

HB

160



**HOUSE LABOR AND COMMERCE COMMITTEE**

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



February 21, 1989

M E M O R A N D U M

To: Representative Ron Larson, Co-chair  
Representative Lyman Hoffman, Co-chair  
House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: Request for hearing - HB 160 and HB 161

I am writing to request that you schedule a hearing on HB 160 and HB 161, the enabling and appropriation bills for the Alaska Neighborhood Revitalization Program, before the House Finance Committee at your earliest convenience.

The Alaska Neighborhood Revitalization Initiative (HB 160) and the companion funding bill (HB 161) creates a statewide program modeled after Anchorage Neighborhood Housing Services to leverage state money with secondary financial markets, both public and private, to redevelop commercial business zones. This program will provide as much as a four to one match for every dollar the state puts in.

The purpose of the Alaska Neighborhood Revitalization Initiative is to provide an opportunity to develop a public/private partnership in communities to:

- Create new short term and long term jobs.
- Create an incentive 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 serves the Community

There is overwhelming support for the enabling legislation creating the Alaska Neighborhood Revitalization Initiative from the administration, the Legislature, the Alaska Municipal League, and small businesses throughout the state. HB 160 provides an unprecedented opportunity for economic development that will benefit Alaskans everywhere. However, identifying a secure and appropriate funding source for the seed money needed to initiate the program presents a significant challenge, given our current economic climate.

The House Labor and Commerce Committee introduced similar legislation last year with a direct general fund appropriation as the funding source. The measures, HB 430 and 431 passed the House but failed to come before the Senate for a vote prior to adjournment.

The original versions filed this year would have authorized the sale of \$11 million dollars in general obligation bonds as the funding source. Testimony

by the Department of Revenue regarding the possible negative effects of this approach on the state's bond rating convinced the Labor and Commerce Committee to explore other funding sources. Other sources we considered included:

General Fund Appropriation

In view of the state of our economy, the Committee felt that a general fund appropriation in the amount needed to reasonably fund the program was not an appropriate or feasible funding source and that we should make a more definitive recommendation.

Alaska Industrial Development and Export Authority

The effect of taking the appropriation from AIDEA would be to render the agency inoperable and could likely place them in noncompliance with their debt service coverage requirements (see attached letter from AIDEA).

Alaska Housing Finance Corporation

We considered taking the appropriation from AHFC's unrestricted loan account, as per the enclosed proposed Labor and Commerce CS. We asked AHFC to respond to the proposed CS's with a statement about their perception of the effects of such action. Our Committee was sufficiently concerned about the arguments outlined in their response (see enclosed letter) that we looked elsewhere for a funding source, although we were not completely convinced that their concerns were insurmountable.

Railbelt Energy Fund

The Committee's decision, as reflected in the CS HB 160/161 (L&C), was to fund the program through an appropriation from the Railbelt Energy Fund with the condition that no less than ninety percent of the projects funded through the program must be located in Railbelt communities.

\* \* \* \*

The program envisioned under HB 160 is essential to promote economic recovery for Alaska's communities. However, there may be a better funding source for the appropriation bill, and we ask that the House Finance Committee consider all options for financing the program when reviewing our committee substitute for HB 161.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

## HOUSE LABOR AND COMMERCE COMMITTEE LETTER OF INTENT

### HB 160 - "Alaska Neighborhood Revitalization Initiative"

It is the intent of the House Labor and Commerce Committee in passing out HB 160, creating the Alaska Neighborhood Revitalization Initiative, that the House Finance Committee carefully consider the purposes of the act in relation to the fiscal note prepared by the Department of Commerce and Economic Development and by the House Labor and Commerce Committee.

Specifically, HB 160 creates a program for neighborhood revitalization and development with particular emphasis on creating private sector employment. Therefore the state should take extraordinary measures to assure that all work associated with the initiative described in HB 160 should be performed by private persons and non-profit corporations and that participation or involvement by state employees be kept at an absolute minimum.

