

HOUSE BILL NO. 342

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES COSTELLO, Austerman

Introduced: 2/26/14

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act transferring certain loan programs administered by the Department of
2 Commerce, Community, and Economic Development to the Alaska Industrial
3 Development and Export Authority; relating to the community quota entity revolving
4 loan fund, commercial fishing revolving loan fund, fisheries enhancement revolving loan
5 fund, commercial charter fisheries revolving loan fund, mariculture revolving loan fund,
6 Alaska capstone avionics revolving loan fund, Alaska microloan revolving loan fund,
7 and the alternative energy conservation revolving loan fund; and providing for an
8 effective date."

9 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

10 * **Section 1.** AS 16.10.310(a) is amended to read:

11 (a) The **authority** [DEPARTMENT] may

12 (1) make loans

1 (A) to individual commercial fishermen who have been state
2 residents for a continuous period of two years immediately preceding the date
3 of application for a loan under AS 16.10.300 - 16.10.370, who have had an
4 annual crewmember or commercial fishing license under AS 16.05.480 or a
5 permit under AS 16.43 for the year immediately preceding the date of
6 application and any other two of the past five years, and who actively
7 participated in the fishery during those periods

8 (i) for the purchase of entry permits;

9 (ii) to upgrade existing vessels and gear for the purpose
10 of improving the quality of Alaska seafood products; or

11 (iii) for propulsion engine or generator engine
12 replacements on existing vessels for the purpose of improving fuel
13 efficiency;

14 (B) to an individual for the repair, restoration, or upgrading of
15 existing vessels and gear, for the purchase of entry permits and gear, and for
16 the construction and purchase of vessels, if the individual has been a state
17 resident for a continuous period of two years immediately preceding the date
18 of application for a loan under AS 16.10.300 - 16.10.370, is not eligible for
19 financing from a state financial institution as defined in AS 06.01.050, a
20 federally chartered financial institution, or the Commercial Fishing and
21 Agricultural Bank, and

22 (i) because of lack of training or lack of employment
23 opportunities in the area of residence, does not have occupational
24 opportunities available other than commercial fishing; or

25 (ii) is economically dependent on commercial fishing
26 for a livelihood and for whom commercial fishing has been a traditional
27 way of life in Alaska;

28 (C) for the purchase of quota shares for fisheries in or off the
29 state by individual commercial fishermen who

30 (i) have been state residents for a continuous period of
31 two years immediately preceding the date of application for a loan

1 under AS 16.10.300 - 16.10.370;

2 (ii) for any two of the past five years, possessed an
3 annual crewmember or commercial fishing license under AS 16.05.480
4 or a permit under AS 16.43 and actively participated in a fishery for
5 which the license or permit was issued;

6 (iii) qualify as transferees for quota shares under
7 applicable law; and

8 (iv) are not eligible for financing from other recognized
9 commercial lending institutions to purchase quota shares;

10 (D) to an individual commercial fisherman to satisfy past due
11 federal tax obligations, if the fisherman has been a state resident for a
12 continuous period of two years immediately preceding the date of application
13 for the loan, has filed past and current federal tax returns with the federal
14 government, has executed an agreement with the federal government for
15 repayment of past due federal tax obligations, and either

16 (i) because of lack of training or lack of employment
17 opportunities in the area of residence, does not have occupational
18 opportunities available other than commercial fishing; or

19 (ii) is economically dependent on commercial fishing
20 for a livelihood and for whom commercial fishing has been a traditional
21 way of life in Alaska;

22 (E) for the purchase of fishing quota shares by a community
23 quota entity eligible under federal statute or regulation to purchase the fishing
24 quota shares if the community quota entity is not eligible or qualified for
25 financing from other recognized commercial lending institutions to purchase
26 the fishing quota shares;

27 (F) to an individual for the upgrade of existing tender vessels
28 and gear to improve the quality of Alaska seafood products, if the individual
29 has been a state resident for a continuous period of two years immediately
30 preceding the date of application for a loan under AS 16.10.300 - 16.10.370;

