

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4791 HLAB SUBCOMM. INTERNATIONAL TRADE - HB 15

KEEPING THIS IN MIND, WE NEED TO ENCOURAGE OUR TALENTED AND TECHNICALLY ADVANCED PEOPLE TO START MARKETING THEIR TALENTS, AND TO START COMPETING IN THE WORLD MARKET FOR CONTRACTS AND PROJECTS FOR WHICH THEY ARE THE WORLDS EXPERTS.

2- THE STAFF WITHIN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT SHOULD BE ENCOURAGED TO INCREASE ITS EXPERTISE IN THE USE OF BARTER TRADE SO THAT WE WILL BE IN A POSITION WHERE WE CAN TRADE OUR GOODS AND SERVICES WITH OTHER COUNTRIES FOR THE GOODS AND SERVICES WE NEED (I.E. TIMBER FOR JAPANESE CARS, HEAVY EQUIPMENT AND SUCH). REVERSE TRADE AND COUNTER TRADE OPPORTUNITIES SHOULD ALSO BE EXPLORED BY THE DEPARTMENT.

3- THE REPEAL OF THE FEDERAL BAN ON ALASKA NORTH SLOPE OIL EXPORTS IS A MEASURE HARDLY WORTH MENTIONING AS WE ALL UNDERSTAND THE IMMEASURABLE BENEFITS WE WOULD RECEIVE SHOULD THE BAN BE LIFTED. HJR 13-- A RESOLUTION WHICH ENCOURAGES THE U.S. CONGRESS TO LIFT THE BAN, SHOULD BE PASSED BY THIS LEGISLATURE WITHOUT DELAY.

LAST, NO SPEECH ON FOREIGN TRADE WOULD BE COMPLETE WITHOUT AT LEAST MENTIONING THE IMPORTANCE OF JAPANESE TOURISM IN OUR ECONOMY. NOT ONLY IS THERE A SHORT TERM BOOST TO OUR ECONOMY FROM THE TOURIST BUSINESS, BUT THE LONG TERM PROSPECTS FOR PACIFIC RIM BUSINESS ARE WORTH POINTING OUT.

BY SHOWING THE JAPANESE OUR STATE, AND ITS POTENTIAL FOR FUTURE TRADE, WE WILL HAVE OPENED INNUMERABLE DOORS TO FUTURE TRADE NEGOTIATIONS AND WE WILL BE ON OUR WAY TO MARKETING IN THE PACIFIC RIM AS NEVER BEFORE. TO THIS END, THE STATE TOURISM OFFICE IS ENCOURAGED TO ACTIVELY SOLICIT JAPANESE TOURISTS SO THAT WE MAY ALL BENEFIT FROM THEIR PRESENCE. ADDITIONALLY, TO ENCOURAGE OUR PACIFIC RIM TOURISTS TO TRAVEL IN ALASKA, ALL NEW AND EXISTING VISITOR FACILITIES SHOULD HAVE MULTILINGUAL SIGNS AND INTERPRETIVE TOOLS. THESE INTERPRETIVE TOOLS MUST INCLUDE ADEQUATE REPRESENTATION OF ALL ALASKA'S RESOURCE SECTORS. DEVELOPMENT INTERESTS SUCH AS THE TIMBER, FISHING, MINERAL, OIL AND GAS INDUSTRY SHOULD PROVIDE INTERPRETIVE FACILITIES AT KEY LOCATIONS AROUND THE STATE TO HELP THE VISITORS UNDERSTAND THEIR PIVOTAL ROLE IN THE ECONOMY, HISTORY AND CULTURE OF ALASKA.

THANK YOU FOR THIS OPPORTUNITY TO MAKE THESE COMMENTS ON FOREIGN TRADE TODAY. I HOPE THESE AND OTHER ISSUES WILL BE ADDRESSED BY THE HOUSE SUBCOMMITTEE ON FOREIGN TRADE, AND THIS LEGISLATURE IN THE NEAR FUTURE.

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BUSINESS CLIMATE TAX INDEX

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BUSINESS CLIMATE TAX INDEX

While state and local taxes are not a major factor in economic development, certain characteristics of state tax systems and tax policies help create a supportive environment for shared and sustainable economic development. Extensive research strongly supports the conclusion that state and local taxes are not an important influence on business investment decisions. State and local taxes are too small for interstate tax differences to have much impact on profit rates for new investment. Moreover, the small impact of different state tax bills is overwhelmed by far larger variations in other business costs.

This conclusion, however, does not mean that state governments should ignore tax policy in their efforts to further economic development. State fiscal policy helps shape the social and economic climate for businesses. It also influences how people invest in future development. Instead of luring new branch plants through lowering taxes and offering tax incentives, states can implement a tax system and tax policies that create stable and attractive conditions for enterprise. These conditions include: (1) balanced use of major taxes to prevent any single tax from becoming overly burdensome and help insulate revenues from recession and economic shocks; (2) a stable fiscal system that can support needed services while tax and spending levels fluctuate, and in which prudent fiscal controls guard against excessive spending, borrowing or deficits; (3) a fair tax system that treats all taxpayers equally and minimizes regressive aspects of different taxes; and (4) relative equal capacity of communities within a state to deliver essential services.

The business climate tax index developed by the Corporation for Enterprise Development measures how well a state's revenue mix, fiscal policies and tax laws achieve a supportive environment for shared and sustainable growth. Each of the four crucial environmental conditions is measured through a separate index. The four indices are then summed to produce a final index score and rankings. An explanation of each index and the resulting scores is presented below, followed by a brief summary of the final rankings.

Balanced Revenue Sources

A balanced revenue system that relies on a variety of taxes serves several purposes. When revenues are raised fairly equally from several different taxes, a state is unlikely to have high tax burdens for any single tax. Thus, it can avoid being perceived as a high tax state and the negative effects this perception might have on business investment or population migration. The use of balanced revenue sources also reduces a state's vulnerability to large revenue fluctuation during

recessions, sectoral decline or economic shocks. Since there is no perfect tax, a final reason for employing a good mix of taxes is to limit the inequities and inefficiencies that result from any single tax.

To measure a balanced revenue system, the share of total state and local own source revenues, i.e., all revenues exclusive of federal aid, provided by four separate taxes was evaluated. The four taxes were personal income taxes, general sales taxes, property taxes and other taxes. Personal income, sales and property taxes are used because they are the three most important taxes used by state and local governments. Other taxes were included to measure both how well states used other taxes to keep the major taxes in a moderate range and if a state was extremely dependent on another revenue source. Points were assigned based on how well each separate tax compared with a range that would result in a well balanced and diversified revenue system. Points were assigned using 1984 data from Significant Features of Fiscal Federalism 1985-1986 Edition issued by the Advisory Commission on Intergovernmental Relations (ACIR) according to the following formulas:

- o States received 40 points if personal income taxes accounted for 20% to 30% of state and local own source revenues. Two points were deducted for every percentage point below 20% and one point was deducted for every percentage point above 30%.
- o States received 30 points if general sales tax revenues accounted for 15% to 25% of state and local own source revenues. Two points were deducted for every percentage point outside this range.
- o States received 30 points if property tax revenues accounted for 15% to 25% of state and local own source revenues. Two points were deducted for every percentage point above 25% and one point was deducted for every percentage point below 15%.
- o States received 20 points if other tax revenues accounted for 10% to 20% of state and local own source revenues. One point was deducted for every percentage point outside this range.

The balanced revenue index scores show that many states have fairly well balanced revenue systems. Twenty-six scored over 100 points (out of a possible 120) while only two states scored less than 40 points. New York scored the highest with North Carolina, Ohio, Wisconsin and California fairly close behind. New Hampshire and Alaska have the least balanced system by far. New Hampshire, without a minimal personal income tax and no general sales tax, is forced to rely very heavily on property taxes and other tax sources. Alaska also lacks a personal income tax and a general sales tax and is particularly dependent on oil severance taxes, as well as interest earnings and user fees.

It is noteworthy that there is no relationship between a balanced tax system and overall tax burden. Wisconsin and Minnesota have tax burdens, measured as a % of personal income, above the national average while North and South Carolina tax below the national average. Similarly, among the lowest scorers on this index, New Hampshire is far below while Alaska is far above the national tax burden average.

Fiscal Stability

Since business investments are long term commitments to an area, an important consideration is the likelihood that the quality of services and the level of taxation will remain stable over time. States must also pay greater attention to fiscal stability with the decline in federal aid and the increased vulnerability of state economies to recession and sectoral decline. To address these fiscal shocks without resorting to tax increases and service cuts, states need to have reserve funds available. Fiscal stability is also enhanced when spending, both direct spending and tax expenditures, are subject to close scrutiny and control.

Ideally, a fiscal stability index would include a measure of the economic elasticity of a state's revenue system since a state's revenues would be more stable the less they fluctuate with economic growth and recession. However, data is not available for this elasticity measure. The fiscal stability index is based on the presence of several fiscal policies that help a state address revenue shortfalls and control spending. Using 1984 data from Significant Features of Fiscal Federalism 1985-1986 Edition, points were assigned in the following manner:

- o States received 10 points if they issue fiscal notes on the local government costs of proposed state policies.
- o States received 10 points if they have a rainy day fund, ten points if the fund is subject to automatic appropriation and 2 points for every percentage point up to 5% of general revenues in their fund.
- o States received 10 points if they require regular evaluation and sunset of programs.
- o States received 20 points if they issue a tax expenditure budget.

State performance on fiscal stability was not very strong. Over half, 30 states, scored 30 or less (out of 70 possible points) while only one state scored above fifty. Michigan, with an economy that has suffered badly in recession and is very dependent on the auto industry, has the best policies to promote fiscal stability, scoring 58. Indiana, California, and Colorado have the next best score with 46. North Dakota scored zero.

indicating it has limited policies to cushion revenue declines and control spending.

Tax Fairness

States need to be concerned with tax fairness from two perspectives: treating taxpayers in the same circumstances equally (horizontal equity) and tailoring tax burdens to the ability to pay (vertical equity). Fairness helps build political credibility for state and local governments, mitigating taxpayers perceptions that the tax system benefits others at their expense. Horizontal equity also reinforces the neutrality of the tax system by minimizing favored economic activities or certain type of taxpayers. Thus, tax fairness fosters a sound business climate by buttressing government's capacity to deliver necessary services and placing all businesses on a level playing field. Finally, a fair tax policy should reduce taxes for taxpayers with limited income and shield the working poor and moderate income families from a regressive tax system.

Five measures of tax fairness are included in our index. Points were based on 1983 data and employed the method used by John Shannon and Robert J. Kleine, of the Advisory Commission on Intergovernmental Relations, in their 1985 paper entitled Characteristics of a Balanced State-Local Tax System and information from Significant Features of Fiscal Federalism. Points were assigned on the following basis:

- o States received 10 points for exempting food, 6 points for exempting utilities and 4 points for exempting drugs or providing an income tax credit. Several states received 4 points for partial exemptions of utilities.
- o States received 20 points for a state financed circuit breaker available to all taxpayers and 10 points if relief is limited to the elderly and disabled. A state received 6 points if a state reimbursed low income homestead exemption is provided and 4 points if circuit breaker relief is provided to renters, or a state reimbursed elderly and disabled homestead exemption exists.
- o States received 35 points based on their score on the Shannon/Kleine test of property tax administration using intra-area and inter-area conformity of assessments, compliance with state law, and full assessment practices.
- o States received 10 points if tax brackets, exemptions, credits and deductions are indexed to inflation. States with partial indexing received 5 points.

- o States received 5 points if they have a zero tax bracket or use federal adjusted gross income definitions to exempt low income persons from income taxes.

