

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988
5432 SLAB HR 185 - HR 230 8672

1084

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 17, 1988

Honorable Tim Kelly
Senator
Chairman, Senate Labor and Commerce Committee
State of Alaska
P.O. Box V
Juneau, AK 99811

Re: CSHB 185(Fin)am
State Loan Programs
AG File: 773-87-0073

Dear Senator Kelly:

Attached is a series of proposed amendments to CSHB 185(Fin)am, the bill that repeals a number of inactive loan programs and makes miscellaneous amendments to a number of existing programs. This bill is currently pending before the Senate Labor and Commerce Committee. These proposed amendments are primarily requested by the Department of Commerce and Economic Development, Division of Investments. Each amendment is discussed in turn.

Amendment 1: This amendment proposes to add a new subsection to AS 16.10.335 to provide that a debtor's interest in a limited entry permit is terminated by operation of law upon the discharge in bankruptcy of the debtor. When a debtor is discharged in bankruptcy, the debtor's obligation to pay on his state loan is one of the debts that is discharged, and he no longer has an obligation to pay the loan. The limited entry permit, however, remains collateral subject to foreclosure, and foreclosure becomes automatic.

Current AS 16.10.335(a) requires the division to send a notice and wait 120 days before completing any foreclosure on a permit. Although the usual debtor may bring the note current or pay it off in full during the 120 days, this is not the case for the bankrupt debtor. Since the note has been discharged, there is no longer any obligation for the debtor to pay.

In short, current law requires the division to go through a 120-day waiting process before it may repossess a permit in these cases, even though the debtor no longer has any way of stopping the eventual repossession. This amendment changes the law to terminate the debtor's interest in the permit immediately upon discharge in bankruptcy.


STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4TH AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1004
PHONE (907) 278-2550

1st NATIONAL CENTER
160 CUSHMAN ST
SUITE 400
FAIRBANKS, ALASKA 99701-4670

P.O. BOX K - STATE CAPITOL
JUNEAU, ALASKA 99811-0200
PHONE (907) 465-2600

Honorable Tim Kelly
Senator, State of Alaska
Our file: 773-87-0073

February 17, 1988
Page 2

Amendment 2: Under the fisheries enhancement loan program, regional aquaculture associations may vote to assess themselves a salmon enhancement tax under AS 43.76. The tax is collected by the state and then appropriated to the association by the legislature. The legislature, however, appropriates this money to the Department of Commerce and Economic Development, and the department thereafter disburses these funds. This amendment is designed to clarify that the Department of Commerce and Economic Development, Division of Investments, has the authority to disburse these funds.

Amendment 3: At the present time, AS 43.76.020 provides for termination of a salmon enhancement tax if the association being taxed votes to terminate. However, these tax receipts are generally the primary collateral on long-term loans made by the Division of Investments to the aquaculture associations. The current policy of the division is to not permit an association to terminate a tax if the tax is collateral for an outstanding loan. This amendment will codify this policy in statute.

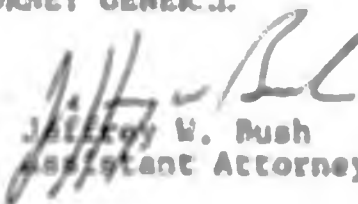
Technical Amendments: The only significant technical amendment is the removal of sec. 29 of the bill. Section 29 creates the "small business economic development revolving loan fund." This is no longer necessary, since that program was incorporated in legislation passed last session dealing with the Alaska Industrial Development and Export Authority. Sec. 42, ch. 42, SLA 1987.

Please feel free to contact me, or have your staff contact me, if you wish to discuss these amendments or anything else to do with the bill. Thank you for your consideration of these amendments.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By:


Jeffrey W. Bush
Assistant Attorney General

JWB:nb

cc: Bob Evans, Legislative Liaison
Office of the Governor

Mertin Richard, Director
Division of Investments
Department of Commerce and Economic Development

RECOMMENDED AMENDMENTS TO CSHB 185 (2in)am

Amendment 1.

1. In bill's title, page 1, line 10, after "the" add "commercial fishing loan program."

2. At page 1, line 22, add new sections as follows:

• Sec. ____ AS 16.10.335(a) is amended to read:

Sec. 16.10.335. (a) Except as otherwise provided in (f) of this section, if [IF] the debtor defaults upon a note for which a limited entry permit has been pledged as security under AS 16.10.333 or 16.10.338, the commissioner shall provide the debtor, by both certified and first class mail sent to the debtor's last known address on file with the commissioner, with a notice of default that includes

(1) a description of the security given for the note including the number assigned to the pledged permit by the commission;

(2) the date upon which the default occurred;

(3) the amount of arrearages as of the date of the notice, the total amount remaining on the note less unearned interest, and the amount of daily interest;

(4) a statement that the debtor may, within 15 days after the postmark date of the notice, request a hearing to submit evidence showing the debtor has not defaulted;

(5) a statement that the note may be reinstated if brought current within 60 days after the postmark date of the notice;

(6) a statement that the note may be paid in full less unearned interest within 120 days after the postmark date of the notice;

(7) the place where reinstatement or payment in full may be made; and

(8) a notice in at least 10-point bold type stating: **IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."**

- Sec. ____ AS 16.10.335 is amended by adding a new subsection to read:

(f) Notwithstanding (a) of this section, upon the discharge in Bankruptcy of the debtor, the debtor's interest in the limited entry permit is terminated by operation of law without further notice, ^{unless otherwise ordered by the bankruptcy court.} Any entry permit cards issued to the debtor under the permit must be cancelled immediately upon receipt by the commission of a certificate of termination containing a copy of the notice of discharge.

Amendment 2.

Page 3, after line 28: add a new paragraph to read:

(8) make grants to qualified regional associations that have formed nonprofit corporations in amounts not exceeding the amounts appropriated by the legislature from salmon enhancement taxes collected under AS 43.76.010 and 43.76.011.

Amendment 3.

At page 7, line 19, add a new section as follows:

* Sec. ____ . AS 43.76.020(b) is amended to read:

(b) A salmon enhancement tax shall be terminated by the commissioner of revenue under (a) of this section following an election in a region if

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the salmon enhancement tax which is signed by a least 25 percent of the number of persons who voted under AS 43.76-.015 in the election approving the salmon enhancement tax in the region;

(2) the commissioner of commerce and economic development determines that there are no outstanding loans

to the qualified regional association under AS 16.10.510
that are secured by the tax;

(3) an election is held in accordance with AS 43.76.015; the ballot shall ask the question whether the salmon enhancement tax for the region shall be terminated; the ballot shall be worded so that a "yes" vote is for continuation of the salmon enhancement tax and a "no" vote is for termination of the salmon enhancement tax;

(4) [(3)] a majority of eligible interim-use permit and entry permit holders who vote in the election cast a ballot for the termination of salmon enhancement tax;
and

(5) [(4)] the qualified regional association provides notice of the election in accordance with AS 43.76.015 within two months after receiving notice from the commissioner of commerce and economic development that a valid petition under (1) of this subsection has been received.

Technical Amendments

1. Page 1, lines 7-9: Remove reference in title to small business economic development revolving loan fund.
2. Page 1, line 23: Move underline (should be under "SALMON").

3. Page 2, lines 5,7, and 8: Put "revolving" back in.
4. Page 10, line 16 thru page 12, line 17: Remove section 29 of the bill, and renumber following sections accordingly.
5. Page 14, lines 12-13: Remove reference to section 29 and renumber appropriately.
6. Page 1⁴5, lines 14-15: Renumber appropriately and change effective date to July 1, 1989.

DESCRIPTION OF CSHB 185 (Fin) by program:

1. Commercial Fishing Loan Program. This bill repeals AS 16.10.320(b) (sec. 33 of the bill), a subsection that is now obsolete due to changes in federal law.

2. Fisheries Enhancement Loan Program. This bill makes numerous changes to the fisheries enhancement loan program, AS 16.10.500 -- 16.10.560. First, it changes the title of the loan fund to the "Salmon Enhancement Revolving Loan Fund" (secs. 1, 2, and 3 of the bill), and reorganizes the statutes for clarity. It also amends the statutes to make it clear that they apply only to salmon hatchery projects. Sections 1 and 4 of the bill.

The bill clarifies the statutory loan limits, which are ambiguous. See 1986 Inf. Op. Att'y Gen. (Aug. 13; 663-87-0020). This bill sets loan limits in terms of the total amount that may be loaned to a project in a fiscal year. Sections 6 and 7 of the bill. Also, the bill repeals AS 16.10.540 (sec. 33 of the bill), which specifically authorizes voluntary assessments by fishermen as collateral to repay loans. First, such voluntary assessments represent no real collateral because of their voluntary nature. Second, if the department were to change its position and consider a voluntary assessment as sufficient collateral, proposed AS 16.10.518(a) would permit the use of a voluntary assessment as collateral. Third, current practice is for these organizations to assess fishermen through salmon enhancement taxes under AS 43.76, and the bill approves this practice and recognizes these assessments as valid collateral. Section 5 of the bill.

Finally, the hearing procedure provisions of the Administrative Procedure Act (APA), AS 44.62.330 -- 44.62.630, currently apply to the fisheries enhancement loan program (AS 16.10.500 -- 16.10.620). The reason for this application is unclear, since the 10 other loan programs administered by the Department of Commerce and Economic Development, division of investments, are not subject to the APA. The department has adopted regulations providing for administrative adjudication of loan issues for all of its loan programs, and there is no apparent reason for this particular program to be subject to different rules. This bill amends the APA by repealing AS 44.62.330(a)(46), to remove that part of the APA's applicability to the fisheries enhancement loan program. Section 33 of the bill.

3. Veterans' Revolving Loan Program. AS 26.15 establishes the Alaska veterans' loan program. Originally, the Department of Commerce and Economic Development was authorized to make four types of veterans' loans: personal loans, housing loans, business loans, and multiple dwelling (condominium) loans. AS 26.15.040(a). The authority to make housing loans was repealed in 1980 (sec. 77, ch. 106, SLA 1980), and the same legislation provided that no business loans could be made after July 1, 1981. Sec. 71, ch. 106, SLA 1980. Although the authority to make

personal and multiple dwelling loans still exists, neither type of loan has been made since 1982.

At present, there is no money available in the veterans' revolving fund for any additional loans. Only a small amount of money still comes into the fund, since most loans have been transferred to the Alaska Industrial Development Authority (AIDA) or recently sold to the Alaska Housing Finance Corporation (AHFC). Sec. 102, ch. 138, SLA 1986. The money in the revolving fund, in turn, has been reappropriated to the general fund. Sec. 118, ch. 105, SLA 1985; secs. 18 and 23, ch. 129, SLA 1986; secs. 39, 427, and 645, ch. 130, SLA 1986.

This bill repeals all lending authority under the veterans' loan program, but leaves intact those statutes dealing with management and collections (secs. 9, 11 and 33 of the bill). The revolving loan fund is repealed as of July 1, 1988, and all revenues received from veteran's loans (and all other repealed programs) will thereafter go directly to the general fund. Sections 10 and 34 of the bill. The sentence added to AS 26.15.040(e), limiting the total amount that an assignee of a loan can assume, is taken from AS 26.15.040(c), which is repealed in sec. 33 of the bill.

These repealers and amendments do not affect AHFC veterans' mortgages under AS 18.56.

4. Mining Loans. This bill repeals all lending authority under the mining loan program, but leaves intact those Statutes dealing with management and collections. Sections 12, 13, and 33 of the bill. The bill then repeals the revolving fund of July 1, 1988. Sections 14 and 34 of the bill.

5. Area Redevelopment. AS 41.30 sets up a program for redevelopment loans administered by the Alaska State Development Corporation. This program, and the corporation, are both currently inactive, and there are no outstanding loans. The entire program is repealed under this bill. Section 33 of the bill.

6. Outdoor Recreational, Open Space, and Historic Properties Development Fund. AS 41.98.170 establishes an outdoor recreational, open space, and historic properties development fund administered by the Department of Natural Resources, division of parks and outdoor recreation. The fund may be used by the state to develop recreational sites and to acquire and preserve historic sites, buildings, and monuments (AS 41.98.170), and for grants and loans to municipalities for similar purposes. AS 41.98.-175(a). However, there has been no loan made under this program, and none is anticipated. This bill repeals the lending authority

under the program, but leaves the remainder of the program intact. Sections 16 and 33 of the bill.

7. Child Care Facility Revolving Loan Fund. This bill repeals the lending authority for the child care facility program, AS 44.33.240 -- 44.33.275, but still retains the necessary collection statutes. Sections 18, 19, and 33 of the bill. The bill then repeals the revolving loan fund as of July 1, 1988. Sections 20 and 34 of the bill.

8. Alternative Energy Revolving Loan Fund. This bill also repeals the lending authority for the alternative energy loan program, AS 45.88, but leaves intact those statutes dealing with management and collections. The bill also makes a technical amendment of AS 45.88.030(d), removing reference to "technology" in this subsection consistent with a 1979 amendment to the program (ch. 56, SLA 1979). Sections 21 and 33 of the bill. The bill then repeals the loan fund as of July 1, 1988. Sections 22 and 34 of the bill.

9. Residential Energy Conservation Fund. This bill repeals the lending authority for the residential energy conservation fund, AS 45.89, but leaves intact the statutes dealing with management and collection of existing loans. Sections 23 and 33 of the bill. The bill also repeals this loan fund as of July 1, 1988. Sections 24 and 34 of the bill.

10. Tourism Revolving Fund. AS 45.90 provides a statutory scheme for tourism loans. However, in 1980 a session law was enacted to provide that no further loans would be made under the program after July 1, 1981. Sec. 71, ch. 106, SLA 1980. This bill repeals the lending authority statutes of the tourism revolving fund, but leaves intact those provisions of the statutes dealing with on-going management of the loan portfolio. Sections 25 and 33 of the bill. The bill repeals this fund as of July 1, 1988. Sections 26 and 34 of the bill.

11. Fishery Product Revolving Loan Guarantee Fund. AS 45.92 establishes a fishery product revolving loan guarantee fund in the Department of Revenue. There is no outstanding loan under this program, and there is no money currently in the fund. This program is inactive, and this bill repeals it. Section 33 of the bill.

12. Forest Products Business Loan Guarantee Program. AS 45.94 establishes a forest products business loan guarantee fund in the Department of Revenue, under a statutory scheme similar to that of the fishery product revolving loan guarantee fund. No money

has ever been appropriated to this fund, and it is therefore inactive. This bill repeals this program. Section 33 of the bill.

13. Small Business Loans. AS 45.95 establishes a small business loan program in the Department of Commerce and Economic Development. However, as with the tourism revolving fund, the legislature has prohibited making any further loans under this program. Sec. 71, ch. 106, SLA 1980. This bill repeals the statutory lending authority under this program, but leaves intact the loan management and collection statutes. Sections 27 and 33 of the bill. The loan fund is then repealed as of July 1, 1988. Sections 28 and 34 of the bill.

14. Economic Development Revolving Loan Fund. The bill creates a new loan program entitled the economic development revolving loan fund. Sec. 29 of the bill. This loan fund is set up merely as a vehicle for utilization of available federal funds from the United States Economic Development Administration. It is anticipated that no additional state money will be put into this loan program and, in fact, the administration would oppose any plan to appropriate funds to the program.

15. Historical District Revolving Loan Fund. Finally, the bill repeals the lending authority under the historical district revolving loan fund. Sections 30, 32, and 33 of the bill. The loan fund is then repealed as of July 1, 1988. Sections 31 and 34 of the bill.

Miscellaneous changes

The bill also repeals secs. 3 and 4, ch. 156, SLA 1984, which provide that the balances in the tourism and small business revolving loan funds are appropriated annually to the general fund. Because this bill repeals these revolving loan funds altogether, all revenues received will automatically go directly to the general fund.

Finally, under current law, each of these repealed revolving funds contains a special account, the foreclosure expense account, which is used by the department when necessary to protect the state's security interest in collateral. With the repeal of the revolving funds, these accounts are also repealed. Therefore, the bill creates a new foreclosure expense account, which will be used by the department for all loan programs and will be subject to the appropriation process. Sec. 17 of the bill.

TIM KELLY

1) DELETE SEC 15
✓ ACCOMPANYING TITLE

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2) TITLE

DELETE - BUREAU OF ECONOMIC
DEVELOPMENT
- MINING
- SAIGON → FAMILIAR

OPINION

SEC 152 NEW

Rev. 11/61

Amend = 1

Dis

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 185(FIN) am
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: January 22, 1988 Agency Affected: Commerce & Econ. Dev.
Title: State Loan Programs: Changes/ BRU: Investments
Eliminations
Sponsor: Rules Committee Components: _____
Requester: Governor

EXPENDITURES / REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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 LOAN FUNDS	-0-	[4,292.7]	[4,056.7]	[3,833.5]	[3,622.7]	[3,423.4]
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REVENUE - GF
FUNDING: (Thousands of dollars) -0- 4,292.7 4,056.7 3,833.5 3,622.7 3,423.4

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULLTIME						
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill eliminates eight revolving loan funds and requires that all principal and interest payments be deposited in the general fund instead.

Prepared by: Martin J. Richard, Director Phone: 465-2510
Division: Investments Date: January 22, 1988

Approved by Commissioner: J. Anthony Smith Date: 1-26-88
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION No. 2
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 185(Fin)
Publish Date: HOUSE 5/11/87

Revision Date: _____

Agency Affected: Commerce & Econ. Dev.

