said, "because we don't want the state to dictate to the regions. We would rather encourage the regions to form on their own initiative. If there is no support for the program from the regions, then the state will not force it on them. Each area has its own set of interests, resources, traditions, and goals," the Senator said, "and we want that to be the catalyst for development, not a canned program put out by the state."

The DCED will be responsible for the program. Information will flow both ways; the state would provide assistance to regions that request it and the regions would be responsible to provide information back to the state that would assist in state economic development promotion. "For example," Sturgulewski said, "if a region has a particular product or resource they want to develop for export, the information would be made available to the state and the state Office of International Trade would incorporate it into their overseas promotion program."

The regional assistance program is designed to be a partnership. There

must be cooperation among communities in the region to work together; there must be private and public representatives in the organization; and there must be cooperation between the state and the region. One requirement is that the DCED serve as a liaison between regional organizations and other state agencies to make resources available to help the regions accomplish their goals. "Too many times we have competition among agencies of the state when we should have cooperation. We're all in this together," said Sturgulewski.

The legislation defines regional development organization to mean a non-profit corporation formed to encourage economic development within a particular region of the state. It has a board of directors that represents the region's economic, political, civic, and social interests and that includes at least one municipal official, one person from the local private business sector, and one person who represents the local Native community.

"I see this legislation as a positive step in creating economic development initiatives at the local level," said Sturgulewski. "There are a lot of people out there that have good ideas for economic growth. This legislation will say to them that the state wants to help support their efforts."

The bill was assigned to the Labor and Commerce and Finance Committees in the Senate.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-4

A RESOLUTION SUPPORTING THE ALASKA
DEVELOPMENT ORGANIZATIONS PROGRAM.

WHEREAS, the League supports legislation and funding policies which would promote the creation and implementation of economic development organizations by Alaska municipalities, and

WHEREAS, the State of Alaska has experienced a profound long-term economic change resulting from the decline in oil revenues, and

WHEREAS, Alaska communities are facing a myriad of complex local, regional, state, and international economic issues which are, at best, difficult to address, and

WHEREAS, there has been a natural evolution of regional economic development entities from individual communities to pool resources, providing communities with a cooperative and organized means to meet these economic challenges, and

WHEREAS, because of the economic downturn, the demand from regional organizations and communities for state economic development technical and financial assistance has increased dramatically while revenues for state, federal, and local economic development assistance have been reduced, and

WHEREAS, the Division of Business Development, Alaska Department of Commerce and Economic Development has proposed a new program, the Alaska Regional Development Organizations Program (ARDOR), to promote and provide financial assistance to regional development organizations, and

WHEREAS, the purpose of the ARDOR program is to facilitate economic development at the regional and local level through establishment of a network of regional economic development organizations and the provision of financial and technical assistance, based on the evolution of economic regions and organizations from the local level, and

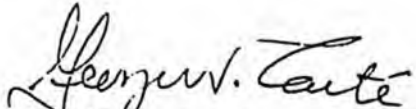
WHEREAS, representative economic development organizations of these regions will work with the communities and the State to develop and implement an action-oriented regional economic development strategy accommodating local economic development action plans, provide economic development and business technical assistance to region member communities and businesses, collect and distribute economic information on the region, participate in state

marketing campaigns, and serve as a liaison for coordination with local governments and the State regarding regional economic activities and issues, and


WHEREAS, the ARDOR program and regional development strategies will provide the foundation for the development of a credible, strong, and pragmatic state development strategy;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges that the Governor and the Legislature support the Division of Business Development, Alaska Department of Commerce and Economic Development, and fund the Alaska Regional Development Organizations Program (ARDOR).

Adopted this 13th day of November 1987.


George W. Carte, President

ATTEST:


Scott A. Burgess, Executive Director

Resolution No. 88-4



Southwest Alaska Municipal Conference

Putting Resources to Work For People

1007 West 3rd Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 274-7555

February 28, 1988

Senator Arliss Sturgulewski, Chairperson
Senate Special Committee on Local and
Regional Economic Opportunity

P.O. Box V

Juneau, Alaska 99811

Re: SB 480

Dear Senator Sturgulewski:

The Southwest Alaska Municipal Conference (S.W.A.M.C.) is pleased to comment on SB 480 which establishes the Alaska regional economic assistance program. S.W.A.M.C. views SB 480 as a positive contribution to locally-initiated economic development in the State.

