

AMENDMENT #1

BY SEN.
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OFFERED IN THE SENATE
TO: SCS CSHB 287(FIN)

1 Page 1, lines 1 - 3:

2 Delete "relating to the determination of the royalty received by the state on oil
3 production refined or processed in the state; providing tax credits for qualified
4 infrastructure expenditures for in-state refineries"

5 Insert "creating a loan program for certain in-state oil refineries"
6

7 Page 1, line 7, through page 5, line 26:

8 Delete all material and insert:

9 "** Section 1. AS 44.88 is amended by adding a new section to read:

10 **Article 9A. In-State Refiner and Hydrocarbon Processor Loan Program.**

11 **Sec. 44.88.800. In-state refiner and hydrocarbon processor loan program.**

12 (a) The authority may make loans of up to \$20,000,000 to a person that owns an in-
13 state oil refinery or a hydrocarbon processing facility south of 68 degrees North
14 latitude if the primary function is the manufacturing and sale of refined petroleum
15 products or processed hydrocarbon products to third parties in arm's length
16 transactions. A loan under this section may be used for working capital, equipment,
17 construction, or other commercial purposes. A loan under this section may be made
18 only if the authority finds that

19 (1) the loan is required to

20 (A) maintain profitability of the in-state refiner or hydrocarbon
21 processing facility and the refinery or facility would otherwise be in financial
22 distress; or

23 (B) restart operations of an in-state refiner or hydrocarbon

1 processing facility; and

2 (2) the primary function of the in-state refiner or hydrocarbon
3 processing facility is to engage in the manufacture of refined petroleum products or
4 processed hydrocarbon products in the state, and the in-state refiner or hydrocarbon
5 processing facility is not affiliated with a subsequent purchaser of more than 10
6 percent of the in-state refiner's or hydrocarbon processing facility's product; the parties
7 to a contract or purchase are affiliated if, in the judgment of the authority, one of the
8 parties to the contract or purchase exercises substantial influence over the policies and
9 actions of the other as evidenced by a relationship based on common ownership or
10 family interest or by action taken in concert whether or not that influence is based on
11 stockholdings, stockholders, officers, or directors.

12 (b) A loan made under this section

13 (1) must comply with AS 44.88.159;
14 (2) may exceed a term of 10 years; and
15 (3) may not bear an interest rate less than the cost of funds to the
16 authority.

17 (c) The authority shall adopt regulations necessary for the following purposes
18 in connection with its programs for the financing of projects under this section:

19 (1) determination of borrower eligibility;
20 (2) loan guidelines and terms, including
21 (A) required loan-to-value ratios; and
22 (B) a method for determining loan interest rates; and
23 (3) the qualifications of loan originators and servicers and the method
24 of allocating amounts available for the purchase of loans.

25 (d) The application for a loan under this section must be received by the
26 authority before December 31, 2015.

27 (e) The legislature may appropriate the money required to make a loan issued
28 under this section prudent for the authority.

29 (f) The authority may allow a borrower to begin repayment of a loan issued
30 under this section up to five years after the loan is issued if the legislature appropriates
31 an amount of money determined by the authority to be sufficient to protect the assets

1 and bond rating of the authority.

2 (g) In this section, "cost of funds" means the true interest cost expressed as a
3 rate on tax-exempt bonds of the authority plus an additional percentage as determined
4 by the authority to represent the allocable expenses of operation, costs of issuance, and
5 loan servicing costs."

6

7 Renumber the following bill sections accordingly.

8

9 Page 6, line 7:

10 Delete all material.

11

12 Renumber the following bill section accordingly.

13

14 Page 6, line 8:

15 Delete "Except as provided in sec. 7 of this Act, this"

16 Insert "This"