31 (2) designate agents and delegate its powers to them as necessary;

1 (3) adopt regulations necessary to carry out the provisions of
2 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
3 services provided;

4 (4) establish amortization plans for repayment of loans, which may
5 include extensions for poor fishing seasons or for adverse market conditions for
6 Alaska products;

7 (5) enter into agreements with private lending institutions, other state
8 agencies, or agencies of the federal government to carry out the purposes of
9 AS 16.10.300 - 16.10.370;

10 (6) enter into agreements with other agencies or organizations to create
11 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
12 the state;

13 (7) allow an assumption of a loan if

14 (A) the applicant has been a state resident for a continuous
15 period of two years immediately preceding the date of the request for an
16 assumption; and

17 (B) approval of the assumption would be consistent with the
18 purposes of AS 16.10.300; an applicant for a loan assumption may not be
19 disqualified because the applicant does not meet the loan eligibility
20 requirements of (1) of this subsection;

21 (8) prequalify loan applicants for a limited entry permit loan or a quota
22 shares loan and charge a fee not to exceed \$200 for prequalification;

23 (9) charge and collect the fees established under this subsection;

24 (10) refinance a debt obligation incurred by a borrower or borrowers
25 under this section if the borrower or borrowers otherwise qualify for a loan under
26 AS 16.10.300 - 16.10.370;

27 (11) refinance debt obligations, not to exceed \$200,000, incurred by a
28 borrower or borrowers for the purchase of a commercial fishing vessel or gear if the
29 borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370;
30 the **authority** [DEPARTMENT] may collect a refinancing loan origination charge as
31 provided by regulation.

1 * **Sec. 2.** AS 16.10.310(c) is amended to read:

2 (c) In determining whether an individual commercial fisherman is reasonably
3 likely to be able to repay a loan made under AS 16.10.300 - 16.10.370, the **authority**
4 [COMMISSIONER] shall consider the individual commercial fisherman's income
5 from commercial fishing and from all other sources.

6 * **Sec. 3.** AS 16.10.320(b) is amended to read:

7 (b) A lien in favor of the state is not required for loans guaranteed fully by the
8 federal government under 46 U.S.C. 1271 - 1279b (Federal Ship Financing Act of
9 1972), as amended. In the case of a security agreement given to secure a loan made
10 under AS 16.10.300 - 16.10.370 and covering a vessel documented under the laws of
11 the United States and so long as 46 U.S.C. 911 - 984 (Ship Mortgage Act, 1920) as
12 amended, and 46 U.S.C. 801 - 842 (Shipping Act, 1916), as amended, remain
13 ambiguous with respect to whether or not a state or state agency qualifies as a citizen
14 of the United States for purposes of those Acts, the first lien requirement of this
15 section may be satisfied by the recordation and endorsement of a first preferred ship
16 mortgage under 46 U.S.C. 911 - 984, and by perfection of a security interest under
17 AS 45.29 (Uniform Commercial Code - Secured Transactions), if the approval of the
18 Secretary of Transportation is obtained under 46 U.S.C. 839 for the transfer to the
19 **authority** [DEPARTMENT] of the interest in a vessel documented under the laws of
20 the United States. In the case of a security agreement given to secure a loan made
21 under AS 16.10.300 - 16.10.370 and covering a vessel documented under the laws of
22 the United States, the first lien requirement of this section may also be satisfied by use
23 of a trust deed and bond issued under it, if the trustee is a citizen of the United States
24 and obtains a first preferred ship mortgage on the vessel under 46 U.S.C. 911 - 984,
25 and the approval of the Secretary of Transportation is obtained under 46 U.S.C. 839
26 and 961 for the transfer of the bond or bonds to the **authority** [DEPARTMENT] if the
27 trustee is not a trustee approved by the Secretary of Transportation under 46 U.S.C.
28 808, 835, and 961.

