

LEG. FINANCE - BILLS 1981 - 1982 1706

SB 695 - CSSB 697 1706



COMMITTEE REPORT  
SENATE

1/28/82

FURTHER: Finance

Date: 3/3/82

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 695

making a special appropriation to the University of Alaska for planning for the Northern engineering research facility at Fairbanks

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- ma* do pass with attached amendments(s)  same title
- replace with CS for \_\_\_\_\_  new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*V. Fischer*  
*Tom Kelly*  
*Charles H. P...*  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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*Charles H. P...*  
 CHAIRMAN

SENATE AMENDMENT

By SENATE HESS

To: \_\_\_\_\_ SENATE BILL No. 695

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 1      LINE: 11

to the University of Alaska, Fairbanks for planning and design of [for]  
the Northern engineer -

*Page 1, line 11 - after  
planning delete "for"  
insert "and design of"*

Introduced: 1/29/82  
Referred: Health, Education &  
Social Services and Finance

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

1 IN THE SENATE

BY PARR

2 SENATE BILL NO. 695

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the University  
7 of Alaska for planning for the Northern engineering  
8 research facility at Fairbanks."

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

10 \* Section 1. The sum of \$2,000,000 is appropriated from the general fund  
11 to the University of Alaska, Fairbanks for planning for the Northern engineer-  
12 ing research facility.

13 \* Sec. 2. The appropriation made by this Act is related to a capital  
14 project and is subject to AS 37.25.020.  
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ALASKA STATE LEGISLATURE

TWELFTH Legislature . SECOND Session

SENATE ..BILL..... NO. ..695..

By ...PARR.....

"An Act making a special appropriation to the University of Alaska for planning for the Northern engineering research facility at Fairbanks."

Introduced in the Senate .... 1/29, 19... 82

HISTORY IN THE SENATE

19 82

Read first time and referred to Committee on

1 29 HESS and Finance

34

Reported back with *HESS* recommendation that *3 do pass w/am to Finance*

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by President  
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by Speaker  
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

Introduced: 1/29/82  
Referred: Health, Education &  
Social Services and Finance

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

1 IN THE SENATE

BY PARR

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## LEGISLATIVE SUMMARY

CSSB 697 "An Act establishing the Alaska Resources Corporation in place (Finance) of the Alaska Renewable Resources Corporation (AS 37.12)"

- Sec. 1 Changes the name by deleting the word renewable. Moves the Corporation from the Department of Revenue to Commerce and Economic Development.
- Sec. 2 Purposes are to facilitate the rehabilitation, enhancement and development of the state's resources to strengthen the state's economy.
- Sec. 3 A capital fund is established, consisting of transfers and appropriations and payments on loans. The fund will pay ARC operating expenses, will finance new projects and can be invested.
- Sec. 4 Changes from a board of trustees to a board of directors.
- Sec. 5 Board of directors will consist of 4 members with business or investment experience appointed by the governor, as well as the Commissioner of Commerce and Economic Development. The board annually elects a chair.
- Sec. 6 Terms of the board members shall be for 4 years with the terms staggered. Adds language that the governor shall appoint a member to fill unexpired terms. Deletes the language of one member serves 2 years, one member serves 3 years, and one member serves 4 years.
- Sec. 7 Changes the quorum from 2 members to 3 and allows for electronic meetings.
- Sec. 8 Members receive no salary but they are entitled to per diem and travel expenses and \$200 per business day honorarium.
- Sec. 9 The board shall employ an executive director who may, with board approval, have additional staff. All are in the exempt service.
- Sec. 10 Deletes the words "of trustees."
- Sec. 11 The board shall invest in economically viable projects by equity or debt investments at market rates.
- Sec. 12 Duties: financial assistance for projects that will accomplish the purposes of the Corporation; promote the use of state's resources in the state and development of import substitution and export markets; prepare long range operating

and financial plans and a budget; monitor projects and provide operational and performance evaluations; and evaluate individual projects.

- Sec. 13 Deletes the words "renewable resource." Deletes the provisions that: grants may be made for up to 90% of the projects costs for the purposes of: (1) applied research and development of products, technologies, for the rehabilitation, enhancement, or development of renewable resources; (2) demonstration, one-time basis, economic or technical feasibility of new products, market, or technology involving renewable resources; or (3) rehabilitation, enhancement, or development of a common-property resource where the benefit from the project cannot be captured by any single economic unit.
- Sec. 14 Adds a new section requiring the Corporation to begin divesting equity investments with 10 years or the term of the loan, whichever occurs first.
- Sec. 15 The board may not invest in one project more than 5% of the Corporation's assets or \$500,000 whichever is less.
- Sec. 16 The board may not invest in more than 49% of the combined equity and debt of an applicant and may not own more than 49% of the voting shares and may not finance more than 70% of the cost of the project.
- Sec. 17 Loans may not exceed 30 years.
- Sec. 18 Funds may not be provided to state agencies.
- Sec. 19 No grants can be made.
- Sec. 20 No loans can be made for short term working capital.
- Sec. 21 Specifies reports and publications required of the board: financial statements, investment appraisal, performance report, overall financial plan. Annual income statement and balance sheet shall be published in at least one newspaper in each judicial district.
- Sec. 22 The operating budget of the Corporation is subject to the Executive Budget Act.
- Sec. 23 Changes the definition of board by deleting the word "trustees" and replacing it with "directors."
- Sec. 24 Deleting the word "renewable."
- Sec. 25 Changes the definition of project by deleting the word "renewable."

- Sec. 26 Defines "rehabilitation, enhancement and development."
- Sec. 27 Changes the definition of "resource" by deleting the word "renewable." With a new definition of resource as including but not limited to fisheries, agriculture, forest products, renewable energy, tourism and mining, but excluding real estate, retail sales or services.
- Sec. 28 "Small enterprise" is defined as a business with actual or anticipated gross sales revenues of \$10 million or less.
- Sec. 29 Deletes the provision that the Legislative Budget and Audit Committee hold confirmation hearings on the members.
- Sec. 30 Deletes the provision that the Legislative Budget and Audit Committee make recommendations regarding the confirmation of the appointees to the board.
- Sec. 31 Deletes the word "renewable" from the name of the Corporation.
- Sec. 32 Deletes "renewable" from the Corporation name.
- Sec. 33 Repeals 37.12.020 allocating 5% of mineral sales, leases and bonuses to the Corporation and requiring 50% of receipts be deposited in the renewable resource investment fund.

Repeals 37.12.040 Removal and vacancies. The governor may remove a member with the consent of a majority of the legislature in joint session. Provisions of time and when the legislature is not in session. A vacancy does not impair a quorum.

Repeals 37.12.070(12) Powers of the board: provide grants for projects having broad public application which do not have direct income-producing potential.

Repeals 37.12.070(14) Powers of the board: deposit or invest surplus funds through Treasury Division.

Repeals 37.12.080(a)(1)(D) Specifying a minimum time of project in Alaska (instead, all projects are required to have an Alaskan site).

Repeals 37.12.080(a)(1)(G) Requiring the board to resolve resource use conflicts.

Repeals 37.12.080(a)(3) Requiring consideration of local preferences and priorities.