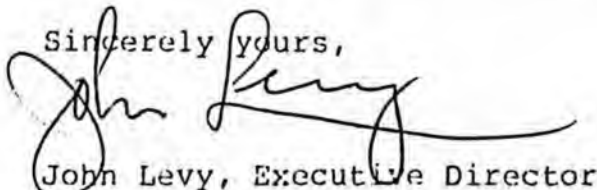
S.W.A.M.C. represents municipalities in Bristol Bay, the Aleutians, the Pribilofs and Kodiak. Our many associate members include banks, shippers, and Native corporations. Our organization currently relies on memberships and donations (\$15,000 annually) to employ one part-time staff person. I have enclosed an example of some of the economic development work S.W.A.M.C. has done. These profiles were researched and written by S.W.A.M.C. and Department of Community and Regional Affairs staff last summer.

Printing costs (\$26,000) were paid for by the eight communities involved in the project. S.W.A.M.C. had a booth at Fish Expo in Seattle where we distributed several hundred. Funding of SB 480 would allow regional organizations such as ourselves to become even more active in identifying the growth and investment needs for the region and bring together business and local government to address those needs.

Our only concern with the current version of the bill is that we request that Section 2 (e) (2) be changed so that everything after "...civic and social interests..." to the end of the paragraph be struck. S.W.A.M.C. represents cities. Although unincorporated communities and firms may be associate members, only cities have voting rights. We fear that the present qualifying language would prevent our participating in this program.

I thank you for this opportunity to offer comments and hope to be available to testify at the March 9 hearing.

Sincerely yours,



John Levy, Executive Director

Representing Bristol Bay, The Pribilofs, Kodiak and the Aleutians.



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
701 "C" Street, Box 10
Anchorage, Alaska 99513
907-271-5857

March 6, 1988

Honorable Tim Kelly, Chairman
Senate Committee on Labor and Commerce
Alaska State Legislature
The Capitol
Juneau, Alaska 99811

Dear Senator Kelly:

This letter concerns Senate Bill No. 480, which your Committee is to consider March 9th. As it will not be possible for me to appear in person to testify, I wished to write to you in regard to the proposed Alaska regional economic assistance program.

Throughout most of the United States, regional economic development has grown significantly. It has proved effective, both in terms of cost and program delivery.

I am very pleased to see both the Legislature and the Administration working to encourage meaningful local, regional economic development. For a variety of unique and developmental reasons, Alaska has not previously fostered regional economic development. Senate Bill 480 should provide a very strong encouragement for local development of regional economic development organizations.

In addition to direct local benefit from working together, the State (and my agency, as well) should benefit from stronger, more targeted and better thought-out projects which have broader local commitment.

In those regions which can meet Economic Development District criteria, I feel that even more benefits will accrue. Where you have the local public and private sector representatives sitting around a table, as equals, making decisions or recommendations which together they have a better opportunity of making happen, success in economic development should breed further success. The "movers and shakers" of both sectors can be the driving force to increase local jobs and improve local economies.

Best regards,

Bernhard Richert
Bernhard Richert
Economic Development
Representative

ECONOMIC DEVELOPMENT DISTRICTS

Economic Development Districts (or EDD's or Districts) are locally-formed organizations with representation of both the Public and Private sectors. The primary objective of a District is to promote sound economic development for the communities it serves. An Economic Development District:

- o can serve a variety of purposes or functions (which are determined locally)
- o will work together for common economic development purposes
- o has as its membership multiple geo-political entities
- o is funded from a variety of sources (State, Federal, Borough, City, etc.)
- o has a staff responsible to the local board of directors.

There are well over 300 EDD's nationally, many States being covered with the organizations. A District can provide technical assistance in selected program areas, or it can run programs or deliver a wide range of services, depending upon the local EDD's wishes.

Financial advantages include sharing the cost of the organization among various funding sources. (The Economic Development Administration can make Planning or "administrative" grants-in-aid to help EDD's with their Overall Economic Development Programs.) Public Works projects which are funded by the Economic Development Administration are eligible for an additional ten percent (10%) bonus from the Federal Government. There also should be an economy of scale by communities working more closely together. By agreeing on what to work together on, it should be possible to avoid duplication.

An EDD is independent, yet responsible and responsive to local public and private interests because both are meaningfully involved as board members, and local governments contribute to the financial operation of the District.

A new District would likely have a staff of about three, working directly under a Board of Directors of a size workable for the local area.

Possible activities could include any of the following, and many others:

- o areawide tourism promotion
- o transportation planning
- o working to establish a Customs office
- o run a revolving loan program or establish a business "incubator"
- o export promotion, industrial development, energy conservation, financial management for villages or cities, resource development

This program ties in nicely with the State's Trade Alaska Program.

Getting started: establish an appropriate organization (State non-profit) and request the Governor to endorse the geographic area as an Economic Development District to the Economic Development Administration.

