

House Bill 410

An Act relating to loan participations and development finance projects of the Alaska Industrial Development and Export Authority; and relating to loans from the rural development initiative fund.

Sectional Analysis

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1	<p>AS 44.88.159(e) is amended to change the method by which AIDEA determines the minimum interest rate to be charged on loan participations that AIDEA finances with AIDEA assets rather than bond proceeds. Current method requires AIDEA to establish a minimum by estimating the true interest cost if AIDEA were to use bond proceeds. The proposed method would allow the minimum to be based on the greater of either the rates achieved by a type or category of financial security in a published nationally recognized market index or the 5-year rate of return on AIDEA's investments.</p>
2	<p>AS 44.88.159 is amended by adding a new subsection that allows AIDEA to establish in regulation a new program to provide incentive rate rebates to certain loan participations that create jobs, promote rural development or foster other economic development criteria.</p> <ul style="list-style-type: none">• Rate rebates are limited to no more than 1% of the interest rate charged to AIDEA's portion of the loan participation.• The balance of loans subject to rebates would be limited to no more than 5% of the outstanding balance of all loan participations.• The authority may not commit to pay an incentive rebate for more than 5 years.• Allows AIDEA to establish a separate account for this program.
3	<p>AS 44.88.172(a) is amended to clarify that AIDEA can own or operate a percentage of a project – not the entire project</p>
4	<p>AS 44.88.610(a) is amended to allow borrowers to have multiple Rural Development Revolving Loan Fund loans and increases the cumulative amount a person may borrow from \$100,000 to \$150,000 and increases the cumulative amount two or more persons may borrow from \$200,000 to \$300,000.</p>
5	<p>AS 44.88.610(b) is amended by reducing the RDIF minimum interest rate from 6% to 4%.</p>