ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7354 SENATE COMMUNITY & REGIONAL AFFAIRS

PROPOSED BIRD CREEK LAND EXCHANGE
SB 321

The Municipality of Anchorage (MOA), the Alaska Department of Natural Resources (DNR) and a group of homeowners who own land along Bird Creek are proposing a land exchange. Bird Creek is located in Bird Creek Valley which is along Turnagain Arm southwest of Anchorage. The lands involved in the proposed land exchange are owned by the homeowners, the Municipality of Anchorage and the State.

The land exchange, as shown on the attached map, would give the public an additional 4.8 acres of land along Bird Creek. This land is heavily used by persons sport fishing for salmon in mid to late summer. This land also possess important fish and wildlife habitat values as a portion of it is a saltwater influenced wetland. This land along Bird Creek is proposed to be conveyed to the MOA and could be added to the Bird Creek Regional Park. Tidelands within this parcel, to be conveyed to the MOA will be reconveyed by the MOA to the state. The nearby municipal Bird Creek Regional Park is managed through a cooperative agreement with DNR as part of Chugach State Park. In exchange for this land, the homeowners will receive three pieces of public land totalling 2.05 acres which adjoin the parcel they presently own. The homeowners are interested in these tracts because they mistakenly placed some of their homes just off of the property that they own and on public land owned by the state and municipality.

Until recently, the homeowners thought that they only had to trade land with the MOA. In 1987, voters in the Municipality of Anchorage approved the land exchange in a municipal election. However, a closer review of the land ownership in the area revealed that a portion of one of the three tracts to be conveyed to the homeowners, by the MOA, included an Alaska Department of Transportation and Public Facilities's (DOTPF) material site that is within Chugach State Park. This portion of land is estimated to be 0.6 acres in size. The actual size of the tracts will not be confirmed until the land is surveyed. The material site was established before the land became part of Chugach State Park. DOTFP has agreed to give up their interest in the tract to be conveyed to the homeowners if it is surveyed before it is conveyed. However, because the land is part of Chugach State Park the Alaska State Legislature must authorize the removal of this land from the park.

SB 321, if enacted into law, will authorize the Commissioner of DNR to remove the land from the park and convey it to the MOA if: 1) it is determined that it will not interfere with DOTPF's use of the material site, and 2) MOA will only use the land for the purposes of the proposed land exchange. The land conveyed to the MOA, estimated to be 0.6 acres, will in addition to the lands it has received from the State under its municipal land entitlement. The acreage of the tidelands that the MOA will reconvey to the State is not know, but is estimated at 1.0 to 2.5 acres.

by DNR/Parks 4/24/91

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 231

Revision Date:
Department Affected: Natural Resources
Title: Conveyance of Land
Chugach State Park
BRU: Land & Water Management
Components: Land & Water Management
Sponsor: Senator Menard
Requestor: Senate Community & Regional Affairs
COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact: None

ANALYSIS: (Attach a separate page if necessary)

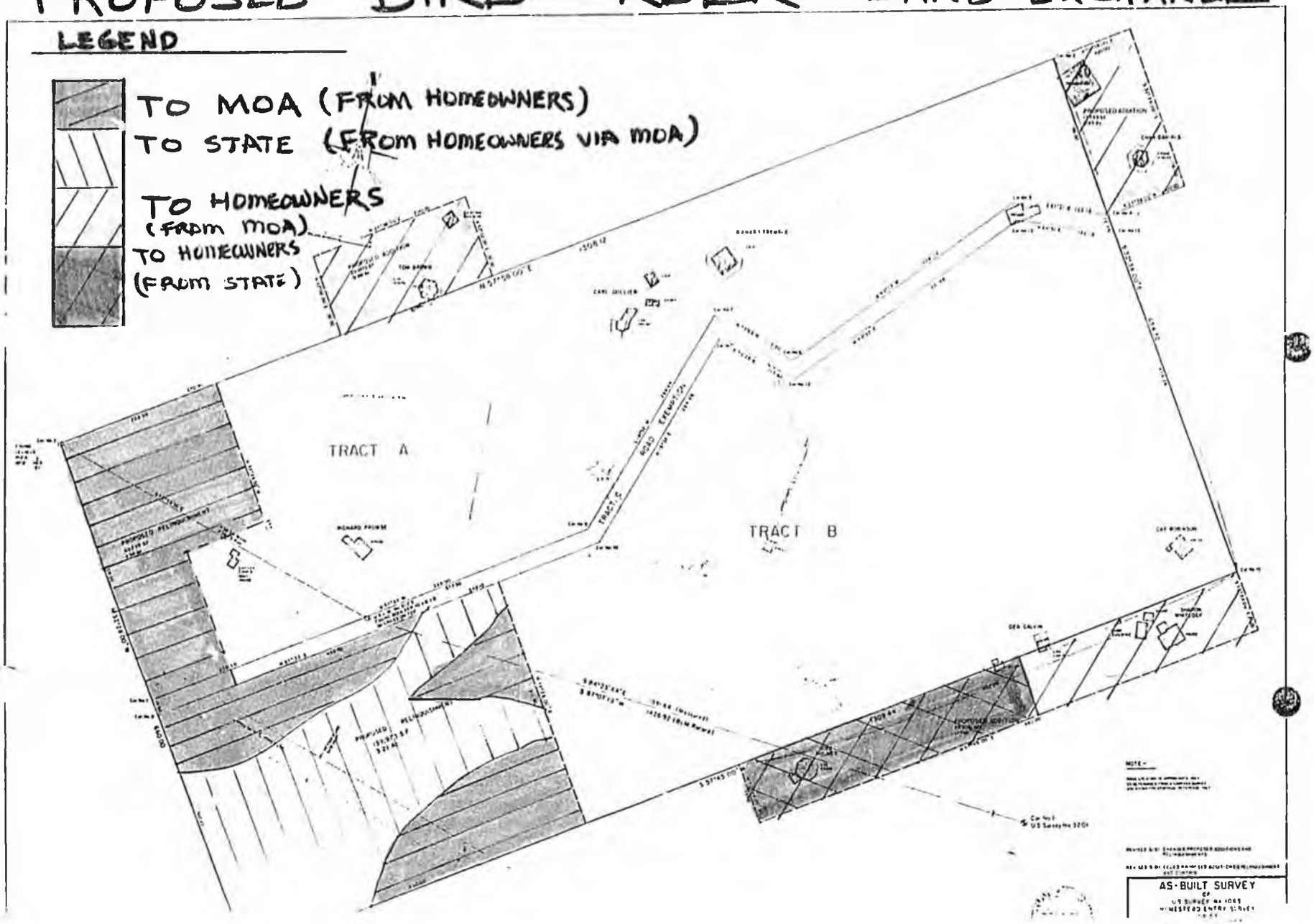
Prepared by: Gary Gustafson
Phone: 762-2692
Division: Land & Water Management
Date: 25-Apr-91

Approved by Commissioner: Harold Heinze
Date: 25-Apr-91
Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

REV 10/90

PROPOSED BIRD CREEK LAND EXCHANGE



SB

238

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 4/5/91 FURTHER: Finance

Date of 5-Day Notice: 5/2/91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 5-10-91

C&RA Committee considered SB 238

Rural development initiative program.

and recommended:

[✓] replace with _____ CS SB 238 (CRA) [✓] same title [ ] new title

[ ] attached amendment(s)

[ ] _____ letter of intent adopted

[ ] do pass

[ ] do not pass

[ ] no recommendation

[✓] individual recommendations

[ ] further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:	Department(s)/Date:
[✓] fiscal note(s)	[ ] zero fiscal note(s)
CRA - 4/18/91 Admin. Srv.	~~CRA~~
~~CRA~~ 4/18/91 Comm. Dev. Asst.	
[ ] appropriation-no fiscal note	[ ] Governor's bill w/fiscal note

SIGNING DO PASS:

Carlos Stangalewski

OTHER RECOMMENDATIONS:

Pass original 6.11

Chair: Signature and Recommendation

Alaska State Legislature

Al Adams
District L

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

3111 C Street
Anchorage, Alaska 99503
(907) 561-7622

Official Business

April 23, 1991

TO: Sen. Frank, Chairman
Senate Community and Regional Affairs Committee

FROM: Sen. Adams AGR

RE: Hearing for SB 238

I would appreciate it if you would schedule SB 238: An Act relating to the rural development initiative program, at your earliest convenience.

I requested a "white paper" from the Department of Community and Regional Affairs on how they would envision this loan program working, and it is attached for your information.

This is a good bill, and provides a missing link in our rural economic development program.

7-LS1157\D
Cook
5/9/91

CS FOR SENATE BILL NO. 238 (CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS ADAMS, Hoffman

A BILL

FOR AN ACT ENTITLED

"An Act relating to the rural development initiative program."

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

*** Section 1.** AS 44.47 is amended by adding new sections to read:

ARTICLE 11A. RURAL DEVELOPMENT INITIATIVE PROGRAM.

Sec. 44.47.800. RURAL DEVELOPMENT INITIATIVE FUND. (a) The rural development initiative fund is created in the department. Unless provided otherwise in the appropriation act, an appropriation to the fund is retained in the fund for use under AS 44.47.800 - 44.47.820 and does not lapse at the end of a fiscal year. Each year the commissioner shall request an appropriation to the fund of interest and other income earned on loans or investments of the fund. Money in the fund may be appropriated for costs of administering AS 44.47.800 - 44.47.820.

(b) The commissioner may place money from the fund into a special reserve account as necessary. The commissioner may use money in the account to protect the state's security interest in collateral on loans made from the fund, to protect the state's interests in investments

made from the fund, or to defray expenses incurred during foreclosure or other legal proceedings involving loans or investments made from the fund.

(c) The commissioner may use money from the fund to provide for loan information officers under AS 44.47.155.

Sec. 44.47.810. RURAL DEVELOPMENT LOANS. (a) The department may use money from the rural development initiative fund to make a loan of up to $100,000 to a person, or a loan of up to $200,000 to two or more persons, to be used for working capital, equipment, construction, or other commercial purposes by a business located in a community with a population of 5,000 or less. A person who has received a loan under this subsection may not be granted another loan until after the original loan is entirely repaid.

(b) The department shall require collateral and by regulation may establish other conditions for loans made under this section. The department shall by regulation establish rates of interest NO LESS THAN 5% ABOVE THE FED RESERVE DISCOUNT RATE and terms of repayment for loans made under this section.

Sec. 44.47.820. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORECLOSURE. The department shall dispose of property acquired through default or foreclosure of a loan made from the rural development initiative fund. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years. The commissioner shall request an appropriation to the fund of proceeds from disposal of property under this section.

HB 256 AND SB 238: AN INITIATIVE OF HOPE

A perspective provided by the Department of Community and Regional Affairs Rural Development Division

BACKGROUND: *SB 238 and HB 256 are companion bills which propose to establish a Rural Development Initiative Fund (REDIF) within the Department of Community and Regional Affairs. This document constitutes a "White Paper" by DCRA staff to explain various sections contained in the legislation well as synopsize a proposed structure for the REDIF.*

In the early 1980's, the Alaskan banking system was awash with cash and in an expansionist mode. Competition among banks led to increases in services in rural Alaska. Alaska National Bank of the North, United Bank of Alaska, and National Bank of Alaska expanded into rural Alaska. The **economic contraction in the mid-80's** led to the failure of the most aggressive banks due primarily to the **collapsed value of their urban portfolios.** Former bank officials for both UBA and ANB contend that the **rural portfolios of the two banks were among their most reliable performers.** The strength of rural investment is reflected in the relative performances of the housing loan portfolios of AHFC compared with those of the primarily rural DCRA HAD program. When AHFC was faced with huge defaults in the late 1980's, mostly from urban and suburban markets -- into the low double digits -- the HAD portfolio, primarily rural, performed with a default rate under 5%.

Generally it is the case that **rural borrowers are lifelong Alaskans** with extensive family ties within the state. **Such clients are not likely to walk away from a debt.** With proper underwriting and servicing of the deal, including the **"hometown banker"** approach of technical assistance to the client, a rural Alaskan investment can be as solid as any around.

Yet during the Governor's Conference on Small Business, particularly in the rural areas, one of the greatest needs identified was **access to capital.**

The Department of Community and Regional Affairs currently administers a gap financing program funded with federal Block Grant dollars called the **"Rural Development Fund" (RDF)** as part of its REDI menu of programs. In the first 9 months of start-up, the program has provided nearly **$400,000 in financing** and **leveraged over a million dollars** for rural and small city entrepreneurs. The Department of Commerce has also been managing a loan program with federal dollars and while DCRA has been aggressively marketing its program, both agencies face the same fundamental constraints in the use of federal dollars.

Nevertheless, the DCRA/RDF and the DCED/Small Business Economic Development Loan program remain two of the few financing sources available to rural businesses.

There is no **"equity investment"** program currently available to rural Alaskan businesses. If debt capital is scarce in rural Alaska, **"seed capital" is non-existent.**

In other states, models have been developed for equity investment facilities from the Small Business Administration's SBIC/MSBIC (Small/Minority Business Investment Corporation) program to the Michigan Strategic Fund's BIDCO (business and industrial development corporation) to Arkansas' **"Good Faith Fund".**

PART I: COMMENTARY

A. SECTION 44.47.800 subsection (b) "...The commissioner may place money from the fund into a special reserve account as necessary..."

This part is included to permit the fund to operate in case of loss. This reserve account will be interest-bearing. The interest from the account should revolve back into the principal of the fund. An initial cap for reserves should be 30% of loans and investment outstanding. When a track record for the fund is established, the reserves will be reduced to match actual performance. By the end of the third year of operation, the fund manager should be able to make such an adjustment. **The Department recommends the addition of a cap on reserves to ensure that a majority of the principal will be invested or loaned.**

B. SECTION 44.47.800 subsection (c) " ...The commissioner may use money from the fund to provide for loan information officers..."

The goal of the REDIF is to achieve self-sufficiency in operations. Past loan programs which failed did so because they were not designed to be self-financing. **The key to success of the REDIF shall be the presence of a strong and effective technical assistance team located in the field offices.** The loan information officers will constitute the "front line" of a field operation which will ensure "Deal flow". These staff, together with the Economic Development Specialist, will operate to assist in "portfolio management". **Both deal flow and portfolio management are major strategic thrusts within REDIF to help ensure success.**

C. SECTION 44.47.810 subsection (a) "...Loan limitations and population cap for eligible communities..."

This section places a limitation of $100,000 for individual or $200,000 for more than one individual per deal. No client who has recieved one loan is eligible to recieve another until the current loan is "entirely repaid". The intent of this part is to ensure that there will be adequate distribution of the limited resources available through the REDIF. **The population cap was placed at 5,000 to ensure that rural regional centers would have access to the funding as well as smaller villages.** A village microeconomy is not a stand-alone unit. Even subsistence economic activities integrate regional rather than strictly local resources. The cash economic activities of rural Alaska fall together as a **"trade area"** and not just as a collection of local and state-wide units.

