

H B

2 2 0

# HOUSE COMMITTEE REPORT

(7)

Date Referred: March 12, 1993

FURTHER REFERRALS:

Labor & Commerce  
Finance

Date of Committee Action: 3-25-93

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 220

HOUSE BILL NO. 220

ECONOMIC DEVELOPMENT GRANT FUND

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

**RECOMMENDATIONS:**

be replaced with CS for HB220 (CRA)  the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Commerce + Economic Dev  zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Tom Sanders</i>	<input checked="" type="checkbox"/>	<i>John N. Dan</i>		<input checked="" type="checkbox"/>	
<i>Clay B. Beard</i>	<input checked="" type="checkbox"/>				
<i>Ed Wiggins</i>	<input checked="" type="checkbox"/>				
<i>W.K. Williams</i>	<input checked="" type="checkbox"/>				
<i>Scott Ford</i>	<input checked="" type="checkbox"/>				
<i>Hailey Olberg</i>	<input checked="" type="checkbox"/>				

*Hailey Olberg*  
CHAIRMAN'S SIGNATURE

## **Sponsor Statement**

### **Economic Development Grant Fund**

If enacted, CSHB220(CRA) would establish an economic development grant fund within the Department of Administration.

Municipalities and regional development organizations could apply for such loans which must be used for construction of capital projects that will be owned by that municipality or organization.

All grant applications will be evaluated by a committee composed of representatives of the OMB, DCED and DCRA and other agencies. Committee members shall be selected by the director of OMB and shall be chaired by the director or the director's designee.

Applications will be prioritized and a list given to the finance committees of each house. The priority list will be based on the degree to which each project has the potential to improve the economy of the state. DOA, after consulting with DCED and DCRA will establish requirements for the grants and will administer them.

The motivation behind this bill is to create an avenue for funding projects which will stimulate economic development within Alaska and create jobs for Alaskans.

The work draft in front of you is a reintroduction of SB154 that was amended in Senate Labor & Commerce. It is a non-controversial grant program designed to benefit Alaska.



City

of

MAR 24 1993

Pelican

BOX 737

PELICAN, ALASKA 99832

PHONE 735-2202

FAX 735-2258

March 24, 1993

Representative Carl Moses  
Alaska Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Representative Moses:

I would like to take this opportunity to enter my support for your bill, EB 220, establishing an "Economic Development Grant Fund" within the Alaska Department of Commerce. I understand the bill goes before the House Regional Affairs tomorrow, March 25, 1993. I would urge committee approval.

With respect to matching requirements, those should permit the use of "in-kind" contributions such as labor, services, and property values. Otherwise it would be difficult or impossible for small towns to avail themselves of the fund.

Most small communities are so strapped for cash (revenues) that matches requiring them are usually unattainable.

Thank you for considering this opinion and thank you for working towards rural development.

Cordially,

Tom Armour  
City Administrator

8-LS0828J  
Cook  
3/25/93

CS FOR HOUSE BILL NO. 220( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE MOSES

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the economic development grant program; and providing for  
2 an effective date."

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

4 \* Section 1. AS 29.60 is amended by adding new sections to read:

5 ARTICLE 9. ECONOMIC DEVELOPMENT GRANT PROGRAM.

6 Sec. 29.60.670. ECONOMIC DEVELOPMENT GRANT FUND. The  
7 economic development grant fund consisting of appropriations to the fund is  
8 established in the Department of Administration. Except as otherwise provided in an  
9 appropriation act, money appropriated to the fund does not lapse but is retained in the  
10 fund.

11 Sec. 29.60.675. ECONOMIC DEVELOPMENT GRANTS. (a) A municipality  
12 or a regional development organization may apply for an economic development grant  
13 for a fiscal year by submitting an application to the Office of the Governor before  
14 October 1 of the preceding fiscal year. The application shall be on a form prescribed

1 by the office of management and budget after consulting with the Department of  
2 Commerce and Economic Development and the Department of Community and  
3 Regional Affairs. The grant money may only be used for construction of a capital  
4 project that will increase economic opportunity within the municipality or region that  
5 the organization represents. The grant application must include the following  
6 information:

7 (1) the amount of money available to the municipality or the  
8 organization from nonstate sources that the municipality or the organization proposes  
9 to use to match grant funds for the project;

10 (2) the amount of money available from private, nongovernmental  
11 sources that has been committed to or as a result of investment in the project;

12 (3) an estimate of the number and duration of construction jobs within  
13 the municipality or region that will result from the project;

14 (4) an estimate of the number of new permanent jobs within the  
15 municipality or region that will result directly or indirectly from the project;

16 (5) an estimate of the amount of state taxes, municipal taxes, and other  
17 fees or payments to the state or applicant that will be generated as a result of the  
18 project during the 10 years following its completion; and

19 (6) a description of the ownership of the completed project and how  
20 the project will be operated and maintained after it is constructed.