29 * **Sec. 4.** AS 16.10.320(l) is amended to read:

30 (l) Until a community quota entity has used loans under this subsection to
31 purchase fishing quota shares cumulatively authorizing a total take of 50,000 pounds,

1 a loan or a portion of a loan made to that community quota entity under
 2 AS 16.10.310(a)(1)(E) may not exceed 95 percent of the appraised value of the
 3 collateral used to secure the loan or a portion of the loan. A loan to a community quota
 4 entity under AS 16.10.310(a)(1)(E)

5 (1) may not exceed a term of 25 years, except for extensions under
 6 AS 16.10.310(a)(4);

7 (2) may not, alone or in combination with other loans to the
 8 community quota entity under AS 16.10.310(a)(4), exceed \$1,000,000 in loans to one
 9 community quota entity;

10 (3) may have terms that allow for a community quota entity to defer
 11 interest payments for up to two years; and

12 (4) is not eligible for refinancing by the authority [DEPARTMENT].

13 * **Sec. 5.** AS 16.10.320(m) is amended to read:

14 (m) In this section, "cost of funds" means the true interest cost expressed as a
 15 rate based on the prime rate plus one percentage point plus an additional percentage
 16 determined by the authority [DEPARTMENT] to represent risk of loss, term of credit
 17 facility, the allocable expense of operation, cost of issuance, and loan servicing costs.

18 * **Sec. 6.** AS 16.10.325 is amended to read:

19 **Sec. 16.10.325. Guarantors.** A person may act as guarantor if the borrower
 20 has insufficient collateral to secure a loan for the purposes described in
 21 AS 16.10.310(a)(1)(B) or (C). The loan agreement shall specifically describe the
 22 property of the guarantor to be used as collateral by the borrower and shall be signed
 23 by the guarantor and the borrower. The authority [DEPARTMENT] shall provide the
 24 guarantor with a copy of all notices sent to the borrower by the authority
 25 [DEPARTMENT]. If the loan is for the purchase of an entry permit or quota shares,
 26 the guaranty by the guarantor may not constitute a lien, mortgage, or encumbrance on
 27 or pledge of the entry permit or quota shares.

28 * **Sec. 7.** AS 16.10.333(b) is amended to read:

29 (b) Upon approval by the authority [COMMISSIONER], the permit to be
 30 purchased may be pledged as security for a loan under (a) of this section, if

31 (1) the certificate for the pledged permit lists the authority

1 [COMMISSIONER] as the legal owner of the permit;

2 (2) the certificate for the pledged permit lists the debtor as the
3 equitable owner of the permit;

4 (3) all annual permit cards issued under the pledged permit list the
5 name of the debtor;

6 (4) all obligations and responsibilities of a permit owner are assumed
7 by the debtor;

8 (5) co-signers or other sureties for performance under the note are not
9 vested with any rights in the pledged permit and their obligation is limited to
10 satisfaction of the note and payment of costs directly incurred by the **authority**
11 [DEPARTMENT] in administering the loan.

12 * **Sec. 8.** AS 16.10.333(c) is amended to read:

13 (c) The **authority** [COMMISSIONER] is not liable for any act or omission
14 resulting from permit ownership nor will that act or omission affect the **authority's**
15 [COMMISSIONER'S] title to the permit or the **authority's** [COMMISSIONER'S]
16 rights under it.

17 * **Sec. 9.** AS 16.10.333(d) is amended to read:

18 (d) Upon satisfaction of the note by the debtor, the **authority**
19 [COMMISSIONER] shall certify to the commission that the note has been satisfied.