Repeals 37.12.085(2) Eligibility for financial assistance: state residency for 3 years or majority Alaskan ownership.

Repeals 37.12.115 Provision of technical assistance, including preinvestment advances.

- Sec. 34 Initial terms of the board shall be one member serving 1 year, one member serving 2 years, one member serving 3 years and one member serving 4 years. The board shall be appointed within 30 days. Trustees serve as an interim board until appointees serve.
- Sec. 35 Terminates the present Alaska Renewable Resources Corporation on the effective date of this Act.
- Sec. 36 Transfers all records, appropriations, equipment and other assets or liabilities to the Alaska Resources Corporation on the effective date.
- Sec. 37 Employees are transferred on the effective date.
- Sec. 38 Limitations on financial assistance applies only to commitments made after the effective date of the Act. [This provides the new Corporation with the ability to handle the on-going needs and assistance requirements of the existing portfolio.]
- Sec. 39 Immediate effective date.

COMMITTEE REPORT  
SENATE

3/31/82

FURTHER: None

Date: 4/19/82

Mr. President:

The Committee on FINANCE has had SB 697  
Alaska Renewable Resources Corp.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 697 (Finance)  same title  new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

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No other recommendations

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CHAIRMAN

Original sponsor: Kerttula by request

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 CS FOR SENATE BILL NO. 697 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL  
6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and  
27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 (A) develop underutilized state resources and reduce the  
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state  
5 residents;

6 (D) provide additional tax revenues to the state govern-  
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports  
9 into the state; or

10 (F) provide new products or services not previously  
11 available in the state.

12 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

13 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital  
14 fund is established in the corporation, consisting of money or assets  
15 appropriated or transferred to the corporation, and payments of princi-  
16 pal and interest on loans and equity investments made by the corporation.  
17 The fund shall be used to finance projects that qualify for assistance  
18 under this chapter, and to pay the operating expenses of the corporation.  
19 If money remains in the development fund after financing projects that  
20 qualify for assistance under this chapter and after paying the operating  
21 expenses of the corporation, the money shall be invested by the corpora-  
22 tion under AS 37.10.070(a).

23 \* Sec. 4. AS 37.12.025 is amended to read:

24 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-  
25 tors [TRUSTEES] of the corporation is established as its governing body.

26 \* Sec. 5. AS 37.12.030 is repealed and reenacted to read:

27 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board  
28 consists of four members with business, lending, or investment experience  
29 appointed by the governor and the commissioner of commerce and economic

1 development or his designee. The board shall annually elect a chairman  
2 from among its members.

3 \* Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
5 TRUSTEES] shall be appointed for terms of four years, and they may be  
6 reappointed. Terms of members appointed by the governor shall be stag-  
7 gered. The governor shall immediately appoint a member to fill a vacancy  
8 in the membership of the board for the unexpired term [THE INITIAL TERMS  
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE  
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 \* Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
13 [TWO] members of the board constitute a quorum for the transaction of  
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media  
16 if (1) public notice of the time and locations where the meeting will  
17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 pate in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
24 tion has the same legal effect as a meeting in person.

25 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
27 board receive \$200 for each day spent on official business of the corpor-  
28 ation, and are entitled to per diem and travel expenses authorized by  
29 law for state boards and commissions under AS 39.20.180.

1 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
3 employ an executive director to administer the corporation in accordance  
4 with this chapter, and to perform other duties that the board may pre-  
5 scribe. The executive director serves at the pleasure of the board and  
6 may not be a member of the board. The board determines the salary of  
7 the executive director.

8 (b) The executive director may, with the approval of the board,  
9 select and employ staff. The executive director and staff are in the  
10 exempt service under AS 39.25.

11 \* Sec. 10. AS 37.12.065(a) is amended to read:

12 (a) Members of the board [OF TRUSTEES] are subject to the pro-  
13 visions of AS 39.50.

14 \* Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are  
16 or are expected to become income-producing by buying stock or other  
17 equity, by purchasing secured and unsecured debt of any priority, and  
18 debt with flexible repayment schedules and royalty and profit sharing  
19 agreements, but investments may not be made at below market rates;

20 \* Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
22 chapter the board shall

23 (1) provide financial assistance for resource projects that  
24 the board finds will accomplish the purposes of the corporation as set  
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a  
27 certified copy of the minutes to the governor and the Legislative Budget  
28 and Audit Committee;

29 (3) annually prepare long-range operating and financial plans

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 \* Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt  
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-  
9 source project ; or

0 (C) more than 70 percent of the cost of a resource  
1 project;

2 \* Sec. 17. AS 37.12.080(b)(3) is amended to read:

3 (3) make a loan for a period in excess of 30 years [UNLESS  
4 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

5 \* Sec. 18. AS 37.12.080(b)(5) is amended to read:

6 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
7 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

8 \* Sec. 19. AS 37.12.080(b)(6) is amended to read:

9 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
0 ANNUAL APPROPRIATION OF THE CORPORATION].

1 \* Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

2 (7) make loans to provide short-term working capital.

3 \* Sec. 21. AS 37.12.090 is repealed and reenacted to read:

4 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) . The corporation  
5 shall publish an annual report by January 10 of each year for distribu-  
6 tion to the governor, the legislature, and the public. The report shall  
7 be written in easily understandable language, shall consider the assigned  
8 duties of the corporation, and shall include

9 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this  
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during  
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the  
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk  
9 and return on investment in the different categories of investment  
10 undertaken;

11 (6) a summary of employment provided and of wages and state  
12 and local taxes paid by resource projects invested in or assisted by the  
13 corporation; and

14 (7) any other information the members of the board believe  
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-  
17 tion shall be published in at least one newspaper in each judicial  
18 district.

19 (c) The corporation may publish other relevant reports.

20 \* Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 7.12.095. OPERATING BUDGET. The operating budget of the  
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 \* Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the  
25 Alaska [RENEWABLE] Resources Corporation;

26 \* Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources  
28 Corporation;

29 \* Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-  
2 nological developments for the rehabilitation, enhancement, or develop-  
3 ment of [RENEWABLE] resources and includes applied research for those  
4 products, markets, or technological developments;

5 \* Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an  
7 activity that leads to an increase in the quality or productivity of a  
8 resource, and to an increase in the benefits derived from the resource  
9 for citizens of the state;

10 \* Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,  
12 agriculture, forest products, renewable energy, tourism, mining, basic  
13 manufacturing and other industrial development; "resource" does not  
14 include real estate development or retail sales or services;

15 \* Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross  
17 sales revenue of \$10,000,000 or less for its annual reporting period  
18 ending immediately before an application to the corporation for financial  
19 assistance; a new business enterprise that has not completed an annual  
20 reporting period before an application but that anticipates sales revenue  
21 of \$10,000,000 or less in its first annual reporting period is a "small  
22 enterprise".

23 \* Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members  
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
27 CORPORATION];

28 \* Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska  
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-  
12 tance provided or commitments made under AS 37.12 after the effective date of  
13 this Act.

14 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

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Original sponsor. Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and  
27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 (A) develop underutilized state resources and reduce the  
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state  
5 residents;

6 (D) provide additional tax revenues to the state govern-  
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports  
9 into the state; or

10 (F) provide new products or services not previously  
11 available in the state.

