

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Division of Economic Development

Active Revolving Loan Funds

The Division of Economic Development (DED) has been tasked with administering revolving loan funds (RLFs) for more than 45 years. The loan funds were created by the legislature to serve certain public policy goals within diverse sectors of Alaska. DED is charged with operating the funds to support the industries and goals specified by the legislature, manage the funds to revolve, grow, and be self-sustaining. In most cases, this has meant employing patient capital that has repayment periods exceeding 15 years or more, working with the citizenry to weather the volatile economic conditions of high risk business sectors, and waiting decades for loan funds to fully revolve and experience growth. The loan funds administered by DED are designed to operate in volatile industries that are not effectively served, or in areas of the State that are in desperate need of long-term employment opportunities. This creates variables that are driven by environmental factors as much as economic. The loan funds administered by DED are diverse and each one is specifically discussed below.

Active lending is available under all ten loan funds:

Commercial Fishing RLF (CFRLF)	Alternative Energy Conservation RLF
Fisheries Enhancement RLF (FERLF)	Commercial Charter Fisheries RLF
Small Business Economic Development RLF (SBED)	Bulk Fuel RLF
Rural Development Initiative Fund (RDIF)	Alaska Mariculture RLF
Alaska Capstone Avionics RLF	Alaska Microloan RLF

Current statistics for the funds as of March 31, 2018 are as follows:

Commercial Fishing Revolving Loan Fund (CFRLF)

The CFRLF was established in 1972 under AS 16.10.300-370 and has played a major role in strengthening the Alaska's resident fishing fleet. The goal of the program is to provide long-term, low interest loans to promote the development of predominantly resident fisheries and continued maintenance of commercial fishing vessels and gear. These loan funds are used to purchase limited entry permits, vessels, gear, halibut or sablefish IFQs, and also provide loans to qualified Community Quota Entity communities for the purchase of Quota Shares.

Number of loans outstanding:	1,671
Maximum loan amount:	\$400,000 aggregate limit
Maximum loan term:	15 years
Fund capitalization:	\$60.2 million
Amount available to lend:	\$17.7 million
Annual operating allocation:	\$4.3 million

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Fisheries Enhancement Revolving Loan Fund (FERLF)

The FERLF program was enacted in 1976 under AS 16.10.500-560. Prior to 1981 loans were presold to the Department of Revenue for funding. In 1981 the FERLF became a revolving loan fund. Loans are available for planning, construction, and operation of fish hatchery facilities, including preconstruction activities necessary to obtain a permit. Loans may be made to qualified regional associations or private, nonprofit corporations who have obtained a private, nonprofit hatchery permit from the Alaska Department of Fish and Game (ADF&G). Loans may also be made for planning and preconstruction purposes. The maximum loan amount is \$10,000,000 with a maximum term of thirty years. The first 6-10 years of the loan do not accrue interest.

Number of loans outstanding:	122
Maximum loan amount:	\$10 million
Maximum loan term:	30 years
Fund capitalization:	\$84.7 million
Amount available to lend:	\$19.9 million
Annual operating allocation:	\$604,800

Small Business Economic Development Revolving Loan Fund (SBED)

The SBED was created in 1987 under AS 44.88.400-430 to finance the start-up and expansion of small businesses that create significant long-term employment in areas of the state that were experiencing economic difficulties. The fund was capitalized through a federal grant from the Economic Development Administration (EDA), as well as matching funds from the state. The fund is owned by Alaska Industrial Development and Export Authority (AIDEA), and administered by DED through a servicing agreement. The fund is revolving and requires no general fund appropriations.

Number of loans outstanding:	47
Maximum loan amount:	\$300,000
Maximum loan term:	20 years
Fund capitalization:	\$6.69 million – Matching Federal Grant
Amount available to lend:	\$2.38 million
Annual operating allocation:	\$54,900

Rural Development Initiative Fund (RDIF)

The RDIF was created in 2000 under AS 44.88.600-620 to provide financing to small businesses creating jobs in rural communities. The program was developed to replace a similar program administered for many years by the former Department of Community and Regional Affairs. The fund is owned by the AIDEA however the program is administered by DED through a servicing contract. The fund is revolving and requires no general fund appropriations. Loans may only be made to businesses located in a community with a population of 5,000 or less and 2,000 or less if it is connected by road or rail to Anchorage or Fairbanks. Loans must result in the creation of new jobs or the retention of existing jobs in the eligible community. Over 500 jobs have been created or saved since inception.