21 (b) All grant applications received for a fiscal year shall be evaluated by a  
22 committee composed of representatives of the office of management and budget, the  
23 Department of Commerce and Economic Development, the Department of Community  
24 and Regional Affairs, and other agencies. Committee members shall be selected by  
25 the director of the office of management and budget and shall be chaired by the  
26 director or the director's designee. The committee may request from a municipality  
27 or organization additional information needed to evaluate a proposed capital project.  
28 As part of the annual capital improvements program presented to the legislature under  
29 AS 37.07.060, the governor shall submit to the finance committees of each house of  
30 the legislature a prioritized list of projects for which the evaluation committee  
31 recommends funding based on the degree to which each project has the potential to

1 improve the economy of the state and of the municipality that has applied for the grant  
2 or the region represented by the organization that has applied for the grant.

3 (c) The legislature may appropriate or allocate from the economic development  
4 fund or allocate in an appropriation to the fund all or a portion of the money requested  
5 by a municipality or organization for a project identified in the prioritized list.

6 Sec. 29.60.680. GRANTS. The Department of Administration, after consulting  
7 with the Department of Commerce and Economic Development and the Department  
8 of Community and Regional Affairs, shall by regulation establish requirements for  
9 economic development grants under AS 29.60.670 - 29.60.685 and shall administer the  
10 grants. The regulations are subject to approval by the office of management and  
11 budget. A grant may not be awarded by the department unless money for the project  
12 is appropriated or allocated under AS 29.60.675(c) and the municipality or organization  
13 meets or exceeds the amount of matching money identified in its grant application.

14 Sec. 29.60.685. DEFINITIONS. In AS 29.60.670 - 29.60.680, "regional  
15 development organization" and "organization" have the meanings given in  
16 AS 44.33.026(e).

17 \* Sec. 2. This Act takes effect July 1, 1993.

**SPONSOR STATEMENT**  
**Representative Carl E. Moses**

House Bill 220, establishes an economic development grant fund within the Department of Commerce & Economic Development.

Municipalities and regional development organizations may apply for such loans and must be used for construction of capital projects that will be owned by that municipality or region that the organization represents.

DCED will evaluate the grant applications and submit a prioritized list to the finance committees of each house. The priority list will be based on the degree to which each project has the potential to improve the economy of the state.

The motivation behind this bill is to create an avenue for funding projects which will stimulate economic development within Alaska and create jobs for Alaskans.

Senate Bill 154, the companion bill, was heard on March 22nd before the Senate Finance Committee and due to a lack of time, was not passed out.

**FISCAL NOTE  
STATE OF ALASKA  
1997 LEGISLATIVE SESSION**

**BILL NO. HB 220**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the economic development grant program;  
and providing for an effective date  
 Sponsor: Representative Moses  
 Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
 BRU: Economic Development  
 Component: \_\_\_\_\_  
 COMPONENT SERIAL NO. \_\_\_\_\_

**EXPENDITURES/REVENUES:**

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	76.4	76.4	76.4	76.4	76.4	76.4
TRAVEL	12.0	12.0	12.0	12.0	12.0	12.0
CONTRACTUAL	15.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES	2.5	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	4.1	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>110.0</b>	<b>105.9</b>	<b>105.9</b>	<b>105.9</b>	<b>105.9</b>	<b>105.9</b>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

**FUNDING:**

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	110.0	110.0	110.0	110.0	110.0	110.0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) impact: 0

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

This will necessitate hiring a Grants Administrator I (P:13B) and a Clerk III (P:8B) positions to assist existing staff with the administration of the expected 55 annual grant requests this program will generate. The other expenses are all expenses related to this function. There will be an application fee of \$2,000 for each applicant which will generate program receipts of at least \$110,00 annually.

Prepared by: Bonnie Jo Borchick-Savland  
 Division: Economic Development

Phone: 465-2017  
 Date: 3/20/93

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

*E. Reed for*  
 Date: 3-22-93

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For \_\_\_\_\_

**HB 220: "An Act relating to the economic development grant program."**

The department supports passage of this bill. After introduction of HB 220 and the companion Senate Bill, SB 154, the department began working with both the administration and the sponsors to craft language that would enable an effective evaluation process to be established for economic development grant requests.