The viability of a trade area is determined by the magnitude of "pull" which its regional centers exhibit (T. Nakazawa, et al, 1989). Consequently, it would not be adequate to address rural Alaskan Development in terms of the village microeconomy alone but must also address expansion and development in the rural regional centers as well.

D. SECTION 44.47.820 "...Investment in Rural Business..."

This section extends the capacity of the REDIF to purchase equity in rural projects. The intent here is to purchase a preferred, non-voting class of stock. Purchase should be linked to securing other elements of REDIF funding or other financing.

For example, an EDS (or another financial consultant) might package a project which requires equity that is beyond the capacity of the rural business. A bank and, say, the Community Enterprise Development Corporation (CEDC) are participating in the package. The loans, however, cannot be made without equity (say, 20% in the deal). The business is able to come up with 5% equity leaving an equity gap of 15%. The entrepreneur agrees to form a stock corporation. The entrepreneur, with assistance from the Department of Commerce, forms a limited stock corporation and offers the REDIF investment fund an option on stock equal to the equity gap. An investment advisory board established by the commissioner of DCRA to advise staff (see "ADVISORY BOARD", below) approves the investment and the deal is made. Most investments will be small (called "micro-investments") in the magnitude of less than $10,000. **An equity position will only be considered when it secures some form of other financing and all other debt, equity, and grant options have been exhausted.**

This section also allows the REDIF to induce the private-sector investments in rural projects by underwriting them. For example, the commissioner may periodically issue an RFP requesting proposals from rural partnerships including, typically, a bank and a village corporation. Proposals are then recieved which identify projects which have merit but are deemed "too risky". The REDIF staff analyze the projects and recommend some to the investment advisory for underwriting. When the board agrees, a conditional guarantee will be written against loss. Funds from the REDIF will be set aside in an interest-bearing account equal to the guarantee. As the project develops and the risk declines, REDIF will withdraw in favor of private underwriting. Fees will be charged for underwriting which will accrue to the REDIF.

E. INVESTMENT ADVISORY BOARD

Staff and the public have commented upon the need for an investment advisory structure to assist the technical staff of the REDIF in the decision-making process. While the legislation leaves this and other details to the promulgation of regulation by the commissioner, **the Legislature may wish to provide direction in statute for the formation of the board.**

The **REDIF Investment Advisory Board** should be made up of persons from the private sector and the administration and legislature. The legislative and members would be ex-officio members without voting powers. The private members will be selected for their strong background in rural business. These members must understand both sound business decision-making as well as the special needs of rural businesses.

These advisors would provide valued input into the underwriting and the equity investment decisions of the fund as well as provide overall guidance to the commissioner of DCRA on the REDIF program. Because the program could benefit from the expertise of both the Departments of Commerce and Revenue, ex-officio seats on the REDIF Investment Advisory Board should be provided for those agencies. Finally, because the REDIF represents a **Legislative and an Administrative** partnership, one ex-officio seat each shall be designated for appointment by the President of the Senate and the Speaker of the House.

The legislature may incorporate a new section, SECTION 44.47.825, entitled RURAL ECONOMIC DEVELOPMENT INITIATIVE FUND INVESTMENT ADVISORY BOARD: *"...There shall be established a Rural Economic Development Initiative Fund Investment Advisory Board for the purposes of advising the commissioner on investments and overall management of the fund. This Board shall include a minimum of five (5) public members with rural business expertise, one of whom should be a member from the banking and finance sector; two (2) non-voting (ex-officio) administrative members, one each from the departments of Commerce and Revenue, each appointed by their respective commissioner; and two (2) non-voting (ex-officio) legislative members, one each appointed by the President of the Senate and the Speaker of the House. Details on the operation of the Board shall be established by regulation. Funding for the costs associated with the Board shall be absorbed within the cap recommended above at 44.47.800."*

****

Part II: SB 238 and 256 A Rural Economic Development Initiative Fund (REDIF) for Alaska

Both the sponsors of the legislation and the DCRA/REDI staff feel that the REDIF should be structured both as a debt and as an investment (equity) facility. The program could be structured as follows. The major strategic thrust of this program may be summarized in a single word: "PARTICIPATION".

Participation refers to the act of joint financing of a project by two or more parties. "Bank participation" is a term used when one or more of those parties is a bank. "Participatory agreement" is a document which establishes the conditions for a party's participation. "Leveraging" refers to the use of equity to attract multiples of other funds into a deal. The objective of the REDIF is to make private investment possible by establishing incentives for participation. This is done in three ways: (1.) REDIF subordination of interest in collateral in a loan participation agreement with a bank (filling a collateral gap); (2.) REDIF financing equity to ensure the participation of other financing parties (filling an equity gap); (3.) the REDIF providing underwriting guarantees for investments in rural Alaska without which such investments cannot be made (filling a surety gap).

A. Low-Interest Loan Program

This program would complement the Federal funds used to capitalize both the DCRA and the CDBG loan programs. The State dollars will provide new flexibility to that program and allow a better "mix" of funds to generate more deals for Rural Alaskans. With interest and terms comparable to the REDI/RDF program, this program would provide loans to rural businesses for working capital, Machinery and Equipment, construction, leasehold improvement, and site purchase. The program would be both direct and participatory. "Direct Loans" are those made directly by the REDIF to the client and not through an intermediary, such as a local government; "Participatory Loans" are those that involve other lenders and are sometimes made through them.

Loans for enterprises that ***help diversify*** the local economy will be a priority. For example, a loan made for an enterprise that promotes tourism, small fish processing, added-value timber and wood development, botanicals, or small manufacturing would constitute diversification initiatives and be of high priority. Loans that ***provide for community multipliers*** will be a priority. For example, a cafe where there is not one, a medical service which will pay for itself, a movie theater where none exists. Another priority for the program will be businesses that ***provide for import substitution***.. Examples include production of wood planks to supply boardwalks and other local construction, a commercial ammunition reloading business to supply local and regional hunters, a local repair business -- all might be examples of import substitution deals.

B. Good Faith Group Loans

Frequently, borrowers will not have collateral or tangible assets to contribute to the start-up costs of a new business. At times, there are compelling reasons to support the enterprise. For example, if the borrower has good character and necessary skills and is highly motivated, if the enterprise achieves the objectives of the program and there is a demonstrable market niche for a proposed product or service, then there is compelling interest in the EDS and the LIOs in pursuing financing for the business. Such opportunities will occasionally "group" together as they would, say, among middle-Yukon fishermen who know one another well and who may share financing objectives (in this example for small value-added processors).

This component of the REDIF will be patterned after similar programs developed by the Winthrop Rockerfeller Foundation in Arkansas and the Shorebank Corporation in Chicago. The good faith fund concept is based upon individuals of good character coming together and, with business planning provided by consultants, securing a line of credit as a syndicate guaranteed by each individual. Although unsecured, the debt that is generated as the credit is "drawn down" becomes the responsibility of the syndicate. If the individual borrower within the syndicate fails to meet his or her obligation, the others in the syndicate lose their credit options until the debt is repaid. This structure has been shown to do several things. First, it creates a solid support base for each business in the syndicate. Second, it tends to diversify resources available to each business as they share market information, equipment, etc. Third, there is a "countercycling of down periods" that balances good times and bad times. Fourth, the portfolio of shared liability spreads risk and recovery, which is good for the security of the fund.

C. Entrepreneurship Loans

These loans would be made in conjunction with the Entrepreneurship Training Program that has been operated for two years in both Bethel and Fairbanks. Approximately 50 rural entrepreneurs have been trained through the Entrepreneur Training Program conducted by both the Yukon Kuskokwim Campus of the University of Alaska in Bethel and the UAF SBDC in Fairbanks, the latter in conjunction with the Tanana Chiefs Conference Employment and Training Program. A six-week intensive course in business management results in certification and a fundable business plan. The candidates for the limited training slots are drawn from among rural entrepreneurs with new or expanding businesses.

The REDIF vision would be to add an actual loan committee review at the end of the training course with funding commitments from the REDIF Entrepreneurial Loan Program contingent upon committee recommendations.

D. Village Corporate Capital Pooling

The loss reserves will help to insure capital pooling agreements between village corporations and other investors. The capital pool would be structured to make private-sector reinvestment into rural communities possible. This program allows the REDIF to induce the private-sector to make investments in rural projects by underwriting those investments. For example, the commissioner may periodically issue an RFP requesting proposals for rural partnerships including, typically, a bank and a village corporation.

Proposals would then be recieved which identify projects which have merit but are deemed "too risky".The REDIF staff analyze the projects and recommend some to the investment advisory for underwriting. When the board agrees, a conditional guarantee will be written against loss. Funds from the REDIF will be set aside in an interest-bearing account equal to the guarantee. As the project develops and the risk declines, REDIF will withdraw in favor of private underwriting. Fees will be charged for underwriting which will accrue to the REDIF.

E. REDIF Venture Fund

An equity investment component of the REDIF would provide "seed" capital for promising projects. The REDIF venture fund would be based upon the model of the much-larger Vencap Alberta Corporation, a venture capital corporation created with endowments from Alberta's oil royalties. VenCap provides investments that are secured by capital stock in the venture. Owners of the venture will retain first right of refusal on any stock liquidation by REDIF. The REDIF may subordinate its interest in favor of that of a leveraged participant if it is determined by the REDIF Board that there is a "reasonable expectation" that the leveraged capital will enhance the value of REDIF's holdings. Obviously the REDIF venture fund will be looking at "micro" and "mini" projects rather than the larger projects.

A major, but not the only, target here is "technology transfer and application" in the rural marketplace. ALASKA SCIENCE AND TECHNOLOGY - funded research, for instance, has demonstrated some practical technologies that may be applicable in the rural marketplace. Examples are the low-head hydro demonstration project and the aerobic humus toilet that have been shown to be practical for rural areas.

Each investment will seek to achieve a medium-yield present value Rate of Return (IRR) at the end of a specified term.

F. Fund Reserves

A principal reserve will be maintained by a contract fund manager in a secure, liquidable portfolio. This reserve will function both as a loss-reserve and contingency fund. The target return on these reserves should be a medium market rate for securities.

G. REDIF Operating Costs

AS 44.47.155 authorizes the Department to establish rural Loan Information Officers (LIOs). The REDIF should be authorized to utilize no more than 5% of its fund assets for operations as prescribed by law. The LIOs would be placed within the Community Development Assistance component of the Community Development BRU to be supervised by the Statewide Economic Development Specialist. Also, these operating funds would be used for costs associated with an investment advisory Board.

GOVERNOR'S CONFERENCE ON SMALL BUSINESS

FINAL REPORT
TO
GOVERNOR STEVE COWPER

NOVEMBER, 1989

FINAL REPORT

This document highlights the top twenty problem statements and recommendations on economic impediments commonly faced by Alaskan small businesses. It also gives a brief history of the Governor's Conference on Small Business, and outlines the process implemented by the Steering Committee on the Governor's Conference on Small Business to achieve its end results.

FINAL REPORT

GOVERNOR'S CONFERENCE ON SMALL BUSINESS

NOVEMBER, 1989

STEERING COMMITTEE
JACK JESSEE, CHAIRMAN

IRENE ANDERSON, NOME
BILL BLACHMAN, ANCHORAGE
WALLY CARLO, FAIRBANKS
VERN CRAIG, ANCHORAGE
GEORGE EASLEY, ANCHORAGE
ERNIE HALL, ANCHORAGE
DENNIS HANOSKI, HOMER
ANCHORAGE
GARY JENKINS, JUNEAU
BRITT LIVELY, PALMER
WALTER NAYOKPUK, SHISHMAREF
ERNIE POLLEY, JUNEAU
ROSIE PORTER, BETHEL
EARL ROMANS, FAIRBANKS
BILL SYKES, ANCHORAGE
FRANK THOMAS-MEARS,

AL WILLIAMS, ANCHORAGE

REGIONAL COORDINATORS

C.L. CHESHIRE, KETCHIKAN
ELLEN GREENBERG, DILLINGHAM
STEPHANIE MADSEN
DUTCH HARBOR
FRAN TATE, BARROW

STAFF

VIRGINIA A. SAMSON, EXECUTIVE DIRECTOR
CAROL WILSON, ASSISTANT DIRECTOR (MARCH 6-MAY 31, 1989)
SYLVIA THOMAS, ASSISTANT (AUGUST 30-SEPTEMBER 15, 1989)
EUGENIA POTYLICKI, ASSSISTANT (SEPTENBER 14-OCTOBER 6, 1989)

PO BOX 240288
ANCHORAGE, AK 99524
(907)562-1135

THIS PROJECT IS FUNDED IN PART BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF BUSINESS DEVELOPMENT, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS ON BEHALF OF THE STATE JOB TRAINING COORDINATING COUNCIL AND BY PRIVATE SECTOR DONATIONS.

TABLE OF CONTENTS

INTRODUCTION 1

DONORS. 3

LIST OF PROBLEMS 5

EXECUTIVE SUMMARY 6

TOP 20 PROBLEMS AND RECOMMENDATIONS 13

RESOLUTIONS 29

APPENDICES

A State Conference Agenda
B Rules
C List of Delegates
D Steering Committee Members and Regional Coordinators

INTRODUCTION

BACKGROUND

In January, 1989, Governor Steve Cowper, in response to his campaign pledge and recommendations of Alaskan delegates to the 1986 White House Conference on Small Business, named a statewide task force of small business persons to plan and implement the Governor's Conference on Small Business.

This task force, known as the Steering Committee for the Governor's Conference on Small Business, generally utilized the format of the White House Conference on Small Business as its model.

To facilitate the Conference, the Steering Committee formed the Small Business Consortium, Inc. which had three purposes:

1) Spotlight the economic role of small business in Alaska;

2) Establish and maintain a channel of communication for small businesses to positively influence government to support small business issues; and

3) Network small business entrepreneurs throughout Alaska to promote opportunities for economic activities.

PROCESS

The goal was to clearly define and seek solutions to the top twenty economic impediments faced by small business entrepreneurs in twelve broad categories[1]:

Economic Policy	International Trade
Education/Training	Payroll Costs/Benefits
Environment/Waste	Procurement
Finance	Regulation/Paperwork
Government Competition	Taxation
Insurance/Bonding	Transportation/Marketing

To accomplish this goal and to achieve a result which was fair, open and accurately reflected the voice of the small business person, the Steering Committee implemented the following multi-level process:

---

1 At both the regional and statewide conferences, these twelve categories were used to organize separate issue sessions which were run by a moderator, resource person and session recorder.