12 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

13 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital  
14 fund is established in the corporation, consisting of money or assets  
15 appropriated or transferred to the corporation, and payments of princi-  
16 pal and interest on loans and equity investments made by the corporation.  
17 The fund shall be used to finance projects that qualify for assistance  
18 under this chapter, and to pay the operating expenses of the corporation.  
19 If money remains in the development fund after financing projects that  
20 qualify for assistance under this chapter and after paying the operating  
21 expenses of the corporation, the money shall be invested by the corpora-  
22 tion under AS 37.10.070(a).

23 \* Sec. 4. AS 37.12.025 is amended to read:

24 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-  
25 tors [TRUSTEES] of the corporation is established as its governing body.

26 \* Sec. 5. AS 37.12.030 is repealed and reenacted to read:

27 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board  
28 consists of four members with business, lending, or investment experience  
29 appointed by the governor and the commissioner of commerce and economic

1 development or his designee. The board shall annually elect a chairman  
2 from among its members.

3 \* Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
5 TRUSTEES] shall be appointed for terms of four years, and they may be  
6 reappointed. Terms of members appointed by the governor shall be stag-  
7 gered. The governor shall immediately appoint a member to fill a vacancy  
8 in the membership of the board for the unexpired term [THE INITIAL TERMS  
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE  
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 \* Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
13 [TWO] members of the board constitute a quorum for the transaction of  
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media  
16 if (1) public notice of the time and locations where the meeting will  
17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 pate in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
24 tion has the same legal effect as a meeting in person.

25 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
27 board receive \$200 for each day spent on official business of the corpor-  
28 ation, and are entitled to per diem and travel expenses authorized by  
29 law for state boards and commissions under AS 39.20.180.

1 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
3 employ an executive director to administer the corporation in accordance  
4 with this chapter, and to perform other duties that the board may pre-  
5 scribe. The executive director serves at the pleasure of the board and  
6 may not be a member of the board. The board determines the salary of  
7 the executive director.

8 (b) The executive director may, with the approval of the board,  
9 select and employ staff. The executive director and staff are in the  
10 exempt service under AS 39.25.

11 \* Sec. 10. AS 37.12.065(a) is amended to read:

12 (a) Members of the board [OF TRUSTEES] are subject to the pro-  
13 visions of AS 39.50.

14 \* Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are  
16 or are expected to become income-producing by buying stock or other  
17 equity, by purchasing secured and unsecured debt of any priority, and  
18 debt with flexible repayment schedules and royalty and profit sharing  
19 agreements, but investments may not be made at below market rates;

20 \* Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
22 chapter the board shall

23 (1) provide financial assistance for resource projects that  
24 the board finds will accomplish the purposes of the corporation as set  
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a  
27 certified copy of the minutes to the governor and the Legislative Budget  
28 and Audit Committee;

29 (3) annually prepare long-range operating and financial plans

1 and the budget for the next fiscal year;

2 (4) monitor approved projects for compliance with this chapter  
3 and provide operational and performance evaluations of projects receiving  
4 financial assistance;

5 (5) before an investment is made in a resource project by the  
6 corporation, prepare written findings on the project that include a  
7 consideration of the expectation of return from the project and the risk  
8 involved in undertaking the project.

9 \* Sec. 13. AS 37.12.080(a)(2) is amended to read:

10 (2) use the financial mechanism most appropriate to the  
11 conditions of the applicant and the proposed resource project and which  
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
14 FOLLOWING PURPOSES:

15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

21 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
22 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
23 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

24 \* Sec. 14. AS 37.12.080(a) is amended by adding a new paragraph to read:

25 (5) require that if the corporation makes an equity invest-  
26 ment it agrees to start divesting itself of the shares held within 10  
27 years or before the end of the term of the loan, whichever occurs first.

28 \* Sec. 15. AS 37.12.080(b)(1) is amended to read:

29 (1) invest or otherwise provide assistance of more than five

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 \* Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt  
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-  
9 source project; or

10 (C) more than 70 percent of the cost of a resource  
11 project;

12 \* Sec. 17. AS 37.12.080(b)(3) is amended to read:

13 (3) make a loan for a period in excess of 30 years [UNLESS  
14 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

15 \* Sec. 18. AS 37.12.080(b)(5) is amended to read:

16 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
17 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

18 \* Sec. 19. AS 37.12.080(b)(6) is amended to read:

19 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
20 ANNUAL APPROPRIATION OF THE CORPORATION].

21 \* Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

22 (7) make loans to provide short-term working capital.

23 \* Sec. 21. AS 37.12.090 is repealed and reenacted to read:

24 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation  
25 shall publish an annual report by January 10 of each year for distribu-  
26 tion to the governor, the legislature, and the public. The report shall  
27 be written in easily understandable language, shall consider the assigned  
28 duties of the corporation, and shall include

29 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this  
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during  
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the  
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk  
9 and return on investment in the different categories of investment  
10 undertaken;

11 (6) a summary of employment provided and of wages and state  
12 and local taxes paid by resource projects invested in or assisted by the  
13 corporation; and

14 (7) any other information the members of the board believe  
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-  
17 tion shall be published in at least one newspaper in each judicial  
18 district.

19 (c) The corporation may publish other relevant reports.

20 \* Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the  
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 \* Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the  
25 Alaska [RENEWABLE] Resources Corporation;

26 \* Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources  
28 Corporation;

29 \* Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-  
2 nological developments for the rehabilitation, enhancement, or develop-  
3 ment of [RENEWABLE] resources and includes applied research for those  
4 products, markets, or technological developments;

5 \* Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an  
7 activity that leads to an increase in the quality or productivity of a  
8 resource, and to an increase in the benefits derived from the resource  
9 for citizens of the state;

10 \* Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,  
12 agriculture, forest products, renewable energy, tourism, mining, basic  
13 manufacturing and other industrial development; "resource" does not  
14 include real estate development or retail sales or services.

15 \* Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross  
17 sales revenue of \$10,000,000 or less for its annual reporting period  
18 ending immediately before an application to the corporation for financial  
19 assistance; a new business enterprise that has not completed an annual  
20 reporting period before an application but that anticipates sales revenue  
21 of \$10,000,000 or less in its first annual reporting period is a "small  
22 enterprise".

23 \* Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members  
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
27 CORPORATION];

28 \* Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska  
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-  
12 tance provided or commitments made under AS 37.12 after the effective date of  
13 this Act.

14 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

*Up both H & S  
Rec'd 5/13/82  
after bill  
R/O both H & S  
Fin Committee*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS CSSB 697 (Fin)  
Title An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date.

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		409.4	429.9	451.4	474.0	497.7
200 TRAVEL		114.6	119.4	124.4	129.7	135.2
300 CONTRACTUAL		614.2	644.9	677.1	711.0	746.6
400 COMMODITIES		15.8	16.6	17.4	18.3	19.2
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>		<b>1154.0</b>	<b>1210.8</b>	<b>1270.3</b>	<b>1333.0</b>	<b>1398.7</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)						
Program Receipts		1154.0	1210.8	1270.3	1333.0	1398.7

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The budget submitted by Alaska Renewable Resources Corporation was reduced by eliminating the full time trustees. Five board members would be appointed, one of which would be the Commissioner of Commerce and Economic Development.

