

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6218 SENATE COMMUNITY & REGIONAL AFFAIRS

622

FEB 09 '89 12:48 CITY-OF-KOTZEBUE

City of Kotzebue
Resolution No. 89-8
Page Two

the water supply, sewage and solid waste disposal
and fire protection systems.

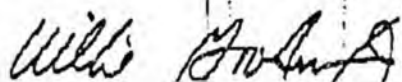
NOW THEREFORE BE IT RESOLVED THAT the City of Kotzebue hereby
requests the Governor to declare a local disaster.

FUTHER RESOLVED that the City respectfully requests the Governor
to take any or all actions to rectify this serious public health
problem and relieve this state of emergency.

FUTHER RESOLVED that the City will pay all fringe benefits for
workers as it local contribution.


PASSED AND APPROVED THIS 8TH DAY OF FEBRUARY, 1989.

CITY OF KOTZEBUE:



Willie Goodwin, Jr. Mayor

ATTEST:



Zonna Lie, City Clerk



**RECONSTRUCTION OF GYM / STRUCTURAL ENHANCEMENTS
ALEKNAGIK, ALASKA**

**REQUEST FOR
EMERGENCY FUNDS
ALEKNAGIK SCHOOL**

**REQUESTED BY
SOUTHWEST REGION SCHOOL DISTRICT
DILLINGHAM, ALASKA
MARCH 15, 1989**

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Southwest Region Schools

P.O. Box 136
Dillingham, Alaska 99576
Phone (907) 842-5288



March 15, 1989

TO THE: 1989 LEGISLATURE

On February 7, 1989, the gym roof of the Aleknagik School collapsed during after school gym activities. The School District has hired John L. Aho, Ph. D of CH2M Hill to assist the District in identifying the cause of the accident and the safety of the remaining portion of the building.

Preliminary engineering reports indicate the roof trusses were overstressed under the design snow load. The construction drawings for the project were missing pertinent information such as the fastening system for connection of vertical and lateral load-carrying walls to the roof and floor diaphragms. This apparent oversight left the possibility open for the contractor to make his own decisions concerning these critical structural attachments. It also appears that certain items may have been overlooked by the contractor during construction. These include construction of the gymnasium north and east wall corner intersections in a manner other than the way detailed in the plan, absence for nailing of the east wall bottom plate connection for the floor diaphragm and wall plywood that was discontinuous.

Because problems has been identified after the collapse of the gym roof which could effect the stability of the remaining structure, the building ~~cannot~~ be re-occupied until critical structural elements are reviewed and corrections implemented.

1989 Legislature
March 15, 1989

We appeal to this legislature for emergency funding in the amount of \$1,462,000 to restore this school to its full safe use for the fall of 1989. Justifications for this request are contained herein. Your expedient attention to this matter is appreciated, as timing is of the utmost urgency.

Respectfully requested,

John Antonnen, Superintendent
Southwest Region School District

JUSTIFICATION NARRATIVE

HISTORY

In 1983, a new school was constructed in Aleknagik, Alaska. It was a one story wooden structure, supported on a driven steel pile foundation, and covered by a flat roof, designed to allegedly retain and constrain snowload build ups during the winter. The school, programmed for K-12, contained a multi-media space and additionally a gymnasium for athletic programs.

On February 7, 1989 at approximately 4:45 PM the gym roof unexpectedly and without warning collapsed, entrapping and injuring one Jr. High student. According to witnesses, the total time elapsed during the catastrophe was a mere 10 seconds. The school staff, fellow students, parents and all concerned have given continued thanks that a scheduled athletic event was not held that day due to weather constraints. Had the games come to pass, 45 children would have been eating their meals in the gymnasium at the time of the collapse, undoubtedly resulting in many serious injuries and even deaths.

Since the time of failure, the Southwest Region School District has abandoned the building, not understanding the safety status of the remaining spaces. Class schedules have been maintained, by conducting classes in makeshift spaces in nearby teacherages, an awkward and cumbersome task at best.

REBUILD PROGRAM

The Southwest Region School District desires reconstruction of the gym facility complete with finishes and equipment, plus construction of a new sloping metal roof over the entire complex, superseding the remaining flat roof. The sloping metal roof design will facilitate the shedding of snow naturally, rather than anticipate loading from accumulation. Additionally, the structural enhancements to the piling foundation, plus structural repairs to the

wall and floor systems in the remaining elements, necessitated by discoveries made during investigation of causation.

As it is imperative to have the total school facility available for the start of the 1989 fall semester, it becomes necessary to "fast-track" the rebuild effort to assure completion on or about Labor Day in September.

The fast-track process necessitates the project team be identified at the earliest possible date, to perform design, costing, procurement, and scheduling functions concurrently. Early identification of long leadtime materials, from the design process, for purchasing and delivery is key to the success probability of completion by September 1st. The exceptionally short design time, coupled with the traditionally short Alaskan construction season, leaves no latitude for time-error. As is demonstrated by the schedule exhibit on page 10 of this presentator, that team identification process is underway at this time. It is anticipated that the project team will be selected and functional by the last week of March. All tasks are on the critical path for completion by September 1st - there is no time to spare!

Historically, the fast-track process is slightly more expensive than the traditional approach, justified by earlier than normal occupancies. That trade-off has been reconciled by this School District, in that there is no alternative to reoccupying this school building in the fall, and with life safety being assured to the maximum degree possible.

FAILURE ANALYSIS

The District has engaged the services of a structural design and analysis expert, Dr. John Aho whose investigation to date has revealed that not only [1] the failure event was the result of overstressing of structural roof trusses in the gym roof, but that [2] the existing piling foundations are likely overstressed; as are other structural components for the remaining building spaces.

His preliminary calculations of the gym 's original design suggest that the gymnasium roof trusses were significantly overstressed from snow load conditions, and that through cyclic overstressing year after year, a failure occurred in one truss triggering a simultaneous chain reaction to the others. The validity of conclusions drawn from the calculations were reinforced by evidence at the site of faulty fastening methods for the supporting walls, deck and roof components.

Certain critical connectors, fastening techniques, and design details appear to be deficient in the gym and may be absent entirely in the rest of the building. This would result in the facility not functioning as an integrated structure, a detriment to the safety of the entire building.

It has already been determined that the existing piling foundation is potentially overstressed to resist the snow loads suspected to have caused the collapse. Thus, because problems that have been identified after the collapse of the gymnasium may have effects on the stability of the remaining structure, it would be prudent to examine critical structural elements in the remaining portions of the school, a task that is not yet started. It is surmised that strengthening measures will be necessary; measures such as re-roofing to shed snow load, installing additional wall to roof connections, stiffening lateral force-resisting walls and substantial bracing and secondary supporting for the pile foundation.

In summation, the preliminary findings point to overloading of structural roof, wall, and piling components from snow loads and wind loads. The failure resulted then from inadequate original design criteria, and was compounded by some faulty construction methods; not only in the gym area but throughout the whole facility.

STRUCTURAL ENHANCEMENTS

Thus, as a result of the preliminary findings, the following scope of improvements is suggested:

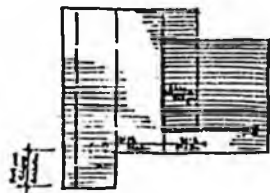
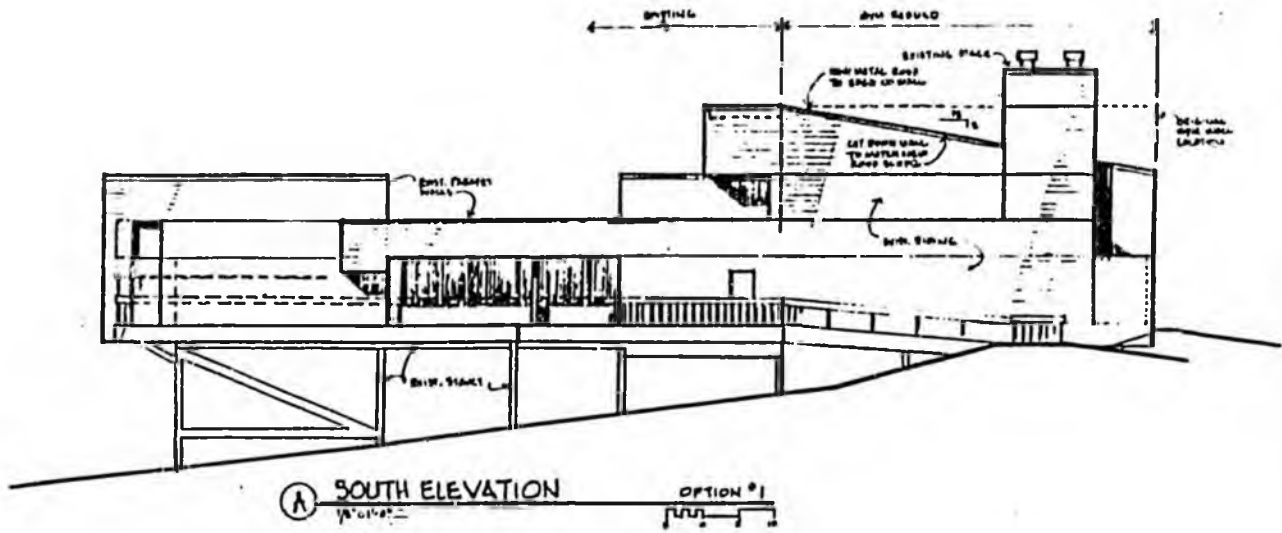
In addition to providing a sloped roof over the entire structure, reinforcements within the walls, ceilings, and remaining flooring systems are anticipated. The foundation piles will require reinforcement and / or alteration. The exact scope, and thus the cost, of the enhancement program is undefined. The reality of having to perform structural rehabilitation of severe magnitude to the foundation, and to the remainder of the building is recognized, however.

EXHIBITS

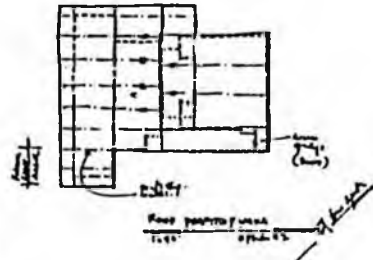
To illustrate the magnitude of the catastrophe, photos of the failure event are included. Additionally, to assist the legislators in visualizing the proposed rebuilding program, Architectural conceptual drawings are likewise ensembled, illustrating the sloped roof concept.

EXHIBITS

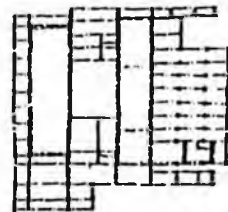
1. Photos - Damage following the collapse
2. Architectural Conceptal Drawings
 - perspective - before & after failure
 - perspective - sloped roof schemes
 - elevations - conceptual



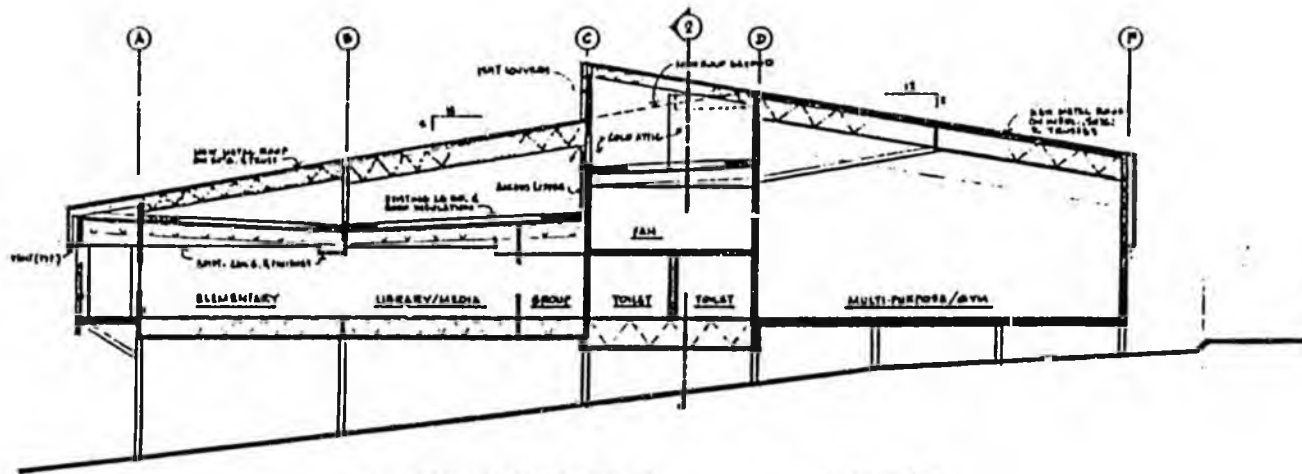
EXISTING WALL
1'-0"
NEW BUILD
1'-0"
NEW BUILD



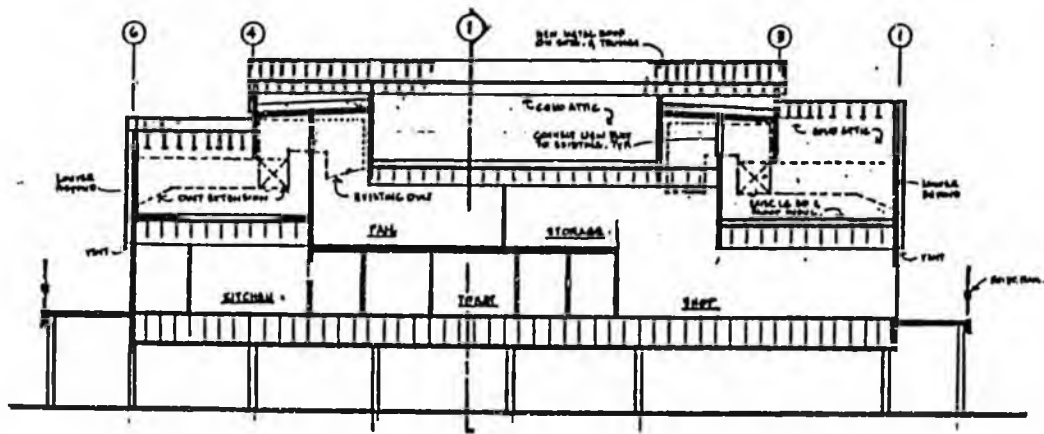
NEW SIGNAGE
1'-0"
NEW BUILD
1'-0"
NEW BUILD



STRUCTURAL PLAN
1'-0"
NEW BUILD
1'-0"
NEW BUILD



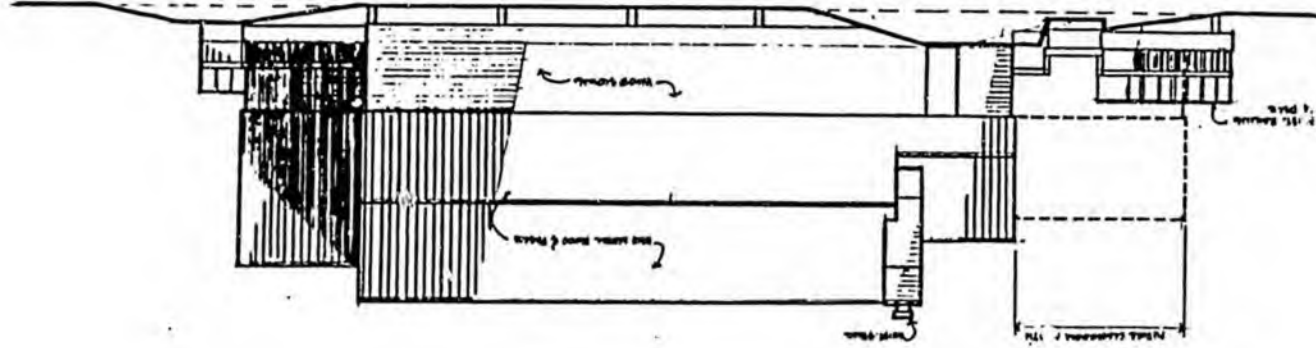
① BUILDING SECTION OPTION #2



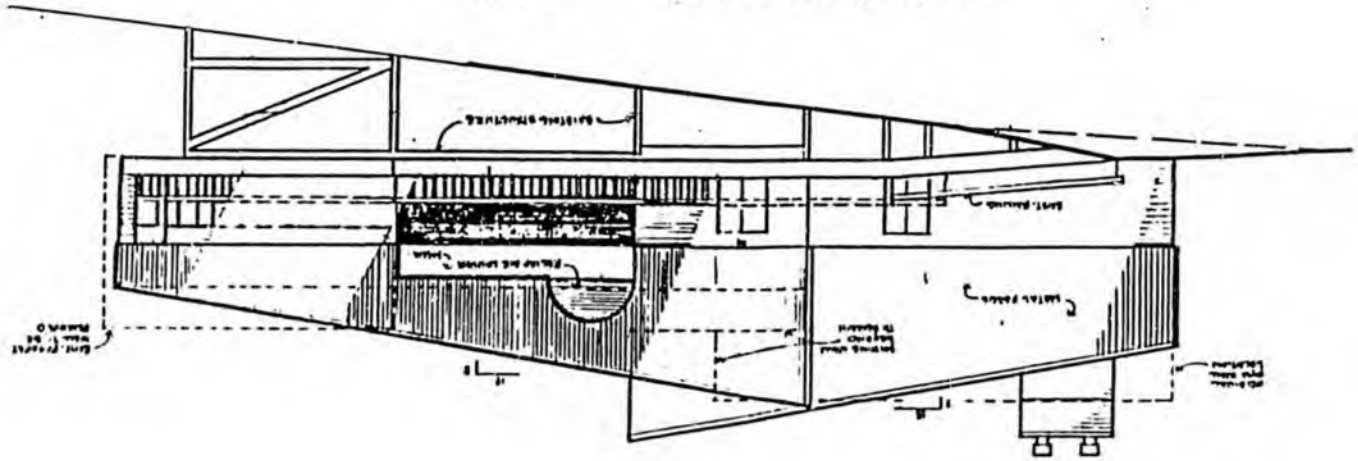
② BUILDING SECTION OPTION #2

kummin associates, inc.
 ARCHITECTS & ENGINEERS
 ALPENACK SCHOOL REBUILD
 PROJECT NO. 12-11-12

10-11-68
OPTION # 2
EAST ELEVATION
D



10-11-68
OPTION # 2
NORTH ELEVATION
C



ALTERNATIVE SCHOOL REQUIRED
CONCEPTUAL DESIGN

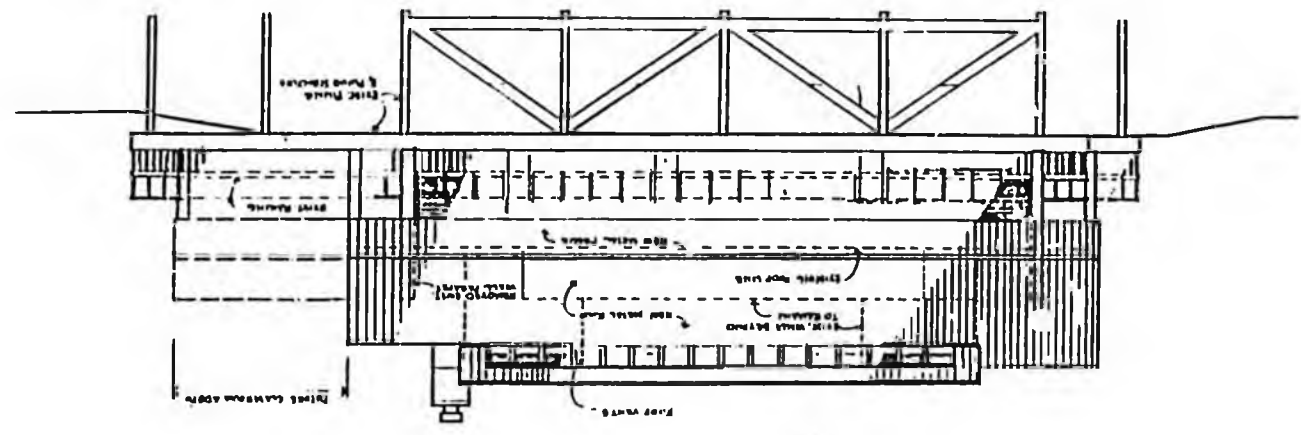
Humlin Associates, Inc.

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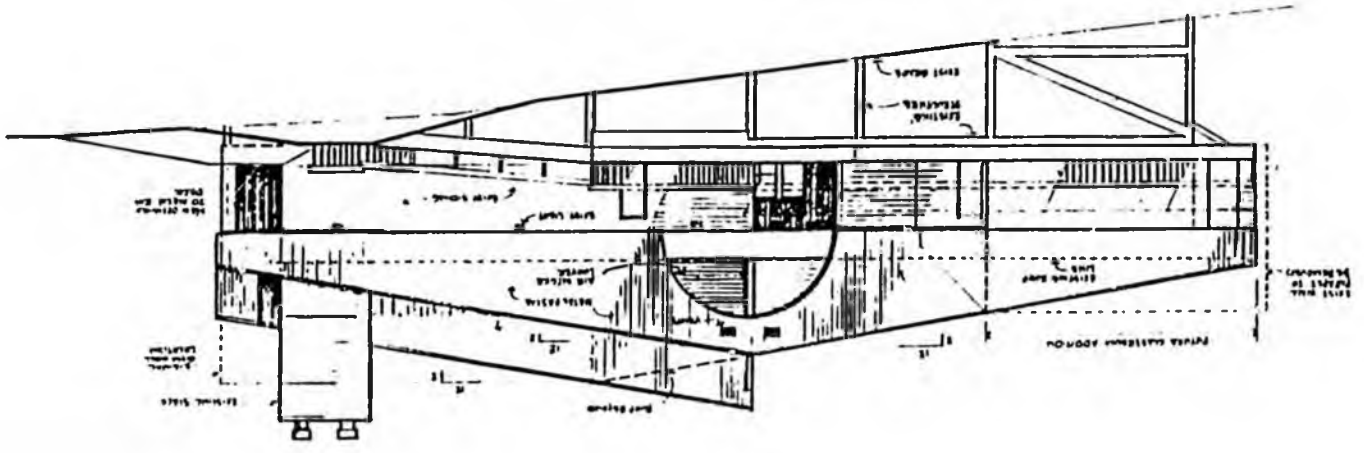
ALKANAIGIK SCHOOL REBUILD
 CONCEPTUAL DESIGN

Kamin Associates, Inc.
 ARCHITECTS & ENGINEERS

WEST ELEVATION
 OPTION #2
 1/8" = 1'-0"



SOUTH ELEVATION
 OPTION #2
 1/8" = 1'-0"



COST ESTIMATES

The District has retained the services of a professional construction cost estimating company, HMS, Inc. of Anchorage to prepare estimates for the cost of replacement. The majority of the following cost presentation is derived from their initial and only report at the time of this presentation. The HMS estimate by itself, is incomplete due to additional deficiencies being discovered as the demolition work progresses. Thus, other costs are included; formulations by the District's construction management consultant, Stonebraker & Associates, also of Anchorage.

Further explanation of cost derivations are as follows:

1. Demolition - Includes the cleanup costs of the school site; selectively uncovering materials significant to determining causation, salvaging and storing reusables, and removing the unusable debris to the dumpsite, some distance away.
1. Construction - Estimated for construction start in Spring 1989, completion in Fall 1989, utilizing Title 36 labor rates, and fast-tracking techniques. It includes the gym equipment, bleachers, and finishes but excludes design and administrative costs. The \$375,000 structural enhancement estimate reflects anticipated renovations to the piling foundation and in the remaining portions of the building.
2. Design & Administrative - Assumes design cost at higher than normal, as related to rebuild / renovation / fast tracking approach. Administrative cost estimate assumes full services of a professional project manager / construction manager for the District, as related to the fast track approach.
3. Insurance Proceeds - Insurance proceeds to be derived will be based on the replacement costs of the building before the failure event and will not consider any design improvements therefrom. There will be no insurance proceeds to the cost contribution of the sloped roof over the remaining portion of the building, to the piling foundation fix, or to the remedial structural enhancements for the rest of the building. Those

costs will be to the District's account and represent the majority of this emergency funding request.