Title: Repealing inactive loan programs
& making miscellaneous changes to loan

BRU: Investments

Sponsor: Rules Committee

Components: economic Development

Requestor: Governor

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	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Paul B. Arnoldt, Director
Division: Investments

Phone: 465-2510
Date: _____

Approved by Commissioner: J. Anthony Smith
Agency: Commerce and Economic Development

Date: 8/26/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary
- 5403W22387a

Attachment to Fiscal Note for

Section 5 of this bill would repeal the mandatory six to ten year forgiveness of interest contained in AS 16.10.525.

The assumptions used in developing this fiscal note are as follows:

1. An effective date of July 1, 1987.
2. \$3.1 million will be loaned out in FY 88 as proposed in the budget submitted to the Legislature.

While this fiscal note depicts no additional income during FY's 87-92, a significant increase in revenues to the Fisheries Enhancement Revolving Loan Fund will be realized in subsequent years.

Under the current law, interest is forgiven for at least the first six years, and as much as ten years. Under this bill, interest could be deferred up to ten years but not forgiven. If \$3.1 million in loans are made in FY 88 as anticipated, an additional \$2.2 million in interest would be collected over the life of those loans that would not have been collected under current statutes. (As a reference, \$1 million in loans would result in an additional \$723,000 in interest being collected.)

If this bill had been in effect since the inception of the Fisheries Enhancement Loan Fund, the State of Alaska would have received an additional \$38.1 million in interest over the life of the \$52.7 million already loaned out.

It is important to note that our analysis of fisheries enhancement portfolios indicates that our borrowers are financially strong and could have made the additional interest payments required under this bill.

STATISTICS ON DCED LOAN PROGRAMS

March 31, 1987

	Thousands of Dollars													Total
	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Viet Vet	Mining	Alternative Energy	Renew. Energy	Fish Enhance	Power Dev.	Water Resource	
COMMITMENTS														
Total No. Loans	7,718	1,328	3,183 ¹	88	235	82	12	71	2,944	2,232	135	5	5	17,989
Committed FY 72-87	371,785.2	202,528.3	185,391.8 ¹	29,874.7	8,494.8	2,175.8	1,345.4	28,428.4	19,288.8	8,348.5	52,819.8	193,847.0	2,500.0	1,106,945.8
Total No. Loans Committed FY 87	0	0	133 ²	0	18	3	1	0	10	2	11	1	0	178
Total Dollar Amount Committed FY 87	0	0	8,011.3 ¹	0	488.8	150.0	250.0	0	88.8	8.8	2,148.3	1,000.0	0	12,143.8
APPROPRIATIONS														
FY 85	0	0	8,091.0	0	0	0	0	0	2,400.0	3,123.4	8,500.0	N/A	0	22,483.9
FY 86	0	0	3,500.0	0	0	0	0	0	1,000.0	0	5,000.0	0	0	215,500.0
FY 87	0	0	3,710.0	0	0	0	0	0	845.0	0	812.0	0	0	5,387.0
					84.0		400.0							484.0

LOANS OUTSTANDING

Owned by Fund	Number of Loans Outstanding	Principal Amount Outstanding	Average Loan Amount Outstanding	Number of Loans Outstanding	Principal Amount Outstanding	Average Loan Amount Outstanding								
Number of Loans Outstanding	27	18	1,448	2	48	28	8	48	1,548	1,202	114	1	1	4,497
Principal Amount Outstanding	1,588.8	2,922.7	83,092.7	1,058.8	648.1	1,345.0	884.4	12,271.7	10,547.8	3,072.1	45,335.5	188,104.1	887.8	228,862.8
Average Loan Amount Outstanding	58.8	153.8	43.5	528.8	161	37.4	184	268.8	6.8	2.8	207.9	188,104.1	887.8	73.4
Serviced for AIDA														
Number of Loans Outstanding	1,587	189	315	7	N/A	1	3	N/A	N/A	N/A	11	N/A	N/A	2,103
Principal Amount Outstanding	87,850.4	17,006.1	11,035.7	813.2	6.5	95.8	8,022.2				547.8			102,971.0
Average Loan Amount Outstanding	423	85.5	35.0	130.5	6.5	31.0					547.8			48.9
Summary														
Total No. of Loans Outstanding	1,584	218	1,784	9	48	27	8	48	1,548	1,202	125	1	1	6,600
at Principal amount Outstanding	89,440.3	18,928.8	74,128.4	1,970.1	648.1	1,351.5	1,080.3	12,271.7	10,547.8	3,072.1	81,332.7	188,104.1	887.8	432,784.8

DELINQUENCY RATES AND DEFAULT STATISTICS

Statistic Based on Balance Outstanding	% Delinquent ¹	% In Default ¹	Statistic Based on Number of Loans	% Delinquent ¹	% In Default ¹
% Delinquent ¹	8.1%	11.3%	12.0%	5.3%	28.5%
% In Default ¹	1.8%	23.8%	4.2%	8.5%	21%
Statistic Based on Number of Loans	5.8%	12.8%	9.8%	11.1%	28.5%
% Delinquent ¹	1.5%	17.8%	2.8%	22.2%	4.3%
% In Default ¹					10.8%
1 Delinquent is defined as 60 days or more past due, not in litigation.					
2 Default is defined as in litigation.					
3 Prerequisites NOT included					

Prepared by: Division of Investments, Accounting Section

ANSWER

Applications Received

FY 86	—	—	352	—	47	15	2	6	214	53	22	—	—
FY 87 YTD	—	—	245	—	20	4	1	2	14	3	14	—	—
Cash Balance as of 3/31/87	1013.0	116.2	1246.1	123.9	1241.1	228.8	200.8	485.6	231.3	970.4	262.5	—	—

Jim Wiseman



Economic Development Administration Directives System

BULLETIN

No. 7-83
Effective Date: 4/25/83
Destroy Date: 4/25/84
WP No. 0003W

RECEIVED

Department of Law

MAY 15 1987

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Hand delivered
SB

REVOLVING LOAN FUND GUIDELINES

Preface

Under Title IX of the Public Works and Economic Development Act of 1965 (PWEDA) as amended, the Economic Development Administration may assist distressed areas experiencing long-term economic deterioration or areas threatened or impacted by severe economic dislocation. EDA may provide Revolving Loan Fund (RLF) grants under two Title IX programs -- Long-Term Economic Deterioration (LTED) and Sudden and Severe Economic Dislocation (SSED).

The LTED program assists eligible applicants in developing and implementing strategies that halt and reverse the long-term decline of their economies. Grants for Revolving Loan Funds are usually provided under the LTED program.

The SSED program assists eligible applicants in responding to actual or threatened major job losses (dislocations). Experience shows that one of the most effective means of responding to a dislocation is to provide financing to enable the threatened firms to survive or to assist other firms to expand and provide jobs for the dislocated workers. In such cases, SSED grant funds are used immediately by the grantee to make loans to specific borrowers identified in the grant agreement. Repayment of the initial loan(s) are "pooled" and subsequently used by the grantee to make additional loans to strengthen the area economy in the same manner that the LTED/RLF program is used. These guidelines do not apply to initial SSED loans made with grants but do govern the use of the resultant RLFs. In a few cases, SSED grants may also be approved for the purpose of establishing a true RLF (i.e. one that is not limited to specific borrowers identified at the time of grant approval). Such projects are also covered by these guidelines.

These guidelines and the attached appendix are not and shall not be construed by third parties or other entities to be EDA regulations or procedures. The guidelines and appendix are not intended to create or impose any legal duty or obligations upon EDA or its officials with respect to any third parties or other entities. These guidelines and appendix are not issued for the benefit of, or to be relied upon by, any third parties or entities. The guidelines and appendix are not intended to nor shall be construed to have created any rights for third parties or other entities.

The term "third parties or other entities" includes but is not limited to: 1) actual or potential recipients, guarantors or beneficiaries of RLF loans; 2) objectors to any such loan assistance; 3) banks or other financial institutions participating or involved in the RLF program; 4) actual or potential creditors of the RLF borrower; 5) trustees in bankruptcy or receivers; or 6) the agents or attorneys of the foregoing entities.

I. Program Overview

The Revolving Loan Fund program is one of several EDA public investment tools available to assist distressed areas. As authorized by Title IX of the Public Works and Economic Development Act of 1965, as amended, EDA may provide grants for the capitalization of RLF projects.

A Revolving Loan Fund is a pool of money used by an eligible recipient for the purpose of making loans to achieve certain economic benefits. As the loans are repaid by the borrowers, the money is returned to the Fund to make other loans. In that manner, the Fund becomes an ongoing or "revolving" financial tool.

The major difference between an RLF program and conventional financing (such as a bank provides) is the goal to be derived from lending money. For the conventional financing institutions, the goal is profit. For the RLF, the goal is private-sector job creation and capital formation.

RLFs are not substitutes for conventional lending sources. Given the small size of the RLF program and the limited resources of each project, Revolving Loan Funds are not intended to match or replace the capacity of banks, investment houses or other lending organizations. RLFs are designed to: fill gaps in existing local financial markets; provide or attract capital which otherwise would not be available for economic development.

As part of the grant agreement, EDA requires that RLF projects be administered in accordance with the Revolving Loan Fund Plan developed by the applicant and approved by this Agency. The RLF Plan defines specific objectives and operating procedures, including standards and selection criteria for loans in the portfolio. Specific guidance on the RLF Plan is provided in Appendix A.

EDA does not review or approve individual loans made by the RLF. Instead, EDA monitors RLF project activities for conformance with the guidelines, the RLF Plan and other conditions of the grant agreement.

II. Goals, Objectives and Policies of the RLF Grant Program

One of the major problems in local business development and a significant contributing factor to local economic distress is the problem of credit availability. Even when available, the cost and terms of the credit may prevent firms from expanding, continuing operations or starting up. The result may be a community's loss of jobs, tax revenues and private investment.

III. Eligibility Requirements

RLF projects must meet the basic program requirements and eligibility criteria of the Title IX LTED or SSED programs, as appropriate. Regulations for the Title IX program as a whole appear in 13 CFR Part 308. SSED program guidelines, including eligibility criteria, were published in the Federal Register, Vol. 47, No. 226, pages 52736-52739 on November 23, 1982. LTED program guidelines, including eligibility criteria, were published in the Federal Register, Vol. 43, No. 238, pages 57918-57921 on December 11, 1978.

A. Eligible Areas

Areas which meet the eligibility criteria for the Title IX LTED or SSED programs are eligible for RLF grant assistance. RLF project activities must be located within eligible Title IX LTED or SSED areas. EDA's Regional Offices can provide prospective applicants with further information on LTED or SSED eligibility criteria.

B. Eligible Applicants

Eligible applicants for RLF grant assistance within eligible Title IX LTED or SSED areas include:

1. States;
2. Cities, towns, counties or other political subdivisions of States, and consortia of such political subdivisions.
3. Economic Development Districts designated under PKEDA;
4. Non-profit organizations or associations which EDA determines are representative of the redevelopment area;
5. Indian tribes; and
6. Community Development Corporations as defined in the Community Economic Development Act of 1981.

RLF grants will be made only to eligible applicants having the legal authority and capacity to make loans. An applicant may identify an appropriate subdivision of its organization or separate organization to which it would delegate the administration of the RLF. In such cases, EDA will make its determination based on the authority and capacity of the designated organization to make loans.

- 4) Activities which are consistent with the priorities of the U.S. Department of Commerce, such as export promotion, marine resource development, and minority business development, etc.

E. Ineligible Loan Activity

- 1) Speculative activities, such as land banking and the construction of speculative buildings are not encouraged since they do not normally result in near-term job creation or retention.
- 2) Loan activities and economic benefits resulting from these activities must be located within the eligible area. RLF assistance must be withdrawn if for any reason the activity financed is moved from the eligible area.
- 3) Loans which assist the relocation of jobs from another labor area are prohibited.
- 4) Loans for the purpose of investing in high interest accounts, certificates of deposits or other investments not related to job creation/retention are prohibited.
- 5) Prohibitions concerning RLF loans which would create a potential conflict-of-interest for any officer or employee of the grantee, or any current or former member of the grantee's loan administration board or staff who reviews, approves or otherwise participates in decisions on RLF loans, are contained in the General Terms of the grant agreement. Loan activities which directly benefit these individuals or people related to them by blood, marriage, or law will be prohibited in accordance with the General Terms of the grant.

F. Civil Rights and Environmental Compliance

RLF loan activities must also comply with other requirements specified in Appendix A, including requirements concerning civil rights, the environment, flood protection insurance, and access for the physically handicapped, to the same extent as projects with direct federal assistance.

- 3) In the determination of collateral requirements the grantee may consider the merits and potential economic benefits of each request. When appropriate and practical, RLF financing may be secured by liens or assignment of rights in assets of assisted firms as follows:
- (a) In order to encourage financial participation in a direct fixed asset loan project by other lenders and investors, the RLF loan may be repayable after other loans made in connection with the project have been repaid in full. The lien position of the RLF may be subordinate and made inferior to lien or liens securing other loans made in connection with the project.
 - (b) In projects involving direct working capital loans, the RLF will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project.
 - (c) In projects involving guaranteed loans in the revolving phase, the lending institution ordinarily will be required to maintain a collateral position, to which the RLF is subrogated, in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or other available assets of borrowers.
 - (d) In addition to the above types of security, the RLF may also require security in the form of assignment of patents and licenses, the acquisition of hazard and other forms of insurance, and such other additional security as the grantee determines is necessary to support the RLF's exposure.
 - (e) RLF loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals will ordinarily be expected to provide and assign to the RLF life insurance on these key persons. Personal guarantees may also be required from principal owners, as appropriate.
- 4) Modification of the terms under which RLF financing has been extended may be approved by the grantee to enhance the capability of the RLF in achieving program objectives.

I. Local Matching Share

A 25 percent local matching share is required for RLF grants. This requirement may be waived by EDA in cases of extreme need.

The local share must consist of the grantee's own money and/or public or private donations which are controlled by the grantee. Community Development Block Grant (CDBG) funds, repayments from loans made with Urban Development Action Grants (UDAG), and funding from other public and private foundations may be included in the local share if such funds are assigned to the grantee and can be used to capitalize the RLF under the terms and conditions applicable to the EDA grant.

Leveraged funds (i.e., other financing related to RLF loans, but provided by lenders other than the RLF) will not be counted as part of the local share.

The local share must be used to capitalize the RLF; such funds may not be used to cover administrative expenses of the RLF.

IV. Project Requirements And Selection Criteria

RLF projects must be operated and administered in accordance with a Revolving Loan Fund Plan developed by the applicant and approved by EDA. Loans made by the RLF must conform to this plan and to basic eligibility requirements. Requirements for the RLF Plan are contained in Appendix A. Some of the key requirements are highlighted below in the project selection criteria.

Proposals will be evaluated based on conformance with statutory and regulatory requirements, the economic and financial needs of the area, the merits of the proposed RLF project in addressing those needs and the applicant's ability to manage the RLF grant effectively. Key factors in EDA's selection of proposed projects include:

A. Economic and Financial Needs of the Project Area

1. Areas with the highest levels of economic distress (high unemployment, underemployment, low per capita income, vacant plants and deteriorating infrastructure, etc.) will receive priority consideration.

8. provide technical and management assistance for RLF borrowers, in addition to loan funds;
9. use creative financing techniques to overcome specific gaps in the local capital market;
10. make loans on a timely basis. The implementation schedule for RLF projects will normally require that RLF loans in the initial round be closed (and all EDA funds disbursed) within 2 years of grant approval;
11. obtain additional funding to capitalize the RLF. RLF grantees are required to provide a 25% local matching share. Projects which include a larger matching share or secure commitments for future funding from other public or private sources will receive priority consideration; and
12. coordinate activities with other economic development organizations, loan programs and private lenders in the area.

C. Effective Management of the RLF

EDA will also evaluate proposed projects to determine that the RLF will be properly managed. Key factors include:

1. A strong and effective Loan Administration Board with broad community representation, including appropriate private sector, minority and women's representation.
2. Staff capacity in program and policy development, finance, law, marketing, credit analysis, loan packaging, processing and servicing.
3. Efficient procedures for loan selection, approval, and servicing which emphasize the economic development potential of loans as well as sound management and financing practices.
4. Adequate resources to cover administrative costs of the RLF.
5. The applicant's experience and capacity for administering economic and business loan programs will also be a major factor in project selection. If the applicant has designated another organization to administer the project, EDA will evaluate the experience and capacity of that organization, rather than the applicant's.

The final disbursement of grant funds will be subject to EDA's review of current progress and financial reports submitted by the grantee in accordance with Section B below, and to EDA's review of any audits already performed in accordance with Section C below.

B. Reporting

Grantees are required to submit semi-annual progress and financial reports to EDA for five years after approval of the grant, or longer if so indicated by EDA. The contents and due dates for these reports will be specified in the General Terms and Conditions of the grant agreement.

C. Financial Audits

Independent audits of grantee financial operations, including compliance with the grant, will be required at least biennially (every two years) throughout the five-year reporting period or longer if so determined by EDA. Interim audits may also be required at EDA's discretion.

Audits must be performed by an independent auditor in accordance with OMB Circular No. A-102, Attachment P, or A-110, Attachment F, as appropriate. Audits must also conform to the General Accounting Office Standards for Audit of Government Organizations, Programs, Activities and Functions and the Guidelines for Financial and Compliance Audits of Federally Assisted Programs and to audit requirements contained in the General and Special Terms and Conditions of the grant.