The Department of Commerce and Economic Development supports establishing the fund within the Office of Management and Budget. The department would sit on a review team along with OMB and the Department of Community and Regional Affairs to help evaluate projects for funding.

The Legislature can appropriate money from the fund for economic development grants. Municipalities and Alaska Regional Development Organizations (ARDORs) are the eligible applicants. The legislation establishes criteria to evaluate the economic viability and nonstate funding available for each project. The projects are prioritized and a list is submitted annually to the Legislature for funding based on the degree to which each project has the potential to improve the economy of the state. The Legislature then can appropriate all or a portion of the money requested for a project identified on the list.

Currently, there is no mechanism for capital projects which have significant economic development components to be evaluated on their merits and considered for funding as investments in Alaska's economic future. This bill fills this void.

  
Paul Fuhs, Commissioner

3-22-93  
Date

dgl/155pp.ed

HB 220 Support List

Merideth J. Sandler, Executive Director  
Southwest Alaska Municipal Conference  
3300 Arctic Blvd Suite 203  
Anchorage, AK 99503  
WP: 562-7380  
FAX: 562-0438

Karen Leonard, Acting City Manager  
City of Dillingham  
P.O. Box 889  
Dillingham, AK 99576  
WP: 842-5211  
FAX: 842-5691

Richard Wilson, City Administrator  
City of St. George  
4000 Old Seward Hwy, Suite 301  
Anchorage, AK 99503  
WP: 561-2124  
FAX: 561-4674

Chris Gates,  
Division of Economic Development  
Dept. of Commerce & Economic Development  
WP: 465-2017

Bruce Geraghty, Deputy Commissioner  
Dept. of Community & Regional Affairs  
Community Building, Room 217  
WP: 465-4700

Jack Fernoley  
OMB, Division of Budget Review  
WP: 465-3568

Commissioner Paul Fuhs  
DCED  
WP: 465-2500

St. George Office:



Anchorage Office:

P.O. Box 929  
St. George, Alaska 99581-0929  
Tel: (907) 859-2212  
Fax: (907) 859-2212

4000 Old Seward Hwy., Suite 301  
Anchorage, Alaska 99503  
Tel: 561-2124  
Fax: (907) 561-4674

Hon. Carl E. Moses  
Chairman, Rules  
Alaska House of Representatives  
State Capital, Rm 204  
Juneau, AK 99801

RE: HB 220

Dear Rep. Moses:

In support of House Bill 220 the City of St. George would like to offer the following comments:

1. The concept of providing substantial matching funds for worthy projects which meet objective statewide economic development criteria is sound and is in fact long overdue.
2. The concern we have is how best can the State maximize short and long term benefits in a timely manner.

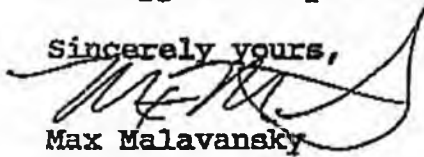
For example, St. George is ready to go and can achieve the desired results quickly. That is, two private processing concerns have indicated readiness to initiate \$5 to \$10 million investments each on shore. This represents converting 150 of the 350 seasonal jobs in crab season to year round jobs. Dredging is the only obstacle they face. Engineering is ready, permitting is done.

Neither processors can afford to wait until late 1993 to begin a six month construction project prior to the next January crab season--construction must begin by July 15. Normally new grant programs take several months to get started. St. George therefore requests the Legislature and Administration to consider ways in which those projects that are truly ready for a "jump start" can proceed in July. Some mechanisms that have worked well are:

- a. Department of Administration Municipal Grant program and
- b. DOT/PF Transfer of Responsibilities Agreement (TORA)

We have utilized both and recommend them in the case of ready-to-begin projects. Our main concern is timely processing of funding so that the mixture of private and public funds can be achieved in time for the benefits to be realized in early 1994. Thank you for the opportunity to offer comment.

Sincerely yours,

  
Max Malavansky  
Mayor



## Southwest Alaska Municipal Conference

*Putting Resources to Work For People*

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

March 22, 1993

Representative Carl Moses, Chairman  
House Rules Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Representative Moses:

At its March 15 meeting, the Executive Committee of the Board of Directors of the Southwest Alaska Municipal Conference (SWAMC) voted to give its unanimous support to HB 220, establishing a fund for municipal economic development projects.

This program is badly needed in Southwest Alaska. Many communities will benefit from this proposed approach, and we applaud your inclusion of ARDORs as eligible to receive funding for economic development endeavors.

