

SB

159

SFIN

FILE

FISCAL NOTE

REPORTED OUT OF
MAY 8 1997

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: April 15, 1997

Title: An Act relating to the new business incentive program.

Sponsor: SEN. PEARCE; Ellis

Requester: Senate Finance Committee

Department: DCED

ERU: AIDEA

Component: AIDEA

BILL NO. SB 159

L&C, FIN

COMPONENT SERIAL NO. _____

1234

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	74.0	74.0	74.0	75.0	75.0	75.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	74.0	74.0	74.0	75.0	75.0	75.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other Corporate Receipts	74.0	74.0	74.0	75.0	75.0	75.0
TOTAL	74.0	74.0	74.0	75.0	75.0	75.0

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS						
FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

As currently written, SB 159 would require an additional staff position to provide oversight of the program and analysis on each applicant to assist the business in determining whether an applicant is qualified for the New Business Incentive Program. If amendments are made to the Bill so that the requirements to qualify for the incentive and the amount of the incentive are based on objective standards, an additional staff person would not be necessary and the fiscal note would be -0-.

Prepared by: D. Randy Simmons, Executive Director
 Division: AIDEA
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 907.269.3000
 Date: April 15, 1997
 Date: 4-16-97

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FISCAL NOTE

NO. 1
Bill Version: CSSB 159 (L&C)
(S) Publish Date: 4-6-97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: 4/3/97
Title: New Business Incentive Program

Department: Commerce and Economic Development
BRU: Trade and Development
Component: Trade and Development

Sponsor: Sen Pearce
Requestor: Senate Labor and Commerce Committee

COMPONENT SERIAL NO. 2056

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	10.8	11.1	11.4	11.8	12.1	12.5
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.8	11.1	11.4	11.8	12.1	12.5

CAPITAL EXPENDITURES	
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CHANGE IN REVENUES	
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	10.8	11.1	11.4	11.8	12.1	12.5
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	10.8	11.1	11.4	11.8	12.1	12.5

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	0.20	0.20	0.20	0.20	0.20	0.20
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division supports this legislation, however must have 20% of one PFT to administer the reimbursement clause of the business incentive Grants program (Sec. 45.81.030). An inflation factor of 3.0% has been applied to the annual cost of 20% of 1 PFT, range 13F.

Prepared by: Bill Paulick
 Division: Division of Trade and Development
 Approved by Commissioner: *[Signature]*
 Agency: _____

Phone: 465-3961
 Date: April 15, 1997
 Date: 4-16-97

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SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/97

FURTHER: SFC REPORTED OUT OF MAY 1997

DATE TURNED IN TO OFFICE: 5-8-97

Finance Committee considered **SENATE BILL NO. 159**

"An Act relating to the new business incentive program."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 159 (LEC)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Robert Hill</i>	✓				
<i>John Joseph</i>	✓				
Co-Chair: <i>Peace</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair: <i>Ben King</i>			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
DCED - AIDEA	4/16		74.0

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
DCED	4/16		10.8

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

SENATE FINANCE

COMMITTEE 0-LS0868VF.1

Amendment Number: 1 Cook

Bill Number: SB 159 5/7/97

Sponsor: Phillips Date: 5/8/97

Logged In By: J. Soltani

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR PHILLIPS

TO: CSSB 159(L&C)

1 Page 1, line 1, following "program":

2 Insert "; and relating to negatively amortizing loans originated under a program
3 **approved or sponsored by the state or federal government"**

4 Page 1, following line 5:

5 Insert a new bill section to read:

6 ** Sec. 2. AS 45.45.010(f) is amended to read:

7 (f) A bank, credit union, savings and loan institution, pension fund, insurance
8 company, or mortgage company may not require or accept any percent of ownership
9 or profits above its interest rate. This subsection does not apply to a loan if the
10 principal amount of the loan is \$1,000,000 or more and the term of the loan is five
11 years or more, or to a negatively amortizing loan originated under a program
12 approved or sponsored by the state or federal government."