Grantees must maintain financial management systems and retain financial records in accordance with standards prescribed in OMB Circular A-102, attachments P, G and C or OMB Circular A-110, attachments F and C, as appropriate and in accordance with the General and Special Terms and Conditions of the grant.

Grantee records must include an accurate accounting of any principal repayments, interest, loan fees, or other proceeds generated by the RLF and must document how these funds are used. Administrative expenses paid for with interest, loan fees or other proceeds generated by the RLF must be documented for the grant audits. This may be done on a percentage-of-personnel-time basis, with timecards or logs, or by other generally accepted accounting methods.

VII. Definitions

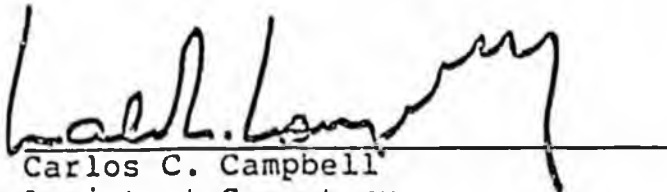
Capital Market Analysis: An analysis of local financial markets, including both public and private lenders and the terms of the loans available from these institutions as well as the policies/banking philosophies that impose constraints on the availability of credit for development activities. This analysis is conducted to identify gaps in the local financial market that could be effectively addressed by the RLF to stimulate the local economy.

Initial loans: The first group of loans approved by the grantee which exhaust the funds provided by the RLF project grant.

Land banking: The temporary acquisition of land for subsequent sale to achieve specific development objectives defined in the RLF Plan. For the purpose of this program, land banking may only be used for the short-term assembly of land required for specific, well defined development projects with established time-frames for the sale and development of land. Land banking may not be used to hold land on a long-term basis or for speculative purposes.

RLF Plan: The document prepared by the applicant which describes the organization, policies and operating procedures governing the administration of the RLF project.

Revolving phase: The phase of the RLF project which begins when the first loan project is approved by the grantee from proceeds, or repayments on the initial loans.



Carlos C. Campbell
Assistant Secretary
for Economic Development

I. Program Elements of the Plan

A. Goals and Objectives

In its statement of policy, priorities and goals, the Plan must clearly identify which of the goals and objectives of the OEDP (and any other comprehensive the RLF project is designed to achieve, and which of the area's economic development problems the RLF is expected to address. The Plan must provide a detailed description of how the RLF will address these problems. Finally, the Plan must indicate how the RLF investments will relate to the investments being made for the redevelopment of the area.

B. Identification of the Area's Financing Problem:

The RLF Plan must include an assessment of the local capital market which documents the financial needs of the area. The assessment should identify the nature of the area's financial problems and their impact on the area's development. These problems may result from:

- o conservative lending policies by area banks and redlining;
- o lack of competition among lending institutions;
- o the reluctance of lenders to participate in high risk ventures or to provide needed long-term financing;
- o a shortage of savings available in the area for investment or
- o other reasons.

The Plan must identify the specific financing problem or gaps in the local capital market to be addressed by the project.

C. Targeting Criteria

Given the limited capitalization of an RLF, targeting is essential to maximize desired development objectives. This section describes how the RLF will target assistance to meet the program objectives and financial needs defined above. Specific targeting criteria must be identified, with justification for each. There are a number of ways to target the RLF. Following are some examples.

These standards, together with the targeting criteria, will determine the RLF's effectiveness as an economic development tool and will distinguish the RLF from conventional lending sources. Standards for the RLF portfolio will be defined to achieve the economic objectives of the RLF and address the financial problems of the area. These standards must include:

- 1) a job/cost ratio reflecting the total number of jobs to be created/retained by the initial portfolio (i.e. the total of all loans made in the initial round with EDA grant funds and any local match). Estimates of the number of new jobs and the number of jobs to be saved should also be provided..
- 2) the proportion of jobs (number and percent) that will be directed to the long-term unemployed.
- 3) criteria for the types of jobs to be created/saved (e.g. semi-skilled, industrial, commercial or other types suited to the target population or other area workers).
- 4) the ratio of private sector dollars to be leveraged by RLF funds. This ratio may include private financing from other lenders (e.g. banks, investment companies, etc.) or private investment on the part of the borrower or other firms as a result of the RLF loan. It may not include the local match or other funds that are part of the RLF project. EDA requires that all RLF projects leverage a minimum ratio of two private dollars to one RLF dollar. The Regional Director may waive this requirement only in extreme cases.
- 5) criteria for the type of activities to be financed by the RLF (such as reuse of abandoned facilities, modernization of plant and equipment, start-up capital for new firms, etc.) should be indicated along with a breakdown, as relevant, of:
 - o public/private borrowers.
 - o new companies/expansion/retention.
 - o locally-owned/outside.
 - o small business/large companies.
 - o industrial/commercial borrowers.
 - o traditional/new technology.

- 5) standard interest rates to be charged by the RLF, including possible reasons for deviating from these rates.
- 6) any special financing techniques (such as moratoria on principal repayments, subordination of loans, etc.) to meet credit needs of borrowers.
- 7) any equity and collateral requirements including a brief description of how the grantee intends to secure loans made by the RLF.
- 8) general policies for restructuring RLF loans or modifying the terms of loans. (This will be covered more extensively in Part II).
- 9) elements of any loan guarantee program to be operated with recycled funds in the revolving phase should include:
 - o the percent of each loan to be covered by the guarantee;
 - o the amount of equity investment that will be required of the borrower;
 - o the amount of reserve that the RLF will hold to cover any defaults. This will determine the strength of the guarantee. The amount of the reserve that is necessary to establish the guarantee will vary; and
 - o a description of the role the RLF grantee will play in establishing the terms for each loan that it will guarantee. The RLF grantee should be careful that such terms are consistent with the goals of the RLF and the needs of the borrower.

Additional information on the use of loan guarantees is available from EDA's Regional Offices.

- 10) planned use of interest payments or profits earned from the sale of loans. The applicant must indicate whether these funds will be returned to the RLF for relending, or if they are to be used to cover administrative costs which were not eligible under the original grant.
- 11) any loan origination fees or other charges to borrowers participating in the RLF, including how such funds will be used.

Packaging these non-RLF loans will still result in development benefits to the area without drawing on the limited resources of the RLF. The RLF Plan should address how such borrowers will be assisted by the RLF staff (e.g. referral source, contact person at the SBA Office, etc.)

3. Linking Jobs to the Long-Term Unemployed

EDA's programs are designed to benefit the long-term unemployed and low-income persons. The RLF Plan should, when appropriate, include a section describing the arrangements made with local employment and training providers to ensure that permanent jobs created by RLF assistance are made available to the long-term unemployed. EDA's Regional Office will provide separate instructions on this item.

II. Administrative Elements of the Plan

A. Loan Administration Board

Each RLF grantee is required to establish a Loan Administration Board to review, select and approve loan applications and to set policy and make final decisions concerning RLF loans.

The RLF Plan must describe the makeup of the Board, though there is no set size required by EDA. The Board must include members representing a cross section of the community's leadership and members with financing experience.

In areas where minorities constitute a significant proportion of the population (30 percent or more), the Board must include appropriate minority representation.

B. Staff Capacity

The Plan must describe the type of staff that will be available to assist the Loan Administration Board, and the specific functions that will be delegated to this staff. Administration of the RLF requires skills in the areas of business, finance, law, marketing, credit analysis, loan packaging, processing and servicing.

Staff capacity in program and policy development, and the ability to analyze loans based on program criteria and potential economic benefits for the project area, will determine the types of functions and level of responsibility that may be delegated to the staff. The Loan Administration Board may not delegate authority to approve loans or make final policy decisions concerning RLF loan activities.

Policies for handling delinquencies should reflect the program objectives of the RLF, and provisions for modifying or restructuring the terms of loans should anticipate the kinds of problems borrowers are likely to encounter (e.g. RLFs set up to assist fishermen could anticipate a poor fishing season).. Policies and procedures for handling defaults must also be included.

E. Sources of Funding to Cover Administrative Costs

The RLF Plan must document the source(s) of funding to cover administrative costs for the RLF. Possible sources include interest earned on RLF loans, profits from the sale of RLF loans, RLF loan fees, CDBG funds, general revenues from State or local governments, or support from public or private foundations.

The RLF grant cannot be used to cover administrative expenses, nor can the grantee's matching share be used for these purposes. EDA Section 301/302 planning funds cannot be used, and EDA normally will not consider requests for other EDA program funds to cover administrative costs on RLF grants.

F. Recapitalization Strategy

This section must describe how the RLF will be recapitalized, including a projected schedule for repayment of principal and the amount of interest that will be returned to the fund for relending. The strategy may include special loan terms to spur early refinancing and provisions for the sale of loans to accelerate recapitalization of the RLF.

The strategy must also identify any future sources of funding to capitalize the RLF. The grantee is encouraged to contribute funds and secure commitments from other public and private sources such as those described for the local share in Part III, Section G of the Guidelines. An estimate of the amount and timing of future funding commitments must be included.

Based on the above, the strategy must indicate when funds will become available for new loans in the revolving phase. (This will be an estimate.)

Plans for the management of funds returned to the RLF pending the closing of new loans must also be described. Such funds may be held in interest earning accounts, or other short term investments that are consistent with the recapitalization schedule described above.

As a general rule, the environmental procedures of the Plan should provide for disapproval of loans which would adversely (without mitigation) impact: floodplains, wetlands, significant historic or archeological properties, drinking water resources, or non-renewable natural resources.

Relocation: The location of loan projects must be within the eligible project area. The applicant must assure that loans will be recalled if the project activity moves from the area.

Businesses relocating jobs from another labor area are not eligible borrowers.

Flood Hazard Insurance: The applicant must also assure that, when applicable, borrowers will obtain required flood hazard insurance. The Plan must indicate how compliance will be achieved.

Access for the Handicapped: If an RLF finances a construction project to which the public will have access, the grantee must insure that accessibility to the handicapped is provided.

DEPARTMENT OF COMMERCE

Economic Development Administration

(Docket No. 51210-5210)

Economic Development Assistance Programs as Described in Conference Report 99-414, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations, 1986; Availability of Funds

AGENCY: Economic Development Administration (EDA), Commerce.

ACTION: Notice.

SUMMARY:

I. Program: Planning Assistance for Economic Development Districts, Redevelopment Areas and Indian Tribes

(Catalog of Federal Domestic Assistance: 11.302 Economic Development—Support for Planning Organizations)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to defray administrative expenses in support of the economic development planning efforts of Economic Development Districts (Districts), Redevelopment Areas (Areas) and Indian Tribes under the authority of section 301(b) of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3151(b).

Eligibility: Eligible applicants are Economic Development Districts, Redevelopment Areas, organizations representing Redevelopment Areas (or parts of such Areas) and Indian Tribes.

Project Objective: The primary objective of planning assistance for administrative expenses under section 301(b) is to support the formulation and implementation of economic development programs designed to create or retain full-time permanent jobs and income, particularly for the unemployed and underemployed in the most distressed areas served by the applicant. Planning activities conducted under this assistance must be part of a continuous process involving public officials and private citizens.

Funding Availability: Funds in the amount of \$19 million are available in two categories: Districts and Areas (Category A)—\$15 million; and Indian Tribes (Category B)—\$4 million.

Funding Instrument: Grant assistance will be provided for up to 75 percent of project costs for Category A grants. Under Category A, the applicant will be required to provide the remaining share. Category B grant assistance will be

provided for up to 100 percent of project costs.

Project Duration: Both Category A and Category B assistance will normally be for period of twelve months.

Selection Criteria: Priority consideration will be given to currently funded grantees with proposals which are eligible under section 301(b) of PWEDA, 42 U.S.C. 3151(b). Funds which remain will be utilized to fund new proposals from other eligible applicants under both Categories A and B and/or to fund special economic development activities (e.g., export development or industrial park marketing) that cannot be financed within the limited resources of the applicant's basic 301(b) grant. It is possible that no funds will be available to assist new applicants for either basic or special activity grants; in any event, funds for such purposes will be extremely limited. Information on application procedures for any funds available for new special activity grants will be provided by EDA's Regional Offices after February 28, 1986.

EDA will consider the following factors in evaluating proposals:

1. The responsiveness of the proposed work program to the program regulations contained in 13 CFR 307.22;
2. The economic distress of the area served by the applicant;
3. For currently funded grantees, past performance (including information in scheduled progress reports).

Pre-Application Procedures: Currently funded grantees and other eligible applicants under both Categories A and B should begin the application process for basic grants (new and ongoing) and ongoing special activity grants by submitting a proposal which should include:

1. A letter signed by the chief elected official (Chairman of the Board, Tribal Chairman) or another authorized official of the District, Area or Indian tribe stating their desire to receive funds to carry out the types of planning and administrative activities eligible under the 301(b) program; and
2. A work program outlining the specific economic development activities that will be carried out during the grant period.

EDA Regional Offices will contact currently funded grantees whose grants expire on or prior to December 31, 1985, to inform them of the procedures for submitting proposals for additional funding. Grantees whose programs expire after December 31, 1985, should submit a proposal no later than 60 days prior to the date their program expires.

New applicants should submit their proposals to the appropriate EDA Regional Office no later than March 31,

1986. Proposals postmarked after these dates may not receive consideration.

Formal Application Procedures: EDA will evaluate proposals for basic grants using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of proposals, EDA will invite proponents whose proposals are selected for funding consideration to submit a formal application, which will include an ED-430 Planning Grant Application, and other required application materials.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements. Except in cases where work program changes or other factors dictate a different approach, EDA expects to offer grant amendments to currently funded grantees selected for assistance.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have a delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Unsuccessful applicants will be notified of the status of their applications when all of EDA's funds for this program have been awarded.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or Luis F. Tieso, (202) 377-2873, Office of Planning Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

II. Program: Planning Assistance for States and Urban Areas

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—State and Urban Area Economic Development Planning)

Summary: The Economic Development Administration announces its policies and application procedures for funds available for the State and Urban Planning Program operated under the authority of section 302(a) of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3151a.

Eligibility: Eligible applicants under this program are states, territories, cities and urban counties.

Project Objective: The primary objective of planning assistance under

section 302(a) is to strengthen the economic development planning and policy-making capabilities of states, territories, cities and urban counties to ensure a more effective use of available resources in addressing economic problems, particularly those resulting in high unemployment and low incomes. Planning activities conducted under this assistance must be part of a continuous process involving public officials and private citizens.

Funding Availability: Funds in the amount of \$8 million (\$3 million for States and \$5 million for urban areas) are available for providing grant assistance under this program.

Funding Instrument: Grant assistance will be provided for up to 75 percent of project costs. Applicants will be required to provide the remaining share.

Project Duration: Assistance under this program will normally be for a period of twelve months.

Selection Criteria: Priority consideration will be given to currently funded grantees with proposals which are eligible under section 302(a) of PWEDA, 42 U.S.C. 3151a. Funds which remain will be utilized to fund new proposals from states, territories, and cities and counties with populations of 50,000 or more. EDA will consider the following factors in evaluating proposals:

1. The responsiveness of the proposed work program to the program regulations contained in 13 CFR 307.52(a)(2);
2. The economic distress of the area served by the applicant;
3. For currently funded grantees, past performance (including information in scheduled progress reports).

Pre-Application Procedures: Currently funded grantees and other eligible applicants should begin the application process by submitting a proposal which should include:

1. A letter signed by the head of the applicant organization or another authorized official stating their desire to receive funds to carry out the types of planning activities eligible under the 302(a) program; and
2. A work program outlining the specific economic development planning activities that will be carried out during the grant period.

Proposals should be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7606, U.S. Department of Commerce, Washington, DC 20230.

EDA staff will contact grantees whose grants expire on or prior to December 31, 1985, to inform them of the

procedures for submitting proposals for funding. Those grantees whose programs expire after December 31, 1985, should submit a letter of intent that includes the amount of the proposed request no later than February 24, 1986, or 60 days prior to the date their program expires, whichever is earlier. These grantees should submit a proposal no later than 60 days prior to the date their program expires. New applicants should submit their proposals no later than February 28, 1986. Proposals postmarked after these dates may not receive consideration.

Formal Application Procedures: EDA will evaluate proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of proposals, EDA will invite proponents whose proposals are selected for funding consideration to submit a formal application, which may include an ED-430 Planning Grant Application, and other required application materials.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements. Except in cases where work program changes or other factors dictate a different approach, EDA expects to offer grant amendments to currently funded grantees selected for assistance.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Unsuccessful applicants will be notified of the status of their applications when all of EDA's funds for this program have been awarded.

Further Information: For further information contact Luis F. Bueso (202) 377-2573 at EDA Headquarters in Washington, DC.

III. Program: Technical Assistance for University Centers

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to support University Centers under the authority of section 301(a) of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3151(a), University Centers, utilizing external

resources and those of the college or university of which they are an integral element, provide technical and other kinds of assistance to public bodies, non-profit organizations and private firms located chiefly in areas of economic distress.

Eligibility: Eligible applicants under this program are public and private colleges and universities.

Program Objectives: To stimulate colleges and universities to mobilize more fully their resources to overcome problems which impede economic development in the area or region they serve.

Funding Availability: Funds in the amount of \$5 million are available for this program. At least \$4 million of this amount will be used to fund the basic economic development assistance programs of currently funded University Centers and new Centers under the approach outlined below.