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

February 29, 1988

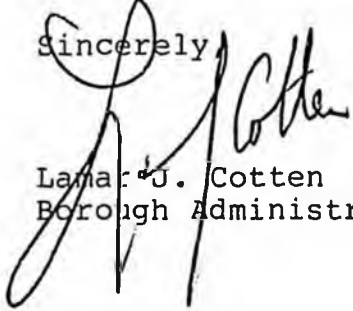
Senator Arliss Sturgulewski
P.O. Box V
Juneau, Alaska 99811

RE: Senate Bill 480

Dear Senator Sturgulewski:

This correspondence serves as a letter of support for SB 480. The Aleutians East Borough (AEB), as a member of the South West Alaska Municipal Conference (SWAMC), views this legislation as a positive step towards promoting regional economical development. The AEB supports SWAMC being a recipient of the money for this region and as always looks forward to working with your office on this subject and others.

Sincerely,


Lamar J. Cotten
Borough Administrator

City of Sand Point

P.O. Box 249
Sand Point, Alaska 99661

(907) 383-2696

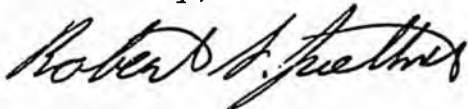
March 2, 1988

Honorable Arliss Sturgelewski
P.O. Box V
Juneau, Alaska 99811

Dear Senator Sturgelewski:

The City of Sand Point supports your efforts through SB 480 to promote regional economic development planning. Meaningful economic development results from the involvement of local people through a pooling of their interests, concerns and resources. When communities which are individually working on economic development associate with other communities in their region, they develop sound regional economic plans. We in our region are fortunate to belong to the Southwest Alaska Municipal Conference (SWAMC). For the past two years SWAMC has effectively bridged the gap between Bristol Bay people and Aleutian people. As such, the City of Sand Point will support the effort of SWAMC to be a recipient of funds made available by SB 480.

Sincerely,



Robert S. Juettner
City Administrator

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: JOHN C. STEIN
TITLE: MAYOR OF WASILLA
ADDRESS: 290 E. HERNING
CITY: WASILLA
PHONE: 373-9055

ZIP: 99687

BILL NO: SB 480
SUBJECT: REGIONAL ECONOMIC ASSISTANCE PROGRAM
MESSAGE: I STRONGLY SUPPORT THE ARDOR PROGRAM PROPOSED IN SB480. THE REGIONAL APPROACH TO ECONOMIC DEVELOPEMENT MUST HAVE LOCAL PARTICIPATION AND STATE SUPPORT. I SUGGEST 44.33.026(E)(2) BE AMENDED TO PROVIDE ORGANIZATION MEMBERSHIP FOR "MINORITIES" RATHER THAN "LOCAL NATIVE COMMUNITY." MANY COMMUNITIES WILL HAVE NATIVE MAJORITIES. KEEP UP THE GOOD WORK. THANKS!

POMID: 14112836
DATE: 03/09/88
TIME: 11:28:36
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON
MENARD

ELIASON
FAHRENKAMP
KELLY
SZYMANSKI
UEHLING

NO RESPONSE REQUIRED

Suggested by: Mayor Williams

CITY OF KENAI

RESOLUTION NO. 88-25

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, ENDORSING AND URGING THE ALASKA STATE LEGISLATURE TO SUPPORT AND PASS SENATE BILL 480 WHICH IS DESIGNED TO PROMOTE REGIONAL ECONOMIC DEVELOPMENT.

WHEREAS, dependency upon oil revenues to support the State of Alaska over the past two years has become extremely volatile, and

WHEREAS, the State of Alaska needs to design a program that will create stability in the economic picture in the state of Alaska, and

WHEREAS, Senate Bill 480 provides for grants of up to \$50,000 per year to each region in the state of Alaska that qualifies under the terms of Senate Bill 480, and

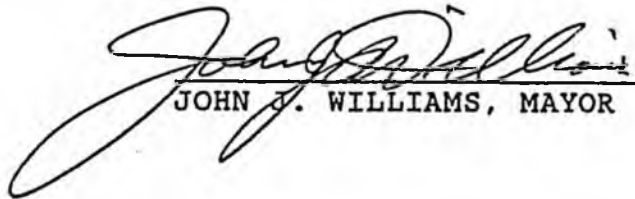
WHEREAS, these regional programs will be charged with the responsibility of diversifying and adding to the economic structure within the state of Alaska to create a more stable business climate to the benefit of all Alaskans, and

WHEREAS, Senate Bill 480 appears to be one of the few positive steps in creating economic development initiatives at the local level, and

WHEREAS, the regional assistance program is designed to be a partnership between local regions and the Department of Commerce and Economic Development by providing information that will flow to the DCED and from the DCED back to the local regions in an effort for the State and local areas to participate in this stabilizing economic program.