# The Neighborhood Reinvestment Corporation

A congressionally-chartered, public nonprofit corporation, Neighborhood Reinvestment was established in 1978 (P.L. 95-557) to continue the efforts of the Urban Reinvestment Task Force. Its mission includes the revitalization of declining lower income neighborhoods for the benefit of their current residents, and the provision of affordable housing to neighborhood residents.

The Corporation achieves these goals primarily through the development and support of local neighborhood-based partnerships. The most widely known of these is the Neighborhood Housing Services (NHS) program, a partnership of neighborhood residents, business leaders and local government officials.

These and other local partnership organizations form the NeighborWorks system—the nation's largest and most successful systematic approach to neighborhood revitalization. NeighborWorks members are at work in 239 neighborhoods in 137 cities across the country. An additional 52 formerly-declining neighborhoods have been returned to substantial self-reliance through the efforts of NeighborWorks members.

As the anchor for this national system of local partnerships, Neighborhood Reinvestment provides a range of training and technical assistance to help each local partnership establish neighborhood goals and develop the strategies needed to achieve those goals.

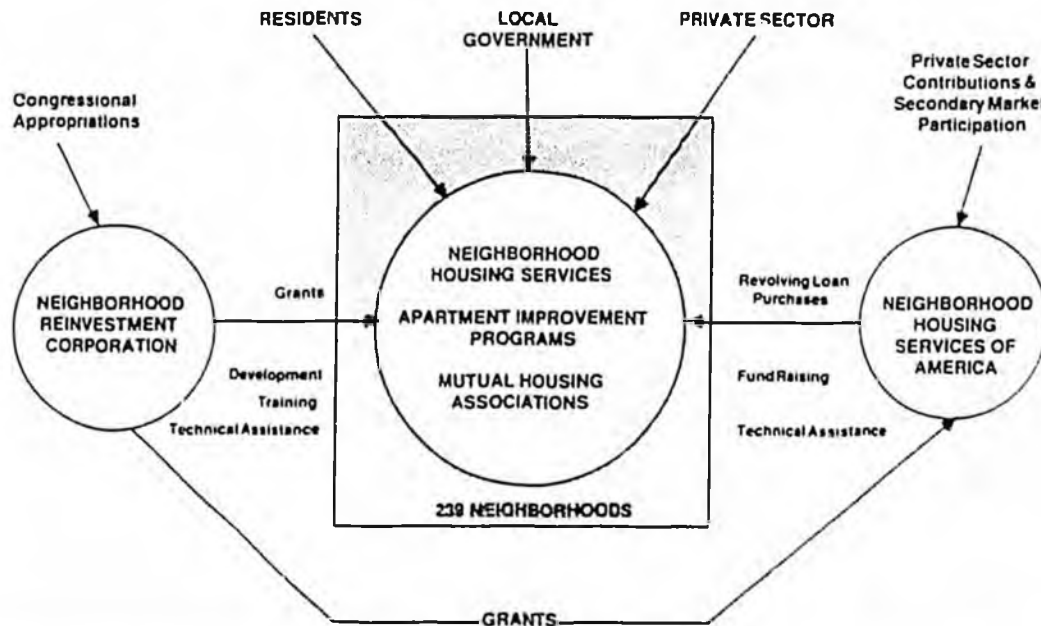
Neighborhood Reinvestment also makes small seed money grants to the local partnerships, which are matched many times over by contributions from local governments, businesses and foundations. In addition, the Corporation provides grants to Neighborhood Housing Services of America, the system's national secondary market.

The Corporation received a \$19 million federal appropriation in fiscal year 1987. Since 1974, a total expenditure of \$135 million in federal appropriations by the Corporation and its predecessor has produced an impact of more than \$4 billion in neighborhoods across the country.

The Corporation's board of directors is composed of a Governor of the Federal Reserve, the Comptroller of the Currency, the Secretary of Housing and Urban Development, the Chairman of the Federal Home Loan Bank Board, the Chairman of the Federal Deposit Insurance Corporation, and the Chairman of the National Credit Union Administration.

