

01/31/13

Overview:

Department of
Commerce,
Community and
Economic
Development,
and HCR 1

<TARGET><BILL>HCR 1</BILL><SUBJECT>01-31-13 Overview
Department of Commerce, Community and Economic Development,
and HCR 1</SUBJECT><COMM>HEDT28</COMM></TARGET>

Alaska State Legislature

Representative Shelley Hughes, Chair

Session Address:
Alaska State Capitol, Room 409
Juneau, Alaska 99801-1182
Phone: (907) 465-3743
Fax: (907) 465-2381
House District 8



Representative Lynn Gattis
Representative Bob Herron
Representative Pete Higgins
Representative Craig Johnson
Representative Kurt Olson
Representative Lance Pruitt
Representative Harriet Drummond
Representative Geran Tarr

House Special Committee on Economic Development, Trade and Tourism

To: House Economic Development, Trade and Tourism Committee Members

From: Representative Shelley Hughes, Chair

Date: January 31, 2013

Re: Committee Schedule for the Week Beginning February 4, 2013

The House Special Committee on Economic Development, Trade and Tourism (EDT) meets in the Barnes Room 124, on Tuesdays and Thursdays from 11:15am to 12:45pm.

Tuesday, February 5, 2013 11:15am in Room 124

+ Department of Commerce, Community and Economic Development, Division of Economic Development; presentations of the ARDOR Program and the Minerals Commission
Nicole Grewe, ARDOR Program Coordinator, Alaska Department of Commerce, Community, and Economic Development (DCCED)
Andy Varner, Executive Director, Southwest Alaska Municipal Conference (SWAMC)
Shelly Wright, Executive Director, Southeast Conference (SEC)
Bill Jeffress, Chairman, Alaska Minerals Commission (AMC)

Thursday, February 7, 2013 11:15am in Room 124

+ Department of Commerce, Community and Economic Development, Division of Economic Development; presentations of the Tourism and Film programs

Please feel free to contact the EDT committee aide, Ginger Blaisdell at 465-5265 with questions.

* First Hearing in First Committee of Referral
+ Teleconferenced
= Bill was Previously Heard/Scheduled

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House Special Committee on Economic Development, Trade and Tourism

To: Chief Clerk

From: Representative Hughes

Date: January 30, 2013

RE: Committee Schedule Update for January 31, 2013

Please indicate in BASIS that HCR1 will be brought up under "bills previously heard" at the January 31, 2013 meeting of the House Economic Development, Trade and Tourism Committee meeting.

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House Special Committee on Economic Development, Trade and Tourism

AGENDA

January 31, 2013

1. Call to Order

~Gavel~ Economic Development, Trade and Tourism Committee is called to order. The time is _____. Welcome, everyone. Thanks to LIO monitor, _____, and our recording secretary, Debbie, and to my committee aide, Ginger Blaisdell.

2. Roll Call and Agenda

- For the record, in attendance are: (representative xx, representative xx,... and representative xx – and remember to include self!)
 - Several members may be coming and going due to other committee meetings underway.
- Today's agenda includes two items.
 - First we will hear House Concurrent Resolution 1 presented on Tuesday by Representative Stoltze and staff, Darrell Breese.
 - Second we will have a presentation by the Department of Commerce Community and Economic Development.

3. HCR1

- Under "bills previously heard" we will bring up HCR 1. We first heard HCR1 on January 29.
- The committee adopted conceptual amendment to add on page 5, line 9, following the words 'Alaska Native regional'; insert "and village"... 'corporations to preserve,' ...
- My office has not received any further comments regarding HCR1 and we heard lots of good testimony on Tuesday.
 - Does the bill sponsor have any further comments?
 - Does any member have further comments to make regarding HCR1?

- What is the wish of the committee? (member reads the motion)
- With no objection, House Concurrent Resolution 1 version 28-LS0131\A as amended with individual recommendations and a zero fiscal note.

Brief AT EASE for signatures and meeting set up

4. Department of Commerce Community and Economic Development

- As we adjust for the presentation, I would like to invite Assistant Commissioner Roberta Graham and staff to come to the table. DCCED will be presenting overviews for their finance, timber, fisheries and Made-in-Alaska programs.
- Please introduce yourself and you can begin your presentation.
- I would like to invite members to add their questions as the presentation is underway if that is OK with Ms Graham.