We urge you to consider making funds available in FY 94, as there are projects now ready to begin construction and could mobilize immediately at the start of the new fiscal year. These projects include dredging in St. George, utility extensions to the new dock in False Pass, water line and storage upgrades to serve dock facilities in St. Paul, construction of the only public dock in Egegik, water lines in Unalaska, expansion of the boat harbor in Kodiak, a boat harbor in Chignik, and the hydroelectric project in King Cove.

Thank you again for introducing HB 220 and we look forward to working with you toward its passage.

Sincerely,

Marideth Sandler AICP  
Executive Director

Representing the Bristol Bay, Fribilof, Kodiak Island and Aleutian Island areas.



March 22, 1993

Mail Original  
Copy via FAX

Representative Carl Moses  
Capitol Building, Room 125  
Juneau, AK 99801-1182

Dear Representative Moses:

At their meeting on March 18, 1993, the Dillingham City Council passed a recommendation in support of Senate Bill 154, which concerned the enactment of a bill for an economic development grant program. Inasmuch as House Bill 220 is the companion bill of SB154 and the City Council supported the measure without qualification, please consider this letter as notification of support by the City of Dillingham of HB220.

There are many projects with great economic potential that need to be accomplished and could be undertaken if funds were available through a grant program. On behalf of the City Council, I want to express our appreciation for your efforts to establish a program that will help communities acquire funds to get such projects under way. Please let me know if there is any additional support we can give your efforts.

Sincerely Yours,

Karen Leonard  
Acting City Manager  
City of Dillingham

cym/Moses.158

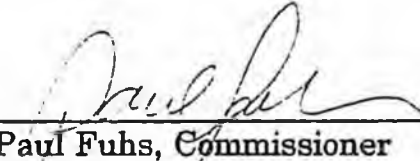
**HB 220: "An Act relating to the economic development grant program."**

The department supports passage of this bill. After introduction of HB 220 and the companion Senate Bill, SB 154, the department began working with both the administration and the sponsors to craft language that would enable an effective evaluation process to be established for economic development grant requests.

The Department of Commerce and Economic Development supports establishing the fund within the Department of Administration. The department would sit on a review team along with OMB and the Department of Community and Regional Affairs and any other designated agencies to help evaluate projects for funding.

The Legislature can appropriate money from the fund for economic development grants. Municipalities and Alaska Regional Development Organizations (ARDORs) are the eligible applicants. The legislation establishes criteria to evaluate the economic viability and nonstate funding available for each project. The projects are prioritized and a list is submitted annually to the Legislature for funding based on the degree to which each project has the potential to improve the economy of the state. The Legislature then can appropriate all or a portion of the money requested for a project identified on the list.

Currently, there is no mechanism for capital projects which have significant economic development components to be evaluated on their merits and considered for funding as investments in Alaska's economic future. This bill fills this void.

  
\_\_\_\_\_  
Paul Fuhs, Commissioner

Date 3/24/93

**DIVISION OF LEGAL SERVICES**

MAR 24 1993

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450

FAX (907) 465-2029

Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

MEMORANDUM

March 24, 1993

**SUBJECT:** Economic Development Grants (HB 220)

**TO:** Representative Carl Moses, Chair  
House Rules Committee

**FROM:** Tamara Brandt Cook  
Director *TBC*

Here is the sectional summary you requested.

Sec. 1. The economic development grant fund is established in the Department of Commerce and Economic Development consisting of appropriations to the fund. A municipality or a regional development organization may apply for an economic development grant to be used for construction of a capital project. The department is charged with evaluating all grant applications based on the degree to which each project has the potential to improve the local and state economy. It must submit to the finance committees a prioritized list of projects for which funding is recommended. The legislature may appropriate from the fund money for a project. The department must by regulation establish grant requirements and administer the grants. A definition of "regional development organization" is included.

Sec. 2. The bill takes effect at the beginning of the next fiscal year.

TBC:gc  
93-266.glc



HOUSE COMMUNITY AND REGIONAL AFFAIRS

SUBJECT OF MEETING:

DATE: 3/25/93

PLACE: Rm. 124

HB 220  
HB 71  
HB 93

HB 198

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Larry LaBella	Rep Foster	State Capitol Juneau, AK	99801		465-3789	(Y) N	HB 71 - HB 93 - HB 198
Jay Frank	State Farm Allstate	431 N. Franklin St			6-5777	(Y) N	HB 34
John						Y N	
CHRIS GATES, DIR.	DEPT OF COMMERCE	DIV OF ECONOMIC DEVELOPMENT PO Box 110804			5 5467	(Y) N	HB 198
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	