REBUILD PROJECT ESTIMATE

DEMOLITION

Clean-up of Debris \$ 90,000

CONSTRUCTION:

Gym Replacement - New Sloped Roof Design \$ 725,472

Sloped Roof Over Remaining Building 402,016

Structural Enhancements - Remaining Building 375,000

\$1,502,488

DESIGN & ADMINISTRATION

Architectural & Engineering \$ 160,000

Owner Administration & Project Management 200,597

360,597

Subtotal \$1,863,085

Contingency \$ 186,309

Project Estimate = \$2,139,394

INSURANCE PROCEEDS ANTICIPATED

Demolition \$ 30,000

Gym replacement with flat roof [const] \$ 562,826

Design & Owner Administration 84,424

\$ 677,250

REQUESTED AMOUNT FROM 1989 LEGISLATION

Rebuild Project Estimate \$ 2,139,394

Anticipated Insurance Proceeds (-) 677,250

\$ 1,462,144

REQUEST = \$ 1,462,000

SCHEDULE

The attached schedule shows the overall project tasks and targeted timeframes for completion by September 1, 1989.. It demonstrates the concurrency of events by Designer / Contractor / Owner / Manager necessarily dictated by the short overall time frame. Associated with an accelerated completion schedule is an accelerated cash flow requirement, tabulated and shown by month on the bottom of the schedule.

ALEGNAGIK SCHOOL - RECONSTRUCTION PROJECT SCHEDULE

1989

ACTIVITY	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT
GYM ROOF COLLAPSE	■							
INVESTIGATION / EVALUATION	▨							
Preliminary	▬							
Final		▬						
CLEAN UP GYM DEBRIS		▨						
PreConst Conf - NTP		▬						
Execution		▬						
DESIGN RECONSTRUCTION		▨	▨	▨				
Schematics		▬						
Structural Determinations		▬						
Design Development			▬					
Material Packaging			▬					
Contract Drawings				▬				
CONTRACTOR SELECTION		▨						
RFP-Selection		▬						
Contract Negotiations		▬						
PROCUREMENT			▨	▨	▨			
Conventional Framing Mat'ls			▬	▬	▬			
Gym Trusses			▬	▬	▬			
Interior Finish Mat'ls				▬	▬			
CONSTRUCTION				▨	▨	▨		
Mobilize				▬				
Structural Enhancements				▬	▬			
Reconstruct Gym Walls					▬			
Gym Trusses					▬			
Gym Roof					▬			
Exterior					▬			
Gym Interior						▬		
Frame Pitch Roof-Exist Bldg						▬		
Complete Roofing-Exist Bldg						▬		
\$ CASH FLOW \$2,139,393		\$68,060	\$283,060	\$239,637	\$474,462	\$850,209	\$223,965	

SUMMARY

Southwest Region School District faces two problems. First is the rebuilding of the gym and the second is the engineering finding that because of design and construction problems, there have been substantial effects on the stability of the remaining structure. The remaining portion of the Aleknagik School is not safe to house the current educational program. The two requests for funds that the District makes in this proposal are substantial structural enhancements of the foundation and remaining building, and the addition of a sloped roof over the entire building.

Insurance proceeds will only pay to replace what was previously designed and constructed. Without the additional funds for construction enhancement and a sloped roof over the entire building, the District will not be able to house students at Aleknagik.

The paramount reason for this request for State funds, in addition to the insurance proceeds is for the assured safety of the Southwest Region students. We request the 1989 legislature to issue a grant in the amount of \$1,462,000 in the Capital Improvement Projects bill to perform reconstruction and renovation described in this proposal.

Respectfully requested,

John Antonnen
Superintendent

CITY OF ALEKNAGIK

P.O. Box 33

ALEKNAGIK, ALASKA 99535

(907) 842-5953



GOVERNOR'S OFFICE

March 16, 1989

Governor Steve Cowper
State of Alaska
Office of the Governor
Juneau, Alaska 99811

Dear Steve,

Enclosed is a copy of Resolution 89-2 requesting assistance for funding for Aleknagik School, which was passed and approved during the regular council meeting on March 14, 1989. We would appreciate your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Patrick Aloysius Sr." is written over the typed name.

Patrick Aloysius, Sr.
Mayor

CITY OF ALEKNAGIK, ALASKA

Resolution 89-2

A RESOLUTION REQUESTING THE GOVERNOR, STATE DISTRICT REPRESENTATIVES, AND SOUTHWEST REGIONAL SCHOOL DISTRICT TO ASSIST IN ASSURING THERE WILL BE ADEQUATE FUNDING TO PROVIDE ALEKNAGIK STUDENTS A SCHOOL MEETING ALL HEALTH, SAFETY AND BUILDING CODES.

WHEREAS, the Aleknagik Gym collapsed February 8, 1989 trapping 6 students and rendering the total school inhabitable for an undetermined period of time, and

WHEREAS, this building constructed during 1982-83 has never been adequate to handle current student enrollment requiring classes to be held at times in city facilities as well as the past two years in one teacher housing unit and

WHEREAS, during the past three years settling of the piling foundation has caused concern requiring monitoring of the settling due to all piling not settling the same distance at the same time, and

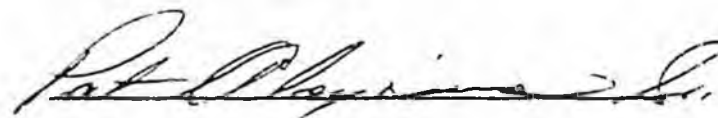
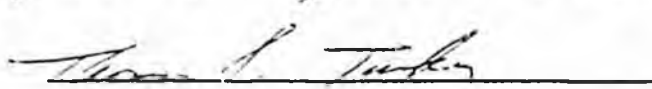
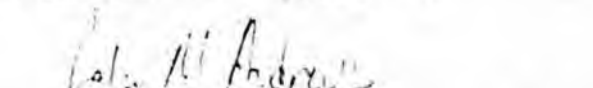
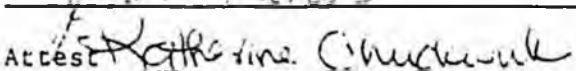
WHEREAS, the Mound Type Septic System, although still meeting code will require expensive renovation in the future, and

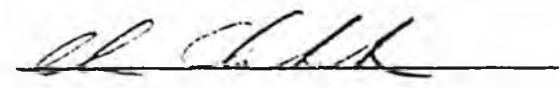

WHEREAS, the parents, council and children of Aleknagik have great concern over moving back into the remaining class room section and would prefer a complete new facility, now

THEREFORE BE IT RESOLVED by the City Council of the City of Aleknagik:

1. That two separate engineering firm opinions be obtained as to the safety of the classroom and piling foundation movement before the section is reopened to student use.
2. That the engineering opinions be given at a public meeting in Aleknagik where the public may participate.
3. That a study be made to establish if the school is adequate for current and 25 years future enrollment along with meeting all required codes before any additional monies are spent on reconstruction of failed section.
4. That the Department of Public Facilities and District Representatives confer with Southwest Regional School District as to adequate funding to assure our students a school which meets all codes.

PASSED AND APPROVED this 14 day of March 1989 by the City Council of the City of Aleknagik.




Attest 

State of Alaska, Village Safe Water

Village	Item	Emergency Operations		Assessment of Problem (all parties)	Immediate Repairs					Interim Operations (per month)			Final Repairs (Capital Cost Estimates)	
		City	School District		City	School District	W&S	FHS	Other	City	School District	Other	School Dist	VSW
Northak	Total Cost													
	Emergency operations during deep cold	3,908	5,768											
	Assessment of damages			4,000	(to date-2/15)									
	Construct water "jumper" across south loop (school to church) & convert MH to lift station, install 250' force main				2,700	4,080 (to date-2/15)			5,500 (mat)					
						2,500 (elec mode)			1,200 (freight)					
									4,660 (labor)					
									730 (air lines)					
									800 (eng)					
									280 (tool rental)					
	Repairs to school plumbing & Harman Nelson heaters				39,000									
	Install 4 each washing machines in school					500 (elec mode)			2,000 (mat)					
						2,000 (plumbing)								
	Install watering point at pumphouse							5,000						
	Honey buckets & water pails						1,375							
	Part time operator (monitor watering point, haul honey bucket waste, clean up laundry area, pump sewage)									1,300				
	Pumphouse operations (assume school continues to pay)									2,400				
	Supplies (honey bucket bags etc.)									210				
	Power for washers & heat traces										800 (waste with season)			
	Contingency								10,000					
	Sub total	3,908	5,768	4,000	2,700	48,000	1,375	5,000	25,000	3,590	800	0		
	Total by group		99,674	\$4,000			382,165			\$97,200			\$2,058,000	
	Final repairs (see attached sheet)									\$4,200 per month			(see attached)	
										200 to 10/80, 20 months				

Sec. 3

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So Water

Normal Operations (per month)			Final Repair (Capital Cost Estimates)	
City	School District	Other	School Dist	VSW

Definitions

Definitions

assumptions used in preparing
 cost estimates (All construction)

labor (fully burdened with overtime
 allowances) will average \$18/hr

cool down labor (fully burdened
 with overtime allowances) will
 average \$25/hr

assumptions for Nostok

not impacted by cold:

Well
 Pumphouse/water plant
 Storage tank

requiring remedial action:

10 LF force main destroyed
 10 LF gravity sewer destroyed
 manholes destroyed
 each sewer service destroyed
 10 LF PE waterline can be thawed &
 replaced
 each water service destroyed
 each fire connection destroyed

60,000 labor	
60,000 material	
24,000	
100,000	
28,000	
41,000	
<hr/>	
	\$314,000
510,000	
60,000	
10,000	
122,000	
80,000	
308,000	
20,000	
80,000 (both water & sewer)	
162,000	
227,000	
<hr/>	
	\$1,742,000
	2,000,000
Final Project Final Repair Costs	\$2,858,000

B

MEMORANDUM

State of Alaska ** Binkley*
Wallis
Yatfield

TO: Mike Irwin
Special Assistant
Office of the Governor

DATE: February 28, 1989

FILE NO: 12.B

TELEPHONE NO: 376-2337

FROM: *James S. [unclear]*
Ervin Paul Martin
Division of Emergency Services
Department of Military
and Veterans Affairs

SUBJECT: Tanana Elder's
Residence

Enclosed is a draft Declaration and Fact Sheet concerning cold weather damage to the City of Tanana's Elder's Residence.

The City of Tanana has submitted a local Declaration of Disaster Emergency for the loss of the fire sprinkler system in their Elder's Residence. The occurrence of the recent "Omega Block" caused the freeze up and destruction of the fire sprinkler system which is in place above the ceiling of the facility. To repair the system as is would require removal and replacement of either the ceiling or roof and the system would still be in jeopardy of freezing in the future.

~~It would cost less to abandon the old, burst system and replace it with a new system that hangs down into the room and is exposed to normal room temperatures.~~

The Elder's Residence is home for up to ~~individuals~~ / including blind and invalid persons. The building is part of the old Public Health Service Hospital and is leased to the City of Tanana. ~~the burden for maintenance and building code compliance upon the City.~~ For the Elder's Residence to be without the sprinkler system is a threat to life of the residents.

The State Fire Marshal's Office requires a plan review for sprinkler systems to assure fire code compliance. Recovery costs will therefore require both engineering design costs and plan review costs by the Division of Fire Prevention.

I am recommending the use of Disaster Relief Funds to assist the City of Tanana in recovering from the loss of the Elder's Residence fire sprinkler system and that funding be as follows.

Public Assistance	\$68,000.00
Administration	\$10,000.00

Sec. 4

FACT SHEET

ADES/MIKE BIRD
249-1370
February 28, 1989

A. SUBJECT Tanana Elders Residence

B. BACKGROUND During the recent cold period the fire sprinkler system in the Tanana Elder's Residence suffered major damage due to freezing. The Residence is operated by the City of Tanana's Health and Social Services and is partially funded by the Older Alaskans Commission. The residence houses up to 16 elderly including blind and incapacitated individuals.

C. FACTS BEARING ON THE SUBJECT

1. Facts:

- a. ~~System~~ is required by building code (therefore State Fire Marshal) and presents a threat to life while inoperable.
- b. To repair the system in place would require reconstruction expenditures equivalent to the cost of replacing the present above ceiling system with a below ceiling system that would be less likely to freeze in the future.

*

~~Liability Insurance on the~~

2. Actions Completed: Fact finding through Tanana Chiefs Conference, Older Alaskan's Commission, Public Health Service, Village Safe Water, City of Tanana and State Fire Marshal's Office.

3. Actions Required: Recommend that a declaration of disaster be signed by the Governor to provide funding for reconstruction of the sprinkler system.

Sec. 5

Division of Emergency Services

Summary of damages claimed by the City of Nome

Damages to streets	
26 blocks of surface	\$550,376.00
Damages to water and sewer system (including damage to school property caused by water leaks)	
Repair to fire hydrants	12,000.00
Repair to water reservoir	15,000.00
Modification of steam boiler for extreme cold	7,000.00
Repair of line breaks & repair to streets	300,000.00
Engineering	20,000.00
Repairs to school property	63,875.00
	Total water & sewer
	\$417,875.00
	Total damages for City of Nome
	\$968,251.00

Cold weather bill

MEMORANDUM

State of Alaska

TO Jeff Morrison
Admin. Support Svs. Division
Department of Military
and Veterans Affairs

DATE March 9, 1989

FILE NO

GOVERNOR'S OFFICE

TELEPHONE NO

376-2337

FROM *E. Paul Martin*
Ervin Paul Martin, Director
Division of Emergency Services
Department of Military
and Veterans Affairs

SUBJECT Statewide Emergency
Response Activities

Yesterday we telecopied our complete files on the following disaster related activities:

Sec. 7

1. North Slope Borough
2. Northwest Arctic Borough
3. Saint George
4. Sand Point
5. Ahkiok
6. Tanana
7. Letter to FEMA requesting preliminary damage assessment team.

NOT included was a breakout of expenditures that are being handled under the Governor's Statewide Emergency Declaration which was signed by the Governor on January 28, 1989. Included under this declaration are emergency response actions that cover a wide range of activities. The following is a summary of costs incurred to date under that particular declaration:

cal
PKBT
USA
BBE

- | | | |
|----|---|-----------|
| 1. | Emergency repairs to water and sewer systems statewide. Over 50 communities involved. Damage was relatively minor and for the most part was 15,000 or less per community. Money has been RSA'd to VSW for project management. | \$261,000 |
| 2. | Open up road to Whale Pass. Money RSA'd to DOT/PF. | \$184,400 |
| 3. | Open road to Slana. Money RSA'd to DOT/PF | \$ 25,000 |
| 4. | Open wood cutting road in Interior Region. Money RSA'd to Division of Forestry. | \$ 2,000 |
| 5. | Resupply of food and other essential items to Lime Village, Takotna, Nicolai and Telida. Cost includes air transportation. | \$ 14,500 |

6.	Fuel and air transportation costs for Manokotak.	\$ 13,440
7.	Space heaters for Klawock.	\$ 2,000
8.	Stream clearance at Hyder.	\$ 6,000
9.	Emergency fuel airlift charges. We paid transportation - villages paid for fuel.	
a.	Manokotak (second requirement)	\$ 16,600
b.	Tuntutuliak	\$ 20,000
c.	Eek	\$ 9,000
d.	Noorvik	\$ 22,500
e.	White Mountain	\$ 7,723
f.	Tuluksak	\$ 6,750
g.	Cordova (required different grade of fuel)	\$ 23,875
h.	Unalakleet	\$ 29,400
i.	Karluk	\$ 9,400
10.	Open road to Tetlin.	\$ 5,000
11.	Energy assistance to individuals.	\$100,000
12.	Mekoruk - damage to public facilities.	\$ 2,500
13.	Engineering services.	\$ 10,460.69
14.	Technical assistance to Thorne Bay Fire Department.	\$ 330
15.	Aerial resupply of food and essential items to Birch Creek.	\$ 18,918.96
16.	Grader rental to open road to Thorne Bay.	\$ 1,375
17.	Grader rental to open road to Whale Pass.	\$ 3,930
18.	Aerial resupply of food and essential items to children of a family stranded in an isolated cabin.	\$ 2,000
TOTAL TO DATE		\$621,892.05

* Costs to reimburse Red Cross for various services and National Guard expenses are unknown at this time.

* Based upon the above we estimate total costs for this portion of the disaster will be in the \$800,000 to \$1,000,000 range.

Page 3
March 9, 1989

Incidentally, Nome has indicated that damage to their water and sewer system may now go over the \$1,000,000 mark. They are still doing their assessment and don't anticipate formally requesting a declaration before March 17.

cc: Mike Irwin
Special Assistant
Office of the Governor



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

April 21, 1989

TO: Senator Mike Szymanski
FROM: Senator Jay Kerttula
SUBJECT: Senate Bill 292, cold-weather disaster bill

A handwritten signature in cursive script, appearing to read "Kerttula", written over the "FROM:" line of the letter.

During the winter storms in early 1989, KCHU in Valdez experienced severe damage to their transmission system and studio. Senate Bill 292 addresses the problems incurred by communities during this storm.

I would appreciate it if you would offer the following amendment to Senate Bill 292 when it is up in the Senate Community and Regional Affairs Committee; it is scheduled for a hearing on April 25:

*Sec. The sum of \$22,960 is appropriated from the general fund to the Department of Administration, Alaska Public Broadcasting Commission, for payment as a grant under AS 37.05.316 to KCHU Radio Station in Valdez, for transmission site and studio repairs.

High winds and extreme temperatures during the first few weeks of 1989 caused KCHU to go off the air several times. The specific damage incurred was to the Antenna and Ground system and a failure of the transmitter shelter's insulation and heating system. At our Studio/office facility the air intakes to our air handling/heating/ventilation system were jammed with snow, causing the heating element to freeze and burst the plumbing. The resulting flood in our newsroom/operations office caused considerable additional damage. The entire core unit of the air handler must be replaced to meet code.

This project request is for funds to replace the air handling system in our studio suite, install protective louvers to prevent a recurrence, and repair or replace the equipment, furniture and fixtures damaged by the flooding. We will also repair the Antenna/Ground system interface at our transmitter site, upgrade anchors & guys on the tower and shelter retrofit additional insulation and roof support for the shelter, install a fuel tank and oil heater and replace/repair transmitter site fencing.

Our cost estimates were prepared in consultation with local suppliers, contractors and the project supervisor of our original construction effort. We feel they represent a realistic view of the costs to bring KCHU back to full operational capability and provide some needed preventive maintenance for our basic plant.

I. KCHU Studio Repairs (128 Pioneer Drive, Valdez)

- A. Air Handling/Heating System...replacement & repair
New heat exchange unit, new ducting, new controls & louvers, new fan motor & controls, repair duct vents to outside.
ESTIMATE: Labor @ \$2305, Materials @ \$3700, TOTAL: \$6005
- B. Studio Building Repair/Renovation...Repair or replace water damaged ceiling, shelving & walls, move Satellite downlink electronics rack, rewire power supply, replace water damaged electronics, rebuild/relocate front & rear entrance stairs.
ESTIMATE: Labor @ \$3155, Materials @ \$3400, TOTAL: \$6555

II. Transmitter Site repairs (Old Town City Lease Land)

- A. Tower & Antenna System repair...Recondition anchors & guys, repair & replace tower fence, install new Antenna/Ground interface and replace ground system as needed.
ESTIMATE: Labor @ \$3520, Materials @ \$2300, TOTAL: \$5820
- B. Transmitter Shelter repair/upgrade...Install load bearing partition wall, install additional insulation & vapor barrier, install large capacity oil tank & oil heater, install remote environment sensors (wind velocity, inside & outside temps).
ESTIMATE: Labor @ \$2465, Materials @ \$2115, TOTAL: \$4580

III. SUMMARY OF PROJECT EXPENSES

	LABOR	MATERIALS	TOTALS
I.A. Air/heat system	\$2,305	\$3,700	\$6,005
I.B. Studio Building repair	\$3,155	\$3,400	\$6,555
II.A. Tower & Antenna system	\$3,520	\$2,300	\$5,820
II.B. Transmitter Shelter	\$2,465	\$2,115	\$4,580
PROJECT REQUEST TOTALS:	\$11,445	\$11,515	\$22,960

S B

296

9
SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 4.21.89
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

FURTHER

L&C
FIN

4/20/89

DATE TURNED INTO OFFICE 4.26.89

Mr. President:

C&RA

Committee considered

SB 296

establishing the business incentive program; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

COMMERCE
 fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Mr. J. J. [Signature] - if amended

Pat [Signature] no do work

Al Adams - No Rec
Chair : signature and recommendation

Committee backup attached

1 IN THE SENATE BY RODEY, FAIKS, AND PEARCE

2 SENATE BILL NO. 296

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the business incentive program;
7 and providing for an effective date."

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

9 * Section 1. AS 44.88 is amended by adding new sections to read:

10 ARTICLE 6B. BUSINESS INCENTIVE PROGRAM.

11 Sec. 44.88.600. BUSINESS INCENTIVE REVOLVING FUND. (a) The
12 business incentive revolving fund is established in the authority.
13 The fund consists of money appropriated to it by the legislature,
14 repayments of the principal of grants made from the fund, and other
15 money that is received by the fund as grants or donations.

16 (b) The money in the fund shall be used solely to make grants to
17 municipalities

18 (1) for business incentive programs; and

19 (2) for the expansion of publicly-owned roads, ports,
20 airports, utilities, and other public works needed for the business
21 incentive programs under (1) of this subsection.

22 Sec. 44.88.610. GRANT COVERAGE. (a) Items that may be paid for
23 by a grant under AS 44.88.600(b)(1) include

24 (1) training expenses for permanent jobs created by the
25 program;

26 (2) a portion of the cost of interest on loans obtained
27 from other sources and used for the purchase and installation of
28 manufacturing equipment for the program.

29 (b) Training expenses for the jobs needed to construct

1 facilities for the business incentive program or for jobs in a petro-
2 leum-development-related business incentive program may not be paid
3 for by a grant under AS 44.88.600.

4 Sec. 44.88.620. APPLICATIONS FOR GRANTS. (a) To obtain a grant
5 under AS 44.88.600 for a business incentive program, a privately-owned
6 business shall submit an application to the municipality where the
7 program would be implemented.

8 (b) A municipality shall screen the applications that it re-
9 ceives under (a) of this section. If a municipality approves an
10 application, the municipality shall submit an application to the
11 authority for a grant for the business incentive program proposed by
12 the approved application. When submitting the application, the munic-
13 ipality may add on to the grant request a request for money to cover
14 the municipality's expansion of publicly-owned roads, ports, airports,
15 utilities, and other public works needed for the proposed business
16 incentive program.

17 (c) An application under (b) of this section must demonstrate
18 that all other financial sources for the business incentive program
19 have been used or exhausted and that appropriate performance guaran-
20 tees or other commitments have been or will be entered into to ensure
21 that the business incentive program will be completed and that the
22 predicted number of jobs will be created.

23 (d) An application under (b) of this section must demonstrate
24 that the privately-owned business has a line of credit with a finan-
25 cial institution sufficient to cover the program or a performance bond
26 for the program.

27 Sec. 44.88.630. NOTICE OF GRANT APPLICATIONS. When the authori-
28 ty receives a grant application from a municipality under AS 44.88.-
29 620, the authority shall notify all municipalities by mail that the

1 application has been filed.

2 Sec. 44.88.640. ACTION ON GRANT APPLICATIONS. The authority
3 shall take action on an application under AS 44.88.620 within 30 days
4 after the application has been filed with the authority.