5. Calendar Review

- The next meeting of EDTT is Tuesday, February 5 at 11:15am in this room

We will be hearing from the Department of Commerce, Community and Economic Development regarding the ARDORS program and we will also have Bill Jeffress from the Alaska Minerals Commission to present their annual report. The ARDORS Annual Summit is meeting in Juneau on February 5 and 6 so we will hear from a couple of the ARDOR representatives from around the state.

- Nicole Grewe, ARDOR Program Coordinator, Alaska Department of Commerce, Community, and Economic Development (DCCED)
- Andy Varner, Executive Director, Southwest Alaska Municipal Conference (SWAMC)
- Shelly Wright, Executive Director, Southeast Conference (SEC)
- Bill Jeffress, Chairman, Alaska Minerals Commission (AMC)
- Do members have any closing comments?
- Thank you for wanting to be part of making Alaska one of the best economic environments in the nation. We are ADJOURNED at ____ (time).” ~Gavel~

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House Special Committee on Economic Development, Trade and Tourism

AGENDA
February 7, 2013

1. Call to Order

~Gavel~ Economic Development, Trade and Tourism Committee is called to order. The time is _____. Welcome, everyone. Thanks to LIO monitor, SAM, and our recording secretary, Debbie, and to my committee aide, Ginger Blaisdell. Welcome 8 student guests (see handout)...

2. Roll Call and Agenda

- For the record, in attendance are: (representative xx, representative xx,... and representative xx – and remember to include self!)
 - Several members may be coming and going due to other committee meetings underway.
- Today's agenda includes two topics presented by:
Department of Commerce, Community and Economic Development, Division of Economic Development; Director Lorene Palmer

- The Department also distributed via email last night to all legislators, the FY2013 Second Quarter Alaska Tourism Marketing Report. While it's not specifically part of the presentation today, it is an interesting read.

3. Calendar Review *Finance / Minerals / Timber / Fisheries.*

- The next meeting of EDTT is Tuesday, February 12 at 11:15am in this room
This will be a joint meeting with the Senate Special Committee on World Trade and we'll hear from Greg Wolf of the World Trade Center Alaska.
- We do not have a meeting scheduled for Thursday, February 14th.

Do members have any closing comments?

- Thank you. We are ADJOURNED at 12: (time)." ~Gavel~

Ginger Blaisdell

From: Apache <apache@wwwjnu02.legis.state.ak.us>
Sent: Monday, February 04, 2013 10:34 AM
To: LIO Juneau; Ginger Blaisdell
Subject: Teleconference Order Form

Meeting: new

Sponsor and/or Committee Name: EDT Committee

Date of Teleconference: February 5, 2013

Start Time: 11:15am

End Time: 12:45pm

Chairing Site: Capitol

Juneau Room: 124

Bill Information:

Streamed to akl.tv: yes

Executive Session: no

Contact Person: Ginger Blaisdell

Telephone Number: 465-5265

Email Address: ginger.blaisdell@akleg.gov

LIO Sites:

none

May other LIO's add: yes

Offnet Name(s):

unknown who may call in

Other Information:



MOTION:

I move HCR1 version 28-LS-0131\A as amended, with individual recommendations and attached fiscal note.



Ginger Blaisdell

From: Ginger Blaisdell
Sent: Thursday, January 31, 2013 1:28 PM
To: LAA Legal
Cc: Ginger Blaisdell
Subject: HCR 1 final CS requested

I would like to request a final for HCR 1 as amended by the (H)EDT committee.
"HCR 1 version 28-LS-0131\A as amended, with individual recommendations and attached fiscal note."
The bill passed out of committee and will go to (H)RES.

Please apply the amendment:

I would like to offer conceptual amendment number 1, to add on page 5, line 9 following the words 'Alaska Native regional'; insert "and village" ... 'corporations to preserve,' ...