Although the Corporation is headquartered in Washington, D.C., the majority of its staff are based in nine districts across the country to better assist the local partnerships they serve.

## The NeighborWorks System



STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 160 (L&C)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Neighborhood Revitalization  
Initiative  
Sponsor: House Labor and Commerce  
Requester: House Labor and Commerce

Agency Affected: Commerce & Economic Dev.  
BRI: Business Development  
Components: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		82.6	82.6	82.6	82.6	82.6
TRAVEL		5.0	7.0	7.0	7.0	7.0
CONTRACTUAL		7.0	7.0	5.0	5.0	5.0
SUPPLIES		3.0	3.0	2.7	2.7	2.7
EQUIPMENT		6.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		103.6	99.6	97.4	97.4	97.4

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of dollars)

GENERAL FUND		103.6	99.6	97.4	97.4	97.4
FEDERAL FUNDS						
OTHER						
TOTAL		103.6	103.6	97.4	97.4	97.4

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Tom Lawson, Acting Director  
Division: Business Development

Phone: 465-2017  
Date: 2-21-89

Approved by Commissioner: Larry Mercurieff  
Agency: Department of Commerce & Economic Development

Phone: 465-2500  
Date: 2/21/89

Distribution (by preparer):

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

## FISCAL NOTE ANALYSIS

### CSHB 160--ALASKA NEIGHBORHOOD REVITALIZATION INITIATIVE

#### Assumptions/Program Summary

CSHB 160 establishes a program which promotes neighborhood revitalization and development through local initiatives of the state's communities with the assistance of financial institutions and the state. The legislation creates a neighborhood revitalization and development fund to be administered by the Department of Commerce and Economic Development. Neighborhood housing services, community revitalization, and economic development projects are eligible. The program requires that any nonprofit organization applying for the grant funds from DCED must meet the criteria of the Neighborhood Reinvestment Corporation.

(The Neighborhood Reinvestment Corporation was established in 1978 by Congress as a public nonprofit corporation to assist communities in revitalizing declining neighborhoods for the benefit of current residents. That goal is achieved primarily through the development and support of Neighborhood Housing Services (NHS) programs, such as Anchorage Neighborhood Housing Services. In 1986 there were 239 NHS's in 137 cities.)

The bill also establishes the Alaska Main Street Program to provide grants to persons and organizations for economic revitalization and development projects in older central business districts and neighborhoods, using techniques developed by the National Trust for Historic Preservation.

The Neighborhood Revitalization and Development Fund is funded by the Railbelt Energy Fund. Administrative costs are funded through the general fund.

It is estimated that about 13 communities may be able to participate in the Neighborhood Revitalization and Development Program. Under the Main Street Program it is assumed that approximately twelve to fourteen communities will participate in program grants.

Personal Services. Staff for the Main Street and the Neighborhood Revitalization and Development Programs includes the following 2 permanent full time positions:

Program Coordinator-Development Specialist I (Range 18)	\$51.0
Accounting Clerk II (Range 09)	31.6

The Statewide coordinator will initiate and coordinate both programs. Under the supervision of the program coordinator, the accounting clerk will provide administrative support for the grant programs. Staff will administer grants for both programs. Grants for the community based Main Street programs will include provisions for technical assistance and training to accomplish community and economic revitalization.

Travel. Costs include travel to communities participating in the programs.

Contractual Services. Funds (\$7.0) are needed for office related services, including advertising, phone, postage, copying, printing, etc."

Supplies. Funds will be used to purchase office supplies and training materials. Costs will decrease in future years.