5 Sec. 44.88.650. ADMINISTRATION OF GRANTS. A municipality that
6 receives a grant under AS 44.88.600 - 44.88.700 shall retain that part
7 of the grant that is to be used for the expansion of the public works
8 needed for the business incentive program. The municipality shall
9 make a grant of the balance to the business that proposed the business
10 incentive program. The municipality shall be responsible for adminis-
11 tering the grant made to the business, but may contract out the admin-
12 istration to the entity selected under 29 U.S.C. 1513 to administer
13 programs under 29 U.S.C. 1501 - 1781 (Job Training Partnership Act) in
14 the area where the business incentive program will be implemented.

15 Sec. 44.88.660. GRANT LIMITATION. The total amount of a grant
16 from the fund for a business incentive program may not exceed \$7,500
17 for each job estimated to be created by the program.

18 Sec. 44.88.670. REPAYMENT. (a) A grant for a business incen-
19 tive program must require that the privately-owned business will repay
20 to the fund all or a portion of the grant if the business incentive
21 program does not create the number of new jobs stated in the grant
22 agreement.

23 (b) Repayment under (a) of this section shall be made on the
24 terms established by the authority. Repayment bears interest from the
25 date the grant was made to the municipality at a rate that will
26 approximately cover the rate of inflation calculated by the authority. ?

27 Sec. 44.88.675. ACCOUNTING FOR CERTAIN MONEY. The authority
28 shall deposit in the general fund all interest, including interest
29 collected on delinquent payments, and other money, except repayment of

1 the principal of a grant, collected under AS 44.88.600 - 44.88.700.
2 The commissioner of administration shall separately account for the
3 money deposited in the general fund under this section. The annual
4 estimated balance in the account may be used by the legislature to
5 make appropriations to the authority to carry out the purposes of
6 AS 44.88.600 - 44.88.700.

7 Sec. 44.88.680. DISTRIBUTION OF GRANTS. The authority shall
8 equitably distribute the grants from the fund throughout the state. A
9 municipality may not receive a total amount of business incentive
10 program grants in one calendar year that exceeds 25 percent of the
11 money available from the fund for grants during that calendar year.
12 The authority may not make grants for business incentive programs in
13 one judicial district during one calendar year that exceed 50 percent
14 of the money available from the fund for grants in that calendar year.

15 Sec. 44.88.690. ANNUAL REPORT. On or before the 30th day of
16 each regular legislative session, the authority shall file a report
17 with the governor and the legislature on the authority's activities
18 under AS 44.88.600 - 44.88.700 during the preceding calendar year.

19 Sec. 44.88.695. REGULATIONS. The authority shall adopt regula-
20 tions under AS 44.88.085 establishing the terms and conditions for
21 grants under AS 44.88.600 - 44.88.700 and otherwise implementing
22 AS 44.88.600 - 44.88.700.

23 Sec. 44.88.700. DEFINITIONS. In AS 44.88.600 - 44.88.700,

24 (1) "business incentive program" means a program by a
25 privately-owned business to provide new permanent jobs through new or
26 expanded business operations that substantially serve markets outside
27 the state or that provide goods or services not generally provided by
28 busin eses located in the state;

29 (2) "fund" means the business incentive revolving fund.

1 * Sec. 2. AS 44.88.080 is amended by adding a new paragraph to read:

2 (25) to make grants under AS 44.88.600 - 44.88.700.

3 * Sec. 3. AS 44.88.190(b) is amended to read:

4 (b) Except for the funds in the business incentive revolving
5 fund under AS 44.88.600 and money collected under AS 44.88.600 -
6 44.88.700, the [THE] funds, income, or receipts of the authority may
7 [SHALL] not be considered or constitute money of the state, nor may
8 [SHALL] real property in which the authority has an interest be con-
9 sidered land owned in fee by the state or to which the state may
10 become entitled or in any way land belonging to the state, or state
11 land referred to in Art. VIII of the Alaska Constitution.

12 * Sec. 4. AS 44.88.210 is amended by adding a new subsection to read:

13 (c) This section does not apply to AS 44.88.600 - 44.88.700.

14 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Sunset provision

AL;

THIS IS FISHY. IT LOOKS LIKE A CAPITAL IMPROVEMENT PROJECT BILL FOR URBAN AREAS.

SEE PAGE 4 LINES 7-14 UNDER DISTRIBUTION OF GRANTS.

THE 25% PROVISION BY JUDICIAL DISTRICT ONLY APPLIES TO THE \$7,500 PER JOB PORTION OF THE GRANTS.

50% OF THE MONEY COULD GO TO ONE JUDICIAL DISTRICT IN A YEAR FOR PUBLIC WORKS PROJECTS.

SEE PAGE ONE LINES 19-21- THIS IS WHAT I THINK THE BILL IS REALLY ABOUT. THEY SEPARATED THE BUSINESS INCENTIVE PROGRAM FROM THE PUBLIC WORKS PROJECTS PORTION VERY CRAFTILY AND THROUGHOUT THE BILL TALK ABOUT THE BUSINESS INCENTIVE PROGRAM AS FAR AS REPAYMENTS AND AVOID THE PUBLIC WORKS PORTION.

SEE QUESTIONS ASKED BY COMMERCE BUT OTHER GOOD QUESTIONS WOULD BE

① COULD A BOROUGH APPLY FOR THESE GRANTS? (IT JUST SAYS MUNICIPALITIES)

WHY IS THERE NO LIMITATION ON THE AMOUNT OF A GRANT FOR THE PUBLIC WORKS PROJECTS WHEN THERE IS FOR THE JOBS ACQUIRED THROUGH THE BUSINESS INCENTIVES.

LOOK AT THE DEFINITIONS PAGE 4 LINE 24: A BUSINESS WOULD HAVE TO "SUBSTANTIALLY SERVE MARKETS OUTSIDE THE STATE" OR PROVIDE GOODS AND SERVICES NOT GENERALLY PROVIDED BY BUSINESS LOCATED IN THE STATE." THAT MEANS THAT HANSENS, OR PRACTICALLY ANY OTHER BUSINESS IN YOUR DISTRICT WOULD BE AUTOMATICALLY DISQUALIFIED.

WHY THIS PROVISION?

COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
APRIL 25, 1989

SB 296: AN ACT ESTABLISHING THE BUSINESS INCENTIVE PROGRAM AND
PROVIDING FOR AN EFFECTIVE DATE
SPONSOR: RODEY, FAIKS AND PEARCE
FISCAL: COMMERCE FY90 \$77.4

THE NEXT BILL BEFORE THE COMMITTEE IS SENATE BILL 296, AN ACT ESTABLISHING THE BUSINESS INCENTIVE PROGRAM AND PROVIDING FOR AN EFFECTIVE DATE. THIS BILL SETS UP A GRANT PROGRAM THROUGH THE ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY TO PROVIDE GRANTS FOR TWO THINGS. ONE IS FOR BUSINESS INCENTIVE PROGRAMS AND THE OTHER IS FOR THE EXPANSION OF PUBLICLY OWNED ROADS, PORTS, AIRPORTS, UTILITIES AND OTHER PUBLIC WORKS NEEDED FOR THE BUSINESS INCENTIVE PROGRAM. FUNDS WOULD BE APPROPRIATED TO AIDA FOR THIS PURPOSE, AND THEN PASSED THROUGH MUNICIPALITIES FOR THE PUBLIC WORKS PROJECTS OR TO QUALIFYING BUSINESSES.

SENATOR RODEY IS HERE TO TESTIFY FURTHER ON THIS BILL.

RON GARZINI
DAN DUNSHEE- CHAIR, ECONOMIC DEV COUNCIL
BERT WAGNON
LINDA WILDE
PLASMAN

Patrick M. Rodey
Senator

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-3793

DATE: April 15, 1989
TO: Members of the State Senate
FROM: Senator Pat Rodey *PMR*
SUBJECT: Co-sponsorship of the Business Incentive Program
(enabling legislation)

Attached you will find a copy of draft legislation that I will be introducing April 19, establishing The Business Incentive Program.

The purpose of this legislation is to establish a program through the Alaska Industrial Development Authority to enhance the ability of local governments to attract new businesses to their communities.

This program would allow businesses to buy down the interest rates on loans for the purchase of manufacturing equipment, pay for infrastructure related to the project, and onetime job training expenses for new job creation.

Local governments would make application to the fund on behalf of private companies. They would be required to bring a formal resolution in favor of the project and demonstrate that all other possible funding sources have been fully utilized. No single municipality could spend more than 25 percent of monies available in the fund in any year, thus ensuring equitable geographic distribution. This legislation would apply to new projects as well as the expansion of existing primary industry projects.

If you are interested in co-sponsorship of this legislation please call my legislative aide, Mark Begich at 465-3793 or in Anchorage at 337-6748.



Arkansas

Arkansas has the lowest overall per capita tax burden of any state in the nation. In addition, tax freedom day, the day the average taxpayer has earned enough to pay state and local taxes for the year, is February 1.

"Arkansas has a comprehensive set of development incentives designed to quickly assist private businesses to locate, grow and profit by being in Arkansas. Probably the most important attraction Arkansas offers is the productivity of our people. You don't have to take my word for it, ask the people who manage plants here in Arkansas."

Gov. Bill Clinton
Governor's Office
State Capitol
Little Rock, AR 72201
(501) 371-2345

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Arkansas Industrial Development Commission
One State Capitol Mall
Little Rock, AR 72201
(501) 371-1121
Contact: Dave Harrington, executive director

INNOVATIONS

Technology Fund
With \$3.6 million to invest in technology-based companies and

university research programs, the Arkansas Science and Technology Authority (ASTA) was established to encourage the development of new high-technology companies. ASTA's Applied Research Partnership Program has \$1.8 million available for research projects. To be eligible for the funds, a project also must be funded by a matching grant from a private-sector sponsor.

Bond Program

The Arkansas Development Finance Authority (ADFA) issues both tax-exempt and taxable revenue bonds for manufacturing and agricultural businesses, an alternative to long-term, fixed-rate financing. By using ADFA's Bond Guaranty Program, companies gain a better credit rating and reduce debt service. ADFA also helps small companies by issuing bonds for several projects on a pooled basis.

Capital Corporations

A nonprofit financial institution, the Arkansas Capital Corp. (ACC) offers financial assistance to new and established companies. Loans and shared risks are just two of the options available to Arkansas businesses.

The ACC also works with the for-profit Arkansas Capital Development Corp. to provide higher-risk

financing. This partnership utilizes both state and private funds to assist eligible companies.

Matchmaker Program

Arkansas Matchmaker, a program of the state's Industrial Development Commission, is designed to put Arkansas manufacturers in contact with other in-state companies that can supply parts and services at a competitive price. One Matchmaker Program displays locally produced parts and services that manufacturers in the area might want to buy. Another program features a computer cross-matching system based on SIC codes.

TRAINING

The goal of the Arkansas Industry Training Program (AITP) is to provide intensive training and retraining of manufacturing workers to meet the technical manpower needs of Arkansas' new and expanding industries. Every AITP project is designed to meet the specific needs of the participating company.

EDUCATION

More than 300 high schools in Arkansas offer both general and occupation-specific courses in their vocational education pro-

grams. Nine area high school vocational centers offer job-specific programs based on work force demands in the local areas.

NATURAL RESOURCES

Rich in natural resources, Arkansas possesses a wide variety of minerals with an annual production value of approximately \$470 million. In fact, 50% of the state's mineral income is derived from petroleum, natural gas and coal. Arkansas also supplies 85% of the nation's domestic bauxite, and the state has the only diamond mine in North America. In addition, Arkansas has more than 18 million acres of commercial-quality forestland.

A BRIEF GLIMPSE

Companies doing business in Arkansas find high worker productivity and the state's relatively low wage rate to be beneficial. In a statewide survey of manufacturing managers, more than 70% said that their workers were more concerned with getting the job done than with quitting time; almost 80% believed their workers could be trained to handle sudden technological advances in production; and almost 100% stated that their employees would compete favorably with work forces in other states. Affordable housing and plentiful recreational opportunities contribute to the state's desirable quality of life.

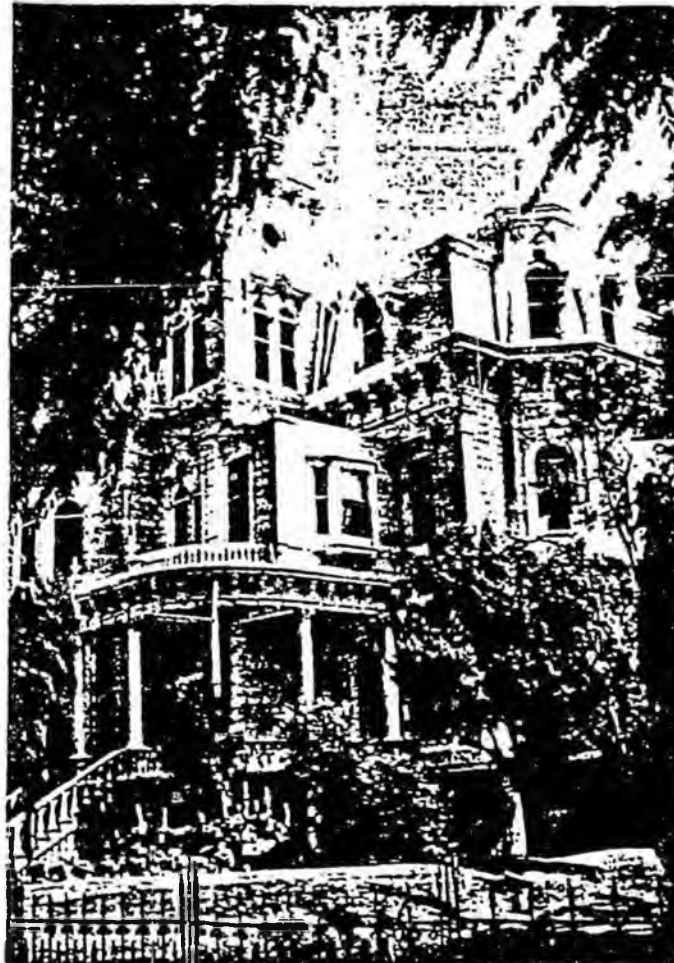
CALIFORNIA

With a population of more than 26 million people, California represents the largest consumer market in the nation, and the seventh largest economy in the world.

"Five years ago, California's negative business climate was acknowledged by many to be one of the worst in the nation. However, with our administration's help, the state's economy has regained its leadership position. California is now considered one of the best places in the country to do business. More than 1.9 million jobs have been created in the last five years. And, during the same time period, over 1,700 companies have decided to expand or locate major new facilities in California. Personal income is up by 40% and housing starts are at their highest levels in 20 years. Unemployment is down to around 6%.

"The goal of our economic development policies is to provide opportunities for all Californians. We will not be satisfied until everyone has the opportunity to participate in California's golden legacy of prosperity."

Gov. George Deukmejian
State Capitol
Sacramento, CA 95814
(916) 445-4571



Built in 1878, the old governor's mansion in Sacramento has been home to 13 California governors, including President Ronald Reagan, who was the last occupant in 1967.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

California Department of Commerce
Office of Business Development
1121 L Street, Suite 600
Sacramento, CA 95814
(916) 322-5665
Contact: Jim Rinehart, deputy director

INNOVATIONS

Loan Program

Direct loans to assist entrepreneurs and small businesses are available through the California Innovation Development Loan (CIDL) program. With a budget of more than \$2 million, the CIDL program awards financing for

both fixed assets and working capital. Awards range from \$100,000 to \$500,000.

For information contact: Oscar Wright, director, Office of Small Business, (916) 445-6545

Business Centers

California has established a network of Small Business Development Centers to assist new technology-oriented businesses. These centers offer a range of services, including: management and technical counseling, resource and product development assistance, a small business incubator program, and a technology transfer program. Centers are located in the San Francisco Bay Area, Los Angeles and San Diego.

For information contact: Small Business Development Center, (916) 324-8102

Supercomputer Center

The University of California at San Diego is home to one of four nationwide supercomputer centers. Staffed by personnel from GA Technologies, the supercomputer center will allow 200 researchers—working from individual desktop terminals—to obtain desired results within seconds, instead of hours. The San Diego Supercomputer Center is partially funded by a grant from the National Science Foundation.

TRAINING

California's Employment Training Panel provides funds to train workers needed by new or expanding businesses. Since 1983, over \$70 million has been committed to train more than 20,000

employees for companies such as Sonoco, NEC Corp. and New United Motors Manufacturing Inc. A panel of seven businesspeople handles paperwork and develops the training programs. Grants have ranged from \$12,000 to \$5 million.

For information contact: Central Valley Office, (916) 344-3625; Los Angeles Office, (213) 744-2037; San Francisco Bay Area Office, (415) 570-5826

EDUCATION

California's universities produce more Nobel prize winners, top management executives and engineers than any other state's. The University of California at Berkeley, Stanford University and the University of California at Los Angeles are three of the top five graduate schools in the nation. In addition, California ranks number one nationally in the number of students enrolled in vocational/educational programs at local community colleges and technical schools.

TRANSPORTATION

More vessels call at the ports of Los Angeles and Long Beach than any other American port—6,700 vessels annually, carrying over 4 million tons of cargo. California's 800 airports link the state to major domestic and international markets. More than 15,000 miles of toll-free highways—enough to cross the nation five times—allow for economical and efficient ground distribution.

A BRIEF GLIMPSE

From computer components in Silicon Valley to wine and almonds in the Central Valley, California has a diverse economy. Manufacturing, natural resources development and the service sector are the state's main industries. Located on the edge of the Pacific Rim, California also has become one of the major trading and investment partners with Canada, Asia and Latin America.

c * a * n * a * d * a

INNOVATIONS

The Newfoundland and Labrador Development Corp. (NLDC) was established to provide financing to new and expanding small businesses. NLDC will finance projects where capital cost, excluding working capital, does not exceed \$2.5 million. Assistance is granted in the form of loans and equity.

RESEARCH

Several research and development agencies and centers of excellence in Newfoundland provide support to companies engaged in fishing, offshore petroleum drilling and exploration, and marine development. Institutions engaged in research and development include the Memorial University of Newfoundland and the Department of Fisheries and Oceans Canada.

NOVA SCOTIA
Halifax, the province's capital, the financial and commercial center of Atlantic Canada.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Development
World Trade and Convention Center
1800 Argyle Street
Halifax, Nova Scotia B3J 2R7
(902) 424-8920
Contact: Hon. David Nantes, minister of small business

INNOVATIONS

Advancement Program
Nova Scotia's Technology Advancement Program (TAP) provides assistance to manufacturing and technology-oriented companies that are in the process of upgrading current facilities. Loans can be granted for the purchase of equipment, software or services related to these improvements.

Collaboration Program
Like TAP, Nova Scotia's Technology Collaboration Program is administered through the Canada Nova Scotia Technology Transfer and Industrial Innovation Agreement. This program was established to promote technology transfer between research institutions and business.

RESEARCH

Nova Scotia is home to many prestigious research institutions, including the Bedford Institute of Oceanography—the largest ocean research facility in Canada—the Nova Scotia Research Foundation, the National Research Laboratory and the Nova Scotia Pathology Institute. Nova Scotia also has more universities compared to its population than any other province in Canada.

ONTARIO
Ontario is considered the industrial heartland of Canada, as the province produces more than half of all Canadian exports to the United States, and purchases over 70% of the American imports to Canada.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Ministry of Industry, Trade and Technology
U.S. & Latin American Branch
900 Bay Street, 5th Floor
Toronto, Ontario M7A 2E1
(416) 965-5702
Contact: Peter Wilson, Investment Division

INNOVATIONS

The province's Ministry of Industry, Trade and Technology operates six offices in the United States as adjuncts to its head office in Toronto. Services provided by the ministry include offering data to support feasibility studies, access to information on government programs, site-location assistance, supplier sourcing, and assistance with joint venture and licensing agreements.

PRINCE EDWARD ISLAND
Canada's only island province, Prince Edward Island is looking beyond its tourism and agriculture industries to develop a more diversified economy.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Industry
Shaw Building, P.O. Box 2000
Charlottetown,
Prince Edward Island C1A 7N8
(902) 369-4244

Contact: Colin Jackson, director,
Industrial Development Division

INNOVATIONS

The province's Rental Incentives to Industry Program was established to provide new and expanding industries with rental incentives similar to those that companies receive when they locate in industrial malls in the Charlottetown and Summerside areas. The amount of subsidy is graduated each year, but eligible companies can receive up to \$3.00 per square foot for a maximum of 3,000 square feet.

FINANCIAL ASSISTANCE

Term loans are provided to new and existing companies in Prince Edward Island to help finance equipment purchases and to provide working capital. Bridge financing related to approved federal incentive grants also is available. For new industry, loans may be approved for up to 75% of a project's cost. For existing industry, loans may be granted for up to 100% of the capital costs. For information contact: Don Baker, executive director, Prince Edward Island Development Agency, (902) 566-1122

QUEBEC
Consumer rates for hydroelectricity have traditionally remained low throughout Quebec.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Ministere de L'Industrie et du Commerce
Industrial Promotion Service
770 Sherbrooke Street West
8th Floor
Montreal, Quebec H3A 1G1
(514) 873-3530
Contact: Robert Jones, director

INNOVATIONS

Manufacturing Assistance
The government of Quebec established the Investment Assistance Program to provide financial assistance to manufacturers involved in progressive, technology-oriented projects. To be eligible, the company must be engaged in producing goods that are competitive in the domestic or interna-

tional market, and the enterprise must invest a minimum of \$50,000 in machinery and equipment.

RESEARCH

Research performed by businesses in Quebec accounts for 22% of all the research conducted in Canada and almost 60% of the total research projects in Quebec. In addition, many provincial and federal agencies have established research centers in the province, including the Biotechnology Research Institute in Montreal, the Canadian Workplace Automation Research Centre in Laval and the Food Research Center in St-Hyacinthe.

SASKATCHEWAN
Although agriculture is Saskatchewan's mainstay, the province's high-technology industry grows more than \$80 million annually.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Economic Development and Trade
2103 11th Avenue
Regina, Saskatchewan S4P 3V7
(306) 787-2202
Contact: Ian Sinclair, Industrial Incentive Program

INNOVATIONS

The province's Industrial Incentive Program was established to stimulate investment and create employment in manufacturing and processing. Through this program, the province will provide 7,500 for each permanent job created when an eligible company expands or invests in Saskatchewan. Provincial investment will not exceed 25% of the company's capital costs.

TRAINING

Saskatchewan's Advanced Technology Training Center is a partnership between private industry and government. Its goals are to provide industry-specific training programs and short, specialized retraining courses. Based at the Kelsey Institute in Saskatoon, the center works with the Saskatchewan Research Council, the University of Saskatchewan and the University of Regina to design training programs.

c * a * n * a * d * a



KEY ECONOMIC DEVELOPMENT ORGANIZATION

Office of the Minister
 Alberta Economic Development
 320 Legislature Building
 Edmonton, Alberta T5K 2B6
 (403) 427-5273
 Contact: Ron Blake, assistant deputy minister, small business and industry development

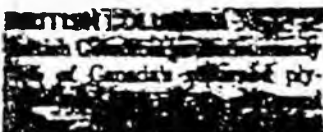
INNOVATIONS

The government of Alberta has established two financing programs to assist new and expanding small businesses: the Alberta Opportunity Co. and the Small Business Equity Corporations Program. The Alberta Opportunity Co. is a crown corporation that provides management assistance, loans and loan guarantees to businesses that cannot obtain conventional financing. The Small Business Equity Corp. is designed to stimulate privately organized and managed pools of equity capital that is used for investments in eligible small businesses.

