

Alaska Capstone Avionics Revolving Loan Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The Alaska Capstone Avionics Revolving Loan Fund was created in 2008 as part of a joint industry effort to improve aviation safety and economic efficiency in Alaska. The creation of the loan fund was the State of Alaska's contribution to facilitate completion of the infrastructure build out of the Capstone/NextGen Avionics System.

Policy purpose:

Provides long-term, low interest loans for purchase and installation of Next Generation Air Transportation System (NextGen) avionics equipment for aircraft that operate in Alaska.

General Requirements:

- Aircraft being upgraded must be owned or leased by the applicant and be substantially operated in Alaska, at least 51% of flight hours.
- Shall be equipped with a Automatic Dependent Surveillance Broadcast data link system (ADS-B) or sign a statement that ADS-B will be installed within 36 months.
- Shall provide a copy of Airworthiness Certificate and aircraft registration.

Terms and Conditions:

- Upon receiving approval of a loan, the interest rate will be fixed for the term of the loan.
- The maximum loan term is 10 years.
- Collateral - the loan will be secured by a priority lien on the NextGen avionics being financed and by a lien on the aircraft receiving the improvements, or other collateral, if aircraft is leased.

Rural Development Initiative Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The Rural Development Initiative Fund (RDIF) was created in 2000 to provide financing to small businesses that will create jobs in rural communities. The RDIF replaced a similar program administered for many years by the Department of Community and Regional Affairs.

The fund is owned by the Alaska Industrial Development Export Authority (AIDEA) and is administered by Investments through a servicing contract. The fund is revolving and requires no general fund appropriations. Over 600 jobs have been created or saved as a result of these loans.

Policy purpose:

To provide financing to small businesses and facilitate job creation in rural Alaska.

General Requirements:

- Loans must result in the creation of new jobs or retention of existing jobs in the eligible communities.
- Loans may be made to businesses in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks.
- Loans may be made for working capital, equipment, construction or other commercial purposes.
- Loans may not be made to pay costs that incurred more than 6 months before the loan application.

Terms and Conditions:

- Maximum loan amount is \$150,000 to a person or up to \$300,000 to two or more people
- Interest rate will be fixed at the time of loan approval
- Maximum loan term is 25 years
- All loans must be adequately secured. A loan may not exceed the value of the collateral used to secure the loan
- A reasonable amount of money from other non-state sources must be committed to the project

Alaskan Businesses that have utilized this program have included:

- Charter Fishing & Sightseeing Tours
- Lodges - Restaurants
- Fuel Delivery
- Zipline Tours
- Construction & Excavation
- Hardware Store
- Seafood Processors
- ATV & Honda Retailer
- Water Taxi Service

Alternative Energy Revolving Loan Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The Alternative Energy Conservation Revolving Loan Program was created in 2010 to assist small businesses with making energy improvements to reduce energy costs and fulfill the goals of the state's energy policy to increase energy efficiency. There are currently no loans in this portfolio.

Policy purpose:

To make financing available to small businesses that may not be able to get financing elsewhere for the construction and installation of alternative energy systems or energy conservation improvements in commercial buildings.

General Requirements:

- Loans may be for the purchase, construction or installation of alternative energy systems or energy conservation improvement in commercial buildings.
- Alaska resident for the 12 months preceding the date of application.
- Loans may not be made to pay costs that were incurred more than four months prior to receipt of loan application.
- Loans must result in alternative energy production or energy conservation.
- Applicant(s) may not have any child support arrearage.

Alaska Microloan Revolving Loan Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The Alaska Microloan Revolving Loan Fund was passed by the Legislature in 2012 to provide critically needed capital to small and micro businesses.

Policy purpose:

To promote economic development in Alaska by assisting small, and micro businesses that may not have access to traditional financing to facilitate startup, expansion, and job creation throughout Alaska, with a specific policy emphasis on rural communities.

General Requirements:

- Loans may be made for working capital, equipment, construction or other commercial purposes for a business located in Alaska.
- Alaska resident for the 12 months preceding the date of applications.
- Loans may not be made to pay costs that were incurred more than six months before loan application.
- Applicant(s) may not have any child support arrearage.

Terms and Conditions:

- Maximum loan amount is \$35,000 to a person or up to \$70,000 to two or more persons
- Loan requests of \$35,000+ require a letter of denial from a financial institution stating the reason(s) for denial, or confirmation that a loan from a financial institution is contingent on the applicant receiving a loan from the fund
- Maximum loan term is six years
- All loans must be adequately secured
- A reasonable amount of money from other non-state sources must be committed for use on any project for which money from a loan will be used.

Alaskan Businesses that have utilized this program have included:

- Remodel of bed and breakfast for new startup
- Rebuild engine of water taxi vessel
- Aircraft engine overhaul and interior refurbishment
- Purchase of boat trailer for startup charter business
- Operating Capital for construction company – pre project funding
- Sightseeing vessel pre-season startup capital
- Insulating seafood processing facility
- Commercial kitchen equipment for seafood restaurant
- Printer for commercial photographer

Commercial Charter Fisheries Revolving Loan Fund

Division of Economic Development – Investments

Fact sheet for Senate Finance

April 27, 2018

Overview:

The Commercial Charter Fisheries Revolving Loan Program was created in 2012 for the purpose of promoting Alaskan ownership of Charter Halibut Permits (CHP).

Policy purpose:

The Commercial Charter Fisheries Revolving Loan Program was created in 2012 for the purpose of promoting Alaskan ownership of Charter Halibut Permits (CHP).

