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STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 11, 1988

The Honorable Jan Faiks  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to foreign trade zones. The bill repeals and reenacts AS 45.77.010 to make it more comprehensive and to remove certain ambiguities. The changes are intended to encourage establishment of foreign trade zones by clarifying the authority to apply for foreign trade zone privileges and to operate the zones.

The bill improves on the existing statute by making clear (1) that public corporations may jointly apply for establishment of a foreign trade zone; (2) that both public and private corporations may apply for foreign trade zone privileges; and (3) if the application is approved, that they may operate the zone. For a private corporation, the present statute's requirement of approval from the commissioner of commerce and economic development is retained. Either a public or private applicant may operate the foreign trade zone by contracting with a private operator.

"Public corporation" is defined to include the state, a political subdivision of the state, and a board, commission, or other instrumentality of either, or any combination of these entities. For example, the bill would allow the state to work with a municipality, or several municipalities or their agencies, to apply together for the privilege of establishing or operating a foreign trade zone. The concept of defining "public corporation" to include the state itself is somewhat unusual, but it directly parallels federal law (19 U.S.C. 81a(e)).

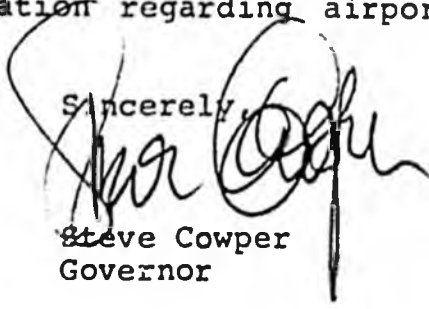
Several other states, including Rhode Island, North Carolina, Maryland, and Tennessee, have a similar statute. This bill goes beyond their versions, however, by making clear the authority of various public entities to cooperate.

The Honorable Jan Faiks

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Several existing provisions of law provide authority for the state to cooperate with local entities. The Alaska Constitution, art. X, sec. 13, allows the state to agree with local governments for joint or cooperative administration of any functions. And AS 02.15.080 and 02.15.130 provide specifically for such cooperation regarding airport administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper  
Governor

STATE OF ALASKA 1988 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST \_\_\_\_\_

Bill Version: \_\_\_\_\_  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Relating to Foreign Trade Zone

Agency Affected: DOT&PF  
BRU: \_\_\_\_\_

Sponsor: Rules Committee  
Requestor: Governor

Components: \_\_\_\_\_

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

OPERATING	FY 98	FY 99	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** There is no fiscal impact to the Department of Transportation and Public Facilities

Prepared by: Robert G. Poe, Jr., Deputy Commissioner <sup>RGJ</sup> Phone: 465-3900  
Division: \_\_\_\_\_ Date: 2/1/88

Approved by Commissioner: Mark S. Hickey <sup>M&H</sup> Date: 2/1/88  
Agency: DOT&PF

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: SB 414  
PUBLISH DATE: 02-11-88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to foreign trade zones and effective date  
Sponsor: Rules Committee  
Requester: Governor

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

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: William G. Paulick, Development Specialist Phone: 465-2017  
Division: Business Development Date: 03-07-88

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

Distribution (by preparer):

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

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# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

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PHONE: (907) 465-3600

March 3, 1988

The Honorable Mitch Abood, Chair  
Alaska State Senate  
State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Re: SB 414 (Foreign Trade Zones)

Dear Senator Abood:

The senate schedule shows that this bill will be taken up in your committee on Friday, March 4, 1988. Perhaps some comments in addition to the governor's February 11, 1988 transmittal letter (1988 Senate Journal page 2227) would be helpful.

Federal law (19 U.S.C §81a -- 81u) provides for the establishment of foreign trade zones. (See, in particular, 19 U.S.C. 81b(d), dealing with joint state/municipal facilities, and requiring state legislation.) Alaska's law on the subject, AS 45.77.010, is a sparse provision that contains several defects. Senate Bill 414 improves the current law in at least the following four ways:

1. The current law does not provide for a joint application by, for example, the state and a municipality. The bill remedies that by defining "public corporation" to include a combination of the state or its agencies and a political subdivision of the state or the political subdivision's agencies. See proposed AS 44.77.020(3), in sec. 2 of the bill.
2. The current law does not define terms such as "corporation," "state," or "municipality" to make clear whether subdivisions or agencies are authorized to apply for foreign trade zone privileges. The bill provides helpful definitions of the relevant terms, making clear what entities may apply. See proposed AS 45.77.020, in sec. 2 of the bill.

3. In the current law, AS 45.77.010(1) and (3) are contradictory. The qualifications of a corporation which paragraph 1 leads you to expect in paragraph 3 are missing. In addition, paragraph 1 specifies that the commissioner of commerce and economic development applies on behalf of a corporation, but paragraph 3 provides that the corporation's officers do the applying ("through the commissioner"). The bill remedies these problems. See proposed AS 45.77.010(a) and (b), in sec. 1 of the bill.
4. The current law implies that the successful applicant is to be the entity that will "establish, operate, and maintain" the foreign trade zone, without indicating that operations may be handled by contract with a professional operator. The bill remedies this oversight. See proposed AS 45.77.010(c), in sec. 1 of the bill.

I hope that you and your committee will find this helpful, and I will leave to representatives of the Department of Transportation and Public Facilities a description of the benefits to be derived from establishing foreign trade zones in Alaska.

Thank you for this opportunity to comment.

Yours truly,

GRACE BERG SCHAIBLE  
ATTORNEY GENERAL

By:   
Arthur H. Peterson  
Assistant Attorney General

AHP/lg

cc: Robert Poe, Deputy Commissioner  
Department of Transportation and  
Public Facilities

Bob Evans, Legislative Liaison  
Office of the Governor