The board members would meet approximately once a month and would receive a \$200 per day honorarium (all except the Commissioner of Commerce and Economic Development). The additional \$19.2 in travel was budgeted for the honorariums.

Estimates for FY's 1984 - 1987 were based on FY 1983 plus an inflation factor of 5%.

IV. DATE May 11, 1982

PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development

Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)

*F. W. Reed  
after Bill  
passed from  
Committee*

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 697 (Fin)  
Title An Act establishing the Alaska Resources Corporation in place of  
the Alaska Renewable Resources Corporation (AS 37.12); and providing  
for an effective date.

Requested by Senate Finance Committee Date 4/19/82

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(Note: If more than one budget component is affected, separate line-item  
amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		350.0				
200 TRAVEL		75.0				
300 CONTRACTUAL		465.0				
400 COMMODITIES		15.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>905.0</b>				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		905.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		8				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note is based on a winddown of the Alaska Renewable Resources Corporation. No new activity was considered.

The above figures, obtained from ARRC is the minimum needed to adequately service the existing portfolio during winddown operations. It is assumed that no new loans would be considered. The Department of Commerce and Economic Development is relying on ARRC as to funding required for FY 1983. Time does not allow the department to investigate ARRC's portfolio to develop budget needs from scratch. FY 1984 funding requirements could be substantially altered.

IV. DATE April 19, 1982 PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development  
Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 697 (Fin)  
 Title An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date.

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Economic Development  
 BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		409.4	429.9	451.4	474.0	497.7
200 TRAVEL		114.6	119.4	124.4	129.7	135.2
300 CONTRACTUAL		614.2	644.9	677.1	711.0	746.6
400 COMMODITIES		15.8	16.6	17.4	18.3	19.2
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>		1154.0	1210.8	1270.3	1333.0	1398.7

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)						
Program Receipts		1154.0	1210.8	1270.3	1333.0	1398.7

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The budget submitted by Alaska Renewable Resources Corporation was reduced by eliminating the full time trustees. Five board members would be appointed, one of which would be the Commissioner of Commerce and Economic Development.

The board members would meet approximately once a month and would receive a \$200 per day honorarium (all except the Commissioner of Commerce and Economic Development). The additional \$19.2 in travel was budgeted for the honorariums.

Estimates for FY's 1984 - 1987 were based on FY 1983 plus an inflation factor of 5%.

IV. DATE April 13, 1982

PREPARED BY Don Hostak, Director  
 AGENCY Department of Commerce & Economic Development

Original: Legislative Finance PHONE 465-2555 Division of Loans and  
 cc: Budget and Management or 465-2510 Veterans' Affairs  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

Introduced: 1/29/82  
Referred: Resources and  
Finance

1 IN THE SENATE

BY KERTTULA BY REQUEST

2 SENATE BILL NO. 697

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Renewable Resources  
7 Corporation."

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

9 \* Section 1. AS 37.12.030 is amended to read:

10 Sec. 37.12.030. COMPOSITION OF THE BOARD OF TRUSTEES. The board  
11 of trustees consists of five [THREE] members appointed by the governor  
12 and confirmed by a majority of the members of the legislature in joint  
13 session. The board shall annually elect a chairman from among its  
14 members. A chairman may not succeed himself.

15 \* Sec. 2. AS 37.12.035 is amended to read:

16 Sec. 37.12.035. TERM OF OFFICE. The members of the board of  
17 trustees shall be appointed for terms of four years, and they may be  
18 reappointed. Terms shall be staggered. [THE INITIAL TERMS SHALL BE  
19 ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE YEARS,  
20 AND ONE MEMBER SERVING FOR FOUR YEARS.]

21 \* Sec. 3. AS 37.12.050 is amended to read:

22 Sec. 37.12.050. QUORUM. Three [TWO] members of the board consti-  
23 tute a quorum for the transaction of business and the exercise of the  
24 powers and duties of the board.

25 \* Sec. 4. AS 37.12.055 is amended to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Board members are  
27 in the exempt service under AS 39.25. A board member receives com-  
28 penensation for each day the member attends a meeting of the board. This  
29 compensation is determined by the board, but may not exceed \$200 per

1 day. A board member is also entitled to per diem and travel allowances  
2 provided by law for members of state boards and commissions [AND RE-  
3 CEIVE AN ANNUAL SALARY WITHIN RANGE 30 OF THE SALARY SCHEDULE FOR STATE  
4 EMPLOYEES ESTABLISHED BY AS 39.27.011].

5 \* Sec. 5. AS 37.12.060 is repealed and reenacted to read:

6 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
7 employ an executive director to administer the corporation in accor-  
8 dance with this chapter, and to perform other duties that the board may  
9 prescribe. The executive director serves at the pleasure of the board  
10 and may not be a member of the board. The board determines the salary  
11 of the executive director.

12 (b) The executive director may, with the approval of the board,  
13 select and employ staff. The executive director and staff are in the  
14 exempt service under AS 39.25.

15 \* Sec. 6. AS 37.12.075(2) is amended to read:

16 (2) provide financial assistance, other than grants, for  
17 projects which the board finds will accomplish the purposes of the cor-  
18 poration as set out in AS 37.12.015;

19 \* Sec. 7. AS 37.12.080(a)(2) is amended to read:

20 (2) use the financial mechanism most appropriate to the  
21 conditions of the applicant and the proposed project and which will  
22 most effectively utilize the funds available; [GRANTS MAY BE MADE BY  
23 THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE FOL-  
24 LOWING PURPOSES:

25 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT  
26 OF PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
27 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

28 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME  
29 BASIS, OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT,

1 MARKET, OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

2 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
3 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
4 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

5 \* Sec. 8. AS 37.12.080(b)(6) is amended to read:

6 (6) make grants [ALLOCATE TO GRANTS MORE THAN 10 PERCENT OF  
- 7 THE ANNUAL APPROPRIATION OF THE CORPORATION].

8 \* Sec. 9. AS 37.12.070(12) is repealed.

9 \* Sec. 10. TRANSITIONAL PROVISIONS. A member of the board of trustees  
10 of the Alaska Renewable Resources Corporation serving on the effective date  
11 of this Act continues as a member for the duration of the term for which  
12 appointed. The initial terms of new members added by AS 37 12.030 as  
13 amended by sec. 1 of this Act are one member for two years and one member  
14 for three years.

Original sponsor: Kerttula by request

Offered: 3/31/82  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy; and  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment.

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29 fund is established in the corporation, consisting of money or assets

1 appropriated or transferred to the corporation, and payments of princi-  
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3 The fund shall be used to finance projects that qualify for assistance  
4 under this chapter, and to pay the operating expenses of the corporation.  
5 If money remains in the development fund after financing projects that  
6 qualify for assistance under this chapter and after paying the operating  
7 expenses of the corporation, the money shall be invested by the corpora-  
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16 annually elect a chairman from among its members.