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

0949E

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 160  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 2/14/89  
Title: HB 160 - Neighborhood Revitalization Initiative  
Sponsor: House Labor and Commerce  
Requestor: House Labor and Commerce  
Agency Affected: Commerce and Economic Development  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY91	FY92	FY 93	FY 94
PERSONAL SERVICES			34.8	79.6	79.6	79.6
TRAVEL			5.0	10.0	10.0	10.0
CONTRACTUAL			0	0	0	0
SUPPLIES			3.0	3.0	2.7	2.7
EQUIPMENT			6.0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS			0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING			48.8	92.6	92.3	92.3
CAPITAL						
REVENUE			0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND			48.8	92.6	92.3	92.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME			2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Labor and Commerce Committee Phone: 465-495  
Division: House of Representatives Date: 2/14/89

Approved by Commissioner: Rep. Dave Donley, Chair Date: 2/14/89  
Agency: House Labor and Commerce

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



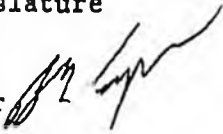
HB161

ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY

1577 "C" STREET • SUITE 304 • ANCHORAGE, ALASKA 99501-5177 • (907) 274-1651

MEMORANDUM

TO: The Honorable Members  
House Labor & Commerce Committee  
Alaska State Legislature

FROM: Bertram L. Wagon   
Executive Director

DATE: February 21, 1989

SUBJECT: Authority Assets

The question has been asked of the Authority of how much money they have and how much can be removed by the legislature. Additionally, people have wanted to know what the consequences of such a removal would have on the Authority.

In order to answer these questions, it is necessary to look at the liabilities the Authority has outstanding, primarily bonds payable, and the covenants under which these bonds were sold. Utilizing June 30, 1988 audited financials, bonds payable totaled \$177,275,000. These are outstanding obligations which are general obligations of the Authority secured by all of our assets and future income. As set forth in a typical official statement offering the bonds for sale, language appears as follows:

"The Bonds constitute general obligations of the Authority, and the full faith and credit of the Authority is pledged to the payment of the principal of and interest on the Bonds. The Bonds are further secured by the Taxable Umbrella Bond Capital Reserve Fund and the moneys, properties, assets and revenues described herein. The Authority does not have the power to levy taxes for any purpose. The

Bonds do not constitute an indebtedness or liability of the State of Alaska and do not directly, indirectly or contingently obligate the State of Alaska to apply money from, or levy or pledge, any form of taxation whatever to the payment of the Bonds."

It is fairly obvious from the above that great pains were taken to advise all investors that the State of Alaska had no obligation whatsoever for payment of this debt. In order to make such a promise and still entice investors to purchase the debt of the corporation, the Authority had to pledge all of its assets and future stream of income to payment of the bonds, in effect, making them general obligations of the Authority.

Additionally, two particular statutes have bearing when considering the assets of the Authority. AS 44.88.130 sets forth the pledge the state makes with holders of the Authority's bonds:

"Sec. 44.88.130 Pledge of the state. The state pledges to and agrees with the holders of the bonds issued under this chapter and with the federal agency that lends or contributes funds in respect to a project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, or in respect to an exporting transaction financed, guaranteed, or insured under AS 44.88.300 - 44.88.390 that the state will not limit or alter the rights and powers vested in the authority by this chapter to fulfill the terms of a contract made by the authority with the holders or federal agency and that the state will not in any way impair the rights and remedies of the holders until the bonds, together with the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders are fully met and discharged. The authority is authorized to include this pledge and agreement of the state, insofar as it refers to holders of bonds of the authority, in a contract with the holders and, insofar as it relates to a federal agency, in a contract with the federal agency. (§ 1 ch 64 SLA 1967; am § 19 ch 42 SLA 1987)"

Should the legislature take assets out of the Authority, an aggrieved bond hold may argue that AS 44.88.130 has been violated. Whether such an agreement would be successful is of course, subject to the courts.