20 * **Sec. 10.** AS 16.10.335(a) is amended to read:

21 (a) If the debtor defaults upon a note for which a limited entry permit has been
22 pledged as security under AS 16.10.333 or 16.10.338, the **authority**
23 [COMMISSIONER] shall provide the debtor, by both certified and first class mail sent
24 to the debtor's last known address on file with the **authority** [COMMISSIONER],
25 with a notice of default that includes

26 (1) a description of the security given for the note including the
27 number assigned to the pledged permit by the commission;

28 (2) the date upon which the default occurred;

29 (3) the amount of the debtor's outstanding principal and interest as of
30 the date of the default notice, the total amount remaining on the note less unearned
31 interest, and the amount of daily interest;

1 (4) a statement that the debtor may, within 15 days after the postmark
2 date of the notice, request a hearing to submit evidence showing the debtor has not
3 defaulted;

4 (5) a statement that the note may be reinstated if it is brought current
5 within 120 days after the postmark date of the notice;

6 (6) a statement that, under AS 16.10.310(a)(4), the debtor may
7 reinstate the note by submitting to the authority [COMMISSIONER] a plan of
8 repayment if the authority [COMMISSIONER] accepts the debtor's plan of
9 repayment;

10 (7) the place where reinstatement of the note or payment in full may be
11 made; and

12 (8) a notice in at least 10-point bold type stating: IMPORTANT:
13 YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE
14 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE
15 PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED
16 AGAINST YOU.

17 * **Sec. 11.** AS 16.10.335(b) is amended to read:

18 (b) In each case of a limited entry permit being pledged as security under
19 AS 16.10.333 or 16.10.338, the debtor shall maintain on file with the authority
20 [DEPARTMENT] an address where notice of default is to be sent, if necessary, and
21 where that notice will be timely received by the debtor.

22 * **Sec. 12.** AS 16.10.335(d) is amended to read:

23 (d) If requested by the debtor, the authority [COMMISSIONER] may waive
24 any of the time limits in (a) of this section for a period not to exceed 60 days if

25 (1) the debtor demonstrates good cause for the waiver; and

26 (2) the authority [COMMISSIONER] sets out in writing the reasons
27 for approving the waiver.

28 * **Sec. 13.** AS 16.10.337(a) is amended to read:

29 (a) Upon a foreclosure on an entry permit as provided in AS 16.10.335 or the
30 termination of a debtor's interest in an entry permit under AS 16.10.335(g), the
31 authority [COMMISSIONER] shall offer the commission a right of first refusal if the

1 permit is subject to a buy-back program under AS 16.43.290 - 16.43.330 at a price
2 equal to the amount outstanding on the note plus any costs the authority
3 [DEPARTMENT] directly incurred in administering the loan.

4 * **Sec. 14.** AS 16.10.337(b) is amended to read:

5 (b) If the commission does not exercise its right of first refusal within 30 days
6 after it receives the offer, or if the permit is not subject to a buy-back program under
7 AS 16.43.290 - 16.43.330, the authority [DEPARTMENT] shall advertise and sell the
8 permit. If the proceeds of the sale of a permit exceed the amount necessary to pay the
9 note in full, plus penalties, costs of administration of the note, attorney fees, and child
10 support liens of which the authority [DEPARTMENT] has notice, the excess shall be
11 transferred by the authority [COMMISSIONER] to the debtor. At any time until the
12 permit has been sold under this subsection, the debtor may repurchase the permit by
13 paying the authority [DEPARTMENT] the amount necessary to pay the note in full,
14 plus penalties, costs of administration of the note, and attorney fees, as determined by
15 the authority [COMMISSIONER].

16 * **Sec. 15.** AS 16.10.337(d) is amended to read:

17 (d) Nothing in this section affects the right of the authority
18 [COMMISSIONER] to institute legal action for a deficiency resulting from a default
19 on a note given under AS 16.10.333. In addition to any deficiency, the debtor is liable
20 for the costs of administering the note and for costs and attorney fees.

21 * **Sec. 16.** AS 16.10.338(b) is amended to read:

22 (b) If a limited entry permit is pledged for security for a loan made under
23 AS 16.10.310(a)(1)(B) for the repair, restoration, upgrading, construction, or purchase
24 of a vessel and the borrower thereafter fails to make a payment or defaults, the
25 authority [COMMISSIONER] shall, in addition to the notice provided under
26 AS 16.10.335(a), notify the borrower that, subject to the authority's
27 [COMMISSIONER'S] acceptance, the borrower may sell the vessel, apply the sales
28 proceeds to the debt, and renegotiate payment of the balance due on the loan to avoid
29 the immediate loss of the limited entry permit that has been pledged for security for
30 the loan.

