

**SB**

**159**

# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. CSSB 159 (L&C)

Revision Date <u>5/6/97</u>	Dept. Affected <u>DCED</u>
Title <u>New Business Incentive Program</u>	BRU <u>Trade &amp; Development</u>
Sponsor <u>Senator Pearce</u>	Component <u>Trade &amp; Development</u>
Requester <u>Senate Rules Committee</u>	Component Serial No. <u>2056</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

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

The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by Bill Paulick  
 Division Trade & Development  
 Approved by Commissioner Deborah B Sedwick  
 Agency Commerce & Economic Development

Phone 465-3961  
 Date 2/12/98  
 Date 2-12-98

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

For further distribution information, call the Governor's Legislative Office

**LEGISLATIVE REFERENCE LIBRARY**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

*(907) 465-3808  
FAX (907) 465-2029  
Mail Stop 3101*

*130 Seward Street, Suite 400  
Juneau, Alaska 99801-2105*

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

*Senate Rules Committee January 21, 1998 11:30 am.*

# FISCAL NOTE

No. 3  
 Bill Version: CSSB159(LHC)  
 (S) Publish Date: 1/23/98

**STATE OF ALASKA  
 1998 LEGISLATIVE SESSION**

Revision Date: May 8, 1997 Department: Commerce and Economic Development  
 Title: New Business Incentive Program BRU: Trade and Development  
 Component: Trade and Development  
 Sponsor: Senator Pearce  
 Requester: Senate Rules Committee COMPONENT SERIAL NC 2056

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES</b>						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1091 Designated PR						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)  
 The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961  
 Division: Trade and Development Date: January 22, 1998  
 Approved by Commissioner: Debby Sedwick Date: \_\_\_\_\_  
 Agency: Commerce and Economic Development

# FISCAL NOTE

No. 4  
 Bill Version: CSSB15A(L&C)  
 (S) Publish Date: 1/23/98

STATE OF ALASKA  
 1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to the new business incentive program</u>	BRU <u>AIDEA</u>
Sponsor <u>SEN. PEARCE, Ellis, Kelly, Taylor</u>	Component _____
Requester <u>Sen. Rules</u>	Component Serial No. <u>1234</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 As amended, AIDEA will review applications, based on objective standards, submitted by new, non-competing entities that establish their business in Alaska. Based on meeting the criteria, AIDEA will make a recommendation to the Department of Commerce and Economic Development as to whether the business incentive grant should be applied to reimburse certain expenses associated with the establishment of the business in Alaska.

Prepared by <u>D. Randy Simmons, Executive Director</u>	Phone <u>907.269.3000</u>
Division <u>AIDEA</u>	Date <u>1/22/98</u>
Approved by Commissioner <u>Deborah B. Sedwick</u>	Date _____
Agency <u>DCED</u>	

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

For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**BILL NO. CSSB 159 (L&C)**

Revision Date: May 8, 1997  
 Title: New Business Incentive Program

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

Sponsor: Senator Pearce  
 Requester: Senate Rules 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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------	------------	------------	------------	------------	------------	------------

<b>CHANGE IN REVENUES</b>						
---------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1091 Designated PR						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**POSITIONS**

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

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

The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961  
 Division: Trade and Development Date: January 22, 1998  
 Approved by Commissioner: Debby Sedwick Date: 1-22-98  
 Agency: Commerce and Economic Development

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

For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15¢ (L&C)

Revision Date (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to the new business incentive program</u>	BRU <u>AIDEA</u>
Sponsor <u>SEN. PEARCE, Ellis, Kelly, Taylor</u>	Component _____
Requester <u>Sen. Rules</u>	Component Serial No. <u>1234</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary						

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

As amended, AIDEA will review applications, based on objective standards, submitted by new, non-competing entities that establish their business in Alaska. Based on meeting the criteria, AIDEA will make a recommendation to the Department of Commerce and Economic Development as to whether the business incentive grant should be applied to reimburse certain expenses associated with the establishment of the business in Alaska.

Prepared by D. Randy Simmons, Executive Director  
 Division AIDEA  
 Approved by Commissioner Deborah B. Sedwick  
 Agency DCED

Phone 907.269.3000  
 Date 1/22/98  
 Date \_\_\_\_\_

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

For further distribution information, call the Governor's Legislative Office

# Alaska State Legislature

*During Interim: (June - Dec)*  
716 West 4th Avenue, Suite 500  
Anchorage, AK 99501-2133  
(907) 258-8185  
Fax (907) 258-0226



**Drue Pearce**

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

## Sponsor Statement

### SB 159 - New Business Incentive Program

The New Business Incentive Program is an economic development grant program targeted to companies locating or expanding into new manufacturing businesses in Alaska. The program is designed to attract substantial business with high value, year round jobs.

The grant program would be limited to reimbursement of defined portions of relocation costs, site development costs, special employee training not covered by other programs, and special analysis of sites in Alaska. The program is limited to \$3,000,000 annually. Unallocated funds will be returned to the General Fund. Allocations must be made each year to fund the program, and will be administered by the Department of Commerce and Economic Development.

There are three essential functions that would be targeted through the New Business Incentive Program.