Use of the remaining resources will be announced to University Centers at a later date. Possible uses include start-up support to enable Centers to offer new economic development services; funding to permit Centers to provide more in-depth assistance to some clients; project-specific funding to finance Center services in marketing or otherwise helping selected EDA-funded industrial parks realize their potentials; and funding to enable Centers to help small farmers diversify their operations and improve their earning capacities.

Funding Instrument: EDA will provide grants and cooperative agreements with maximum EDA participation of up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance under this program will normally be for a period of twelve months.

Selection Criteria: Priority consideration will be given to the refunding and strengthening of those 37 Centers presently funded under the University Center Program which meet the selection criteria. Funds may also be used to fund new Centers which meet the selection criteria and/or special activities of currently funded Centers. EDA will consider the following factors in evaluating proposals for basic economic development assistance programs:

1. The nature and degree of distress the area or region the Center will serve
2. The program's relevance to the needs of the service area, relationships activities of other organizations engaged in economic and business development with particular attention to how the program differs from any Small Business

Development Center or Minority Business Development Center programs, and furtherance of the goals of the college or university.

3. The commitment of the University to the Center's mission and purpose in terms of both its financial support and the dedication of other resources.

4. The Center's capacity to provide technical and other types of assistance to jurisdictions and organizations in the service area.

5. The Center's planned relationship to and support for local, regional or state economic development strategies.

6. The Center's relationship to the EDA Regional Office Strategy and to Department of Commerce objectives in so far as they are not inconsistent with the developmental needs of the area to be served. In evaluating proposals for new centers, EDA will also consider:

(1) Whether there is another EDA-funded Center in the state.

(2) Whether there are SBA- or MBDA-funded Centers serving the area.

(3) The extent to which the Center proposes to serve the economic development needs of community-based organizations and economically distressed jurisdictions.

Pre-Application Procedures—New Centers

A. Letters of Interest: Interested colleges and universities not presently in the program should indicate that they seek support by submitting a letter signed by the institution's president or another authorized official to the appropriate EDA Regional Office stating that they wish to participate in EDA's University Center Program. A copy should be sent to the state Economic Development Representative. The letter should identify the area their Center will serve and the degree and kind of economic distress it suffers; the relationship of the program to state, regional or local economic development strategies, as appropriate; and the kinds of activity to be undertaken with EDA funds.

The letters of interest should be submitted to the appropriate EDA Regional Office no later than February 24, 1986. Letters postmarked after this date may not be considered.

B. Proposals: New applicant colleges and universities selected by EDA for consideration for inclusion in the program will be invited to submit a proposal. The Regional Office will provide a proposal package to these applicants.

New applicant colleges and universities selected for further consideration will be advised no later

than March 28, 1986, to submit a proposal.

Formal Application Procedures—New Centers: EDA will evaluate new applicant proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of project proposals, EDA will invite new applicants whose projects are selected for funding consideration to submit a formal application.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this program have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Application Procedures—Currently Funded Centers: EDA Regional Offices will contact universities and colleges presently receiving support under the EDA University Center Program to inform them of the procedures for applying for renewal of their present grants.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or Scott V. Rutherford at (202) 377-2812, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

IV. Program: Local Technical Assistance Projects

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to provide technical assistance as may be required to ensure the successful implementation of area and state economic development programs and projects designed to aid areas experiencing economic distress. Funding will be provided under the authority of section 301(a) of the Public Works and Economic Development Act of 1965, as amended (PWEEDA), 42 U.S.C. 3151(a).

Eligibility: Eligible applicants under this program include: public or private non-profit state, area, district, or local organizations; private individuals, partnerships, firms, corporations, and other suitable institutions (including Indian tribes, cities, state agencies and educational institutions).

Project Objectives: The objectives of Section 301(a) local technical assistance grants and cooperative agreements is to provide help that will be useful in alleviating or preventing conditions of excessive unemployment or underemployment in individual states or sub-state areas.

Funding Availability: Up to \$1.5 million will be available for the Local Technical Assistance Program.

Funding Instrument: EDA will provide grants and cooperative agreements with maximum EDA participation of up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance will be for the period of time required to complete the scope of work. This will generally not exceed twelve months.

Selection Criteria: Priority will be given to projects which are eligible under section 301(a) of PWEEDA, 42 U.S.C. 3151a, if such projects:

1. Lead to the near-term creation and/or retention of private sector jobs;
2. Stimulate significant private and non-Federal public capital formation and investment for economic development purposes;
3. Are consistent with the EDA approved overall economic development program (OEDP) for the area in which the projects are, or will be, located and have been recommended by the OEDP Committee;
4. Are located in distressed areas;
5. Combine support for the following Department of Commerce goals with the accomplishment of economic development objectives: export promotion, productivity enhancement, technology development and utilization, and minority business development;
6. Contribute to improving the economic well-being of rural America and small family farmers;
7. Further the objectives of EDA Regional Office Strategies. (Information on Regional Office Strategies must be obtained from the appropriate Regional Office.)

Projects will also be evaluated on the quality of the proposed work program and the qualifications of the applicant to carry out that work program.

Pre-application Procedures: Interested applicants must contact the Economic Development Representative

(EDR) for the area or the appropriate EDA Regional Office for a proposal package. The EDA Regional Office can furnish the name, address and telephone number of the EDR for the applicant's area.

Proposals should be submitted to the appropriate EDR or EDA Regional Office as early in the fiscal year as possible, but no later than March 15, 1986.

Proposals postmarked after that date will not receive consideration.

EDA will evaluate all of the proposals it receives and will authorize formal applications for EDA funding for those which best satisfy the criteria for project selection outlined above. EDA Regional Offices will either evaluate proposals on a monthly or bi-monthly basis starting in December 1985, or evaluate all proposals received after the March 15, deadline.

Formal Application: Successful proponents will receive an application for EDA funding from the appropriate EDA Regional Office.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this program have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or the appropriate EDA State Representative whose name, telephone and address may be obtained from the EDA Regional Office.

V. Program: National Technical Assistance Projects

(Catalog of Federal Domestic Assistance: 15.573 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to provide technical assistance under the National Technical Assistance Program. Funding will be provided under the authority of section 303(a) of the Public Works and Economic Development Act of 1965, as amended (PWEA), 42 U.S.C. 5351(a).

Eligibility: Eligible applicants under this program include: public or private non-profit national, state, area, district, or local organizations; private individuals, partnerships, firms, corporations, and other suitable institutions (including Indian tribes and educational institutions).

Program Objective: The objective of section 303(a) technical assistance grants and cooperative agreements is to provide help that will be useful in alleviating or preventing conditions of excessive unemployment or underemployment in distressed rural and urban areas. Grants and cooperative agreements will be made to (1) address topical economic development issues and problems, especially those related to farming and small farm communities, as well as those associated with realizing the potential of EDA-funded industrial parks; (2) demonstrate the effectiveness of new approaches to stimulating economic development in depressed areas; and/or (3) disseminate to the appropriate audiences information and products designed to help promote economic development in distressed areas including materials and data developed under (1) and (2).

It is expected that the program impact will be in the near term, i.e. three to five years.

Funding Availability: \$1.5 million are available for this program. Funds will primarily be used for projects selected through the application procedures cited below, but may also be used for EDA-initiated solicitations.

Funding Instrument: EDA will provide grants and cooperative agreements that normally will cover up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance will be for the period of time required to complete the scope of work. This will generally not exceed twelve months.

Selection Criteria:

- How well the proposal addresses the Program Objectives cited above.
- Clarity and appropriateness of the project design.
- Organizational capacity, and qualifications of the specific staff prepared for the project.
- Reasonableness of the proposed budget. Additional selection criteria will be spelled out in the National Technical Assistance Program material which will be provided by EDA to prospective applicants.

Pre-Application Procedure: To obtain the additional criteria and application information, interested parties must write Peggy Westman, Chief, Technical

Assistance Division, Economic Development Administration, Room 7812, U.S. Department of Commerce, Washington, DC 20230.

Applicants must submit five copies of brief concept proposals (no more than 10-15 double-spaced pages, exclusive of budget, vitae and capability data).

Proposals must provide:

- Complete name and address of applicant organization, contact person and telephone number, and legal status of organization.
- Description of the proposed technical assistance.
- Vitae.
- Capability statement of proposing organization or individual(s).
- Project budget, including funds sought from EDA and the applicant's share.

Address and Deadline: Proposals under this program are to be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

Proposals must be submitted no later than March 14, 1986. Proposals postmarked after this date may not be considered.

Formal Application Procedures: EDA will evaluate proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of project proposals, EDA will invite proponents whose projects are selected for funding consideration to submit a formal application.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program involving substantial on-site work in a single state are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants may be subject to Pre-award accounting system surveys by the Department of Commerce's Office of the Inspector General.

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this competition have been awarded, unsuccessful applicants will be notified of the status of their proposals or solicitations as soon as possible.

Eligibility for Specific Solicitations: In addition to using technical assistance funds to support proposals submitted under the procedures described above, EDA may during the course of the fiscal year identify other work it wishes to have conducted. Organizations and individuals interested in being invited to respond to Solicitations of Applications (SOAs) to conduct such work should submit information on their capabilities and experience to the addressee listed above. This information will be used to determine an organization's or individual's eligibility to compete for projects under specific SOAs. Applicants who submit information postmarked after March 14, 1986, may not be invited to respond to SOAs this fiscal year.

Further Information: For further information contact Richard E. Hage at (202) 377-2127 in EDA Headquarters in Washington, DC.

VI. Program: Research and Evaluation Projects

(Catalog of Federal Domestic Assistance: 31.32 Economic Development—Research and Evaluation Program)

Summary: The Economic Development Administration announces its policies and application procedures for funds available for research and evaluation projects under the authority of section 301(c) of the Public Works and Economic Development Act of 1965, as amended, 42 U.S.C. 3151(c).

Eligibility: Eligible applicants are private individuals, partnerships, corporations, associations, colleges and universities, and other suitable organizations.

Project Objective: The objective of section 301(c) grants, and cooperative agreements are the following:

1. To determine the causes of unemployment, underemployment, underdevelopment, and chronic depression in various areas and regions of the Nation.

2. To assist in the formulation and implementation of national, state, and local programs that will raise employment and income levels and otherwise produce solutions to problems resulting from the above conditions.

3. To evaluate the effectiveness of programs, projects, and techniques used to (a) alleviate economic distress and (b) promote economic development.

Funding Availability: \$3 million are available for this program. Funds will primarily be used for projects selected through the application procedures cited below, but may also be used for EDA-initiated solicitations.

Funding Instrument: EDA will provide grants and cooperative agreement

awards covering up to 100 percent of project costs.

Priorities and Preferences: EDA will give priority to proposals dealing with—

- (1) Employment and unemployment.
- (2) Income and poverty.
- (3) Rural and other nonmetropolitan economic development.
- (4) Regional and local growth.
- (5) Industrial location.
- (6) Job creation methods.
- (7) State and local government economic development efforts.
- (8) Private sector economic development efforts.
- (9) Developmental effects of public works and other infrastructure.
- (10) Capital markets and development finance.
- (11) Export development.
- (12) Minority business and minority jobs, and
- (13) Productivity and technology.

Requested grants and awards should be for specific well defined, one-time research projects. EDA research grants are not intended for support of continuing programs (ongoing research programs, publication and information programs periodic forecasts, etc.) or for nonresearch activities. Some research proposals deal with, or involve samples drawn from, only one part of the United States. EDA normally prefers research that is not thus limited in geographic scope or that at least covers a very large multi-state region, as opposed to research covering (in declining order of preference) a small region, a state, a multi-county area, or a single city or county. In general, EDA prefers cause-and-effect research and descriptive analyses to theoretical studies, modeling (other than for hypothesis testing), and the like. Economic development planning assistance and technical assistance for specific places will not be funded under the research program: the Planning and Technical Assistance Programs are for those purposes.

Project Duration: Assistance under this program will normally be for a period of 15 months.

Selection Criteria: EDA will use the following criteria to evaluate research proposals:

1. Priority and suitability of the subject (See Priorities and Preferences).
2. Qualifications of principal investigator(s) and, where appropriate, performing organization.
3. Need for and potential usefulness of the research.
4. General quality and clarity of the proposal.
5. Soundness and completeness of the research methodology.
6. Total cost, and value of product in relation to cost.

Application Procedures: Applicants should submit an original and three copies of each proposal. Proposals should be brief and concise; they should avoid long background discussions and literature surveys. But they should also be reasonably detailed, particularly in explaining methodology; econometric studies should include a preliminary list of variables to be used. Each proposal should include (1) a cover page given a short descriptive project title, the name and address of the performing organization, the names and phone numbers of the project director and principal investigators, the project duration, and the amount of EDA funds requested; (2) a brief scope-and-objectives section saying why the project is needed, giving its objectives, and providing a capsule description of the project; (3) a more detailed description of the project and its methodology; (4) a work plan showing different phases of the project and their timing; (5) a detailed budget showing cost breakdowns, with EDA-funded and any non-EDA-funded costs presented in separate columns and with the EDA-funded costs adding to the total shown on the cover page; (6) resumes for the principal investigators; and (7) a corporate or institutional capability statement, where appropriate.

The cover letter accompanying the proposal should advise EDA of whether any other organization or Federal agency is or will be considering the proposal. Any non-EDA contributions to the project, whether by the performing organization or third parties, should be mentioned.

Proposals should be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230. Proposals that are postmarked after March 14, 1986, may not be considered.

Applicants whose proposals are not selected will be notified by June 13, 1986.

Applicants may be subject to pre-award accounting system surveys by the Department of Commerce's Office of Inspector General.

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Eligibility for Specific Solicitations: In addition to using research and evaluation funds to support proposals

submitted under the procedures described above. EDA may during the fiscal year identify other studies, including program evaluations, it wishes to sponsor.

Organizations and individuals interested in being invited to respond to Solicitations of Applications (SOAs) to conduct such studies should submit information on their capabilities and experience to the address listed above. This information will be used to determine an organization's or individual's eligibility to compete for projects under specific SOAs. Applicants who submit information postmarked after March 14, 1986, may not be invited to respond to SOAs this fiscal year.

Further Information: For further information call David H. Geddes at (202) 377-4085, at EDA Headquarters in Washington, DC.

VII. Program: Public Works and Development Facilities Assistance

(Catalog of Federal Domestic Assistance: 11.300 Economic Development Grants and Loans for Public Works and Development Facilities, 11.304 Economic Development Public Works Impact Program (PWIP))

Summary: The Economic Development Administration announces its policies and application procedures for funds available for the Public Works program under the authority of Titles I and IV of the Public Works and Economic Development Act of 1955, as amended. (PWEDA), 42 U.S.C. 3131 and 42 U.S.C. 3171(a)(3).

Eligibility: Eligible applicants under this program are: any State, or political subdivision thereof, Indian tribe, or private or public non-profit organization or association representing any redevelopment area or part thereof, if the project is located within an EDA-designated redevelopment area. Further information on the areas which are eligible for this EDA program is available from EDA's Regional Offices.

Program Objective: The purpose of the Public Works grant program is to assist communities with the funding of public works and development facilities that contribute to the creation or retention of private sector jobs and to the alleviation of unemployment and underemployment. Such assistance is designed to help communities achieve lasting improvement by establishing viable and diversified local economies, and improving local living conditions and the economic environment. In keeping with the mandate of EDA, and especially in view of current rural development applications from rural communities will be reviewed with particular interest.

Funding Availability: Funds in the amount of \$112 million are available for this program.

Funding Instrument: EDA will provide grants with maximum EDA participation normally ranging from 50 percent to 60 percent of the project cost. Applicants will be required to provide the local share.

Selection Criteria: For both Regular Public Works projects and Public Works Impact Program (PWIP) projects, favorable consideration will be given to projects which best meet the relative needs of eligible areas, and are in areas of high unemployment and/or low per capita income.

I. Regular Public Works Projects

A. Favorable consideration may be given to projects which are eligible under section 101(a)(1)(A)-(C) of PWEDA, 42 U.S.C. 3131(a)(1)(A)-(C), if such projects:

1. Improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities;
2. Assist in creating or retaining private sector jobs in the near-term and assist in the creation of additional long-term employment opportunities which are not transferred from any other area of the United States, and have a low cost per job in relation to total project cost;
3. Benefit the long-term unemployed and members of low-income families who are residents of the area to be served by the project;
4. Fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;
5. Are consistent with the EDA approved overall economic development program (OEDP) for the area in which it is, or will be, located, and have been recommended by the OEDP Committee, and have broad community support;
6. Are supported by significant private sector investment;
7. Have adequate local share of funds with evidence of firm commitment and availability;
8. Complement Department of Commerce goals such as reducing the Federal trade deficit by increasing export development, assisting minority business development and assisting the development of domestic fisheries.

Consideration factors cited in 3 to 8 above are weighted equally.

D. Industrial park/impact projects: Projects which will primarily serve an industrial park or site will be evaluated on such additional factors as the:

1. Occupancy rates for existing developed industrial areas currently

available within a 25 mile radius of the project site (For cities with populations over 50,000, the prescribed area may be determined by an analysis of industrial sites within an established industrial area, which may be less than a 25 mile radius. Contact the Economic Development Representative for the area or the appropriate EDA Regional Office for assistance.);

2. Commitments in writing from identified tenants to locate in the industrial park or site. Commitments must include description of industry, the number of jobs created or saved and an implementation schedule;

3. Plans for maximum utilization of the industrial park or site;

4. Pressing need of the area for industrial park or site space to attract potential firms; i.e., high occupancy rate of existing industrial parks within the prescribed area or lack of developed and marketable industrial parks or sites within the prescribed area.