RESEARCH

A variety of programs have been established in the province to foster innovation and to promote technology transfer between universities and private industry. In 1986, the Alberta Department of Technology, Research and Telecommunications was created with that goal in mind. The Alberta Research Council, begun in 1921, spends more than \$40 million annually on programs to benefit the province's natural resources sector. In addition, three research parks are located in the province: two in Calgary and one in Edmonton.

For information contact: Judith Heartwell, communications director, Department of Technology, Research and Telecommunications, (403) 422-0561



The Edmonton, Alberta skyline.

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Ministry of International Trade, Science and Investment
 800 Hornby Street, Suite 315
 Vancouver, British Columbia V6Z 2C5
 (604) 387-6700
 Contact: Stan Dubas, deputy minister

INNOVATIONS

The province's Industrial Diversification Program provides funds to new and expanding businesses that have capital costs of more than \$2 million. Sectors being targeted for these funds are advanced technology, specialized machinery and equipment manufacturing, and ocean industries.

RESEARCH

The Advanced Systems Institute, a new research center, was established to promote technology transfer between universities, industry and government. The foundation's objectives are to maintain state-of-the-art research facilities and to encourage computer-related innovations. For more information contact: Dave Broussan, acting director, Advanced Systems Foundation, (604) 435-0551

FINANCIAL ASSISTANCE

New and expanding businesses in British Columbia may be eligible for financial assistance through the province's Small Manufacturers' Incentive Program. Eligible companies include those engaged in the manufacturing, processing and advanced technology industries. Project costs cannot exceed \$250,000.



KEY ECONOMIC DEVELOPMENT ORGANIZATION

Industry, Trade and Technology
 305-155 Carlton Street
 Winnipeg, Manitoba R3C 3H8
 (204) 945-2287
 Contact: Pat Leslie, manager of investment promotion

INNOVATIONS

Manitoba's Technology Commercialization Program was established to promote technology in the province. The three key elements of the program are: identifying and supporting innovative technological ideas; providing seed funds to eligible budding ventures; and transferring technology from research labs to the business sector.

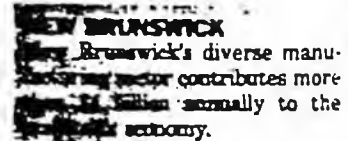
RESEARCH

A number of research institutes in Manitoba provide valuable services to both the public and private sectors. They include the Industrial Applications of Microelectronics Center at the University of Manitoba and three Agriculture Canada Research Stations.

TRAINING

The government of Manitoba is responsible for funding community colleges and adult and continuing education services. Three major centers in the province—Assiniboine Community College in Brandon, Keewatin Community College in The Pas, and Red River Community College in Winni-

peg—have maintained one of the highest rates of success in Canada for matching training to employment requirements in the province.



KEY ECONOMIC DEVELOPMENT ORGANIZATION

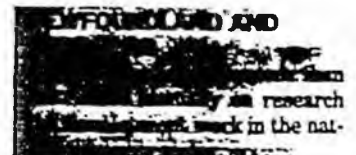
Department of Commerce and Technology
 Industrial Promotion Division
 P.O. Box 6000
 Fredericton, New Brunswick E3B 5H1
 (506) 453-3981
 Contact: Margaret Smith, information officer

INNOVATIONS

The Science and Technology Secretariat is credited with helping to establish more than 80 enterprises. It was created to stimulate research and development activity among New Brunswick's private, high-technology businesses. Federal and provincial governments have allocated nearly \$30 million for this program.

SMALL BUSINESS

New and expanding small companies may be eligible for financial assistance through the province's Small Industry Financial Assistance Program. Up to 50% of the initial cost required to start a business may be financed through this program.



KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Development and Tourism
 P.O. Box 4750
 St. John's, Newfoundland A1C 5T7
 (709) 576-2781
 Contact: Brian Murray, trade investment division



Connecticut

Connecticut leads the nation in per capita personal income, according to 1986 U.S. Bureau of Economic Analysis figures. The state's per capita income is \$19,208, while the national average is \$14,461.

"Connecticut's economy has never been better. Our unemployment rate is among the lowest in the nation and our per capita income is the highest. Our quality of life is unexcelled.

"But our eye is squarely on the future. Our efforts in state-supported seed capital funds and new product development, in job and literacy training, and in the massive 'Jobs for Connecticut's Future' project all are geared to keeping our state at the forefront of the world marketplace and our people working and thriving together. Connecticut will not quickly or easily give up the many gains it has made in recent years."

Gov. William A. O'Neill
State Capitol
Executive Chambers
Hartford, CT 06115
(203) 566-4840

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Economic Development
210 Washington Street
Hartford, CT 06106
(203) 566-8458
Contact: Mark Feinberg, business expansion director, ext. 5546, or Gary Miller, business recruitment director, ext. 3542

INNOVATIONS

Yale University and six Connecticut corporations are investing more than \$5 million in a state-initiated venture capital fund. A public/private partnership, the Connecticut Seed Ventures fund is designed to provide early stage funding for entrepreneurs specializing in emerging technologies. The investors include: Connecticut Mutual Insurance Co., Aetna Life & Casualty, Pfizer Inc., Northeast Utilities, Advest, and Connecticut Bank and Trust Co.

BUSINESS ASSISTANCE

Technology Assistance Center
CONNATAC is the state's one-stop clearinghouse for information on all public and private-sector services, resources and programs available to technology companies and entrepreneurs. CONNTAC offers information on federal, state and local financing for new product development, as well as research assistance grants for qualified businesses in the state.
For information contact: Eric Ott, director, (203) 566-6587

Small Business Financing

In September, the State Bond Commission approved an additional \$2 million to provide working capital and fixed asset financing to Connecticut's small manufacturers and contractors.

For information contact: Department of Economic Development, (203) 566-5288

ENTERPRISE ZONES

Ten Connecticut communities have been designated as enterprise zones: Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Norwalk, Norwich, Waterbury and Windham. Commercial businesses, manufacturers, retailers and residential property owners participating in new capital investments in these areas benefit from investment incentives.

The special zone incentives include: venture capital and small business loans, low-cost working capital, property tax abatements and business tax reductions for qualified individuals. Grants of \$1,500 also are available for each new job created in the zones.

EMPLOYMENT

Passed by the General Assembly, the Connecticut Job Protection Plan was designed to assist workers in the state by providing programs and services to offset the impact of layoffs, shutdowns and relocations. The plan was adopted to centralize the state's network of job services and retraining programs.

The job protection program includes a statewide "Early Warning System" consisting of an inter-agency team of public and pri-

vate-sector leaders who are responsible for reporting news of troubled industries and impending layoffs in the state.

For information contact: Graham Waldron, director of technical services, (203) 566-7935

RESEARCH

Science Park

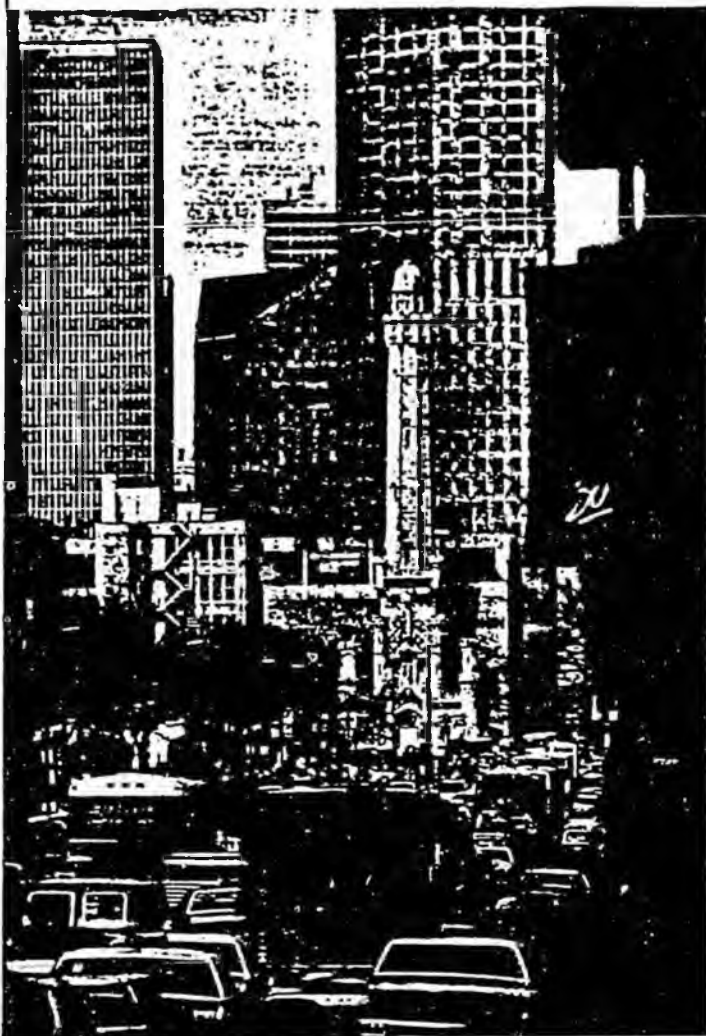
Located in New Haven, Science Park is Connecticut's leading high-technology park. Designed to provide companies and entrepreneurs with low-cost facilities and a working link with Yale University's science and technology resources, the park includes a 150,000-square-foot incubator facility.

Conntech Park

Located on 390 acres, Conntech Park is adjacent to the University of Connecticut in Storrs. The high-tech industrial park is designed to link businesses with resources and facilities at the university.

A BRIEF GLIMPSE

Since January 1987, Connecticut has established four new enterprise zones (bringing the state's total to 10), initiated a study of the state's economy to encourage further economic and job growth, started an early-stage seed venture capital fund for entrepreneurs, and pinpointed seven critical industries for future technology growth: aerospace, biotechnology, computer applications, energy systems, materials technology, medical technology and telecommunications.



Workers' compensation costs and the state's personal income tax are below the national average.

"For the second year in a row, statistics compiled by Conway Data Inc. of Atlanta show that Illinois led the nation in attracting new manufacturing plants with 145 in operation. When combining new facilities with existing expansions, Illinois, with 233, ranks second only to Florida. These statistics show once again that Illinois is successfully pursuing new economic development."

Gov. James R. Thompson
Office of the Governor
205 State House
Springfield, IL 62706
(217) 782-7255

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Illinois Department of Commerce and Community Affairs
100 West Randolph Street
Suite 3-400
Chicago, IL 60601
(312) 917-6306
Contact: Sharon Sharp, director of marketing

INNOVATIONS

Incubator Program

During the 1985 spring legislative session, the Illinois General Assembly established the Illinois Small Business Incubator Program. This program encourages business start-ups and job creation by offering financial assistance—up to 50%—toward the cost of establishing an incubator program. Local government units, nonprofit economic development organizations and educational agencies are eligible to apply.

Labor-Management Program

The Labor-Management Program was established to promote workplace cooperation. Within the Department of Commerce and Community Affairs, a 12-member Labor-Management Cooperation Committee works toward improving communication between labor and management. In addition, grants are awarded to area labor-management committees to cover operating costs.

For information contact: Department of Commerce and Community Affairs, 620 East Adams Street, First Floor, Springfield, IL 62701. (217) 785-6234

Illinois

Business Permit Center

The Department of Commerce and Community Affairs operates a One-Stop Permit Center through the state's Small Business Assistance Bureau. The center provides information on permits, licenses, business assistance programs and other available resources. The center can be reached by calling the toll-free Small Business Hotline at (800) 252-2923.

FINANCIAL INCENTIVES

Pooled Bond Program

Small-business industrial projects may be financed through the Illinois Development Finance Authority's (IDFA) Pooled Bond Program. IDFA pools the debts of several small companies in order to issue a tax-free development bond.

Companies can use the funds for land purchases, construction or renovation of existing buildings, for purchasing machinery and equipment, or for financing the costs of pollution-control equipment. Minimum project size is \$200,000; maximum project size is \$2.5 million.

Venture Capital

Equity capital for start-up and early stage companies can be obtained through the Illinois Venture Fund. Jointly initiated by the state and Frontenac Venture Co., this fund seeks to invest in potential growth companies

during the early stages of their development.

TRAINING

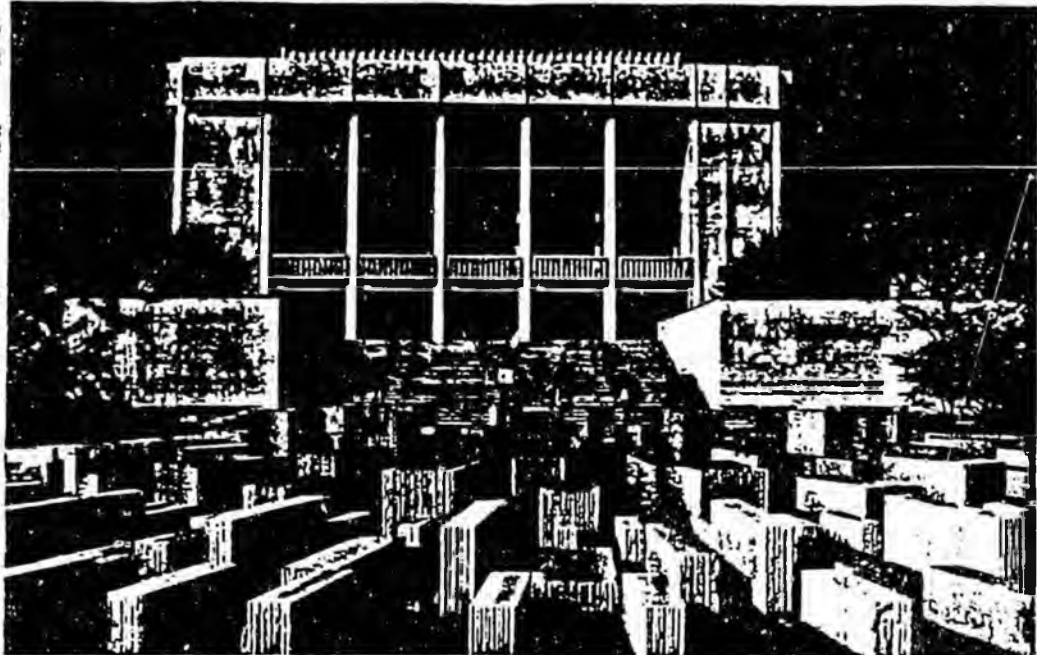
Illinois has two statewide training programs: the Industrial Training Program (ITP) and the High Impact Training Services Program (HITS). ITP helps major Illinois manufacturers find the skilled labor needed for expansions, relocations or retooling. Companies are reimbursed a percentage of employee wages during on-the-job training.

HITS seeks to offset training expenses associated with specialized training. A network of more than 650 educational institutions assists business and industry with training needs either on-the-job or elsewhere. As a general guideline, a company can receive between \$600 and \$1,500 for each job created.

A BRIEF GLIMPSE

Just as Illinois was the first state to establish a permanent presence in the People's Republic of China, the state continues to put into action aggressive economic development strategies. For instance, the state's Corridors of Opportunity, located along major transportation routes, are beginning to attract a wide variety of companies. And, recognizing that entrepreneurs hold the key to the state's future, Technology Commercialization Centers have been established at Illinois universities to market innovative products.

I N D I A N A



Recreational facilities, like the Indianapolis Museum of Art, have attracted the state's Fortune 500 companies.

Indiana is home to 19 Chrysler, General Motors and Ford Motor Co. plants, making the state a hub of automotive activity.

"Indiana is committed to an economic development agenda that is based on three basic components. First, a philosophy by state government that creates an atmosphere for business growth by being fiscally conservative. Second, a policy of business incentives that makes Indiana competitive with every other state in America. And last, a commitment to provide Hoosiers with a solid basic education and an opportunity to update their skills that will prepare our work force for the jobs of today and tomorrow."

Gov. Robert D. Orr
206 State House
Indianapolis, IN 46204
(317) 232-4584

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Indiana Department of Commerce

Indiana Commerce Center
One North Capitol Avenue
Suite 700
Indianapolis, IN 46204-2243
(317) 232-8888

Contact: Mark Akers, director,
industrial development division

INNOVATIONS

Venture Capital
Designed to encourage capital in-

vestment, the Corporation for Innovation Development (CID) provides venture capital funds to Indiana's small business enterprises. With more than \$10 million to invest, the corporation's funds are intended to supplement, not replace, conventional financing.

For information contact: Archie Leslie, Venture Capital Investment Co., (317) 535-7325

Business Network

One of only a few such programs in the United States, the Indiana Institute for New Business Ventures Inc. fosters the development of new companies by linking prospective entrepreneurs with management, technical and financial resources. In addition to maintaining a statewide network of available public, private and educational funds, the institute also provides the computerized Seed Capital Network to match entrepreneurs with investors.

For information contact: David C. Clegg, Enterprise Advisory Program, (317) 634-8418

Computerized Employment Service

Indiana's Job Service Matching System (JSMS) is a computerized personnel system that helps companies find qualified workers. A statewide network, the system links Indiana's 44 Employment Security Divisions to the JSMS database in order to provide employers with qualified candidates. White-collar and blue-collar job candidates are maintained

on separate lists; the white-collar database also links to job databases in other Midwestern states. For information contact: Gary Connelley, Indiana Employment Security Division, (317) 232-7680

HIGH TECHNOLOGY

Counseling and Investment

Indiana's Corporation for Science and Technology (CST) helps to create start-up operations, new product lines and university-based research and development centers. CST has a proposed budget of \$10 million over 10 years. The corporation already has stimulated the growth of many state-of-the-art medical and manufacturing projects.

For information contact: John Hays, Research and Development Assistance, (317) 635-3058

Research Center

A non-profit corporation, the Indianapolis Center for Advanced Research (ICFAR) facilitates technology transfer between academia and public- and private-sector companies.

ICFAR also sponsors the Technology 2000 Program, in conjunction with the National Aeronautics and Space Administration. This program offers technical assistance to new and established Indiana businesses, as well as companies considering expansion.

For information contact: John Ulrich, Aerospace Research Applications Center, (317) 264-2644

TRAINING

Customized Programs

Specifically designed to assist new or expanding businesses, the state's Training for Profit Program (TFP) provides financial and employment assistance. The Department of Commerce and the Indiana Board of Vocational and Technical Education work with qualified industries to customize job-training programs.

For information contact: Policy Analyst, (317) 232-8782

Displacement Services

Created by the 1984 Indiana General Assembly, the Basic Industry Retraining Program was established to help manufacturers defray the cost of retraining employees whose skills need to be upgraded. Indiana's basic industries—auto, steel and durable goods manufacturing—are eligible for financial assistance to retrain employees at their existing plants.

For information contact: Policy Analyst, (317) 232-8782

TRANSPORTATION

Indiana's well-developed highway system provides one-day access to more than one-third of the nation's population. The state also has one of the heaviest concentrations of rail routes in the country, with readily available container and intermodal car services. Ports along Lake Michigan and the Ohio River provide commercial avenues to the industrial Midwest and international markets.

A BRIEF GLIMPSE

Companies praise Indiana's reliable, enthusiastic and loyal work force, and the state is committed to maintaining good relations between labor and management. Toward this end, the Indiana Labor-Management Council was established. The council promotes innovation, productivity and cooperation between white-collar and blue-collar employees. As a result, low absenteeism and low turnover rates are the rule in the state's manufacturing sector.

FACTS AND CONTACTS

Iowa is the only state with a single-factor corporate income tax: companies do not pay an income tax on products sold in other states.

"I want the world to see Iowa as a leader in agriculture and education. The Iowa I want is a land of new opportunities for all. It is a center of development in laser science and biotechnology. It is noted for its clean air, water and quality of life. I want Iowa to be connected to markets of growth and opportunity."

Gov. Terry Branstad
State Capitol
Des Moines, IA 50319
(515) 281-3150

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Economic Development
200 East Grand Avenue
Des Moines, IA 50309
(515) 281-3251
Contact: Allan T. Thoms, director

INNOVATIONS

Product Development

Designed to stimulate and encourage the development of new

products and new jobs, the Iowa Product Development Corporation (IPDC) provides financial aid to entrepreneurs. Governed by a board of directors, IPDC can provide funds to companies that are unable to obtain conventional financing. Loan repayments are used to finance new ventures.

High-Tech Council

Composed of 13 members appointed by the governor, Iowa's High Technology Council was established to encourage the development of high-tech businesses. This council seeks to promote business concepts that provide job opportunities for Iowa workers and ideas that will improve the efficiency and productivity of family-owned farm operations.

For information contact: Glen Burmeister, chief, Bureau of Technology and Innovation, (515) 281-3500

Business Loans

Iowa's Community Economic Betterment Account (CEBA) was established to finance local economic development projects. Funded by the proceeds from Iowa's state lottery, CEBA's investments totaled \$6 million in 1986. Cities, counties or merged school areas are eligible to apply on behalf of new or expanding local enterprises. Criteria for approval of

applications include: the number of jobs created, CEBA's cost per job, and community interest and involvement.

For information contact: Jude Conway, chief, Bureau of Business Grants and Loans, (515) 281-3500

Business Assistance

Through Call-One, Iowa's toll-free business information number, companies receive answers to questions about business licenses, permits and taxes. Calls are either answered by the staff, or referred to the proper authority. Information on management consulting and financing options also is available.

For information contact: Call One, 1-800-532-1216

TRAINING

Established in 1983, Iowa's Industrial New Jobs Training Program works with the state's community colleges to provide industry-specific, on-the-job training programs. There are no eligibility requirements, and employers may be reimbursed for up to 50% of new employees' wages and fringe benefits. In addition, this program provides funds for employee screening, skills assessment and testing, in-plant in-

struction and other costs associated with training new employees. The Division of Job Training also offers a similar program to new and expanding small businesses—the Small Business Job Training Program.

As an added incentive, new or expanding businesses that enter into a job-training agreement are eligible to receive a \$700 tax credit for each job created. Existing businesses that increase their work force by 10% also are given this credit, which can be applied to corporate or personal income taxes. These credits can be carried forward for up to 10 years.

For information contact: Bureau of Business and Industry Training, (515) 281-3500

TRANSPORTATION

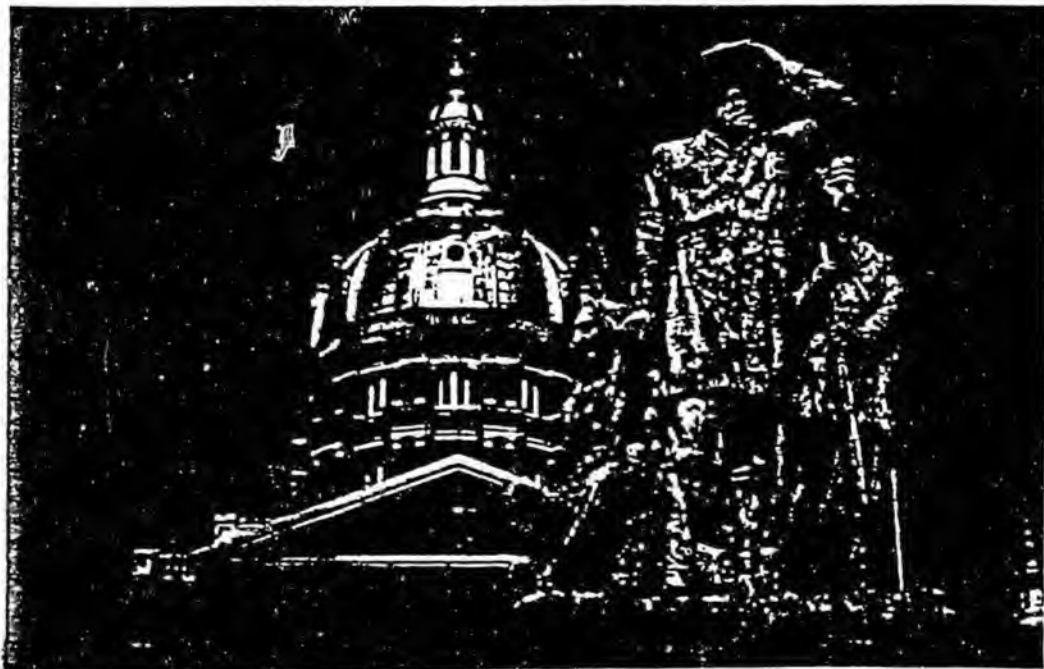
Iowa is the only state in the nation bordered by two navigable rivers: the Mississippi and the Missouri. Companies shipping products along these rivers have direct access to overseas ports via the Gulf of Mexico. Key markets such as Chicago, Minneapolis, Kansas City, St. Louis, Milwaukee and Denver are all within a one-day drive. A well-developed border-to-border interstate highway system allows companies shipping goods to reach 55 million customers within a 500-mile radius of Des Moines.