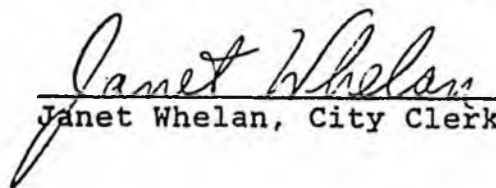
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that said Council urges the Alaska State Legislature to pass Senate Bill 480.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 6th
day of April, 1988.



JOHN J. WILLIAMS, MAYOR

ATTEST:



Janet Whelan, City Clerk

Introduced: 2/22/88
Referred: Labor and Commerce
and Finance

5-1480A

BY THE SPECIAL COMMITTEE
ON LOCAL AND REGIONAL
ECONOMIC OPPORTUNITY

1 IN THE SENATE

2

SENATE BILL NO. 480

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 regional economic

7

assistance program; and providing for an effective

8

date."

9

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

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* Section 1. PURPOSE. It is the purpose of the legislature in estab-

11

lishing the Alaska regional economic assistance program to

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(1) encourage the formation of regional development organiza-

13

tions that address the economic problems of specific regions in the state;

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(2) coordinate private and public resources to support economic

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development on a regional basis;

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(3) provide the state with information on regional economic

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issues and opportunities for international trade; and

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(4) provide assistance in local economic diversification and

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development efforts during the current recession to encourage regions of

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the state to become economically self-sufficient.

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* Sec. 2. AS 44.33 is amended by adding a new section to read:

22

Sec. 44.33.026. ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM.

23

(a) The department shall

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(1) encourage the formation of regional development orga-

25

nizations by providing assistance in forming organizations to inter-

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ested individuals, including information on how to qualify and apply

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for regional development grants and federal funding under 42 U.S.C.

28

3121 - 3246 (Public Works and Economic Development Act of 1965), as

29

amended;

1 (2) assist an interested individual in establishing bound-
2 aries for a proposed organization to ensure that the region

3 (A) is of sufficient geographic size and contains a
4 large enough population to form an economically viable unit with
5 shared interests, resources, traditions, and goals; and

6 (B) contains at least one municipality that serves as
7 a regional center;

8 (3) gather information about regional economic issues,
9 international trade, and tourism from organizations;

10 (4) serve as liaison between organizations and other state
11 agencies and encourage other agencies to make resources available to
12 help accomplish goals of the organizations;

13 (5) assist each organization to

14 (A) provide services designed to encourage economic
15 development to local communities and businesses;

16 (B) collect and distribute economic information rele-
17 vant to the region;

18 (C) participate in state marketing campaigns and join
19 state trade missions that are relevant to the region; and

20 (D) develop and implement strategies to attract new
21 industry, expand international trade opportunities, and encourage
22 tourism within the region.

23 (b) Subject to (c) of this section, the department may make
24 regional development grants to organizations for projects the depart-
25 ment determines will be of value in encouraging economic development.
26 During a fiscal year the department may only make grants to one orga-
27 nization from a particular region. An organization that is designated
28 an economic development district under 42 U.S.C. 3171 qualifies for
29 grants under this subsection. The department shall by regulation

1 adopt procedures for applying for regional development grants, includ-
2 ing application deadlines. The department may by regulation establish
3 additional grant eligibility requirements.

4 (c) To qualify for a grant, a regional development organization
5 must match the grant by providing an amount of money from nonstate
6 sources for the project that equals the amount of grant money to be
7 used for the project. The total amount of grant money provided to an
8 organization during a fiscal year may not exceed \$50,000.

9 (d) There is established in the department the regional develop-
10 ment fund consisting of appropriations to the fund. Money from the
11 fund may be used to carry out the purposes of this section and for
12 costs of administering the Alaska regional economic assistance pro-
13 gram. An appropriation to the regional development fund lapses to the
14 fund from which it was appropriated July 1, 1993, unless otherwise
15 provided in the appropriation act.

16 (e) In this section

17 (1) "department" means the Department of Commerce and
18 Economic Development;

19 (2) "regional development organization" or "organization"
20 means a nonprofit corporation formed to encourage economic development
21 within a particular region of the state with a board of directors
22 that represents the region's economic, political, civic and social
23 interests, and that includes at least one municipal official, one
24 person from the local private business sector, and one person who
25 represents the local Native community.

26 * Sec. 3. AS 44.33.026 is repealed July 1, 1993.

27 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/3/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/22/88 DATE TURNED INTO OFFICE _____
Mr. President:

Labor and Commerce Committee considered SB 480

establishing the Alaska regional economic assistance program; efd

and recommended:

replace with CS SB 480 (LIC) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

2 [Signature]
2 [Signature]

OTHER RECOMMENDATIONS

1 [Signature] (No Rec)
1 [Signature] (No Rec)

1 Tim Kelly - No Rec
Chairman signature and recommendation

Committee Backup Attached