13 Renumber the following bill section accordingly.

Jordan

Municipality of Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4431
Fax: (907) 343-4499
<http://www.ci.anchorage.ak.us>

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

April 22, 1997

102111
APR 25 1997

Senator Drue Pearce
Alaska State Legislature
Room 111
State Capitol
Juneau, AK 99801-1182

Dear Drue:

I am writing in support of SB159/HB220, an act related to the new business incentive program. The Municipality of Anchorage has placed a priority on expanding the global logistics operations at the Anchorage International Airport. The AIA is the largest of all cargo airports in the United States. It is important that we be in a position to add cargo to the planes that travel through Anchorage by means of time sensitive technical support adjacent to our airport.

Most other cargo hub centers offer significant state incentives for development of airport operations. Such businesses would include computer repair and return operations, final testing and assembly of electronics, and global distribution centers. The Municipality already has done its part with a property tax exemption program and an inventory tax exemption program to help with expanding such activities in Anchorage.

SB 159 allows Alaska to capitalize on its location and natural resources to enter high value, expanding global markets. As the budget deliberations in Juneau continue, we will be pressing for adoption of this measure. This program will help put Alaska on the horizon for future investment and add significantly to our economy.

Sincerely,

Rick Mystrom
Mayor

cc: Larry Anderson, Special Assistant to the Mayor
Patricia DeMarco, President, AEDC
"City of Lights and Flowers"



I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Suzanne Linford".



135 Cordova • Anchorage, Alaska 99501 • Phone (907) 272-5050 • Fax (907) 272-5073



CHUGACH ELECTRIC ASSOCIATION, INC.

April 30, 1997

Ms. Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Dr. DeMarco:

I am writing to you today to express support for **HB 220** and **SB 159**, legislation that would underwrite and create a **Business Incentive Program** for Alaska, currently under consideration by the State Legislature. I believe that passage of this legislation is crucial if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

The competitive nature of attracting manufacturing and other value-added enterprises is fierce and this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Sincerely,



Evan J. Griffin, Jr.

Executive Manager,
Finance & Planning

 Peat Marwick LLP

601 West Fifth Avenue
Suite 700
Anchorage, AK 99501-2258

Telephone 907 276 7401

Telefax 907 274 4953

April 29, 1997

Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West 7th Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Patty:


I am writing to you to express support for HB 220 and SB 159, legislation which would create a new Business Incentive Program for Alaska, currently under consideration by the State legislature. Passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively highpaying jobs in the manufacturing sector.

With the competitive nature of attracting manufacturing and other value-added enterprises, this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Feel free to share this letter with State of Alaska legislators.

Very truly yours,

KPMG Peat Marwick LLP



Michael E. Stone
Managing Partner

MES:amo



Member Firm of
KPMG International

DEBENHAM

Electric Supply Co., Inc.

5333 Fairbanks Street · Anchorage, AK 99518 · (907) 562-2800

April 28, 1997

Patricia M. LeMarco, PH.D.
President
Anchorage Economic Development Corporation
550 West Seventh Ave, Site 1400
Anchorage, Alaska 99501

Dear Patty,

I am writing to you today to express our support for HB220 and SB159, legislation which would create a **NEW BUSINESS INCENTIVE PROGRAM** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help "level the playing field" for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state. This incentive program will help Alaskan communities develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,



Mitch Robison
Branch Manager
Debenham Electric Supply Company



April 28, 1997

Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, AK 99501

Dear Patty:

I am writing to you today to express our support for **HB 220 and SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislation. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help "level the playing field" for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state. This incentive program will help Alaskan communities develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

Marc Langland
President

hap



REGAL ALASKAN HOTEL

April 24, 1997

Senator Drue Pearce
716 W. 4th Avenue #500
Anchorage, AK 99501-2133

Dear Senator Pearce;

I am writing to you today to express our support for **HB 220** and **SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Sincerely,

Max J. Lowe, CHA
General Manager

MJL:ta

A REGAL INTERNATIONAL HOTEL

4800 SPENARD ROAD • ANCHORAGE, ALASKA 99517-3236
PHONE 907.243.2300 • FAX 907.243.8815 • WORLDWIDE RESERVATIONS 800.222.8888
<http://www.regal-hotels.com/anchorage> • e-mail: regal@alaska.net



April 24, 1997

Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, AK 99501

Dear Patty:

I am writing to you today to express our support for HB 22G and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

Dennis C. Bird
Managing Director
Alaska Operations



April 24, 1997

Patricia M. DeMarco, PhD.
President
Anchorage Economic Development Corporation
550 West seventh Avenue, Suite 1400
Anchorage, Alaska 99501