Thank you,
Ginger Blaisdell

FISCAL NOTE

STATE OF ALASKA
2013 LEGISLATIVE SESSION

Bill Version 28-LS0131A
 Fiscal Note Number 1
 () Publish Date _____

Identifier (file name) CSHCR1(EDT)-LEG-01-31-2013 Dept. Affected Legislature
 Title State Food Resource Development Working Group Appropriation _____
 Allocation _____
 Sponsor Representative Stoltze
 Requester House Economic Development Trade and Tourism OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

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

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated **SUPPLEMENTAL (FY13) operating costs** _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY14) costs** _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? _____
 If yes, by what date are the regulations to be adopted, amended, or repealed? _____ Discuss details in analysis section.

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

Prepared by Ginger Blaisdell, Staff to (H)EDTT Committee Phone 907-465-5265
 Division Alaska State Legislature Date/Time 1/31/13 12:00 AM
 Approved by Representative Shelley Hughes Date 1/31/2013

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. 28-LS0131A

Analysis

There is no fiscal impact as a result of passage of this resolution.



Division of Economic Development

House Committee on Economic Development,
Trade, and Tourism

January 31, 2013

ALASKA
DEPARTMENT OF
COMMERCE,
COMMUNITY,
AND ECONOMIC
DEVELOPMENT

Presentation Summary

Division of Economic Development

1 Division Mission and Core Services

2 Finance Section

3 Development Section

4 Minerals Development

5 Fisheries Development

6 Timber Development

7 Marketing Alaska Brands

Division Mission and Core Services

Economic Development Opportunities

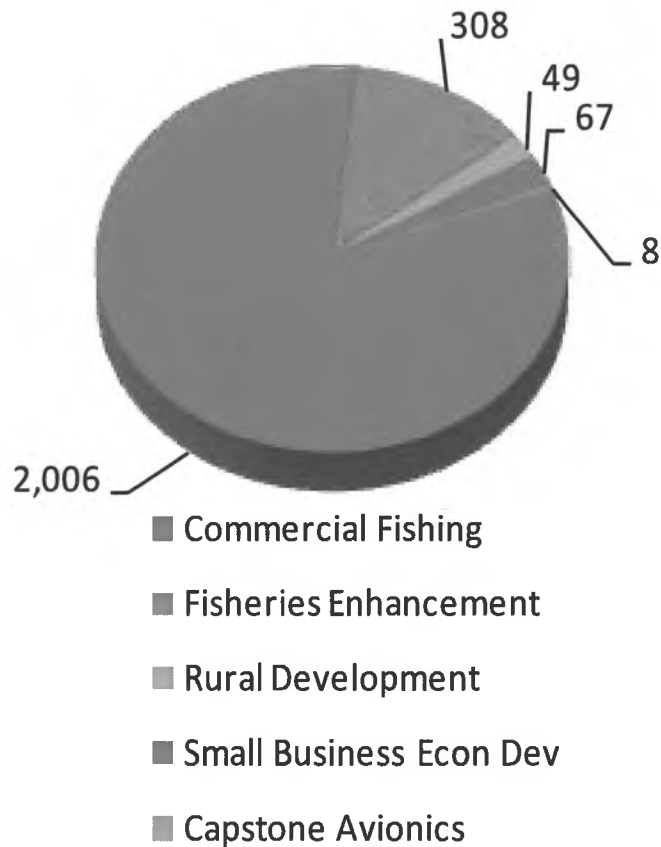


Loan Programs

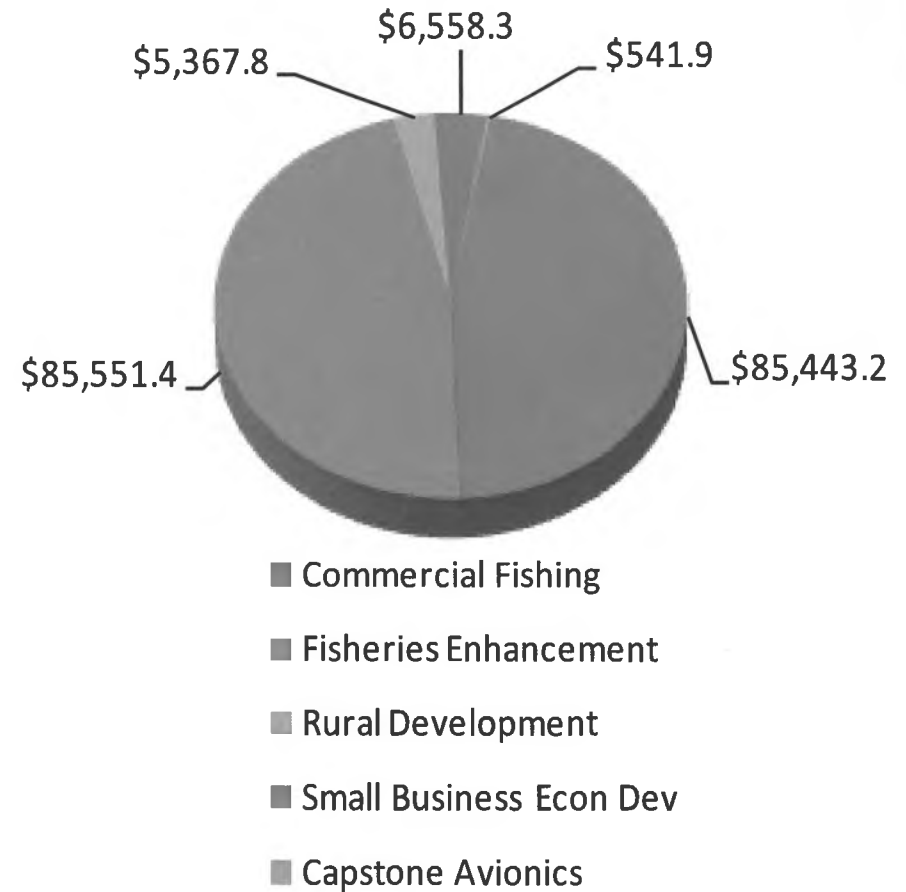
- **Administers and services 11 loan funds with a total value of \$187 million**
 - 5 fishing-related loan programs
 - 3 small business loan programs
 - 1 bulk fuel loan program
 - 1 avionics loan program
 - 1 alternative energy loan program
- **Loan programs were created to achieve:**
 - Jobs for Alaskans
 - Significant economic activity
- **Core Services**
 - Operations Management
 - Lending / Servicing / Collections