Tax fairness scores indicate that states have a lot of room to improve the fairness of their tax systems. While states scored fairly well providing exemptions for necessities and property tax relief, uniform property tax administration scores were generally low and few states indexed their personal income tax. Only nine states scored 50 or higher (out of a possible 90) while 27 states scored below forty. Michigan, Maryland and Wisconsin had the fairest taxes, scoring 66, 64.1 and 62 respectively. Alabama had the lowest score of 5.8. New Hampshire with 11 points and Mississippi with 15 points also did poorly.

Fiscal Equalization

State policies to promote equal fiscal capacity among local governments are essential for a sound business climate. These policies increase the ability of all communities to provide a sufficient level and quality of services to firms and individuals. Furthermore, they reduce the opportunity for large property tax differentials between nearby communities that might influence residential and firm location choices. More importantly, equalizing state fiscal aid can alleviate financial stress and high tax burdens in urban centers that have large service needs but less taxable wealth.

Fiscal equalization was measured by the extent to which state governments financed key service costs and provided revenue sharing aid to communities. Scores were based on 1983 data and employed the method used by John Shannon and Robert J. Kleine in their 1985 paper entitled Characteristics of a Balanced State-Local Tax System:

- o States received .2 points for every percentage of total state and local welfare costs assumed by state government.
- o States received .2 points for every percentage of total state and local health and hospital costs assumed by state government.
- o States received 1 point for every percentage of total state and local education costs assumed by state government between 30% and 70%.
- o States received 1 point for each percentage point its general revenue sharing contribution exceeds the U.S. average up to a maximum score of 20 points.

States scored moderately well on fiscal equalization. Over half (26 states) scored above 50 points with 16 of these scoring above 60. General revenue sharing was the weakest fiscal equalization for most states; only 16 states received any points in this category. Alaska led the nation with a score of 90.8 followed by New Mexico scoring 85.6. Three other states were above the 75 point mark: Mississippi, Delaware and Hawaii. Nebraska scored the worst, gaining only 26.6 points. Three other states with scores under 30 did only slightly better: New Hampshire, Oregon and South Dakota. These last three states also scored fairly low on the balanced revenue index in part because they lack one or more of the three major state revenue sources. Without diversified and dependable sources of state funds, it is difficult for state governments to play a major role in equalizing local fiscal resources.

Final Index Scores

California had the best overall score of 284.9 (out of a possible 380) followed by Maryland, Wisconsin, Michigan, Maine and South Carolina. Thus, the highest scorers include states from all major regions of the nation. Similarly, these states include ones with relatively high overall taxation levels (Wisconsin and Michigan), relatively low taxes (South Carolina) and average tax burdens (Maryland). New Hampshire is the low scorer by far. Its total of 75 points was less than one-half of South Dakota -- which ranked 49th. The next four lowest scorers were Montana, Wyoming, Tennessee, and Texas. Once again, north, south, east and west are all represented. Since the six lowest states all had below average tax levels, there seems to be a correlation between low overall tax burdens and poor score on this tax index. These results may reflect the fact that states with low tax burdens are less capable of financing policies to achieve fiscal equalization and tax fairness.

BALANCED REVENUE SOURCES

STATE	PERSONAL INCOME TAX (40 POSSIBLE)	GENERAL SALES TAX (30 POSSIBLE)	PROPERTY TAX (30 POSSIBLE)	ALL OTHER TAXES (20 POSSIBLE)	TOTAL (120 POSSIBLE)
Alabama	21.4	30.0	22.2	15.5	89.1
Alaska	0.0	2.2	23.0	6.2	31.4
Arizona	19.2	30.0	30.0	20.0	99.2
Arkansas	29.6	30.0	28.6	19.6	107.8
California	35.0	30.0	30.0	20.0	115.0
Colorado	24.4	30.0	30.0	20.0	104.4
Connecticut	8.4	30.0	15.4	17.1	70.9
Delaware	40.0	0.0	23.7	12.7	76.4
Florida	0.0	30.0	30.0	17.2	77.2
Georgia	31.6	30.0	30.0	20.0	111.6
Hawaii	39.0	19.8	28.6	20.0	107.4
Idaho	32.4	30.0	30.0	20.0	112.4
Illinois	28.2	30.0	23.4	20.0	101.6
Indiana	30.4	30.0	30.0	20.0	110.4
Iowa	30.6	28.4	24.4	20.0	103.4
Kansas	25.0	26.6	29.6	20.0	101.2
Kentucky	33.8	29.6	27.6	14.7	105.7
Louisiana	10.0	30.0	24.2	15.3	79.5
Maine	28.6	30.0	24.0	20.0	102.6
Maryland	40.0	22.4	30.0	20.0	112.4
Massachusetts	40.0	22.2	24.8	20.0	107.0
Michigan	37.8	23.2	24.0	20.0	105.0
Minnesota	40.0	24.4	30.0	20.0	114.4
Mississippi	14.8	30.0	29.1	20.0	93.9
Missouri	29.8	30.0	30.0	20.0	109.8
Montana	20.2	0.0	22.6	16.6	59.4
Nebraska	20.4	28.8	25.4	20.0	94.6
Nevada	0.0	30.0	29.6	10.4	70.0
New Hampshire	3.0	0.0	0.0	12.9	15.9
New Jersey	21.8	25.6	16.8	19.1	83.3
New Mexico	4.0	30.0	20.6	19.7	74.3
New York	40.0	30.0	30.0	20.0	120.0
North Carolina	40.0	30.0	30.0	19.0	119.0
North Dakota	10.0	27.6	30.0	11.9	79.5
Ohio	39.0	30.0	30.0	20.0	119.0
Oklahoma	23.4	30.0	26.7	11.0	91.1
Oregon	40.0	0.0	22.8	20.0	82.8
Pennsylvania	34.8	26.4	30.0	14.8	106.0
Rhode Island	30.2	26.2	22.8	20.0	99.2
South Carolina	34.2	30.0	30.0	20.0	114.2
South Dakota	0.0	30.0	30.0	20.0	80.0
Tennessee	1.8	20.2	30.0	18.7	70.7
Texas	0.0	30.0	29.6	15.1	74.7
Utah	26.4	30.0	30.0	20.0	106.4
Vermont	28.8	17.6	23.2	18.0	87.6
Virginia	38.0	24.2	30.0	18.4	110.6
Washington	0.0	10.2	30.0	20.0	60.2
West Virginia	26.6	27.2	27.5	19.2	100.5
Wisconsin	40.0	28.2	30.0	20.0	118.2
Wyoming	0.0	20.2	25.4	15.2	60.8

FISCAL STABILITY

STATE	FISCAL NOTE (10 POSSIBLE)	RAINY DAY FUND INDEX (30 POSSIBLE)	PROGRAM EVALUATION & SUNSET (10 POSSIBLE)	TAX EXPENDITURE BUDGET (20 POSSIBLE)	TOTAL (70 POSSIBLE)
Alabama	10.0	0.0	10.0	0.0	20.0
Alaska	0.0	20.0	10.0	0.0	30.0
Arizona	10.0	0.0	10.0	20.0	40.0
Arkansas	10.0	0.0	0.0	0.0	10.0
California	10.0	15.0	0.0	20.0	45.0
Colorado	10.0	25.0	10.0	0.0	45.0
Connecticut	10.0	18.0	10.0	0.0	38.0
Delaware	0.0	15.0	10.0	0.0	25.0
Florida	10.0	12.0	0.0	0.0	22.0
Georgia	10.0	12.0	10.0	0.0	32.0
Hawaii	0.0	0.0	10.0	20.0	30.0
Idaho	10.0	0.0	0.0	0.0	10.0
Illinois	10.0	0.0	10.0	0.0	20.0
Indiana	10.0	25.0	10.0	0.0	45.0
Iowa	10.0	10.0	0.0	0.0	20.0
Kansas	10.0	0.0	10.0	0.0	20.0
Kentucky	10.0	10.0	0.0	0.0	20.0
Louisiana	10.0	0.0	10.0	20.0	40.0
Maine	0.0	10.0	10.0	20.0	40.0
Maryland	10.0	0.0	10.0	20.0	40.0
Massachusetts	10.0	0.0	0.0	20.0	30.0
Michigan	10.0	28.0	0.0	20.0	58.0
Minnesota	0.0	20.0	0.0	20.0	40.0
Mississippi	10.0	12.0	0.0	0.0	22.0
Missouri	10.0	0.0	0.0	20.0	30.0
Montana	10.0	0.0	10.0	0.0	20.0
Nebraska	10.0	14.0	0.0	20.0	44.0
Nevada	10.0	0.0	0.0	0.0	10.0
New Hampshire	10.0	0.0	10.0	0.0	20.0
New Jersey	10.0	0.0	0.0	0.0	10.0
New Mexico	10.0	15.0	10.0	0.0	35.0
New York	0.0	20.0	0.0	0.0	20.0
North Carolina	10.0	0.0	0.0	20.0	30.0
North Dakota	0.0	0.0	0.0	0.0	0.0
Ohio	10.0	25.0	0.0	0.0	35.0
Oklahoma	0.0	0.0	10.0	0.0	10.0
Oregon	10.0	0.0	10.0	0.0	20.0
Pennsylvania	10.0	15.0	10.0	0.0	35.0
Rhode Island	10.0	22.0	10.0	0.0	42.0
South Carolina	10.0	24.0	10.0	0.0	44.0
South Dakota	10.0	18.0	0.0	0.0	28.0
Tennessee	10.0	12.0	10.0	0.0	32.0
Texas	10.0	0.0	10.0	0.0	20.0
Utah	10.0	0.0	10.0	0.0	20.0
Vermont	0.0	0.0	10.0	0.0	10.0
Virginia	10.0	12.0	0.0	0.0	22.0
Washington	10.0	0.0	10.0	20.0	40.0
West Virginia	10.0	0.0	10.0	0.0	20.0
Wisconsin	10.0	0.0	0.0	20.0	30.0
Wyoming	10.0	20.0	10.0	0.0	40.0

T A X F A I R N E S S

STATE	EXEMPTION FOR FOOD DRUGS & UTILITIES (20 POSSIBLE)	STATE FINANCED PROP. TAX (20 POSSIBLE)	UNIFORM PROP. TAX ASSESSMENT (35 POSSIBLE)	PERSONAL INCOME TAX INDEXING (10 POSSIBLE)	ZERO BRACKET OR FEDERAL FIG (5 POSSIBLE)	TOTAL (90 POSSIBLE)
Alabama	4	0	1.8	0	0	5.8
Alaska	0	4	26.8	0	0	30.8
Arizona	14	10	8.1	10	5	47.1
Arkansas	10	10	0	0	0	20
California	20	15	4.9	10	5	55.9
Colorado	20	10	7.4	5	5	47.4
Connecticut	20	14	10	0	0	44
Delaware	0	0	13.9	0	5	18.9
Florida	20	0	28	0	0	40
Georgia	4	0	13.9	0	5	22.9
Hawaii	10	4	10	0	5	29
Idaho	10	10	27.9	0	0	47.9
Illinois	14	10	17.2	0	5	46.2
Indiana	14	6	1.6	0	5	26.6
Iowa	14	15	24.6	0	5	59.6
Kansas	20	10	2.6	0	5	37.6
Kentucky	20	0	20.9	0	5	45.9
Louisiana	20	6	0	0	5	31
Maine	20	10	12.9	10	5	57.9
Maryland	16	20	23.1	0	5	64.1
Massachusetts	20	0	10	0	5	35
Michigan	14	20	27	0	5	66
Minnesota	10	20	8.3	10	5	53.3
Mississippi	4	6	0	0	5	15
Missouri	10	10	0	0	5	25
Montana	0	10	10.2	10	5	35.2
Nebraska	14	6	21.8	0	0	41.8
Nevada	20	10	10.3	0	0	40.3
New Hampshire	0	0	11	0	0	11
New Jersey	20	6	10	0	5	41
New Mexico	10	10	0	0	0	20
New York	20	20	0	0	5	45
North Carolina	5	0	6.3	0	0	11.3
North Dakota	20	14	1	0	0	35
Ohio	14	14	21	0	5	54
Oklahoma	10	10	0	0	0	20
Oregon	0	20	27.4	5	0	52.4
Pennsylvania	20	10	5	0	0	35
Rhode Island	20	10	9.4	0	0	39.4
South Carolina	20	4	0	10	0	34
South Dakota	4	10	8.8	0	0	22.8
Tennessee	8	11	7.7	0	0	15.7
Texas	20	0	5	0	0	25
Utah	8	10	9.4	0	0	27.4
Vermont	20	20	0	0	0	40
Virginia	10	0	31.9	0	5	46.9
Washington	20	0	23.3	0	0	43.3
West Virginia	20	10	0	0	5	35
Wisconsin	20	20	12	5	5	62
Wyoming	4	6	8.7	0	0	18.7