A BRIEF GLIMPSE

Iowa is home to more than 293 manufacturing facilities—all operated by Fortune 500 companies—that have been attracted to the state by its right-to-work law, among other features.

Iowa's work force is 35% more productive than the national average, as measured by value-added-per-worker. Iowa's pool of dedicated workers also is well educated. The state ranks first in literacy rates per capita, and second in high school graduation rates, college entrance test scores and bachelor's degrees awarded per 100,000 population. Additionally, Iowa's debt per capita is the lowest in the Midwest and second lowest in the nation, reflecting the state's fiscal stability and high quality of life.

The governor's mansion in Des Moines, covered in 23-carat gold leaf.



IOWA

KANSAS



In 1986, new industries in Kansas created more than 4,100 jobs and generated capital investment.

"Our administration and the Kansas Legislature realize the importance of moving ahead on the economic development initiatives passed in the last legislative session. We will be targeting industries which can benefit most from the abundant natural resources and incentives provided by a Kansas location. Examples include food processing, which can take advantage of our strong agricultural base, and pharmaceutical companies, which can take advantage of innovative research at our universities."

Gov. Mike Hayden
State Capitol
Second Floor
Topeka, KS 66612
(913) 296-3232

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Kansas Department of Commerce
Capitol Tower Office Building
400 W. 5th, Suite 500
Topeka, KS 66603-3957
(913) 296-3483
Telex: 4931494 KS KDED TPK
Contact: Roger Christianson,
director

INNOVATIONS

Centers of Excellence

Higher education in Kansas includes three Centers of Excellence and several related programs that benefit research and development efforts in the private sector:

- ▶ The University of Kansas Center for Biomedical Research in Lawrence,
- ▶ Kansas State University's Center for Computer-Controlled Automation and Artificial Intelligence, and
- ▶ Wichita State University's (WSU) Center for Productivity Enhancement, where researchers focus on manufacturing and materials technology critical to the aviation industry, artificial intelligence, robotics, and computer-aided design and manufacturing.

Other programs available in the university system include Pittsburg State University's (PSU) Applied Science Program, which has the only nationally accredited plastics engineering technology program; PSU's School of Technology and Applied Science, which the Kansas Legislature has designated as a Center for Industrial Innovation and Technology Transfer; and WSU's Center for Management Development.

Funding Technology

The Kansas Technology Enter-

prise Corp. (KTEC) provides seed capital; awards research and development grants either to industry or to university-industry joint efforts; designates and funds centers of excellence; awards matching grants to those individuals or companies that have received federal Small Business Innovation Research grants; and operates a technology clearinghouse and industry liaison program.

For information contact: Dr. Phillips Bradford or Kevin Carr, (913) 296-5272

R&D Tax Credits

Research and development tax credits also are available to companies in Kansas. The credit a company may take in one taxable year is equal to 6.5% of the cost of research above and beyond its average R&D expenditures during the three immediate preceding taxable years.

NEW LEGISLATION

New or expanding businesses that create jobs in Kansas can receive property tax exemptions for up to 10 years from either city or county governments.

Effective Jan. 1, 1989, all inventory in Kansas will be exempt from property taxes. Prior to this date, the Kansas Freeport Law will remain in effect. The existing Freeport Law exempts inventory from property taxes if at least

30% of the previous year's sales or shipments from the storage area were transported outside of the state.

Venture Capital

In 1986, the Kansas Legislature authorized the formation of Certified Kansas Venture Capital Companies and provided tax credits to individuals or companies investing at least \$1.5 million in a venture capital firm. The tax credit is equal to 25% of the taxpayer's investment.

Kansas Venture Capital Inc. (KVCII) is a statewide risk-capital system designed to create private risk capital for investment in small Kansas businesses. The state expects to invest \$10 million in KVCII and to be matched dollar for dollar by the private sector.

A BRIEF GLIMPSE

Nestled in the nation's heartland, Kansas is known for its golden wheat fields. Recently, however, Gov. Hayden, local universities and the legislature have made efforts to diversify the state's economic base. More emphasis is being put on biotechnology, pharmaceuticals, aircraft, computers, electronics, engineering, industrial processes, plastics, telecommunications, and on taking full advantage of the state's natural resources.



Western Kentucky's Murray-Kentucky Lake region is the top-ranked retirement spot in the nation, according to *Rand McNally's Retirement Places Rated*.

"Programs to encourage the development of small and minority businesses have been a key part of our economic development initiatives. We have also supported entrepreneurship in the state and promoted greater development and use of new technologies by industries throughout the state."

Gov. Martha Layne Collins
Capitol Building
Frankfort, KY 40601
(502) 564-2611

Governor elect:
Wallace G. Wilkinson

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Commerce Cabinet
Capital Plaza Tower
Frankfort, KY 40601
(502) 564-7670
Contact: Carroll Kucely, secretary of commerce;
David Lovelace, commissioner, Department of Economic Development

INNOVATIONS

Statewide Educational Programming
Kentucky will invest an initial \$11 million to build a sophisticated

satellite delivery system to distribute instructional information to the state's public schools, colleges and universities, libraries and vocational institutions. Once fully operational in the fall of 1989, the system will transmit to 1,500 locations in Kentucky.

The main purpose of the project is to expand Kentucky Educational Television's (KET) current curriculum and to provide updated instructional material in subjects critical to high-technology and international business, such as physics, mathematics and foreign languages.

KET officials are working with the state's Department of Education to hire instructors and a contractor to build the system.

For information contact: Sandy Welch, deputy executive director, KET, (606) 233-3000

Economic Planning Commission

The 1986 General Assembly authorized a new Economic Development Planning Commission to further the creation of jobs for Kentucky residents.

Former Gov. Martha Layne Collins named 50 members to the commission. Members include representatives of local communities, labor and management, higher education and executives from the private sector.

Advancing Science and Technology

Former Governor Collins also ap-

pointed a 36-member Advisory Council on Science and Technology, whose goals include doubling Kentucky's share of federal money for research and development. The panel's duties will include creating a venture-capital program to aid technology-based businesses and exploring other possibilities that will make research a seed for new jobs in the state.

BUSINESS ASSISTANCE

Technology Transfer

The state's Office of Business and Technology promotes the use of new technologies by industries throughout the state.

The office's initial objectives are to establish a data base to help industry uncover research projects that could be of benefit to them and to attract new advanced technology industries to Kentucky. The office also acts as a liaison between industry and educational institutions.

For information contact Dr. D.M. Stein, executive director, (502) 564-7670

Industry Expo

In October, Kentucky presented Showcase '87. The expo was held to spotlight economic development efforts around the state and to allow in-state companies to present their products and services to other domestic and out-of-state companies.

For information contact: Jerry

Vaughan, expo manager, (502) 564-7150

Tax Advantages

Kentucky has no local sales taxes, only state sales and use taxes. An income tax credit of \$100 is allowed companies for each unemployed person hired for a period of at least 180 days. Other tax advantages include tax exemptions on:

- ▶ Machinery for new and expanding businesses;
- ▶ Raw materials, industrial supplies and tools;
- ▶ Energy and energy-producing fuels, to the extent that they exceed 3% of the cost of production;
- ▶ Certified pollution control equipment;
- ▶ Manufacturing and mining machinery sold to out-of-state customers;
- ▶ Containers, packaging and wrapping materials; and
- ▶ Motor fuels for highway use.

Kentucky has several property tax exemptions and, in some instances, will grant moratoriums on taxes for machinery and equipment that is purchased or stored in the state. State and local property taxes also can be reduced under certain circumstances.

TRAINING

The Bluegrass State Skills Corp. (BSSC) is an independent public corporation created and funded by the Kentucky General Assembly to meet the training needs of business and industry in the state. The BSSC provides entry-level and advanced job training as well as retraining.

The BSSC makes use of 14 vocational-technical regions across the state—one within about 25 miles of every community. A network of more than 70 comprehensive secondary vocational schools throughout the state trains high school students in a variety of technical skills.

A BRIEF GLIMPSE

More than 75,000 jobs were created by new and expanding companies in Kentucky between 1984 and September 1987. More jobs have been created in the past four years than in any other four-year period in the state's history. These jobs were a result of \$3 billion in investments by new and expanding businesses.

MARYLAND



Harberplace, featuring 140 shops and restaurants, is located in Baltimore's Inner Harbor (above).

The Port of Baltimore is the fifth largest port in the United States and handles some 3,000 ships annually.

"Maryland must develop a comprehensive economic strategy that will create a diversified economic base for growth in order to produce more jobs, greater and more equitable opportunities, and a heightened quality of life for all citizens."

Gov. William D. Schaefer
State House
Annapolis, MD 21404
(301) 269-2316

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Maryland Department of Economic and Community Development
45 Calvert Street
Annapolis, MD 21401
(301) 269-3514

INNOVATIONS

Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority (MIDFA) issues and insures tax-exempt industrial development bonds which enable companies to receive financing at lower interest rates for longer terms than conventional loans.

Supporting Small Business

MIDFA also sells, issues and insures tax-exempt industrial de-

velopment bonds for small companies through its Umbrella Bond Program. The program's goal is to provide long-term, tax-exempt, fixed-rate financing to small businesses and provide them access to regional and national capital markets. In 1985, MIDFA issued some \$6,286,000 in umbrella bonds.

Direct Loans

The Maryland Small Business Development Financing Authority makes direct loans to socially and economically disadvantaged businesses through its revolving loan fund. Loans of up to \$250,000 are available to qualified companies at interest rates that may not exceed 15% or drop below 6%. To be eligible a firm must be qualified to do business in Maryland and have been awarded a federal, state or local government contract.

For information contact: Executive director, Maryland Industrial Development Financing Authority, (301) 659-4270

ENTERPRISE ZONES

Authorized in 1982 and administered by the Department of Economic and Community Development, Maryland's Enterprise Zone Program is designed to "promote private capital investment and increase private employment opportunities in certain areas of the state." Companies qualifying for the program receive income tax and property tax incentives.

The program's authorizing act

also created the Venture Capital Guarantee Fund to insure loans to firms locating in enterprise zones.

For information contact: Deputy director, Maryland Department of Economic and Community Development, (301) 269-3381

TRAINING

The Maryland Industrial Training Program (MITP) provides customized training and employee recruitment assistance to firms starting up or expanding operations in the state. MITP assists companies in developing a training program, locating and training instructors, preparing class materials and recruiting and screening workers. MITP works with the Department of Employment and Training to provide companies with applicants screened for specific skills and backgrounds.

For information contact: W. Travis Walton, director, Maryland Industrial Training Program, (301) 269-2631

RESEARCH ASSISTANCE

The University of Maryland's Engineering Research Center offers large and small companies throughout the state direct technical assistance, incubator space and collaborative research programs. Sixteen engineers at the center offer up to one week's free assistance in solving technical and engineering problems.

For information contact: W. Travis Walton, director, Engi-

neering Research Center, the University of Maryland, (301) 654-7941

TRANSPORTATION

Maryland is served by a transportation network that includes three major airports, the Port of Baltimore, a carload rail service and more than 600 common and contract carriers. Specialized carriers are available to transport structural steel, heavy machinery, bulk commodities and temperature-controlled cargo. The Port of Baltimore, with its 45 miles of waterfront, is the second busiest containerized cargo port on the U.S. Atlantic and Gulf coasts—and is capable of handling trailer-on-flatcar and container-on-flatcar loads as well as roll-on, roll-off and LASH cargoes.

A BRIEF GLIMPSE

Maryland has some 1,100 advanced technology firms to its credit, with strengths in a wide range of disciplines, including telecommunications, electronics, biotechnology and software engineering. The state boasts one of the highest concentrations of engineers and scientists in the United States, as well as the highest percentage of professional and technical workers in the nation. With a higher-education base of 76 institutions, including the renowned Johns Hopkins University and the University of Maryland, the state has a strong, well-educated work force from which to draw.

Massachusetts



Massachusetts' historical communities and striking coastline—from Rockport to Nantucket—attract over 21 million visitors each year.

"Economic development in Massachusetts is a partnership between business, labor, educators and state government. Working together we've helped make the Commonwealth one of the most vibrant economies of any state in the nation.

"In the past four years over 50,000 new businesses have opened their doors in Massachusetts, and over 325,000 new jobs have been created. And the working men and women of our state have enjoyed the second-fastest growth in per capita income, while recording the eighth-lowest tax burden of any state in the nation. Yet we still have much to do."

Gov. Michael S. Dukakis
State House,
Boston, MA 02133
(617) 727-2759

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Massachusetts Department of Commerce
100 Cambridge Street
Boston, MA 02202
(617) 727-3218
Contact: Paul Throtolani,
commissioner

INNOVATIONS

Industrial Financing
The Massachusetts Industrial Finance Agency (MIFA) is an independent public agency, with a mandate to provide private com-

panies with financing for projects that create jobs for the Commonwealth. Since the agency was established in 1978, \$4 billion in bonds have been issued to help finance more than 2,100 projects. Those projects have created an estimated 76,000 new jobs in the state.

For information contact: Judy Glasser, director of marketing, (617) 451-2477

TRAINING

The Massachusetts Technology Park Corporation (MTPC) is a \$40 million project created in 1982 by the Massachusetts Legislature to establish educational centers in the state.

The MTPC's first project is the Massachusetts Microelectronics Center, in Westborough. The center will include a computer-aided design network, a semiconductor instructional processing laboratory, and an integrated circuit fabrication facility for training in semiconductor and microelectronics technologies.

For information contact: Dr. Joseph Stach, Massachusetts Technology Park Corporation, (617) 870-0312

Bay State Skills Corporation

The Bay State Skills Corporation (BSSC) is a quasi-public corporation created in 1981 by the legislature to meet the training needs of local companies. The group's main function is to award grants to educational and training institutions that work with private companies. Under the BSSC, residents are trained for jobs in high-growth fields such as nuclear medicine technology, computer-aided drafting and design, advanced automation and robotics. The program includes entry-level training, retraining and employee skill upgrading.

For information contact: Susan Moulton, Bay State Skills Corporation, (617) 202-5100

INTERNATIONAL TRADE

The Office of International Trade and Investment (OITI) is a recently established office responsible for overseeing the state's international trade activities. The OITI is charged with initiating a state export development program.

For information contact: Byron F. Battle, Office of International

Trade and Investment, (617) 367-1830

Trade Development Program

The Massachusetts Trade Development Program offers export counseling, market research and foreign-contact identification for firms that export electronic industrial production equipment, health-care related products, biomedical supplies and equipment, and information technology.

For information contact: Massachusetts Port Authority, (617) 973-5500

Small Business Export Program

The Massachusetts Port Authority, in conjunction with the Small Business Association of New England, offers an international marketing service for small manufacturing businesses. The program provides free market analysis, training and advice for a select number of New England manufacturers. Interest-free loans for travel and business expenses also are available for companies participating in overseas trade missions.

For information contact: Massport Foreign Trade Unit, (617) 973-5500

A BRIEF GLIMPSE

Massachusetts has more than 200 colleges and universities located around the state and boasts some of the finest institutions of higher education in the country, including Harvard, MIT, Williams College and Mount Holyoke.

MISSISSIPPI

"The Governor must provide strong leadership for economic development programs and must aggressively market the state's resources. A statewide economic development plan must be developed which emphasizes a particular strength in each region of the state. We need to reorganize those state agencies with economic development responsibilities into one agency with professional staff and adequate funding.

"Equal attention must be given to developing homegrown businesses and to attracting new businesses into the state."

Gov. Ray Mabus
P. O. Box 139
Jackson, MS 39205
(601) 359-3100

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Mississippi Department of Economic Development
P. O. Box 849
Jackson, MS 39205
(601) 359-3439
Contact: Jerry McDonald, executive director

INNOVATIONS

First Incubator Center
Mississippi's first public-private business incubator opened in April 1987. The Mississippi Research and Development Center and a local developer, Irby Con-

struction Co., used \$1 million in state funds to turn a former General Electric plant into more than 37,000 square feet of incubator space.

For information contact: Richard N. Acker, executive director, (601) 352-0957

Technology Transfer Center

A joint venture between the National Aeronautics and Space Administration and the state of Mississippi, the Mississippi Technology Transfer Center was created to accelerate the transfer of NASA-generated technology into the private sector.

Located at NASA's National Space Technology Laboratories in Hancock County, the center will add some 275 employees to the 4,800 already on the payroll.

NSTL

Research at NASA's National Space Technology Laboratories centers around aerospace and ocean and earth sciences. The laboratory occupies 13,000 acres on a 125,000-acre site in Hancock County. The total annual economic impact of the facility is estimated at \$223 million. The laboratory accounts for more than 4,800 jobs directly and more than 9,000 jobs indirectly.

For information contact: Bob Barlow, technology utilization officer, (601) 588-3341

RESEARCH

Technology Development
Since its incorporation in 1983,

the Institute of Technology Development (ITD) has formed partnerships with several state universities, private businesses and organizations and the federal government to bring research projects out of the laboratory and into the marketplace.

For information contact: Dr. David Murphree, (601) 960-3600

Research and Technology Park

Located in Starkville on the Mississippi State University campus, the Mississippi Research and Technology Park was developed to enhance technology research and to put the products of this research to use in the economic sector.

Incubator and multitenant facilities will be available for start-up companies at the park, as will some tax incentives, financing and training programs at the state's expense.

For information contact: Michael K. Clayborne, executive director, Oktibbeha County Economic Development Authority and the Industrial Development Foundation, (601) 324-3219

JOB CREDIT

Infrastructure Funds

In March 1987, the state legislature passed the Mississippi Business Investment Act, which will enable the state to provide grants or loans to local governments for infrastructure improvements related to business expansions

Corporate Headquarters

Enacted in 1986, the Corporate Headquarters Incentive Program gives a tax credit of \$1,000 per new full-time employee to multi-state companies that establish headquarters in Mississippi. The companies also are exempt from state sales and use taxes on the cost of construction materials and equipment. To qualify, a headquarters must create at least 75 jobs.

Advanced Technology

Through the Mississippi Advanced Technology Initiative Act, companies involved in advanced technology may receive a state income tax credit of \$1,000 per new employee each year for up to 10 years. The Mississippi Board of Economic Development qualifies businesses based on the following factors: type of product or service, ratio and amount of investment in advanced technology equipment, type of employees and their skills, and amount and type of interaction between labor and machines.

TAX STRUCTURE

Mississippi has no state property tax and no unitary tax. Low-interest public financing programs are available in the state. And a freeport warehouse law exempts from local property taxes finished goods that are shipped to destinations outside of the state.

ENTERPRISE ZONES

Enterprise zones located in 10 counties in Mississippi allow new and expanding businesses in these designated areas to receive an income tax credit of \$1,000 per new person employed each year for a period of up to 10 years. Companies in these zones also can be exempt from paying the 1% sales tax on machinery and equipment used directly in manufacturing, and the 6% sales tax on materials used in the construction or expansion of an industrial building.

A BRIEF GLIMPSE

Mississippi is committed to bringing research projects out of the laboratory and into the private sector. Eight major research and advanced technology centers in the state are involved in such fields as acoustics, polymer science, electricity, magnetohydrodynamics, oceanography and biotechnology.

Nevada

"In the past year, a total of 30,500 jobs have been created in the Silver State. In fact, Nevada has led the nation in economic growth since August 1985. One of the reasons for Nevada's success is the partnership that has emerged between its public and private sectors. This partnership includes private businesses, state government, local government and academia all working together to attract the clean, modern industries and businesses that will create quality jobs in Nevada."

Gov. Richard H. Bryan
State Capitol
Carson City, NV 89710
(702) 885-5670

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Nevada Commission on Economic Development
Capitol Complex
Carson City, NV 89710
(702) 885-4325
(800) 336-1600
Contact: Andrew P. Grose, executive director

INNOVATIONS

Research Facility

The Desert Research Institute, headquartered in Reno's Dandini Research Park, operates as part of the University of Nevada. It was established to conduct basic and applied research for government and industry. Projects range from local environmental studies to international cooperative scientific efforts. Some of the institute's notable accomplishments include the discovery of a deep-carbonate aquifer that holds great promise for Nevada's future development, scientific discoveries describing the biochemical mechanisms of photosynthesis, and the application of chemistry to archaeological investigations.

For information contact: James Taranik, president, (702) 673-7311

Expansion Assistance

Created to assist in the attraction of new businesses, the Employment Security Department provides potential employers with labor market demographics and job-service information. If need-

ed, the department also will help a company recruit, test and hire new employees.

Outreach Program

The state's Procurement Outreach Program provides technical assistance and bid information to companies interested in obtaining government contracts. Procurement specialists at the program's Las Vegas and Carson City offices can help companies with the bidding process and quality assurance requirements.

For information contact: Ray Horner, Procurement Outreach Program, (702) 885-4420

TRAINING

Quick Start Job Training

Nevada's Quick Start Job Training Program has been supplying new and expanding businesses with qualified employees since 1985. Quick Start's emphasis is on providing occupation-specific skills through short, intensive training programs in high-growth careers. To participate, companies must contribute a minimum of 25% toward the total cost of training. Equipment, training material and donations of time are accepted in lieu of payment.

Customized Training Program

Companies employing more than 10 to 15 employees are eligible to receive assistance from Nevada's Customized Training Program. Training packages can range from recruitment to classroom and on-the-job training. The customized curriculum is developed jointly by the company, the educational institution and either of the state's two job training agencies.

For information contact: Carole Lefcorte, Job Opportunities in Nevada, (702) 785-6106; or David Hicks, Southern Nevada Employment and Training Program, (702) 382-3900

SMALL BUSINESS DEVELOPMENT

Commitment Program

The Silver State's Lender's Commitment Program was established to support the federal SBA 503 program by creating four certified development companies. These companies process and administer private-sector loans that are secured through the Lender's Commitment Program. Loans are made to existing businesses for their expansion needs, but only to

cover the cost of purchasing additional land or buildings. More than \$20 million has been loaned since 1985.

Technical Assistance

Also created in 1985, Nevada's Small Business Development Centers offer free counseling, technical assistance and low-cost training to small businesses in the state. Centers are located at the University of Nevada's Reno and Las Vegas campuses and at the Northern Nevada Community College. Field offices will be established in rural communities through the state's agricultural extension offices.

For information contact: Sam Males, state director, Nevada Small Business Development Center, (702) 784-1717

TRANSPORTATION

Two major railroads provide freight service to the state: Union Pacific and Southern Pacific. Interstates 80 and 15 provide access to all points in Nevada and the country. In addition, two international airports, McCarran in Las Vegas and Reno-Cannon, provide commercial passenger service and express air freight. The cities of Ely and Elko also maintain airports.

A BRIEF GLIMPSE

Nevada's tax system is one of the most desirable in the nation. Currently, Nevada is one of seven states without a personal income tax, and one of five states without a corporate income tax. Nevada also is a right-to-work state.

While Las Vegas continues to be one of the nation's entertainment capitals, the state offers other recreational amenities as well. Nevada has two national forests, 21 state parks, many historic sites, and ski resorts in Reno and Lake Tahoe. In addition, the state is home to more than 200 artistic organizations—ranging from the ballet and symphony to the Sierra Nevada Museum of Art.

that New Yorkers will save \$4.5 billion in personal income taxes.