Secondly, AS 44.88.190(b) should be looked at. While quite possibly it does not mean what it appears to say an aggrieved party could use such language to protest a taking which would diminish the security of a bond holder. AS 44.88.190(b) states:

"(b) The funds, income or receipts of the authority shall not be considered or constitute money of the state, nor shall real property in which the authority has an interest be considered land owned in fee by the state or to which the state may become entitled or in any way lands belonging to the state, or state lands referred to in Art. VIII of the Alaska Constitution."

The caution that needs to be considered is if the state takes any action that gives a bond holder a course of action, the possibility exists that, that action could be set aside or by such action the state itself could be assuming liability for the debt.

The Authority has two negative covenants that restrict actions that the Authority may take if the parameters of these covenants are exceeded.

The first is an unrestricted surplus test. The covenant requires that the Authority's unrestricted surplus be at least equal to its general obligation indebtedness and in no event less than \$100 million. Currently the Authority has \$177 million in bonds outstanding which require the maintenance of at least an unrestricted surplus of that amount. At June 30, 1988, unrestricted surplus was \$319.6 million. As can be seen, the Authority exceeds this covenant by a wide margin.

The second major negative covenant is referred to as the coverage test. This test requires that in each year that the Authority has general obligation indebtedness outstanding, net income will be at least 150% of the general obligation annual debt service requirement. In essence, this covenant mandates that the Authority produce income at least equal to 150% of the amount required to pay principal and interest on our bonds. On June 30th coverage was at 181% and at December 31, 1988, had fallen to 162%. The reason of course being the poor performance of the real estate loan portfolio.

The asset base the Authority relies upon to make repayment to holders of its debt are primarily from loans and investments. Currently the loan portfolio is running 28% delinquent and additionally, \$49 million in loans have been modified to less than their contract rate of payment. For the year ended June 30, 1988, the Authority suffered its first loss in history of \$7.7 million. The investment income is carrying the debt service requirement, not the loans. If dollars are taken the investments are decreased and coverage will decrease accordingly.

The policy argument concerning withdrawing assets from the Authority revolves around the state's policy maker's expectations of the Authority. If a consensus exists that the Authority has outlived its usefulness, than appropriate decisions can be made to wind up its affairs. If however, the expectation is that the Authority can contribute to the economy of the state, it is imperative not to strip out its assets now because how can one expect investors to continue to purchase Authority debt when at the most difficult time in its history, the legislature is removing the finest quality assets.



520 East 34th St.  
Anchorage, AK 99503  
(907) 561-1900

P.O. Box 101020  
Anchorage, AK 99510

February 16, 1989

Members, House Labor & Commerce Committee  
P.O. Box V  
Juneau, AK 99811

RE: House Bills 160, 161

Dear Members:

Your committee staff has requested an analysis of the potential impact to the Alaska Housing Finance Corporation should the Legislature appropriate \$11 million from Corporation reserves to fund a neighborhood revitalization and development fund. Although certain legal arguments have been raised in the past regarding the Legislature's ability to take funds out of the Corporation, including whether such a move would be subject to a bondholders' lawsuit, for the purposes of this response, we assume that there are no legal problems.

The short answer to the question is that such a move could effectively shut down AHFC as a lender which in turn could devastate the conventional housing market. Further details are outlined below.

If the Legislature were to take funds from AHFC, it would effectively eliminate AHFC's ability to purchase loans. To understand why this is the case, it is necessary to have some background on how AHFC functions. First, a prospective Alaskan homebuyer selects a home to buy and then applies for a loan from a lender (bank). If the potential borrower qualifies, the lender makes the loan and then sells the loan to AHFC. To buy this loan, and many others made over the course of the year, AHFC must go to the bond market to raise funds.

The requirement of having to go to the bond market, or in essence borrow money, is the crucial aspect. AHFC is not a direct general fund lender. As a result, we must be very sensitive to the concerns of the financial entities (insurers, banks, investors) upon whom we rely to raise funds. It is important to remember that nothing compels these parties to do business with us, particularly with the current state of the economy.

