

ALASKA STATE LEGISLATURE

Session

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State Affairs Committee

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Resources Committee
Judiciary Committee

Member
Administrative Regulation Review

SENATOR BILL WIELECHOWSKI

Sponsor Statement: SB 34

An Act Establishing the Alaska Small Business Revolving Loan Fund

The purpose of SB 34 is to promote additional economic development in Alaska by helping small businesses to secure needed capital for start-up or expansions,

- Alaska's loan fund would be modeled after the federal Small Business Administration's "Microloan Program."
- Only 2 states do not participate in the federal program. Alaska is one. The program is not available here because an intermediary lender is required, and no lenders meeting SBA qualifications have been identified.
- This bill would create a Small Business Revolving Loan Fund within the Dept of Commerce, Community, and Economic Development. All earnings and loan repayments would be retained in the fund for future loans and all operating expenses would be paid from fund earnings.
- Loan applicants must be Alaska residents and provide a reasonable amount of non-state matching funds. Loans are capped at \$50,000 for 1 individual and \$100,000 for 2 or more. Loans would bear an interest rate of prime plus 1%, with a minimum of 6% and a maximum of 8%.

Please join me in supporting this important legislation.