Development Zones

Economic Development Zones have been created to assist areas of New York that have consistently suffered from long-term unemployment. Incentives to companies that locate in one of these zones include: a 10% credit toward the state's investment tax; a 100% real property tax exemption for the first seven years, graduating to full assessment over the next three years; a 3% reduction in utility bills; and a 3% Employee Tax Credit for three years.

For information contact: Anthony Gaetano, director, Economic Development Zones Program, (518) 474-5773

RESEARCH AND DEVELOPMENT

Technology Centers

New York's Centers for Advanced Technology (CATs) were established to meet the needs of the state's high-technology industries. Partnerships between universities, private industry and the state, CATs look for links between business and industry. Currently, nine colleges have been designated as CATs, serving the telecommunications, advanced materials, biotechnology and information systems industries.

R&D Grants

Administered through the Science and Technology Foundation, the Research and Development Grants Program awards up to \$50,000 to peer-reviewed research projects at New York universities. The primary criterion for selection is the industrial and economic relevance of the project, indicated by the level of collaboration with a New York firm.

Innovation Funds

The state's Corporation for Innovation Development provides debt and equity capital to technology-based start-up companies. Businesses eligible for investment include ventures with innovative products or services ready for introduction to a rapid-growth market.

For information contact: Corporation for Innovation Development, (518) 473-9741

TRAINING

The state's Assistance for Dislocated Workers program is designed to help employees who need retraining and those affected by plant closings or layoffs. This program features custom-designed training provided at the request of an employer, an individualized retraining program that provides a \$1,500 tuition-assistance voucher for dislocated

workers, and funds for pre-layoff and relocation assistance.

For information contact: New York State Education Department, (518) 474-3981

INFRASTRUCTURE

Financial Assistance

The state's Industrial Access Program provides funding for highway and bridge improvements that will facilitate economic development. The program awards a maximum of \$1 million on a 60% grant-40% interest-free loan basis over a five-year period.

Infrastructure Development

As part of the state's Regional Economic Development Partnership Program, the Infrastructure Development Program provides low-cost loans, grants and technical assistance to infrastructure projects that create or retain permanent jobs for New Yorkers.

A BRIEF GLIMPSE

Agriculture, technology and New York's many financial institutions contribute to the state's diverse economy, not to mention the millions of tourists who travel to New York City and the Adirondack and Catskill Mountain resorts. Areas such as Broome County and Rochester also are learning how to successfully market their business assets. Broome County is now home to two industrial parks, and Rochester's Riverside Convention Center hosts business conferences, while creating more than 400 full-time jobs.

"New York continues to be a leader in attracting foreign investment. We offer a strong business and investment environment, not only for foreign companies, but domestic as well. Our diversified economy, our highly trained work force, our educational system and our tax structure and newly reduced tax rates are some of the reasons for our strong leadership in international investment."

Gov. Mario M. Cuomo
State Capitol
Albany, NY 12224
(518) 474-8418

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Economic Development
One Commerce Plaza
Albany, NY 12245
(518) 474-4100
Contact: Vincent Tese, commissioner

INNOVATIONS

Tax Cuts

New York legislators recently approved the largest tax-reduction program in the state's history. A four-year plan, the new legislative package ultimately will lower the maximum state income tax rate to 7%. By 1990, it is expected



For more information, check the state box on the reader service card

Oklahoma was the first state to establish a marketing presence in India.

"We are optimistic that 1987 could be one of the best years we have experienced in economic development activity in recent years. We are encouraged by the fact that during the first quarter of this year we had announcements of 12 new industries and expansions by 52 others.

"This is double the number we had during this same period last year. We have totally reorganized our Department of Commerce to make it possible to better serve the needs of expanding industries and those companies seeking locations in this part of the country."

Gov. Henry Bellmon
212 State Capitol
Oklahoma City, OK 73105
(501) 521-2342

KEY ECONOMIC DEVELOPMENT ORGANIZATIONS

Oklahoma Department of Commerce
6601 Broadway Extension
Oklahoma City, OK 73116-8214
(405) 843-9770
Telex: 350352

Contact: Donald D. Paulsen, executive director, or Joyce Miles, acting Business Development Division director

INTERNATIONAL INITIATIVES

The Oklahoma Department of Commerce is one of the few state agencies that has ever received the President's "E" award for achievement in international trade and development. Usually, the award is presented to private companies.

In December 1986, former Gov. George Nigh accepted the award for Oklahoma's unique federal/state cooperative program with the U.S. Department of Commerce. The program, known as Oklahoma International Export Services, combines state and federal resources, equipment, offices and staff to increase exporting opportunities for Oklahoma businesses. An Oklahoma State University (OSU) survey shows that 43% of the state's firms have received assistance from the joint program since its inception in

1981. To complement the state's export program, OSU will build a \$10 million Center for International Trade Development over the next five years.

For information contact: *Bill Maus, International Division director, (405) 843-9770*

Trade Offices

Oklahoma is the first state to establish a marketing presence in India. Oklahoma firms in the oil and gas drilling instrumentation and rig accessories business are expected to benefit from the more than \$11 billion India plans to invest in oil and gas exploration during the next five years.

Other Oklahoma trade offices are located in Hong Kong, Tokyo, London and Singapore.

Bid Centers

The state Department of Commerce has contracted with the

Oklahoma Department of Vocational-Technical Education to establish the Oklahoma Bid Assistance Network at 21 area vo-tech centers throughout the state. The centers provide complete and simplified federal bid research, and notification and preparation assistance, free of charge. The purpose of the centers is to ease the paperwork associated with government contracting and to capture a share of the more than \$630 billion spent annually by the federal government.

For regional bid center phone numbers, contact the Oklahoma Department of Commerce

FINANCIAL INCENTIVES

The Oklahoma Industrial Finance Authority has a borrowing capacity of \$90 million and may loan ex-

panding businesses up to 66.75% of the cost of land and buildings on a secured first mortgage and 33.5% on a second mortgage. The maximum loan amount is \$1 million for the state's share of a single project.

Tax Advantages

Under Oklahoma's freeport law, all goods that are brought into the state to be stored, assembled, manufactured, processed or fabricated, and then shipped out within nine months of the time of their arrival are exempt from property taxes.

To encourage investments in start-ups, the state provides a 20% tax credit for investments in qualified venture capital companies.

In 1985, a five-year ad valorem tax exemption was introduced which applies to new and expanding manufacturing facilities, including research and development operations. The tax exemption may be taken in conjunction with an investment tax credit for new jobs created, providing a double tax break for new and expanding businesses in Oklahoma.

Training

The state's vo-tech department and its Training for Industry Program (TIP) provide employee training to new or expanding companies at no charge. Prior to a plant's opening, a supervisor and state coordinator visit the parent plant, even one outside of the United States, to familiarize themselves with the company's production processes.

The Oklahoma Employment Service screens potential employees. TIP pays for and trains instructors, and provides all learning materials, facilities and utility costs.

A BRIEF GLIMPSE

Location is one of Oklahoma's greatest assets. Midway between New York and Los Angeles, the state is within a 500-mile market area containing approximately 75,000 manufacturing establishments.

Two of the nation's most important north/south (I-40) and east/west (I-35) highways intersect in the commercial center of downtown Oklahoma City. The McClellan-Kerr Arkansas River Navigation System has brought transportation alternatives to the state.

OKLAHOMA



In April 1987, the Festival of the Arts attracted approximately 750,000 people to Oklahoma City.

Pennsylvania has the lowest per capita state and local taxes in the Northeast. Housing costs in the state's two major cities, Philadelphia and Pittsburgh, are among the lowest in the United States.

"In the past, economic development was dealt with on a first-come, first-served basis, with little thought to how programs affect an entire area or industry. It is time to change to a meaningful, direct and aggressive economic development plan that leaves no one out and no one behind.

"I want to make sure business can get through to us—and quickly. I want companies who are looking us over to put down stakes and businesses already in the Commonwealth to pound their stakes deeper."

Gov. Robert P. Casey
Office of the Governor
225 Main Capital Building
Harrisburg, PA 17120
(717) 787-2500

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Department of Commerce
439 Forum Building
Harrisburg, PA 17120
(717) 783-1132
Contact: Scott Dugan,
press secretary

INNOVATIONS

When Governor Casey assumed office in January 1987, a 10-year economic development strategy was created by executive order. Organized by the Pennsylvania Business Roundtable, the Pennsylvania Economic Development Partnership (PEDP) is a 45-member board made up of state and local government officials, business leaders and educators. The partnership was formed to provide guidance for the distribution of \$125 million in annual economic



Pennsylvania

development funds. Chaired by the governor, the partnership works to retain existing jobs and create new employment opportunities for state residents. Since January, the partnership has been instrumental in the creation and retention of several thousand jobs in Pennsylvania. For information contact: Donald F. Mazziotti, executive director, (717) 783-3840

Governor's Response Team

An arm of the newly created PEDP, the Governor's Response Team is composed of a group of professionals from various state departments. Their role is to offer needy communities and businesses immediate assistance, drawing on the resources of various state programs.

For information contact: Michael Schaul, director, (717) 787-8199

TAXES

Pennsylvania's state and local taxes, including property and sales taxes, are significantly below the national average. Since

1985, the corporate net income tax in the state has been reduced from 10.5% to the current 8.5%, and Pennsylvania has enacted a fixed formula for franchise taxes and capital stock.

RESEARCH AND DEVELOPMENT

According to state statistics, 11% of all university-based research and development takes place in Pennsylvania.

Ben Franklin Partnership

The Ben Franklin Partnership is a program designed to create new jobs and business opportunities through high technology development and has provided \$76.6 million in grants since 1983. That contribution has been matched by \$281.4 million in funding from the private sector and other resources.

The partnership's goal is to "link together the resources of Pennsylvania's universities, the state government and the private sector to develop and commercialize advanced technologies."

Advanced Technology Centers

Originally established with four Ben Franklin Partnership Challenge Matching Grants, the Advanced Technology Centers serve as conduits for partnership programs. The centers provide support for entrepreneurs, assist educational institutions in providing training and retraining for workers, act as liaisons between researchers, entrepreneurs and financial resources, and administer grants to companies working on the development and commercialization of technologies.

TRANSPORTATION

Pennsylvania has the nation's largest industrial port, located in the city of Philadelphia, and more inland commerce flows through the Port of Pittsburgh than any other port in the world. The state's ports also rank second in the nation in total shipping activity. Pennsylvania also has the most heavily traveled railroad line in the United States.

EMPLOYMENT

Pennsylvania boasts one of the largest and best-trained work forces in the country. The state recently placed first in a survey of 17 states' spending on vocational training. Universities in Pennsylvania also turn out the fourth-largest number of engineers in the country—exceeded only by California, New York and Texas.

A BRIEF GLIMPSE

Pennsylvania is the only state in the nation to have two of its cities place in the top 10 ranking of the Rand McNally list of most livable metropolitan regions. The state has the largest rural population in the United States, and boasts some 113 state parks, 400 campgrounds and more than 60 state areas.

South Dakota ranked 48th in its per capita state tax rate and has one of the highest literacy rates in the nation.

"The most urgent need facing South Dakota today is jobs... With the assistance of the state legislature, I have created a pool of money, capital that will be available for business investments in the communities of this state.

"Another area of positive action that was created this past legislative session is the 'Employers' Investment in South Dakota's Future.' This fund will provide dollars for research and development. "I have a positive attitude toward the pro-business climate in South Dakota. We will continue to have a tax structure in this state that will put more money back into the pockets of businesses that choose to be here."

Gov. George S. Mickelson
Governor's Office
Capitol Building
500 East Capitol
Pierre, SD 57501
(605) 773-3212

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Office of the Governor
Department of State
Development
Capitol Lake Plaza
Box 6000
Pierre, SD 57501
(605) 773-5032
Contact: Mel Moyer, industrial representative

INNOVATIONS

Economic Enhancement

The 1987 state legislature designated an estimated \$116 million from public and private funds to be used to strengthen South Dakota's economic development efforts. The financing will originate from venture capital funds, private monies, development grants, matching business and community money, and a temporary state sales tax.

The one cent sales tax, in effect for one year beginning May 1, 1987, will finance low interest loans for new and expanding businesses in the state.

Research

The 1987 legislature earmarked \$4.7 million of business contributions to the state unemployment fund for research projects in South Dakota.

Part of the funds will be used to establish a Center for Innovation, Technology and Enterprise (CITE) at each of the state's public colleges and universities. The CITE Advisory Board serves as a communications forum for educators and business executives and makes recommendations on research proposals.

FINANCE

South Dakota has:

- ▶ No corporate profits tax
 - ▶ No personal income tax
 - ▶ No personal property tax
 - ▶ No business inventory tax
 - ▶ No business franchise tax
 - ▶ No unitary tax
- Additionally, property tax abatements can be granted at the discretion of city and county authorities. Abatements forgive up to 100% of the property taxes on a new or expanded non-residential facility for a period of five years or less.

Cost Savings

South Dakota's workers' compensation rates are among the lowest

in the nation, as are the state's unemployment insurance rates.

The state has below average construction and building costs, energy costs, labor costs and local property tax costs. The per capita state and local government debt also is among the lowest in the nation.

BUSINESS ASSISTANCE

Financial packages, pre-employment/motivational training, exporting and government procurement programs are available to new or expanding businesses in South Dakota.

Financial incentives also are available through the South Dakota Economic Development Finance Authority. The authority allows a company to pool tax-exempt or taxable development bonds to finance the construction of any structure, facility, service or utility that will be of benefit to a distribution or manufacturing facility.

National Banking Incentive

In 1980, South Dakota authorized a constitutional amendment allowing financial institutions in the state to pursue regional or national credit card operations. A year later, Citicorp, the world's largest bank, moved into the 520-acre Sioux Empire Development Park in Sioux Falls. In 1983, South Dakota encouraged additional activity in the banking industry when a new law gave approval for state-chartered banks—either directly or through subsidiaries—to engage in all facets of the insurance business.

A BRIEF GLIMPSE

Twenty percent of direct personal income in South Dakota is earned from farming and ranching, but the state boasts growing levels of manufacturing and high-technology employment.

According to the Census Bureau, more than three-fourths of the state's work force has graduated from high school, and 35% of the workers have completed a year or more of college.



Raven Industries, located in Sioux Falls, invented the modern hot air balloon. Raven's technology also developed the "Kitty Hawk", which achieved America's first transcontinental balloon flight.

SOUTH DAKOTA

For more information on this state, check the state box on the reader service card.

Employment in Vermont grew by 4.0% in 1986, one-and-a-half times faster than the national average of 2.8%. The increase resulted in the creation of 9,100 new jobs.

"Our state government is here to help you with a wide variety of programs and incentives. We can tailor a financial and job-training package to meet your particular needs, whether you are considering starting a new business or expanding an existing facility. Vermont's small size lends itself to more direct access to government decision-makers. When you do business in Vermont, you can be assured that not only will government officials be at your service, but I, as Governor, will take a personal interest in your success."

Gov. Madeleine M. Kunin
The State House
Montpelier, VT 05602
(802) 828-3333

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Vermont Agency of Development and Community Affairs
109 State Street
Montpelier, VT 05602
(802) 828-3211
Contact: Fred Hall, industrial representative

FINANCIAL INCENTIVES

The Vermont Industrial Development Authority offers loans to firms purchasing land, buildings and equipment for industrial projects. The program's objective is to encourage job creation and retention and to increase per capita income in the state by assisting companies that wish to expand or relocate in Vermont.

For information contact: Ver-

mont Industrial Development Authority, (802) 225-7226

Vermont Job Start

The Vermont Job Start (VJS) program is a state-funded economic development tool designed to assist low-income entrepreneurs who are unable to qualify for other financial assistance. VJS's goal is to create jobs and support entrepreneurial activity in the state. The program aids those who are underemployed, unemployed or on public assistance, and also provides funds to existing entrepreneurial businesses.

For information contact: Vermont Job Start, (802) 241-2451

BUSINESS ASSISTANCE

The Vermont Agency of Development and Community Affairs provides on-site specialists to help companies with site selec-

tion, financing, marketing, job training and research.

WORK FORCE

According to the U.S. Census Bureau, Vermont ranks fourth in the nation in value-added-per-dollar work rates. Businesses in the state lose little production time due to work stoppages. During the eight-year period from 1972 to 1980 (the last year for which data is available), Vermont lost only .03% of total employee days because of work stoppages.

TRANSPORTATION

The Burlington International Airport is the third-busiest airport in New England. Six railroads serve the state, and Vermont's highway system includes 320 miles of interstate routes and over 2,500 miles of toll-free state highways.

EDUCATION

In 1985, the U.S. Department of Education ranked Vermont third in the nation in overall quality of public schools. The state also boasts some 22 colleges and universities, in addition to having one of the highest ratios of post-secondary learning centers to residents.

The University of Vermont has gained a reputation as a research institution willing to aid local businesses. Recently, the university started a Partners in Applied Research Program in cooperation with the state and the private sector.

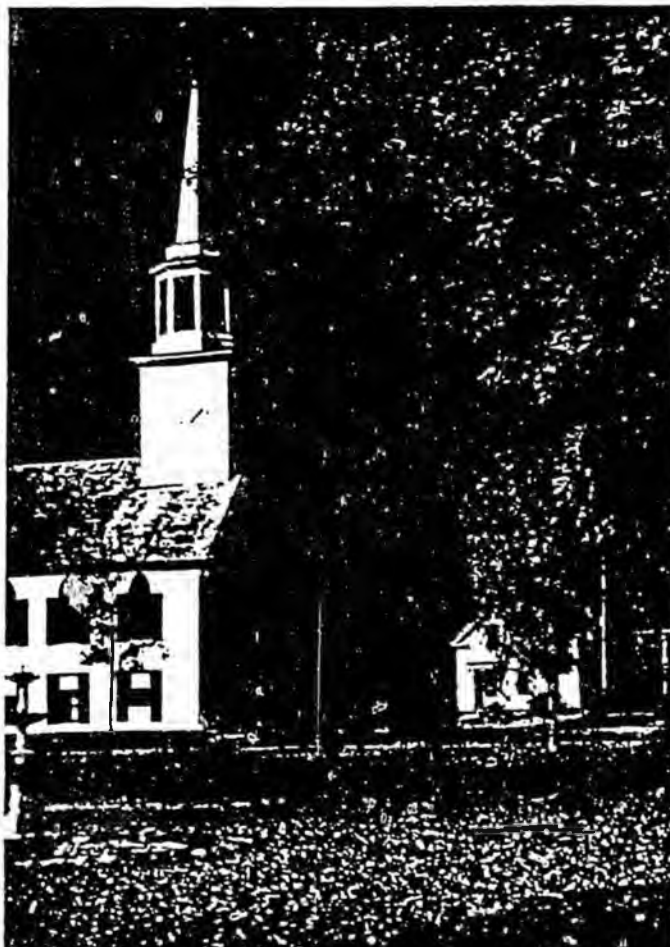
TRAINING

Vermont has 16 vocational centers currently in operation. The state is prepared to pay up to 100% of a company's pre-employment and classroom training costs and half of the expenses incurred during on-the-job training. The Vermont Training Program also designs individual programs to suit a company's needs.

A BRIEF GLIMPSE

Vermont ranked 47th nationally in the percentage of its population living in a metropolitan setting, according to 1980 census figures, yet it placed 18th among all the states in manufacturing as a percentage of total population. Vermont ranks fifth nationwide in the percentage of new jobs created, and the state's economy currently is growing faster than both the nation's and New England's, with a gross state product exceeding \$5.2 billion.

Vermont has been building a solid manufacturing base for itself while striving to retain its rural independence and beauty. A leader in environmental preservation, the state prides itself on its unspoiled forests and mineral wealth.



VERMONT

WEST VIRGINIA

One of the top coal-producing states in the nation, and the leader among coal-exporting states, West Virginia has its abundant natural resources as the state's hallmark.

"There is a new excitement in West Virginia today because of the impressive results generated by our arsenal of new economic development tools. In 1986, we brought \$1 billion in new industrial investment to West Virginia—not including investment by the mining industry. That is more in one year than the previous six years combined.

"We have a pro-job-creation attitude in West Virginia. Incentives are available, such as our innovative Super Tax Credit, which offers up to a 90% tax credit to those who bring new jobs to West Virginia. This incentive, plus numerous others created over the last two years, has produced an excitement and a vitality that we call 'the new West Virginia.'"

Gov. Arch A. Moore Jr.
Office of the Governor
Charleston, WV 25305
(304) 348-2015

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Governor's Office of Community and Industrial Development
Capitol Complex
Charleston, WV 25305
(304) 348-2000
Contact: Lysander L. Dudley Sr., director of industrial development

INNOVATIONS

University/Business Program

A unique partnership between West Virginia University in Morgantown and participating private and public-sector businesses, the Center for Entrepreneurial Studies and Development Inc. was established five years ago to identify problems in West Virginia's economy. A private, non-profit organization, the center matches clients' concerns with academics' expertise. Past projects have focused on: wage-scale improvements, creative thinking; in the work force, labor/management relations and economic development programs for targeted industries.

For information contact: Dr. Jack Byrd, (304) 293-4608

Small Business Financing

West Virginia businesses that employ fewer than 200 workers or have annual gross receipts of less than \$4 million are eligible to receive financial assistance through the Treasurer's Economic Development Deposit Incentive. This financing can be used for new or existing jobs.

For information contact: Patrick C. Graney, financial strategist, (304) 348-0400

Supplemental Financing

Companies who need funds for job creation can receive financial assistance from the West Virginia Industrial and Trade Jobs Development Corp. The corporation can make loans of up to \$10 million

per project at negotiable interest rates and terms. As this program does not require a specific job creation level, many types of projects can be funded.

For information contact: Katherine Forbes, executive director, (304) 348-0400

New Tax Incentive

Expanding businesses that create 50 or more jobs qualify for the Business Investment and Job Expansion Tax Credit. Called the Super Tax Credit, this incentive allows a 50% tax credit for 50 new jobs. For 1,000 jobs, the percentage increases to 90%. The amount of the credit is applied over a 10-year period at the rate of one-tenth per year.

For information contact: Michael Caryl, commissioner, West Virginia State Tax Department, (304) 348-2501

TRAINING

West Virginia offers companies a customized training program and a statewide system of vocational centers. For businesses interested in general vocational training, the states' 32 area vocational/technical centers, seven multi-county vocational centers, 33 high schools and 17 specialized centers offer a variety of programs. Fifteen colleges and universities also provide professional vocational programs, and the State Department of Education will design a specialized training program to meet a company's needs.

Another custom-designed program, the Industry Training Service (ITS), calls on the exper-

tise of industrial training professionals to help new or expanding manufacturing firms. More than 500 firms have been assisted by ITS.

For information contact: Bill J. Grass, coordinator, Services to Business and Industry, (304) 348-6317

TRANSPORTATION

Six interstates serve West Virginia, providing access to states in the East, South and Midwest. Three rivers—the Ohio, Monongahela and Kanawha—transport approximately 200 million tons of products each year through their well-developed waterway systems. The Ohio River Port in Huntington now ranks as the fourth largest inland port in the country.

A BRIEF GLIMPSE

A right-to-work state, West Virginia can boast excellent employee/management relationships, and they have the statistics to prove it. Work stoppages in the state consistently rank among the lowest in the country.

Although most of West Virginia's economy still depends upon the manufacturing sector, many communities are making efforts to diversify. In Wheeling, the city's year-long Jamboree festival, along with Wheeling Downs race track, draw tourists from Ohio, Pennsylvania, Maryland and Canada. Parkersburg has been concentrating on renovation, and the city's efforts have paid off as the old buildings begin to attract the new service sector.