FISCAL EQUALIZATION

STATE	WELFARE % STATE FINANCED (20 POSSIBLE)	HEALTH & HOSPITAL % STATE FINANCED (20 POSSIBLE)	LOCAL EDUCATION % STATE FINANCED (40 POSSIBLE)	GENERAL REVENUE SHARING (20 POSSIBLE)	TOTAL (100 POSSIBLE)
Alabama	19.0	9.2	40.0	0.0	68.2
Alaska	18.8	16.6	40.0	15.4	90.8
Arizona	9.6	8.4	26.0	7.0	51.0
Arkansas	19.0	9.2	32.0	0.0	60.2
California	19.4	8.4	40.0	0.2	68.0
Colorado	20.0	10.6	19.0	0.0	49.6
Connecticut	18.2	18.4	8.0	0.0	44.6
Delaware	20.0	19.8	40.0	0.0	79.8
Florida	17.2	6.2	28.0	0.0	51.4
Georgia	19.2	4.2	39.0	0.0	56.4
Hawaii	19.2	19.4	40.0	0.0	78.6
Idaho	15.6	7.4	36.0	0.0	59.0
Illinois	19.4	10.8	12.0	0.0	42.2
Indiana	13.6	7.0	27.0	1.0	48.6
Iowa	16.4	8.4	19.0	0.0	37.8
Kansas	18.8	10.0	15.0	0.0	43.8
Kentucky	19.0	14.4	40.0	0.0	73.4
Louisiana	19.0	10.8	35.0	0.0	64.8
Maine	19.4	17.6	24.0	0.0	61.0
Maryland	20.0	17.0	19.0	1.2	51.2
Massachusetts	19.2	14.2	11.0	20.0	64.4
Michigan	18.4	9.6	6.0	2.4	36.4
Minnesota	12.2	8.2	18.0	11.8	50.2
Mississippi	18.0	5.8	39.0	17.0	79.8
Missouri	19.6	9.4	12.0	0.0	41.0
Montana	13.2	13.6	19.0	0.0	45.8
Nebraska	15.2	10.4	1.0	0.0	26.6
Nevada	15.8	3.6	19.0	10.4	48.8
New Hampshire	9.4	19.0	0.0	0.0	28.4
New Jersey	19.0	11.8	11.0	13.6	55.4
New Mexico	18.4	13.2	40.0	14.0	85.6
New York	10.4	10.4	19.0	6.6	46.4
North Carolina	10.0	11.0	38.0	0.0	59.0
North Dakota	14.6	18.6	26.0	1.4	60.6
Ohio	17.8	12.0	15.0	0.0	44.8
Oklahoma	20.0	13.8	40.0	0.0	73.8
Oregon	15.2	13.2	1.0	0.0	29.4
Pennsylvania	19.6	15.8	17.0	0.0	52.4
Rhode Island	20.0	19.8	8.0	0.0	47.8
South Carolina	19.2	9.8	37.0	0.0	66.0
South Dakota	16.0	13.0	0.0	0.0	29.0
Tennessee	17.0	7.0	23.0	0.0	47.0
Texas	18.4	8.2	22.0	0.0	48.6
Utah	19.4	16.2	27.0	0.0	62.6
Vermont	19.8	19.2	7.0	0.0	46.0
Virginia	16.2	15.2	16.0	0.0	47.4
Washington	19.8	8.0	48.0	0.0	67.8
West Virginia	19.6	10.0	38.0	0.0	67.6
Wisconsin	17.6	8.0	10.0	20.0	55.6
Wyoming	19.0	5.6	1.0	20.0	45.6

FINAL POINTS AND RANKINGS

STATE	TOTAL POINTS (380 POSSIBLE)	RANK
Alabama	183.1	41
Alaska	183.0	42
Arizona	237.3	12
Arkansas	198.0	33
California	284.9	1
Colorado	241.4	11
Connecticut	197.5	36
Delaware	201.1	37
Florida	198.6	34
Georgia	222.9	21
Hawaii	245.0	9
Idaho	229.3	16
Illinois	210.0	29
Indiana	231.6	14
Iowa	220.8	22
Kansas	202.6	32
Kentucky	245.0	10
Louisiana	215.3	26
Maine	261.5	5
Maryland	267.7	2
Massachusetts	236.4	13
Michigan	265.4	4
Minnesota	257.9	7
Mississippi	210.7	28
Missouri	205.8	31
Montana	160.4	48
Nebraska	207.0	30
Nevada	169.1	44
New Hampshire	75.3	50
New Jersey	189.7	38
New Mexico	215.9	25
New York	225.4	19
North Carolina	219.3	23
North Dakota	175.1	43
Ohio	253.8	8
Oklahoma	194.9	37
Oregon	184.6	39
Pennsylvania	229.4	15
Rhode Island	228.4	17
South Carolina	258.2	6
South Dakota	159.8	49
Tennessee	165.4	46
Texas	168.3	45
Utah	216.4	24
Vermont	183.6	40
Virginia	226.9	18
Washington	211.3	27
West Virginia	223.1	20
Wisconsin	265.8	3
Wyoming	165.1	47

FINAL POINTS AND RANKINGS

STATE	TOTAL POINTS (380 POSSIBLE)	RANK
California	284.9	1
Maryland	267.7	2
Wisconsin	265.8	3
Michigan	265.4	4
Maine	261.5	5
South Carolina	258.2	6
Minnesota	257.9	7
Ohio	253.8	8
Hawaii	245.0	9
Kentucky	245.0	10
Colorado	241.4	11
Arizona	237.3	12
Massachusetts	236.4	13
Indiana	231.6	14
Pennsylvania	229.4	15
Idaho	229.3	16
Rhode Island	228.4	17
Virginia	226.9	18
New York	225.4	19
West Virginia	223.1	20
Georgia	222.9	21
Iowa	220.8	22
North Carolina	219.3	23
Utah	216.4	24
New Mexico	215.9	25
Louisiana	215.3	26
Washington	211.3	27
Mississippi	210.7	28
Illinois	210.0	29
Nebraska	207.0	30
Missouri	205.8	31
Kansas	202.6	32
Delaware	201.1	33
Florida	198.6	34
Arkansas	198.0	35
Connecticut	197.5	36
Oklahoma	194.9	37
New Jersey	189.7	38
Oregon	184.6	39
Vermont	183.6	40
Alabama	183.1	41
Alaska	183.0	42
North Dakota	175.1	43
Nevada	169.1	44
Texas	168.3	45
Tennessee	165.4	46
Wyoming	165.1	47
Montana	160.4	48
South Dakota	159.8	49
New Hampshire	75.3	50



STATE OF ALASKA
HOUSE OF REPRESENTATIVES
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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

March 6, 1987

To: Committee Members
From: Representative Cliff Davidson *Cliff*
Re: Sub-committee on International Trade

The next meeting of the International Trade Sub-committee will be held on Monday March 9 at 4:30 p.m. in Capitol 17. The speaker for the next meeting will be David Ford who will give some practical tips on networking with Alaskans on tourism with New Zealand contacts.

Any committee ready to report their activities? If you need any assistance, in doing so, please ask Helen Fisher.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

Ex officio Members

Dave Donley
Sam Cotten
Curt Menard
Drue Pearce

Program

Select and Report

During the meeting of February 9, the following areas were discussed and selected by the members in attendance. If you wish to change your choice or sign on to one if you didn't get a chance, now is the time to do it. When you are ready to schedule a discussion of your topic, please let me know.

1. Zones - Foreign Trade Zone, Domestic Fishery Zone, and/or Economic Enterprise Zone. The development of a marketing plan for the international airports in Anchorage and Fairbanks.
Ellis, Pearce, Herrmann

2. International Trade Center in Anchorage - would it include an International Finance Center? Should Anchorage host a conference to collect data? Barnes, Ellis, Donley

3. Educating ourselves and our children on the culture and languages of future trading partners. How should a pilot educational project be designed? Would student loans be available to persons traveling for this information? What incentives could be provided to students for high school, post-secondary enrollment in language and international marketing studies. Hudson, Davidson, Davis, Herrmann

4. Oil Exports - Ellis will be introducing a joint resolution calling for Congress to impose such a fee. What needs to be done to allow oil from the North Slope to be sold with more profit to Alaska? Should we work to repeal the Federal ban on oil exports from the North Slope? Could a primary treatment of oil, such as removing the sulfur, enable us to sell the oil? Barnes

5. How can the recommendations for exchange and cooperation between the State of Alaska and the People's Government of Heilongjiang be implemented for mutual benefit. Davis, Menard

6. Should we put together a "Team Alaska" meeting? Could we persuade other established groups to help organize and foot the bill?

7. Collecting and indexing all of the international trade information possible.

8. How can we design our exports for specific world markets? Take a look at joint venture companies. What ventures permit the greatest return in local hire? Koponen,

9. Fish - mariculture, aquaculture, pen rearing salmon. What markets should be targeted? How can we work on trade barriers? Where is the off-shore processors going? Ellis, Pearce, Hudson, Herrmann

10. What recommendations are needed to provide culturally compatible economic growth in the villages? Davidson, Barnes, Menard, Herrmann

11. Resource development. Barnes, Pearce

12. "Counter trade" possibilities. Herrmann

Future Meetings

Suggestions? Is there someone you would like to have speak to us?



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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

March 16, 1987

To: Committee Members
From: Representative Cliff Davidson
Re: Sub-committee on International Trade

1. Work on work draft resolution - New Zealand.
2. Discuss lists of topics to decide when they should be presented.
Do you want a speaker from U.of A. (with suggestions from Rep. Koponen),
Dr. Olds of APU, or Larrae Rocheleau, Director of Mt. Edgecumbe School,
regarding Pacific Rim Curriculum?
3. Presentation of book.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

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Program

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Future Meetings

Suggestions?



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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

March 23, 1987

To: Committee Members

From: Representative *Cliff* Davidson

Re: Sub-committee on International Trade

1. The subject today will be timber trade with China. Rep. Mike Davis and Frank Seymour of Commerce & Economic Development, Division of Minerals & Forest Products, will speak and show slides of recent visits.
2. The Labor and Commerce Committee has agreed to sponsor the New Zealand resolution. If you wish to make any changes in the resolution, please make them and return the draft to my office by Friday, March 27.
3. On Monday, March 30, members have been invited to attend a meeting of the Senate Special Committee on International Trade to hear John Anderson discuss Team Washington.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

Ex officio Members

Dave Donley
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Program

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3/16 - Ellis reported on progress in the area of mariculture and aquaculture.

10. What recommendations are needed to provide culturally compatible economic growth in the villages? Davidson, Barnes, Menard, Herrmann

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Future Meetings

It was discussed at the last meeting that a survey of educational programs with speakers involving the Pacific Rim be included in a program in April.
O.K?



