

HOUSE BILL NO. 123

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE SEATON

Introduced: 1/26/11

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska clean water fund."**

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

3 *** Section 1.** AS 46.03.032(d) is amended to read:

4 (d) Except as otherwise limited by federal law, the Alaska clean water fund
5 may be used

6 (1) for the following categories of projects:

7 (A) planning, designing, building, constructing, and
8 rehabilitating a public wastewater collection, treatment, or discharge system;

9 (B) implementing a management program for controlling water
10 pollution from nonpoint sources under 33 U.S.C. 1329, including planning,
11 designing, building, constructing, and rehabilitating a solid waste management
12 system; and

13 (C) developing and implementing an estuary conservation and
14 management program under 33 U.S.C. 1330;

15 (2) to provide the following types of financial assistance for the

categories of projects listed in (1) of this subsection:

(A) making loans to municipalities and other qualified entities
or facilitating loans to persons, municipalities, or other qualified entities
through a linked deposit program as provided under (q) of this section;

(B) buying or refinancing the debt obligations of a municipality
 or other qualified entity;

(C) providing collateral security for or purchasing insurance for
 a municipal, state agency, or other qualified entity debt obligation; and

(3) to pay and secure the payment of the principal of and interest on
 revenue bonds issued by the state and to pay the costs of issuance and administration
 of the bonds, so long as the proceeds of the bond sale are deposited in the Alaska clean
 water fund.

* **Sec. 2.** AS 46.03.032 is amended by adding a new subsection to read:

(q) The department shall establish a linked deposit loan program to provide a
 source of low-interest financing for certain nonpoint source pollution control programs
 or projects undertaken by a person, municipality, or other qualified entity. The
 department shall establish by regulation standards, criteria, and procedures for the
 linked deposit loan program under this subsection. The department may invest funds
 under this subsection in a participating financial institution that is authorized to do
 business in the state, the investments to be evidenced by certificates of deposit. The
 department may accept a rate of return on the investments from the financial
 institution that is lower than the rate that would otherwise apply to the investments
 under the current market conditions but not lower than the minimum rate of return
 authorized by the department for direct loans to municipalities and other qualified
 entities under (d)(2)(A) of this section. A participating financial institution shall
 evaluate the creditworthiness of a person, municipality, or other qualified entity that
 applies for financing. If the participating financial institution determines that an
 applicant's credit is acceptable, the financial institution may apply to the department
 for an investment from the department under this subsection that is equal to the
 amount and term of the loan that the institution proposes to make to the applicant
 borrower. The department's investment shall receive a below market rate of interest.

1 The difference between the below market rate of interest received by the department's
2 investment and the market rate for that investment shall be applied by the participating
3 financial institution to reduce the rate of interest charged on a loan to an applicant
4 borrower. Notwithstanding that a loan made by a participating financial institution
5 under this subsection is linked to the department's investment, a loan under this
6 subsection is between the participating financial institution and a borrower approved
7 by the department, and the participating financial institution shall assume all risk of
8 default and may charge origination and other reasonable fees associated with the loan.