

HB

316

<TARGET><BILL>HB 316</BILL><SUBJECT>HB
316</SUBJECT><COMM>HSTA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Session:
State Capitol Building,
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Juneau, Alaska 99801-2186
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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

MEMORANDUM

To: House State Affairs Committee

From: Representative Steve Thompson

Date: February 29, 2012

Re: Questions on House Bill 316

Please find the question and answers from the Committee hearing held on Tuesday, February 28, 2012.

1. **Does the Bill give advantage of one community over another in a Military Facility Zone?**
 - a. No, the Bill does not delineate or distinguish between communities that are in a Military Facility Zone. The Bill is silent on this issue.
2. **Are National Guard and Reserve facilities included in this Bill?**
 - a. Yes, all Military facilities are included. (See page 6 Section 26.30.900(3))
3. **What States have enacted legislation similar to HB 316?**
 - a. Virginia, Alabama, Texas, Maryland, and Arizona.
4. **What states have included U.S. Coast Guard in similar Bills?**
 - a. Alaska is the first State to include Coast Guard Assets in a military Bill of this nature.
5. **Is this Bill a proactive approach the offset BRAC?**
 - a. The Bill was introduced prior to the latest BRAC talks. However, this bill is proactive in that vein.

6. **The Fiscal Note from Ted Leonard, AIDEA, states that there would be five (5) military effectiveness zones in rural Alaska. What are those five zones and do they preclude urban areas from the Bill?**
 - a. The Fiscal Note provided by Mr. Leonard was drafted from the draft version of the bill. Mr. Leonard has since provided a zero Fiscal Note that reflects no limitation on the number of zones or their location within the State.

7. **Benefits of a Military Facility Zone: Does a municipality or business located in Military Facility Zone have priority over non-Military Facility Zone municipalities and businesses?**
 - a. It may, The Department of Military and Veterans' Affairs or any other State program MAY give priority consideration for financial assistance to municipalities and businesses located in a Military Facility Zone. The prioritization would expedite the process for funding. AIDEA and AHFC do not give priority to one over the other. (See Page 5 Line 25 Section 26.30.060(b))

8. **Does this Bill mean that all municipalities and boroughs that apply to be a Military Facility Zone all be approved?**
 - a. No, only those areas that meet the criteria in Section 26.30.020 may be approved the Adjutant General.

9. **Is the 60 day timeframe stated in Section 26.30.030, sufficient for the Adjutant General to make a decision determining if an areas application to be a Military Facility Zone meets the criteria in Section 26.30.020?**
 - a. Yes, that timeframe was specifically approved by the Adjutant General and the Department of Military and Veteran's Affairs.

10. **Where does this provide that individual project must be approved by the Adjutant General instead of the city or military facility zone authority?**
 - a. The Bill speaks to the Adjutant General designating, determining, and prioritizing areas as Military Facility Zones. The Bill does not address individual projects within a Military Facility Zone requiring the approval of the Adjutant General.

11. **Where does the Bill state that a municipality or business must be a direct contractor with DOD to be eligible for designation as a Military Facility Zone?**
 - a. The Bill addresses the criteria for designation as a Military Facility Zone in Section 26.30.020. The Bill does not speak to having direct contracts; it does speak to directly supporting the military application of a facility. (section 26.20.020(a)(2)) MOST applications involving DOD are under contract to DOD; however not all applications that support the military facility are direct contractors to DOD. Page 7 Section 26.30.900, Section AS 44.62.175(a)(9) defines in broad terms the definition of a project, the Bill is silent on a requirement to be a direct contractor.

12. **Where does the Bill address that each Military Facility Zone will have a Liaison Committee? Where does it specifically say that?**
 - a. The Bill calls for a Military Facility Zone Authority on page 5 Section 26.30.060. That is what was referred to when the term committee was inadvertently used.

13. Does the Bill require that a Military Facility Zone authority be established?

- a. No, the Bill states that a municipality may create a Military Facility Zones Authority or if more than one municipality is included in a Military Facility Zone they may, by agreement, create a Military Facility Zone Authority. Page 5 Section 26.30.050(a)(b).

14. There is a fear that the Bill would be used to limit or exclude parties from gaining from this Bill. How does the Bill protect those interests?

- a. Section 26.30.010(d)(1) – (5) has placed safeguards into the bill to avoid that from happening through the Public Notice System (AS 44.62.175)

15. Does AIDEA and AFHC need to have broadened or extended authority as it relates to this Bill?

- a. No, during the final meeting in the course of the drafting of this Bill AIDEA and AFHC were present and stated that they had the ability to support this Bill as written.

It needs to be remembered that the Department of Military and Veterans' Affairs and the Adjutant General still have to draft the regulations to carry out the provisions of this Bill.

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

SPONSOR STATEMENT HB 316

"An act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date."

House Bill 316 gives statutory authority to the Department of Military and Veterans' Affairs to establish "military facility zones" within the State of Alaska. Military facility zones are designated areas in close proximity to a military base (facility) where industrial or economic development will directly enhance the base's ability to fulfill its mission.

Military facility zones are successfully employed in other states as vehicles to obtain and administer funds for business development specifically relating to military activities. Funding for such zones in Alaska may be available from the Alaska Industrial Development and Export Authority (AIDEA) and/or the Alaska Housing Finance Corporation (AHFC), or from federal New Market Tax Credits. Federal, state, or local public or private funding sources, credit, or guarantee programs can be made available directly to municipalities and boroughs that are working on specifically approved projects within a military facility zone.

