

HB

316

<TARGET><BILL>HB 316</BILL><SUBJECT>HB
316</SUBJECT><COMM>SSTA27</COMM></TARGET>

SENATE COMMITTEE REPORT

DATE: 3/6/12

FURTHER: Rules
 DATE TURNED IN TO OFFICE: 4-11-12

State Affairs Committee considered HOUSE BILL NO. 316

HB 316-MILITARY FACILITY ZONES

"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."

and recommends:

- be replaced with SCS _____ (_____) Same Title Technical Title Change New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
CED			✓	1
MVA			✓	2
REV			✓	3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Kookesh	✓			
	Paskin	x			
	Giessel	x			
	Meyer	x			
CHAIR:	Wielechowski	x			

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

MEMORANDUM

To: Senator Wielechowski, Chairman
Senate State Affairs Committee

From: Representative Steve Thompson

Date: March 6, 2012

Re: Hearing request for 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

Please consider this memo as a request for the Senate State Affairs Committee to hear HB 316.

The following documents are attached and will also be provided via email:

HB 316 Sponsor Statement
HB 316 version I
HB 316 Sectional Analysis
Question & Answer memorandum to House State Affairs
Rep Saddler written testimony on HB316
Fiscal Note AIDEA: 0
Fiscal Note AHFC: 0
Fiscal Note MVA: 0

Thank you,

E-Mail: Representative.Steve.Thompson@legis.state.ak.us
Website: www.akRepublicans.org/thompson/

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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.

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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.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE DAN SADDLER

To Co-Chair Thompson and Members of the MLV Committee:

Though I can't be there today, I wanted to put on record my strong support for HB 316, Military Facilities Zones. I was pleased to work on this legislation during the interim with Representatives Thompson and Feige, and to see it come before our committee. I see HB 316 as an important legislative tool to strengthen the position of military facilities in our state.

Alaska has 32 different military installations that are critical elements in our state economy. There are more than 24,000 active-duty, Guard and Reserve troops serving in Alaska, with an annual payroll of more than \$1.5 billion. About 13 percent of the state economy depends on the military, with the impact being especially significant near the larger installations.

These bases are a significant part of our nation's defense structure. They defend the nation's airspace and outer space; rapidly deploy forces around the world in times of crisis; support global logistics and transportation functions; and provide training opportunities that are unmatched elsewhere in the world.

We've heard recent news that does not bode well for Alaska's military bases. We've heard news of nearly half-trillion dollars in defense budget cuts over the next 10 years. We've heard of the possible loss of F-16s from Eielson Air Force Base, and of HC-130s from Joint Base Elmendorf-Richardson. We've heard that nearly 270 civilian jobs are being cut from these two bases. And we've heard the Secretary of Defense raise the prospect of another round in the Base Realignment and Closure (BRAC) process that could mean the further diminution of the military's presence in Alaska.

HB 316 can provide a number of significant benefits to our state and nation:

- It will provide a mechanism for bringing new federal and state money to bear on the bases.
- It will help develop infrastructure that can improve living conditions and economic prospects for the communities surrounding military facilities.
- It will help Alaska's bases become more efficient and better able to effectively perform their missions, strengthening the case against their realignment or closure.
- It will provide a mechanism to fund expansion of existing facilities to embrace new missions.
- It will help protect private - and public-sector jobs.
- It will provide another positive demonstration of Alaska's support for the military.

I am proud to be a co-sponsor of this legislation; please join me in supporting its passage.

A handwritten signature in black ink that reads "Dan Saddler".

Rep. Dan Saddler, Co-Chair, Military and Veterans Affairs Committee

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB 316
Fiscal Note Number 1 **CORRECTED**
(H) Publish Date 3/5/12

Identifier (file name) HB316-DCCED-AIDEA-02-28-12 Dept. Affected DCCED
Title Military Facility Zones Appropriation Alaska Industrial Development & Export Auth
Allocation Alaska Industrial Development & Export Auth
Sponsor Representative Thompson
Requester House Rules Committee 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							
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 0.0 (separate supplemental appropriation required;
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (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)

This fiscal note removes reference to a set number of military effectiveness zones DMVA may designate.

