

Expanding Alaska's Economic Opportunities

"The new Special Committee on Economic Development, International Trade and Tourism made a concerted effort to explore creative economic development opportunities for our state, such as developing Bush Alaska internet sales, and to help market Alaska seafood and products throughout the world. We also spent a great deal of time learning about the debilitating effects of terrorism, SARS, and the Norwalk virus on our tourism industry and pursued ways to make the industry again vital and healthy. We were successful in expanding Alaska's aquaculture, and we have made amazing progress in strengthening ties with our international trade partners. All of the committee members are committed to building Alaska's economy and finding ways to close our fiscal gap. This group really cares about doing what's best for Alaska, and I am proud of the work we did toward these goals. Alaskans have much to look forward to in the future, and I am so gratified and pleased to watch it evolve."



Rep. Cheryll Heinze
Chair, Special Committee on Economic Development, International Trade

"The House Labor & Commerce Committee was effective this session in promoting fair insurance practices; fostering business growth; ensuring fair treatment between industry and labor interests; and adopting positive legislation to increase state revenues without debilitating small businesses. While it was a challenge to find and achieve consensus on divisive issues, we were successful in extending the Regulatory Commission of Alaska (HB 111); implementing tax credits for Regional Development Organizations (HB 194), and dealing with important minimum wage issues (HB 199, HB 255). As the committee of first referral for many bills, we worked efficiently and deliberately to pass out more than 60-percent of the bills referred to our committee. I believe our efforts will have a positive impact on Alaska's economic development and on Alaska's future."

Rep. Tom Anderson
Chair, House Labor and Commerce Committee

The Republican-led Majority is committed to preserving a strong and stable Alaska economy by encouraging innovation, supporting new industries and technologies, and creating a climate where new and existing businesses can flourish. We believe that a healthy economy, like a healthy investment portfolio, must be diversified in order to alleviate the instability of “boom and bust” economic cycles.

This session, we created a Special Committee on Economic Development, International Trade, and Tourism to focus on issues of building local economies, strengthening our international trade relations, and rebuilding our tourism industry. Members from the House and Senate visited Canada during the session to strengthen our ties of friendship and mutual economic interest, and a delegation from the British Columbia Parliament came to Juneau to discuss fishery issues, economic development, and trade relations. The committee also listened to a great deal of testimony on the downturn of the tourism industry and will work during the interim to find creative solutions for this struggling industry vital to Alaska’s economic future. In addition, the committee made progress on building a thriving, vibrant aquaculture in Alaska. Due in part to their work, shellfish farming has made great leaps forward.

The role of a growing Alaska Information and Technology Industry in the state’s economic future received a great deal of attention during this session. The Information Technology subcommittee hosted a pivotal forum to address how this rapidly growing sector can stimulate Alaska’s rural economies. In addition to growing the technology sector in our state, the Majority also made advances this session in pushing Alaska as a major international air cargo hub. Due to our key geographic location, cool climate, and unparalleled way of life, Alaska is on the verge becoming a major world competitor in communications, technology, and air cargo.

We successfully passed legislation this session that helps local communities develop their economies, develops a strong Alaskan workforce, strengthens industries not reliant on natural resource development; and strengthened our international trade relations.

Helping Local Communities Develop Their Economies

- **HR 1** creates a special committee that deals specifically with measures that develop our state and local economies and promotes international trade and tourism.
- **HCR 21** creates an Alaska Energy Policy Task Force to review and analyze the state's current and long-term energy needs and help develop a comprehensive long-term energy plan, which is needed for the state to promote more economic development and technological advancement.
- **SCR 1** encourages new economic development generated by new road construction.
- **HB 79** extends the 13 Alaska Regional Development Organization (ARDOR) Programs until June 1, 2008, which enable local officials and businesses to pool their limited resources and work together on economic development issues.

- **HB 194** creates a tax credit for contributions by businesses to the ARDOR programs to encourage contributions for regional economic development.