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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

March 30, 1987

To: Committee Members

From: Representative Cliff Davidson

Re: Sub-committee on International Trade

On Monday, March 30, members have been invited to attend a meeting of the Senate Special Committee on International Trade to hear John Anderson, Director of Washington State Department of Trade and Economic Development, discuss Team Washington. The meeting will be held at 3:30 pm in the Senate Finance Room.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

Ex officio Members

Dave Donley
Sam Cotten
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Program

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Future Meetings

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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

April 3, 1987

To: Committee Members

From: Representative Cliff Davidson

Re: Sub-committee on International Trade

On Monday, April 6, members will hear Jim Talbot and Fred Jossy of Troika, Inc. and Marine Resources Company International with offices in Seattle and Moscow, Russia. They hope to make you aware of their existence and to generate interest in planning a trade mission to the USSR in July. The purpose of the mission would be to lay the groundwork for finding and exploiting Soviet markets for Alaska products, services and technology. The meeting will be held in room 17 of the Capitol Building.

On Monday, April 13, the sub-committee will hear a presentation by a representative of the Mt. Edgecumbe School describing their Pacific Rim Curriculum.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

Ex officio Members

Dave Donley
Sam Cotten
Curt Menard
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Program

1. Zones - Foreign Trade Zone, Domestic Fishery Zone, and/or Economic Enterprise Zone. The development of a marketing plan for the international airports in Anchorage and Fairbanks.
Ellis, Pearce, Herrmann

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Hudson, Davidson, Davis, Herrmann

4. Oil Exports - What needs to be done to allow oil from the North Slope to be sold with more profit to Alaska? Should we work to repeal the Federal ban on oil exports from the North Slope? Could a primary treatment of oil, such as removing the sulfur, enable us to sell the oil?

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11. Resource development. Barnes, Pearce

12. "Counter trade" possibilities. Herrmann

Future Meetings

There will be two more meeting dates in April. What would you like?



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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

April 13, 1987

To: Committee Members

From: Representative Cliff Davidson

Re: Sub-committee on International Trade

On Monday, April 13, the sub-committee will hear a presentation by the Director, Larrae Rocheleau, of the Mt. Edgecumbe School describing their Pacific Rim Curriculum which has been in effect the past two years.

Members

Cliff Davidson - chair
Mike Davis
Adelheid Herrmann
Niilo Koponen
H.A. "Red" Boucher
Johnny Ellis
Al Adams
Ramona Barnes
Bill Hudson
Richard Shultz

Ex officio Members

Dave Donley
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Program

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Hudson, Davidson, Davis, Herrmann

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11. Resource development. Barnes, Pearce

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Future Meetings

There will be one more meeting date in April. I am trying to put together a meeting with the visiting governor from Heilongjiang, China for the last week in April.

T H E P A C I F I C R I M

PEKING

China is starting to become involved in Alaska's fisheries, including a joint venture with Alaskans in the Bering Sea.

SEOUL

The Daewoo group was awarded a \$4.1 million contract to build new passenger train cars for the Alaska Railroad.

TOKYO

The Japanese are now increasing purchases of Alaska resources: fish, timber and coal.

DUTCH HARBOR

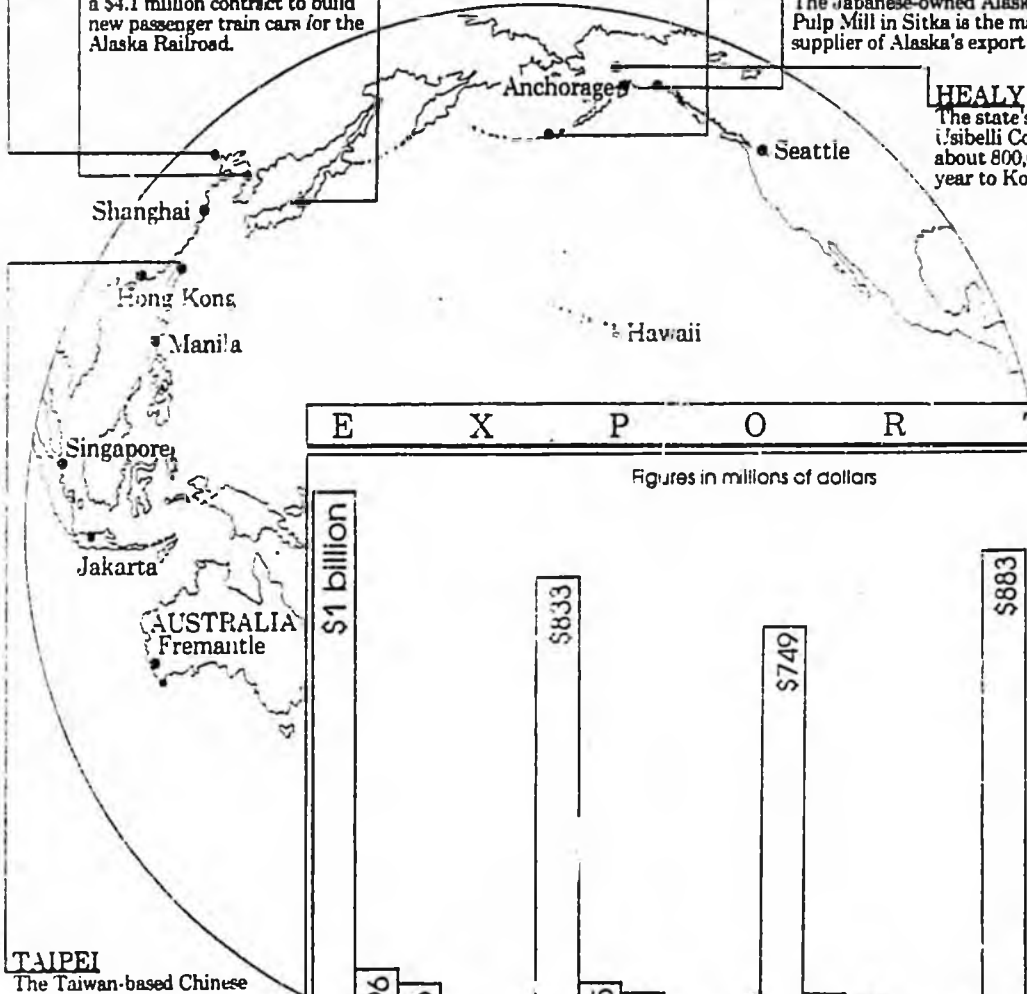
Two U.S. joint venture agreements with Japanese firms have helped open surimi plants there.

SITKA

The Japanese-owned Alaska Pulp Mill in Sitka is the major supplier of Alaska's export pulp.

HEALY

The state's largest mining firm, Healy Coal Co., is selling about 800,000 tons of coal a year to Korea.

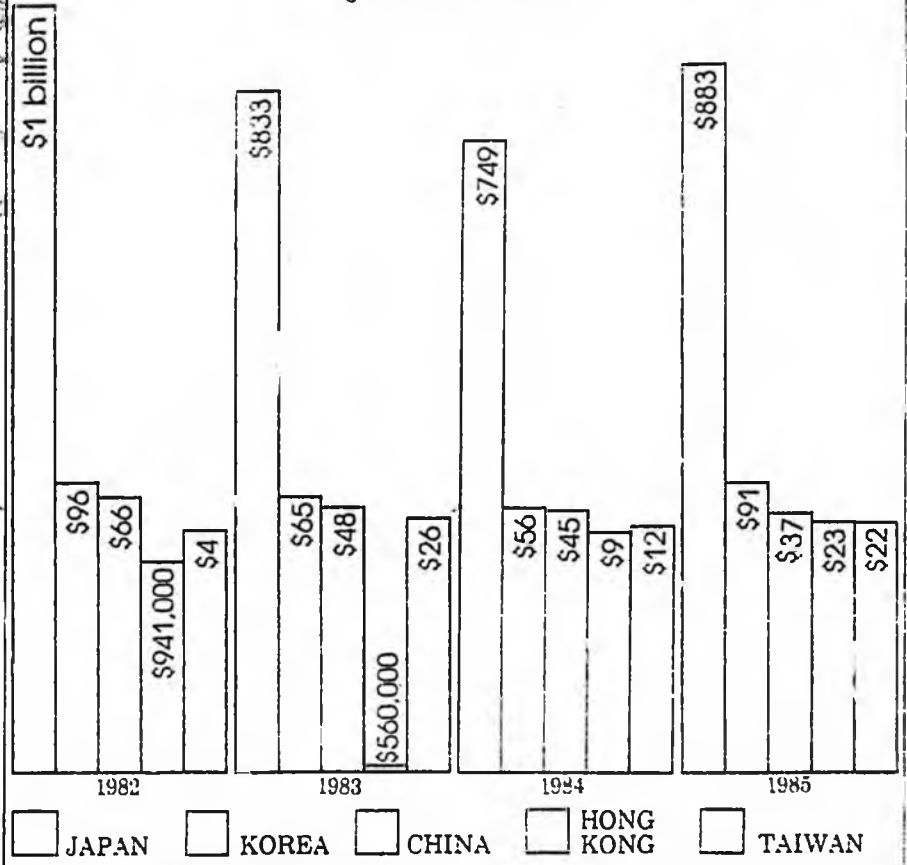


TAIPEI

The Taiwan-based Chinese Petroleum Corp. plans to purchase some 3,600 barrels per day of Cook Inlet oil.

E X P O R T S

Figures in millions of dollars



Times graphic by D. Fields

Officials seek Asian purchasers

Pacific Rim sales
continue to rise

By Chriss Swaney
Times Business Writer

It may be a sign of things to come in Alaska.

A group of state officials is expected to go to Tokyo within the next two weeks to talk business — not about another fish or timber deal, but the possible acquisition of one or more of Alaska's financially troubled banks by a Japanese financial institution.

The trip indeed is telling because at a time when the Lower 48 seems to be growing less interested in Alaska with the news of increasing real estate foreclosures and bank problems, the nations of the Pacific Rim are viewing the state as a new frontier.

Companies from Japan, Korea, China and Taiwan are not just looking at Alaska as another source of timber and fish, but instead see new investment opportunities in coal, natural gas, oil and tourism.

And many local businesspeople and state officials are hoping this growing interest will snowball into bigger and better things.

"I hope the Japanese are interested in establishing a banking presence here," says one Alaska bank president who also is interested in acquiring some of these same banks.

"If a Japanese bank sets up here, perhaps it will be willing to invest in the (proposed \$10 billion North Slope) gas pipeline, and if the Japanese own part of it, you can be sure they will import gas from Alaska," says the banker who asked not to be identified.

"I think down the road we are certainly going to see more foreign banks — particularly Pacific Rim banks — looking seriously at the Alaska market," says Tony Smith, commissioner of the state Department of Commerce and Economic Development.

See Sales, page A-8

Sales: Alaskans hope to offer more than fish and timber

Continued from page A-1

Loren Lounsbury, former commerce commissioner, claims this is the year of the Pacific Rim.

"We're seeing more interest by Alaska businessmen in the Pacific Rim, and that can only help to broaden relations with this nation's most important trade area," says Lounsbury, who recently struck a deal with a Korean trading company to operate several Seoul movie theaters that will be similar to the Alaska Experience Theatre in Anchorage.

Even though foreign investment in Alaska may only be in its infancy, the numbers are already impressive. From 1981 to 1984, foreign investment has grown from \$8.5 billion to \$13.6 billion, says international economist Ned Howenstine of the Bureau of Economic Analysis in Washington, D.C. The preliminary 1985 figures show a substantial increase, he adds.

Some of the most recent developments that include financing by Pacific Rim and other foreign investors are the \$400 million Red Dog lead-zinc mine near Kotzebue by a Canadian firm; construction of two high-tech surimi plants in Dutch Harbor by a Japanese-American joint-venture; building of a \$17 million coal facility in Seward by the Koreans; and investments totaling more than \$80 million by British-owned Amselco Minerals Inc., which owns 80 percent of the silver, gold, lead and zinc mine at Greens Creek on Admiralty Island. Another 8 percent of the project is owned by Exalas Resources, a subsidiary of Mitsubishi of Japan.