- 1.) **A need to generate cargo and freight exports from Alaska:** Interest in cargo flight activity has increased recently, and there is a window of opportunity for Alaska to capitalize on its location and cargo transfer capability. If we were to provide incentives for businesses to expand into this industry, then we could exploit our locational advantages in many regions including Fairbanks and Anchorage to give cargo carriers economic reasons to stop in Alaska.
- 2.) **A need for more diversity in the corporate tax base:** Manufacturing comprises a mere 6.2% of Alaska's economy. 81% of the \$207 million in corporate taxes for FY97 was paid by only ten corporations. Six were oil and gas companies. Companies who benefit from this program will be significant contributors to the corporate tax base within several years of initiating operations in Alaska. New revenues will flow to the state through existing mechanisms within three to five years.
- 3.) **Alaskans need high value jobs:** Over half of the manufacturers in Alaska who have more than 20 employees hire at least 60% of their workforce out of state. Many of these jobs are seasonal. Alaska needs to promote businesses that provide year round jobs that pay well and add value to the economy. Encouraging manufacturers that export high value products, will add revenue to the economy of the state and will create strong employment possibilities for Alaskans.

# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO. CSSB159 (L&C)**

Revision Date: 5/8/97  
 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	FY01	FY 02	FY 03
PERSONAL SERVICES	21.6	8.9	9.1	9.4	9.7	10.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>21.6</b>	<b>8.9</b>	<b>9.1</b>	<b>9.4</b>	<b>9.7</b>	<b>10.0</b>

<b>CAPITAL EXPENDITURES</b>	
-----------------------------	--

<b>CHANGE IN REVENUES</b>	
---------------------------	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	21.6	8.9	9.1	9.4	9.7	10.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>21.6</b>	<b>8.9</b>	<b>9.1</b>	<b>9.4</b>	<b>9.7</b>	<b>10.0</b>

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

**POSITIONS**

FULL-TIME	0.25	0.10	0.10	0.10	0.10	0.10
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)  
 The Division supports this legislation, however requires 25% of one PFT to prescribe regulations, forms and procedures during the first year. Assuming sufficient appropriations to make \$3MM available annually for the program, year 2 and beyond would require 10% of the same individual's time to determine eligibility and to administer the business incentive grants program (Sec. 45.81.020(b), and 45.81.030). An inflation factor of 3.0% has been applied to the annual cost of 1 PFT, range 20.

Prepared by: Bill Paulick  
 Division: Division of Trade and Development  
 Approved by Commissioner: William L. Hensley  
 Agency: \_\_\_\_\_

Phone: 465-3961  
 Date: May 8, 1997  
 Date: 5-8-97

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information, call the Governor's Legislative Office

Municipality  
of  
Anchorage



*Jordan*  
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

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".





# CHUGACH ELECTRIC ASSOCIATION, INC.

April 30, 1997

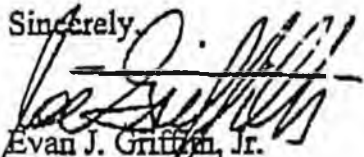
Ms. Patricia M. DeMarco, Ph.D.  
President  
Anchorage Economic Development Corporation  
550 West Seventh Avenue, Suite 1400  
Anchorage, Alaska 99501

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. DeMarco, 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



# Northrim Bank

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

4900 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](mailto: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 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,*

*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

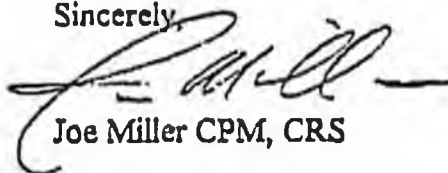
Dear Patty:

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.  
2800 cordova street, suite 100  
anchorage, alaska 99503  
office: (907) 276-2761  
direct line: (907) 257-0156  
each office independently owned and operated

The logo for Alaska Power Systems, Inc. features the company name in a stylized, bold font. The word "Alaska" is at the top, "Power" is in the middle, and "Systems" is at the bottom, with "INC" in a smaller font to the right of "Systems".

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

A starburst graphic with multiple lines radiating from a central point, located in the top left corner of the page.

April 23, 1997

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

Dear Patty:

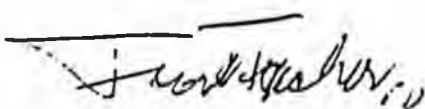
I am writing to you today to express our support for **HB 220 and SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic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

A handwritten signature in cursive script, appearing to read "Frank Tucker".

cc: Scott Thompson CEO,

Brian Chronister Marketing Director,

Rob Shipley Operations Manager

**DOWL**  
**ENGINEERS**  
A Division of DOWL, Incorporated

April 22, 1997  
W.O. D00001

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

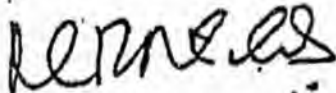
Fax: 465-3872

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



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.

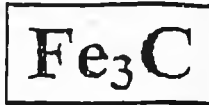
Again, we believe you are on the right track and wish you every success in your campaign to enact this legislation.

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

907-258-6646

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

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.

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 *ljm*

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