Commercial investment in Charleston (left) and other cities has facilitated growth of the state's service sector.

Wyoming has no corporate personal income tax, and workers and land are plentiful—features that are helping to attract companies to the state.

"Wyoming is one of the nation's best-kept secrets for business ventures seeking to expand or relocate. Our state has long been known for its magnificent beauty and abundant natural resources, but we need to show business leaders our hidden assets as well.

"We have one of the best tax climates in the country—both personal and corporate. Our workers are well trained and highly productive; many are descended from pioneers who first settled the West. We are making our state government more efficient and our traditional emphasis on education is now complemented by vigorous efforts to promote economic development and diversification.

"In Wyoming, private enterprise and government are partners in making our state a great place to work, a great place to be creative and innovative, and a great place to grow and prosper."

Gov. Mike Sullivan
Office of the Governor
Cheyenne, WY 82002
(307) 777-7434



Wyoming

KEY ECONOMIC DEVELOPMENT ORGANIZATION

Wyoming Economic Development and Stabilization Board
Herschler Building, Third Floor
Cheyenne, WY 82002
(307) 777-7284
Contact: Bill Budd, director

TAXES

Wyoming does not tax personal or corporate income, business inventories, goods being shipped through the state or products manufactured or assembled within the state that are held for out-of-state sale. Furthermore, the state ranks 50th in the tax burden assessed on an average manufacturing company, 47th in property tax per \$100 of market value for residential property and 51st (including Washington, D.C.) in state and local taxes paid by individuals.

FINANCING

State Link Deposit Plan

This program provides businesses with a five-year, fixed-rate interest subsidy. Businesses can borrow up to \$750,000 for construction of a new plant, remodeling or expansion of existing structures, purchase of equipment, machinery, land or livestock, or for working capital. Borrowers must certify that jobs will be created or retained as a result of the loan.

Wyoming Economic Development Block Grant

Designed specifically to enhance opportunities for low and moderate income workers, EDBG provides funds to communities that can then loan up to \$250,000 to local companies. The money can be used for acquisition of land and

buildings, construction and renovation, machinery and equipment, or feasibility studies. Interest rates on the loans vary from 4% to 6%.

State Small Business Assistance Act

This legislation empowers the state treasurer to purchase a guaranteed portion of Small Business Administration or Farmers Home Administration loans. The loans, which are available for midsize industrial and manufacturing firms owned and operated by state residents, are designated for projects that create jobs. The interest rate may be reduced up to 3% from the lender's normal rate.

ENERGY

Investor-owned utilities provide the majority of power generated for Wyoming consumers. Some 33

electric companies serve 53,000 commercial and industrial users. Low-sulphur coal mined in Wyoming accounts for 95% of the resources used to generate energy in the state. This allows electricity rates for industrial users to be nearly 45% below the national average. Despite deregulation of the gas industry, rates for that energy source also remain low.

EDUCATION

The Gannett News Service ranked Wyoming first in the nation for the past two years in college admission test scores, pupil/teacher ratios and percentage of per-capita income spent on education. More than 80% of Wyoming residents between the ages of 18 and 24 are high school graduates, well above the national average.

Half of the annual budget of the state's community colleges is earmarked for vocational education. The community college system, which had 28,500 students in 1987, has retraining and outreach programs available statewide.

Approximately 25% of the 10,000 students attending the University of Wyoming in Laramie are involved in high-technology or energy-related programs. The school also has significant enrollment in the colleges of Commerce and Industry, Education, Agriculture and Engineering.

A BRIEF GLIMPSE

Natural resources remain the single most important component of Wyoming's economy, representing more than 70% of the state's valuation. The state ranks sixth in the nation in crude oil and natural gas deposits. Wyoming is one of the three leading sources of coal in the United States and ranks second as a source of uranium. Soda ash, used in the manufacture of glass, chemicals, soap and paper; bentonite, used in iron ore treatment; gypsum; and gravel also are important to Wyoming's mining industries.

Agriculture and the timber industries are other major components of Wyoming's economy. Lastly, visitors to Yellowstone National Park, Devil's Tower National Monument and the many other recreation areas throughout the state bring approximately \$800 million to Wyoming each year.

(7) "reserve fund" means the Alaska municipal bond bank reserve fund established under AS 44.85.290;

(8) "revenues" means all fees, charges, money, profits, payments of principal of or interest on municipal bonds and other investments, gifts, grants, contributions, appropriations and all other income derived or to be derived by the bond bank authority under this chapter. (§ 1 ch 79 SLA 1975; am § 2 ch 48 SLA 1978; am §§ 1, 2 ch 23 SLA 1980)

Revisor's notes. — Formerly AS 44.53.410. Renumbered in 1980.

Effect of amendments. — The 1980 amendment in subparagraph (B) of paragraph (3), inserted "other than diesel-powered generation" following "generation purposes." substituted "pledges" for "is a pledge of" following "a

municipality which," inserted "and which is" following "capital improvement," substituted "the revenue of the revenue-producing capital improvement" for "unpledged revenue of the public facility for which the obligations are issued" at the end of the subparagraph; and added subparagraph (D) in paragraph (3).

Sec. 44.85.420. Short title. This chapter may be cited as the Alaska Municipal Bond Bank Authority Act or the Alaska Municipal Bond Bank Act. In transactions involving general obligation bonds of municipalities, the Alaska Municipal Bond Bank Authority created by this chapter may be referred to as the Alaska Municipal Bond Bank with the same legal effect as if the reference were to Alaska Municipal Bond Bank Authority. (§ 1 ch 79 SLA 1975; am § 3 ch 48 SLA 1978)

Revisor's notes. — Formerly AS 44.58.420. Renumbered in 1980.

Chapter 88. Alaska Industrial Development Authority.

Article

1. Creation and Organization (§§ 44.88.010 — 44.88.050)
2. Purpose and Powers (§§ 44.88.070 — 44.88.085)
3. Financial Provisions (§§ 44.88.090 — 44.88.159)
4. General Provisions (§§ 44.88.160 — 44.88.220)

Article 1. Creation and Organization.

Section

10. Legislative finding and policy
20. Creation of authority
30. Membership of authority

Section

40. Chairman and vice-chairman
50. Meetings, compensation, officers and employees

Sec. 44.88.010. Legislative finding and policy. (a) The legislature finds, determines and declares that

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;

(2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, and business enterprises and the other facilities referred to in (5) of this subsection necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment and expansion of industrial, manufacturing, and business enterprises in Alaska and the other facilities referred to in (5) of this subsection are essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial, manufacturing, and business enterprises in the state, including, without limitation, facilities for transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, facilities for industrial parks, mass commuting vehicles, facilities for local district heating or cooling, parking facilities, or a storage or training facility relating to a plant or facility, will be accelerated and facilitated by the creation of an instrumentality of the state with powers to incur debt, to own and operate facilities, to make and insure loans to finance, and to assist private lenders to make loans to finance, the establishment, operation, and development of industrial, manufacturing, and business enterprises, including, without limitation, facilities for transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, facilities for industrial parks, mass commuting vehicles, facilities for local district heating or cooling, parking facilities, or a storage or training facility relating to a plant or facility;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(7) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, and business enterprises and the other facilities referred to in (a)(5) of this section by creating the public corporation with power, duties and functions as provided in AS

44.88.010 — 44.88.220. (§ 1 ch 64 SLA 1967; am § 1 ch 64 SLA 1977; am §§ 44 — 48 ch 106 SLA 1980; am § 28 ch 115 SLA 1981; am § 3 ch 162 SLA 1984)

Revisor's notes. — Formerly AS 44.61.010. Renumbered in 1980.

Effect of amendments. — The 1980 amendment deleted "and" following "manufacturing" near the beginning of paragraph (3) of subsection (a), inserted "small business, tourism, mining, and commercial fishing" preceding "enterprises" near the middle of paragraph (3) of subsection (a), inserted "and other facilities referred to in AS 44.88.010(a)(5)" following "enterprises" near the middle of paragraph (3) of subsection (a); deleted "and" preceding "manufacturing" near the beginning of paragraph (4) of subsection (a), substituted "small business, tourism, mining, and commercial fishing enterprises" for "plants" preceding "in Alaska" near the beginning of paragraph (4) of subsection (a), inserted "facilities for" following "transportation" near the middle of paragraph (4) of subsection (a), substituted "facilities" for "and" following "waste disposal" near the middle of paragraph (4) of subsection (a), deleted "electric energy or" following "local furnishing of" near the middle of paragraph (4) of subsection (a), inserted "facilities for water, and facilities for industrial parks" preceding "is essential to" near the middle of paragraph (4) of subsection (a); rewrote paragraph (5) of subsection (a); added paragraphs (6) and (7) of subsection (a); deleted "and" preceding "industrial" near the middle of subsection (b), inserted "small business, tourism, mining, and commercial fishing" preceding "enterprises" near the middle of subsection (b), and inserted "and the other facilities referred to in AS 44.88.010(a)(5)" following "enterprises" near the end of subsection (b).

The 1981 amendment substituted "and" for "small" preceding "business" and

deleted "tourism, mining, and commercial fishing" preceding "enterprises" in paragraphs (3), (4) and (5) of subsection (a). The amendment also added "the" preceding "other facilities" and substituted "(5) of this subsection" for "AS 44.88.010(a)(5)" in paragraph (3) of subsection (a). In subsection (a)(4), the amendment substituted "and the other facilities referred to in (5) of this subsection are" for "including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is" preceding "essential to the development." The amendment deleted "for private operation" following "facilities for industrial parks" near the end of subsection (a)(5). In subsection (b), the amendment added "and expansion" preceding "of manufacturing," substituted "and" for "small" preceding "business" deleted "tourism, mining, and commercial fishing" preceding "enterprises" and substituted "(a)(5) of this section" for "AS 44.88.010(a)(5)" preceding "by creating the public corporation."

The 1984 amendment, in paragraph (5) of subsection (a), substituted "without limitation, facilities for" for "facilities for air and water" twice and "to own and operate facilities" for "and," deleted "and" following "water" near the beginning and end of the paragraph, inserted "mass commuting vehicles, facilities for local district heating or cooling, parking facilities, or a storage or training facility relating to a plant or facility," and added "mass commuting vehicles, facilities for local district heating or cooling, parking facilities, or a storage or training facility relating to a plant or facility" at the end of the paragraph.

NOTES TO DECISIONS

Former state development corporation law construed. — See *DeArmond v. Alaska State Dev. Corp.*, Sup. Ct. Op. No. 116 (File No. 285), 376 P.2d 717 (1962); *Walker v. Alaska State Mtg. Ass'n*, Sup.

Ct. Op. No. 353 (File No. 669), 416 P.2d 245 (1966); *City of Nome v. Block*, No. H., Lots 5, 6 & 7, Sup. Ct. Op. No. 839 (File No. 1652), 502 P.2d 124 (1972).

Collateral references. — 72 Am. Jur.
2d, States, Territories and Dependencies,
§§ 90, 91.

81A C.J.S., States, § 297 et seq.

Sec. 44.88.020. Creation of authority. This section creates the Alaska Industrial Development Authority. The authority is a public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce and Economic Development, but with separate and independent legal existence. (§ 1 ch 64 SLA 1967; am § 104 ch 218 SLA 1976)

Revisor's notes. — Formerly AS 44.61.020. Renumbered in 1980.

Editor's notes. — Section 42, ch. 106, SLA 1980 provides: "On August 20, 1980, the Alaska State Development Corporation (AS 44.86.010) shall transfer its assets and liabilities to the Alaska Industrial Development Authority (AS 44.88.020). On August 20, 1980, the Small Business Development Corporation (AS 44.87.020) shall transfer its assets and

liabilities to the Alaska Industrial Development Authority (AS 44.88.020). On August 20, 1980, the Alaska Toll Bridge Authority (AS 44.84.010) shall transfer its assets and liabilities to the Alaska Industrial Development Authority (AS 44.88.020). The Alaska Industrial Development Authority is responsible for the management of the assets and liabilities transferred to it under this section."

Sec. 44.88.030. Membership of authority. (a) The membership of the authority consists of

(1) the commissioner of revenue and the commissioner of commerce and economic development;

(2) one other person appointed by the governor who serves as the head of a principal department of the executive branch; and

(3) two public members appointed by the governor.

(b) If a member described in (a)(1) or (a)(2) of this section is unable to attend a meeting of the authority, the member may by an instrument in writing filed with the authority, designate a deputy or assistant to act in the member's place as a member at the meeting. For all purposes of this chapter, the designee is a member of the authority at the meeting.

(c) Members of the authority described in (a)(2) and (a)(3) of this section serve two-year terms. However, the initial appointment of one member described in (a)(3) of this section shall be for a one-year term.

(d) If a vacancy occurs in the membership of the authority, the governor shall immediately appoint a member for the unexpired portion of the term. (§ 1 ch 64 SLA 1967; am § 7 ch 207 SLA 1975; am § 2 ch 64 SLA 1977; am § 49 ch 106 SLA 1980)

Revisor's notes. — Formerly AS 44.61.030. Renumbered in 1980.

Effect of amendments. — Section 49, ch. 106, SLA 1980, rewrote the section.

Editor's notes. — Section 50, ch. 106, SLA 1980, purported to add a subsection (e); it was effective, however, on the effective date of the amendment to the Alaska

Constitution proposed in 1980 Legislative Resolve No. 43, which was defeated at the general election held in November, 1980.

Sec. 44.88.040. Chairman and vice-chairman. The members of the authority shall elect a chairman from among themselves. A vice-chairman may be elected by the authority from among its other members. The vice-chairman presides over all meetings in the absence of the chairman and has other duties which the authority may direct. (§ 1 ch 64 SLA 1967; am § 105 ch 218 SLA 1976; am § 51 ch 106 SLA 1980)

Revisor's notes. — Formerly AS 44.61.040. Renumbered in 1980.

Effect of amendments. — The 1980 amendment rewrote the section.

Sec. 44.88.050. Meetings, compensation, officers and employees. (a) A majority of the members of the authority constitutes a quorum for the transaction of business or the exercise of a power or function at a meeting of the authority. In case of a tie vote on a motion or resolution pending before the authority the motion or resolution shall be presented to the governor and if approved, is considered adopted by the authority. The authority may meet and transact business by electronic media if (1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location; (2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and (3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public. A meeting by electronic media as provided in this subsection has the same legal effect as a meeting in person.

(b) The public members of the authority receive \$100 compensation for each day spent on official business of the authority and may be reimbursed by the authority for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

(c) The authority may appoint persons as officers it considers advisable, including an executive director, and may employ professional advisors, counsel, technical experts, agents, and other employees it considers advisable. The executive director and employees of the authority are in the exempt service under AS 39.25.010 — 39.25.220.

(d) The authority shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 64 SLA 1967; am §§ 52, 53 ch 106 SLA 1980; am §§ 29, 30 ch 115 SLA 1981)

Revisor's notes. — Formerly AS 44.61.050. Renumbered in 1980.

Effect of amendments. — The 1980 amendment rewrote subsection (b), and in subsection (c), deleted "or executive vice-president" following "executive direc-

tor" in the first sentence and added the second sentence.

The 1981 amendment added the third and fourth sentences of subsection (a) and added subsection (d).

Article 2. Purpose and Powers.

Section

- 70. Purpose of the authority
- 80. Powers of the authority
- 85. Administrative procedure

Sec. 44.88.070. Purpose of the authority. The purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by providing various means of financing and means of facilitating the financing of industrial, manufacturing, and business enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state, and by owning and operating the enterprises and other facilities. (§ 1 ch 64 SLA 1967; am § 54 ch 106 SLA 1980; am § 31 ch 115 SLA 1981; am § 4 ch 162 SLA 1984)

Revisor's notes. — Formerly AS 44.61.070. Renumbered in 1980.

Effect of amendments. — The 1980 amendment substituted "various" for "a" preceding "means of financing" near the middle of the section, inserted "means of facilitating the financing of" near the middle of the section, and substituted "small business, tourism, mining, and commercial fishing enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state" for "plant construction, conversion or expansion

within the state, including the acquisition of real property, for lease or sale to business enterprises for industrial or manufacturing purposes" at the end of the section.

The 1981 amendment substituted "and" for "small" preceding "business," and deleted "tourism, mining, and commercial fishing" preceding "enterprises."

The 1984 amendment added "and by owning and operating the enterprises and other facilities" at the end of the section.

Sec. 44.88.080. Powers of the authority. In furtherance of its corporate purposes, the authority has the following powers in addition to its other powers:

- (1) to sue and be sued;
- (2) to have a seal and alter it at pleasure;
- (3) to make and alter bylaws for its organization and internal management;
- (4) to adopt regulations governing the exercise of its corporate powers;
- (5) to acquire an interest in a project as necessary or appropriate to provide financing for the project, whether by purchase, gift or lease;
- (6) to lease to others a project acquired by it for the rentals and upon the terms and conditions the authority may consider advisable, including, without limitation, provisions for options to purchase or renew;

(7) to issue bonds, in accordance with AS 44.88.090, to pay the cost of a project and to secure payment of the bonds as provided in this chapter;

(8) to sell, by installment sale or otherwise, exchange, donate, convey or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, including a project, when, in the judgment of the authority, the action is in furtherance of its corporate purposes;

(9) to accept gifts, grants or loans from, and enter into contracts or other transactions regarding them, with a federal agency or an agency or instrumentality of the state, a municipality, private organization or other source;

(10) to deposit or invest its funds, subject to agreements with bondholders;

(11) to enter into contracts or agreements with respect to the exercise of any of its powers, and do all things necessary or convenient to carry out its corporate purposes and exercise the powers granted in this chapter;

(12) to purchase or insure loans to finance the costs of manufacturing, industrial, and business enterprise projects;

(13) to enter into loan agreements with respect to one or more projects upon the terms and conditions the authority considers advisable;

(14) to acquire, manage, and operate projects as the authority considers necessary or appropriate to serve a public purpose;

(15) to assist private lenders to make loans to finance the costs of projects through loan commitments, short-term financing, or otherwise;

(16) to accept gifts, grants, or loans from a federal agency, from an agency or instrumentality of the state or of a municipality, or from any other source;

(17) to enter into contracts or other transactions with a federal agency, with an agency or instrumentality of the state or of a municipality, or with a private organization or other entity consistent with the exercise of any power under this chapter;

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans made to finance the costs of projects in Alaska held by federal and state chartered financial institutions or by the Alaska Commercial Fishing and Agriculture Bank;

(19) to charge fees or other forms of remuneration for the use or possession of the projects described in (14) of this section in accordance with the agreements described in (11) and (17) of this section, other agreements pertaining to the projects, covenants or representations made in bond documents pertaining to the projects, or regulations of the authority pertaining to the projects. (§ 1 ch 64 SLA 1967; am §§ 55-59 ch 106 SLA 1980; am §§ 32, 33 ch 115 SLA 1981; am § 5 ch 162 SLA 1984)

Revisor's notes. — Formerly AS 44.61.080. Renumbered in 1980.

Effect of amendments. — The 1980 amendment substituted "adopt" for "make rules and" at the beginning of paragraph (4), rewrote paragraph (5), inserted "in accordance with AS 44.88.090" following "to issue bonds" near the beginning of paragraph (7), deleted "acquiring by construction, purchase or lease or improving and equipping" following "the cost of" near the middle of paragraph (7), inserted "by installment sale or otherwise" following "to sell" at the beginning of paragraph (8), inserted "including a project" following "has an interest" near the middle of paragraph (8), and added paragraphs (12) through (18).

The 1981 amendment substituted "and"

for "small" preceding "business" and deleted "tourism, mining, and commercial fishing" preceding "enterprise projects" in paragraph (12). In paragraph (18), the amendment added "made to finance the costs of projects in Alaska" following "commercially insured loans" and substituted "federal and state chartered financial institutions or by the Alaska Commercial Fishing and Agriculture Bank" for "commercial banks in Alaska."

The 1984 amendment substituted "projects as the authority considers necessary or appropriate to serve a public purpose" for "a project when it becomes necessary or desirable to do so to safeguard the authority from losses" in paragraph (14) and added paragraph (19).

Sec. 44.88.085. Administrative procedure. (a) Except for AS 44.62.310 and 44.62.312 regarding public meetings, and except for AS 44.62.320(a) regarding legislative review of regulations, the provisions of the Administrative Procedure Act regarding the adoption of regulations (AS 44.62.040 — 44.62.320) do not apply to the authority. The authority shall make available to members of the public copies of the regulations adopted under (b) — (e) of this section. Within 45 days after adoption of a regulation under (b) — (e) of this section, the chairman of the authority shall submit the regulation adopted to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 — 24.20.460.

(b) The authority may adopt regulations under this section by motion or by resolution or in any other manner permitted by its bylaws.

(c) The authority may adopt regulations to carry out the purposes of this chapter, and shall adopt regulations necessary for the following purposes:

- (1) determination of borrower eligibility;
- (2) loan guidelines and terms including, but not limited to, maximum loan amounts and required loan-to-value ratios, but excluding loan interest rates;
- (3) characteristics of projects eligible for loans or purchase of loans; and
- (4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject specified in (c) of this section, the authority shall give public notice of the proposed action by publishing the notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the authority. The public notice must include a statement

of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the subject of the proposed action. On the date and at the time and place designated in the notice, the authority shall give each interested person or an authorized representative of the person, or both, the opportunity to present statements, arguments, or contentions orally or in writing and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The authority shall consider all relevant matter presented to it before taking the proposed action on the regulation. At a hearing under this subsection, the authority may continue or postpone the hearing to a time and place determined by the authority and announced at the hearing before taking the action to continue or postpone the hearing. A regulation adopted, amended, or repealed by the authority may vary from the informative summary specified in this subsection if the subject matter of the action taken on the regulation remains the same and if the original notice of the proposed action was written so as to assure that members of the public are reasonably notified of the subject matter of the proposed action in order for them to determine whether their interests could be affected by the authority's proposed action on that subject.

(e) The adoption, amendment, or repeal of a regulation on a subject specified in (c) of this section may be made as an emergency regulation if, in the order of adoption, the authority states the facts constituting the emergency and makes a finding that the adoption of the regulation is necessary for the immediate preservation of the orderly operation of the authority's loan and bonding programs. The requirements of (d) of this section do not apply to the initial adoption of an emergency regulation covering a subject specified in (c) of this section; however, upon adoption of an emergency regulation under this subsection, the authority shall, within 10 days after that adoption, publish notice of the adoption in accordance with the notice procedures specified in (d) of this section. An emergency regulation adopted under this subsection may not remain in effect for more than 120 days unless, before the expiration of that period, the authority adopts that regulation as a permanent regulation in accordance with the procedures specified in (d) of this section.

(f) A regulation adopted under (b) — (e) of this section takes effect immediately upon its adoption by the authority or at such other time as specified by the authority in its order of adoption. (§ 53 ch 113 SLA 1982)

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Article 3. Financial Provisions.

Section	Section
90. Bonds of the authority	150. Bonds legal investments for fiduciaries
100. Trust indentures and trust agreements	155. Enterprise development fund
105. Capital reserve funds and capital reserve fund requirement	156. Multi-family housing loan account
110. Validity of pledge	157. Loan insurance and loan insurance account
120. Nonliability on bonds	158. Small enterprise loan account
130. Pledge of the state	159. Interest rates
140. Exemption from taxation	

Sec. 44.88.090. Bonds of the authority. (a) Subject to (g) of this section, the authority may borrow money and may issue bonds, including but not limited to bonds on which the principal and interest are payable, (1) exclusively from the income and receipts or other money derived from the project financed with the proceeds of the bonds, (2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds, or (3) from its income and receipts or other assets generally, or a designated part or parts of them.

(b) Bonds shall be authorized by resolution of the authority, and be dated and shall mature as the resolution may provide, except that a bond may not mature more than 40 years from the date of its issue. Bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption which the resolution or a subsequent resolution may provide.