C. Favorable consideration is not likely for projects which:

1. Do not create new employment opportunities or save existing jobs but transfer existing jobs from one area of the United States to another;
2. Do not benefit the long-term unemployed;
3. Cannot be implemented within a reasonable period of time;
4. Involve substantial land purchase;
5. Involve public buildings such as hospitals, jails, fire stations, etc.;
6. Do not have the applicant's share of project funding readily available;
7. Support tourism or recreational activities, unless it can be demonstrated that tourism is the major industry in the area or will assist in creating a significant number of jobs and substantially diversify the area's economy, in which case the project must directly assist in providing job opportunities for the unemployed and underemployed residents of the area and otherwise support the long-term growth of the area.
8. Involve industrial parks, when there is evidence of current vacancies in developed industrial parks or sites in close proximity to the proposed project site.

No support will be provided for commercial activities such as parking projects, pedestrian walkways and non-essential street repairs or beautification improvements.

II. Public Works Impact Program

A. Favorable consideration may be given to Public Works Impact Program (PWIP) projects eligible under section

101a(1)(D) of PWEDA, 42 U.S.C. 3131(a)(1)(D), if such projects:

1. Directly or indirectly assist in creating employment opportunities by providing immediate useful work (i.e. construction jobs) or other economic benefits for the unemployed and underemployed residents in the project area;
2. Primarily benefit low income families by providing essential services or satisfy a pressing public need;
3. Have on-site labor costs as a substantial portion of the total estimated project costs;
4. Can begin construction quickly;
5. Can be substantially completed within 12 months from the start of construction;
6. Improve the community or economic environment in areas of severe economic distress.

No support will be provided for commercial activities such as parking garages, pedestrian walkways and non-industrial street repairs or beautification improvements.

Pre-Application Procedures: To establish the merits of project proposals, interested applicants should first contact the Economic Development Representative for the area. The EDA regional office can furnish the name, address and telephone number of the Economic Development Representative for the applicant's area who will provide a pre-application form and arrange for pre-application conferences as needed. EDA will screen proposals before authorizing the submission of a formal application. Proposals will be evaluated based upon:

- A. The conformance with statutory requirements and with the selection criteria mentioned above;
- B. The merits of the proposed projects in addressing the relative economic development needs of eligible areas;
- C. The availability of funds as allocated to the Regional Offices.

Processing time for pre-application proposals will depend on the completeness of information provided in the pre-application form and supporting documents at the time of submission. Project proposals that require additional information from applicants or other sources may be returned to correct deficiencies.

Formal Application Procedures: Following a review of project proposals, EDA will invite proponents whose projects are selected for funding consideration to submit a formal application. Proponents of project proposals not selected for funding consideration will be so advised as soon as possible.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements, including the project selection criteria mentioned hereinbefore.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's Regular Public Works funds and PWIP funds have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Previously Authorized Applications: Project applications authorized but not funded in the previous fiscal year remain eligible for funding consideration. Applications received by September 30, 1985, will be processed according to the selection criteria published for FY 1985. Those applications not received by EDA by September 30, 1985, must be consistent with the selection criteria published in this notice and submitted on application forms issued by EDA for FY 1986. For that purpose, FY 1985 application forms may be obtained from EDA's regional offices.

Further Information: For further information contact the appropriate EDA Regional Office (see list below).

VIII. Program: Economic Adjustment Assistance

(Catalog of Federal Domestic Assistance Nos.: 11.307 and 11.311 Special Economic Development and Adjustment Assistance Program—Long-Term Economic Deterioration (LTED) and Sudden and Severe Economic Dislocation (SSED))

Summary: The Economic Development Administration announces its policies and application procedures for grants available under its Economic Adjustment Program. This program authorized under Title IX of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3241—3245, may assist areas experiencing long-term economic deterioration (LTED) and areas threatened or impacted by sudden and severe economic dislocation (SSED).

Program Objective: The LTED program assists eligible applicants in implementing strategies that halt and reverse the long-term decline of their economies. Grants for Revolving Loan

Funds (RLF) are usually provided under the LTED program.

The SSED program assists eligible applicants respond to actual or threatened major job losses (dislocations) and other severe economic adjustment problems. It is designed to assist communities prevent a sudden, major job loss, to reestablish employment opportunities as quickly as possible after one occurs, or to meet special needs resulting from severe changes in economic conditions. SSED assistance is intended to respond to structural rather than cyclical job losses. Thus, the dislocation must involve a permanent job loss. Assistance may be in the form of a grant to develop a strategy to respond to the dislocation (Strategy Grant) or a grant to implement an EDA approved strategy (Implementation Grant).

In light of the current high level of economic distress in rural areas and consistent with EDA's original mandate, particular interest will be given to Title IX projects designed to mitigate the serious economic adjustment problems rural areas of the Nation currently are experiencing.

Funding Availability: Grant funds in the amount of \$26 million are available for the Economic Adjustment program in FY 1986. Of the amount, \$14 million will be available for the SSED program and \$12 million will be available to fund RLFs. Note: only first time recipients will be eligible to receive LTED/RLF funds in FY 1986.

Funding Instrument: Normally, EDA requires Title IX grant applicants to provide a minimum of 25 percent of the project cost. The local share for the RLF program must be in cash. The local share for the SSED program may be in cash and/or in-kind.

Eligible Applicants: Eligible applicants for areas meeting the eligibility criteria described below include: a redevelopment area or economic development district established under Title IV of this Act, (PWEDA), 42 U.S.C. 3161; an Indian tribe; a State; a city or other political subdivision of a State, or a consortium of such political subdivisions; a Community Development Corporation defined in the Community Economic Development Act, 42 U.S.C. 9801; or a nonprofit organization determined by EDA to be the representative of a redevelopment area.

Eligible Areas:

A. LTED

In order to receive priority consideration for funding under the LTED program, an area must be experiencing at least one of three

economic problems: very high unemployment; low per capita income; or chronic distress, failure to keep pace with national economic growth trends over the last five years. Eligibility is determined statistically. Further information is available from EDA's Regional Offices.

B. SSED:

In order to receive priority consideration for funding under the SSED program, an area must show actual or threatened permanent job losses that exceed the following threshold criteria, unless otherwise determined by the Assistant Secretary:

1. For areas not in the Metropolitan Statistical Areas:

a. If the unemployment rate of the Labor Market Area exceeds the national average, the dislocation must amount to the lesser of the two (2.0) percent of the employed population, or 500 direct jobs.

b. If the unemployment rate of the Labor Market Area is equal to or less than the national average, the dislocation must amount to the lesser of four (4.0) percent of the employed population, or 1,000 direct jobs.

2. For areas within Metropolitan Statistical Areas:

a. If the unemployment rate of the Metropolitan Statistical Area exceeds the national average, the dislocation must amount to the lesser of one-half (0.5) percent of the employed population, or 400 direct jobs.

b. If the unemployment rate of the Metropolitan Statistical Area is equal to or less than the national average, the dislocation must amount to the lesser of one (1.0) percent of the employed population, or 800 direct jobs.

Additionally, fifty (50) percent of the job loss must result from the action of a single employer, or eighty (80) percent of the job loss must occur in a single industry classification (i.e., two digit SIC code).

In the case of a Presidentially declared natural disaster, the area eligibility criteria are waived. In other similarly exceptional circumstances, the criteria may be partially waived at the discretion of the Assistant Secretary.

Actual dislocation must have occurred within one year and threatened dislocations must be anticipated to occur within two years of the date EDA is requested.

Evaluation Criteria. Proposals will be evaluated based on conformance with regulatory and regulatory requirements. The economic adjustment needs of the area, the merits of the proposed project, and the ability to manage the grant effectively. Consistent with the Statement of Purpose (SOP) of EDA.

proposals involving the transfer of jobs from one area of the United States to another generally will not be considered. The criteria listed below are weighted equally.

1A. LTED/RLF Evaluation Criteria.

Key factors in EDA's selection of proposed LTED/RLF projects include:

1. Economic and Financial Needs of the Project Area:

a. Areas with the highest levels of economic distress (high unemployment, low per capita income, vacant plants and deteriorating infrastructure, etc.) will receive priority consideration.

b. Need for RLF financing will be evaluated based on the applicant's analysis of the local capital market and how clearly this analysis defines the financial problems to be addressed by the RLF project.

c. Applicant need for grant funds to carry out the project will be based on assignment of its financial resources (e.g. budget deficit or surplus).

2. Objectives and Benefits of Proposed Projects: Priority will be given to projects which can:

a. Stimulate private sector employment. The number and types of jobs to be created/retained will be key factors in project selection along with the job/cost ratio established for the RLF portfolio as a whole;

b. Target assistance to meet program objectives and to support specific economic adjustment activities planned or underway in the area (particularly those identified in the OEDP, Title IX strategy, or other plans developed to deal with specific economic adjustment problems affecting the area). This may include target areas, industries, types of employers or other criteria that maximize the impact of assistance on specific needs within the area;

c. Leverage higher ratios of private investment than the required minimum ratio of two private sector investment dollars to one RLF dollar. (Note: the local share or other funds provided by the RLF to finance loans can not be counted as "leveraged" dollars);

d. Direct new job opportunities to the long-term unemployed and underemployed;

e. Assist minorities, women and members of other economically disadvantaged groups in obtaining RLF loans;

f. Provide technical and management assistance for RLF borrowers, in addition to loan funds;

g. Use creative financing techniques to overcome specific gaps in the local capital market;

h. Make certain that a timely basis. The implementation rate for RLF projects will generally require that RLF

loans in the initial round be closed (and all EDA funds disbursed) within 2 years of grant approval;

i. Include a larger matching share than the required 25 percent or secure commitments for future funding from other public or private sources; and
j. Coordinates activities with other economic development organizations, loan programs, employment training programs and private lenders in the area.

3. Effective Management of the RLF:

EDA will also evaluate proposed projects to determine that the RLF will be properly managed. Key factors include:

a. A strong and effective Loan Administrative Board with broad community representation, including appropriate public, private sector, minority and women's representation.

b. Staff capacity in program and policy development, finance, law, marketing, credit analysis, loan packaging, processing and servicing.

c. Efficient procedures for loan selection, approval, and servicing which emphasize the economic development potential of loans as well as sound management and financing practices.

d. Adequate resources to cover administrative costs of the RLF.

e. The applicant's experience and capacity for administering economic business loan programs will also be a major factor in project selection. If the applicant has designated another organization to administer the project, EDA will evaluate the experience and capacity of that organization, rather than the applicant's.

Nongovernment (but not including Economic Development District's) applicants must be sponsored by the local or State government having jurisdiction over the project area and sponsor must be willing to assume responsibility for operating the RLF should the nongovernment entity no longer be able to administer the project.

B. SSED Evaluation Criteria.

Key factors in EDA's selection of proposed SSED projects include:

1. The severity of the dislocation, measured by, but not limit to, the following factors:

a. The degree to which the number dislocated workers exceeds the eligibility threshold;

b. The proportion of the total job represented by a single employer;

c. The proportion of employment represented by the firm(s) closing;

d. Applicant need for grant funds to carry out the project based on an

assessment of its financial resources (e.g. budget deficit or surplus).

2. The objectives and benefits of proposed activities as measured by the extent to which:

a. For Implementation Grants:

(1) Job creation or retention in the near term is emphasized versus more long-term, general economic development;

(2) The jobs to be created and/or retained are permanent, will directly benefit the dislocated workers, and are new employment opportunities and not transferred from one area of the United States to another;

(3) The response to the problem is timely;

(4) EDA assistance will be complemented by, or will complement, appropriate State and local efforts, for example, training and job placement services, other Federal investments, for example, Urban Development Action Grants, and private sector support;

(5) The adjustment strategy and implementation activities proposed demonstrate an appropriately creative approach to addressing the dislocation;

(6) The cost per job created or retained is minimized;

(7) In the case of a Revolving Loan Fund, the recycled loan proceeds generate economic development benefits; and

(8) The local matching share exceeds the required 25 percent.

b. For Strategy Grants:

(1) Applicant has demonstrated the capacity to manage the planning process and subsequent implementation activities;

(2) Proposed scope of work is responsive to the problem;

(3) The focus of the planning effort is on the generation of practical and implementable solutions; and

(4) The local matching share exceeds the required 25 percent.

Pre-Application Procedures:

Interested applicants should contact the Economic Development Representative for the area or the appropriate EDA Regional Office for a proposal package. The EDA Regional Office can furnish the name, address and telephone number of the Economic Development Representative for applicant's area.

Project proposals, submitted by interested applicants, will be evaluated by EDA on the basis of:

• Conformance with the evaluation criteria mentioned above and statutory and policy requirements; and

Formal Application Procedures:

Applicants should contact the appropriate EDA Regional Office Business Loans Division to discuss their proposals. EDA will screen proposals before authorizing the issuance of a formal application. Proposals will be evaluated based upon conformance with the following:

consideration to submit a formal application. Proponents whose project proposals are not selected for funding consideration will be so advised as soon as possible.

EDA will evaluate applications for consideration with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372 "Intergovernmental Review of Federal Programs".

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for SSED and LTED programs have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Further Information: For further information about this program, contact the appropriate EDA Regional Office or Paul J. Dempsey, Director, Office of Economic Adjustment, Economic Development Administration, Room 7212, U.S. Department of Commerce, Washington, DC 20230, telephone (202) 377-2659.

IX. Program: Applications for Loan Guarantees

(Catalog of Federal Domestic Assistance: 11.301 Economic Development—Business Development Assistance: Guaranteed Loans)

Summary: EDA is prepared to guarantee up to eighty percent (80%) of the principal and interest of loans to be made by private lenders to private borrowers for the purchase of fixed assets and/or for working capital for projects located in areas eligible for EDA assistance. EDA loan guarantees are made available to help businesses establish, maintain, or expand operations in eligible urban and rural areas throughout the Nation. Guarantees made under this program are made at the discretion of the Assistant Secretary for Economic Development. Incomplete applications or applications that do not conform to program requirements will be rejected by EDA.

Preapplication Procedures: Applicants should contact the appropriate EDA Regional Office Business Loans Division to discuss their proposals. EDA will screen proposals before authorizing the issuance of a formal application. Proposals will be evaluated based upon conformance with the following:

1. Statutory requirements contained in Public Law 89-136, as amended, 42 U.S.C. 3142 et seq. (the Act);

2. Regulatory requirements contained in 13 CFR Part 306 and 309, and restated in this notice; and

3. Provisions of Office of Management and Budget (OMB) Revised Circular A-70, dated August 24, 1984 (A-70).

OMB Circular A-70 (Revised)

Requirements: All loan guarantees must conform to the requirements of A-70, without exception. The most significant requirements of A-70 are as follows:

1. Only loans which are secured by first priority, unsubordinated liens on collateral having value in excess of the full amount of the loan will be guaranteed.

2. An annual guarantee fee, payable quarterly, equal to one-half of one percent of the outstanding contingent liability will be charged. This fee is subject to change at any time prior to approval of a guarantee.

3. Not more than eighty percent (80%) of the principal and the interest on a loan may be guaranteed.

4. The Lender will bear a significant portion of the risk of loss on the loan. EDA will not permit other security, guarantees or any other arrangement that would not insure ratably to EDA for that portion of the loan not guaranteed by EDA.

5. No loan directly involved with tax-exempt obligations, such as industrial revenue bonds, will be guaranteed.

Supplementary Information:

1. Amount of funding available: EDA is authorized to commit up to \$150 million to guarantee contingent liability for loan principal in fiscal year 1986, which ends September 30, 1986.

2. Type of Financial Assistance: EDA will consider proposals for the guarantee of the loans made by private lending institutions to private borrowers to finance the costs of fixed assets or for working capital purposes. EDA will not accept applications for projects which involve real estate development for either investment or speculation purposes.

3. Who May Apply: Applications will be authorized by EDA only after review and acceptance of satisfactory project proposals. Applications will be accepted only from private lending institutions (the "applicant") for the guarantee of loans to private business enterprises.

4. Long-Term Employment: EDA seeks to create or retain permanent private-sector jobs in EDA eligible areas. Accordingly, the project for which the applicant seeks financial assistance must be reasonably calculated to provide more than a temporary

alleviation of unemployment or underemployment within the eligible area where the project is or will be located.

5. **Repayment Ability:** The private lender and EDA must find that there is reasonable assurance of repayment of the guaranteed loan.

6. **EDA Guarantee Required:** No loan will be guaranteed by EDA unless the application is supported by evidence that the financial assistance applied for is not otherwise available to the prospective borrower from either private lenders without a guarantee or from other Federal agencies on terms which in the opinion of EDA will permit accomplishing the project.

General Conditions of Assistance:

1. **Amount of Loan:** EDA will not ordinarily approve an application for the guarantee of a loan with a face value over \$10 million or under \$500,000.

2. **Term of Loan:** The term of a guaranteed fixed asset loan cannot exceed the weighted average estimated useful economic life of the project fixed assets, but in no event can the term of such a loan exceed twenty-five (25) years. The term of a guarantee working capital loan ordinarily may not exceed five (5) years, and the loan should be fully amortized during its term.