PUBLIC AND PRIVATE DONORS

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

INTRODUCTION

BACKGROUND

In January, 1989, Governor Steve Cowper, in response to his campaign pledge and recommendations of Alaskan delegates to the 1986 White House Conference on Small Business, named a statewide task force of small business persons to plan and implement the Governor's Conference on Small Business.

This task force, known as the Steering Committee for the Governor's Conference on Small Business, generally utilized the format of the White House Conference on Small Business as its model.

To facilitate the Conference, the Steering Committee formed the Small Business Consortium, Inc. which had three purposes:

1) Spotlight the economic role of small business in Alaska;

2) Establish and maintain a channel of communication for small businesses to positively influence government to support small business issues; and

3) Network small business entrepreneurs throughout Alaska to promote opportunities for economic activities.

PROCESS

The goal was to clearly define and seek solutions to the top twenty economic impediments faced by small business entrepreneurs in twelve broad categories[1]:

Economic Policy	International Trade
Education/Training	Payroll Costs/Benefits
Environment/Waste	Procurement
Finance	Regulation/Paperwork
Government Competition	Taxation
Insurance/Bonding	Transportation/Marketing

To accomplish this goal and to achieve a result which was fair, open and accurately reflected the voice of the small business person, the Steering Committee implemented the following multi-level process:

---

1 At both the regional and statewide conferences, these twelve categories were used to organize separate issue sessions which were run by a moderator, resource person and session recorder.

1) It conducted a series of thirteen regional conferences to define the top twenty-four problems in each region of the state; this resulted in 297 problem statements statewide. The conference locations were:

Anchorage	Barrow	Bethel
Dillingham	Dutch Harbor	Fairbanks
Juneau	Kenai Peninsula	Ketchikan
Kodiak	Kotzebue	Mat-Su
Nome		

2) It asked the participants from each region to elect delegates to represent their region at the state conference. The delegates had to qualify as a small business[2] and had to be certified by the Conference Rules committee. A total of 99 delegates were selected statewide.

3) The delegates were asked to meet with themselves and other small businesses in their communities to refine the problem statements they had identified and propose recommend solutions. These revisions were forwarded to the Conference office for compilation.

4) Through a process of combining similar issues, the Steering Committee compiled a Briefing Book of 156 problem statements and proposed recommendations which formed the basis of the statewide conference and distributed the Book to all delegates.

5) It conducted a statewide conference at which regional delegates a) debated, refined and revised each problem statement; b) prioritized the problem statements; c) debated, refined and revised proposed recommendations to each problem statement; and d) through a series of two general voting sessions arrived at the top twenty problem statements and recommendations for small businesses statewide.

At the end of the conference, the Steering Committee also conducted a resolution session to address issues which were not raised in the issue sessions.

---

2 A small business was defined as having 100 or fewer employees and $10,000,000 or less in gross annual revenues; the delegate had to be an owner, officer, employee or partner of a qualifying small business.

PUBLIC AND PRIVATE
DONORS

DONORS

PRIVATE SECTOR SPONSORS

Large and small businesses and organizations have joined together to sponsor the 1989 Governor's Conference on Small Business. We are pleased to present this list of sponsors and thank them for their support.

INVESTOR ($5000 +)
National Bank of Alaska
Pacific Telecom, Inc.

PARTNER ($2500-$4999)
Totem Ocean Trailer Express

BACKER ($1000-$2499)
Arco Alaska, Inc.
Alagco, Inc.
MarkAir
Cook Inlet Region, Inc.
Fairbanks Sand & Gravel Co.
Alaska Airlines
Arctic Alaska Fisheries Corp.
Harbor Enterprises, Inc.

BOOSTER ($999 or less)
Tesoro Alaska, Inc.
Foss Maritime
Petersburg Ins. Ctr.
Wrangell Ins. Ctr.
Alaska Pulp Corp.
MAPCO
Ak. State Chamber
Dawson Construction Comp.
Ernst & Whinney
Fireman's Fund Insur ance
Homer Electric Assoc.
Alaska Window

IN-KIND

Providing accounting services for the Conference were Alicia George and Richard Baker from the firm of Cooper's & Lybrand.

Assisting with legal needs were Tony Smith and John Steiner of Davis, Wright & Jones.

Tony Bloomfield of The Bloomfield Company donated a portion of the office rent.

Jack Jessee, Chairman of COMRIM, INC. donated xerox services, FAX, computer and some office furniture.

Planus owner Vern Craig donated the use of a computer and printer.

The Xerox Company, through Jackie Rosen, donated the use of a Xerox 1075 copier during the State Conference.

Bill Wood of Wood & Associates helped with training for moderators and resource people for both the Region and State Conferences.

PUBLIC SECTOR GRANTS

The Steering Committee of the Governor's Conference on Small Business has worked in a public/private partnership with the Department of Commerce & Economic Development to put on this conference. Our thanks to the Commissioner Larry Merculieff, Assistant Commissioner Jane Angvik, Director of Business Development, Tom Lawson, and Development Officer Jim Wiedeman for their help and support.

The Department of Community and Regional Affairs Job Training Partnership Office has been supporting the promotion of small business interests in Alaska as a means of increasing job opportunities and training for economically disadvantaged people who are served under the federal Job Training Partnership Act (JTPA). The Steering Committee is pleased to thank Commissioner David Hoffman, Director of Rural Development Mike Harper, JTPA Program Coordinator William Mailer, the Alaska State Job Training Coordinating Council, and Rural Development Division Grants Administrator Jim Gurke for their support.

LIST OF TOP 20 PROBLEMS
GOVERNOR'S CONFERENCE ON SMALL BUSINESS

The top 20 small business priorities of the 1989 Governor's Conference on Small Business are:

1A. Alaska lacks a statewide long term economic development policy for human and natural resources.

1B. There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste.

1C. Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate and encourages lawsuits. This system also is also unfair to small businesses, which must compete with big businesses which can self-insure.

4A. Small businesses require better access to loans in the $10,000 to $100,000 range.

4B. Regulations are often difficult to read, hard to understand and contrary to legislative intent.

4C. Small businesses need better access to equity capital.

7. The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business.

8. Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem.

9. There is a lack of networking between the education sector and the small business sector on such issues as what programs are needed.

10. The State does not have a transportation policy.

11. Small businesses can be put out of business by over-regulation.

12. There is inconsistency of bidding and contracting procedures between state-funded agencies.

13. The cost of health and other insurance/bonding is prohibitive for most small businesses.

14. The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses.

15. Curriculum is lacking on basic skills and general business education in the schools.

16. There is an inadequate effort by the state to market both the natural and human resources of Alaska and to attract business to Alaska.

17. There is a lack of State government assistance to small businesses concerning international trade.

18. There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state.

19. Small businesses have a hard time competing with wages and benefits offered by local and state governments.

20. The required use of Davis-Bacon wages causes conflicts and problems to small businesses.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF TOP 20 PROBLEMS

(Note that the top 3 problems tied for first place and the the next 3 problems tied for fourth place.)

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a statewide long-term economic development policy for human and natural resources. (93 votes)

RECOMMENDATIONS

1. Establish a statewide economic development planning process involving public and private sectors.
2. Increase the budget for business development.
3. Draft a statewide fisheries economic policy.
4. Develop more infrastructure.
5. Increase local hire.
6. Emphasize renewable resource development.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste. (93 votes)

RECOMMENDATIONS

1. Construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the state.
2. Develop lower liability insurance rates.
3. Develop better technology to deal with solid and hazardous wastes.
4. Educate small business owners about all aspects of hazardous wastes and their effect on business.
5. Assist with underground storage tank construction.
6. Develop a policy on recycling and waste reduction.
7. The state should protect public wells and water systems.

1C. PROBLEM: INSURANCE AND BONDING

Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate, and encourages lawsuits. This system also unfairly causes small businesses to compete with big businesses who can self-insure. (93 votes)

RECOMMENDATIONS

1. Develop an insurance pool specifically for small businesses.
2. Assure a safe work environment for small business employees.
3. Develop appropriate job classifications.
4. Have reasonable rates.
5. Change the classification system.

4A. PROBLEM: FINANCE

Small businesses require better access to loans in the $10,000 to $100,000 range. (92 votes)

RECOMMENDATIONS

1. State guaranteed loan program should be simplified and require less paperwork.
2. Get financial information out to small business people.
3. Provide incentives to banks to make more loans in rural areas.
4. Change the Alaska Industrial & Export Authority to allow greater flexibility for smaller loans.

4B. PROBLEM: REGULATION/PAPERWORK

Regulations are often difficult to read and hard to understand and contrary to legislative intent. (92 votes)

RECOMMENDATIONS

1. A Constitutional amendment allowing the legislature to repeal regulations should be presented to the voters.
2. There should be a sunset date on regulations.
3. Establish a Regulatory Review Commission with small business people as members specifically to review regulations as to their impact on small business.
4. Issue regulations within 90 days of passage of new laws.
5. Simplify forms, combine like forms, etc.
6. Coordinate federal, state, and local agencies to decrease duplication of services.
7. Use common sense in regulations.
8. The Ombudsman's office should deal with regulatory problems of small business.
9. Provide a clearinghouse to eliminate duplication and simplify regulations.

4C. PROBLEM: FINANCE

Small businesses need better access to equity capital. (92 votes)

RECOMMENDATIONS

1. The State should encourage investments in Alaska using state funds and the Permanent Fund as incentives.
2. Support the Science & Technology Foundation.
3. The State should implement an investment network.

7. PROBLEM: PAYROLL COSTS/BENEFITS

The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business. (91 votes)

RECOMMENDATIONS

1. Discourage mandated benefits.
2. The State should increase the deductible for state employees health insurance.
3. The State should take an active role in coordinating a group insuring pool for health care for its citizens.

8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR

Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem. (89 votes)

RECOMMENDATIONS

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government.
2. Income producing enterprises such as utilities and corrections should be privatized.
3. Stop government contracts with non-profits where the service could be provided by a for-profit business.
4. Stop government services that could be provided by the private sector - the State should not act as a surrogate business.

9. PROBLEM: EDUCATION/TRAININC

There is a lack of networking between the education sector and the small business sector as to what programs are needed, etc. (88 votes)

RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program.
2. The Job Training Partnership Act (JTPA) program should be expanded.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy. (87 votes)

RECOMMENDATIONS

1. Develop a transportation policy that includes highways, ports, airports, barge service and rail.

2. Establish one commission each for the Department of Transportation and Public Facilities, the Alaska Marine Highway System, and airports similar to the Alaska Rail Road to set policy and long range goals.
3. Provide year-round marine highway service to coastal communities.
4. Encourage more airline competition.
5. Expand the infrastructure at airports and ports.
6. Expand the ground transportation system.
7. Develop deep water port facilities throughout coastal regions.

11. PROBLEM: REGULATIONS/PAPERWORK

Small businesses can be put out of business by over- regulation. Helping businesses overcome regulatory problems does not seem to be the government's attitude. There is also inconsistent application of regulations. (86 votes)

RECOMMENDATIONS

1. Regulators should attempt to help businesses resolve problems.
2. The Ombudsman's office should assist small businesses with regulatory problems.
3. There should be a fixed time for agencies to decide permits.
4. An appeal process for regulatory decisions is needed.
5. The Governor's office should have people with authority to assist small businesses in resolving problems with agencies over regulations.

12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies. (84 votes)

RECOMMENDATIONS

1. Stop advertising for services and products out of state.
2. Charge a handling fee for all out-of-state bid packets.
3. The State should adopt uniform bidding and contracting procedures.

13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance/bonding is prohibitive for most small businesses. (79 votes)

RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Enact risk pooling legislation.
3. Explore measures to help reduce health cost- shifting created by uncompensated care.
4. Discourage mandated insurance/benefits coverage.
5. Tort reform where appropriate.
6. Increase bond requirements to $50,000 for a general contractors license.

7. Eliminate any requirement for bonding where no reason for bonding exists.
8. Small state and local construction projects (less than $100,000) should allow exemption of contract bonding requirements.
9. Streamline the bonding process to reduce time and cost to small business.
10. Divide large State-funded jobs into phases in order that more Alaskan businesses can qualify for bonding.

14. PROBLEM: ECONOMIC POLICY

The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. (77 votes)

RECOMMENDATIONS

1. Establish a data base on regional basis for use statewide.
2. The State should develop a system to disseminate information relevant to small businesses in a timely manner.

15. PROBLEM: EDUCATION/TRAINING

Curriculum on basic skills and general business education is lacking in the school systems. (75 votes)

RECOMMENDATIONS

1. Hold a statewide conference on the development of the workforce within the next year.
2. Need training for employees on how to be employees.
3. Offer entrepreneurship courses in the schools.

16. PROBLEM: TRANSPORTATION/MARKETING

There is an inadequate effort by the state to market both natural and human resources of Alaska and to attract business to Alaska. (73 votes)

RECOMMENDATIONS

1. Provide sufficient funding for the Department of Commerce & Economic Development to develop a marketing plan.
2. Encourage better southbound freight rates.
3. Mount a major marketing effort to overcome the negative impact of the Prince William Sound oil spill.
4. The State should have a central place to distribute marketing information.
5. The Governor should name a task force to evaluate the competence of existing agencies to do marketing.
6. The State should more aggressively educate small businesses about available programs.

7. Where appropriate, the State should spend state dollars with Alaska film companies and talent.
8. Seek repeal of Jones Act.

17. PROBLEM: INTERNATIONAL TRADE

There is a lack of state government assistance to small businesses concerning international trade. (71 votes)

RECOMMENDATIONS

1. Implement a foreign trade information system.
2. There should be a central place for information on importing and exporting.
3. Regional customs offices are needed.
4. Increase funding and personnel for the existing State office on international trade.
5. Distribute more information on European trade.
6. The State should encourage more export trade of natural resources.
7. The State should include the private sector more in the international trade development process.
8. The State and Congressional delegation should be more forceful in getting high seas piracy stopped.
9. Enforce 200 mile limit.
10. Develop foreign trade zones.

18. PROBLEM: ECONOMIC POLICY

There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state. (66 votes)

RECOMMENDATIONS

1. Seek cooperative ventures between public and private sector for developments.
2. Market Alaska as a year round destination.
3. Increase the state tourism marketing budget.

19. PROBLEM: PAYROLL COSTS/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments. (65 votes)

RECOMMENDATIONS

1. Put wage/benefit increases out for public vote.
2. Allow comp time as substitute for overtime pay.

3. Lengthen vesting requirements for retirement and health benefits for state employees.
4. The State should raise its deductible on health coverage and reduce the level of health coverage.