General Requirements:

- Loans may be made to purchase Charter Halibut Permits or refinance vessels or gear purchased more than 12 months before receipt of the application.
- Alaska resident for the 24 consecutive months preceding the date of application.
- Loans may not be made to pay costs that were incurred more than 12 months before receipt of loan application.
- Applicant(s) may not have any child support arrearage.
- A 1st priority lien on collateral acceptable to the Division is required.

Terms and Conditions:

- Loans may be made to purchase Charter Halibut Permits or refinance vessels or gear purchased more than 12 months before receipt of the application.
- Alaska resident for the 24 consecutive months preceding the date of application.
- Loans may not be made to pay costs that were incurred more than 12 months before receipt of loan application.
- Applicant(s) may not have any child support arrearage.
- A 1st priority lien on collateral acceptable to the Division is required.

Commercial Fishing Revolving Loan Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The CFRLF was created in 1972 at the same time Alaska's fisheries were limited through a constitutional amendment. The fishing industry was at the time, and continues to be, a vital part of Alaska's economy, and in many rural areas, the only income producing activity.

Policy purpose:

To promote the rehabilitation of the state's fisheries, the development of a predominately resident fishery, and the continued maintenance of commercial fishing gear and vessels throughout the state by means of long-term low interest loans.

General Requirements:

- Alaska resident for the past 2 years and intends to live in Alaska indefinitely.
- No past due child support payments.
- Recent commercial fishing experience in Alaska.
- Economic dependence on commercial fishing.

Terms and Conditions:

- Maximum term 15 years
- Maximum loan amount \$300,000 or less, varies by program
- Interest rates fixed at the time of loan approval
- Priority lien on item being purchased

Fisheries Enhancement Revolving Loan Fund
Division of Economic Development – Investments
Fact sheet for Senate Finance
April 27, 2018

Overview:

The Fisheries Enhancement Loan Program was created in 1976 to facilitate the operation of Alaska's hatcheries that were built in response to depressed and declining salmon runs. Today there are 25 nonprofit hatcheries operating in the state contributing salmon to commercial, charter, personal use, and subsistence fisheries.

Policy purpose:

To promote the enhancement of the state's fisheries by making loans to qualified non-profit corporations to build and operate salmon hatcheries, and to engage in other fisheries related enhancement activities.

General Requirements:

- 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.
- Loans may be made for planning, construction, and the operations of fish hatchery facilities.
- Loan funds may not be used to reimburse an applicant for expenses which were paid more than 6 months before receipt of the application by the Division.

Terms and Conditions:

- Maximum loan amount is \$10,000,000
- If a request is for more than \$1,000,000, the applicant must be a regional aquaculture association or a private, nonprofit corporation approved by the regional association in the specific area of the proposed hatchery development
- Maximum loan term is 30 years
- No repayment of the principal is required for initial period of 6 to 10 years
- No interest shall accrue during the initial period
- Interest rate will be fixed at time of loan approval

Mariculture Revolving Loan Fund
Division of Economic Development – Investments
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April 27, 2018

Overview:

The Mariculture Revolving Loan Fund was created in 2012 to promote economic development in Alaska's coastal communities and assist Alaska's nascent mariculture industry to develop.

Policy purpose:

To facilitate the development of mariculture in Alaska through loans for the planning, construction, and operation of a mariculture business.

General Requirements:

- Must have a permitted mariculture farm location in Alaska.
- Must have experience or training in the mariculture industry.
- Alaska resident for 24 consecutive months preceding the date of application.
- Loans may not be made to pay costs that were incurred more than 12 months before receipt of loan application.
- Applicant(s) may not have any child support arrearage.

Terms and Conditions:

- Maximum loan amount is \$100,000 per year with a maximum aggregate balance of \$300,000 per borrower.
- A letter of denial from a financial institution, stating the reason(s) for denial, or confirmation that a financial institution is only willing to finance a portion of the project.
- Maximum loan term is 20 years.
- Payments may be deferred for up to the first six years of the loan.
- Adequately secured with a priority lien.

Small Business Economic Development Revolving Loan Fund

Division of Economic Development – Investments

Fact sheet for Senate Finance

April 27, 2018

Overview:

The Small Business Economic Development Fund (SBED) was created in 1987 to finance the startup and expansion of small businesses that create significant long-term employment in areas of the state that were experiencing economic difficulties. The fund was initially capitalized through a federal grant from the Economic Development Administration (EDA) as well as matching funds from the State of Alaska.

The fund is owned by the Alaska Industrial Development Export Authority (AIDEA), however, the program is administered by Investments through a servicing contract. The fund is revolving and requires no general fund appropriations. Over 1,000 jobs have been created or saved as a result of these loans.

Policy purpose:

To provide private sector employment by financing the start-up and expansion of small businesses that will create significant long-term employment.

General Requirements:

- Loans must result in creation or retention of jobs in eligible areas.
- Eligibility includes all communities in the state of Alaska.
- Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability.
- There is a non-public matching funds requirement.

Terms and Conditions:

- Maximum term
 - 20 years fixed asset
 - 5 years working capital
- \$300,000 maximum loan amount
- Interest rates fixed at the time of loan approval
- Adequately secured
- Purchased assets must be collateral

Alaskan Businesses that have utilized this program have included:

- Plumbing Companies
- Flightseeing Tour Companies
- Boat Yards
- Restaurants
- Construction Companies
- Movie Theatres
- Landscaping Companies
- Art Galleries
- Charter Vessel Operators