(c) All bonds, regardless of form or character, shall be negotiable instruments for all the purposes of the Uniform Commercial Code.

(d) All bonds may be sold at public or private sale in the manner, for the price or prices, and at the time or times which the authority may determine.

(e) Before the issuance of any bonds, the authority shall make provision by lease or other agreement regarding the project or projects being financed by the issue of the bonds for rentals or other considerations at least sufficient, in the judgment of the authority, to pay the principal of and interest on the bonds as they become due and to create and maintain the reserves therefor as the authority considers necessary or desirable and to meet all obligations in connection with the lease or other agreement and all costs necessary to service the bonds unless the lease or agreement provides that the obligations are to be met or costs are to be paid by a party other than the authority.

(f) The superior court shall have jurisdiction to hear and determine suits, actions or proceedings relating to the authority, including suits, actions or proceedings brought to foreclose or otherwise enforce a mort-

gage, pledge, assignment or security interest or brought by or for the benefit or security of a holder of its bonds or by a trustee for or other representative of the holders.

(g) The authority may not

(1) issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1982, in an amount that exceeds the amount of bonds authorized to be issued during the preceding 12-month period, unless a different amount is authorized by the legislature; or

(2) issue revenue bonds other than refunding bonds for a project under this chapter in an amount greater than \$50,000,000 during any 12-month period beginning after June 30, 1981, unless the issuance is included separately in the estimates required in the report of the authority under AS 44.88.210(b) and unless the legislature, by law, approves the issuance.

(h) The authority may combine, for the purposes of a single offering, bonds financing more than one project under AS 44.88.010 — 44.88.220. (§ 1 ch 64 SLA 1967; am §§ 60, 61 ch 106 SLA 1980; am § 35 ch 115 SLA 1981)

Revisor's notes. — Formerly AS 44.61.090. Renumbered in 1980.

Effect of amendments. — The 1980 amendment substituted "Subject to (g) of this section, the" for "The" at the beginning of subsection (a), deleted

"therefor" following "may issue bonds" near the beginning of subsection (a), and added subsections (g) and (h).

The 1981 amendment rewrote paragraph (1) of subsection (g).

Sec. 44.88.100. Trust indentures and trust agreements. In the discretion of the authority, an issue of bonds may be secured by a trust indenture or trust agreement between the authority and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee (hereinafter in this section referred to as "trust agreement") by means of which the authority may:

(1) make and enter into any and all the covenants and agreements with the trustee or the holders of the bonds which the authority may determine to be necessary or desirable, including, without limitation, covenants, provisions, limitations and agreements as to

(A) the application, investment, deposit, use and disposition of the proceeds of bonds of the authority or of money or other property of the authority or in which it has an interest;

(B) the fixing and collection of rents or other consideration for, and the other terms to be incorporated in a lease or contract of sale of a project;

(C) the assignment by the authority of its rights in the lease or contract of sale of a project or in a mortgage or other security interest created with respect to a project to a trustee for the benefit of bondholders;

(D) the terms and conditions upon which additional bonds of the authority may be issued;

(E) the vesting in a trustee of rights, powers, duties, funds or property in trust for the benefit of bondholders, including, without limitation, the right to enforce payment, performance and all other rights of the authority or of the bondholders, under a lease, contract of sale, mortgage, security agreement, or trust agreement with respect to a project by mandamus or other proceeding or by taking possession of by agent or otherwise and operating a project and collecting rents or other consideration and applying the same in accordance with the trust agreement;

(2) pledge, mortgage or assign money, leases, agreements, property or other assets of the authority either presently in hand or to be received in the future, or both; and

(3) provide for any other matters of like or different character which in any way affect the security or protection of the bonds. (§ 1 ch 64 SLA 1967)

Revisor's notes. — Formerly AS 44.61.100. Renumbered in 1980.

Sec. 44.88.105. Capital reserve funds and capital reserve fund requirement. (a) For the purpose of securing one or more issues of its bonds, the authority may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds the proceeds of the sale of its bonds and other money which may be made available to the authority from other sources for the purposes of the capital reserve funds. A capital reserve fund may be established only if the authority determines that the establishment of the fund would enhance the marketability of the bonds, and if those costs of a project, as defined in AS 44.88.220, which are to be financed with the proceeds of the bonds, do not exceed \$10,000,000. Money in a capital reserve fund, except as provided in this section, may be used as required only for (1) the payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds; (2) the purchase or redemption of the bonds; or (3) the payment of a redemption premium required to be paid when the bonds are redeemed before maturity. However, money in a capital reserve fund may not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to less than the capital reserve requirement, except for the purpose of making payment, when due, of principal, interest, redemption premiums on the bonds, and sinking fund payments when other money of the authority is not available for the payments. Income or interest earned by, or increment to, a capital reserve fund, from the investment of all or part of the fund, may be transferred by the authority to other funds or accounts of the authority if the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the authority decides to issue bonds secured by a capital reserve fund, the bonds may not be issued if the amount in the capital reserve fund is less than the capital reserve fund requirement, unless the authority, at the time of issuance of the bonds, deposits in the capital reserve fund from the proceeds of the bonds to be issued or from other sources, an amount which, together with the amount then in the fund, is not less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the fund is invested shall be valued by a reasonable method established by the authority by resolution. Valuation shall include the amount of interest earned or accrued as of the date of the valuation.

(d) The chairman of the authority shall annually, no later than January 2, certify in writing to the governor and the legislature the amount, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate to the authority the amount certified by the chairman of the authority. The authority shall deposit the amounts appropriated under this subsection during a fiscal year in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

(e) In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation as determined by resolution of the authority.

(f) The authority may not establish a capital reserve fund to secure an issue of bonds in an amount in excess of \$1,000,000 unless at least 20 percent of the principal amount of the loan for the project is retained by a federal or state chartered financial institution or the Alaska Commercial Fishing and Agriculture Bank.

(g) The authority may establish reserve funds, other than capital reserve funds, to secure one or more issues of its bonds. The authority may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) — (c) of this section. The authority may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

(h) Notwithstanding any other provision of this section, the authority may waive or modify the requirements of (a) of this section establishing maximum costs of \$10,000,000 for a project and the requirements of (f) of this section as it considers appropriate and prudent in order to finance a project if the authority intends to own the project. However, if the authority intends to lease or otherwise permit the state to use or occupy a majority of the project, the authority may only establish a reserve fund under (g) of this section to secure bonds issued to finance a project. (§ 62 ch 106 SLA 1980; am §§ 36, 37 ch 115 SLA 1981; am § 6 ch 162 SLA 1984)

Revisor's notes. — Enacted as AS 44.61.105. Renumbered in 1980.

Effect of amendments. — The 1981 amendment added "and if those costs of a project, as defined in AS 44.88.220, which are to be financed with the proceeds of the

bonds, do not exceed \$10,000,000" following "marketability of the bonds" in the second sentence of subsection (a) and added subsections (f) and (g).

The 1984 amendment added subsection (h).

Sec. 44.88.110. Validity of pledge. It is the intention of the legislature that a pledge made in respect of bonds shall be valid and binding from the time the pledge is made; that the money or property so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act; and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether the parties have notice. Neither the resolution, trust agreement nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code to be valid, binding or effective against the parties. (§ 1 ch 64 SLA 1967)

Revisor's notes. — Formerly AS 44.61.110. Renumbered in 1980.

Sec. 44.88.120. Nonliability on bonds. (a) Neither the members of the authority nor a person executing the bonds are liable personally on the bonds or are subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the authority, but shall be payable solely from the income and receipts or other funds or property of the authority. The authority may not pledge the faith or credit of the state or of a political subdivision of the state (except the authority) to the payment of a bond and the issuance of a bond by the authority does not directly or indirectly or contingently obligate the state or a political subdivision of the state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond. (§ 1 ch 64 SLA 1967)

Revisor's notes. — Formerly AS 44.61.120. Renumbered in 1980.

Sec. 44.88.130. Pledge of the state. The state pledges to and agrees with the holders of bonds issued under this chapter and with the federal agency which loans or contributes funds in respect to a project, that the state will not limit or alter the rights and powers vested in the authority by this chapter to fulfill the terms of a contract made by the authority with the holders or federal agency, or in any way impair the rights and remedies of the holders until the bonds, together with the

interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state, insofar as it refers to holders of bonds of the authority, in a contract with the holders, and insofar as it relates to a federal agency, in a contract with the federal agency. (§ 1 ch 64 SLA 1967)

Revisor's notes. — Formerly AS 44.61.130. Renumbered in 1980.

Sec. 44.88.140. Exemption from taxation. (a) The real and personal property of the authority and its assets, income and receipts are declared to be the property of a political subdivision of the state and, together with any project financed under this chapter and a leasehold interest created in a project applicant or other person under this chapter, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project and leasehold interests shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other taxing units. All bonds of the authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payment of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the authority, in any property, assets, income, receipts, project or lease whether or not financed under this chapter.

(b) The authority may enter into agreements with a proposed project applicant or project applicant providing for payments, computed on a formula basis or otherwise, in lieu of taxes, which the authority may consider appropriate. The agreement may provide that the payments be made to the political subdivision of the state in which a project is or is to be located or to any other taxing unit of the state including, without limitation, a borough, city, municipality, school district or public utility district, the area of which is coterminous in whole or in part with that of the political subdivision.

(c) *[Repealed, § 126 ch 6 SLA 1984.]* (§ 1 ch 64 SLA 1967; am § 3 ch 64 SLA 1977; am §§ 63, 64 ch 106 SLA 1980; am § 126 ch 6 SLA 1984)

Revisor's notes. — Formerly AS 44.61.140. Renumbered in 1980.

Effect of amendments. — The 1980 amendment substituted "applicant" for "occupant" following "project" near the middle of the first sentence in subsection

(a) and twice near the beginning of subsection (b).

The 1984 amendment repealed former subsection (c), relating to exempted property being considered taxable real and personal property.

NOTES TO DECISIONS

Cited in *City of Nome v. Block No. H, Lots 5, 6 & 7, Sup. Ct. Op. No. 839 (File No. 1652), 502 P.2d 124 (1972).*

Sec. 44.88.150. Bonds legal investments for fiduciaries. The bonds of the authority are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loan associations and building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. Notwithstanding any other provisions of law, the bonds of the authority are also securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized. (§ 1 ch 64 SLA 1967)

Revisor's notes. — Formerly AS 44.61.150. Renumbered in 1980.

Sec. 44.88.155. Enterprise development fund. (a) The enterprise development fund is established in the authority. The enterprise development fund is a trust fund for the uses and purposes of AS 44.88.010 — 44.88.220. The enterprise development fund consists of money or assets appropriated or transferred to the authority and other money or assets deposited in it by the authority.

(b) The authority may establish in the enterprise development fund a small enterprise loan account, a loan insurance account, and other accounts it considers appropriate.

(c) Money and other assets of the enterprise development fund may be used to secure bonds of the authority, and shall be held and invested by the authority in the types of investments described in AS 37.10.070(a) and AS 39.35.110(a)(9) and (14) or shall be used to purchase loans for projects as defined in AS 44.88.220.

(d) A loan purchased in whole or in part by the authority, other than a loan which is financed with the proceeds of bonds of the authority and secured only by a project applicant or a project,

(1) may not exceed

(A) \$10,000,000; or

(B) \$500,000 if the loan is purchased under AS 44.88.158;

(2) may not exceed the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of this limit is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes;

(6) shall be secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower;

(7) may not be made unless

(A) at least 10 percent of the principal amount of the loan is retained by the originator of the loan; or

(B) 100 percent of the principal amount of the loan is guaranteed by the United States or an agency or instrumentality of the United States;

(8) must be

(A) at least partially guaranteed by the United States or an agency or instrumentality of the United States, subject to the provisions of AS 44.88.158; or

(B) financed from the proceeds of bonds; or

(C) expected by the authority to be financed from the proceeds of bonds.

(e) The authority may adopt regulations for the administration of the enterprise development fund which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

(f) The authority may enter into agreements as to the use of the money in the enterprise development fund, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the enterprise development fund as may be necessary or appropriate to provide for payment and security for bonds of the authority.

(g) Notwithstanding any other provision of this section, the authority may waive or modify the requirements of this section as it considers appropriate and prudent in order to finance a project if the authority intends to own the project. (§ 65 ch 106 SLA 1980; am § 38 ch 115 SLA 1981; am § 7 ch 162 SLA 1984)

Revisor's notes. — Formerly AS 44.61.155. Renumbered in 1980. The 1984 amendment added subsection (g).

Effect of amendments. — The 1981 amendment rewrote this section.

Sec. 44.88.156. Multi-family housing loan account. (a) In addition to the findings and declarations in AS 44.88.010, the legislature finds, determines, and declares that

(1) there exists in the state a serious shortage of decent, safe, and sanitary multifamily housing units, and that this shortage is inimical to the safety, health, welfare, and prosperity of the residents of the state and to the sound growth of communities in the state; and

(2) it is necessary to give the Alaska Industrial Development Authority the power to provide a means for financing additional multifamily housing projects in the state.

(b) In addition to the purposes specified in AS 44.88.070, the purpose of the authority is to promote, develop, and maintain an adequate supply of decent, safe, and sanitary multifamily housing projects during times of shortage of such projects in the state, by providing various means of financing and facilitating the financing of multifamily housing projects in the state.

(c) In addition to the powers conferred on the authority under AS 44.88.080 and its other powers, the authority has the following powers:

(1) to make loans and to participate in the making of loans in conjunction with other lenders, the Alaska State Housing Authority, or a municipality of the state to assist in the financing of multifamily housing projects;

(2) to own a multifamily housing project with sponsors, developers, builders, or other persons or to own a multifamily housing project alone, for the purpose of maintaining a security interest in that multifamily housing project;

(3) to borrow money, to issue its bonds, and to provide security for bonds it issues in connection with the financing of multifamily housing projects, except that the authority may not issue bonds for the construction financing for a multifamily housing project unless the bonds are, in the opinion of the authority, adequately secured by a letter of credit or equivalent security;

(4) to make loans and to participate in the making of loans from the proceeds of tax-exempt bonds for a multifamily housing project at interest rates determined or agreed to by the authority;

(5) to acquire, sell, or otherwise dispose of an interest in a multifamily housing project as necessary or appropriate to provide financing for the housing project;

(6) to enter into agreements with respect to a multifamily housing project on terms and conditions that the authority considers advisable;

(7) to assist private lenders, the Alaska State Housing Authority, and municipalities of the state to make loans to finance the costs of multifamily housing projects;

(8) to use assets of the multifamily housing loans security fund to establish capital reserve funds to secure bonds issued in connection with the financing of multifamily housing projects and to provide a loan loss reserve for loans purchased by the multifamily housing loan account of the enterprise development fund.

(d) With respect to the issuance of bonds to finance one or more multifamily housing projects, in order to facilitate the financing of a multifamily housing project the authority may waive or modify, as it considers appropriate and prudent, the requirements of AS 44.88.090(e), 44.88.155(d), and 44.88.160.

(e) A capital reserve fund established under this section to secure bonds issued in connection with the financing of multifamily housing projects is not subject to the \$10,000,000 limitation stated in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to capital reserve funds established to secure bonds issued to finance one or more multifamily housing projects.

(f) A multifamily housing loan account is established in the enterprise development fund of the authority (AS 44.88.155), consisting of money and other assets of the enterprise development fund that the authority deposits into it. The multifamily housing loan account shall be used only to purchase or originate loans for multifamily housing projects. The authority may not use proceeds from the sale of bonds of the authority to finance secondary loans for multifamily housing. Notwithstanding the provisions of AS 44.88.155(d), a loan purchased or originated by the authority for the multifamily housing loan account

(1) may not be for a term longer than 30 years from the date the loan is made;

(2) shall be secured by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower; the mortgage or other security instrument constitutes a first lien against the multifamily housing project, except that it may be subordinated by the authority to a loan made directly or indirectly with the proceeds of a sale of bonds by the authority, the Alaska State Housing Authority, or a municipality of the state during the time when the loan from these proceeds is outstanding, and may be subordinated to a loan that refinances the original loan, if the authority considers it appropriate to do so;

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(3) shall provide for a schedule of payments of principal and interest that is satisfactory to the authority, and that may include, without limitation, deferrals or reductions of payments, variable payments, balloon payments, sharing in equity appreciation, and other arrangements;

(4) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens, and other matters as the authority prescribes.

(g) The interest rate on a loan for one or more multifamily housing projects financed from the proceeds of tax-exempt bonds or expected by the authority to be financed from the proceeds of tax-exempt bonds may be at a higher or lower rate, as the authority considers appropriate, than the cost of funds as defined in AS 44.88.159(a), with respect to that loan.

(h) The multifamily housing loans security fund is established in the authority. The multifamily housing loans security fund consists of money and assets appropriated or transferred to it, the income produced from its investments and holdings, and deposits that the authority may make from repayments of multifamily housing loans purchased by the multifamily housing loan account of the enterprise development fund. The assets of the multifamily housing loans security fund may be used to establish capital reserve funds to secure bonds issued in connection with the financing of multifamily housing projects. The assets of the multifamily housing loans security fund may also be used to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the authority from the multifamily housing loan account of the enterprise development fund. The multifamily housing loans security fund is not a general asset of the authority and may not be pledged or committed in any way except as provided in this subsection. The authority may

(1) establish separate accounts in the multifamily housing loans security fund for multifamily housing loans, as it finds appropriate, and may establish other accounts that it considers appropriate;

(2) hold and invest money and other assets of the multifamily housing loans security fund at competitive national market rates in the types of investments described in AS 37.10.070(a).

(i) If a multifamily housing loan from the multifamily housing loan account of the enterprise development fund of the authority is not fully repaid, including accrued interest, and is not fully satisfied after the enforcement of any security that the authority has acquired under (f)(2) of this section, the executive director of the authority shall certify the facts regarding the loan in writing. Upon the certification an amount equal to the unpaid balance, accrued interest, and costs attributable to that loan shall be paid from the multifamily housing

loans security fund to the enterprise development fund of the authority, or if the balance in the multifamily housing loans security fund is less than the amount of the unpaid balance, accrued interest, and costs attributable to the loan, the remaining balance of the multifamily housing loans security fund shall be paid to the enterprise development fund of the authority. The authority shall consider a loan fully discharged for purposes of (j) of this section upon payment from the multifamily housing loans security fund to the enterprise development fund under this subsection.

(j) Not later than 60 days after all multifamily housing loans that have been made from the multifamily housing loan account of the enterprise development fund of the authority have been discharged, or considered to be discharged under (i) of this section, any balance remaining in the multifamily housing loans security fund shall be transferred by the authority to the state general fund.

(k) In this section,

(1) "authority" means the Alaska Industrial Development Authority;

(2) "multifamily housing project" means a specific building, structure, work, or improvement of five or more dwelling units, or a group of these buildings, structures, works, or improvements, the primary purpose of which is to provide rental dwelling accommodations and which qualifies for tax-exempt financing under sec. 103 of the Internal Revenue Code of 1954, as amended (26 U.S.C. 103), or sec. 11(b) of the National Housing Act of 1937, as amended; "multifamily housing project" includes the acquisition, construction, or rehabilitation of land, buildings, and improvements for rental dwellings, accommodations, and other facilities that may be incidental or appurtenant to rental dwelling accommodations. (§ 69 ch 113 SLA 1982; am §§ 22-26 ch 102 SLA 1983)

Editor's notes. — This section is conditionally repealed by §§ 73 and 75, ch. 113, SLA 1982.

Sec. 44.88.157. Loan insurance and loan insurance account.

(a) The purpose of the loan insurance account is to provide insurance of mortgage loans and other loans made or purchased by the authority, or made by others and approved for insurance by the authority, for a project. The authority may enter into agreements as to the use of money in the loan insurance account and may pledge, assign, or grant interests in the loan insurance account as provided in this section. The authority may adopt regulations and enter into agreements with respect to the exercise of any power or approval relating to the loan insurance account under this section, including, without limitation, agreements as to the use of money in the loan insurance account, agreements with respect to the terms and conditions upon which

payments from the loan insurance account will be made with respect to a loan insured under this section, agreements as to separate subaccounts in the loan insurance account for different categories of loans or as to loans made by the authority or any other person, and agreements regarding the payment of and security for bonds issued by the authority. An agreement, the rights of the authority under an agreement, or payments received or to be received under an agreement may be pledged or assigned by the authority for the benefit of the holders of bonds issued by the authority.

(b) The authority may, upon application of a borrower or proposed borrower, insure and make advance commitments to insure loan repayments required under the terms of a loan made by it or by another lender with respect to a project, upon the terms and conditions the authority prescribes. To be eligible for insurance under AS 44.88.010 — 44.88.220, a loan for a project

(1) shall be held by the authority or by a lender approved by the authority as responsible and able to service the loan;

(2) may not exceed \$10,000,000 for a project, or 90 percent of the cost of the project or 90 percent of the appraised value of the project, whichever is less;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date of issuance of the insurance, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower; and

(5) shall be in the form and contain the terms with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, additional and secondary liens, and other matters that the authority prescribes.

(c) In addition to other fees which the authority may charge on loans, the authority may collect or cause to be collected on loans insured under this section, either a loan insurance commitment fee or a loan insurance premium or both. Loan insurance fees and loan insurance premiums are not required to be uniform among the various loans insured. Loan insurance commitment fees and loan insurance premiums shall be deposited in the insurance account by the loan servicer, trustee, or agent designated by the authority to receive them.

(d) If, at any time after receipt by the authority of a payment from the loan insurance account with respect to a loan, the authority recovers an amount on the loan or portion of it from a source other than the loan insurance account, the authority shall apply the amount recovered in the following order: first, to repay the general fund of the state for appropriations made under (g) of this section, and second, to repay the loan insurance account.

(e) Loans may be insured only when the amount either in the loan insurance account insuring the loans or a subaccount in the loan insurance account insuring the loans, as a percentage of the sum of the loans to be insured and all unpaid principal on loans insured by the loan insurance account or the subaccount, equals or exceeds the fund requirement. The fund requirement is calculated as a percentage which the authority determines is actuarially sound for operation of the loan account or a subaccount.

(f) When the authority determines what is actuarially sound with respect to the operation of the loan insurance account or a subaccount in the loan insurance account, it shall consider means of providing sufficient revenue for the operation of the account or subaccount, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated under (g) of this section. The authority shall also consider factors including, without limitation, estimates of future defaults and losses of loans insured under this section based on actual default and loss experience on those loans or on similar loans in the state or elsewhere, estimates of recoveries on defaulted or foreclosed loans based on actual default and foreclosure experience on those loans or similar loans in the state or elsewhere, the terms and conditions of the loans insured under this section, estimates of earnings and income of amounts on deposit in the loan insurance account, and other appropriate factors.

(g) On December 1 of each year the authority shall determine the amount on deposit in the loan insurance account and in each subaccount in the loan insurance account. If the amount in the loan insurance account or the amount in a subaccount in the loan insurance account is less than the fund requirement for the account or for the subaccount, the authority shall transfer the amount necessary to restore the loan insurance account or the subaccount to the fund requirement. The transfer shall be made from available money which is not encumbered or restricted for other use under the terms of contracts with bondholders or others. If sufficient money is not available for transfer, the chairman of the authority shall, no later than January 2 of the following year, certify in writing to the governor and to the legislature the amount, if any, required to restore the account or a subaccount to the fund requirement. The legislature may appropriate the amount certified and the authority shall deposit in the account or proper subaccount the amounts appropriated by the legislature for the purposes of this subsection during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

(h) A contract of insurance executed by the authority under this section is conclusive evidence of eligibility for the insurance. The validity of a contract of insurance executed by the authority or of an advance commitment to insure is incontestable from the date of the execution of the contract or commitment, except for fraud or