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18 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
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20 reappointed. Terms of members appointed by the governor shall be stag-  
21 gered. The governor shall immediately appoint a member to fill a  
22 vacancy in the membership of the board for the unexpired term [THE  
23 INITIAL TERMS SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER  
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28 business and the exercise of the powers and duties of the board.  
29 (b) The board may meet and transact business by electronic media

1 if (1) public notice of the time and locations where the meeting will  
2 be held by electronic media has been given in the same manner as if the  
3 meeting were held in a single location; (2) participants and members  
4 of the public in attendance can hear and have the same right to partici-  
5 rate in the meeting as if the meeting were conducted in person; and (3)  
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19 scribe. The executive director serves at the pleasure of the board and  
20 may not be a member of the board. The board determines the salary of  
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22 (b) The executive director may, with the approval of the board,  
23 select and employ staff. The executive director and staff are in the  
24 exempt service under AS 39.25.

25 \* Sec. 10. AS 37.12.065(a) is amended to read:

26 (a) Members of the board [OF TRUSTEES] are subject to the pro-  
27 visions of AS 39.50.

28 \* Sec. 11. AS 37.12.075 is repealed and reenacted to read:

29 Sec. 37.12.075. DUTIES. In carrying out the purposes of this

1 chapter the board shall

2 (1) provide financial assistance for resource projects that  
3 the board finds will accomplish the purposes of the corporation as set  
4 out in AS 37.12.015;

5 (2) keep minutes of each meeting of the board and send a  
6 certified copy of the minutes to the governor and the Legislative Budget  
7 and Audit Committee;

8 (3) annually prepare long-range operating and financial plans  
9 and the budget for the next fiscal year;

10 (4) monitor approved projects for compliance with this chapter  
11 and provide operational and performance evaluations of projects receiving  
12 financial assistance.

13 \* Sec. 12. AS 37.12.080(a)(2) is amended to read:

14 (2) use the financial mechanism most appropriate to the  
15 conditions of the applicant and the proposed resource project and which  
16 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
17 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
18 FOLLOWING PURPOSES:

19 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
20 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
21 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

22 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
23 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
24 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

25 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
26 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
27 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

28 \* Sec. 13. AS 37.12.080(a) is amended by adding a new paragraph to read:

29 (5) require that if the corporation makes an equity invest-

1 ment it agrees to divest itself of the shares held within 10 years or  
2 before the end of the term of the loan, whichever occurs first.

3 \* Sec. 14. AS 37.12.080(b)(1) is amended to read:

4 (1) invest or otherwise provide assistance of more than five  
5 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
6 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
7 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

8 \* Sec. 15. AS 37.12.080(b)(2) is repealed and reenacted to read:

9 (2) finance more than 49 percent of the combined equity and  
10 debt obligations of an applicant;

11 \* Sec. 16. AS 37.12.080(b)(3) is amended to read:

12 (3) make a loan for a period in excess of 30 years [UNLESS  
13 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

14 \* Sec. 17. AS 37.12.080(b)(5) is amended to read:

15 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
16 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

17 \* Sec. 18. AS 37.12.080(b)(6) is amended to read:

18 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
19 ANNUAL APPROPRIATION OF THE CORPORATION].

20 \* Sec. 19. AS 37.12.090 is repealed and reenacted to read:

21 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation  
22 shall publish an annual report by January 10 of each year for distribu-  
23 tion to the governor, the legislature, and the public. The report shall  
24 be written in easily understandable language and shall include

25 (1) a financial statement audited by an independent outside  
26 auditor;

27 (2) a statement of the corporation's investments under this  
28 chapter including an appraisal of the investments at market value;

29 (3) a description of corporation investment activity during

1 the period covered by the report;

2 (4) a comparison of the corporation's performance with the  
3 goals of the corporation; and

4 (5) any other information the members of the board believe  
5 would be of interest to the governor, the legislature, and the public.

6 (b) The annual income statement and balance sheet of the corpora-  
7 tion shall be published in at least one newspaper in each judicial  
8 district.

9 (c) The corporation may publish other relevant reports.

10 \* Sec. 20. AS 37.12.095 is repealed and reenacted to read:

11 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the  
12 corporation is subject to the Executive Budget Act (AS 37.07).

13 \* Sec. 21. AS 37.12.125(2) is amended to read:

14 (2) "board" means the Board of Directors [TRUSTEES] of the Alaska  
15 [RENEWABLE] Resources Corporation;

16 \* Sec. 22. AS 37.12.125(3) is amended to read:

17 (3) "corporation" means the Alaska [RENEWABLE] Resources  
18 Corporation;

19 \* Sec. 23. AS 37.12.125(4) is amended to read:

20 (4) "project" means products, markets, innovation, or tech-  
21 nological developments for the rehabilitation, enhancement, or develop-  
22 ment of [RENEWABLE] resources and includes applied research for those  
23 products, markets, or technological developments;

24 \* Sec. 24. AS 37.12.125(5) is repealed and reenacted to read:

25 (5) "rehabilitation, enhancement and development" means an  
26 activity that leads to an increase in the quality or productivity of a  
27 resource, and to an increase in the benefits derived from the resource  
28 for citizens of the state;

29 \* Sec. 25. AS 37.12.125(6) is repealed and reenacted to read:

1 (6) "resource" means a natural component of the environment  
2 including but not limited to fisheries, agriculture, forest products,  
3 renewable energy, tourism, and mining.

4 \* Sec. 26. AS 37.12.125 is amended by adding a new paragraph to read:

5 (7) "small enterprise" means a business enterprise with gross  
6 income of \$10,000,000 or less for its annual reporting period ending  
7 immediately before an application to the corporation for financial  
8 assistance.

9 \* Sec. 27. AS 24.20.201(a)(9) is amended to read:

10 (9) hold public hearings on the confirmation of the members  
11 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
12 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
13 CORPORATION];

14 \* Sec. 28. AS 24.20.206(1) is amended to read:

15 (1) report to the legislature its recommendations relating to  
16 the confirmation of appointees to the Board of Trustees of the Alaska  
17 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
18 RENEWABLE RESOURCES CORPORATION];

19 \* Sec. 29. AS 44.66.010(a)(7) is amended to read:

20 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
21 June 30, 1992 [1982];

22 \* Sec. 30. AS 46.12.120(4) is amended to read:

23 (4) in developing its programs, consult with the Alaska  
24 Council on Science and Technology, the Alaska Power Authority, the  
25 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
26 power development of the Department of Commerce and Economic Develop-  
27 ment, the Department of Natural Resources, and the University of Alaska;  
28 the board shall meet with responsible officials and representatives of  
29 these organizations and agencies at least twice each year;

1 \* Sec. 31. The initial terms of members of the Board of Directors of the  
2 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
3 amended in sec. 5 of this Act shall be one member serving one year, one  
4 member serving two years, one member serving three years, and one member  
5 serving four years. Initial members of the Board of Directors of the Alaska  
6 Resources Corporation shall be appointed within 75 days from the effective  
7 date of this Act.

8 \* Sec. 32. The Alaska Renewable Resources Corporation and its Board of  
9 Trustees are dissolved on the effective date of this Act.

10 \* Sec. 33. All appropriations, records, equipment, and other assets or  
11 liabilities of the Alaska Renewable Resources Corporation are transferred to  
12 the Alaska Resources Corporation.