Military facility zones create opportunities for significant benefits to Alaska and the nation. They will enhance economic activity near military installations and thereby facilitate economic growth and development in the state, especially where local governments are working in close partnership with their military counterparts. The zones promote expansion of infrastructure to benefit both military and civilian objectives, such as civil defense, homeland security and emergency response. They will enhance the nation's military capabilities by helping bases operate more effectively and efficiently.

Finally, military facility zones in Alaska will clearly demonstrate the state's continuing and substantive support for the armed services, and help defend against the negative impacts on Alaska's regional economies and military communities that might occur should Congress choose to implement the federal Base Realignment and Closure Act (BRAC).

E-mail [Representative Steve Thompson@legis.state.ak.us](mailto:Representative_Steve_Thompson@legis.state.ak.us)

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

House Bill 316 - Sectional Analysis

"An Act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date."

Section 1. This adds a new chapter to AS 26, Chapter 30 Military Facility Zones.

26.30.005. Establishes Military Facility Zones

26.30.010. Establishes application for a Military Facility Zone

26.30.020. Establishes the criteria for designating Military Facility Zones.

26.30.030. Establishes the designation of Military Facility Zone

26.30.040. Establishes for expansion of a Military Facility Zone

26.30.050. Establishes Military Facility Zone authorities.

26.30.060. Establishes benefits in a Military Facility Zone.

26.30.070. Establishes that regulations may be adopted to carry out the provisions of this chapter.

26.30.900. Establishes definitions

Section 2. This amends AS 44.62.175(a) to add an online public notice system maintained on the State's internet site.

E-mail [Representative Steve Thompson@legis.state.ak.us](mailto:Representative_Steve_Thompson@legis.state.ak.us)

Section 3. This amends AS 44.88.909(9) to define the word “project” as used in conjunction with this chapter

Section 4. This adds a new section to the uncodified law of the State of Alaska to include TRANSITION; REGULATIONS may immediately adopt regulations necessary to implement the changes made by this Act.

Section 5. States Section 4 of this Act takes effect immediately under AS 01.10.070(c).

Section 6. States that the Act takes effect July 1, 2012 except as provided in Section 5 of this Act.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB 316
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB316-DCCED-AIDEA-02-10-12 Dept. Affected DCCED
 Title Military Facility Zones Appropriation Authority
 Allocation Authority
 Sponsor Rep. Thompson
 Requester House Military & Veterans' Affairs OMB Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required;
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Ted Leonard, Executive Director
 Division Alaska Industrial Development & Export Authority
 Approved by JoEllen Hanrahan, Director Administrative Services
Commerce, Community, and Economic Development

Phone 907-771-3000
 Date/Time 02/10/11 10:00am
 Date 2/10/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. HB 316

Analysis

This legislation allows DMVA to designate up to five military effectiveness zones in rural areas in the state. With respect to AIDEA it permits the authority to provide financing in these areas which could be beneficial. AIDEA currently has the authority to invest in federal facilities, which can include military buildings. This legislation would create an incentive for such financing, but would not require the creation of new programs within AIDEA.

There is no foreseeable fiscal impact to AIDEA as a result of this legislation.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB316
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB 316-DMVA-MVA-CO-02-13-12 Dept. Affected Dept. of Military & Veterans Affairs
 Title Military Facility Zones Appropriation Military and Veterans Affairs
 Allocation Office of the Commissioner
 Sponsor THOMPSON,Saddler,Feige,Chenault,Herron,T.Wilson,Lynn
 Requester (H) Military and Veterans Affairs OMB Component Number 414

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by McHugh Pierre, Deputy Commissioner
 Division Office of the Commissioner, DMVA
 Approved by Major General Thomas H. Katkus
Commissioner, DMVA

Phone (907) 428-6003
 Date/Time 2/13/12 3:00 PM
 Date 2/13/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. HB316

Analysis

This bill modifies AS 26 to allow the establishment of military zones in the state.

There is no fiscal impact to DMVA for this bill.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB316
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB316-DOR-AHFC-02-10-2012 Dept. Affected Revenue
 Title Military Facility Zone Appropriation Alaska Housing Finance Corp.
 Allocation AHFC Operations
 Sponsor Representative Thompson
 Requester (H) MLV OMB Component Number 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Cary Bolling, Officer Governmental Relations & Public Affairs
 Division Alaska Housing Finance Corporation
 Approved by Dan Fauske, CEO
Alaska Housing Finance Corporation

Phone 907-350-2479
 Date/Time 1:05pm, 2/10/2012
 Date 1:05pm, 2/10/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. HB316

Analysis

The bill gives statutory authority to the Alaska Department of Military and Veterans' Affairs to establish "Military Facility Zones" (MFZ) within the State of Alaska which are designated areas in close proximity to a military base (facility) where industrial or economic development will directly enhance the base's ability to fulfill its mission. The MFZ includes zoning for residential use. A municipality in which a military facility zone is located or a military facility zone authority may receive financing for one or more projects from the Alaska Housing Finance Corporation.

The bill does not provide any additional advantage to AHFC's current ability to provide financing to municipalities or the military for housing development. It may prove advantageous to other entities. Zero fiscal note from AHFC for this bill.