Number of loans outstanding:	42
Maximum loan amount:	\$300,000
Maximum loan term:	25 years
Fund capitalization:	\$3.42 million – Matching Federal Grant
Amount available to lend:	\$2.49 million
Annual operating allocation:	\$57,200

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Alaska Capstone Avionics Revolving Loan Fund

The Alaska Capstone Avionics Revolving Loan Program was passed by the Legislature in 2008 under AS 44.33.650-690 as part of a joint industry effort to improve aviation safety and economic efficiency in Alaska. The Federal Aviation Administration (FAA) required a commitment from the State of Alaska before it was willing to complete the \$900 million infrastructure build out of the Capstone/NextGen Avionics system. This legislation accomplished a vitally important public policy goal of improving air transportation safety in Alaska. FAA studies have shown that the Capstone avionics equipment reduces accidents by 47% and fatalities by 33%.

Number of loans outstanding:	5
Maximum loan amount:	80% of avionics cost
Maximum loan term:	10 years
Fund capitalization:	\$4.8 million
Amount available to lend:	\$4.89 million
Annual operating allocation:	\$133,600

Alternative Energy Conservation Revolving

The Alternative Energy Conservation Revolving Loan Program was passed by the Legislature in 2010, under AS 45.88.010-090. The fund was not capitalized until 2012 and regulations were effective in 2012. This legislation accomplished the public policy goal of making financing available, to construct and install alternative energy systems or energy conservation improvements in commercial buildings for small businesses that may not have other means of financing available.

Number of loans outstanding:	0
Maximum loan amount:	\$50,000
Maximum loan term:	20 years
Fund capitalization:	\$2.5 million
Amount available to lend:	\$2.65 million
Annual operating allocation:	\$0

Commercial Charter Fisheries Revolving Loan Fund

The Commercial Charter Fisheries Revolving Loan Program was passed by the Legislature in 2012 and regulations were effective 2012, under AS 16.10.801-890. This legislation accomplished the public policy goal of promoting resident ownership of Charter Halibut Permits by Alaskans that may not be able to get financing elsewhere.

Number of loans outstanding:	1
Maximum loan amount:	\$200,000
Maximum loan term:	15 years
Fund capitalization:	\$5 million
Amount available to lend:	\$4.9 million
Annual operating allocation:	\$0

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Bulk Fuel Revolving Loan Fund

The State of Alaska created the Bulk Fuel Revolving Loan Program in response to the needs of rural communities for sufficient winter fuel supplies. The program provides loans to assist communities, utilities providing power in communities, and fuel retailers in communities in purchasing fuel. The fuel is used to generate power, to sell fuel in a community, or to maintain community facilities or infrastructure. Most communities in rural Alaska must purchase a fuel supply sufficient to last through each winter and do not have the financial means to pay the entire amount upon delivery.

Number of loans outstanding:	117
Maximum loan amount:	\$1.8 million
Maximum loan term:	9 months
Fund capitalization:	\$24 million
Amount available to lend:	\$21.45 million
Annual operating allocation:	\$55,300

Mariculture Revolving Loan Fund

The Mariculture Revolving Loan Program was passed by the Legislature in 2012 and regulations were effective 2012 under AS 16.10.900-945. This legislation accomplished the public policy goal of providing loans for the development of Alaskan-owned mariculture operations and diversification of economic opportunities in Alaska's coastal communities.

Number of loans outstanding:	6
Maximum loan amount:	\$100,000 per year up to \$300,000
Maximum loan term:	20 years
Fund capitalization:	\$5 million
Amount available to lend:	\$4.22 million
Annual operating allocation:	\$19,200

Alaska Microloan Revolving Loan Fund

The Alaska Microloan Revolving Loan Program was passed by the Legislature in 2012 under AS 44.33.950-990 and regulations were effective November 2012. This legislation accomplished the public policy goal of encouraging entrepreneurs to capitalize on ideas and ingenuity by providing loans for small businesses that may not be able to get financing elsewhere. Provides financing for working capital, equipment, construction, or other commercial purposes.

Number of loans outstanding:	9
Maximum loan amount:	\$70,000
Maximum loan term:	6 years
Fund capitalization:	\$2.5 million
Amount available to lend:	\$2.27 million
Annual operating allocation:	\$9,400

Prepared by:

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