Strengthening and Encouraging Alaskan Businesses

- **HB 139** closes state land in the upper Glacier Creek and Winner Creek drainages to new mineral entry for ten years to allow plans to move forward on development of additional ski facilities near Alyeska Ski Resort.
- **HB 216** encourages the expansion of the aviation industry in Alaska and businesses that refine value added products by clarifying that local governments have the right to tax any fuel consumed within their governmental boundaries, but do not have taxing authority for value added products refined for shipment and sale outside the local boundaries.
- **HB 226** helps Alaska's organic farmers be competitive by creating an Alaska organic certification program, which provides in-state certification for organic agricultural producers, processors, and handlers.
- **HB 234** grants brewpub owners the flexibility to brew their beer in another location from where it is sold in "growlers," or five gallon containers.

Assisting Communities to Develop Local Projects

- **HB 112** extends the time AIDEA can issue bonds for development projects that cost \$10 million or less without legislative approval.
- **HB 97** enables the Alaska Railroad to extend leases past the current limit to encourage project development
- **SB 51** helps municipalities proceed with projects by increasing the revenue bonds and bond debt that can be carried by the Alaska Municipal Bond Bank Authority (AMBBA), which helps municipalities issue bonds for local projects at reduced cost and with better terms.

Strengthening International Trade Relations

- **HR 1** creates a special committee that deals specifically with measures that develop our state and local economies and promotes international trade and tourism.
- **HJR 28** urges the United States Congress to encourage the administration of President George W. Bush to negotiate a free trade agreement with the Republic of China.
- **SJR 7** expresses support for Vancouver, British Columbia's, bid for the 2010 Olympic Winter Games and the Paralympic Winter Games.

Successful Legislation

House Resolution 1: House Special Committee: Economic Development, International Trade, and Tourism

Sponsor: House Rules Committee

HR 1 establishes a House Special Committee on Economic Development, International Trade, and Tourism.

Passed the House

House Concurrent Resolution 21: Alaska Energy Policy Task Force

Sponsor: Rep. Harris

HCR 21 establishes a non-legislative, nine-member Alaska Energy Policy Task Force to review and analyze the state's current and long-term energy needs. A comprehensive long-term energy plan is needed for the state to promote more economic development and technological advancement. A sustainable, affordable and reliable source of power will be required to enhance that growth.

Passed the House

House Joint Resolution 28: Taiwan: Trade and World Health Assembly

Sponsor: Rep. Heinze

HJR 28 encourages the United States Congress to endorse a request by the Republic of China to be granted Observer Status at the World Health Assembly Annual Conference in May of 2003. HJR 28 also urges the United States Congress to encourage the administration of President George W. Bush to negotiate a free trade agreement with the Republic of China.

Passed the House and Senate

House Bill 79: AK Regional Economic Assistance Program

Sponsor: Rep. Morgan

HB 79 extends the Alaska Regional Development Organizations (ARDOR) Program until June 1, 2008. Otherwise, the board terminates June 1, 2003. The ARDOR Program creates regional entities that improve the local economy and eliminate region-wide economic development barriers. Currently 13 ARDORs exist, enabling local officials and businesses to pool their limited resources and work together on economic development issues; develop partnerships among public, private, and other organizations; and provide needed technical assistance via direct links with local citizens.

Passed the House and Senate

House Bill 97: Long-Term Leases of Alaska Railroad Land

Sponsor: Rep. Kohring

HB 97 allows the Alaska Railroad to extend a land lease beyond the current 55-year maximum for one specific project and waives the railroad's right to terminate the lease if it needs the land. This allows for the developer to apply for HUD funding that requires a minimum of 75 years.

Passed the House

House Bill 112: AIDEA Authority to Issue Bonds

Sponsor: Governor

HB 112 extends the time the Alaska Industrial Development and Export Authority to issue bonds for development projects \$10 million or less in value without legislative approval. Currently AIDEA has until July 1, 2003. HB 112 extends that time until July 1, 2007. HB 112 also makes permanent the tax exemption for a non-exclusive right to use property owned by AIDEA.

Passed the House and Senate

House Bill 139: Closing Certain Land to Mineral Entry

Sponsor: Rep. Hawker

HB 139 closes state land in the upper Glacier Creek and Winner Creek drainages to new mineral entry for ten years. The purpose of the closure is to allow development plans to move toward development of additional ski facilities. Previous studies have documented the area's terrain as having some of the finest alpine skiing conditions in North America. During the ten-year closure period, the Heritage Land Bank will be looking for solutions that begin this commercial development. If development does not begin within the ten-year timeframe, the area will reopen to mineral entry on April 3, 2012. If development does begin before April 3, 2012, the land shall remain closed to mineral entry.