20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon wages causes conflicts and problems to small businesses. (64 votes)

RECOMMENDATIONS

1. Employees should not be allowed to collect back wages when they knowingly accept less than the prevailing wage.
2. The State should add more crafts/job classifications to reflect actual work being performed.
3. The State should require uniform interpretation for Dept. of Labor rules to be the same in all regions of the state.
4. The Department of Labor should modify the current Davis-Bacon system and average the wages from all sources of employment to determine current prevailing wages.

TOP 20
PROBLEMS AND RECOMMENDATIONS

TOP 20
PROBLEMS AND RECOMMENDATIONS [1,2]

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a long term economic development policy for both human and natural resources.

RECOMMENDATIONS

1. The State should establish and implement a statewide economic development planning process involving both the public and private sectors that will develop central and regional economic development plans for the highest and best use of resources. This process should:

   a. Ensure the sustained future economic welfare of the entire state;
   b. Help keep Alaska's wealth in the state;
   c. Be all-inclusive for development of renewable and non-renewable resources; and
   d. Serve as a guide to the Administration and Legislature.

   The economic development plans produced by this process should be, to the extent possible, brief action documents, flexible enough to respond to changing conditions and new administrations, involve industry groups that will be affected, have regional components prepared by Alaska Regional Development Organizations (ARDORs), and be done as soon as possible.

   The lead agency for development of the plans should be the Division of Business Development, Department of Commerce and Economic Development, in conjunction with a statewide Economic Policy Task Force appointed by the Governor.

2. Elements of an Economic Development Policy

   a. Fisheries policy that would support management of the fisheries resource for the Alaska people. The policy would include increased state funding for fisheries enforcement and management agencies in addition to the domestic observer programs The policy needs to emphasize the needs of coastal communities for capital to build infrastructure, so that products can be processed on shore in Alaska. The state policy should include the quick processing (mandatory time limit) of the raw fish tax to allow communities to continue to develop their infrastructure which results in the growth of fisheries activities. To implement this policy, there needs to be a cabinet level fisheries person who would be responsible for coordinating all government agencies, individuals and foreign nations in fisheries activities as well as involving Alaskans in the planning process at all levels. This economic policy should look at fishing areas as permanent industrial bases that can be developed and managed. Further, the state needs to develop policy that protects fisheries from impacts of oil, gas and mineral development.

b. Transportation policy that would enhance economic development through infrastructure such as ports, roads, airports, docks and free trade zones. The state also has a huge investment in the Alaska Marine Highway System (AMHS) which it needs to market and operate for maximum use. There should be a mechanism in the policy for the state to allow or encourage the privatization of some of the profitable runs in the AMHS.
c. Resource development policy that does not give away the state's resources without receiving any revenue from them (the current exception: oil). Emphasis should be on renewable resource development as a priority. For example: development of a policy on tourism that focuses on infrastructural support which in turn encourages investment in tourism in rural Alaska, such as grants to communities for Visitor Information Centers that campaign in favor of local attractions.
d. Human resources policy that places emphasis on local hire, especially in rural areas.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way to dispose of waste products (including, but not limited to hazardous wastes, oily wastes, solid wastes, and waste products off boats) in the State of Alaska. Proper statutes of limitation are not in place, and we are at the mercy of the Court System. Liability insurance costs discourage small businesses from getting involved in the hazardous waste disposal business.

RECOMMENDATIONS

1. a. Design and construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the State.
   b. Make it a policy that fishing vessels and processors and all other generators of large quantities of waste disposing of wastes in shoreside community landfills must certify (on approved Environmental Protection Agency (EPA) and/or Department of Environmental Conservation (DEC) approved containers prior to disposal; lack of certification as above may force denial of onshore landfill facilities, with subsequent penalties to be imposed on communities by the state or federal government.

2. Recommend that the state identify means to lower insurance rates because liability insurance costs discourage small businesses from getting involved with hazardous waste business.

3. The state and federal governments need to recognize and assume the responsibility for the disposal of solid and hazardous waste - this includes providing the facilities and the technology for dealing with solid and hazardous waste. For example, many small areas do not have adequate landfills to deal with waste products off boats as required by the Marpol Agreement.

4. The state needs to assist in the education of communities on various types of hazardous wastes, storage, and disposal such as outreach seminars, education for communities through training programs (CHME through the Alaska Health Project).

5. Support House Bill 220 which would:

   a. Assist the owners of underground storage tanks to comply with Federal and State requirements governing their tanks.
   b. Provide a means for owners of underground storage tanks to obtain affordable liability insurance which currently is not available to small businesses.
   c. Provide funding to assist owners of leaking underground storage tanks with the cost of upgrading or replacing their tanks and the costs of cleaning up contamination related to their tanks.

6. a. The state should develop a recycling and waste reduction policy, economic incentives, financial assistance, and technical information, that will assist rural Alaska communities in disposing of wastes cost effectively.
   b. Assist in funding transportation for recyclables.
   c. Encourage businesses in a waste reduction program-Waste Reduction Assistance Program (WRAP).

7. Upon discovery of contaminants, the state shall take immediate steps to protect public wells and water systems at State expense

1C. PROBLEM: INSURANCE/BONDING

Worker's Compensation:

1. Costs too much.
2. Small businesses are unable to self-insure, therefore, are locked into classification rates.
3. Lacks employee responsibility for an accident and does not allow the employer a defense and involvement in the claim process.
4. Difficult for small businesses to obtain information on the operations of the worker's compensation system.
5. Current rate classifications systems are often inaccurate and inappropriately determined.
6. Worker's compensation does not adequately address needs of many Alaskan occupations, i.e. self-employed boat owners as well as crew members.
7. Worker's compensation insurance does not preclude law suits of parties other than the employer to supplement or substitute for the relief available under the Workman's Compensation System.

RECOMMENDATIONS

1. Develop an insurance pool. Name a task force of small business owners to advise boards and review the process of setting rates.

2. Take care of our own problems by providing a safe work environment. A merit system should be initiated for the employer and employee. The State Division of Insurance shall review high rates in all areas of insurance and recommend and implement changes.

3. a. Develop appropriate rating of all job classifications to allow for actual job performance while protecting insurance industry exposure to claims.
   b. Increase funding for fraud investigations.
   c. Require frequent and periodic medical reviews.

d. Support tort reform.
e. Work to place disabled workers into vocational rehab programs at the earliest possible time. This may require increased funding to training programs.
f. Give incentives to industry for providing employee safety training; and
g. Increased training to prevent on the job injuries.

4. Develop workers' compensation rate system to more adequately classify workers' categories and review process to assure reasonable rates commensurate with risks and experience.

5. Worker's Compensation Rate Classifications be clearly defined to represent the actual tasks performed and an appeal system be available to businesses. Total compensation for an on-the-job injury shall be limited to the amount established by the Workmen`s Compensation System for that injury regardless of the ultimate source of compensation.

6. Reasonable coverage and rates need to be provided under Worker's Compensation. Coverage needs to be provided for work performed on or off the boat regardless of time frame, i.e. 24 hour fishing period and/or season.

4A. PROBLEM: FINANCE

Small business requires better access to loans from $10,000 to $100,000.

RECOMMENDATIONS

1. The State guaranteed loan program should be simplified and have less costly documentation process.

2. The State needs to provide for the dissemination of information broadly throughout the state. This can be done through:

   a. Local workshops, seminars;
   b. Low cost computer networking;
   c. Use of local facilities, schools, libraries, etc.;
   d. PSA announcements;
   e. Mailings etc. through business license mailing; and
   f. Installing an 800 number.

3. The State should provide incentives to banks to make $10,000 - $100,000 loans to small businesses in rural communities.

4. Support House Bill 123 which would:

   a. Increase the current AIDA loan guarantees to 80%;
   b. Require AIDA to share in 80% of the collection and foreclosure expenses;
   c. Let the banks control the collection and foreclosure status of the loans; and
   d. Raise the current 2% level for delinquency so the local banks can participate in the loan program.

4B. PROBLEM: REGULATIONS/PAPERWORK

Regulations, in general, are difficult to read and understand. Many times an agency implements regulations which are contrary to or fail to follow the apparent intent of the legislature. This often results in the formulation and establishment of regulations which respond to motivations and agendas contrary to or not in accordance to what the legislature had intended.

RECOMMENDATIONS

1. SJR3 proposes a constitutional amendment that would permit the legislature to repeal any regulations adopted by a state agency when the regulation does not reflect the intent of the law passed by the legislature. SJR3 should be brought out of committee and passed into law by the House, Senate and Governor before the end of the current session.

2. To ensure that all existing and new regulations will be scrutinized for their appropriateness and effectiveness, a sunset date of five to seven years should be applied to all regulations.

3. Establish a Regulatory Review Commission to review all existing regulations affecting small business in Alaska for appropriateness and effectiveness. The top 20 issues of this initial Governor's Conference on Small Business will provide the basis for the initial review process. This initial review process will complete its work by June 30, 1991, with the results presented to the second Governor's Conference on Small Business in September, 1991.

4. Regulations covering a new law should be issued within 90 days as some new laws are passed for a specific purpose and regulatory interpretation often impacts the small business for whom the law was passed.

5. Include in the regulatory review commission small business representatives composed of owners and representatives to:

   a. Review existing rules, regulations and forms to suggest adaptations more appropriate to small businesses. Emphasis should be on simplification, combining related forms, simultaneous due dates, increased consistency between state and federal forms, and increased computer compatibility.
   b. Each government agency must make a special effort to educate small business owners about existing state rules and regulations.
   c. Mandate follow-up review of implemented rules by small business advisory group(s).
   d. Interpretation of rules must be consistent where conditions are the same.
   e. The number of regulations which must be followed in order to assure the communal health, safety, and welfare should be kept to an absolute minimum.
   f. The legislature should, when drafting laws, determine the effect of the proposed law on small businesses; and
   g. All agencies must, when promulgating regulations, review them for conflicts with other agency regulations prior to adoption. Regulations must also be reviewed in light of their effect on small business.

6. a. Provide a clearinghouse/marketing center for small businesses.
   b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
   c. Simplify regulation and application procedures by streamlining operation and agency mandates.

7. Agencies and legislators need to use common sense in their approach to regulations.

8. A person will be assigned to each ombudsman's office to deal with regulatory concerns of small business and will only be assigned to tasks addressing small business concerns.

9. a. Provide a clearinghouse/marketing center for small businesses.
   b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
   c. Simplify regulation and application procedures by streamlining operation and agency mandates.

4C. PROBLEM: FINANCE

Small businesses need better access to equity capital.

RECOMMENDATIONS

1. The state should try to maximize their contacts to influence and encourage investments in Alaska using state funds and Permanent Fund Investments as leverage.

2. The state should support the role of the Alaska Science & Technology Foundation in providing seed capital for economic development.

3. Use of Uniform Limited Offering Registration (U.L.) similar to Washington State.

4. The state should implement an investment network such as Washington State's investment network (WIN) to match businesses in need of capital with investors.

7. PROBLEM: PAYROLL COSTS/BENEFITS

There is an increasing trend in Congress and legislature to mandate benefits that will adversely affect small businesses. Small businesses will have a problem if the following occur:

1. Mandatory health insurance.
2. Increasing minimum wage.
3. Parental (men and women) leave and continuing medical benefits with extended leave/leave without pay benefits.

RECOMMENDATIONS

1. Impress on legislators that mandated benefits and insurance must be discouraged. The two types of mandated benefits involved are as follows:

a. Those that require all employers to provide a certain level of benefits such as health insurance.
b. Those that require all employers to provide certain benefits such as health insurance (i.e. maternity, psychological health benefits, etc.)

2. The state needs to raise its deductible on health coverage and require employees to bear a portion of the cost of dependent coverage. The state needs to take an active role as coordinator in forming a group insuring pool for health care for its citizens.

3. Mandated benefits must be discouraged. A 20% to 30% rate increase for health insurance in one year simply is prohibitive. Many small business employers would be put out of business if required to carry health insurance. Both are harmful to small business.

   The first type is harmful to small business because of the onerous expense it creates for the employer with no lower cost alternatives. For example, in many cases employers would not be able to continue in business if required to provide health insurance for all of their employees. This is especially true for start-up businesses and business hit hard by economic difficulties.

   The second type of mandated insurance coverage adds significantly to the cost of insurance. This in turn forces employers to drop coverage because the mandated coverage is so expensive, even though they may be willing and able to provide less comprehensive coverage.

   Legislators and the administration should instead be encouraged to enact legislation which would help reduce the cost of benefits; which would encourage more employers to cover their employees. For example, measures should be explored which will help reduce health care costs shifting created by uncompensated care.

8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR

There are many public services that could be provided better and less expensively by the private sector. State financed non-profits compete with for-profit businesses on state, local, private and federal contracts. Also, non-profit organizations compete with private small business to provide services and goods.

RECOMMENDATIONS

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government. This commission would then mandate the state to make public the cost of these various projects to see if the private sector can do them more economically by contracts with small business firms.

   This commission should consist of at least 12 members with 6 representatives from the small business sector and 3 representatives from the financial community. It is recommended these 9 be appointed to the commission by the Governor from a list of representatives prepared by the delegates to the Governor's Conference on Small Business. The other 3 representatives

would be appointed by the Governor from various branches of the state government.

As the individual projects are studied, evaluated and selected as candidates for a cost comparison study, the approved projects would then be put out for competitive bidding by small business firms, with the state also submitting a sealed bid. The bids would be opened at a public bid opening and the low bidder, be it the state or a small business firm, being awarded the contract to provide the service. If the state is the low bidder, the service would continue to be performed by the state. Otherwise, it would be awarded to the small business firm. The specific details in implementing this procedure would be worked out within state guidelines and coordinated with the appointed representatives on the established commission.

This commission is a very fair and impartial means of reducing state in-house costs and letting private firms prove they can perform a service more efficiently than the state.

2. Privatization of potential income producing enterprises or portions thereof owned by State and local governments should be considered. Examples which should be considered are utilities, agriculture, housing, finance, transportation, printing, publishing, maintenance, human resource development training/and management, recreation, health care, mental health care, tourism, corrections, and real estate.

3. Federal and state governments should stop the practice of giving grants to non-profits rather than contract with existing businesses who can provide the same services.

4. Reinforce the need for the Federal Government to avoid issuance of grants that compete with private enterprises.

5. a. Recognize that geographic isolation and historically small private sector have created a situation in which state and local governments provide some services more typically filled by private businesses (e.g. document copying, FAX transmission, engine and machine repairs, etc.) We must adhere to the principle that state or local governments and agencies that derive their funding from such governments are put in place to provide necessary public services and not to act as surrogate businesses.

   b. Limit and/or restrict government agencies from competing with small business, with oversight to be provided by a small business advocacy commission whose charge would be to:
      (1) Prohibit unfair competition in which non-profit, tax-exempt organizations use their tax-exempt status and other advantages in selling products and services also offered by small business;
      (2) Draft legislation to Congress forbidding direct competition by public agencies or public-funded agencies in providing unrelated services;
      (3) Draft legislation with similar provisions in a state income tax bill;
      (4) Review the nature and scope of commercial activities by public agencies and non-profit entities and determine the impact of these on small businesses in the state; and
      (5) Draft regulations for the IRS with greater specificity.

c. Definitively state in statutes that non-profit agencies providing services not directly related to their main purpose and which are identified as being in direct competition with an existing business or hindering the establishment of a new profit-making business, must either cease providing that particular service to the public or must pay taxes on those services as "unrelated profit-making ventures."