3. **Guarantee Percentage and Interest Rate:** Pursuant to A-70, EDA may guarantee up to eighty percent (80%) of the face value of a loan. However, applicants requesting an eighty percent (80%) guarantee will be required to justify why a lesser guarantee percentage would not be acceptable. As a general rule, EDA will not offer to guarantee a loan in excess of the following percentages and interest rates:

80% guarantee—New York prime rate plus 1.0%

70% guarantee—New York prime rate plus 1.5%

60% guarantee—New York prime rate plus 2.0%

50% guarantee—New York prime rate plus 2.5%

Applicants will be required to fully justify the reason for requesting a higher rate.

4. **Guarantee Fee:** Pursuant to A-70, EDA will charge an annual guarantee fee, payable quarterly, equal to one-half of one percent of the outstanding contingent liability. EDA reserves the right to change this fee at any time prior to approval of the guarantee.

5. **Lender's Risk:** That portion of the loan not guaranteed by EDA must be at risk to the applicant throughout the term of the loan. This precludes the applicant from obtaining any additional security, assignment or compensating balances to

separately secure the unguaranteed portion of the loan. This does not preclude normal loan participation arrangements by the lender, provided that any such participation is acceptable to EDA. EDA will be obligated to deal only with the applicant, and all participants must be eligible as applicants.

6. **Other Lender-Borrower Relationships:** Where an applicant has other creditor-debtor relationships with the prospective borrower, EDA will seek assurances that these relationships will not create conflicts with EDA's interest in the applicant's servicing of the loan for which a guarantee is sought. The applicant will be asked to demonstrate the absence of such conflicts.

Ordinarily, EDA will not accept an application from an applicant who has existing short-term revolving working capital financing extended to the borrower.

7. **EDA Investment Per Job:** EDA will consider only those projects that have an EDA investment exposure of \$20,000 or less per permanent job to be created or saved.

8. **Repayment Ability:** Only projects that demonstrate reasonable assurance of repayment are eligible to receive EDA financial assistance. The applicant must demonstrate why it is reasonably certain the borrower will be able to repay the loan. As a minimum, the application must include:

A. Applicant's normal detail credit analysis, including a narrative discussion of company history, management, product, production capability, market conditions, finances, collateral, and repayment ability (with ratio analyses compared to industry standards);

B. A minimum of three (3) years certified financial statements of the prospective borrower;

C. Financial statements of the prospective borrower, current within ninety (90) days of the date of the application;

D. Pro forma balance sheets, income and cash flow statements of the prospective borrower on a month-by-month basis for the first year and on a quarterly basis for the next two (2) years;

E. One copy of the proposed note and loan agreement between the applicant and the prospective borrower.

9. **Adequate Collateral:** The applicant must document why it is reasonably certain that complete collateral coverage exists. Only projects that demonstrate that the full amount of the loan is covered exclusively by unsecured first priority security interest on collateral offered by the

borrower will be considered. There will be no exceptions to this requirement. Proof and documentation of collateral coverage shall include but not be limited to current appraisals as to the fair market and liquidation value of the collateral that will support the loan. If the purchase of new machinery and equipment constitutes all or part of the prospective project cost, of an appraisal. Where real property is to be pledged as collateral, a description and evidence of ownership must be included with appraisals acceptable to EDA.

10. **Guarantees:** EDA will normally require personal guarantees from principals of borrowers in closely-held firms, secured by collateral where deemed necessary. Similarly, EDA will require guarantees from related firms when deemed necessary to support the EDA financial assistance. In the case of personal guarantors, EDA will require current (not over ninety (90) days old the time the application is filed) personal financial statements signed by the prospective guarantor, and where appropriate and necessary to support the guarantee, by the guarantor's spouse, and disclosing community or individual assets and indebtedness, when applicable.

11. **Equity Requirements:** All applications for EDA financial assistance shall be supported by adequate existing and/or proposed equity so as to enhance the success of the proposed project and lessen EDA's potential exposure. All proposed projects shall be supported by minimum equity capital to the following extent:

A. For guaranteed *working capital loans*, the prospective borrower must have existing net working capital equal to not less than fifteen percent (15%) of its total working capital needs.

B. For guaranteed *fixed asset loan* the prospective borrower must provide an equity investment in the project of at least fifteen percent (15%) of the aggregate project cost.

C. The Prospective borrower must provide twenty-five percent (25%) of aggregate project cost for:

a. New businesses with no operating history;

b. Loans without full personal or corporate guarantee of stockholder owning ten percent (10%) or more of borrower;

c. Energy-related businesses;

d. Ventures which EDA determines to be above-average risk.

12. **Feasibility Report:** An independent technical, financial, and economic feasibility report by a firm acceptable to EDA will be required for all applications for new ventures involving a total

project cost of \$1 million or more and for projects involving tourism or recreational facilities. Such a report must be related to the pro forma operating statements associated with the application. Independent feasibility studies may also be required for other applications, as deemed necessary by EDA.

13. Tax-Exempt Obligations: The EDA project cannot share collateral with or include elements financed with tax-exempt obligations, such as industrial revenue bonds. Ongoing Applicant Responsibilities

A. Upon approval of a guaranteed loan, the applicant's responsibilities shall include, but are not limited to executing such care and diligence in the disbursement, servicing, collection and liquidation of the guaranteed loan as would be exercised by a reasonable and prudent commercial lender in dealing with a loan of its funds without the EDA guarantees.

B. In the event of the subsequent default on the loan, unless EDA elects otherwise, the applicant will have full responsibility for servicing and liquidating the loan prior to making demand on EDA for payment under the EDA guarantee. EDA shall be obligated to pay that portion of the loan guaranteed after the deduction of all proceeds of the liquidation less reasonable expenses directly attributable to the liquidation.

Failure to perform these responsibilities satisfactorily may preclude EDA from honoring its guarantee. EDA will examine the applicant's records before honoring any guarantee.

Application Requirements

1. The application shall include the following:

A. A signed statement by the borrower assuring that it will not use the EDA financial assistance to relocate jobs from one labor area to another or to close facilities involved in the EDA-guaranteed project;

B. Approval of the application by the appropriate agency or instrumentality of the State or political subdivision in which the project is located, together with a signed statement by that local authority that the project is consistent with an Overall Economic Development Program approved by EDA;

C. Full disclosure of the amount and nature of all fees charged to the borrower by the State or political subdivision to expedite the application. Applicable fees and charges may include:

Fees for the following expenses are

not allowable project costs and no proceeds of the loan may be used indirectly for attorneys' or consultants' fees in connection with securing EDA's guarantee. EDA may permit reasonable fees and charges as allowable project costs. EDA will not permit any fees or charges that are contingent upon project approval.

D. An agreement that neither the borrower nor the applicant will employ or retain for professional services any person who on behalf of EDA occupied a position or engaged in activities which EDA determines involves discretion with respect to the granting of assistance under the Act. This agreement shall remain in effect for two years after EDA offers assistance to the applicant.

E. An application for character/integrity investigation (Name Check Form CD-46) for each officer, the chief financial manager, and for each individual owning or controlling at least twenty percent (20%) of the borrower.

F. Documentation satisfactory to EDA to substantiate that the guaranteed loan will not create unfair competition within the meaning of section 702 of the Act. Section 702 unfair competition results of the project would increase the production of goods, materials, of commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities to employ the efficient capacity of existing competitive commercial of industrial enterprises. Applicants are encouraged to submit borrower's data for this requirement prior to or within thirty (30) days of receiving authorization to apply for EDA financial assistance to expedite processing of the loan-guarantee. Applicants and borrowers should understand that expenses incurred prior to approval of a loan guarantee are made solely at the applicant's or borrower's expense.

G. A description of state and/or local government assistance to the project.

2. Loan guarantees are also subject to the following statutes:

A. Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251-1376;

B. Davis-Bacon Act, as amended, 40 U.S.C. 276a-276e-9;

C. The Architectural Barriers Act of 1964, as amended, 42 U.S.C. 4151-4157; See 19 CFR 309.14;

D. The National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321-4370. See CFR 309.18;

E. The National Historic Preservation Act of 1966, 16 U.S.C. 470-470i-5;

F. The Wild and Scenic River Act as amended, 16 U.S.C. 1271-1275;

G. The Clean Air Act, as amended, 42 U.S.C. 7401-7626;

H. The Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4001-4128.

Application Submission: Proposals should be submitted to the appropriate EDA Regional Office at the earliest practical date but, in no event, later than May 30, 1986. Proposals received after this date may not be considered during FY 1986. Completed applications for authorized project should be submitted no later than June 30, 1986. Incomplete applications will be rejected by EDA.

Further Information: For further information contact the Chief of the Business Loans Division of the Regional Office that services your State.

X. Ineligible Expenditures

Attorneys' and consultants' fees, whether direct or indirect, expended for securing or obtaining grants and contracts are not eligible project costs for the programs announced above.

XI. Accounting System Survey

Where EDA has reason to doubt whether the applicant's financial management system meets the standards prescribed in OMB Circular A-102 or A-110, as applicable, it may request the applicant to allow the Department's Office of Inspector General to conduct a pre-award accounting system survey.

XII. EDA Regional Offices

The EDA Regional Offices and the States they cover are:

- Philadelphia Regional Office, 4th Floor, Mall Building, 325 Chestnut Street, Philadelphia, Pennsylvania 19106, Telephone: (215) 597-4603; serving Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virginia, Virgin Islands, Rhode Island, Vermont, Virginia, Virgin Islands, and West Virginia.

- Atlanta Regional Office, Suite 750, 1365 Peachtree Street, N.W., Atlanta, Georgia 30309, Telephone: (404) 801-7401; serving Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

- Chicago Regional Office, Suite A-1000, 273 N. Jackson Blvd., Chicago, Illinois 60604, Telephone: (312) 353-7707; serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

- Austin Regional Office, Suite 201, Green Edge, 611 East Sixth Street, Austin, Texas 78701, Telephone: (512)

482-5461; serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

• Denver Regional Office, Room 200
Tremont Center, 333 West Colfax
Avenue, Denver, Colorado 80202.
Telephone: (303) 844-4714, serving
Colorado, Iowa, Kansas Missouri.

Montana, Nebraska, North Dakota,
South Dakota, Utah, and Wyoming.

• Seattle Regional Office, Suite 500,
Lake Union Bldg., 1700 Westlake
Avenue, North, Seattle, Washington
98109, Telephone: (205) 442-5096; serving
Alaska, American Samoa, Arizona,

California, Guam, Hawaii, Idaho,
Nevada, Oregon, and Washington.

Dated: January 6, 1986.

Orson G. Swindle, III,
*Assistant Secretary for Economic
Development.*

[FR Doc. 86-1404 Filed 1-22-86; 8:45 am]

BILLING CODE 3510-24-M

HB

197

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE


P.O. BOX Y, JUNEAU 99811

(907) 465-3892

April 5, 1988

M E M O R A N D U M

To: Representative Mike Navarre, Chair
House Rules Committee

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

Re: Request to schedule HB 197

HB 197, a measure introduced by the House Labor and Commerce Committee, is currently before the House Rules Committee. I am writing to request that you schedule HB 197 for a vote before the full House at your earliest convenience.

HB 197 requires that state bid documents designate a delivery point for supplies within the state unless the Department of Administration determines that it is in the best interest of the state to designate a delivery point outside of Alaska.

HB 197 has a zero fiscal note and is strongly supported by local businesses, particularly the Alaska Manufacturers Association. This is a simple bill that doesn't cost anyone anything and it may help Alaska businesses to more fairly compete for state funded procurement contracts.

Please call me or Ginger Baim at 4954 if you have any questions or need additional information.

Cartee & Sons

2601 ARCTIC BLVD. · ANCHORAGE, AK 99503 · (907) 279-1466

December 7, 1984

Representative Roger Jenkins

Box 100484

Anchorage, AK 99510

Dear Representative Jenkins,

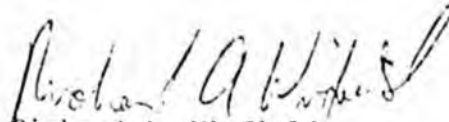
We are enclosing a copy of the letter written to the State of Alaska, Department of Transportation on December 7, 1984, in hope that you will be made aware of the inequities that exist in the State Purchasing system, and hopefully take legislative action to insure that these types of inequities are not allowed to continue.

Thank you for your time and consideration of this matter.

Respectfully,



Don S. Cartee
President



Richard A. Winfield
Sales Representative

Cartee & Sons

2601 ARCTIC BLVD. - ANCHORAGE, AK 99503 - (907) 279-1466

December 7, 1984

State of Alaska
Dept. of Transportation
Pouch Z, Mail Stop 2500
Juneau, AK 99811
ATTN: John Parsons

Mr. Parsons:

We are writing this letter in reference to invitation to bid #25506 "Purchase of t-shirts, baseball caps, and baseball jackets for the Marine Highway System".

We feel that the above mentioned invitation to bid is both questionable and objectionable, for the following reasons.

The invitation to bid creates an unfair advantage to non-Alaskan vendors by virtue of the delivery destination. In order to print the garments with Alaskan labor and then deliver the garments back to Seattle, an Alaskan vendor must pay freight on the shipment to Alaska and then back to Washington, whereas a Washington vendor pays no freight on the garments at all. The approximate freight costs on this shipment are \$400.00 each way, thereby giving a Washington vendor an \$800.00 advantage over an Alaskan vendor, with the higher labor costs and overhead that an Alaskan company must endure, this is almost an insurmountable advantage.

Because of the reasons stated above, we request that the Department of Transportation amend the aforementioned bid to read as follows:

"Items are for delivery to: Department of Transportation Warehouse, 5000 Aircraft Drive, Anchorage, Alaska".

If the amendment is issued, then both the Washington vendor and the Alaskan vendor would be facing identical shipping costs, which would make the bid competitive rather than one-sided.

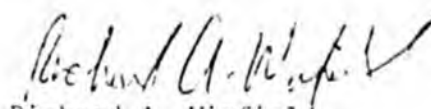
We are a 25 year old Alaskan company that competes effectively with Washington vendors on a regular basis, we use strictly Alaskan labor and all work is done in Alaska.

We realize that it is in the best interest of the State of Alaska to effect purchase and delivery of goods in the least expensive and most timely manner possible, but we do not feel that this should be done in such a way that it effectively eliminates an Alaskan vendor being awarded a contract.

We would appreciate a written reply to this letter, and we thank you for your time and consideration of this matter.

Respectfully,


Don S. Cartee
President


Richard A. Winfield
Sales Representative

cc-Governor Bill Sheffield
cc-Senator Mitch Abood
cc-Representative Roger Jenkins
cc-Representative Don Young
cc-Senator Ted Stevens



INVITATION TO BID

RETURN THIS BID TO:

State of Alaska
Department of Transportation & Public Facilities
Pouch Z - Headquarters Supply Section (MS 2500)
Juneau, Alaska 99811

INVITATION NO. 25506

THIS IS NOT AN ORDER

DATE ISSUED December 4, 1984

SEALED BIDS WILL BE RECEIVED IN SINGLE COPY AT THE ABOVE ADDRESS UNTIL 2:00 P.M. ON December 28, 1984 AT WHICH TIME THEY WILL BE PUBLICLY OPENED.

ITEMS ARE FOR DELIVERY TO: Pier 48, Seattle, Washington 98104

DATE DELIVERY DESIRED AT FINAL DESTINATION: NLT March 29, 1985

F.O.B.: Final Destination

Empty checkbox

IF YOUR COMPANY WOULD LIKE TO SUBMIT A "NO BID", PLEASE CHECK THIS BOX, SIGN THE BID, AND RETURN THIS COVER SHEET TO THE ADDRESS ABOVE. IF YOUR COMPANY DOES WANT TO SUBMIT A BID, MAKE SURE THE BID IS SIGNED AND ALL PAGES OF THE BID DOCUMENT ARE RETURNED BY THE DATE AND TIME MENTIONED ABOVE.

PURCHASE OF T-SHIRTS WITH LOGO, BASEBALL STYLE CAPS WITH LOGO, BASEBALL STYLE WARM-UP WINDBREAKER JACKETS WITH LOGO

TRANSPORTATION COSTS AND ARRANGEMENTS: All transportation and delivery costs to the F.O.B. point are for the account of the Contractor. The Contractor shall assume full responsibility for arrangement of transportation. The State will not be liable for any charges for transportation, drayage, cartage, packing, boxing, crating, storage, or insurance, in excess of the price quoted by the Contractor.

SHIPPING: Title will not pass until goods have been accepted by the State.

RETURNS: All goods or materials purchased herein are subject to approval by the State. Any rejected items, goods, or material resulting because of non-conformity of the terms or specifications of this contract, whether held by the State or returned, will be at the Contractor's risk and expense.

AWARD: Award will be made by lot or by line item, whichever is in the best interest of the State.

DELIVERY DATE: All items in this invitation must be delivered to Pier 48, Seattle, Washington on or before March 29, 1985.

SILENCE OF SPECIFICATION: The apparent silence of this specification and supplemental specifications as to any detail, or the apparent omission from it, of a detailed description concerning any point, shall be regarded as meaning that only best commercial practice is to prevail, and that only materials and workmanship of first quality are to be used.

Handwritten signature of John Parsons

John Parsons

Title: Supply Officer

Telephone No. 465-4010

Page 1 of 7 pages + i & ii

Name of Company Submitting Bid

Authorized Signature

Printed Name

Date

Indicate if you qualify for 5% Alaska Bidder's Preference: Yes No

AK Business License No.