Loan Fund Balance as of July 1, 2012

Loans and Accounts by Participation



Loans and Accounts by Dollar ('000)



Capitalized in FY 12

- **Alternative Energy Conservation Fund**

Capitalized in FY 13

- **Commercial Charter Fisheries**
- **Mariculture Fund**
- **Alaska Microloan Fund**
- **Community Quota Entity Fund**

Commercial Fishing Revolving Loan Fund *enacted 1972*

Number of Loans/Accounts – 2,006; Total Loan Value - \$85,443,200

Purpose

- Promotes the development of resident fisheries
- Continued maintenance of commercial fishing vessels and gear
- End result: Improves the quality of Alaska seafood products

2012 Accomplishments

- 215 new loans totaling \$15.9 million
- 35 loans totaling \$2.1 million for upgrading older engines to more fuel efficient models
- 706 jobs were created or saved
- 219 extension requests and 25 refinance applications were processed
- Delinquency and foreclosure rate continue record low at 1.4 percent

Fisheries Enhancement Revolving Loan Fund

Number of Loans/Accounts – 308; Total Loan Value - \$85,551,400

Purpose

- Planning, construction, and operation of fish hatchery facilities
- Preconstruction activities to obtain a permit
- Construction activities to build the hatchery facility
- Costs to operate the facility

2012 Accomplishments

- 8 loans totaling \$9.6 million
- \$5.1 million in repayments received
- 2011 hatchery-propagated salmon provided an estimated \$109 million, or 18 percent of the ex-vessel value of the commercial common property harvest
- The Douglas Island Pink and Chum Hatchery (DIPAC), located in Juneau, reached a milestone in FY2012 by paying off its loans
- Became a major economic driver in the region

Small Business Economic Development Revolving Loan Fund

AIDEA

Number of Loans/Accounts – 67; Total Loan Value - \$6,558,300

Purpose

- Provides financing for start-up and expansion of businesses that create significant long-term employment
- Serviced fund program for the Alaska Industrial Development and Export Authority

2012 Accomplishments

- In FY2012, 1 loan for \$189,000 was made that created or saved 10 jobs
- 127 loans totaling over \$15 million have been made, creating/saving 1,054 jobs
- Loans to lodges, dentists, grocery stores, and gas stations