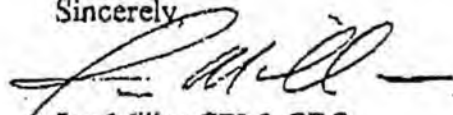
Dear Patty:

I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,



Joe Miller CPM, CRS

RE/MAX properties, inc.
2600 cordova street, suite 100
anchorage, alaska 99503
office: (907) 276-2761
direct line: (907) 257-0156
each office independently owned and operated

**Alaska
Power
Systems** INC.

8300 King Street
Anchorage, Alaska 99518
(907) 344-2531
Fax (907) 349-8764

April 23, 1997

Patricia M. DeMarco, Ph. D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Patty:

I am writing to you today to express our support for **HB 220 and SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing and high technology sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and know that this program will help level the playing field for talent in Alaskan communities, we can and have attracted some of the best talent from the lower 48. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We will contact our legislators and encourage them to support this legislation.

Sincerely,

Frank Tucker
President

cc: Scott Thompson CEO,

Brian Chronister Marketing Director,

Rob Shipley Operations Manager

4-23-97 10:08 AM [unclear] 0061000002

DOWL
ENGINEERS
A Division of DOWL, Incorporated

April 22, 1997
W.O. D00001

Senator Drue Pearce, Co-chair
716 West 4th Avenue, Suite 500
Anchorage, Alaska 99501-2133

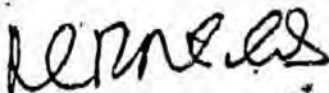
Fax: 465-3872

Dear Senator:

I am writing to you today to express our support for **HB 220** and **SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislature is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Very truly yours,
DOWL Engineers



Melvin R. Nichols, P.E.
President

cc: Anchorage Economic Development Corporation

D00001.Pearce.MRN.042297.kmp

April 17, 1996

To Whom It May Concern

From: Bill Stamps

Reference: House Bill No. 220

Please accept this as my support for House Bill No. 220.

Bill Stamps

Bill Stamps
Peak Oilfield Service Co.
P.O. Box 130
Kenai, AK. 99611
(907) 283 2022

Federal Express Corporation
Government Affairs
1000 Norcross Boulevard
Memphis, TN 38132

U.S. Air Mail 727
Memphis, TN 38194-1947

Telephone 901-945-5170
Fax 901-945-5172



April 16, 1997

Mr. Greg Wolf
Vice President
AEDC
550 West Seventh Avenue
Suite 1400
Anchorage, Alaska

Dear Mr. Wolf:

I am writing to encourage and applaud your efforts to enact economic incentive legislation in Alaska. As you know, FedEx has a significant presence in Anchorage with a large and expanding air operations and package sorting facility employing over 826 Alaska residents. Obviously, we are very supportive of any efforts to increase the level of economic growth in this market.

It is common knowledge that in today's global market every state is competing vigorously for increased economic activity with a variety of economic incentive programs. In fact, we have recently taken advantage of such programs in site selection decisions. It seems critical that Alaska be active in this process given its proximity to Asian markets with that market's enormous growth potential. I know the Governor is keenly aware of this necessity.

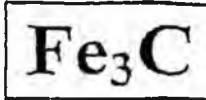
Again, we believe you are on the right track and wish you every success in your campaign to enact this legislation.

Sincerely,

Senior Representative
Government Affairs
901/395-5168

dew

VIA FAX



Alyeska Alloys, L.L.C.

Robert L. Braddock, Project Director

FAX TRANSMITTAL # 1 of 4 Pages

TO: Patti DeMarco

907-258-6645

FROM: Bob Braddock

303-984-2060 FAX 303-989-4989

January 31, 1997

COPY

Ms Debby Sedwick
Alaska Department of Commerce and
Economic Development
Frontier Building, Suite 700
3601 "C" Street
Anchorage, AK 99503

Dear Debby:

Introduction

With no clear understanding of how the Administration proposes to implement the Pioneer Incentives Program (the "Program"), but with a sense of the Administration's intent, Alyeska Alloy's ("Alyeska") has taken the presumptuous position of submitting a proposal for consideration.