Telephone

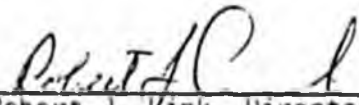
POSITION PAPER

Bill HB 197

The bill provides that all supplies purchased by the State will be delivered to a location within the state, unless the department making the purchase determines that a point of delivery outside the state would be in the best interest of the State. Invitations to Bid (ITB) and other means of procurement must state that the bid price includes delivery at the location named in the ITB.

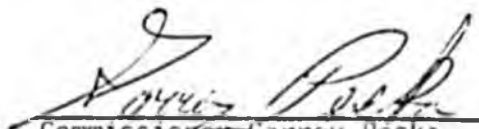
The impact on the Department of Administration (DOA) will be minimal since nearly all ITBs and negotiated purchases already contain this requirement.

The DOA is neutral on this bill.



Robert J. Vink, Director
Division of General Services & Supply

3/27/87
Date



Commissioner Garrey Peska
Department of Administration

5/27/87
Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: HB 197
Publish Date: March 27, 1987

Revision Date: _____
Title: An act relating to the delivery
of supplies purchased under the State
procurement code
Sponsor: Labor & Commerce Committee
Requestor: _____

Agency Affected: Dept. of Administration
BRU: General Services & Supply
Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

The impact on the Department of Administration will be minimal since nearly all Invitations to Bid already contain this requirement.

Prepared By: Robert J. Link *RL* Phone: 465-2253
Division: General Services & Supply Date: March 26, 1987

Approved by Commissioner: Garrey Peska *GP* Date: 3/27/87
Agency: Department of Administration

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

HB

205

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 205
Publish Date: HOUSE 4/17/87

REQUEST: _____

Revision Date: _____

Title: An Act relating to regulation of the practice of occupational therapy and physical therapy...

Sponsor: Rep. Navarre

Requestor: _____

Agency Affected: Commerce & Economic Dev.
BRII: Occupational Licensing

Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	8.7	8.7	8.7	8.7	8.7
TRAVEL	0	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	0	3.1	3.1	3.1	3.1	3.1
SUPPLIES	0	.1	.1	.1	.1	.1
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	13.0	13.0	13.0	13.0	13.0

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

REVENUE	0	13.0	13.0	13.0	13.0	13.0
---------	---	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	13.0	13.0	13.0	13.0	13.0
TOTAL	0	13.0	13.0	13.0	13.0	13.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(See attached)

Prepared by: Jennifer Strickler, Management Analyst

Division: Occupational Licensing

Phone: 465-2144

Date: 4/9/87

Approved by Commissioner: J. [Signature]
Agency: Commerce and Economic Development

Date: _____

Distribution (by preparer):

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

HB 205

The bill changes the composition of the State Physical Therapy board by adding two new members to represent the Occupational Therapy profession and amending the name of the board.

Aside from combining the two professions within one board, licensing of the occupational therapy profession is expected to cost \$13,000.00.

Basically, the \$13,000.00 consists of:

- | | |
|---|-----------------|
| 1) PERSONAL SERVICES: | \$8,700 |
| - .40% of administrative support costs
(.40% is based on the number of occupational therapists (100)
divided by the total number of division licensees (27,049) which
includes physical therapists); | |
| - 10% of a Licensing Examiner; and | |
| - 5% of an Investigator. | |
| 2) TRAVEL: | \$1,100 |
| Costs for two members to attend one board meeting. | |
| 3) CONTRACTUAL: | \$3,100 |
| - Professional Services (exam) costs; | |
| - Communication costs; | |
| - Advertising and Printing costs, etc. | |
| 4) SUPPLIES: | \$ 100 |
| TOTAL: | <u>\$13,000</u> |

The occupational therapy profession has expressed its willingness to pay licensing fees necessary to cover costs associated with regulating the profession, and costs are expected to be covered by program receipts. Therefore, licensing fees will be established to offset the costs of regulating the profession.

HB

215

AMENDMENT TO CSHB 230 (FIN)

~~the~~ page 2, line 13

delete "As 21, 09. 210(c)"

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 215
Publish Date: HOUSE 4/10/87

REQUEST

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to credited BRU: Retirement and Benefits
service under the PERS.
 Sponsor: Boyer Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

An analysis of the impact of this bill on the actuarial soundness of the Public Employees' Retirement System (PERS) is provided in the attached letter to Representative Ulmer.

Prepared By: J.K. Humphreys Phone: 465-4460
 Division: Retirement and Benefits Date: April 6, 1987
 Approved by Commissioner: Garrey Peska Date: 4/8/87
 Agency: Department of Administration

Distribution (by preparer):

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

No. 1
HB 215
4/10/87

Public Employees Retirement System
Teachers Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

DEPARTMENT OF ADMINISTRATION
DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

STEVE COWPER, GOVERNOR

April 7 1987

The Honorable Fran Ulmer
Chairman
House State Affairs Committee
P.O. Box V
Juneau, AK 99811

Dear Madam Chair:

Re: House Bill 215

In accordance with Alaska Statute 24.08.036, I am providing the analysis below on House Bill 215. The analysis includes the long-term and short-term costs to the State if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

This bill would allow PERS members to receive credit for periods of leave without pay for which they receive workers' compensation payments. They would only have to pay the employee's contribution for that equivalent service. It is estimated to result in a .02% increase in PERS employer contribution rates in FY 88 and level thereafter. The State PERS payroll is estimated to be \$521,290,584.00 in FY 88 and remain level each year thereafter. This would result in an annual State cost of \$104.3 in FY 88 and in succeeding years (the PERS contribution rate increase of .02% times the State PERS estimated payroll of \$521,290,584.00).

In addition to the State costs above, there would also be an increase in political subdivisions FY 88 contribution rate of .02%. This would result in an increase in their annual costs by \$65.9 (rate increase of .02% times the estimated political subdivision payroll of \$329,282,769.00).

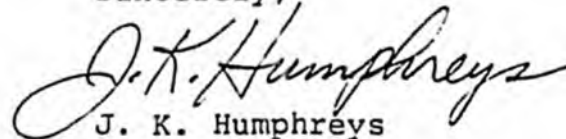
The Honorable Fran Ulmer

-2-

April 7, 1987

Although there will not be a significant adverse impact on the actuarial soundness of the PERS fund if the bill becomes law, the unfunded liability will increase by \$600,000.00 and the funding ratio will decrease by .05%.

Sincerely,



J. K. Humphreys
Director

JKH/RLS/nl

20/6D1/0406-02/1

cc: Commissioner Garrey Peska
Department of Administration

HB

2 2 2

HB 222: An Act relating to occupational licensing and providing for an effective date.

The House Labor and Commerce committee submitted this legislation at the request of the Department of Commerce and Economic Development. The department is interested in streamlining procedures for the boards regulated by the Division of Occupational Licensing under the Centralized Licensing Code AS 08.01.

Because each of these boards has been created by separate legislative action, there exists no standardization in board membership, terms of office, duties, renewal dates, and enforcement powers. The purpose of this bill is to provide that standardization.

There are three very significant changes that this bill institutes. The first is the standardization of license renewal. Under the provisions of this bill, all licenses would be renewed on a biennial basis. Last year, the Legislature authorized the division to set fees for licenses at rates that would make occupational licensing self-supporting. However, with eight boards renewing their licenses on a quadrennial basis, the division can only be self-supporting over the average of four years. Biennial renewal will allow the division to be self-supporting on an annual basis.

The second major change alters the disciplinary powers of the boards. Again as each board was created by separate legislative action, there is a variance in the powers that the individual boards have. This bill would standardize and increase the sanctions boards can utilize in disciplining incompetent or dishonest professionals. New provisions added which are not currently utilized by boards are:

- (a)(5) require a licensee to submit to peer review
- (8) impose a civil fine not to exceed \$5,000.00
- (e) A board may accept the voluntary surrender of a license

These provisions will increase the enforcement capability of the boards and provide less expensive and time-consuming means of disciplining licensees when license revocation or suspension is not warranted.

The third change gives the department the authority to issue citations for unlicensed activity. Currently, the department can issue Cease and Desist Orders administered in accordance with the Administrative Procedure Act. This is a time-consuming and expensive process and it is not uncommon for the process to drag on for a year. In FY 86, a total of 19 Cease and Desist Orders were issued. The citations will require a prompt mandatory court appearance and penalty fees for each continued day of unlicensed activity.

SECTIONAL ANALYSIS
HB 222

Section 1: Amends AS 05.05.010(a) to specify that the term of office for athletic commission members shall be overlapping four-year terms instead of two-year terms. Because the athletic commission is created under Title 5, this amendment will bring the term of office requirement in compliance with the term of office requirement under AS 08.

Section 2: Amends AS 08.01.020 to require that all appointed board members serve at the pleasure of the Governor.

This section makes the statute permissive for the Governor to designate the chair of the board. The amendments further identify officers of the board as the chair and secretary.

Also, this section provides boards with the authority to specify by regulation that unexcused absences from meetings are cause for removal.

Section 3: Adds a new section to AS 08.01 governing terms of office for all board members. This section provides that members be appointed for staggered terms of four years and serve until a successor is appointed, and limits service to all or part of two successive terms.

Section 4: Makes miscellaneous housekeeping amendments to AS 08.01.050(a), Administrative Duties of Department. This section makes further amendments to subsection (19) which make the department responsible to provide inspection, enforcement and investigative services for all occupations listed in AS 08.01.010 instead of listing each chapter individually. In addition, this section adds a new provision (20) which requires the department to retain and safeguard the official seal of a board. In the past, board members retained the seal and used the seal to act in an official capacity without concurrence of the entire board or the state.

Section 5: Makes miscellaneous housekeeping amendments to AS 08.01.070, Administrative Duties of Boards. In addition, this section adds the following responsibilities to each board:

- forward a draft of the minutes of its proceedings to the department within 20 days after the proceedings;
- forward examination results to the department within 20 days after an examination is given;
- forward agenda items for meetings and other proceedings at least 15 days prior to the event; and

- submit a performance report to the department before the end of the fiscal year listing accomplishments, activities and needs. Some licensing occupations already require the performance report in their individual statutes. This amendment will standardize the requirement for all licensed occupations.

- Section 6: Adds a new section to AS 08.01 regarding disciplinary powers of boards. This section provides alternatives to disciplinary powers which may be used by a board singly or in combination. This section will standardize disciplinary powers for all licensing boards. Individual licensing statutes have disciplinary powers but none as comprehensive as this section. Three new alternatives included in this section which are not in any of the existing provisions are: 1) peer review; 2) imposition of a civil fine not to exceed \$5,000; and 3) voluntary surrender of a license. These provisions increase the board's authority to discipline unethical or dishonest licensees.
- Section 7: Requires all licenses to be renewed biennially on dates set by the department with approval of the respective board.
- Section 8: Reenacts AS 08.01.100(b) authorizing the department to establish a delayed penalty fee in regulations with the concurrence of the appropriate board.
- Section 9: Adds two new provisions to AS 08.01.100 requiring that continuing education requirements be met before a license can be renewed, and that a license which has lapsed for five or more years cannot be renewed. This will require the individual to reapply for a new license.
- Section 10: This section provides the department the authority and establishes the procedure to issue citations to individuals who violate the licensing statutes.
- Section 11: Amends AS 08.02.020, Limitation of Liability for Members of Licensing Boards, by adding peer review committees. The amendments to this section will allow peer review committees the same protection from civil action as board members when serving in the performance of their duty.
- Section 12: Amends the CPA statute, AS 08.04.040, to repeal reference to three-year terms of office.

- Section 13: Amends the barber and hairdresser statute, AS 08.13.100(a), to repeal reference to duration of the renewal period. This will then allow the requirement for the renewal period to be established under AS 08.01.
- Section 14: Amends the construction contractor statute, AS 08.18.031(a), to repeal reference to the date of the license expiration.
- Section 15: Amends the dental hygienist statute, AS 08.32.071, to repeal reference to the duration of the renewal period.
- Section 16: Amends the dental hygienist statute, AS 08.32.171(c), to repeal the authority allowing the board to summarily suspend a license. This provision is covered under the new disciplinary powers section in AS 08.01.
- Section 17: Amends the dental statute, AS 08.36.020, to repeal reference to appointments of board members and duration of members' terms of office.
- Section 18: Amends the dental statute, AS 08.36.025, to repeal causes for removal of board members.
- Section 19: Amends the dental statute, AS 08.36.250(a), to repeal reference relating to the duration of the certificate.
- Section 20: Amends the dental statute, AS 08.36.320(c), to repeal the authority allowing the board to summarily suspend a license. This provision is covered under the new disciplinary powers section in AS 08.01.
- Section 21: Amends the mortuary science statute, AS 08.42.020(b), to repeal reference to a "biennial" licensing period.
- Section 22: Amends the mortuary science statute, AS 08.42.020(c), to repeal reference to an "annual" licensing period.
- Section 23: Amends the hearing aid dealer statute, AS 08.55.020(b), to repeal reference to the duration of a license.
- Section 24: Amends the marine pilot statute, AS 08.62.120, to repeal references relating to the duration of a license.
- Section 25: Amends the dispensing optician statute, AS 08.72.020, to repeal reference to the duration of members' terms of office.
- Section 26: Amends the dispensing optician statute, AS 08.72.020, to repeal reference to appointments of board members and duration of the licensing period.
- Section 27: Amends the dispensing optician statute, AS 08.72.040, to repeal reference to appointments of board members and duration of the licensing period.

- 30 Section 28: Amends the board of pharmacy statute, AS 08.80.020, to
31 repeal reference to duration of the licensing period,
32 appointments and terms of office for board members.
- 33 Section 29: Amends the physical therapy statute, AS 08.84.010(a), to
34 repeal references to duration of the licensing period,
35 appointments and terms of office for board members.
- 36 Section 30: Amends the physical therapy statute, AS 08.84.010(b), to
37 repeal the board's authority to discipline a licensee to
38 limit or condition a license. This provision is covered
39 under the new disciplinary powers section in AS 08.01.
- 40 Section 31: Amends the physical therapy statute, AS 08.84.100(b), to
41 repeal reference to reinstatement of lapsed licensees and
42 delinquent renewal fees.
- 43 Section 32: Adds a new section regarding terms of office to the Real
44 Estate Commission statutes under AS 08.88.
- 45 Section 33: Amends the concert promoter statute, AS 08.92.010, to repeal
46 reference to a "biennial" license period.
- 47 Section 34: Amends the concert promoter statute, AS 08.92.010, to repeal
48 reference to a "biennial" license period.
- 49 Section 35: Provides a transition provision which will allow current
50 board members to continue their terms without being affected
51 by this act. In addition, the transition provision allows
52 current licenses to remain valid until the expiration date
53 without being affected by the new biennial licensing period
54 established by this act.
- 55 Section 36: Repeals provisions throughout the various licensing statutes
56 regarding appointments, terms of office, duration of
57 license, and disciplinary sanctions. The repealers also
58 include the provision under the centralized licensing act,
59 AS 08.01.050(c), to hire an investigator primarily for the
60 medical board.
- 61 Section 37: Requires the act to take effect immediately in accordance
62 with AS 01.10.070(c).

JS/ss0569Z
040387a

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

No. 2

REQUEST: _____

Bill Version: CSHB 222(Fin)
Publish Date: HOUSE 4/29/87

Revision Date: _____

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing

Title: An Act relating to occupational licensing; and providing for an effective date.

Sponsor: House Labor & Commerce

Components: All

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(See attached)

Prepared by: Jennifer Strickler, Management Analyst
Division: Occupational Licensing

Phone: 465-2144
Date: 4/3/87

Approved by Commissioner: Michael Smith
Agency: Commerce and Economic Development

Date: _____

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

A M E N D M E N T

Offered in the SENATE

By Fahrenkamp

TO: CSHB 222 (Finance)

Page 3, following line 22

Insert a new bill section to read:

"* Sec. 5. AS 08.01.065(c) is repealed and reenacted to read:

(c) A fee established under this section must reflect, but may not exceed, the actual costs to the department of the activity for which the fee is charged except that the department may establish a fee that is less than the cost of the activity for which the fee is charged if the department determines that it is not reasonable to impose the full cost of the activity on the applicant or licensee."

Renumber the following bill sections accordingly.

Page 15, line 5:

Delete "1 - 34 and 36"

Insert "1 - 35 and 37"

Page 15, line 10:

Delete "1 - 34 and 36"

Insert "1 - 35 and 37"

HB

230

BILL NO:

CSHB 230 (Fin)

TITLE:

An act relating to the premium tax on certain insurers.

DATE:

May 12, 1987

CONTACT:

Gordon Brunton
465-4331

DEPARTMENT OF
PUBLIC SAFETY

This measure increases the insurance premium tax from 2.7 to 3.0 percent, provides for separate accounting of 10 percent of the tax collected which may be appropriated to fund the State Fire Commission (AS 44.41) and other fire prevention services.

Alaska fire losses, both deaths and property, are 2.5 times that of the rest of the United States. In fact, they are the highest in the industrialized western world. We believe this to be unacceptable. Passage of CSHB 230 (Fin) will provide the resources needed to reduce these losses.

During the era of high revenues, the Legislature provided funds for fire protection equipment and facilities. Now there needs to be support for the firefighters and preventers who utilize these facilities for the protection of their communities.