31 * **Sec. 17.** AS 16.10.338(c) is amended to read:

1 (c) If a limited entry permit is pledged for security for a loan made under
 2 AS 16.10.310(a)(1)(C) for the purchase of quota shares and the borrower thereafter
 3 fails to make a payment or defaults, the authority [COMMISSIONER] shall, in
 4 addition to the notice provided under AS 16.10.335(a), notify the borrower that subject
 5 to the authority's [COMMISSIONER'S] acceptance the borrower may sell the quota
 6 shares, apply the sales proceeds to the debt, and renegotiate payment of the balance
 7 due on the loan to avoid the immediate loss of the limited entry permit that has been
 8 pledged for security for the loan.

9 * **Sec. 18.** AS 16.10.339 is amended to read:

10 **Sec. 16.10.339. Regulations.** The authority [DEPARTMENT] shall adopt
 11 regulations to implement AS 16.10.333 - 16.10.337.

12 * **Sec. 19.** AS 16.10.340(c) is amended to read:

13 (c) If the authority [COMMISSIONER] determines that the fund contains
 14 money that is excess to that needed under (a) and (b) of this section to carry out the
 15 purpose of AS 16.10.300 - 16.10.370, then the authority [COMMISSIONER] may
 16 use the excess money to carry out the purpose of AS 16.10.500 - 16.10.560.

17 * **Sec. 20.** AS 16.10.340(c), as amended by sec. 6, ch. 58, SLA 2012, is amended to read:

18 (c) If the authority [COMMISSIONER] determines that the fund contains
 19 money that is excess to that needed to carry out the purpose of AS 16.10.300 -
 20 16.10.370, then the authority [COMMISSIONER] may use the excess money to carry
 21 out the purpose of AS 16.10.500 - 16.10.560.

22 * **Sec. 21.** AS 16.10.342(c) is amended to read:

23 (c) The authority [COMMISSIONER] may expend money credited to the
 24 foreclosure expense account when necessary to protect the authority's [STATE'S]
 25 security interest in collateral on loans granted under AS 16.10.300 - 16.10.370, except
 26 loans under AS 16.10.310(a)(1)(E), or to defray expenses incurred during foreclosure
 27 proceedings after a default by an obligor.

28 * **Sec. 22.** AS 16.10.342(c), as amended by sec. 8, ch. 58, SLA 2012, is amended to read:

29 (c) The authority [COMMISSIONER] may expend money credited to the
 30 foreclosure expense account when necessary to protect the authority's [STATE'S]
 31 security interest in collateral on loans granted under AS 16.10.300 - 16.10.370 or to

1 defray expenses incurred during foreclosure proceedings after a default by an obligor.

2 * **Sec. 23.** AS 16.10.345 is amended to read:

3 **Sec. 16.10.345. Community quota entity revolving loan fund.** (a) The
4 community quota entity revolving loan fund is created in the authority. The fund is
5 not an account in the revolving fund established in AS 44.88.060, and the
6 authority shall account for the fund separately from the revolving fund. The
7 authority [COMMISSIONER] may use the fund for loans made under
8 AS 16.10.310(a)(1)(E) after June 30, 2012, and before June 30, 2017, and for
9 administrative and other costs associated with those loans.

10 (b) The foreclosure expense account is established as a special account in the
11 community quota entity revolving loan fund. The authority [COMMISSIONER] may
12 expend money credited to the foreclosure expense account when necessary to protect
13 the authority's [STATE'S] security interest in collateral on loans made under
14 AS 16.10.310(a)(1)(E) after June 30, 2012, or to defray expenses incurred during
15 foreclosure proceedings after a default by an obligor.

16 * **Sec. 24.** AS 16.10.350 is amended to read:

17 **Sec. 16.10.350. Administration of fund.** (a) The authority
18 [COMMISSIONER] shall administer the commercial fishing revolving loan fund and
19 the community quota entity revolving loan fund.