And the immediate future promises more foreign investment. Almost all the major Alaska mining projects in the near future are being backed by foreign firms. Near Ketchikan, British-owned U.S. Borax is the sole owner of the proposed \$1.5 billion Quartz Hill molybdenum mine, whose development may be delayed until the 1990s because of declining world mineral prices.

But perhaps this shouldn't be surprising as much of the state's existing resource industry already has strong foreign ties.

In timber the state's largest wood pulp mill in Sitka is wholly owned by the Japanese. More than 90 percent of Alaska's wood pulp is sold to foreign markets.

By far, Japan provides the largest market for most of Alaska's exports by purchasing an average of 76 percent of all exports here, according to the state commerce department.

Japan, for example, purchased \$402 million worth of Alaska seafood in 1985, well over 40 percent of the state's \$1 billion fish catch.

"There's certainly no better time than now for Alaska to be marketing Alaska," says Dan Dixon, director of the state's Office of International Trade.

For now, the economic consequences of a falling dollar have created a positive investment environment in Alaska, Dixon adds. As the dollar continues to lose strength against foreign currencies, Alaska products and resources will cost less for overseas buyers.

With an \$85 billion trade surplus, the Japanese are far ahead in the race for world trade and investments.

But besides having plenty of money to invest, many of these

countries have few natural resources and want long-term access to foreign supplies.

Japan and Korea import 25 percent of their oil, 90 percent of their natural gas and about 31 percent of their coal. Both countries are energy dependent and say they will continue to seek alternative energy suppliers because of growing instability in the Middle East.

Alaska ranks second among the U.S.'s oil-producing states with known oil reserves of 7 to 22.6 million barrels and from 36.9 to 56.3 trillion cubic feet of natural gas. Estimated coal reserves total more than 6.3 billion tons.

While attraction for the state's subterranean resources grows, some foreign suitors are finding more economic value in the state's surface beauty.

Alaska's largest ski resort — Alyeska — is owned by the Japanese-owned Seibu Corp. Seibu officials have promised to finance major improvements to the Girdwood resort to help boost Pacific Rim tourism to Alaska.

Seibu's attempt to increase the resort's visibility also is being aided by Japan Air Lines. JAL this month is ferrying eight Japanese journalists specializing in travel writing to Alaska for a state-wide tour.

"We hope to increase our trade here and have planned to offer more seats to people flying to Anchorage," said Mitsuo

Kitamoto, vice president of the Anchorage JAL operation. "The markets are here; it's just a matter of working with state officials to make them more open."

Alaska markets are not only open but come with an invitation. Gov. Steve Cowper has vowed to make Alaska more attractive to foreign investors.

In his recent inaugural address, Cowper called for creation of an International Finance Center, "a center that would be a haven for Eurocurrency deposits, foreign exchange trading, currency swaps and financial futures trading."

The governor also urged Anchorage leaders to host a conference for members of the international financial community.

Not to be outdone by the state's executive branch, some Alaska legislators are backing a bill that would give the Alaska Industrial Development Authority freedom to attract foreign investment in Alaska products. The bill would permit foreign

firms, joint venture operations or U.S. firms to borrow money to finance export of Alaska-made products, Dixon says.

But Alaska is not alone in chasing Japanese yen and Korean won. Canada and Australia also are trying to lure foreign investments for resource development.



Official Business

Alaska State Legislature
House of Representatives

Al Adams
Chairman
Committee on Finance

February 17, 1987

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615

Representative Cliff Davidson
Chairman
Subcommittee on International Trade
P.O. Box V
Juneau, AK 99811

Dear Representative ^{*Cliff*} Davidson:

Enclosed is a copy of a memorandum and supporting materials from Mr. Larrae Rocheleau, Director of the Mt. Edgecumbe School, regarding the Pacific Rim Curriculum which has been in effect at Mt. Edgecumbe the past two years.

Since one of the areas to be considered by the International Trade Subcommittee is the education of Alaskans--and particularly our children--in the culture, languages and business practices of our Pacific Rim neighbors, I believe there might be some merit in inviting Mr. Rocheleau to address the Subcommittee at some future date on their efforts in this regard.

I look forward to discussing this matter with you at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, appearing to read "Al Adams".

Al Adams
Chairman
House Finance Committee

cc: **Mr. Larrae Rocheleau**
Mt. Edgecube School

DEPARTMENT OF EDUCATION

MT. EDGECUMBE SCHOOL

STEVE COWPER, GOVERNOR

1297 SEWARD AVENUE
SITKA, ALASKA 99835
PHONE: (907) 968-2201

Elmer
copy to Rep.
Davidson
A

February 9, 1987

MEMO

TO: Representative Al Adams
Alaska State Legislature

FROM: Larrae Rocheleau
Director

RE: Pacific Rim curriculum

Enclosed is a description of Mt. Edgecumbe High School's Pacific Rim studies program as developed to date. We are circulating it to a number of folks we thought would be interested and who might offer comments or have suggestions for changes or improvements. After almost two years of operation the program has a good solid base. Given Mt. Edgecumbe's role as an alternative educational opportunity for Alaska high school students, Pacific Rim studies has developed into an important focus for the staff and the student body.

0215A

DEPARTMENT OF EDUCATION

MT. EDGE CUMBE SCHOOL

1297 SEWARD AVENUE

SITKA, ALASKA 99835

PHONE: (907) 966-2201

February 5, 1987

**PACIFIC RIM CURRICULUM AT MT. EDGE CUMBE HIGH SCHOOL:
A LOOK BACK AND A LOOK TO THE FUTURE**

The Dawn of a New Tradition:

Mt. Edgecumbe High School was opened as a state supported residential school in September of 1985. The State Board of Education working with the Commissioner of Education and the Director of the school instituted a program of study focusing on Pacific Rim studies. The director was charged with developing a master class schedule which would emphasize the economic and social interrelationships between Alaska and Pacific Rim countries particularly China, Japan, the Phillipines, Korea and Russia. It was recognized that the program should be structured to stimulate students to explore cultural similarities and differences between themselves and their Pacific neighbors. Classes across the curriculum focusing on Asian countries, their cultures, history and economics, including the Japanese and Mandarin Chinese languages, were scheduled for the school's 1985-86 school year.

Finding the Staff and Materials to Make It Work:

A search, which led to the consideration of over 1,000 teacher applications, ended in the selection of 15 individuals whose areas of preparation and interest supported the school's Pacific Rim program emphasis, particularly in the core curriculum areas of social studies, business, computers, foreign languages, and entrepreneurship. With staff in place the search for appropriate curriculum materials began but it was quickly realized the quest would not be easy. A central location for Pacific Rim materials was not available; world history and diplomatic history texts examined did not contain adequate information on Asia; Japanese language texts had to be purchased from Australia and it took eight months to obtain them; many materials considered had a western rather than an eastern world focus; -- these are just a few of the obstacles encountered in looking for Pacific Rim curriculum and resource materials.

While improvisation and innovation provided the teaching tools needed to begin instruction in September of 1985, the search for materials continues into the school's second year of operation. Video and tv programs such as "Japan Today," and "The Heart of the Dragon," proved helpful. Contacts with Asian and Pacific Rim university study centers, two being the Asian Study Center in New York and the Center for Teaching International Relations at the University of Denver were made and slowly materials began to come in. A computer data base to

track resources and suppliers of Pacific Rim classroom and library materials was created allowing for more efficient use of materials when they did become available. The problem was three fold: (1) find the sources, (2) obtain and review the materials, (3) and adapt the materials into appropriate curriculum. It is estimated that approximately 5% of the materials reviewed make their way to the classroom.

In the Face of Budget Cuts:

A situation which has compounded Mt. Edgecumbe High School's difficulties in developing a comprehensive Pacific Rim curriculum is budget cuts, - a total 22% reduction since the school opened. The time needed to review materials and develop curriculum has been severely curtailed by loss of teaching and support staff. Most Mt. Edgecumbe High School teaching staff teach six out of seven periods per day. They are also assigned about a dozen students as an extended family involving many evening and weekend hours. Budget cuts have also caused us to compress our school calendar to include at least one Saturday school day per month reducing on campus time for students to eight months. Some curriculum development is accomplished through extended teacher contracts before and after the regular school year.

In addition to cross-curricular Pacific Rim classroom instruction during the 1986-87 school year students and staff have:

- initiated a sister school program with Muroran, Japan and Heifei, China with the exchange of letters, videos, and photographs and developed a basis for a student and staff travel exchange program,

- developed a data base of Pacific Rim resources and educational materials,

- implemented "Edgecumbe Enterprises," the school's entrepreneurial school based import/export business for trade and barter with Japan and China,

- made plans to host, February 7, a mini-Pacific Rim workshop for students of MEHS, Sitka High School, Blatchley Middle School and Sitka community members,

- continued to host on campus Pacific Rim trade and education delegations.

Developing a school program in Pacific Rim studies is clearly not an easy task. Mt. Edgecumbe High School has launched an innovative program but reduced funding levels could cause additional loss of staff and encroach on the continued growth - and the quality - of the program.

Meeting Special Needs:

In Mt. Edgecumbe High School's first year of operation 60% of the student body scored below the 20th percentile on SRA test batteries. It was not a case of the students being unable to learn but for the most part, students lacked basic learning skills. This school year, 1986-87, students are functioning at a higher academic level and great strides have been made in many of the school's programs. We note it particularly in students who have advanced quickly and eagerly to second year Japanese and Chinese obviously enjoying the use of their foreign language skills.

Spot Light on Entrepreneurship:

During the 1985-86 school year two teachers, the academic principal and the superintendent worked to create a Pacific Rim entrepreneurial program. Classes in this program learn to start an import/export business with a Pacific Rim country setting a goal to export products from Mt. Edgecumbe's school based smoked fish enterprise and import kimonos for resale here. In this project students apply their computer, English, business and media communications skills; work with community, state and international resource people who have knowledge of business and international trade and practice their Chinese and Japanese language skills. Many of these classes are interdisciplinary and are often combined to meet the school's goal of gaining knowledge that can support Alaska's economic and cultural ties with countries of the Pacific Basin.

This program is an example of Mt. Edgecumbe High School's attempt to provide cross-curriculum instruction. Math classes consider the dollar/yen exchange rate; art classes design promotional brochures and package labels; business and computer classes develop spreadsheets to analyze costs and

project prices; Pacific Rim cultures classes consider marketing strategies based on the life styles of people in Eastern countries -- each contributing to a viable school based entrepreneurial import/export business, "Edgecumbe Enterprises" for trade and barter with Japan and China.

Looking Toward the Future:

It's exciting to see students acquire a global interest. With Alaska's exports in 1985 reaching \$1.2 billion of which 85% was with Pacific Rim nations, (the city of San Francisco does 3 billion dollars per week with Asian nations - imagine the potential for the state of Alaska!), Alaska is poised at the crossroads of East and West. In praising the accomplishments of students at Mt. Edgecumbe High School, a state official wrote: "I am encouraged by all of the developments at Mt. Edgecumbe because they set the stage for Alaska to become the key trading partner with the nations of the Pacific Rim."

The Task Force to Investigate the Role of Mt. Edgecumbe High School in Secondary Education in Alaska stated in a preliminary report:

We think that the Pacific Rim program should be broadened, better focused and thoroughly integrated in the Mt. Edgecumbe curriculum. This Pacific Rim focus should emphasize cross-cultural understanding and knowledge of the world views of the peoples of the Pacific Rim. Using the Pacific Rim focus as a basic curricular framework, Mt. Edgecumbe should prepare its students for the pursuit of education and careers in any chosen field.

We believe that the successful fulfillment of this mission would more than repay the State of Alaska for the costs of operating the school. If this mission is accomplished, the state will undoubtedly receive repayment many times over in the form of educational techniques and learning strategies of benefit to the whole state and a continuing flow of well educated students who are capable of filling needs in the state's workforce, as leaders in communities, in business, and in many other social and/or economic endeavors.