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

Phone 907-771-3000
Date/Time 2/29/12 8:00 PM
Date 2/29/2012

Analysis

This legislation allows Department of Military and Veterans Affairs (DMVA) to designate military effectiveness zones in the state. With respect to the Alaska Industrial Development and Export Authority (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 HB 316
 Fiscal Note Number 2
 (H) Publish Date 2/17/12

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					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
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	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	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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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)

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 #2

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. HB 316

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 HB 316
Fiscal Note Number 3
(H) Publish Date 2/17/12

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
Alaksa Housing Finance Corporation

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

FISCAL NOTE #3

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 316

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.

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

MEMORANDUM

To: Senate State Affairs Committee

From: Representative Steve Thompson

Date: March 29, 2012

Re: Questions on House Bill 316

Please find the questions and answers from the Committee hearing held on Thursday, March 29, 2012.

1. In answer to the Committee's questions, on AHFCs role and the New Market Tax credit.
 - a. The answer on AHFC's role is in privatized housing. The Military Facility Zone (MFZ) could use New Market Tax Credits to underwrite the subdivision infrastructure development (roads, utility extensions, etc), leaving just the house financing for AHFC. This would reduce the cost of the house, making it more affordable in a rural, high cost area for military members to purchase. By providing an off-base housing advantage, the government does not need to build government quarters, thereby lowering the cost of operating the base to the military. A win-win, and yes, AHFC is critical to providing the home loan, but the MFZ is critical to allow infrastructure development to make the cost of homes affordable.
 - b. The New Markets Tax Credit (NMTC) Program was established in 2000 as part of the Community Renewal Tax Relief Act 2000. The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. The credit

equals 39% of the investment paid out (5% in each of the first three years, then 6% in the final four years, for a total of 39%) over seven years (more accurately, six years and one day of the seventh year) . A Community Development Entity must have a primary mission of investing in low-income communities and persons. HB 316 furthers this concept and includes language on pages 2 thru 4 Section 26.30.020(a)(1-4), (c)(1-15) to address criteria for a Military Facility Zone that supplement the qualifying language in the Community Renewal Tax Relief Act 2000 for the New Market Tax Credit to be applied to a Military Facility Zone.

2. 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.
- b. It should be noted that during the House hearings AIEDA and AHFC were present and had no objections or opposing comments on the 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

get AIDEA to testify

targets commercial businesses.

HOUSE BILL NO. 316

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES THOMPSON, Saddler, Feige, Chenault, Herron, Tammie Wilson, Lynn

Introduced: 2/8/12

Referred: House Special Committee on Military and Veterans' Affairs, State Affairs

A BILL

FOR AN ACT ENTITLED

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

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 26 is amended by adding a new chapter to read:

6 **Chapter 30. Military Facility Zones.**

7 **Sec. 26.30.005. Military facility zones.** The Department of Military and
8 Veterans' Affairs may establish military facility zones in this state in accordance with
9 this chapter.

10 **Sec. 26.30.010. Application for a military facility zone.** (a) The adjutant
11 general may accept applications for designation of a military facility zone or
12 expansion of a military facility zone. The adjutant general shall by regulation specify
13 the content of, and submission requirements for, the application.

14 (b) The chief executive officer or governing body of a municipality may apply

1 for an area to be designated as a military facility zone or for expansion of an existing
2 military facility zone as follows:

3 (1) a municipality may apply for an area within its boundaries;

4 (2) a borough may apply on behalf of a city located in the borough, for
5 an area within the boundaries of the city only with the prior consent of the city;

6 (3) two or more municipalities may jointly apply for an area within the
7 common boundaries of the municipalities.

