

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE EDGMON

TO: CSHB 305(ENE), Draft Version "E"

1 Page 1, line 11, following "fund;":

2 Insert "relating to the bulk fuel bridge loan fund; relating to the bulk fuel
3 revolving loan fund and moving administration of the fund from the Alaska Energy
4 Authority to the Department of Commerce, Community, and Economic Development;"

5
6 Page 6, following line 22:

7 Insert new bill sections to read:

8 "** **Sec. 9.** AS 29.60 is amended by adding a new section to article 5 to read:

9 **Sec. 29.60.655. Bulk fuel revolving loan fund.** (a) The bulk fuel revolving
10 loan fund is established in the department to assist communities, utilities providing
11 power to communities, and fuel retailers in communities in purchasing bulk fuel to
12 generate power or to supply the public with fuel for use in communities. A
13 community, or a person generating power or selling fuel in a community that has a
14 written endorsement from the governing body of a community for which a loan from
15 the fund is sought, is eligible for a loan from the bulk fuel revolving loan fund for a
16 purchase of an emergency supply or a semiannual or annual supply of bulk fuel to be
17 used in the community.

18 (b) The legislature may use money in the fund to make appropriations for
19 costs of administering this section.

20 (c) The foreclosure expense account is established as a special account within
21 the bulk fuel revolving loan fund. This account is established as a reserve from fund
22 equity.

23 (d) The department may spend money credited to the foreclosure expense

1 account when necessary to protect the state's security interest in collateral on loans
2 made under this section or to defray expenses incurred during foreclosure proceedings
3 after a default by an obligor.

4 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
5 fiscal year

6 (1) may not exceed \$750,000, or, if the borrower is a cooperative
7 corporation organized under AS 10.15 or an electric cooperative organized under
8 AS 10.25 and uses the loan to purchase bulk fuel on behalf of more than one
9 community, may not exceed the lesser of \$750,000 multiplied by the number of
10 communities on whose behalf the bulk fuel is to be purchased, or \$1,800,000;

11 (2) shall be repaid in one year or less; and

12 (3) may not exceed 90 percent of the wholesale price of the fuel
13 purchased.

14 (f) The department may charge interest on a loan made from the bulk fuel
15 revolving loan fund. The department shall charge interest on a loan at a rate equal to
16 the percentage of the average weekly yield of municipal bonds for the 12 months
17 preceding the date of the loan, as determined by the department from municipal bond
18 yield rates reported in the 30-year revenue index of The Bond Buyer. However, if the
19 department finds that a community cannot afford to repay a portion of interest on a
20 loan, and makes a determination in writing, the department may reduce or eliminate
21 the interest rate applicable to the loan.

22 (g) Repayments of the principal, the interest, and the money chargeable to
23 principal or interest that is collected through liquidation by foreclosure or other
24 process on a loan made under this section shall be paid into the bulk fuel revolving
25 loan fund. The fund is not a dedicated fund.

26 (h) The department may contract for the administration of the bulk fuel loan
27 program established in this section.

28 (i) The department shall dispose of property acquired through default or
29 foreclosure of a loan made under this section. Disposal shall be made in a manner that
30 serves the best interests of the state, and may include the amortization of payments
31 over a period of years.

1 (j) The department

2 (1) may adopt regulations necessary to carry out the provisions of this
3 section, including regulations to establish reasonable fees for services provided and
4 charges for collecting the fees; and

5 (2) shall prescribe a loan application form, which may be used for
6 applications for loans from the fund under this section and for the bulk fuel bridge
7 loan fund and program under AS 29.60.660.

8 (k) The department may collect the fees and collection charges established in
9 regulation under (j) of this section and shall deposit the money in the general fund.

10 (l) In this section,

11 (1) "community" means an organized municipality or an
12 unincorporated village that is a social unit with a population of less than 2,000;

13 (2) "person" has the meaning given in AS 01.10.060 and includes a
14 corporation, a cooperative, a joint venture, and a governmental entity.

15 * **Sec. 10.** AS 29.60.660(b) is amended to read:

16 (b) A community, utility, fuel retailer, or other person generating power or
17 supplying fuel in a community as described in (a) of this section is eligible to receive a
18 loan from the bulk fuel bridge loan fund for a purchase of bulk fuel to be used in the
19 community if the community, utility, fuel retailer, or other person

20 (1) has a written endorsement from the governing body of the
21 community for which a loan from the fund under this section is sought; and

22 (2) first applied for and has been denied a loan from

23 (A) the bulk fuel revolving loan fund (AS 29.60.655)
24 [(AS 42.45.250) ADMINISTERED BY THE ALASKA ENERGY
25 AUTHORITY];

26 (B) any other funding source used by the community, utility,
27 fuel retailer, or other person in the past three years to finance purchases of bulk
28 fuel for the community; and

29 (C) any other funding source that the department determines is
30 available to the community, utility, fuel retailer, or other person to purchase
31 bulk fuel.

* **Sec. 11.** AS 29.60.660(d) is amended to read:

(d) Interest may not be charged on a loan made from the bulk fuel bridge loan fund, except that a person receiving a loan from the fund

(1) in two consecutive years shall pay an interest rate of two percent for the second year; and

(2) in three consecutive years shall pay an interest rate of four percent for the third year."

Renumber the following bill sections accordingly.

Page 19, line 17, following "AS 18.56.850;":

Insert "AS 42.45.010(b)(3), 42.45.250;"

Page 19, line 19:

Delete "sec. 16"

Insert "sec. 19"

Page 19, lines 19 - 20:

Delete "sec. 17"

Insert "sec. 20"

Page 19, line 24:

Delete "sec. 22"

Insert "sec. 25"

Page 20, following line 2:

Insert a new bill section to read:

**** Sec. 41. BULK FUEL REVOLVING LOAN FUND TRANSFER: TRANSITION.** On the effective date of secs. 9 - 11 of this Act, the Alaska Energy Authority shall transfer the personnel responsible for fund management, and the assets, liabilities, and balance of the bulk fuel revolving loan fund to the Department of Commerce, Community, and Economic

1 Development."

2

3 Renumber the following bill section accordingly.

4

5 Page 20, line 5, following "INSTRUCTION.":

6 Insert "(a)"

7

8 Page 20, following line 7:

9 Insert a new subsection to read:

10 "(b) The revisor of statutes shall change the heading of art. 5 of AS 29.60 from "Bulk
11 Fuel Bridge Loan Fund and Program" to "Bulk Fuel Loan Funds and Programs."