One Task Force member, for example, had gone to Japan on corporate business and felt that she could not communicate as well as she might have with her Japanese hosts because she lacked an understanding of Japanese social customs. She felt that this would not have been the case had she been exposed to the sort of high school education Mt. Edgecumbe students are currently receiving. Had she had this exposure, she felt that her corporate objectives for being there in the first place would have been more effectively realized.

For reasons of this sort, we collectively felt that the Pacific Rim focus at Mt. Edgecumbe should be continued and improved.

The strong need for citizens of the State of Alaska to prepare for economic and cultural interaction with their Pacific Rim neighbors was underscored in Governor Steve Cowper's State of the State address. His emphasis on public school curriculum to include "knowledge of our future trading partners, Japan, China, and Korea among others" recognizes the importance of Pacific Rim studies. "In the world in which they (students) will be required to compete, that kind of knowledge will be a very big advantage," Cowper stated.

The Time Has Come:

The program established at Mt. Edgecumbe High School two years ago provides students from throughout the state an opportunity to prepare themselves to be active participants in the Governor's new Alaska economy. With programs in Japanese and Chinese languages, Pacific Rim cultures, economics and history of Asia, Alaska issues, computers and entrepreneurship, Mt. Edgecumbe High School will, on a continuing basis:

- 1) become a feeder school for the educational programs associated with the University of Alaska and Alaska Pacific University's International Trade Center,
- 2) produce graduates equipped to become part of the leadership and labor force needed to support activities associated with an International Finance center, a Pacific Rim oriented foreign trade zone, or marketing campaigns to export seafood, timber products and other Alaska resources to Asian countries,
- 3) provide Alaska young people, particularly from rural areas, with the basic academic skills, computer literacy and entrepreneurial "know how" to work productively and creatively in their home communities.

(Using the Pacific Rim focus as a basic curricular framework, Mt. Edgecumbe High School can prepare Alaska students for the pursuit of education and careers to meet the challenge of the new Alaska economy, and as the report from the Mt. Edgecumbe Task Force emphasizes, "more than repay the State of Alaska for the costs of operating the school."

EO

65

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: State Affairs

DATE: _____

The Labor & Commerce Committee has considered EO 65

Moving the Alaska Foreign Offices from the Department of Commerce and Economic Development to the Office of the Governor.

8r

RECOMMENDS:

- replace with E.O. 65 the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published 1-19-87
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

David D. Doolley
Ellis
Cliff Davidson
Scott M. Munn
Chas. L. Broun
John F. Koyama

SIGNING OTHER RECOMMENDATIONS:

FRANK E. WOLFE

David Doolley
 Chairman's signature

Alaska State Legislature
House of Representatives



Labor and Commerce Committee

January 26, 1987

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley, Chair D
House Labor and Commerce Committee

Re: E065 - Moving Alaska foreign offices from DCED
to the Governor's office

Executive Order 65, moving the Alaska foreign offices from the Department of Commerce and Economic Development to the Office of the Governor, was introduced by Governor Cowper on January 19 and is before the House Labor and Commerce Committee on Tuesday, January 27, 1987.

The findings section spells out the policy objectives behind the move and the body of the EO:

1. Establishes, in the Office of the Governor, two Alaska Foreign Offices in Tokyo, Japan and in Seoul, Republic of Korea, to serve as outlets for information and as contact points to promote and maintain trade between the State and Pacific Rim Nations.
2. Authorizes the Governor to select staff for the Offices based on experience, training, and recommendations from the Legislature.
3. Asks the Governor to direct state agencies and request the federal government and private industry to provide necessary information to the Offices.
4. Directs the Governor to report annually to the Legislature about activities and accomplishments of the Offices.
5. Mandates that all expenses of operating the offices shall be included in appropriations made to the Office of the Governor.

6. Establishes that contracts and proceedings entered into previously by the Alaska Foreign Offices are not affected by the relocation.

Mike Bradner, Legislative Liason for the Governor's Office and Becky Bear, from the Department of Commerce and Economic Development will be present to explain EO 65 and to answer any questions you may have.

Approval of EO 65 by the Legislature is necessary for the Governor's Office to carry out their plans for enhanced Foreign Trade oportunitites. I support EO 65, and I urge you to pass it out of Committee with a favorable recommendation.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

PUBLISH DATE: 1/19/87

REQUEST: _____

Bill Version: Executive Order #65
Publish Date: _____

Revision Date: _____
Title: Alaska Foreign Offices

Agency Affected: Comm. & Econ. Dev.
BRU: International Trade

Sponsor: Rules
Requestor: Steve Cowper, Governor

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Dan Dixon, Director
Division: Office of International Trade

Phone: 562-2728
Date: January 13, 1987

Approved by Commissioner: 
Agency: Commerce and Economic Development

Date: January 13, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Spons.
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STEVE COWPER,
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 19, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting Executive Order No. 65, to transfer the Alaska foreign offices from the Department of Commerce and Economic Development to the Office of the Governor. I believe that the activities of those offices are vital to the economy of the state, and I intend to become personally involved in their activities. This transfer will more fully recognize the value of those offices and will facilitate my supervision of them.

The Order consolidates into one statute the language presently in AS 44.33.530 -- 44.33.550, which sections are being repealed in sec. 3 of the Order. No substantive change is being made. This action reverses that taken in 1984 when Executive Order No. 57 renamed the old Alaska State Office and moved it from the Office of the Governor to the Department of Commerce and Economic Development. I am confident that you will agree with me that the importance of the Pacific Rim countries to Alaska's economic well-being justifies this return to the Governor's Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely".

Steve Cowper
Governor

E O

e o



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

9HB 352
4
EQ 68

January 11, 1988

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, secs. 18 and 23, of the Alaska Constitution, I am transmitting an Executive Order and a companion bill transferring the business license program from the Department of Revenue to the Department of Commerce and Economic Development. At the present time, businesses frequently must obtain licenses from both departments. The Executive Order will consolidate these licensing functions in one agency, making for greater administrative efficiency and, of even greater importance, better service to the public.

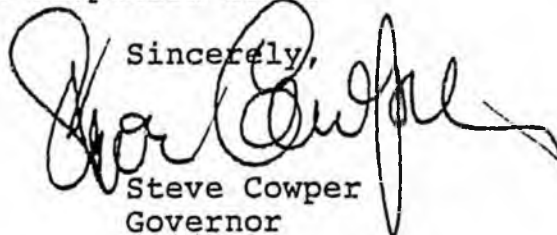
The Order simply transfers the business license program (AS 43.70) from the Department of Revenue to the Department of Commerce and Economic Development, by defining "commissioner" and "department" for purposes of that chapter as the commissioner of commerce and economic development and the Department of Commerce and Economic Development (secs. 5 and 6 of the Order), respectively, adding this authority to the duties of the Department of Commerce and Economic Development (sec. 7 of the Order), and making necessary technical changes to other statutes.

Although the functions of the business license program are reassigned by the Executive Order, I am requesting your support of the accompanying bill in order to make the program fit more easily within the current operations of the Department of Commerce and Economic Development, division of occupational licensing. Under the Order, current procedures and enforcement provisions must remain in effect. The bill will permit the division of occupational licensing to instead use the current procedures and enforcement provisions used for occupational licenses by placing the business license program under AS 08.01. Sections 1 -- 6 of the bill. The department will then issue biennial instead of annual business licenses (AS 08.01.100(a); see secs. 7, 8, and 10 of the bill), coordinated with any other licenses issued to the particular business, and use its own enforcement proce-

dures under AS 08.01.102 -- 08.01.105. Section 5 of the bill. The effective date of the bill is contingent upon the effective date of the Executive Order. Section 3 of the bill also makes an incidental correction, deleting a redundant sentence that appears in AS 08.01.065(c) due to inconsistent amendments made by sec. 1, ch. 87, SLA 1987 and sec. 5, ch. 94, SLA 1987 -- a correction also being proposed in the 1988 general revisor's bill.

The Department of Revenue presently administers a number of licensing and permitting programs in addition to the business license program. Unlike the business license program, however, each of these other programs is administered in conjunction with a particular tax. Used in this manner, licensing activities are an effective tool in tax compliance efforts. Since the 1978 repeal of the business gross receipts tax, this has not been the case for the business license program, and there is no longer any reason to retain the program in the Department of Revenue. To better serve the public and to promote administrative efficiency in operating this program, I urge your support of the Executive Order and passage of the companion bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written in a cursive style.

Steve Cowper
Governor

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: EO 68
PUBLISH DATE: HOUSE 1/11/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Executive Order
Sponsor: Rules Committee
Requestor: Governor's Office

Agency Affected: Com. & Econ. Dev./Revenue
BRU: Business Licensing
Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-*	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*The Governor's FY 89 budget currently includes \$269,088 in general funds in the Department of Revenue. The appropriation will be transferred along with 5.5 positions to the Department of Commerce & Economic Development, Division of Occupational Licensing by budget amendment.

Prepared by: _____ Phone: 465-2505
Division: Administrative Services Date: 1/8/88

Approved by Commissioner: Leslie Mackenzie Johnston Smith Date: 1/8/88
Agency: Department of Commerce & Economic Development

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Executive Order - 69
Sponsor: _____
Requestor: Governor's Office

Agency Affected: Com. & Econ. Dev./Revenue
BRU: Business Licensing
Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-*	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*The Governor's FY 89 budget currently includes \$269,088 in general funds in the Department of Revenue. The appropriation will be transferred along with 5.5 positions to the Department of Commerce & Economic Development, Division of Occupational Licensing by budget amendment.

Prepared by: _____ Phone: 465-2505
Division: Administrative Services Date: 1/8/88

Approved by Commissioner: Lucy Washburne Johnston Smith Date: 1/8/88
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HB

B

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: _____

The Labor & Commerce Committee has considered HB 3

"An Act relating to the private sale and consignment of works of art."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

John F. Koponen
John Ellis
Chris ...
Scott ...
Dave Douley

SIGNING OTHER RECOMMENDATIONS:

Dave Douley

 Chairman's signature

State of Alaska

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES
HOUSE JUDICIARY
HOUSE RULES



Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3718
465-4968/4986

914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

MEMORANDUM

DATE: February 9, 1987

TO: Members of the House Labor and Commerce Committee

FROM: Max F. Gruenberg, Jr. *MFG*

RE: HB 3, "An Act Related to the Sale and Consignment of Art."

HB 3 was adapted from two New York statutes that were passed in 1966. This bill is intended to protect Alaskan artists. It provides that art work delivered to an art dealer for sale constitutes a trust in the legal sense. This protects the proceeds of the sale from the art dealer's creditors. The bill also guarantees that the right of reproduction is not transferred with the artist's transfer of the work of art itself, unless there's a specific agreement to that effect.

This bill removes the filing requirements of the U.C.C. in regards to consignment sales of artworks. It shifts the burden to notify potential creditors that works of art are sold on consignment from the artist to the dealers themselves.

This is especially important for Alaskan artists who often ship their art from the rural areas, where they live, to population centers, where art dealers do their business. It is therefore more equitable and practicable to place the burden of securing credit to art dealers on the art dealers themselves and on creditors who are in a better position to secure their loans and monitor the art dealer's solvency.

This bill is essentially the same as HB 517 which passed the House last session, but died in the Senate Rules Committee. I have made some technical changes which clarify the language in regards to an artist's waiver of the provisions of the bill.

State of Alaska

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES
HOUSE JUDICIARY
HOUSE RULES



Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3718
465-4968/4986

914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

MEMORANDUM

DATE: February 6, 1987
TO: House Labor and Commerce Committee
FROM: Max F. Gruenberg, Jr. *MFG*
RE: HB3, "An Act Relating to the Private Sale and
Consignment of Works of Art."

Sectional Analysis

Sec. 1

AS 45.02.326(e) The present law protects works of art from the claims of an art dealer's creditors. This section adds language which requires that art dealers post notice that works of art are being sold on consignment so that potential creditors will be on notice that the works of art will not be subject to their claims against the art dealer.