20 (b) The authority [COMMISSIONER] shall annually prepare a report
21 detailing the number and nature of reinstatements authorized by AS 16.10.335(a)(5)
22 and notify the legislature that the report is available.

23 * **Sec. 25.** AS 16.10.350(a), as amended by sec. 11, ch. 58, SLA 2012, is amended to read:

24 (a) The authority [COMMISSIONER] shall administer the commercial
25 fishing revolving loan fund.

26 * **Sec. 26.** AS 16.10.353(a) is amended to read:

27 (a) The authority [COMMISSIONER] may release information about a
28 borrower's loan to any individual when release of the information has been authorized
29 by the borrower.

30 * **Sec. 27.** AS 16.10.355 is amended to read:

31 **Sec. 16.10.355. Disposal of property acquired by default or foreclosure.**

1 The **authority** [DEPARTMENT] shall dispose of property acquired through default or
 2 foreclosure of a loan made under AS 16.10.300 - 16.10.370 or former AS 16.10.650 -
 3 16.10.720. Disposal shall be made in a manner that serves the best interests of the
 4 state, and may include the amortization of payments over a period of years, but may
 5 not be by lease.

6 * **Sec. 28.** AS 16.10.360 is amended by adding a new paragraph to read:

7 (6) "authority" means the Alaska Industrial Development and Export
 8 Authority.

9 * **Sec. 29.** AS 16.10.505(a) is amended to read:

10 (a) **The** [THERE IS CREATED WITHIN THE DEPARTMENT OF
 11 COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT A
 12 REVOLVING FUND TO BE KNOWN AS THE] fisheries enhancement revolving
 13 loan fund **is created in the authority. The fund is not an account in the revolving**
 14 **fund established in AS 44.88.060, and the authority shall account for the fund**
 15 **separately from the revolving fund.** Except as provided in (b) and (c) of this section,
 16 the fund shall be used to carry out the purposes of AS 16.10.500 - 16.10.560 and for
 17 no other purpose. All principal and interest payments, and money chargeable to
 18 principal or interest that is collected through liquidation by foreclosure or other
 19 process on loans made under AS 16.10.500 - 16.10.560, shall be paid into the fisheries
 20 enhancement revolving loan fund.

21 * **Sec. 30.** AS 16.10.505(c) is amended to read:

22 (c) Money in the fund that the **authority** [COMMISSIONER] determines to
 23 be excess to that needed to carry out the purpose of AS 16.10.500 - 16.10.560 may be
 24 used to carry out the purpose of AS 16.10.300 - 16.10.370.

25 * **Sec. 31.** AS 16.10.507(b) is amended to read:

26 (b) The **authority** [COMMISSIONER] may expend money credited to the
 27 foreclosure expense account when necessary to protect the **authority's** [STATE'S]
 28 security interest in collateral on loans made under AS 16.10.520 or to defray expenses
 29 incurred during foreclosure proceedings after a default by an obligor.

30 * **Sec. 32.** AS 16.10.510 is amended to read:

31 **Sec. 16.10.510. Powers and duties of the authority [COMMISSIONER].**

1 The **authority** [COMMISSIONER] may

2 (1) make loans to permit holders, under AS 16.10.400 - 16.10.470,
3 including those holders issued permits before June 24, 1977, for the planning,
4 construction, and operation of hatchery facilities;

5 (2) make loans to qualified regional associations that have formed a
6 nonprofit corporation or a local nonprofit corporation approved by a qualified regional
7 association, for preconstruction activities necessary to obtain a permit;

8 (3) designate agents and delegate powers to them as necessary;

9 (4) adopt regulations necessary to carry out the provisions of
10 AS 16.10.500 - 16.10.560, including regulations to establish reasonable fees for
11 services provided;

12 (5) establish amortization plans for repayment of loans, not to exceed
13 30 years unless the **authority** [COMMISSIONER] has extended the term of the loan
14 beyond 30 years under (11) of this section;

