

HOUSE BILL NO. 412

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/26/10

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska microloan revolving fund; making loans for
2 commercial purposes from the fund; and relating to the fund and loans; and providing
3 for an effective date."

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

5 * **Section 1.** The uncodified law of the State of Alaska is modified by adding a new section
6 to read:

7 FINDINGS. The legislature finds and declares that

8 (1) it has become essential for the ongoing economic health and well-being of
9 the state and its citizens and families for the state to help small businesses access critically
10 needed capital; and

11 (2) economic growth and self-employment in the small business sector is
12 hampered due to lack of available capital resources.

13 * **Sec. 2.** AS 44.33 is amended by adding new sections to read:

14 **Article 15. Alaska Microloan Revolving Fund.**

Sec. 44.33.950. Alaska microloan revolving fund. (a) There is created within the Department of Commerce, Community, and Economic Development a revolving loan fund to be known as the Alaska microloan revolving fund to carry out the purposes of AS 44.33.950 - 44.33.990.

(b) The Alaska microloan revolving fund consists of the following:

(1) money appropriated to, transferred to, or received by gift, devise, bequest, or donation to the fund;

(2) principal and interest payments or other income earned on loans or investments of the fund;

(3) money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 44.33.950 - 44.33.990.

(c) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 44.33.950 - 44.33.990.

Sec. 44.33.955. Powers and duties of the department. The department may

(1) make loans to eligible applicants under AS 44.33.960 to be used for working capital, equipment, construction, or other commercial purposes by a business located in the state;

(2) receive, take, hold, and administer any appropriation, gift, grant, bequest, devise, or donation of money for the fund;

(3) establish amortization plans for repayment of loans, including extensions of the terms of loans;

(4) allow an assumption of a loan if

(A) the applicant meets the requirements established under this section; and

(B) approval of the assumption would be consistent with the purposes of this section;

(5) establish the rate of interest for loans consistent with law;

(6) charge and collect fees for services provided under AS 44.33.950 -
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(7) adopt regulations, under AS 44.62, necessary to carry out the

provisions of AS 44.33.950 - 44.33.990, including regulations to establish reasonable fees for services provided; and

(8) designate agents and delegate powers as necessary to the agents.

Sec. 44.33.960. Eligibility. (a) For an applicant to be eligible for a loan under AS 44.33.950 - 44.33.990, the applicant must

(1) be a resident of the state as determined under (b) of this section;
and

(2) provide a reasonable amount of money from other nonstate sources for use on any project or enterprise for which money from a loan will be used.

(b) To meet the residency requirements of (a) of this section, the applicant

(1) must physically reside in this state and maintain a domicile in this state during the 12 consecutive months before the date of application for the program; and

(2) may not have

(A) declared or established residency in another state; or

(B) received residency or a benefit based on residency from

Sec. 44.33.965. Limitations on loans. (a) The department may use money from the Alaska microloan revolving fund to make loans of up to \$35,000 to a person, or loans of up to \$70,000 to two or more persons.

(b) A loan established under AS 44.33.950 - 44.33.990

(1) may not exceed a term of six years, except for extensions authorized under AS 44.33.955 or regulations adopted under AS 44.33.955;

(2) may not bear interest exceeding the prime rate, as defined in AS 44.88.599, plus one percentage point but interest may not be less than six percent per year and not more than eight percent per year;

(3) must be secured by collateral acceptable to the commissioner; and

(4) may not be made to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 - 25.27.220 at the time of application.

Sec. 44.33.970. Special account established. (a) There is established as a

1 special account within the Alaska microloan revolving fund the foreclosure expense
 2 account.

3 (b) The department may expend money credited to the foreclosure expense
 4 account when necessary to protect the state's security interest in collateral on loans
 5 granted under AS 44.33.965 or to defray expenses incurred during foreclosure
 6 proceedings after a default by an obligor.

7 **Sec. 44.33.975. Disposal of property acquired by default or foreclosure.**

8 The department shall dispose of property acquired through default or foreclosure of a
 9 loan made under AS 44.33.950 - 44.33.990. Disposal must be made in a manner that
 10 serves the best interest of the state, and may include the amortization of payments over
 11 a period of years.

12 **Sec. 44.33.990. Definitions.** In AS 44.33.950 - 44.33.990, unless the context
 13 otherwise requires,

14 (1) "commissioner" means the commissioner of commerce,
 15 community, and economic development;

16 (2) "department" means the Department of Commerce, Community,
 17 and Economic Development.

18 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 19 read:

20 **TRANSITION: REGULATIONS.** The Department of Commerce, Community, and
 21 Economic Development may immediately proceed to adopt regulations under AS 44.62
 22 (Administrative Procedure Act) necessary to implement the changes made in sec. 2 of this
 23 Act. The regulations take effect under AS 44.62 but not before July 1, 2010.

24 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

25 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2010.