Sec. 2

AS 45.67.010 Provides that works of art sold on consignment and the proceeds from such a sale are trust property and remain trust property until the art dealer transmits the proceeds of the sale to the art dealer. It also requires that the art dealer transmit the proceeds to the artist within 30 days of the sale.

Sec. 3

AS 45.670.20 Provides that the only valid waiver of the above provisions is a waiver of the 30 day requirement which is clear, conspicuous, and agreed to in writing by the artist, and that such a waiver will not make the proceeds subject to the claims of the dealer's creditors.

Sec. 4

AS 45.67.030 Provides that an art dealer will return an unsold work of art to the artist on demand unless otherwise agreed to in writing.

Sec. 5

AS 45.67.040 Provides that the provisions of 45.67.010, 020 and 030 do not have an effect on contracts or arrangements in existence before the effective date of the bill unless agreed to in writing, and that these provisions govern in the event of a conflict with other state laws.

Sec. 6

As 45.67.050 Provides that when a work of art is transferred by an artist, the right to reproduce the artwork remains the property of the artist unless the right is specifically transferred by a written instrument and that conversely when a right to reproduce a work of art is transferred by an artist the work of art remains the property of the artist unless specifically transferred in a written instrument.

Sec. 7

AS 45.67.100 Defines for the purposes of the bill the terms artist, art dealer, consignment, creditor, right of reproduction and work of art.

Offered: 5/8/86
Referred: Finance

Original sponsors: Gruenberg, Goll,
Koponen, et al

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 517 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the private sale and consignment
7 of works of art."

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

9 * Section 1. AS 45.02.326(e) is repealed and reenacted to read:

10 (e) When an artist delivers a work of art to an art dealer as
11 described in AS 45.67.010, the art dealer shall prominently display a
12 sign stating substantially, "Works of art for sale are on consign-
13 ment." Works of art on consignment are not subject to the claims of
14 the art dealer's creditors.

15 * Sec. 2. AS 45 is amended by adding a new chapter to read:

16 CHAPTER 67. ARTISTS AND WORKS OF ART.

17 Sec. 45.67.010. ARTISTS AND ART DEALER RELATIONSHIPS. (a) When
18 an artist delivers or causes to be delivered . work of art of the
19 artist's own creation to an art dealer for the purpose of sale, or
20 exhibition and sale, on a commission, fee, or other basis of compen-
21 sation, the acceptance of the work of art by the art dealer is a
22 consignment, and

23 (1) the art dealer is, with respect to the work of art, the
24 agent of the artist;

25 (2) the work of art is trust property in the hands of the
26 art dealer for the benefit of the artist; and

27 (3) proceeds from the sale of the work of art are trust
28 funds in the hands of the art dealer for the benefit of the artist,
29 and the dealer shall transmit the proceeds to the artist within 30

1 days of the sale of the work of art.

2 (b) A work of art initially received as a consignment remains
3 trust property notwithstanding the subsequent purchase of the artwork
4 by the art dealer directly or indirectly for the art dealer's own
5 account until the consignment price due to the artist is paid in full.
6 If the work of art is resold to a bona fide third party before the
7 artist has been paid in full, the proceeds of the resale are trust
8 funds in the hands of the art dealer for the benefit of the artist to
9 the extent necessary to pay any balance still due to the artist. The
10 trusteeship continues until the fiduciary obligation of the art dealer
11 with respect to the transaction is discharged in full.

12 Sec. 45.67.020. WAIVER. (a) A provision of a contract or
13 agreement whereby the artist waives a provision of AS 45.67.010 is
14 void except as provided in this subsection. An artist may waive the
15 provisions of AS 45.67.010(a)(3) if the waiver is clear, conspicuous,
16 and agreed to in writing by the artist. A waiver under this subsec-
17 tion is not valid with respect to the proceeds of a work of art ini-
18 tially received as a consignment but subsequently purchased by the art
19 dealer directly or indirectly for the art dealer's own account.

20 (b) A waiver under (a) of this section may not inure to the
21 benefit of the art dealer's creditors in a manner that is inconsis-
22 tent with the artist's rights under AS 45.67.010.

23 Sec. 45.67.030. RETURN TO ARTIST. Unless the artist and art
24 dealer have otherwise agreed in writing, the art dealer shall return
25 an unsold work of art on demand of the artist.

26 Sec. 45.67.040. APPLICABILITY. (a) The provisions of AS 45.-
27 67.010, 45.67.020, and 45.67.030 may not be construed to have an
28 effect upon a written or oral contract or arrangement in existence on
29 the effective date of this section, except by the mutual written

1 consent of the parties.

2 (b) The provisions of AS 45.67.010 and 45.67.020 apply notwith-
3 standing the absence of, or a conflict with, a written agreement
4 between the artist and the art dealer concerning any matter covered by
5 AS 45.67.010 and 45.67.020. In the event of a conflict between
6 AS 45.67.010, 45.67.020, or 45.67.030 and AS 45.01 - AS 45.09 (Uniform
7 Commercial Code) or other provision of law, the provisions of AS 45.-
8 67.010, 45.67.020, and 45.67.030 govern.

9 Sec. 45.67.050. RIGHT TO REPRODUCE WORKS OF ART. (a) When a
10 work of art is sold or otherwise transferred by or on behalf of the
11 artist who created it, or the heirs or personal representatives of the
12 artist, the right of reproduction is reserved to the grantor until it
13 passes into the public domain by act or operation of law, unless the
14 right is sooner expressly transferred by an instrument, note, or
15 memorandum in writing signed by the owner of the right or an author-
16 ized agent of the owner.

17 (b) When an exclusive or nonexclusive conveyance of a right of
18 reproduction is made by the holder of the right, or the holder's
19 authorized agent, ownership of the physical art work is presumed to
20 remain with and be reserved to the grantor unless expressly trans-
21 ferred in writing signed by the grantor or the grantor's authorized
22 agent.

23 (c) This section may not be construed to prohibit the fair use
24 of a work of art or to conflict with federal copyright law.

25 Sec. 45.67.100. DEFINITIONS. In this chapter, unless the con-
26 text otherwise requires,

27 (1) "artist" means the creator of a work of art or, if
28 deceased, the heirs or personal representatives of the creator;

29 (2) "art dealer" means a person engaged in the business of

1 selling works of art, other than a person exclusively engaged in the
2 business of selling goods at public auction;

3 (3) "consignment" means that no title to or estate in the
4 goods or right to possession superior to that of the consignor vests
5 in the consignee, notwithstanding the consignee's power or authority
6 to transfer and convey, to third person, all of the right, title and
7 interest of the consignor, in and to the goods;

8 (4) "creditor" has the meaning given in AS 45.01.201;

9 (5) "right of reproduction" means a right to reproduce,
10 prepare derivative works of, distribute copies of, or publicly display
11 a work of art;

12 (6) "work of art" means a painting, sculpture, drawing,
13 work of graphic art, photograph, or craft work, in any medium.

H B

5

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/87

FURTHER REFERRALS:

DATE: 3/26/87

The Labor & Commerce Committee has considered HB 5

"An Act relating to regulation of telecommunication services."

RECOMMENDS:

- replace with CSHBS (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Steve Kozma
Ed. A. Brubaker
J. Ellis
Cliff Dain
Dave Douley

SIGNING OTHER RECOMMENDATIONS:

W. Furnace No. 1

Dave Douley
 Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

H L+C

3-24-87

1:30 p.m.

Original sponsor: Boucher

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 5 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of telecommunications
7 services."

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

9 * Section 1. AS 42.05 is amended by adding a new section to read:

10 Sec. 42.05.145. TELECOMMUNICATIONS REGULATION POLICY. A utility
11 that provides local exchange or interexchange telecommunications ser-
12 vice in the state affects the public interest. Regulation of these
13 utilities shall, consistent with this chapter, seek to

14 (1) maintain and further the efficiency, availability, and
15 affordability of universal basic telecommunications service; and

16 (2) ensure that rates to customers for telecommunications
17 services are reasonable.
18
19
20
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24
25
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29

5-0123X
Cramer
3/24/87

Original sponsor: Boucher

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 5 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act declaring that telecommunications service
7 utilities affect the public interest; and directing
8 that regulation of telecommunications service util-
9 ities maintain and further universal basic telecommu-
10 nications service."

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

12 * Section 1. AS 42.05 is amended by adding a new section to read:

13 Sec. 42.05.145. TELECOMMUNICATIONS REGULATION POLICY. A utility
14 that provides local exchange or interexchange telecommunications ser-
15 vice in the state affects the public interest. Regulation of these
16 utilities shall, consistent with this chapter, seek to maintain and
17 further the efficiency, availability, and affordability of universal
18 basic telecommunications service.

AMENDMENTS PROPOSED BY REPRESENTATIVE BOUCHER ON CS HB 5

- Line 6: telecommunications [TELECOMMUNICATION]
Line 11: telecommunications [TELECOMMUNICATION]
Line 14: further [ADVANCE]
Line 15: ...service; and
Line 16: rates [CHARGES]
Line 16: telecommunications [TELECOMMUNICATION]
Line 17: ...reasonable. [; AND]
Lines 18-20: Omit entire subsection (3).

POSITION PAPER

Department of Commerce
& Economic Development

HB 5: An Act relating to the regulation of telecommunications services.

This bill directs regulation of telecommunications utilities to seek three goals:

efficiency and affordability

reasonable cost

ensure that noncompetitive service delivery does not subsidize competitive service delivery

The Alaska Public Utilities Commission supports this bill. The Commission believes that this bill is compatible with established goals of the Commission. The Commission further believes that the same concept could and possibly should apply to all other utilities that provide essential services

There is no fiscal impact associated with this bill.


J. Anthony Smith, Commissioner

DATE: March 9, 1987

Original sponsor: Boucher

1 IN THE HOUSE
2 CS FOR HOUSE BILL NO. 5 (Telecommunications)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to regulation of telecommunication^s
7 services."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 42.05 is amended by adding a new section to read:
10 Sec. 42.05.145. TELECOMMUNICATIONS REGULATION POLICY. A utility
11 that provides local exchange or interexchange telecommunication^s ser-
12 vice in the state affects the public interest. Regulation of these
13 utilities shall, consistent with this chapter, seek to
14 (1) maintain and ^{further} ~~advance~~ the efficiency, availability, and
15 affordability of universal basic telecommunications service; ^{and}
16 (2) ensure that ^{rates} ~~charges~~ to customers for telecommunication^s
17 services are reasonable; ~~and~~
18 (3) ensure that revenue earned from ~~noncompetitive~~ telecom-
19 munication services is not used to subsidize the competitive ventures
20 of telecommunication companies.



Jeffus & Williams

P. O. Box 389 Juneau, Alaska 99802 (907) 780-6400

February 25, 1987

The Honorable H. A. Boucher
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Boucher:

As telecommunications contractors, licensed within the state of Alaska, we would like to register our approval and support for House Bill 5, as presented by you, with specific reference to Paragraph 3.

The recommendation of Mr. Ted Lehne of the Alaska Telephone Association (ATA) -- calling for the adoption of wording used by Washington state -- is not, in our estimation, sufficient to deal with the intent as first proposed by Paragraph 3.

The primary telecommunications utility in the state of Washington was, of course, the Bell System. A court-ordered breakup of that company mandated the complete separation of its regulated (dial tone) and nonregulated (equipment sales and installation) services, which has led to increased competition on the nonregulated side and lower costs to the consumer. The wording enacted by the Washington State Legislature further insured that, should the regulated company file for a rate change, it could not include costs associated with that part of the business which was now in free market competition.

The difficulty in Alaska is that telecommunications utilities have their own nonregulated (interconnect) arm within the same company, and this "competitive" side of the industry has a built-in subsidy.

In illustration, company "A" is a true competitive venture, marketing nonregulated sales and services. "A" owns a business location and office equipment, vehicles, tools and various other equipment, has employees, pays property tax, and has monthly bills for everyday operating expenses -- all paid for by the revenues from the business.