All of these entities, which include some of the world's top-rated banks, do business with AHFC based upon the premise of the Corporation's financial condition. Our high foreclosure and delinquency rates lately have been offset by almost exclusively our good financial position. You may recall that in a recent review of bond issues by bond rating agencies, AHFC's ratings were affirmed due to the sound financial management of the Corporation.

In recent business dealings with these financial institutions, many have expressed general concerns having to do with: 1) the current state of the Alaskan economy; and 2) the specific financial condition of AHFC. They have specifically informed us that if the Legislature appropriates funds from AHFC, they would be very hesitant to continue doing business with the Corporation. If these entities refuse to do business with AHFC, or restrict their business, AHFC may no longer be able to purchase conventional loans from Alaskan lenders since the Corporation will not be able to raise new funds for those purchases.

The concern goes even deeper. Almost all those doing business with AHFC have raised concerns about potential legislative actions. In all cases, the message from them was clear--if funds are removed from AHFC, they will not do business with AHFC since they believe their security would be jeopardized. Even hints of "legislative raids" in newspaper stories have caused the Corporation to receive a number of phone calls from investors wanting to know "what's going on" and then they reaffirm their concerns.

Finally, mention should be made of past legislative wishes with respect to the Corporation's reserves. Twice in the Corporation's history the Corporation has helped carry out some of the legislature's wishes. These include purchase of Department of Community and Regional Affairs, Housing Assistance Division loans and, last year, creation of a Stabilization Fund. In both instances there was a reasonable expectation that the Corporation's actions were significantly tied to housing and the benefit to the Corporation was equal to the actions taken.

Specifically with regard to the proposed \$11 million appropriation, AHFC believes that such an appropriation is too far from the scope of AHFC's mission of financing housing. It would be extremely difficult for the Corporation to represent to the financial community that it would receive \$11 million in housing benefits.

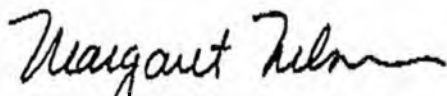
In addition, it should be noted that if AHFC funds are depleted, AHFC may not be able to continue efforts to stabilize the housing market such as the recently completed Home Owners' Assistance Program and the proposed Condominium Stabilization Program.

Since 1984, AHFC has not received any funds from the general fund and the Corporation hopes to continue operations in this manner. However, if funds are removed, it is not inconceivable that AHFC may end up itself, asking for appropriations in the future.

Another issue involving appropriation of funds from AHFC deals with the separate legal entity concept and separation of legal responsibility for debt repayment. As you are aware, debt issued by the State of Alaska is subject to vote approval. AHFC is established as a public instrumentality separate and distinct from the State of Alaska. The appropriation of funds by the State of Alaska opens the door for litigation from AHFC bond holders who may claim that if assets have been re-appropriated the separate legal existence does not in fact exist and the State does have responsibility for the approximately \$4 billion in AHFC debt outstanding.

If I can provide further assistance, please feel free to contact me.

Sincerely,



Margaret Nelson  
Special Assistant/Public Information Officer

ec

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 160 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska neighborhood re-  
7 vivalization initiative."

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.436 - 44.33.439, added  
10 by sec. 2 of this Act, is to promote neighborhood revitalization and devel-  
11 opment through local initiatives of the state's communities with the assis-  
12 tance of financial institutions and the state.

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

14 ARTICLE 6B. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT PROGRAM.

15 Sec. 44.33.436. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT  
16 FUND. There is created the neighborhood revitalization and develop-  
17 ment fund, to be administered by the commissioner. The commissioner  
18 shall deposit to the credit of the fund

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

20 (2) appropriations to the fund.

21 Sec. 44.33.437. POWERS AND DUTIES. (a) The commissioner may  
22 use money in the fund to make grants to

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

28 (2) persons and organizations that qualify for assistance  
29 under the Alaska Main Street Program established under this section.