13 \* Sec. 34. The following laws are repealed: AS 37.12.020, 37.12.040,  
14 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
15 085(2), and 37.12.115.

16 \* Sec. 35. The limitation on financial assistance in AS 37.12.080(b)(1)  
17 as amended in sec. 15 of this Act applies to financial assistance provided  
18 under AS 37.12 after the effective date of this Act.

19 \* Sec. 36. This Act takes effect immediately in accordance with AS 01.10.-  
20 070(c).

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# MEMORANDUM

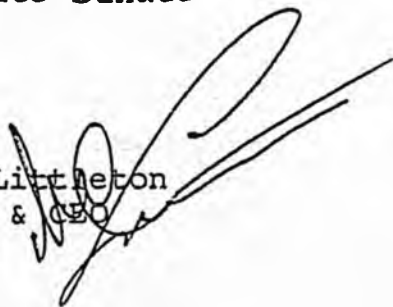
TO: Sen. Arliss Sturgulewski  
Alaska State Senate  
Juneau

DATE: April 12, 1982

FILE NO:

TELEPHONE NO:

FROM: Wayne C. Littleton  
President & CEO  
Anchorage



SUBJECT: ARRC Self Perpetuation

Since inception the legislature has appropriated \$44,300,000 in capital funds to the Alaska Renewable Resources Fund. Of this figure \$42,300,000 has been drawn down for investment in various projects.

To date we have completed investments totalling \$27,500,000, are holding \$4,000,000 for commitments in progress and have liquid assets of about \$8,000,000 resulting from investment repayments and cancelled conditional commitments.

Your office has asked for us to project the cash flow expectation for Fy-83 so that we may demonstrate an ability, if the legislature considers the appropriations to date an endowment, to meet operating expenses annually as well as generate new investable funds.

In projecting Fy-83 cashflow we are using as a base those investments which have scheduled principal reductions, interest on projects calling for payments in Fy-83, and have excluded those projects we do not feel certain of performance. Working capital estimated for ARRC during Fy-83 therefore are as follows:

Principal Repayments	\$ 1,192,475
Interest earnings	2,720,014
Sub total	<u>3,912,489</u>
Less Fy-83 Operating Exp.	1,154,000
Funds for Reinvestment	\$ <u>2,758,489</u>

When combined with the \$8,000,000 in prior principal repayments and expired commitments the ARRC will conservatively have about \$11,000,000 for new investments during Fy-83.

Our conservative estimates are that from this period forward the corporation will not only easily cover its operating expenses from program receipts, but also self generate from principal repayments and excess operating income reinvestable capital of no less than \$3,000,000 per year.

Rec'd 5/13/82  
after bill  
R/p both H & S  
Finance

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS CSSB 697 (Fin)  
 Title An Act establishing the Alaska Resources Corporation in place of the  
 Alaska Renewable Resources Corporation (AS 37.12); and providing for  
 an effective date.

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Economic Development  
 BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
 (Note: If more than one budget component is affected, separate line-item  
 amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		409.4	429.9	451.4	474.0	497.7
200 TRAVEL		114.6	119.4	124.4	129.7	135.2
300 CONTRACTUAL		614.2	644.9	677.1	711.0	746.6
400 COMMODITIES		15.8	16.6	17.4	18.3	19.2
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>		<b>1154.0</b>	<b>1210.8</b>	<b>1270.3</b>	<b>1333.0</b>	<b>1398.7</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)						
Program Receipts		1154.0	1210.8	1270.3	1333.0	1398.7

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The budget submitted by Alaska Renewable Resources Corporation was reduced by eliminating the full time trustees. Five board members would be appointed, one of which would be the Commissioner of Commerce and Economic Development.

The board members would meet approximately once a month and would receive a \$200 per day honorarium (all except the Commissioner of Commerce and Economic Development). The additional \$19.2 in travel was budgeted for the honorariums.

Estimates for FY's 1984 - 1987 were based on FY 1983 plus an inflation factor of 5%.

IV. DATE May 11, 1982 PREPARED BY Don Hostak, Director  
 AGENCY Department of Commerce & Economic Development  
 Original: Legislative Finance PHONE 465-2555 Division of Loans and  
 cc: Budget and Management or 465-2510 Veterans' Affairs  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

# COMMITTEE REPORT

## HOUSE

FURTHER:

(11)

4/22/82

Date: 3/5/82

Mr. Speaker:

The Committee on FINANCE has had CS 697 (7m)

"An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CS 697 (7m)  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_  
\_\_\_\_\_  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Chairman  
CHAIRMAN

AMENDMENT

TO: CSSB 697(Fin)

Page 10, line 11:

After "applies" insert "only".

Page 10, line 13:

After "Act." insert the following:

"This Act does not limit the authority of the Alaska Resources corporation to continue and sustain investments made before the effective date of this Act by the Alaska Renewable resources Corporation.

Offered: 4/19/82  
Referred: Rules

Original sponsor: Kerttula by request

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 H CS FOR SENATE BILL NO. 697 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - SECOND SESSION  
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22 of the state's resources so as to strengthen and diversify the state  
23 economy;  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and  
27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 (A) develop underutilized state resources and reduce the  
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state  
5 residents;

6 (D) provide additional tax revenues to the state govern-  
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports  
9 into the state; or

10 (F) provide new products or services not previously  
11 available in the state.

12 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

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14 fund is established in the corporation, consisting of money or assets  
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15 (b) The board may meet and transact business by electronic media  
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17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 pate in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
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14 \* Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are  
16 or are expected to become income-producing by buying stock or other  
17 equity, by purchasing secured and unsecured debt of any priority, and  
18 debt with flexible repayment schedules and royalty and profit sharing  
19 agreements, but investments may not be made at below market rates;

20 \* Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
22 chapter the board shall

23 (1) provide financial assistance for resource projects that  
24 the board finds will accomplish the purposes of the corporation as set  
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a  
27 certified copy of the minutes to the governor and the Legislative Budget  
28 and Audit Committee;

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1 and the budget for the next fiscal year;

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7 consideration of the expectation of return from the project and the risk  
8 involved in undertaking the project.

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11 conditions of the applicant and the proposed resource project and which  
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
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15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

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26 ment it agrees to start divesting itself of the shares held within 10  
27 years or before the end of the term of the loan, whichever occurs first.

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1 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

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6 (A) more than 49 percent of the combined equity and debt  
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23 \* Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the  
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26 \* Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources  
28 Corporation;

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1 the confirmation of appointees to the Board of Trustees of the Alaska  
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-  
12 tance provided or commitments made under AS 37.12 after the effective date of  
13 this Act.

14 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 697 (Fin)  
Title An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date.

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		409.4	429.9	451.4	474.0	497.7
200 TRAVEL		114.6	119.4	124.4	129.7	135.2
300 CONTRACTUAL		614.2	644.9	677.1	711.0	746.6
400 COMMODITIES		15.8	16.6	17.4	18.3	19.2
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>		<b>1154.0</b>	<b>1210.8</b>	<b>1270.3</b>	<b>1333.0</b>	<b>1398.7</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)						
Program Receipts		1154.0	1210.8	1270.3	1333.0	1398.7

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The budget submitted by Alaska Renewable Resources Corporation was reduced by eliminating the full time trustees. Five board members would be appointed, one of which would be the Commissioner of Commerce and Economic Development.