6. The state should stop competing and contract to private labs with the state being more aware of private services that are available and not duplicate.

9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, the ability of businesses to train employees or have apprentice programs.

RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program to assist small business to develop an effective and more productive work force.

2. The State Board of Education and State Vocational Education Board should be separated into two boards to better service Alaskan students.

3. The state funded SB191 program similar to the "Job Training Partnership Act" (JTPA) should be expanded with an emphasis on the private sector designing and delivering the training through the RFPO process.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy.

RECOMMENDATIONS

1. a. Develop a transportation policy that includes highways, ports, airports, barge service and the railroad; and
   b. Establish one commission each for DOT, Alaska Marine Highway System, and airports similar to the Alaska Railroad to set policy and long range goals. Each should have their own budget with income generated remaining in the department directly related - i.e. gas tax to DOT, airport feed to airports, etc.

2. The Alaska Marine Highway System serves as a vital link to the continental surface transportation network:

   a. Provide year-round marine highway service to Kodiak, Prince William Sound, Dutch Harbor and all other coastal communities presently served in Southwest Alaska, without lapse.
   b. The Alaska Marine Highway System should request proposals for emergency replacement vessels immediately upon scheduling of refurbishment.
   c. Extend the AMHS to include service to Western Alaska.

d. Transfer terminal operation leases and port powers to local government.
e. Seek repeal of the Jones Act.

3. Construct a direct transportation link between Nome and Fairbanks. Develop year-round barge service among Anchorage, Kenai Peninsula and Dutch Harbor.

4. Airline competition to Southeast Alaska, specifically a Juneau/ Vancouver link, opens the Vancouver market to all of Alaska and similar increased competition and service in rural Alaska.

5. Local communities should work with state to develop infrastructure at airports, terminals, parking, cargo and cold storage facilities so that they can sell space with guaranteed availability.

6. Expand and improve the ground transportation system to provide better access and resource development.

7. Promote deep water port facilities throughout all coastal regions for expanded tourism, employment and resource development.

11. PROBLEM: REGULATIONS/PAPERWORK

Field regulators or low level personnel have the power to put constraints on permits or even put you out of business by over-regulation. Their attitude is not to help you solve problems but to create them. Regulators have too much control over businesses with regulations. They can tell you what you can and cannot do with your own business. There is too much "government regulation." There are often differences between regulations in various agencies in applying their regulations to the same situation.

RECOMMENDATIONS

1. Regulators should attempt to help businesses resolve problems. Their enforcement activities should be restricted to taking actions on those items specifically prohibited or restricted by a current valid regulation.

2. A person will be assigned to each ombudsman office to deal with regulatory concerns of small businesses and will only be assigned to tasks addressing small business concerns.

3. Each application for permit, regulatory decision or appeal should have a reasonable fixed time for completion by the agency.

4. An appeal process should be established for regulatory decisions. The body hearing the appeal should not be made up of only the regulators.

5. The governor should appoint staff in his office with the authority to facilitate and resolve any discrepancies or differences in the application of different regulations to a specific situation.

12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies, for example, Legislative Affairs, Alaska Housing Finance Corporation, Alaska Energy Authority, line agencies, University of Alaska, school districts.

RECOMMENDATIONS

1. All state funded agencies charge a handling fee to out-of-state bidders requesting bid packets.

2. All state funded agencies stop advertising outside Alaska--local (in Alaska) advertising only.

3. Bid prices must be FOB destination to show full price of item with shipping costs.

   Concern was expressed about the State procurement procedures often having the state taking delivery of goods in an area convenient for out-of-state vendors, for example, a Seattle warehouse, even though the final destination is in Alaska. This procedure works to the benefit of out-of-state vendors since they can make local deliveries very easily. In-state vendors have no opportunity to use their expertise in expediting the goods to Alaska destinations.

   If the cost of getting the goods to final destination were included in the bid prices, then in-state vendors could be more competitive. The state would also save money since the freight cost would be part of the competitive bids.

4. The state should adopt consistent bidding and contracting procedures for all state funded agencies.

13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance and bonding is prohibitive for most small businesses. At the same time, the level of health care coverage provided by the state sets an unrealistic expectation for the work force and causes a high level of turnover for small businesses.

RECOMMENDATIONS

1. Organize and set up pools for self-insurance.

2. Risk pooling legislation should be encouraged.

3. Measures should be explored which help reduce health cost-shifting created by uncompensated care.

4. Mandated insurance benefits/coverage must be discouraged.

5. Tort reform should be encouraged where appropriate to help lower costs.

6. Increase bond requirements to $50,000 for a general contractors license.

7. Require the principal(s) of a company to pass a written competency test to obtain a general contractors license.

8. Eliminate the requirement for bonding where no reason for bonding exists.

9. Small state and local construction projects (less than $100,000) should allow exemption of contract bonding requirements.

10. Streamline the bonding process to reduce time and cost to small business.

11. Divide large state funded jobs into phases in order that more Alaskan businesses may qualify for bonding.

14. PROBLEM: ECONOMIC POLICY

The State of Alaska does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. The lack of information and business data on finance, marketing, international trade and other business topic hampers small business development and success.

RECOMMENDATIONS

1. Establish a data base on regional basis for use statewide.

2. The state must make a concerted effort to information relevant to small businesses. Suggestions include mailings enclosed with business renewals licenses, worker's compensation forms, PSA's, etc.

15. PROBLEM: EDUCATION/TRAINING

Curriculum is lacking on basic skills and general business education. Employees do not always know how to be good employees. They lack good work habits like getting to work on time, writing, math skills, etc. There is not always a positive and productive employer/employee relationship. There is a lack of entrepreneurial education in the schools. Young people are not understanding business and self-employment.

RECOMMENDATIONS

1. A statewide conference entitled "The Development of Alaska's Workforce - A Course of Action" should be undertaken within the coming year (before November 30, 1990). The conference should address:

   a. School curriculum, offerings and expectations for our young people;
   b. Professional training, in-service training and qualifications of our educators;
   c. Network public institutional and private educators (trainers, consultants, private training organizations and professional organizations) to address human resource development on a macro-level. Address the need to educate, prepare, train, develop and support the need for improved human resource development in Alaska;
   d. The role of business in education;

e. Training and development of Alaska's workforce by non-public institutions, resources, consultants and trainers. Regulatory guidelines, fiscal responsibility and institutional needs, among many other topics to be addressed;
f. The training and development of entrepreneurs in Alaska; and
g. Distance delivery of business education, economic development, plus knowledge about Alaska's diverse economic conditions, role in the economy of the US, Pacific Rim, and the international trade scene.

2. Training programs must be developed for the following:

   a. For employees on how to be employees;
   b. For employers on how to build a positive and productive employee/ employer relationship; and
   c. Continuous skill training and human development.

3. Entrepreneurship and small business development courses should be offered in schools. These should include implementing model curriculum and school-based enterprises and include appropriate in-service education.

4. Information on existing programs should be more accessible.

16. PROBLEM: TRANSPORTATION/MARKETING

There is an inadequate effort by the State to market both the natural and human resources of Alaska and to attract business to Alaska.

RECOMMENDATIONS

1. Need sufficient funding for the Department of Commerce and Economic Development to develop a marketing plan designed to market both natural and human resources in Alaska.

2. Need to develop favorable southbound freight rates between Anchorage and the Seattle area to help market Alaska goods.

3. Recommend aquaculture/mariculture be allowed in Alaska.

4. To market Alaska as a tourism destination to overcome the negative impact of the oil spill:

   a. Market the strengths of the affected and unaffected areas;
   b. Accommodations for tourists and prevent loss of visitors (whose spaces were taken by clean-up crews);
   c. Return rental, gas, and grocery prices back to "normal" (pre-oil spill);
   d. Periodic inspections of impacted areas;
   e. Promote awareness through litter clean-up;
   f. Correspond with news media from affected areas.

5. The state needs to have a central position to distribute information to small businesses.

6. a. Involve people with knowledge in a specific regional market; and
   b. "Buy Alaska" and "Alaska Grown" are good examples of good marketing.

7. a. Make sorted labels available to everyone;
   b. The brochure rack at the Anchorage airport should be available to everyone, not just Anchorage Visitor and Convention Board members; and
   c. Name a task force to evaluate the competence of existing agencies and to look at combining services pertaining to small businesses to assist with finance and marketing.

8. The state needs to educate small business about programs that are available.

9. State dollars are being spent in the Lower 48, not in Alaska with Alaskan film companies and Alaskan talent.

10. Once marketing has attracted a company to Alaska business plan review by regulatory agencies must be faster so the project can start in a timely manner.

11. Seek repeal of the Jones Act to facilitate development and transportation from foreign ports utilizing foreign bottoms.

17. PROBLEM: INTERNATIONAL TRADE

There is a lack of State government assistance in support of aggressively promoting awareness, marketing, and facilitating international trade. Information is not being disseminated in a timely and useful manner. Small businesses are not being made aware of the sources and types of assistance available from both State and Federal agencies. Small business is not involved in the planning and implementation of foreign trade missions. The activities and destinations of foreign vessels within the 200 mile zone are not being monitored and made available to small business. The infrastructure necessary to engage in foreign trade is not being developed.

RECOMMENDATIONS

1. Implement foreign trade information system as developed by Washington State.

2. The central places in state government (Anchorage and elsewhere in Alaska) where small businesses can get information on import/export needs to be more aggressively advertised.

3. Promote a state-wide regional customs office to provide better training opportunities for resources and services.

4. The existing State Office of International Trade needs more funding for overseas offices and personnel.

5. The State Trade Office needs to develop more information on European trade

6. The state should encourage export trading of natural resources that have no value added. The state should encourage imports from Europe and Asia to our trade zones for value added assembly and manufacture of products destined for us consumers.

7. The state must include the private sector in the international trade development process.

8. a. The Governor, Legislature and Alaska Congressional delegation must be more forceful about getting high seas fish interception piracy stopped; and
   b. Funding for enforcement must be increased.

9. The 200 mile limit should be more forcefully monitored by the Coast Guard, including advising port of call of each ship and to which country and port it will return.

10. Use Alaskan cities as receiving, storage and transport areas for goods. Develop foreign trade zones.

18. PROBLEM: ECONOMIC POLICY

Attractions, facilities and access are inadequate to meet the demands of tourists to various regions of our State. In addition, there is a lack of marketing to attract visitors to these regions as destinations.

RECOMMENDATIONS

1. The State should provide additional:

   a. turnouts, camping areas;
   b. restrooms, reststops;
   c. historic markers;
   d. access to rivers, lakes and other attractions;
   e. accessibility for the physically handicapped; and
   f. land available for private development of tourist accommodations.

2. Seek cooperative ventures between the public and private sectors to develop and improve tourism opportunities in the various regions of Alaska and market them.

3. Market Alaska as a year round destination with increased emphasis on shoulder and winter seasons.

4. Alaska needs an increase in the state tourism marketing budget implemented by Alaskan advertising and marketing agencies.

19. PROBLEM: PAYROLL/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments and agencies funded by those governments, such as school districts and grant recipient agencies. This makes it difficult to get and keep good employees.

RECOMMENDATIONS

1. a. Policy setting bodies need to be educated with "hard-number" charts and valid examples of employees and their training lost to public sector jobs; and
   b. State and local wage negotiators must put any wage/benefit increase for state employees to voter approval.
   c. Comp time should be allowed as a substitute for overtime pay for small business.
   d. State employees should be paid wages and benefits based upon the prevailing wages and benefits in the local area to private sector employees doing similar work.

2. Lengthen the vesting requirements for retirement and health benefits for state employees.

3. State needs to raise its deductible on health coverage and reduce its level of health coverage.

20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon (Title 36) wages cause a conflict between employees paid D-B wages and employees who are not and do not reflect the reality of wages paid at the private, state and federal levels at the same job classifications. These wages make it impossible for small businesses to hold employees.

RECOMMENDATIONS

1. Employees knowingly accepting less than the prevailing wage should not be allowed to collect back wages, and all certified payroll should include employee's signature on the first payroll that they in fact, are receiving wages as stated;

2. The State of Alaska should add more crafts/job classification to reflect actual work being performed;

3. The State of Alaska should require uniform interpretation for Department of Labor rules to be the same in all regions of the state; and

4. The Department of Labor should modify the current Davis-Bacon system and average wages from all sources of employment to determine current prevailing wages.

---

1 It should be noted that some of these problems might have previously been addressed by either the administration or legislature. But they were voted in the top 20 because Delegates felt that the previous whole or partial solution did not fully address or solve the problem.

2. Text in parentheses after a problem or recommendation is added for clarification of intent.

RESOLUTIONS

RESOLUTIONS

PASSED BY DELEGATES TO THE GOVERNOR'S CONFERENCE ON SMALL BUSINESS SEPTEMBER 30, 1989

RESOLUTION 89-1

WHEREAS, All Alaskans wish to see stable and continued growth in the Alaska economy rather than the Boom and Bust cycles of the past, and because we believe in the future of Alaska, and because we feel the government and the private sector should work in harmony,

THEREFORE, The Delegates of the 1989 Governor's Conference on Small Business desire that this Conference be held on a continuing basis every two years to promote the economic growth of Small Business in the State of Alaska; and ask for legislation to authorize funds to continue this conference.

RESOLUTION 89-2

WHEREAS, Without follow-through, the Governor's Conference on Small Business will essentially have been in vain,

THEREFORE, The Fairbanks Delegation requests the formation of an ongoing organization to implement the final recommendations of the Governor's Conference on Small Business.

RESOLUTION 89-3

WHEREAS, The small business community from all regions of the State of Alaska have dedicated much time and effort to resolve problems facing small business,

THEREFORE, We propose that the Governor appoint a cabinet level task force to implement and carry forth the final recommendations from the Governor's Conference on Small Business.

RESOLUTION 89-4

WHEREAS, A continuing organization is necessary to ensure implementation of the Governors Conference on Small Business agenda,

THEREFORE, Be it resolved, that the delegates establish an association and each Delegation shall comprise a chapter of the association and Chapter chairs comprise the statewide Board of Directors. Present Steering Committee members shall automatically become members of their regional chapter. Chairs shall be the liaison to the Administration and the Legislature, and with the small business and other organizations in the region. The name of the Association shall be the ALASKA SMALL BUSINESS CONFERENCE.