8 (c) The application must contain the information and be submitted in the form
9 and manner required by the adjutant general and must provide

10 (1) a statement that the applicant has examined the feasibility of
11 creating industry, development, and educational or training opportunities for
12 employers and employees of business entities located or to be located in the proposed
13 military facility zone; and

14 (2) approval of the application by ordinance of the governing body of
15 the applicant, except that, for an area in the unorganized borough that is not in a
16 municipality, the approval must be by law.

17 (d) On receiving an application under this section or an application for
18 expansion under AS 26.30.040, the adjutant general shall give notice of the application
19 to the following:

20 (1) the legislature;

21 (2) the commissioner of commerce and economic development;

22 (3) the executive director of the Alaska Industrial Development and
23 Export Authority;

24 (4) the executive director of the Alaska Housing Finance Corporation;

25 (5) the public; the notice under this paragraph shall be made by posting
26 on the Alaska Online Public Notice System (AS 44.62.175).

27 (e) The adjutant general shall solicit comments on the application. Notice of
28 the solicitation shall be placed on the Alaska Online Public Notice System
29 (AS 44.62.175).

30 **Sec. 26.30.020. Criteria for designation as a military facility zone; priority**
31 **considerations.** (a) The adjutant general may designate an area as a military facility

1 zone only if the area in the state

2 (1) is in close proximity to a facility;

3 (2) directly supports the military application of a facility;

4 (3) is zoned for industrial or economic development, residential use,
5 and workforce training or education beneficial to the facility; and

6 (4) is in area with inadequate infrastructure to support the continued or
7 expanded operations of the facility.

8 (b) The adjutant general may give priority consideration to an area for
9 designation as a military facility zone if the area is of strategic importance to the
10 economic development interests of the municipality.

11 (c) The adjutant general shall consider the following factors before
12 designating an area as a military facility zone:

13 (1) whether the proposed military facility zone designation is
14 consistent with the comprehensive plan of the municipality;

15 (2) whether it is feasible to develop sites within the proposed zone for
16 purposes of industrial or economic development, residential use, and workforce
17 training or education beneficial to the facility;

18 (3) whether the municipality has targeted the area for revitalization in a
19 plan or ordinance;

20 (4) the relationship between the area and a military facility subject to
21 realignment or closure under 10 U.S.C. 2687, as amended, or a successor statute or the
22 effect of the realignment or closure on the area;

23 (5) the availability, cost, and condition of existing business and
24 educational facilities to support the military facility or facility of a civilian agency;

25 (6) the difference between the median annual income of residents of
26 the area and the median annual income of residents of the state and region, and the
27 number of residents who receive public assistance;

28 (7) the number of residents of the area who receive unemployment,
29 and the ability of the municipality to improve social and economic conditions of the
30 area;

31 (8) the need for financing for small businesses that would improve

1 social and economic conditions in the area;

2 (9) any plans or financial commitments of municipalities to improve
3 the area;

4 (10) any plans or financial commitments of private entities to improve
5 the area;

6 (11) the municipality's participation in economic development
7 activities, including proposals for public or private development;

8 (12) support from community or business organizations in the area;

9 (13) the availability of workforce readiness programs, including
10 workforce recruiting and training support or educational research and curriculum
11 support in the area;

12 (14) the availability or plans for the creation of workforce housing
13 options for residents of the area; and

14 (15) the fiscal effect on the state if the area were to be designated a
15 military facility zone.

16 **Sec. 26.30.030. Designation of military facility zones.** (a) Within 60 days
17 after receiving an application under AS 26.30.010 submitted in compliance with this
18 chapter, after considering comments under AS 26.30.010(e), the adjutant general may
19 designate a military facility zone. The adjutant general shall specify the location and
20 boundaries of the military facility zone.

21 (b) The designation of an area as a military facility zone is effective for 20
22 years, beginning on the date the adjutant general designates the area as a military
23 facility zone.

24 (c) Unless the area of the municipality exceeds 500 square miles, only two
25 military facility zones may be in effect in a municipality at one time.