The Division of Fire Prevention serves in both direct and indirect capacities to achieve its mission. Direct delivery of code enforcement, investigations and training are provided as well as indirect delivery by various means of support to local fire departments and fire related organizations. Should this bill pass, and the Legislature appropriate the funds, the division would be able to provide the following:

- Maintenance of the inspection of high-risk facilities, such as health care, schools, pre-schools, day care, correctional institutions, large assembly occupancies, and high rises, without implementing a user fee or inspection charge, a concept that, to date, has met with little enthusiasm or probability.
- Continuation of the plan review program, well received by architects and designers, which helps insure that safe buildings are erected in compliance with State fire codes.
- Improved response to requests for investigative assistance in suspicious and large loss fires to determine causes and assign responsibilities, and the implementation of arson prevention programs such as the Arson Awards, Arson Hot Line, juvenile fire setter counseling. There has already been an increase in arson fires since the downturn in the economy.
- Continuation and expansion of the fire information network, a vital tool used to gather information regarding fires, E.M.S. activities, and hazardous materials incidents, so that the fire service can better manage their operations.

- Direct assistance in the form of training and certification of personnel at various levels of competence, both at local fire departments and at regional fire training centers.
- Indirect assistance by the development of statewide personnel performance standards and curriculum, accreditation of local training programs, and provision of grants for approved local and regional training projects.
- Assistance in the development of programs to educate the public in methods to protect themselves against fire and other disasters.

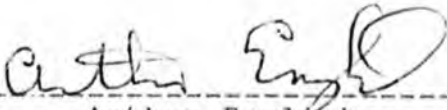
To put this all into perspective, take the case of Bethel. In the early 1980's we identified Bethel as having an extremely high fire death rate. Causes were identified through careful investigations. Treatments were devised, training provided, and programs implemented. The results: only 2 fire deaths since 1983, as compared to 12 for 1980-1982. Accurate collection of data, access to public education resources, effective training and delivery, while an oversimplification, caused this dramatic turnaround in Bethel.

Volunteerism has historically been the backbone of the fire service. Alaska has some 250 fire departments, of which 30 are fully or partly paid; the rest are staffed by volunteers. An untold amount of time and resources are donated to protecting local communities from fire and other disasters, both natural and man-made. A few have undertaken the effort to enforce fire codes through inspections and plan reviews, to make accurate determinations of the causes of fires, and to educate their citizens about fire safe practices. Most have only the resources to concentrate their efforts on maintaining a well trained and equipped cadre of volunteers to combat the inevitable--a chemical spill, a fire of any proportion (structural, wildland, aircraft, marine or vehicular), an EMS emergency. A reduction in the assistance now provided by the division to local fire departments will not result in their assuming those duties. The local situation is directly impacted by the assistance provided by the State.

There are presently 21 different State agencies which address fire in some form, as well as many at the local and federal levels. The Fire Commission was established to provide a focal point for all these fire programs. Funding for the commission

will allow it to develop and implement a master plan encompassing all fire agencies in the state, develop policies and establish directions for those programs, correlate and analyze data, recommend actions to improve the quality of fire protection, and provide technical assistance. It is believed that such a system will result in not only a reduction in fire losses, but also a reduction in the resources currently being expended.

The Department of Public Safety supports passage of this bill.



Arthur English
Commissioner

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

REQUEST: _____

Bill Version: CSHB 230(fin)
Publish Date: _____

Revision Date: _____
Title: An act relating to the premium tax on certain insurers.
Sponsor: Rep. Ulmer, Goll, Navarre...
Requestor: Senate Labor & Commerce

Agency Affected: Public Safety
BRU: Fire Prevention
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
CAPITAL		0	0	0	0	0
REVENUE		1,448.6	2,897.2	2,897.2	2,897.2	2,897.2

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary) Revenue estimates from Div. of Insurance
There is no fiscal impact on Public Safety. The bill creates additional revenues which may be available to fund the Fire Commission and other fire prevention/training programs. We intend to submit a supplemental budget to utilize this revenue source.

JNR
5/12/87

Prepared by: Gordon E. Brunton
Division: Fire Prevention

Phone: 465-4331
Date: 5/12/87

Approved by Commissioner: _____
Agency: Public Safety

Date: 5/12/87

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

FISCAL NOTE

REQUEST

Revision Date: 2/10/88 Agency Affected: Public Safety
 Title: An act relating to the premium BRU: Fire Prevention
tax on certain insurers.
 Sponsor: Ulmer, Goll, Navarre Components: _____
 Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		1,448.6	2,897.2	2,897.2	2,897.2	2,897.2

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Passage of this bill would result in the amounts shown above being available for appropriation by the Legislature to fund the State Fire Commission and other fire protection and training services. The above figures are based upon revenue estimates from the Dept. of Commerce, Div. of Insurance.

Prepared by: Gordon E. Brunton Phone: 465-4331
 Division: Fire Prevention Date: 2/10/88

Approved by Commissioner: Donna Hartzel, Dep. Commr. Date: 2-11-88
 Agency: Dept. of Public Safety

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

Officials report 'safe fire year'

245
By MACHELE MARTIN
Staff Writer

Local fire department officials said Monday arson-related fires don't appear to be a problem on the peninsula. This runs counter to a state report that arson has doubled in other parts of Alaska.

And, although local fire officials said there wasn't an increase in the number of fire calls received this year as compared to 1985, they said the numbers could raise as the economy continues to dwindle.

According to wire service reports, a study was completed late this year by the state Division of Fire Prevention which concluded that 48 percent of structure fires reported in 1986 were started by arsonists. In 1985, about 20 percent of the structure fires in the state were determined to be arson-related, according to the article.

Kenai Fire Marshall Don Morgan reported seven possible arson fires in 1985 for the City of Kenai. Although that number to date has more than doubled at 16, he said the "majority of the suspicious fires weren't the result

See ARSON, back page

QUALITY SERVICES

Date DEC 30 1986

Peninsula Clarion

Client No. 245

...Arson fires on rise in Alaska

Continued from page 1

of profit," by reaping the benefits of an insurance policy. The majority of suspicious fires were "more vandalism-related," he said.

Michael Huckabay, fire prevention officer for Central Emergency Services, reported only one suspicious fire this year in the Soldotna area. Last year only two or three possible arson-related fires occurred, he said.

Morgan said he believed the problem of arson fires was seen more around the interior of the state because of economic woes. He said building owners in the interior are looking for a way to make ends meet, their solution being a fire. People may torch their homes and then sell it to the insurance company to avoid further mortgage payments, he added.

Peninsula residents don't seem to be at that "desperate stage" in the declining economy, Huckabay said.

Huckabay said potential arsonists on the Kenai peninsula also could be discouraged by vigorous investigations of suspicious

fires. The investigations to determine cause of a fire "are so complete it's fairly easy" to spot foul play, he said. Most "are accidental or maintenance related," he added.

"It's been a safe fire year," Nikiski Chief Al Willis said. Willis attributed the good year to the school fire programs at community residents "being very conscious of what the fire areas are."

Willis said a conviction hasn't been made in the Nikiski area since 1982. "There's not enough suspicion out there" to be convicting anyone, he said.

Statewide, the conviction rate is not impressive. Much of the evidence in suspicious arson cases is circumstantial and does not hold up well in court. "Fires are after the fact and it takes a lot of background work and hard luck to get a good solid conviction," Morgan said.

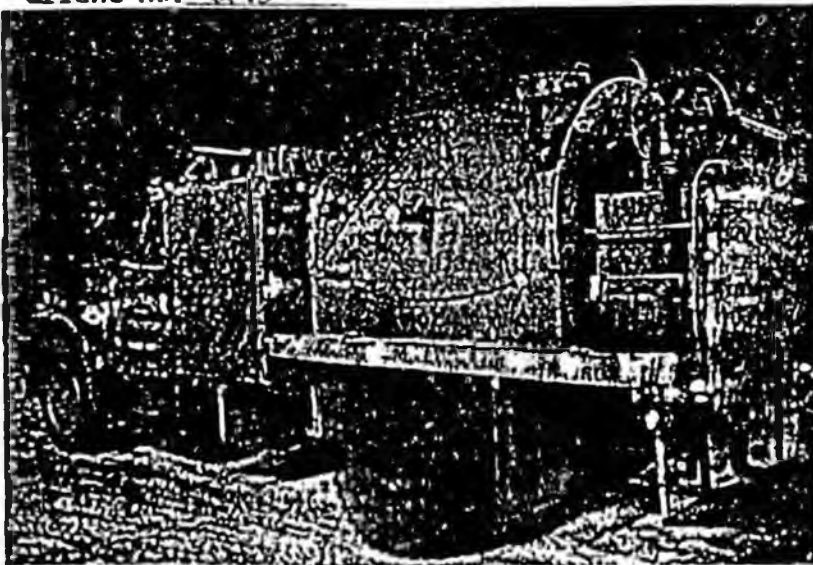
An estimated 500 fires statewide were attributed to arsonists in 1986, but only 3 percent to 5 percent of the arsonists will even get to court.

QUALITY SERVICES

Date DEC 30 1986

Fairbanks Daily News

Client No. 245



TRAVELING MUSIC—The North Pole Fire Department's decorated tanker cruised the city streets nightly for several weeks before Christmas. Firefighters hooked the strings of colored lights and a loudspeaker system up to a gas-powered generator and played Christmas carols as they drove around town. 215

Connie Oehring News Pinner

QUALITY SERVICES

Date DEC 29 1986

Sitka Sentinel

Client No. 245

Emergency Calls

A Sitka Volunteer Fire Department ambulance crew transported a patient from the Pioneers Home to Mt. Edgecumbe Hospital at 8 a.m. Friday.

A patient was transported from 1919 Dodge Circle to Sitka Community Hospital late Friday morning.

A patient was transported from the Pioneers Home to Sitka Community Hospital at 2 p.m.

Still another patient from the Pioneers Home was transported to Mt. Edgecumbe Hospital at 3 p.m. Friday.

A patient was transported from Mt. Edgecumbe Hospital back to the Pioneers Home at 4:50 p.m. Friday.

A patient was transported from Ken Brown Apartments to Mt. Edgecumbe Hospital at 6:46 a.m. Saturday.

A crew in the department's fire boat was dispatched to Big Gavanski Island, near Middle Island, to search for two overdue hunters at 8 p.m. Sunday. The hunters later returned safely to Sitka, said the fire department and Coast Guard.

DEC 29 1986

etchikan Daily News

Client No. 245

Arson reports rise

ANCHORAGE (AP) — The percentage of building fires attributed to arson more than doubled statewide this year, the state Division of Fire Prevention reported.

A study completed late this year concluded 48 percent of the structure fires reported in 1986 were started by arsonists, said Vern Long, assistant fire marshal for the state Division of Fire Prevention. In 1985, about 20 percent of the structure fires in the state were determined to be arson-related, he said.

The Matanuska-Susitna Borough registered the most dramatic increase in arson fires this year, he said. Since 1985, the arson rate has increased an average of 200 percent to 300 percent in most areas of the borough.

The Meadow Lakes area, just north of Wasilla, has seen a 400 percent to 500 percent increase, Long said. Some 30 fires in the area during the past two years were suspected to be the work of arsonists.

Long said. Of some 150 fires investigated in Fairbanks, as many as 40 percent were found to be arson-related last year, Long said. This year, about 80 percent of the fires were believed to have been set, he said.

Anchorage Fire Chief Ross Fosberg said Anchorage has registered no noticeable increase in arson-related fires, and has posted a decline in fire-related injuries and deaths. While fires of all kinds caused \$12 million in property damage in 1985, that figure fell to \$8 million this year, Fosberg said.

He attributed the positive trends to good fortune, fire prevention education programs and vigorous prosecution of arsonists. Of 18 people charged with arson in the city, 17 were convicted this year, Fosberg said.

Statewide, the conviction rate is not impressive, Long said. Much of the evidence suspected arson cases does not hold up well in court. An estimated 500 fires statewide were attributed to arsonists in 1986, but only 3 percent ever go to court, Long said.

Date DEC 29 1986

Peninsula Clarion

Client No. 245

Percentage of fires caused by arson doubles

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The Meadow Lakes area, just north of Wasilla, has seen a 400 percent to 500 percent increase, Long said. Some 30 fires in the area during the past two years were suspected to be the work of arsonists.

"We think one or a group of persons is causing the havoc," Long said.

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Coalition for Home Fire Sprinklers

ALASKA CAMPAIGN
1301 E. 80th Avenue
Anchorage, Alaska 99518
(907) 267-4960

April 30, 1987

Honorable Fran Ulmer
Alaska State House
Pouch V
Juneau, Alaska 99811

Dear Representative Ulmer,

I'm sure that I'm not telling you anything that you are not already aware of when I tell you of Alaska's current status as "number one in fire fatalities in the industrialized world". But let me put in in a different perspective---imagine, if you will a warning printed on the bottom of Alaska travel brochures as follows:

WARNING: The U.S. Fire Administration has determined that your chances of dying in a fire in Alaska are greater than anywhere else in the United States.

!!!SLEEP WITH EXTREME CAUTION!!!

Sounds ridiculous doesn't it? However, while I don't advocate printing such a statement when we advertise Alaska's many wonders, the truth of the statement still remains.

We have the technology available today to virtually eliminate Alaska's fire fatality rate. Our Coalition is working very hard in that direction. The Coalition, however, can not do it alone. We have depended heavily on the support of the Alaska State Fire Marshal during our efforts. And when I say support, the records will show that I don't mean financial assistance. The Division of Fire Suppression has been an invaluable resource for advice, data, moral support, and technical assistance in our efforts to help solve Alaska's significant fire problem. It has been disappointing to watch the reduction of that Division while Alaska continues to burn its citizens at a rate higher than anywhere else in the industrialized world.



Honorary Committee

Karrem Abdul-Jabbar
Los Angeles Lakers (NBA)

Steve Allen
Entertainer

Tom McAllister
Alaska Fire Chiefs Association

Robert Purcell
Alaska State Firefighters Association

Chief Ron Coleman
Fullerton Fire Department

John George, Director
Alaska Division of Insurance

Ralph Mingo
Governor's Safety & Health Conference

U.S. Congressman David Dreier
33rd District, California

Chief Robert T. Edwards
Scottsdale, Arizona

Marty Ingels
Entertainer

Sam Neal
Alaska State Fire Marshal

U.S. Congressman Don Young
Alaska District

Chief Ross Fosberg
Anchorage Fire Department

Shirley Jones
Entertainer

Gene Kelly
Entertainer

Bill Weaver C.F.P.S.
Frank B Hall & Co. of Alaska

James F. McMullen
California State Fire Marshall

Ron Ozmins
Alaska Association of Public Fire Educators

Scott Sullivan
Providence Hospital Thermal Unit

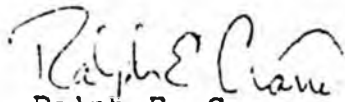
Chief Roy Parrish
Clark County, Nevada Fire Department

William Patterson
FEMA-USFA

David McDowell
Alaskan Homebuilder

House Bill 230, which is currently making its rounds of the Alaska Legislature is certainly a step in the right direction. In this era of "megetrends" and "searches for excellence", a bill like this has great potential for creating a "win-win" situation for all involved. Please support this bill.

Sincerely,



Ralph E. Crane
Executive Director
1986 Alaskan Firefighter of the Year

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. Box 34324
Juneau, Alaska 99803-4324

March 25, 1987

The Honorable Fran Ulmer
Fifteenth Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Madam:

Thank you for supporting the Fire Service by submitting our Bill into legislation.

The Fire Marshal, Fire Service Training, and the Fire Commission do supply a needed service to the insurance industry.

Last year SB-376 was supposed to equalize the tax rate between foreign and domestic insurers. The statute did read 3% tax for foreign and 1.5% for domestic. With the passage of SB-376 it equaled 2.7% for both. Apparently, what was not noticed is that 92% of the industry is foreign insurers. That means over 90% of the insurance business done had a decrease in the tax levied by the State. We find that by adding the .3% back, the insurance industry will be paying what they've been paying all along. The State can collect over two million dollars.

It is important to think about the Fire Service. Each time our environment is made safer through inspections, plan reviews, training firefighters, and educating the public, the insurance industry risk decreases. This converts to millions of dollars in savings to the insurance companies.

More than twenty other states are using funds, collected from the insurance industry, for fire prevention and training. In the past, insurance companies have actually started their own fire departments to protect their insurers.

Judy Knight indicated that you may need some statistics. I have enclosed some statistics which may help. If you need more, let Bob Haag or me know.

Thank you again.

Sincerely,

ALASKA STATE FIREFIGHTERS' ASSOC.

Gaylen E. Brevik
Gaylen E. Brevik
President

GEB:djo
enclosures



GASTINEAU CHAPTER

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. BOX 187

JUNEAU, ALASKA 99802

April 16, 1987

Representative Fran Ulmer
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Ulmer:

The House of Representatives will be reviewing HB230. This Bill is intended to assist in the funding of the State Fire Marshal's Office. I don't know if you can understand the importance of this office to the firefighters of this state.

This Bill will help insure continued training of firefighters, both paid and volunteer in the areas of fire prevention, building inspection, public fire education, Fire Service Training, and investigation of fires across the state to better evaluate causes and to work to eliminate those we can.

Alaska has the highest fire deaths per capita in the United States. As a volunteer firefighter, I need your support of this Bill to stop fires from taking our families, friends, and property.

It would be disastrous to the citizens of this state should this office be under funded.

I urge you to vote for HB230. Thank you for your support of the Alaska State Firefighters.

Sincerely,

GASTINEAU CHAPTER
ALASKA STATE FIREFIGHTERS' ASSOC.

Mike Tagaban
President

MT:djo