RESOLUTION 89-5

WHEREAS, Small business needs a strong consistent policy voice in this administration, and

WHEREAS, The conference has made it clear that many programs desired by small businesses are already in existence, but have not been communicated to the public, and

WHEREAS, There has been no Director of the Division of Business Development for over 11 months,

THEREFORE, Be it resolved, that the Governor appoint a small business person to be Director of the Division of Business Development by November 1, 1989.

RESOLUTION 89-6

WHEREAS, Small businesses have unique public policy considerations which are not adequately addressed at present,

THEREFORE, Be it resolved that the Governor's Conference on Small Business ask the Legislature to adopt a resolution expressing its intent that all relevant boards and commissions contain at least one small business person, and that the Governor appoint a small business advisory commission for the Division of Business Development.

RESOLUTION 89-7

WHEREAS, The Administrative staff, Steering Committee, and Volunteers have worked hard to produce the Governor's Conference on Small Business and have produced a successful conference,

THEREFORE, Be it resolved that the Delegates express their appreciation to the staff, Steering Committee and assistants of the Governor's Conference on Small Business, with particular thanks to the Executive Director.

RESOLUTION 89-8

WHEREAS, The March 24, 1989, Exxon Valdez oil spill in Prince William Sound has been described as the largest man made disaster since Hiroshima, and

WHEREAS, The entire State of Alaska has been adversely affected by the oil spill, and

WHEREAS, Alaskan coastal communities have suffered ecological, social, and economical losses due to the Exxon oil spill, and

WHEREAS, Coastal municipalities absorbed a tremendous financial responsibility due to the lack of fund availability, and

WHEREAS, The State of Alaska needs to be able to respond immediately to containment and defense of such spills, and

WHEREAS, The local municipalities are the ones closest to the problems and are the best able to deal with the issues resulting from spills of oil and other hazardous wastes,

THEREFORE, Be it resolved that the Governor's Conference on Small Business support the passage of legislation that would provide funding for any oil or hazardous waste spill, in the form of a contingency fund, which would allow local municipalities to have the immediate ability to defend and clean up any future spills if they occur.

RESOLUTION 89-9

WHEREAS, Small business persons throughout the State have dedicated their time and efforts to identify, prioritize, and propose solutions to problems experienced by small businesses, and

WHEREAS, The only reward for time and efforts spent will be for the betterment of small business and government relations throughout the State of Alaska, and

WHEREAS, Legislative consideration and action is necessary for this betterment,

THEREFORE, We request that the administration make administrative bills in 1990, and if not passed in 1990 to encourage legislative consideration beyond the current administration term.

APPENDICES

APPENDIX A

AGENDA

Thursday. Sept. 28, 1989

3:00 pm and on - Check-in to Sheraton Hotel

4:00 - 5:00 pm - Training session for Moderators, Resource People #308

5:00 - 6:00 pm - Executive Committee, Governor's Conference on Small Business, #308

5:00 - 7:00 pm - Pre-registration - Hospitality Suite #315
Regional Caucuses #308, #311

7:00 - 7:30 pm - Rules Committee #311

7:00 - 9:00 pm - Informal Reception for Delegates #303
Ham & Cheese Croissants, Veggies, Cheese
No-Host Bar

Friday, Sept. 29, 1989

8:00 - 9:00 pm - Exhibits (Atrium)

8:00 - 8:30 am - Registration (will continue until 10)
Coffee/Tea/Muffins/Croissants/Fruit

8:30 - 9:30 am - General session - Ballroom A
Welcome: Jack Jessee, Chairman, Steering Committee, Governor's Conference on Small Business
Welcome to Anchorage: Mayor Tom Fink
Remarks: Larry Merculieff, Commissioner, Dept. of Commerce & Economic Development

Keynote Address: Honorable Steve Cowper, Governor, State of Alaska
Goals/Process: Rosie Porter, Steering Committee

9:30 - 9:45 am - Break
Coffee/Tea
Brief Regional Caucuses

9:45 - 11:45 am - ISSUE SESSIONS

	# 1	FINANCE
		Moderator: Jack Jessee, Chairman, COMRIM
Yukon Rm.		Resource: Tom Broderson, SBDC, Ed Watkins, Div. of Banking, C&ED, David Doughtery, Wash. Bus. Ctr.
		Recorder: Lisa Short, C&ED
	# 2	PROCUREMENT
		Moderator: Dennis Hanoski, Marquis Furn.
#308		Resource: Ben Milem, SBDC, Wally Carlo, Doyan Native Corp.
		Recorder: Wendy Cucullu, SBDC
	# 3	REGULATIONS/PAPERWORK
		Moderator:Ernie Hall, Limited Editions
Ballroom A		Resource:Britt Lively, Mapmakers, Janet Nye, SBDC
		Recorder: Penny Graber, SBDC
	# 4	ENVIRONMENT/WASTE
		Moderator:Frank Thomas-Mears, MRM
#311		Resource:Irene Anderson, Sitnasuak, Russ McCurdy, SBA, Seattle
		Recorder: Heather McQueen, SBDC

11:45 - 12:00 - Break

12:00 - 1:00 - Luncheon - Ballroom A

Welcome: Jack Jessee, Chairman
Remarks: Russ McCurdy, SBA Regional Advocate
Speaker: David Dougherty, Director
Washington Business Assistance
Center, Olympia, Wash.
"How Can the State Make Small
Businesses Stronger - How can
Small Businesses Make the State
Stronger?"

1:00 - 1:15 - Break
Brief Regional Caucuses

1:15 - 3:15 - ISSUE SESSIONS

	# 5	INTERNATIONAL TRADE
		Moderator: Irene Anderson, Sitnasuak
#308		Resource: Gary Jenkins, Jenkins Ent., Earl Romans, Alaskan Battery
		Recorder: Chuck McGee, C&ED

	# 6	INSURANCE/BONDING Moderator: Vern Craig,Northland Systems
	Ballroom A	Resource: Earlene Caress, S&S Welding, Jim Jordan, Div. of Insurance, C&ED Recorder: Frank Thomas-Mears, MRM
	# 7	TRANSPORTATION/MARKETING Moderator: Rosie Porter, Tundra Drums
	#311	Resource: Recorder: Wendy Cucullu, SBDC
	# 8	ECONOMIC POLICY Moderator: Jack Jessee, COMRIM
	Yukon Rm.	Resource: Stan Stedman, KEDD, Walter Nayokpuk Recorder: Lisa Short, C&ED
3:15 - 3:45		Break Coffee/Tea/Iced Tea/Soft Drinks/Chocolate Chip Cookies Brief Regional Caucuses
3:45 - 5:45		ISSUE SESSIONS
	# 9	EDUCATION/TRAINING Moderator: Ernie Hall, Limited Editions
	Ballroom A	Resource:Linda Van Ballenberg, Office of Adult & Vocational Education, DOE, Janet Nye, State Director, SBDC, Josie Roetto, JTPA, C&RA Recorder: Chuck McGee, C&ED
	# 10	PAYROLL COSTS/BENEFITS Moderator:Frank Thomas-Mears, MRM
	#308	Resource: Dick Ford, SBDC Recorder: Joanne McDowell, SBDC
	# 11	TAXATION Moderator:Ellen Greenberg, BBNA
	#311	Resource: Larry Meyers, Cooper's & Lybrand Recorder: Wendy Cucullu, SBDC
	# 12	GOVERNMENT COMPETITION WITH PRIVATE SECTOR Moderator: Britt Lively, Mapmakers
	Yukon Rm.	Resource: Wally Carlo, Doyan, Jack Jessee, COMRIM Systems, Inc. Recorder: Lisa Short, C&ED
	# 13	OTHER Moderator: Irene Anderson, Sitnasuak
	Ballroom A	Resource: Earl Romans, Alaskan Battery Recorder:

5:45 - 6:00 Break
Regional Caucuses

6:00 - 6:45 GENERAL SESSION
Issue Sessions summaries
Distribution of ballots (#1 ballot - yellow) for First Conference Vote to determine the top 50 recommendations
Ballots must be turned in by 9:15 pm

Our thanks to Cooper's & Lybrand for their assistance with the vote count.

7:00 - 9:00 RECEPTION/BUFFET - Ballroom B
Sponsored by: AK. State Chamber of Commerce
ARCO ALASKA, Inc.

Saturday, Sept. 30, 1989

7:00 Results of First Vote available

7:00 - 8:15 am - Meeting of Regional Delegation Chairs, Sheraton Bistro Restaurant

8:00 - 2:00 pm - Exhibits (Atrium)

8:00 - 8:30 am - Coffee/Tea/Muffins/Croissants/Fruit

8:30 - 9:00 am - GENERAL SESSION - Ballroom A
Results of First Vote - Top 50

9:00 - 10:00 am - ISSUE SESSIONS

	# 1	FINANCE Moderator: Jack Jessee, COMRIM Resource: Tom Broderson, SBDC, Ed Watkins, C&ED Recorder: Lisa Short, C&ED
Yukon Rm.		
	# 2	PROCUREMENT Moderator: Dennis Hanoski, Marquis Furn. Resource: Ben Milem, SBDC, Wally Carlo, Doyan Recorder: Wendy Cucullu, SBDC
Kuskokwim East		
	# 3	REGULATION/PAPERWORK Moderator: Ernie Hall Resource: Britt Lively, Mapmakers, Janet Nye, SBDC Recorder: Penny Graber, SBDC
Ballroom A		

	# 4	ENVIRONMENT/WASTE Moderator:Frank Thomas-Mears, MRM
Kuskokwim West		Resource: Irene Anderson, Sitnasuak, Russ McCurdy, SBA Recorder: Heather McQueen, SBDC
10:00 - 10:15		Break Coffee/Tea Brief Regional Caucuses
10:15 - 11:15		ISSUE SESSIONS
	# 5	INTERNATIONAL TRADE Moderator: Irene Anderson, Sitnasuak
Kuskokwim East		Resource: Gary Jenkins, Jenkins Ent. Recorder: Chuck McGee, C&ED
	# 6	INSURANCE/BONDING Moderator: Vern Craig, Northland Systems
Ballroom A		Resource: Earlene Caress, S&S Welding, Jim Jordan, Div. of Ins., C&ED Recorder: Frank Thomas-Mears, MRM
	# 7	TRANSPORTATION/MARKETING Moderator: Rosie Porter, Tundra Drums
Kuskokwim West		Resource: Recorder: Wendy Cucullu, SBDC
	# 8	ECONOMIC POLICY Moderator: Jack Jessee, COMRIM
Yukon Rm.		Resource: Stan Stedman, KEDD, Walter Nayokpuk Recorder: Lisa Short, C&ED
11:15 - 12:15		ISSUE SESSIONS
	# 9	EDUCATION/TRAINING Moderator: Ernie Hall, Limited Editions
Ballroom A		Resource: Linda Van Ballenberg, DOE, Janet Nye, SBDC, Josie Roetto, JTPA Recorder: Chuck McGee, C&ED
	# 10	PAYROLL COSTS/BENEFITS Moderator: Frank Thomas-Mears, MRM
Kuskokwim East		Resource: Dick Ford, SBDC Recorder: Joanne McDowell, SBDC
	# 11	TAXATION Moderator: Ellen Greenberg, BBNA
Kuskokwim West		Resource: Larry Meyers, Cooper's & Lybrand Recorder: Wendy Cucullu, SBDC

	# 12	GOVERNMENT COMPETITION WITH PRIVATE SECTOR Moderator: Britt Lively, Mapmakers Resource: Wally Carlo, Doyan, Jack Jessee, COMRIM Systems, Inc. Recorder: Lisa Short, C&ED
Yukon Rm.		
12:15 - 12:30		Break Brief Regional Caucuses
12:30 - 1:00		General Session - Ballroom A Brief Summary of Issue Sessions Final Vote (#2 ballot - green) on top 20 recommendations
1:00 - 3:00		Lunch - Ballroom B RESOLUTION SESSION - Frank Thomas-Mears Top 20 Announcement Conference Wrap-up
3:00 - 4:00		Steering Committee, Governor's Conference on Small Business, #315

APPENDIX B

RULES OF THE

GOVERNOR'S CONFERENCE ON SMALL BUSINESS

I. Rules Committee

A. Objective.
It is the objective of the Rules Committee to encourage maximum Delegate participation, discussion, and deliberation, within a procedural framework that guarantees fairness and equity to all Delegates.

B. Membership.
The Rules Committee will be composed of seven members. The Chair shall be a member of the Steering Committee. The Chair shall appoint six members consisting of one Delegate from each of the following areas:

Anchorage	Fairbanks
Southeast	Kenai/Mat-Su
Northwest/Arctic	Aleutian Chain

C. The members of the Rules Committee shall interpret, and enforce the rules and procedures governing the Statewide Governor's Conference on Small Business. The Rules Committee will approve the Conference Calendar, the List and petitions. It will direct petitions to the appropriate Issue Sessions and oversee Delegate voting. Although the primary responsibility for certification of the Delegates lies with the Regional Chairs, a Credentials Subcommittee of the Rules Committee shall be appointed by the Rules Chair to resolve any certification disputes that cannot be resolved by the Regional Chairs. The Rules Committee will also establish the following subcommittees:
Petitions Subcommittee
Resolutions Subcommittee.

D. Participation
Each member of the Rules Committee may attend any Issue Session, and may be an active Issue Session participant. Members of the Rules Committee will receive official ballots for Conference voting and may vote. Members of the Steering Committee will be appointed by the Rules Committee Chair to act as assistant parliamentarians for the Rules Committee during the Issue Sessions and to provide such parliamentary assistance as may be needed.

E. Organization.
The Rules Committee shall elect a Vice Chair. The spokesperson for the committee shall be the Chair. The Rules Committee shall have the right to designate and appoint subcommittees other than those in C. to assure that the business of the committee is carried out. The members of such subcommittees shall be Delegates.

II. Parliamentarian

A conference Parliamentarian shall be appointed by the Chair of the Rules Committee to provide such parliamentary assistance as may be needed. If circumstances arise which are not covered by these rules, ROBERT'S RULES OF ORDER shall be in force.

III. Issue Sessions

A. Purpose of the Issue Sessions shall be to:
   1. Refine problems;
   2. Prioritize problems to discuss; and
   3. Discuss, debate and amend the recommendations.

