

LEGAL SERVICES

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MEMORANDUM

January 31, 2011

SUBJECT: Sectional summary of SB 34 establishing the Alaska small business revolving loan fund (Work Order No. 27-LS0204\{M})

TO: Senator Bill Wielechowski
Attn: Michelle Sydeman

JB

FROM: Theresa Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Gives the new material a short title. Places this in uncodified law.

Section 2. Establishes the new Alaska Small Business Revolving Loan Fund.

Sec. 44.33.950 creates the new fund in the general fund. Allows the Department of Commerce, Community, and Economic Development to use money in the fund to carry out the purposes of the new fund provisions. Identifies the money and payments that make up the fund. Authorizes the legislature to make appropriations from the fund to administer the new fund provisions.

Sec. 44.33.955 lists the powers and duties of the department relating to the fund.

Sec. 44.33.960 sets out the eligibility requirements for applicants for loans from the fund, including providing 20 percent of the money to be used on the project. Indicates how an applicant meets the residency requirements.

Sec. 44.33.965 sets the monetary limits on loans to individuals and to two or more individuals. Sets a maximum term for fund loans and allows for extensions. Sets maximum and minimum interest rates for fund loans. Requires loans to be secured by collateral. Prohibits loans to individuals with established past due child support obligations.

Sec. 44.33.970 establishes a special foreclosure expense account and indicates when the department may use the money in the account.

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Sec. 44.33.975 directs the department to dispose of property acquired through loan default or foreclosure. Requires the method of disposal to serve the state's best interest. Allows for amortization of payments.

Sec. 44.33.990 defines terms for the new provisions.

Section 3. Authorizes the department to begin the regulation adoption process for the new loan fund immediately. But the regulations may not take effect before July 1, 2011.

Section 4. Gives bill sec. 3 an immediate effective date.

Section 5. Aside from the start-up regulation authority, sets a general effective date for the bill of July 1, 2011.

If I may be of further assistance, please advise.

TLB:ljw

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