Rural Development Initiative Fund

Number of Loans/Accounts – 49; Total Loan Value - \$5,367,800

Purpose

- Provides financing for start-up and expansion of businesses that create significant long-term employment
- Serviced fund program for the Alaska Industrial Development and Export Authority

2012 Accomplishments

- 11 loans totaling \$1.8 million were made, creating or saving 58 jobs
- Over the life of the program, 87 loans totaling almost \$11 million have been made, creating or saving 592 jobs

Alaska Capstone Avionics Loan Program

Number of Loans/Accounts – 8; Total Loan Value - \$541,900

Purpose

- Provides long-term, low interest loans for purchase and installation of Next Generation Air
- Transportation system avionics equipment for Alaska aircraft; facilitates infrastructure build out

2012 Accomplishments

- In FY2012, 2 loans totaling \$80,100 were made to Alaskan aircraft owners
- Over the life of the program, 11 loans totaling more than \$746,000 have been made

Salmon Enhancement Tax Distribution Program

Purpose

- Commercial salmon permit holders organized under Regional Aquaculture Associations (RAAs) self-assess a tax on the harvest
- Funds collected by Department of Revenue and appropriated to finance the RAAs

2012 Accomplishments

- The Salmon Enhancement Tax Distribution program provided \$4.8 million to 6 qualified regional aquaculture associations: Prince William Sound, Northern Southeast, Southern Southeast, Chignik, Cook Inlet, and Kodiak

Volunteer Tax and Loan Program

Purpose

- Volunteer teams of college accounting students, tax supervisors and Alaska Business Development Center provide free tax and financial counseling

2012 Accomplishments

- Visited 71 communities
- Areas included Aleutians, Bering Strait, Bristol Bay, Interior, Kodiak, North Slope, Arctic, Pribilofs, Southeast, Western, and Yukon Delta
- Prepared 3,751 tax returns and assisted 7,118 people
- Provided \$5.2 million in tax refunds

Minerals, Fisheries, and Timber Development

Core Services

- Promote development through
 - Marketing
 - Research
 - Technical assistance

Accomplishments

- Conducted a business retention and expansion survey in Alaska Marine Trades
- Assisted 260 inquiries on technical questions related to the seafood industry
- Assisted with researching impacts of the salmon fisheries disaster
- Worked with the Department of Natural Resources (DNR) on Strategic Minerals
- Conducted in-depth analysis to determine timber demand
- Initiated wood products marketing program
- Staffed the Alaska Minerals Commission
- Examined the economic impacts of the Endangered Species Act

The Opportunity

- Global minerals prices very strong
 - Alaska minerals production value estimated at over \$3.5 billion

- Alaska's interest in rare-earth elements (REE)
 - Working with DNR to study the potential and to open new development

- Opportunities for small miners
 - Small miners account for more \$100 million in production value and could increase with strong minerals prices



Research Efforts

- Strategic Minerals Resource Assessment
- Alaska Minerals Industry Report
- Small mine business retention and expansion survey



Marketing Projects

- Major presence at Canadian trade shows to showcase Alaska opportunities
- Alaska investor summit



Collaboration

- Working with UAF to evaluate REE processing scenarios
- Working with DNR on Strategic Minerals Conference
- Convening critical minerals working group

The Opportunity

- Maximizing values for commercial fisheries
 - 38 percent of state permits owned in rural Alaska communities
 - Potential to increase value in underutilized / undervalued fisheries
 - Loans to assist fishermen
- Improve the operating environment for seafood processors
 - Double digit growth in pink and chum salmon exports to China for reprocessing
 - Improve workforce training systems
 - Bringing underutilized / undervalued fisheries to market
- Marine Trades Businesses
 - Increase the level of marine trades businesses in Alaska
- Mariculture
 - Potential to unlock undervalued industry



Commercial fisheries

- Support and contribute to the University's Fisheries, Seafood, and Maritime Initiative
- Review of undervalued / underutilized fisheries
- Regional Seafood Development Association development and support
- Research and analysis for 2012 Chinook disaster declaration
- Direct technical assistance on fisheries inquiries
- Business retention and expansion survey for Alaska seafood processing sector