Signed into Law

House Bill 184: Individual Deferred Annuities

Sponsor: Rep. Coghill

HB 184 revises the insurance code and adjusts guaranteed minimum interest rates that determine minimum values that holders of a fixed annuity product must receive upon policy surrender.

Passed the House and Senate

House Bill 194: Regional Development. Organization Tax Credit

Sponsor: Rep. Anderson

HB 194 creates a tax credit for contributions made by businesses to Alaskan regional development organizations. This legislation limits the tax credit to the first \$10,000 contributed by a business to a regional development organization. The tax credit allowed under HB 194, when combined with credits allowed under various other tax credit provisions in statute, may not exceed the previously established limit of \$150,000. This tax credit will sunset in 2005.

Passed the House

House Bill 199: Delete Minimum Wage Inflation-Proofing

Sponsor: House Rules Committee

HB 199 removes the annual adjustment to the minimum wage based on the rate of inflation.

Passed the House and Senate

House Bill 216: Municipal Taxation of Refined Fuel Products

Sponsor: Rep. Anderson

HB 216 clarifies that local governments have the right to tax any fuel consumed within their governmental boundaries, but do not have taxing authority for value-added products refined for shipment and sale outside the local boundaries. This limits the number of entities that can tax fuel, which would otherwise discourage value-added economic activity in areas of the state where refineries operate. This will also encourage the maintenance and expansion of air cargo and passenger business in Alaska by limiting taxation on aviation fuel.

Passed the House and Senate

House Bill 226: Organic Food

Sponsor: Rep. Stoltze

HB 226 brings the state of Alaska's definition of organic agricultural products in line with the federal definition and creates an Alaska organic certification program to provide in-state certification for organic agricultural producers, processors, and handlers. Currently, organic operators pay outside certification specialists to verify that Alaskan operations comply with the federal organic standards. HB 226 will allow qualified state inspectors to complete the organic inspection process and receive final certification from a designated state official.

Passed the House and Senate

House Bill 234: Brewpubs, ABC Board

Sponsor: Rep. McGuire

HB 234 establishes the Alcoholic Beverage Control (ABC) Board under the Department of Public Safety and clarifies inconsistencies in the laws that regulate brewpubs. A holder of a beverage dispensary license will also be permitted to sell beer in quantities of five gallons a day or less to an individual who is present in the same location. This change grants brewpub owners the flexibility to brew their beer in another location.

Passed the House and Senate

House Bill 251: Marine Pilot for Foreign Pleasure Craft

Sponsor: Rep. Dahlstrom

HB 251 exempts certain pleasure craft of foreign registry from the mandatory pilotage requirement and provides Alaskan Maritime communities with increased tourism opportunities.

Passed the House and Senate

House Bill 288: Changing the Name of the Department of Community and Economic Development

Sponsor: Rep. Kohring

HB 288 changes the name of the Department of Community and Economic Development to the Department of Commerce and Economic Development. The name change more correctly reflects the goals and strategies of the department, such as promoting local economic development and crucial infrastructure, marketing Alaska's goods and services throughout the world, organizing and conducting business trade missions to expand product sales in current markets and develop new markets, and facilitating the exchange of information between Alaska exporters and potential customers.

Passed the House

Senate Bill 51: Bonds of Bond Bank Authority

Sponsor: Governor

SB 51 raises the limit on the amount of revenue bonds that the AMBBA may issue in any one fiscal year and raises the limit on the total outstanding bond debt the AMBBA may carry at any one time. Reaching the annual fiscal year limit or the outstanding limits would prevent municipalities from proceeding with projects or prevent municipalities from using the financially more attractive debt terms that could be made available if the bonds are issued by AMBBA.

Passed the House and Senate

Senate Concurrent Resolution 1: Support Roads/Hot Springs Loop Road

Sponsor: Sen. Wilken

SCR 1 encourages new economic development generated by new road construction.

Passed the House and Senate

Senate Joint Resolution 7: Vancouver's Bid for 2010 Winter Games

Sponsor: World Trade and State/Federal Relations Committee

SJR 7 expresses support for Vancouver, British Columbia's, bid for the 2010 Olympic Winter Games and the Paralympic Winter Games.

Passed the House and Senate