Alyeska interprets the aims of the Program as:

- i. To capitalize on Alaska's strategic geographic location to create export markets for which Alaskan industry would hold competitive advantage;
- ii. To attract new enterprises to Alaska which will add diversity to the economy;
- iii. To induce new enterprises to locate in Alaska which create stable, high wage jobs; and
- iv. To increase the wealth created and retained in Alaska through the addition of value added processing to the existing natural resource extraction industries.

If Alyeska is accurate in our interpretation of the Program's goals, we are convinced that Alyeska's iron carbide project (the "Project") is an ideal candidate.

Although Alaska's prior growth has been created by government or large corporate sponsored projects, the State's present and future growth will be created by more nimble entrepreneurs of less substantial financial means (such as Alyeska). While the government and large corporations can, due to their enormous capital resources, press ahead with projects in spite of changes in the marketplace, entrepreneurs have no such luxury, for we are the creation of the marketplace, not its master. Alyeska's Project is driven by the marketplace. At present, the demand for iron carbide and other alternative iron units exceeds supply, but this situation will not last indefinitely. Should Alyeska's Project begin to stall, these potential customers will look elsewhere to meet their alternative iron needs. If so, the opportunity to establish this new industry in Alaska may be lost forever.

165 South Union Blvd., Suite 350
Lakewood, Colorado 80228-2211 - USA
Phone (303) 984-2060 - FAX (303) 989-4989

Ms Debbie Sedwick
Pioneer Incentives Program Proposal
Page 2
January 31, 1997

Having said all this, Alyeska remains confident that we are in the right place at the right time. Alyeska seeks a small assist from the Program, which would significantly increase the probability of success of the iron carbide Project and thereby benefit the State of Alaska.

Benefits to Alaskans

While much has been presented outlining the general features of the Project, Alyeska has not focused attention on the many sustaining benefits the Project provides to Alaska and its residents. These benefits include:

- During the two year construction phase, a major portion of the estimated \$190 million combined cost of the port and plant will be injected into the local economy through almost 350 construction jobs, local design, fabrication and erection services.
- Once operational, the Project will create 50 to 60 permanent, high paying plant jobs.
- An additional 20 to 30 jobs will be created in port operations, camp catering, air taxi and allied support services.
- This employment will be created in a region and locale which has a history of high unemployment.
- All but a select few of the total permanent jobs created will be filled by current Alaskan residents.
- The Project will consume almost \$20 million in natural gas annually, generating over \$1.5 million per year in royalties for the State.
- The Project will use Alaskan natural gas to increase the value of iron ore five fold.
- The Project will pay over \$1 million in property taxes annually to the Borough.
- A doubling or tripling of the Project is anticipated by 2003, creating more jobs, gas royalties and property taxes.
- The addition of a multi-use, deep water port on the west side of the Cook Inlet should help to unlock local coal and gravel projects which have languished for many years.
- The stable natural gas demand requirement of the Project should encourage the development of additional Cook Inlet natural gas reserves.
- The Project creates the stable manufacturing employment not typically found in the boom and bust cycles associated with natural resource development.

Project Status - Phase II

Alyeska has just begun the critical Phase II of development of the iron carbide Project. The following was accomplished during Phase I, recently completed at a cost of approximately \$500,000:

- The site was selected
- Natural gas and power supply agreements were negotiated
- Process license was obtained
- Engineering/Procurement/Construction contractor was selected
- Financial advisor was selected
- Environmental consultant was chosen.

The following Phase II activities should take approximately one year and require the expenditure of up to \$2 million:

- Preliminary plant and port designs will be developed
- All permits will be obtained
- A fixed price contract for construction of the plant will be negotiated
- Background site data will be obtained for the plant and port
- Bids will be received for the port construction
- Iron ore supply agreements will be negotiated
- Iron carbide purchase agreements will be negotiated
- Equity partners will be selected
- Lenders for the Project will be chosen.

Phase II will be completed upon closing of financing for the plant and port, and is anticipated to occur during the first quarter of 1998. Phase III, construction, will begin immediately following closing of financing.

The critical Phase II can be broken down into two major activities. During the first half of Phase II, virtually all of the third party agreements, preliminary designs and permit applications will be completed. The second half will be devoted to the documentation required to close on construction financing. Of the \$2 million anticipated to be expended during this Phase, fully \$1 million will be associated with creating the preliminary designs needed to apply for permits and the actual environmental permitting process. The remaining \$1 million will be used to complete documentation and legal fees associated with closing. It is in mitigating the costs associated with permitting that the greatest assist to the Project can be achieved, for it is in this area that the Project faces its last major obstacle to completion.