B. Delegate Participation.
   1. Session Leadership.
      Issue Sessions will be led by Moderators who have substantial expertise and experience in the relevant issue area. Each Moderator will be assisted by a Resource person or persons who have been active in their fields and have demonstrated expertise in a particular issue area, and by a Recorder.
   2. Attendance at Issue Sessions.
      Delegates may attend any Issue Session of the State Conference. They shall enjoy free access in and out of any Issue Session.
   3. Speaking Rights.
      Delegates will have equal right to express opinions or make recommendations in any issue Session. Only those individuals accredited as Delegates will be recognized to speak. Alternates or observers may be recognized by the Moderator to take part in the discussion at the request of a Delegate. In order to accommodate everyone, a Delegate's remarks in the Issue Sessions will be limited to three minutes. After a Delegate has spoken to a particular issue, the Moderator will call on all other Delegates who wish to speak on that topic before recognizing the same Delegate again. Any Delegate may offer an amendment to any recommendation as long as, in the judgement of the Moderator, it is timely and germane to the recommendation being discussed.
   4. Delegate Credentials.
      All delegates will receive credentials upon registration at the Conference. Should a Delegate resign, his or her credentials may be transferred to an authorized Alternate as designated by the Regional Chair. After the Chair has certified the transfer with the Credentials Subcommittee of the Rules Committee, the Alternate will take a position as a Delegate for the remainder of the Conference. There will be no change in the registration fee. Any dispute regarding an individual's credentials will be resolved by the Regional Chair within his or her delegation. Should there be a dispute among the Regional delegation that cannot be resolved by the Chair, the Rules Committee shall resolve the dispute.

C. Amendments.
   1. Sponsorship.
      Only Delegates may offer amendments to recommendations. Upon introduction of an amendment, the Delegate sponsoring the amendment shall deliver to the Rules Chair or their designee, a copy of said amendment.
   2. Forms.
      Amendment forms are available by contacting the GCSB office. Blank amendment forms will also be available in each of the Issue Session areas during the Conference. Only the approved GCSB form will be accepted.
   3. Submission.
      Amendments to the recommendations listed on the initial Issue/ Recommendation List will be accepted prior to the State Conference and at the Issue Sessions taking place on September 29/30, 1989.

D. Voting.
Voting on amendments in Issue Sessions. Passage or failure of amendments to issues/recommendations under consideration in the various Issue Sessions shall be by simple majority vote of Delegates present.

E. Issue/Recommendation List.
The List is the comprehensive listing of all recommendations under active consideration. Any of these recommendations may be amended in the appropriate Issue Session of the Conference. Recommendations on the Initial List will be ordered by the Rules Committee within each of the 13 issue areas and will be presented on the List in alphabetical order by issue area.

F. Petitions.

1. Format.
Recommendations not appearing on the initial List may be placed before the Conference in the form of petitions. Each petition must have at least twenty Delegate signatures with no more than five coming from one Region. A recommendation which the petition is intended to bring forward must be stated exactly as the sponsor wishes it to be considered. If more than one form is used to obtain the required signatures, the wording of the recommendation must be exactly the same on each form.

2. Submission Date.
All petitions must be submitted to the Rules Committee for validation under the criteria set forth in the Format section above, no later than 9:00 pm on Friday September 29, 1989. They may be submitted to the GCSB office any time prior to the aforementioned due date. Petitions turned into the GCSB office prior to the start of the Conference will be turned over to the Rules Committee for validation.

3. Consideration of Petitions.
Petitions validated by the Rules Committee will be added to the List and discussed in the appropriate Issue Sessions on Friday September 29, 1989. Each validated petition will be assigned to an Issue Session and given a number for consideration in Conference votes. Petitions may be amended.

4. Definition of a Sponsor.
For purposes of this section, sponsor is defined as the person whose name appears in the section of the GCSB petition which is labeled "circulated by". If a Region or other organization appears in the "circulated by" section, the chair of the Region shall be considered the sponsor of the petition.

IV. Conference Votes

A. The Two (2) Conference Votes.
Each Delegate may vote for up to 50 items at the first conference vote and up to 20 items on the second and final conference vote from the Issue/ Recommendation List. The List is the comprehensive listing of all recommendations under active consideration. On Friday September 29, 1989, Delegates will receive an updated List that includes amendments adopted in the Friday Issue Sessions. The vote on Friday evening will reduce the list to the top 50 items. Results of the Friday vote will be made available early Saturday September 30. Saturday September 30, 1989, the second and final vote will then produce an overall ranking order list from all recommendations of the top 20. These shall constitute the Final Recommendations of the 1989 Governor's Conference on Small Business.

B. Voting Procedures for Conference Votes.
Votes will be cast by means of ballots. Vouchers for these ballots will be distributed to each Delegate at Registration and will not be replaced if lost or-

stolen. Vouchers will be exchanged for a ballot at the time of voting. Voting times and locations will be announced in the Conference Agenda distributed at Registration.

V. Resolution Session: "Small Business Futures Session".

A. Purpose.
The Resolution Session will be devoted to areas of concern not specifically addressed by recommendations in the Issue Sessions. The session will be for discussion of issues such as, but not limited to:
1. Small business's place in the economy of the next decade;
2. Changes in the labor force which will affect small business;
3. Changes in technology which will affect small business; and
4. Determining the role of the private sector in strengthening small business and increasing public awareness of its contributions to our economy.

This session will not be for the purpose of further amendments to others. Thus, resolutions must not repeat recommendations discussed and voted on in the Issue Sessions. Resolutions must be submitted on prescribed forms.

B. Attendance at the Resolution Session.
The time of the Resolution Session will be announced on the Conference Agenda and will be open to any Delegate. Only Delegates may offer Resolutions or speak to Resolutions. Alternates and observers may attend.

C. Voting at the Resolution Session.
In order to hold a Resolution Session, at least 66 Delegates must be present. Voting will be after discussion on each Resolution. Delegates may vote on as many Resolutions as are presented. All Resolutions passed by this session will be forwarded to the Governor in the Final Report. In order to pass as a Conference Resolution, a Resolution must receive a minimum of two thirds (44) of the minimum of 66 Delegates present.

VI. General Sessions

A. Session Leadership.
Each General Session will be chaired by the GCSB Steering Committee Chair or their designee with the assistance of the Parliamentarian.

B. Purpose.
General Sessions will be scheduled for the purpose of presenting speakers to the Delegates as well as to make housekeeping and procedural announcements.

C. Attendance at General Sessions.
General Sessions are open to all Conference participants. Delegates will be seated by Regional delegations in designated sections of the floor. Observers, alternates and others will be seated in other designated areas.

VII. Definitions

A. Amendment: a proposal for addition or modification to an item on the Issue/Recommendation List.

B. Delegate: a person who is an owner, partner, corporate officer or employee of a for-profit small business with 100 or fewer permanent employees and that grosses less than $10 million per year. There cannot be more than one person per business. Delegates must have been elected at a Regional Conference or appointed by the Steering Committee. Delegates shall be apportioned as follows:

Anchorage	36
Barrow	3
Bethel	3
Dillingham	3
Dutch Harbor	3
Fairbanks	15
Juneau	10
Kenai	7
Ketchikan	5
Kodiak	3
Kotzebue	3
Mat-Su	5
Nome	3
TOTAL	99

C. Petition: a formal request, needing at least 20 Delegate signatures, asking that an additional recommendation be considered that is not on the Issue/Recommendation List.

D. Recommendation: an issue area developed at a Regional Conference or by petition that identifies a problem area and suggests how it can be addressed by the private sector, regulatory or administrative changes or by legislation.

E. Resolution: a formal proposal for consideration that concerns small business and that has not been considered in any Issue Session.

APPENDIX C

DELEGATES TO THE CONFERENCE

Michael Aamodt
Chairman, Barrow Delegation
Pausan Arctic Adventures
P.O. Box 68
Barrow, AK 99723
852-7780

Chuck Achberger
Intergroup Development Corporation
P.O. Box 32976
Juneau, AK 99803
789-1871

Mark Allen
Marketing Express
P.O. Box 2020
Soldotna, AK 99669
262-7370

Frank Arriaga
Marine Construction & Engineering
P.O. Box 466
Dutch Harbor, AK 99692
581-1476

Vernon Bavilla
Kuitsarak Store
P.O. Box 10
Goodnews Bay, AK 99589
967-8520

Allen Bingham
Ernst & Whinney
301 W Northern Lights #601
Anchorage, AK 99503
279-1411

Harry Brod
Brod & Associates
1102 W. 30th
Anchorage, AK 99503
277-2897

Roger C. Burggraf
Happy Hill Mining Co.
830 Sheep Creek Rd.
Fairbanks, AK 99709
479-2596

Diane Carpenter
Chairman, Bethel Delegation
Pacific Rim Services
Box 1208
Bethel, AK 99559
543-2484

Dr. Naz Chaudhry
NPC Management Consultants
2050 Eastridge Drive
Anchorage, Ak 99501
786-4834

C. L. Cheshire
Chairman, Ketchikan Delegation
Cheshire & Haeskayld
G-8 1200 Woodside
Ketchikan, AK 99901
225-6171

Marie Congdon
Valley Transport
P.O. Box 1085
Palmer, AK 99645
745-7733

John Cook
C & R Enterprises
Box 49[illegible]
Sterling, AK 99672
262-5969

Carolyn Cornelius
Alaska Bush Service
201 E Dimond
Anchorage, AK 99515
344-6690

William J. Cullinane
Cullinane Corp.
455 S. Franklin
Juneau, AK 99801
586-2323

Bruce Davison
Davison & Davison
1407 W 31st, 5th Fl
Anchorage, Ak 99503
276-6555

Philip H. Deisher
PHD - Affiliates Training
& Development
600 University Ave. D-1
Fairbanks, AK 99709
479-5747

Jonathan F. Douglas
Chairman, Juneau Delegation
Jensen/Douglas Architects Inc.
P.O. Box 310
Juneau, AK 99802
586-1070

Bill Dudley
Alaska Contracting
Services Inc.
2123 Esquire Dr.
Anchorage, AK 99517
277-0288

Robert Fagerstrom
Sitnasuak Native Corporation
P.O. Box 905
Nome, AK 99762
443-5296

Joe Fields
Alaska International Group
P.O. Box 2419
Fairbanks, AK 99707
451-7906

Will Files
Tech Connect
Box 3012
Homer, AK 99603
235-5248

Ben Fleenov
Herring Bay Lumber Co
Rt. 2 Box 69
Ketchikan, AK 99901
225-4458

Donna M. Frietas
DMB & Associates
P.O. Box 91626
Anchorage, AK 99509
349-7117

Karin Gerken
CCNS Comp. Cons.
4139 Vista Ct.
Anchorage, AK 99508
337-7775

Bob Gilfilian
Gilfilian Engineers
P.O. Box 871868
Wasilla, AK 99687
376-3005

Robert A. Goodman
RAG Enterprises
1414 Bannister Drive
Anchorage, AK 99508
279-7872

"Red" James Goodwin
Keen'Eye Productions
P.O. Box 1985
Soldotna, AK 99669
262-5536

James Gregg
Gregg Consulting
P.O. Box 50
Kotzebue, AK 99752
442-2352

Steve Gregg
PCS Inc.
4101 Arctic Blvd.
Anchorage, AK 99503
561-0143

Jill Hanson
Impressions
239 Lincoln Street
Sitka, AK 99835
747-6308

Ann Hazen
Chairman, Dutch Harbor Delegation
Framed By Annie
P.O. Box 493
Dutch Harbor, AK 99692
581-1284

Roxanna Horschel
ACME Fence Inc.
10360 Nigh Rd.
Anchorage, AK 99515
522-1155

Ann B. House
Inn at The Waterfront
455 S. Franklin
Juneau, AK 99801
586-2050

Linda Hulbert
Linc
P.O. Box 72315
Fairbanks, AK 99707
452-4400

Mark A. Johnson
White Mountain Lodge
P.O. Box 81
Nome, AK 99762
638-3431
(Until May 31, 1990: P.O. Box 834
Girdwood, AK 99587. 783-2452)

Mary L. Johnson
Mary Johnson Court
Reporting
745 8th Ave
Fairbanks, AK 99701
451-0284

Karen A. Jordan
Alaska Pension Services, Ltd.
429 D Street #300
Anchorage, AK 99501
276-3090

Leah Kadush*
Wee Fishie Shoppe, Inc
9340 Glacier Highway
Juneau, AK 99801
789-0728

George Kallas
Great Alaska Beef & Sea
3230 Seward Hwy.
Anchorage, AK 99503
274-4664

Carl Kancir
Independent Services
Enterprises
P.O. Box 200472
Anchorage, AK 99520-0472
337-7150

Bob Kern
Reader & Rider Inc.
1019 2nd. Ave
Fairbanks, AK
452-4824

Janet Kincaid
Chairman, Mat-Su Delegation
Valley Hotel
P.O. Box 118
Palmer, AK 99645
745-3855

Lorna Knaus
Pacific Rim Board of Trade, Inc.
P.O. Box 90451
Anchorage, AK 99509
274-3999

Betty Knight
Alaska Window Co.
P.O. Box 61252
Fairbanks, AK 99706
479-5874

William Kohler
Kohler, Schmitt & Hutchison
P.O. Box 607
Fairbanks, AK 99707
456-6676

Irwin Kreider
I.D. Variety & Kreider's
Rentals
P.O. Box 558
Bethel, AK 99559
543-2817

Mary W. LaFever
Simply Organized Solutions
3111 C Street
Anchorage, AK 99503
562-3427

Dick LaFever
Alaska Pacific Consultants
3111 C Street #200
Anchorage, AK 99503
562-3427

Kathy Lavelle
Cafe De Paris
Pioneer Street
Fairbanks, AK 99701
456-1669

Eloise M. Levesque
P.D.Q. Printing
P.O. Box 92862
Anchorage, AK 99509
276-1717

Steve Levinson
Chairman, Dillingham Delegation
Sem'ya Corporation
P.O. Box 930
Dillingham, AK 99576
842-5994

Vic Loyer
V. L. Construction
HC04 Box 9907
Palmer, AK 99645
745-6588

Rebecca Q. McCauley
McCauley's Reprographics Inc.
721 Gaffney RD
Fairbanks, AK 99701
452-8141

Tom McGrath
Frigid North Co.
1207 W. 36th. Ave.
Anchorage, AK 99503
561-4633

Nancy McGuire
Chairman, Nome Delegation
Nugget Publishing Corporation
P.O. Box 610
Nome, AK 99762
443-5235

Robert Ribelin
Ribelin Lowell & Co.
341 W Tudor #201
Anchorage, AK 99503
561-1250

Brian Ringer
Brian Ringer Appaloosas
P.O. Box 230815
Anchorage, AK 99523
688-0453

Jon P. Ronning
Energy Service Company
P.O. Box 74830
Fairbanks, AK 99707
452-6718

Jan Schorg-Forsyth
Sequels, Inc.
3901 Old Seward, #A
Anchorage, AK 99503
561-7898