The Opportunity

- Working to identify new products and services
 - A spike in demand for woody biomass for energy across the state bringing new opportunities and challenges to the industry
 - Business surveys show how timber industry looks to expand
 - Trade missions could open new markets



Research Efforts

- Southeast timber industry business retention & expansion survey
- Wood grading standards

Marketing Projects

- Trade show marketing
- The Alaska Home
- Trade missions support

Technical Assistance

- Value added programs
- The Working Forest Group
- Tongass reviews
- Workforce development

The Opportunity

- Agriculture, Alaska products – coffee, birch syrup, potato chips, water – and ***Buy Local*** movement present new collaborative marketing options
- Survey of Made in Alaska permit holders support greater marketing
- Building markets for Alaska's products can support manufacturing

Alaska's Buy Local Campaigns

Existing Alaskan "buy local" campaigns:



Fairbanks First

- If every household in Fairbanks took \$100 dollars that they would normally spend outside of their community and decided to spend \$10 of that \$100 in Fairbanks the outcome would be dramatic. Over 1,700 new well paying jobs could be created.



Anchorage First

- If every household in Anchorage spent an additional \$25 a month locally for 3 months, it would generate nearly \$10 million dollars!

LOOK
LOCAL
FIRST

Look Local First - Juneau

- When you choose to look local first in Juneau you are helping to create jobs and opportunity in Juneau – not in some other place in the lower 48.



Wild, Natural & Sustainable

Made in Alaska Program

- Promote and increase sales
- Logo, promotion, training, enforcement
- 1,194 Alaska businesses, est. \$134 million

Product Preference

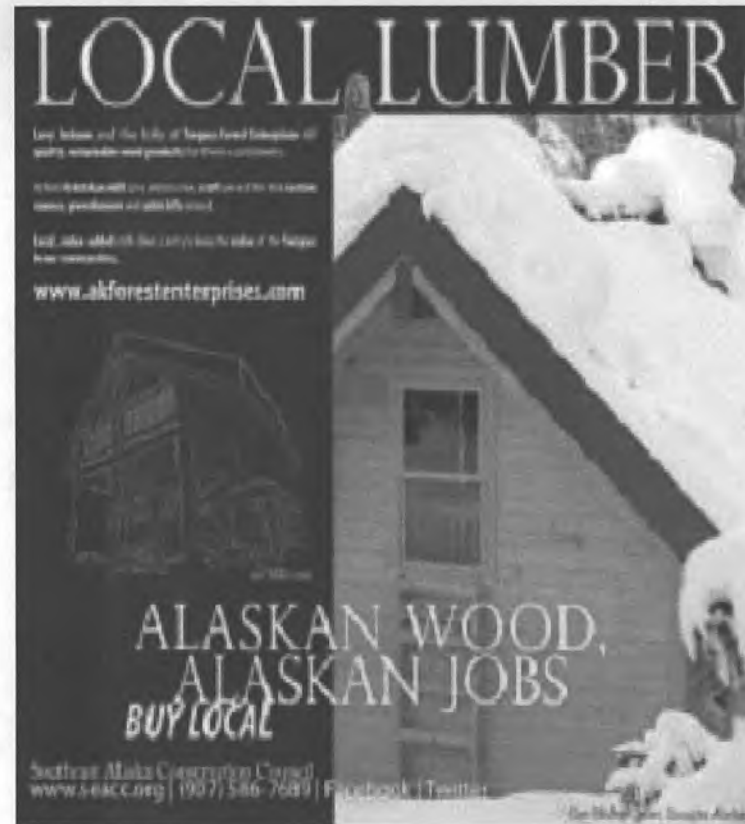
- Price advantage for Alaska businesses in state procurements
- 87 businesses, 264 products

Buy Alaska Campaign

- Branding / messaging
- Buy Alaska website
- Connecting businesses
- Outreach

Made in Alaska Home

- Anchorage Home, Garden & Remodeling Show, March 8-10
- Trade Booth with Alaska-made building/home materials
- Promotes the purchase and use of Alaska-made building materials
- Mobile website/app to connect Alaskans to product purchasing information





Questions?

Roberta Graham, Assistant Commissioner,
269-8100

Cathy Jeans, Finance Operations Manager,
465-2728

Glenn Haight, Development Manager,
465-6144