On the other hand, company "B", the local telephone company, a fully regulated telecommunications utility, also sells nonregulated services and equipment in direct competition with company "A". Their employees, when performing nonregulated work, bill

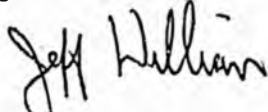
February 25, 1987
Page Two

the customer for that time, as would be expected. However, the employees are paid by the utility, use that regulated company's workplace and warehouse, office equipment, vehicles, etc., etc. Under this structure, the utility could operate its "competitive" arm of the business at a subsidized loss, simply to drive out competition.

In view of this, we feel the only true measure under consideration, designed at ensuring fair competition for the benefit of the consumer, is with Paragraph 3 of your House Bill 5.

Sincerely,

JEFFUS & WILLIAMS CO. INC.



Jeff Williams
General Manager

JW:pas

cc: House Special Committee on Telecommunications Members

HOUSE BILL #5
SECTIONAL ANALYSIS

Section 1:

This section defines the intent of the bill and gives the 3 major goals of the proposed legislation. The intent is to bring under state regulation, providers of universal telecommunications services in the state of Alaska. In this section, universal telecommunications is defined to include voice, video and data communications. The 3 goals of the proposed regulation are:

1. To maintain current levels of service, and increase the efficiency, availability, and affordability of state-wide telecommunications services.
2. To make sure that customers are charged fair and equitable fees for services rendered.
3. To ensure that rates established by a provider of non-competitive telecommunications services are not used to fund the competitive component of that providers services.

CHANGES MADE BY COMMITTEE SUBSTITUTE

Changes to subsections:

(1) maintain and advance the efficiency, availability, and affordability of universal basic telecommunications service [COMMUNICATIONS SERVICE INCLUDING VOICE, VIDEO, AND DATA COMMUNICATIONS];

(The result is a narrowing of the definition to focus more on basic (i.e., telephone) service rather than the expanded definition which includes "non-essential" telecommunications services.)

(2) ensure that charges to customers for telecommunication [COMMUNICATION] services are reasonable; and

(A simple language change to give consistency to the bill.)

(3) ensure that revenue earned from [RATES FOR] noncompetitive telecommunication [COMMUNICATION] services is not used to [DO NOT] subsidize the competitive ventures of telecommunication [COMMUNICATION] companies.

(Language clarification: Addresses the issue of whether a telephone company can use the revenues (i.e., profits) from its non-competitive business in the operations of its competitive business.)

RESEARCH QUESTIONS and ANSWERS

HB 5

UNIVERSAL SERVICE AT REASONABLE RATES

QUESTION: Why should the APUC get involved in the issue of universal service at reasonable rates?

ANSWER: APUC currently regulates the telephone utilities, but currently is not required to address the issue of universal service and reasonable rates. HB 5 would make this explicit.

HB 5 assumes that it is appropriate for the APUC to address the social issue of universal service and reasonable rates. The assumption is that all Alaskans should be linked via telephone, and that the cost of telephone service should not be exorbitant.

The nation-wide deregulation of the telephone industry could affect both universal service and telephone rates in the future. Alascom currently has the obligation to provide intrastate service to Alaska, and the cost of providing that service is subsidized by AT&T. AT&T would like to relieve itself from the subsidy obligations, and if this happens, intrastate rates could rise as Alascom is forced to charge telephone users the true cost of intrastate service.

HB 5 therefore anticipates future possible market structure changes (which will be decided by the Federal-State Board) and requires that APUC monitor any changes that could affect Alaskan telephone users.

QUESTION: Who is handling cases of unfair competition now? APUC? or FCC? How many cases are under investigation? What is the APUC/FCC attitude toward cases of cross subsidization?

ANSWER: The issue of unfair competition is handled by both the APUC and by the FCC. If the alleged violation is intrastate in nature it falls under APUC jurisdiction, while interstate violations are handled by the FCC. The attitudes of the commissions toward cross subsidizations are mandated by law. If a formal complaint is received, they must investigate and rule on the cases. APUC indicates that there are not any cases under investigation at this time, and that there have not been any cases investigated in the past.

AN ACT RELATING TO REGULATION OF TELECOMMUNICATION SERVICES

INTENT

The intent of the bill is to give the Alaska Public Utilities Commission policy direction in regulating telephone utilities in Alaska.

THE PROBLEM

The deregulation of long distance telephone utilities (AT&T) in 1984 and the resulting rise in private sector competition in the telephone and telecommunications industry requires that APUC now have policy guidelines.

POLICY GUIDELINES PROPOSED BY HB 5

The basic assumption of HB 5 is that the public interest must be protected in the current business climate of deregulation and competition.

It is also assumed that the state should set policy on this issue and not simply accept federal policy, even though it is similar.

The availability and affordability of telephone service are the key policy guidelines.

The definition of "communications" is expanded to include not only telephone service but also video and data communications.

SPECIFIC PROVISIONS

- (1) "Communications" is defined, and the need for universal (i.e., statewide) service at affordable rates is stated.
- (2) The importance of communication services to all Alaskan's is stressed by indicating that the communications services must be "reasonably" priced.
- (3) Deregulation and competition in the telephone industry has led to a situation where a telephone company could use revenues from one of its monopoly operations to subsidize an operation in which it is competing with another company.

PAST ACTION ON BILL

A similar bill (HB 701) was introduced in the last session but it died in the House Labor and Commerce Committee.

Several provisions of HB 701 that had "anti-competitive" connotations, and were therefore controversial, have been removed in HB 5.

FISCAL NOTE

The Alaska Public Utilities Commission attached a zero fiscal note to HB 701.

POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Association support the concept of the bill. Technical language changes may be necessary.

GCI and Alascom found HB 701 controversial due to the competition/market structure implications. Neither have presented positions on HB 5 at this point.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 5
Publish Date: _____

Revision Date: _____
Title: "An Act relating to regulation
of telecommunication services"
Sponsor: Boucher
Requestor: _____

Agency Affected: Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

This bill proposes a basis statement of telecommunications policy and is not expected to have any fiscal impact on this agency.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: _____

Approved by Commissioner: [Signature] Date: 2/26/87
Agency: Commerce and Economic Development

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

FEB 13 1987

OC #5201

February 10, 1987

Representative H.A. "Red" Boucher
ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
House Labor & Commerce Committee
House Committee on Telecommunications
P.O. Box V
Juneau, AK 99811

RE: House Bill #5

Dear Representative Boucher,

I am writing in support of House Bill #5 that will be appearing before you shortly.

The basic point of request for support is thru Sec. 42.05.145 Item #3 entitled "Ensure that rates for noncompetitive communication services do not subsidize the competitive ventures of communications companies".

The FCC, in their wisdom said only the Bell operating companies had to totally separate their competitive and noncompetitive areas, but the rest of the telephone companies could separate through accounting procedures and that monitoring is left up to the State Public Utilities Commissions.

The rate of return allowed the telephone companies is set thru the Alaska Public Utilities Commission and essentially is if a telephone company spends \$1.00 they get a rate of return of \$1.10 so the more they spend the more they make.

ATU does all their buying of material, equipment, vehicles, advertisement in the yellow pages, payroll, pension plans, financing, etc. thru the noncompetitive side and passes along to the consumer the rate of return. With all this advantage, Anchorage Telephone Utilities competitive side, for example, has reported sustained losses of 2.5 million in their first 2 years in business.

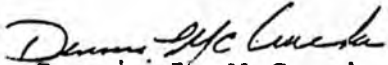
I am sure if the APUC looked at all the telephone companies and they were able to apply all the losses towards local service, then items 1 and 2 of House Bill No. 5 could be attained.

As an interesting side point of your concern for House Bill #5, I feel by the current situation you may not have anyone to regulate. It is my understanding that at this time the cities/municipalities do not have to be under APUC regulation. In fact, Fairbanks Municipal Utility Systems is not under the regulation of the APUC and it is common knowledge Anchorage Telephone Utility is going to remove itself in the very near future. I believe that Ketchikan is still under the APUC but, I am not positive about that.

House Labor & Commerce Committee
House Committee on Telecommunications
Representative Boucher
February 10, 1987

With the advent of Anchorage not being regulated and combining Fairbanks, approximately 1/2 - 2/3 of the states telephone subscribers will not be represented on a consolidated front thru any state agency. Any stated goals as listed in the House Bill #5 will be in serious jeopardy. I cannot see how we as statewide subscribers can be assured of affordable universal communications service if 1/2 - 2/3 of us do not have the represented protection of the APUC.

Respectfully,


Dennis L. McCracken
General Manager
COMTEC, INC.

kt

HB

15

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
1ST ANCHORAGE



HOME
3960 REKA DRIVE, B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
P. O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

M E M O R A N D U M

DATE: March 29, 1988

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Representative Terry Martin *TJM*

SUBJ: HB 15 - Business Enterprise Zones

RECEIVED
MAR 29 1987

Over the next several years, private sector business development will play an integral part in getting Alaska's economy back on track. State and local governments must work in partnership with the private sector if we are ever to revitalize our depressed economy. The concept of "Enterprise Zones" is an excellent way in which to achieve that type of partnership.

Quite simply, an EZ is a specifically designated, geographically defined area in which tax liability and/or regulatory red tape is reduced to provide incentives for private business activity. These incentives give new impetus to local economic development, encourages investment and stimulates the growth of local employment.

EZ programs have been implemented in over 25 other states -- quite successfully. I believe the EZ concept, tailored to address Alaska's particular concerns, can work just as successfully in our state.

HB 15, if enacted, would offer financial incentives for business development and expansion within a designated EZ area for a period of 4 years. The program would be implemented and monitored by the Alaska Department of Labor.

As you know, HB 15 has been scheduled for hearing in the House Labor & Commerce Committee on Thursday, March 31. I have attached for your information backup materials on the EZ concept and a report on the status of enterprise zone programs in other states from the National Association of State Development Agencies.



HB 15 - Enterprise Zones
Page 2

I hope you will take the opportunity to review the attached materials prior to the House Labor and Commerce Committee meeting. I am confident that you will find the "EZ" concept worthy of consideration.

Thank you.

/laj/hb15x2
attachments

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUMAKA VALLEY
ELMENDORF AFB
CREEKSIDE
EAST ANCHORAGE

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ANCHORAGE, AK 99508
PHONE 333 6990

DURING SESSION
POUCH V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465 3783

Alaska House of Representatives

Enterprise Zone Legislation

Remarks by
Rep. Terry Martin

Resource Development Council

July 16, 1986

Enterprise Zones are areas designated by state and local governments where special incentives are offered for private investment. The elements used to create an Enterprise Zone are not new; tax incentives, deregulation and re-development are all ideas that have been around for along time. To create an Enterprise Zone a governing body simply has to offer these elements together in a package.

Such legislation is one of the tools available to re-vitalize areas suffering from high unemployment or other economic problems. The theory behind it is simple; give business a reason to invest in an otherwise unattractive setting and everyone gains. Business gets government off its back, the local community gets jobs for its residents and the state gets out of the welfare business.

Until recently, the primary focus of this type of public policy has been towards the inner-city. It is the Reagan administration's goal to redevelop the worn-out, obsolete infra-structure already existing in many urban areas by creating enterprise zones. But the need for economic development is not unique to cities. In many rural areas there are circumstances similar to those in urban areas, including high unemployment, low rates of growth and below average incomes.

I believe the Enterprise Zone approach is one we can use in Alaska. Of course, the most obvious difference between Alaska, and especially rural Alaska and urban areas in the lower 48 is infrastructure. In the cities old buildings and factories are essentially being "re-tooled". In rural Alaska we don't have buildings, we don't even have roads to get to the villages. But at the same time, the beauty of this idea is that we can apply it to our own situation. There is no requirement that we have to have an old building or factory, or that such a zone has to be in rural Alaska.