26 (d) The decision of the adjutant general on an application to designate a
27 military facility zone is a final administrative order subject to appeal to the superior
28 court for review in the manner provided under AS 44.62.560.

*no
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appeal?*

29 **Sec. 26.30.040. Expansion of a military facility zone.** (a) Within 60 days
30 after receiving an application for expansion of a zone submitted by a municipality in
31 compliance with AS 26.30.010, the adjutant general may expand the zone, if the

1 applicant demonstrates that the expanded area meets the requirements of
2 AS 26.30.020.

3 (b) The adjutant general may grant up to two applications for expansion of a
4 military facility zone in each calendar year for an area that

5 (1) meets the requirements of AS 26.30.020; and

6 (2) has strategic importance to the economic development of the
7 municipality.

8 (c) The limit in AS 26.30.030(c) does not apply to an expansion of a military
9 facility zone that does not exceed 50 percent of the area of the existing zone or to an
10 expansion of a zone under (b) of this section.

11 **Sec. 26.30.050. Military facility zone authorities.** (a) If a military facility
12 zone is within the boundaries of only one municipality, the municipality may create a
13 military facility zone authority for the zone.

zone authority

14 (b) If a military facility zone includes areas within the boundaries of more
15 than one municipality, the municipalities may, by agreement, create a military facility
16 zone authority for the zone.

17 **Sec. 26.30.060. Benefits in military facility zones.** (a) A municipality in
18 which a military facility zone is located or a military facility zone authority for a
19 military facility zone may receive

20 (1) financing for one or more projects in the military facility zone from
21 the Alaska Industrial Development and Export Authority or the Alaska Housing
22 Finance Corporation;

23 (2) funding for one or more projects from any other available source of
24 federal, state, or local public or private funding, credit, or guarantee programs.

25 (b) A municipality in which a military facility zone is located, a military
26 facility zone authority for a military facility zone, or a business entity located in a zone
27 may receive priority consideration for financial assistance for projects or operations in
28 the zone from the Department of Military and Veterans' Affairs and from any other
29 appropriate state program, if available under the law establishing the program.

30 **Sec. 26.30.070. Regulations.** The adjutant general may adopt regulations
31 under AS 44.62 to carry out the provisions of this chapter, including specifying criteria

1 and procedures for applications, approvals, and the monitoring of eligibility under this
2 chapter.

3 **Sec. 26.30.900. Definitions.** In this chapter, unless the context otherwise
4 requires,

5 (1) "adjutant general" means the principal executive officer of the
6 Department of Military and Veterans' Affairs appointed under AS 26.05.160;

7 (2) "area" means a geographic area described by a closed perimeter
8 boundary within one or more municipalities in the state;

9 (3) "facility" means a facility of

10 (A) an Alaska military or civilian agency serving a subdivision
11 of the Alaska National Guard, the United States Army, the United States Navy,
12 the United States Marine Corps, the United States Air Force, or the United
13 States Coast Guard, including reserve units of those entities;

14 (B) the National Aeronautics and Space Administration; or

15 (C) a public corporation within the Department of Military and
16 Veterans' Affairs;

17 (4) "military facility zone" means an area that

18 (A) meets the requirements of AS 26.30.020; and

19 (B) is designated as a military facility zone by the adjutant
20 general under AS 26.30.030;

21 (5) "military facility zone authority" means a public corporation
22 established by one or more municipalities to administer a military facility zone located
23 in the municipalities in the state;

24 (6) "zone" means a military facility zone.