The board meetings would meet approximately once a month and would receive a \$200 per day honorarium (all except the Commissioner of Commerce and Economic Development). The additional \$19.2 in travel was budgeted for the honorariums.

Estimates for FY's 1984 - 1987 were based on FY 1983 plus an inflation factor of 5%.

IV. DATE April 13, 1982 PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development  
Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

Original sponsor: Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and  
27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 (A) develop underutilized state resources and reduce the  
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state  
5 residents;

6 (D) provide additional tax revenues to the state govern-  
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports  
9 into the state; or

10 (F) provide new products or services not previously  
11 available in the state.

12 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

13 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital  
14 fund is established in the corporation, consisting of money or assets  
15 appropriated or transferred to the corporation, and payments of princi-  
16 pal and interest on loans and equity investments made by the corporation.  
17 The fund shall be used to finance projects that qualify for assistance  
18 under this chapter, and to pay the operating expenses of the corporation.  
19 If money remains in the development fund after financing projects that  
20 qualify for assistance under this chapter and after paying the operating  
21 expenses of the corporation, the money shall be invested by the corpora-  
22 tion under AS 37.10.070(a).

23 \* Sec. 4. AS 37.12.025 is amended to read:

24 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-  
25 tors [TRUSTEES] of the corporation is established as its governing body.

26 \* Sec. 5. AS 37.12.030 is repealed and reenacted to read:

27 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board  
28 consists of four members with business, lending, or investment experience  
29 appointed by the governor and the commissioner of commerce and economic

1 development or his designee. The board shall annually elect a chairman  
2 from among its members.

3 \* Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
5 TRUSTEES] shall be appointed for terms of four years, and they may be  
6 reappointed. Terms of members appointed by the governor shall be stag-  
7 gered. The governor shall immediately appoint a member to fill a vacancy  
8 in the membership of the board for the unexpired term [THE INITIAL TERMS  
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE  
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 \* Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
13 [TWO] members of the board constitute a quorum for the transaction of  
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media  
16 if (1) public notice of the time and locations where the meeting will  
17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 date in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
24 tion has the same legal effect as a meeting in person.

25 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
27 board receive \$200 for each day spent on official business of the corpor-  
28 ation, and are entitled to per diem and travel expenses authorized by  
29 law for state boards and commissions under AS 39.20.180.

1 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2       Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
3 employ an executive director to administer the corporation in accordance  
4 with this chapter, and to perform other duties that the board may pre-  
5 scribe. The executive director serves at the pleasure of the board and  
6 may not be a member of the board. The board determines the salary of  
7 the executive director.

8       (b) The executive director may, with the approval of the board,  
9 select and employ staff. The executive director and staff are in the  
10 exempt service under AS 39.25.

11 \* Sec. 10. AS 37.12.065(a) is amended to read:

12       (a) Members of the board [OF TRUSTEES] are subject to the pro-  
13 visions of AS 39.50.

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2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) —  
6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.050(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies only to financial  
12 assistance provided or commitments made under AS 37.12 after the effective  
13 date of this Act. This Act does not limit the authority of the Alaska  
14 Resources Corporation to continue and sustain investments made before the  
15 effective date of this Act by the Alaska Renewable Resources Corporation.

16 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
17 070(c).

Offered: 4/19/82  
Referred: Rules

Original sponsor: Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and  
27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 (A) develop underutilized state resources and reduce the  
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state  
5 residents;

6 (D) provide additional tax revenues to the state govern-  
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports  
9 into the state; or

10 (F) provide new products or services not previously  
11 available in the state.

12 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

13 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital  
14 fund is established in the corporation, consisting of money or assets  
15 appropriated or transferred to the corporation, and payments of princi-  
16 pal and interest on loans and equity investments made by the corporation.  
17 The fund shall be used to finance projects that qualify for assistance  
18 under this chapter, and to pay the operating expenses of the corporation.  
19 If money remains in the development fund after financing projects that  
20 qualify for assistance under this chapter and after paying the operating  
21 expenses of the corporation, the money shall be invested by the corpora-  
22 tion under AS 37.10.070(a).

23 \* Sec. 4. AS 37.12.025 is amended to read:

24 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-  
25 tors [TRUSTEES] of the corporation is established as its governing body.

26 \* Sec. 5. AS 37.12.030 is repealed and reenacted to read:

27 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board  
28 consists of four members with business, lending, or investment experience  
29 appointed by the governor and the commissioner of commerce and economic

1 development or his designee. The board shall annually elect a chairman  
2 from among its members.

3 \* Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
5 TRUSTEES] shall be appointed for terms of four years, and they may be  
6 reappointed. Terms of members appointed by the governor shall be stag-  
7 gered. The governor shall immediately appoint a member to fill a vacancy  
8 in the membership of the board for the unexpired term [THE INITIAL TERMS  
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE  
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 \* Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
13 [TWO] members of the board constitute a quorum for the transaction of  
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media  
16 if (1) public notice of the time and locations where the meeting will  
17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 rate in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
24 tion has the same legal effect as a meeting in person.

25 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
27 board receive \$200 for each day spent on official business of the corpor-  
28 ation, and are entitled to per diem and travel expenses authorized by  
29 law for state boards and commissions under AS 39.20.180.

1 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2       Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
3 employ an executive director to administer the corporation in accordance  
4 with this chapter, and to perform other duties that the board may pre-  
5 scribe. The executive director serves at the pleasure of the board and  
6 may not be a member of the board. The board determines the salary of  
7 the executive director.

8       (b) The executive director may, with the approval of the board,  
9 select and employ staff. The executive director and staff are in the  
10 exempt service under AS 39.25.

11 \* Sec. 10. AS 37.12.065(a) is amended to read:

12       (a) Members of the board [OF TRUSTEES] are subject to the pro-  
13 visions of AS 39.50.

14 \* Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15       (11) invest in projects that are economically viable and are  
16 or are expected to become income-producing by buying stock or other  
17 equity, by purchasing secured and unsecured debt of any priority, and  
18 debt with flexible repayment schedules and royalty and profit sharing  
19 agreements, but investments may not be made at below market rates;

20 \* Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21       Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
22 chapter the board shall

23       (1) provide financial assistance for resource projects that  
24 the board finds will accomplish the purposes of the corporation as set  
25 out in AS 37.12.015;

26       (2) keep minutes of each meeting of the board and send a  
27 certified copy of the minutes to the governor and the Legislative Budget  
28 and Audit Committee;

29       (3) annually prepare long-range operating and financial plans

1 and the budget for the next fiscal year;

2 (4) monitor approved projects for compliance with this chapter  
3 and provide operational and performance evaluations of projects receiving  
4 financial assistance;

5 (5) before an investment is made in a resource project by the  
6 corporation, prepare written findings on the project that include a  
7 consideration of the expectation of return from the project and the risk  
8 involved in undertaking the project.