Armand Seguin
Computer Solutions
8204 Birch Lane
Juneau, AK 99801
789-6979

Richard Shields
Saxman Seaport
RR 2 Box 3
Ketchikan, AK 99901
225-1977

Bob Shuttlesworth
Shuttlesworth and Son
P.O. Box 4211
Kodiak, AK 99615
486-3598

Jeff Smith
Chairman, Kotzebue Delegation
Vantage Alaska Incorporated
P.O. Box 48
Kotzebue, AK 99752
442-2444

Doug Stark
Secluded Lake Airport
957 Westbury
Anchorage, AK 99503
561-2332

Wayne A. Stevens
Chairman, Kodiak Delegation
Local Colour
P.O. Box 1485
Kodiak, AK 99615
486-5557

Jackie Stewart
The Great Alaska Catalog
5750 Glacier Highway #A3
Juneau, AK 99801
780-4442

Daniel A. Sullivan
The Sullivan Group
430 C Street, #201
Anchorage, AK 99501
276-2246

Robert (Brett) Thomas
Timeframe
300 W. 36th. Ave.
Anchorage, AK 99503
562-3822

W. C. Thomas
Gateway Safety & Supply
P.O. Box 5196
Ketchikan, AK 99901
225-1408

Leston Lee McNeil
Blackspruce Lodge
2740 Old Richardson Hwy.
Delta Junction, Ak 99737
895-4668

Mark T. Merrill
Chairman, Kenai Peninsula Delegation
CPA
Box 2153
Kenai, AK 99611
283-7669

Robert Minch
Minch Ritter Forrest
Architects, PC
800 Glacier Ave. Suite A
Juneau, AK 99801
586-1371

Gregory Mockta
Greg's Electronic Service
P.O. Box 7130
Bethel, AK 99559
543-2983

Rochelle S. Morris*
Professional Investment
Analysis
P.O. Box 1082
Homer, AK 99603
235-8383

Carl E. Moses
Carl's Incorporated
P.O. Box 109
Unalaska, AK 99685
581-1234

Patricia Muldrow
Anyway U Want It Cleaning
P.O. Box 200281 ECB
Anchorage, AK 99520
248-7015

Dagen Nelson
Nelson Enterprises
P.O. Box 477
Dillingham, AK 99576
842-2645

Everett P. Oliver
Oliver's Trophies
9108 Mendenhall Mall
Juneau, AK 99801
789-0993

Lloyd Olson
B & B Tool Supply
300 LaTouche St.
Anchorage, AK 99501
276-7714

David Oryall
Alaskan Crude Corp.
P.O. Box 111187
Anchorage, AK 99511
349-1607

Albert Pagh
Four Star Lumber
2849 Parks Hwy.
Fairbanks, AK 99707
479-6643

Robin Parker
Whispering Echoes
103 Center Ave.
Kodiak, AK 99615
486-6877

John Pursley
Autogenesis, Inc.
P.O. Box 241803
Anchorage, AK 99524
258-4888

Urban E Rahoi
Ptarmigan Lodge
1001 Lakeview
Fairbanks, AK 99701
456-6967

April Reilly
Rain Proof Roofing Co., Inc.
2201 E 84th Ct
Anchorage, AK 99507
344-5545

Grant Thompson
Cape Smythe Air Service
P.O. Box 549
Barrow, AK 99723
852-8333

John Torgerson
Radio Shack
35670 Spur Highway
Soldotna, AK 99669
262-6192

David L. Waldron
WALMAC, Inc.
2174 Arcadia Drive
Anchorage, AK 99517
563-0777

Kirk Wickersham
Chairman, Anchorage Delegation
Attorney
3111 C. St., Suite 200
Anchorage, AK 99503
563-5297

Marie C. Wilson*
Warning Lites of Alaska
591 W 67th Ave
Anchorage, AK 99518
562-2124

Edward Young
E&T Electronics
505 West Northern Lts. #104
Anchorage, AK 99503
278-4488

Wilma Tisch
Sundog Services
100 Bunnell 16 B
Anchorage, AK 99503
279-8671 Ext 163

Jim Voderstrasse
Border Ventures
P.O. Box 214
Barrow, AK 99723
852-2010

Terry P. Welsh
Alaska Financial Advisors
P.O. Box 6261
Ketchikan, AK 99901
225-0619

Dennis Wilt
Syntony Financial
911 W. 8th #201
Anchorage, AK 99501
276-4610

Nadine Winters*
Chairman, Fairbanks Delegation
Consultant
450 Hagelbarger
Fairbanks, AK 99712
457-6258

* Served on the Rules Committee

APPENDIX D

STEERING COMMITTEE MEMBERS AND REGIONAL COORDINATORS

Irene Anderson
P.O. Box 905
Nome, AK 99762
443-5296

Bill Blachman
Dean, School of Business
3211 Providence Dr.
Anchorage, AK 99508
786-1753

Wally Carlo
201 1st. Ave.
Fairbanks, AK 99709
452-4755

C. L. Cheshire
University of Alaska, Southeast
7th & Madison
Ketchikan, AK 99901
225-6171

Vern Craig
3901 Taft Dr.
Anchorage, AK 99517
243-1272

George Easley
240 W. 68th Ave.
Anchorage, AK 99518
344-0531

Ellen Greenberg
P.O. Box 310
Dillingham, AK 99576
842-5257

Ernie Hall
144 E. Potter Dr.
Anchorage, AK 99518
562-2257

Dennis Hanoski
4360 Calhoun Ct.
Homer, AK 99603
235-8669

Gary Jenkins
P.O. Box 210194
Auke Bay, AK 99821
586-4100

Jack Jessee
560 E. 34th
Anchorage, AK 99503
563-0304

Britt Lively
259 S. Alaska St.
Palmer, AK 99645
745-3398

Stephanie Madsen
P.O. Box 330
Dutch Harbor, AK 99692
581-1428

Walter Nayokpuk
General Delivery
Shishmaref, AK 99772
649-3171

Ernie Polley
634 W. 12th. St.
Juneau, AK 99801
586-1437

Rosie Porter
P.O. Box 868
Bethel, AK 99559
543-3500

Earl Romans
157 Old Richardson Hwy.
Fairbanks, AK 99701
451-0594

Bill Sykes
P.O. Box 100839
Anchorage, AK 99510
272-1515

Fran Tate
P.O. Box 403
Barrow, AK 99723
852-8200

Frank Thomas-Mears
P.O. Box 112063
Anchorage, AK 99511
345-7181

Al Williams
1577 C St. Plaza, Suite 200
Anchorage, AK 99501
274-5400

SB

240

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

REPLY TO: NEW ANCHORAGE
PHONE (907) 269-5100

☒ 1031 W 4th AVENUE SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

☐ KEY BANK BUILDING
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

☐ P.O. BOX K— STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

May 8, 1991

The Honorable Steve Frank
Senator
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Frank:

This letter is in response to your request during yesterday's Community and Regional Affairs hearing for an explanation of the impact that passage of SB 240 would have on the state's litigation. As discussed at the hearing, the Department of Law has supported the municipalities in pursuing the fisheries business tax losses against Exxon. Because the state's tax loss is small relative to our other claims, we did not take the lead on this issue. Rather, we gave whatever support we could to the municipalities through the provision of information.

Since SB 240 would reimburse the municipalities for their lost fisheries business tax from the state treasury, the municipalities would no longer have any incentive to pursue this claim against Exxon. The responsibility, expense, and risk for collecting the municipalities' portion of this tax from Exxon would necessarily fall on the Department of Law. It is in this respect that passage of SB 240 would change the state's litigation approach to collection of the lost fisheries business tax.

If I can be of further assistance, please feel free to call.

Sincerely,

CHARLES E. COLE
ATTORNEY GENERAL

By: Barbara Herman
Barbara Herman
Assistant Attorney General

BH/md

cc: Charles Cole

03-C5LH

7-LS1094\D
Cramer
5/7/91

CS FOR SENATE BILL NO. 240 (CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered
Referred:
Funding Information: **General Fund** **$3,500,000**
Other Funds **-0-**
$3,500,000

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

"An Act making an appropriation to the Department of Revenue for the fisheries tax refund program for payments based on the harvest of fish; and providing for an effective date."

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

*** Section 1.** PURPOSE. To hold harmless municipalities whose tax receipts were affected by reduction of payments of the fisheries business tax, it is the purpose of this Act to provide additional refunds payable to municipalities so that the municipalities are compensated for the decrease in the proceeds of the fisheries business tax during fiscal year 1990 caused by the Exxon Valdez oil discharge disaster.

*** Sec. 2.** The sum of $3,500,000 is appropriated from the general fund to the Department of Revenue to be allocated and paid to municipalities that suffered the loss of fish tax revenue (AS 43.75.130) because of the Exxon Valdez oil spill and have entered into an agreement with the Department of Revenue to reimburse the state for up to the amount of the allocation if, and to the extent that, the municipality receives a recovery from another person or entity as compensation for lost fish tax revenues

for fiscal year 1990.

*** Sec. 3.** The unexpended and unobligated balance of the appropriation made by this Act lapses into the general fund December 31, 1991.

*** Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

OILSPILL IMPACTS

This report lists commercial and subsistence fisheries impacted through August 22, 1990.

While thought to be comprehensive, it is not intended to represent a complete or final listing of all adjustments to commercial fisheries to date.

There have been several closures, cancellations, and postponements to commercial and subsistence fisheries in Alaska as a result of oil spilled from the "Exxon Valdez" on March 24, 1989. These include:

COMMERCIAL

Prince William Sound

Herring. The gillnet and purse seine sac roe and pound and wild roe-on-kelp fisheries were canceled April 3, 1989 prior to opening. The food and bait fishery began November 1, 1989 in the General Herring District. The harvest quota for this fishery was revised to conform with the 1990 spawning biomass estimate and was set at 1,760 short tons. However, because of existing market conditions, only 646.1 tons were harvested and the fishery was closed on November 12, 1989.

Pot Shrimp. This fishery was closed while in progress because of the high potential for direct contact of gear and catch with oil on noon, April 3, 1989. This closure was anticipated to run until the fishery was scheduled to reopen by regulation, August 15, 1989. However, aerial surveys from August 3 through 8 indicated the presence of oil in waters of the Traditional Harvest Area. The fishery remained closed until March 15, 1990 when the season opened by regulation. However, a small portion of the Traditional Harvest Area was closed on March 15 because of the presence of oil. The area includes waters near Knight, Eleanor, and Smith Islands.

Trawl Shrimp. Closed 12:00 noon, April 9, 1989. This fishery was scheduled to reopen August 15, but aerial surveys indicated the presence of oil in the areas where the fishery was scheduled to occur. The Port Wells area reopened March 1, 1990 and the remainder of the Sound will probably remain closed until weather improves in the spring and aerial surveys are possible.

Sablefish (black cod). Did not open as scheduled April 1, 1989 because of the oil spill. This fishery reopened in inside waters

only, in conjunction with the halibut opening at noon on June 12. This fishery closed on December 31, 1989. Sablefish was not reopened during the remainder of 1989 in outside waters because the Gulf of Alaska sablefish quota had been filled. The 1990 season did open as scheduled April 1.

Northern Area Dungeness crab. Was closed April 30, 12:00 noon. It reopened on January 1, 1990.

King crab

The entire Prince William Sound Registration Area was closed to the commercial harvest of all species of king crab during the 1989-1990 fishing season on October 1, 1989. Aerial surveys located oil in Knight Island Passage and adjacent bays. Knight Island Passage is the primary harvest area for brown king crab in the Sound. The brown king crab fishery, like other crab fisheries, depends upon the capture by pots and subsequent live holding of legal size males before they are sold to processors. The live holding of male crabs requires a fresh supply of sea water to be supplied to the crabs until the fishing vessel reaches port. due to the fact that winter storms can move oil into the fishing areas, monitoring the area on a timely basis is impractical. Due to oil, which persists in the area of known fishing for brown king crab, there is an appreciable likelihood that the adulteration of crab or fouling of gear and vessels will occur. The red and blue king crab fisheries will not occur due to low abundance.

Groundfish. This fishery was closed at noon on April 30, 1989. It reopened with the June 12 halibut opener. Incidental catches indicated no contamination, and this fishery remains open (except for bottom trawl gear) at this time.

Miscellaneous shellfish. On April 24, 1989, it was announced that no miscellaneous shellfish permits would be issued to harvest these species in Prince William Sound until the danger of oil contamination had passed. To date no requests have been received for permits to harvest miscellaneous shellfish in the Sound, and none are expected to be issued prior to mid-April 1990.

Salmon

Eshamy District commercial drift and set net salmon fishery (100,000 chum surplus to hatchery needs, plus harvests of other species) did not open for the 1989 season, as was announced May 19, 1989. This District did not open for the 1989 season.

Most waters of the Northern District surrounding Naked and Perry Islands remained closed due to beach oiling.

Most waters of the Culross Island Subdistrict (224-30 & 40) remained closed to salmon fishing during the 1989 season because of exposure to frequent oil sheen.

The Southwestern District did not open for the 1989 season due to oil.

The Montague District (227) remained closed for the 1989 season. This area includes the inside shoreline of the Montague District, 227-10 and 227-20.

All of the commercial salmon fisheries in the Prince William Sound Management Area closed at noon, September 30, 1989.

In 1990, it was announced that two small beaches in the Eshamy District would remain closed because of the presence of oil. After re-evaluation on July 5, the two areas were determined not to pose an appreciable likelihood of fouling commercial fishing gear or adulterating product. They were therefore re-opened July 9, and remained open during regular fishing periods in the Crafton Island Subdistrict. These areas were:

1) Eshamy Bay: approximately 700 yards at the southern entrance into the bay between shore markers located at approximately 60°27.85' N. lat.,147°57.80' W. long. and 60°27.90' N. lat, 147°57.40 W. long. and extending 300 yards seaward.

2) Foul Bay: the shoreline surrounding the rock island in the middle portion of the Bay located at approximately 60°34.95' N. lat., 148°03.60' W. long. and extending 300 yards seaward.

On July 27 it was announced that several areas would be closed to commercial fishing because of the appreciable likelihood of fouling fishing gear or adulterating product. Those areas closed effective at 8:00 a.m. Monday, July 30 until further notice were:

1) Latouche Island: approximately 3.5 miles of the northern shoreline between markers located at approx. 60°03.83' N. Lat., 147°53.08' W. long. on the west shore and 60°03.05' N. lat., 147°48.93' W. long. on the east shore and extending 300 yards seaward;

2) Eleanor, Ingot, and Knight Island: all waters extending 300 yards seaward of the Eleanor Ingot and Knight Island coastlines north of 60°25.0' N. lat.

Upper Cook Inlet

Salmon

With the exception of a very minor opening of a small portion of the Central District, the commercial drift gillnet season was canceled because of oil. In addition, the Department closed