The preparation of permit applications for a project such as Alyeska's is no trivial matter. Much engineering and site evaluation work must be completed before a complete application can be filed. The relatively large amount of money required to accomplish this task occurs at a time in the Project development cycle where development funding is expensive, particularly because the uncertainty associated with permit issuance still hangs over the Project, a real "Catch 22." As virtually all Alaskan projects must contend with overcoming the lack of infrastructure and costs associated with constructing in a remote environment, the additional perceived risk associated with permitting can prove to be that one last straw which breaks the proverbial camel's back.

Alyeska has reached the critical point where development capital is being assembled to complete Phase II. Approximately one quarter of the required funding has been secured, with financial advisors assembling the remainder. It is through this critical period, the turning point, that the State of Alaska can provide a small, but critical financial boost, for it is at this stage that judicious application of funds yield oversized benefits.

Ms Debbie Sedwick
Pioneer Incentives Program Proposal
Page 4
January 31, 1997

Proposal for Program Involvement

Alyeska seeks to obtain \$300,000 from the Program to be applied towards the development of preliminary plant designs and environmental engineering required for permit applications. Alyeska will provide matching funds. The combination of this State and private funding will allow Alyeska to complete the critical permitting process, thus removing one of the last major obstacles to the development of the Project. Alyeska further proposes to refund the State's contribution to the Program at the time the Project closes on construction financing.

I hope we have made a compelling case for how the Program can materially assist in the development of the Project. Yes, there are risks, but we believe that the approach we have taken provides the State with a clear sense of the rewards generated by the successful completion of the Project.

Sincerely,

Robert L. Braddock

Robert L. Braddock
Project Director *RJB*

cc: Laurie Cunningham, ADCED
John McClellan, ASRC
Don Evans, Alyeska Holdings

Alaska State Legislature

During Interim:
716 West 4th Avenue, Suite 510
Anchorage, Alaska 99501-2133
(907) 258-8185
Fax (907) 258-0226



During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-4993
Fax (907) 465-3872

Senator Drue Pearce
District F

Memorandum

To: Senator Bert Sharp, Chair
Senate Finance Committee

From: Senator Drue Pearce
Senate Finance Committee

A handwritten signature in cursive script that reads "Drue Pearce".

Date: May 6th, 1997

Re: Bill Hearing Request

I respectfully request that you schedule Senate Bill 159. This bill would create the new business incentive program to encourage a diverse array of manufacturing and employment opportunities in Alaska.

Your consideration of this request is appreciated.



REGAL ALASKAN HOTEL

April 24, 1997

Senator Bert Sharp
119 N. Cushman St. #201
Fairbanks, AK 99701

Dear Senator Sharp;

I am writing to you today to express our support for **HB 220** and **SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Sincerely,

Max J. Lowe, CHA
General Manager

MJL:ta

A REGAL INTERNATIONAL HOTEL

4000 S. WARD ROAD • ANCHORAGE, ALASKA 99517-3236
PHONE 907.243.2300 • FAX 907.243.8815 • WORLDWIDE RESERVATIONS 800.222.8888
<http://www.regal-hotels.com/anchorage> • e-mail: regal@alaska.rwt



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI

SUITE 100

PHONE 278-2093

ANCHORAGE, ALASKA 99501

Fax : 276-7962



April 23, 1997

Sen. Bert Sharp
FAX : 1-907-465-2070

Dear Sen. Sharp,

As long time supporters of economic development, we at Carpenters Local 1281 urge you to support S.B. 159.

We believe this is a major step towards expanding Alaska's economic base and employment opportunities.

Sincerely,

Royce Rock

RR/wh



April 22, 1997
W.O. D00001

Senator Bert Sharp, Co-chair
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701

Fax: 465-2070

Dear Senator:

I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislature is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Very truly yours,
DOWL Engineers

A handwritten signature in dark ink, appearing to read 'Melvin R. Nichols'.

Melvin R. Nichols, P.E.
President

cc: State of Alaska Department of Environmental Conservation

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