25 * **Sec. 2.** AS 44.62.175(a) is amended to read:

26 (a) The lieutenant governor shall develop and supervise the Alaska Online
27 Public Notice System, to be maintained on the state's site on the Internet. The
28 lieutenant governor shall prescribe the form of notices posted on the system by state
29 agencies. The Alaska Online Public Notice System must include

30 (1) notices of proposed actions given under AS 44.62.190(a);

31 (2) notices of state agency meetings required under AS 44.62.310(e),

1 even if the meeting has been held;

2 (3) notices of solicitations to bid issued under AS 36.30.130;

3 (4) notices of state agency requests for proposals issued under
4 AS 18.55.255, 18.55.320; AS 36.30.210; AS 37.05.316; AS 38.05.120; and
5 AS 43.40.010;

6 (5) executive orders and administrative orders issued by the governor;

7 (6) written delegations of authority made by the governor or the head
8 of a principal department under AS 44.17.010;

9 (7) the text or a summary of the text of a regulation or order of repeal
10 of a regulation for which notice is given under AS 44.62.190(a), including an
11 emergency regulation or repeal regardless of whether it has taken effect;

12 (8) notices required by AS 44.62.245(b) regarding an amended version
13 of a document or other material incorporated by reference in a regulation;

14 (9) a summary of the text of recently issued formal opinions and
15 memoranda of advice of the attorney general;

16 (10) a list of vacancies on boards, commissions, and other bodies
17 whose members are appointed by the governor; [AND]

18 (11) in accordance with AS 39.52.240(h), advisory opinions of the
19 attorney general; **and**

20 **(12) notices required by AS 26.30.010(d) and (e) regarding**
21 **applications for military facility zones.**

22 * **Sec. 3.** AS 44.88.900(9) is amended to read:

23 (9) "project" means

24 (A) a plant or facility used or intended for use in connection
25 with making, processing, preparing, transporting, or producing in any manner,
26 goods, products, or substances of any kind or nature or in connection with
27 developing or utilizing a natural resource, or extracting, smelting, transporting,
28 converting, assembling, or producing in any manner, minerals, raw materials,
29 chemicals, compounds, alloys, fibers, commodities and materials, products, or
30 substances of any kind or nature;

31 (B) a plant or facility used or intended for use in connection

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1 with a business enterprise;

2 (C) commercial activity by a business enterprise;

3 (D) a plant or facility demonstrating technological advances of
4 new methods and procedures and prototype commercial applications for the
5 exploration, development, production, transportation, conversion, and use of
6 energy resources;

7 (E) infrastructure for a new tourism destination facility or for
8 the expansion of a tourism destination facility; in this subparagraph, "tourism
9 destination facility" does not include a hotel or other overnight lodging facility;

10 (F) a plant or facility, other than a plant or facility described in
11 (D) of this paragraph, for the generation, transmission, development,
12 transportation, conversion, or use of energy resources;

13 (G) a plant or facility that enhances, provides for, or promotes
14 economic development with respect to transportation, communications,
15 community public purposes, technical innovations, prototype commercial
16 applications of intellectual property, or research;

17 (H) a plant or facility used or intended for use as a federal
18 facility, including a United States military, national guard, or coast guard
19 facility;

20 **(I) infrastructure for an area that is designated as a**
21 **military facility zone under AS 26.30;**

22 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 TRANSITION: REGULATIONS. The Department of Military and Veterans' Affairs
25 may immediately adopt regulations necessary to implement the changes made by this Act.
26 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before
27 July 1, 2012.

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

29 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect July 1, 2012.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

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

Identifier (file name) HB316-DCCED-AIDEA-02-28-12 Dept. Affected DCCED
Title Military Facility Zones Appropriation Alaska Industrial Development & Export Authority
Allocation Alaska Industrial Development & Export Authority
Sponsor Representative Thompson
Requester House Rules Committee 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							
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 0.0 (separate supplemental appropriation required;
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (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)

This fiscal note removes reference to a set number of military effectiveness zones DMVA may designate.

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

Phone 907-771-3000
Date/Time 2/29/12 8:00 PM
Date 2/29/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. HB 316

Analysis

This legislation allows Department of Military and Veterans Affairs (DMVA) to designate military effectiveness zones in the state. With respect to the Alaska Industrial Development and Export Authority (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.