9 \* Sec. 13. AS 37.12.080(a)(2) is amended to read:

10 (2) use the financial mechanism most appropriate to the  
11 conditions of the applicant and the proposed resource project and which  
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
14 FOLLOWING PURPOSES:

15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

21 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
22 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
23 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

24 \* Sec. 14. AS 37.12.080(a) is amended by adding a new paragraph to read:

25 (5) require that if the corporation makes an equity invest-  
26 ment it agrees to start divesting itself of the shares held within 10  
27 years or before the end of the term of the loan, whichever occurs first.

28 \* Sec. 15. AS 37.12.080(b)(1) is amended to read:

29 (1) invest or otherwise provide assistance of more than five

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 \* Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt  
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-  
9 source project; or

10 (C) more than 70 percent of the cost of a resource  
11 project;

12 \* Sec. 17. AS 37.12.080(b)(3) is amended to read:

13 (3) make a loan for a period in excess of 30 years [UNLESS  
14 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

15 \* Sec. 18. AS 37.12.080(b)(5) is amended to read:

16 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
17 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

18 \* Sec. 19. AS 37.12.080(b)(6) is amended to read:

19 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
20 ANNUAL APPROPRIATION OF THE CORPORATION].

21 \* Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

22 (7) make loans to provide short-term working capital.

23 \* Sec. 21. AS 37.12.090 is repealed and reenacted to read:

24 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation  
25 shall publish an annual report by January 10 of each year for distribu-  
26 tion to the governor, the legislature, and the public. The report shall  
27 be written in easily understandable language, shall consider the assigned  
28 duties of the corporation, and shall include

29 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this  
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during  
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the  
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk  
9 and return on investment in the different categories of investment  
10 undertaken;

11 (6) a summary of employment provided and of wages and state  
12 and local taxes paid by resource projects invested in or assisted by the  
13 corporation; and

14 (7) any other information the members of the board believe  
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-  
17 tion shall be published in at least one newspaper in each judicial  
18 district.

19 (c) The corporation may publish other relevant reports.

20 \* Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the  
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 \* Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the  
25 Alaska [RENEWABLE] Resources Corporation;

26 \* Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources  
28 Corporation;

29 \* Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-  
2 nological developments for the rehabilitation, enhancement, or develop-  
3 ment of [RENEWABLE] resources and includes applied research for those  
4 products, markets, or technological developments;

5 \* Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an  
7 activity that leads to an increase in the quality or productivity of a  
8 resource, and to an increase in the benefits derived from the resource  
9 for citizens of the state;

10 \* Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,  
12 agriculture, forest products, renewable energy, tourism, mining, basic  
13 manufacturing and other industrial development; "resource" does not  
14 include real estate development or retail sales or services.

15 \* Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross  
17 sales revenue of \$10,000,000 or less for its annual reporting period  
18 ending immediately before an application to the corporation for financial  
19 assistance; a new business enterprise that has not completed an annual  
20 reporting period before an application but that anticipates sales revenue  
21 of \$10,000,000 or less in its first annual reporting period is a "small  
22 enterprise".

23 \* Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members  
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
27 CORPORATION];

28 \* Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska  
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14); 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-  
12 tance provided or commitments made under AS 37.12 after the effective date of  
13 this Act.

14 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 697 (Fin)  
Title An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date.

Requested by Senate Finance Committee Date 4/19/82

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		350.0				
200 TRAVEL		75.0				
300 CONTRACTUAL		465.0				
400 COMMODITIES		15.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>905.0</b>				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		905.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		8				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note is based on a winddown of the Alaska Renewable Resources Corporation. No new activity was considered.

The above figures, obtained from ARRC is the minimum needed to adequately service the existing portfolio during windown operations. It is assumed that no new loans would be considered. The Department of Commerce and Economic Development is relying on ARRC as to funding required for FY 1983. Time does not allow the department to investigate ARRC's portfolio to develop budget needs from scratch. FY 1984 funding requirements could be substantially altered.

IV. DATE April 19, 1982 PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development  
Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

## LEGISLATIVE SUMMARY

CSSB 697 "An Act establishing the Alaska Resources Corporation in place (Finance) of the Alaska Renewable Resources Corporation (AS 37.12)"

- Sec. 1 Changes the name by deleting the word renewable. Moves the Corporation from the Department of Revenue to Commerce and Economic Development.
- Sec. 2 Purposes are to facilitate the rehabilitation, enhancement and development of the state's resources to strengthen the state's economy.
- Sec. 3 A capital fund is established, consisting of transfers and appropriations and payments on loans. The fund will pay ARC operating expenses, will finance new projects and can be invested.
- Sec. 4 Changes from a board of trustees to a board of directors.
- Sec. 5 Board of directors will consist of 4 members with business or investment experience appointed by the governor, as well as the Commissioner of Commerce and Economic Development. The board annually elects a chair.
- Sec. 6 Terms of the board members shall be for 4 years with the terms staggered. Adds language that the governor shall appoint a member to fill unexpired terms. Deletes the language of one member serves 2 years, one member serves 3 years, and one member serves 4 years.
- Sec. 7 Changes the quorum from 2 members to 3 and allows for electronic meetings.
- Sec. 8 Members receive no salary but they are entitled to per diem and travel expenses and \$200 per business day honorarium.
- Sec. 9 The board shall employ an executive director who may, with board approval, have additional staff. All are in the exempt service.
- Sec. 10 Deletes the words "of trustees."
- Sec. 11 The board shall invest in economically viable projects by equity or debt investments at market rates.
- Sec. 12 Duties: financial assistance for projects that will accomplish the purposes of the Corporation; promote the use of state's resources in the state and development of import substitution and export markets; prepare long range operating

and financial plans and a budget; monitor projects and provide operational and performance evaluations; and evaluate individual projects.

- Sec. 13 Deletes the words "renewable resource." Deletes the provisions that: grants may be made for up to 90% of the projects costs for the purposes of: (1) applied research and development of products, technologies, for the rehabilitation, enhancement, or development of renewable resources; (2) demonstration, one-time basis, economic or technical feasibility of new products, market, or technology involving renewable resources; or (3) rehabilitation, enhancement, or development of a common-property resource where the benefit from the project cannot be captured by any single economic unit.
- Sec. 14 Adds a new section requiring the Corporation to begin divesting equity investments with 10 years or the term of the loan, whichever occurs first.
- Sec. 15 The board may not invest in one project more than 5% of the Corporation's assets or \$500,000 whichever is less.
- Sec. 16 The board may not invest in more than 49% of the combined equity and debt of an applicant and may not own more than 49% of the voting shares and may not finance more than 70% of the cost of the project.
- Sec. 17 Loans may not exceed 30 years.
- Sec. 18 Funds may not be provided to state agencies.
- Sec. 19 No grants can be made.
- Sec. 20 No loans can be made for short term working capital.
- Sec. 21 Specifies reports and publications required of the board: financial statements, investment appraisal, performance report, overall financial plan. Annual income statement and balance sheet shall be published in at least one newspaper in each judicial district.
- Sec. 22 The operating budget of the Corporation is subject to the Executive Budget Act.
- Sec. 23 Changes the definition of board by deleting the word "trustees" and replacing it with "directors."
- Sec. 24 Deleting the word "renewable."
- Sec. 25 Changes the definition of project by deleting the word "renewable."