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Governor Sean Parnell
STATE OF ALASKA

February 25, 2010

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Art. III, Sec. 18 of the Alaska Constitution, I am transmitting a bill establishing the Alaska micro loan revolving fund; making loans for commercial purposes from the fund; and relating to the fund and loans.

In an effort to promote economic development in the state by helping small businesses access critically needed capital, a new loan program has been developed that is modeled after a program currently operated through the federal Small Business Administration (SBA). The SBA program, known as the micro loan program, provides small, short-term loans to small businesses. This federal program, however, is not currently available in the state because an intermediary lender is required and to date no lenders meeting the SBA's qualifications have been identified in the state.

This bill will create the Alaska micro loan revolving program in the Department of Commerce, Community, and Economic Development. The program will be set up as a revolving loan fund so that all earnings and loan payments will be retained by the fund for future loans. All operating expenses will also be paid from earnings of the fund.

An applicant for the loan must be a resident of the state of Alaska and provide a reasonable amount of money from other non-state sources for use on projects for which money from a loan will be used. Loans under this program may not exceed \$35,000 to one person, or \$70,000 to two or more persons. A loan under the program bears interest at the rate of prime plus one percentage point, but may not be less than six percent per year and not more than eight percent per year. The maximum term for a loan under this program will be six years; however, extensions may be granted. Finally, a loan must be secured by collateral acceptable to the commissioner of the Department of Commerce, Community, and Economic Development.

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I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Parnell". The signature is written in a cursive style with a large initial "S".

Sean Parnell
Governor

Enclosure