1 (b) The department shall establish a community-based Alaska Main  
2 Street Program to provide technical assistance and training to  
3 accomplish community and economic revitalization and development of  
4 older business districts and neighborhoods. The program must use  
5 techniques developed by the National Trust for Historic Preservation  
6 that are designed to stimulate business reinvestment, restore building  
7 facades, retain existing small businesses, strengthen the local tax  
8 base, create employment opportunities, promote new commercial  
9 opportunities in the business district, and help to stimulate a  
10 renewed sense of community pride.

11 (c) The commissioner may adopt regulations necessary to carry  
12 out the department's functions under AS 44.33.436 - 44.33.439.

13 (d) The commissioner shall provide for an annual audit of the  
14 grants to nonprofit development corporations made under this section.

15 Sec. 44.33.438. LIMITATION ON EXPENDITURES. Money appropriated  
16 to the neighborhood revitalization and development fund from the  
17 Railbelt energy fund may not be expended by the commissioner unless at  
18 least 90 percent of the amounts expended from the Railbelt energy fund  
19 appropriation are made for projects in

20 (1) communities located within 25 miles of the right-of-way  
21 of the Alaska Railroad; or

22 (2) communities within a borough through which the right-  
23 of-way of the Alaska Railroad passes.

24 Sec. 44.33.439. DEFINITIONS. In AS 44.33.436 - 44.33.439

25 (1) "commissioner" means the commissioner of commerce and  
26 economic development;

27 (2) "community" means

28 (A) a municipality; and

29 (B) a place that is not incorporated as a city and in

1           which 100 or more persons reside as a social unit;

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

4           (4) "fund" means the neighborhood revitalization and devel-  
5 opment fund established in AS 44.33.436;

6           (5) "Railbelt energy fund" means the fund established by  
7 AS 37.05.520.

8 \* Sec. 3. AS 44.33.520 is amended by adding a new paragraph to read:

9           (31) administer the neighborhood revitalization and develop-  
10 ment program under AS 44.33.436 - 44.33.439.  
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B

6-0428H  
Chenoweth  
2/15/89

Original sponsor: Labor and Commerce  
Committee

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 160 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST 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 44.33.436 - 44.33.438, 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-  
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25 assistance from the Neighborhood Reinvestment Corporation organized  
26 under 42 U.S.C. 8101-8107 (Neighborhood Reinvestment Corporation Act),  
27 for neighborhood housing services, neighborhood revitalization, and  
28 economic development projects in a community; and

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1 under the Alaska Main Street Program established under this section.

2 (b) The department shall establish a community-based Alaska Main  
3 Street Program to provide technical assistance and training for munic-  
4 ipal governments, business organizations, merchants, and property  
5 owners to accomplish community and economic revitalization and de-  
6 velopment of older central business districts and neighborhoods. The  
7 program must use techniques developed by the National Trust for His-  
8 toric Preservation that are designed to stimulate business reinvest-  
9 ment, restore building facades, retain existing small businesses,  
10 strengthen the local tax base, create employment opportunities, pro-  
11 mote new commercial opportunities in the central business district,  
12 and help to stimulate a renewed sense of community pride.

13 (c) The commissioner may adopt regulations necessary to carry  
14 out the department's functions under AS 44.33.436 - 44.33.438.

15 (d) The commissioner shall provide for an annual audit of the  
16 grants to nonprofit development corporations made under this section.

17 Sec. 44.33.438. DEFINITIONS. In AS 44.33.436 - 44.33.438

18 (1) "commissioner" means the commissioner of commerce and  
19 economic development;

20 (2) "community" means

21 (A) a municipality; and

22 (B) a place that is not incorporated as a city and in  
23 which 100 or more persons reside as a social unit.

24 (3) "department" means the Department of Commerce and  
25 Economic Development;

26 (4) "fund" means the neighborhood revitalization and devel-  
27 opment fund established in AS 44.33.436.

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

29 (31) administer the neighborhood revitalization and

1 development program under AS 44.33.436 - 44.33.438.

2 \* Sec. 4. This Act takes effect July 1, 1989.

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