15 (6) establish the rate of interest for loans not to exceed nine and one-
16 half percent a year;

17 (7) establish regional and local offices and advisory groups to carry
18 out, or assist in carrying out, the duties and authority of the **authority**
19 [COMMISSIONER];

20 (8) make grants for organizational and planning purposes to qualified
21 regional associations that have formed a nonprofit corporation, in amounts not
22 exceeding \$100,000 **for each** [PER] region and up to an additional \$100,000 on a
23 50/50 cash matching basis with the regional associations that have an authorized
24 royalty assessment under AS 16.10.540; the state portion of the matching share shall
25 be available when a final vote for assessments is made under AS 16.10.540; this
26 provision also applies to qualified regional associations that have formed a nonprofit
27 corporation before June 24, 1977;

28 (9) make loans to qualified regional associations that have formed a
29 nonprofit corporation or to local nonprofit corporations approved by qualified regional
30 associations for planning and implementation of fisheries enhancement and
31 rehabilitation activities including [, BUT NOT LIMITED TO,] lake fertilization and

1 habitat improvement;

2 (10) refinance a debt obligation incurred by a borrower under this
3 section if the borrower otherwise qualifies for a loan under AS 16.10.500 - 16.10.560;
4 the interest rate for a loan to refinance a debt obligation incurred under this section
5 may not exceed the interest rate that is in effect for new loans under this section at the
6 time that the loan commitment for the refinancing loan is made; a loan made under
7 this paragraph is not subject to AS 16.10.525;

8 (11) extend the term of a loan made under this section if the **authority**
9 [COMMISSIONER] finds that extension of the term of the loan would alleviate an
10 undue financial hardship on the borrower; the **authority** [COMMISSIONER] shall
11 submit annually a report to the legislature summarizing the **authority's**
12 [COMMISSIONER'S] decisions during the prior calendar year to approve or deny
13 requests to extend loans under this paragraph and the reasons for the decisions;

14 (12) charge and collect the fees established under this section.

15 * **Sec. 33.** AS 16.10.520(b) is amended to read:

16 (b) Loans for the total project costs may be made if the **authority**
17 [COMMISSIONER] determines that the applicant has sufficient financial resources to
18 insure the establishment of an equity position in the project equal to 10 percent of the
19 loan within 10 years or less, either through a royalty assessment levied under
20 AS 16.10.540 or other means approved by the **authority** [COMMISSIONER]. For
21 purposes of this subsection, "total project costs" includes planning and construction
22 costs for the facility and the cost of operations for not more than the first 10 years. The
23 costs for operations shall be loaned on an annual basis.

24 * **Sec. 34.** AS 16.10.520(c) is amended to read:

25 (c) All loans shall be secured by collateral satisfactory to the **authority**
26 [COMMISSIONER], including [BUT NOT LIMITED TO] a first deed of trust,
27 assignment of lease and leasehold improvements, sale of surplus fish from the
28 hatchery, or royalty assessments from fishermen levied under AS 16.10.540.

29 * **Sec. 35.** AS 16.10.520(d) is amended to read:

30 (d) The **authority** [COMMISSIONER] may require adequate evidence of
31 performance in utilizing loan funds approved for an initial or preliminary project

1 before approving a subsequent loan application.

2 * **Sec. 36.** AS 16.10.520(f) is amended to read:

3 (f) The **authority** [COMMISSIONER] may not make a loan under
4 AS 16.10.500 - 16.10.550 from funds available under AS 16.10.340(c), unless the
5 **authority** [COMMISSIONER] determines, in consultation with the appropriate
6 regional planning team established under AS 16.10.375, that the hatchery or other
7 enhancement or rehabilitation activity for which the loan is requested will provide a
8 significant contribution to common property fisheries, be operated in a manner
9 beneficial to the public interest, and be managed in a financially viable manner that is
10 reasonably expected to result in repayment of the loan.

11 * **Sec. 37.** AS 16.10.525 is amended to read:

12 **Sec. 16.10.525. Repayment of principal and interest on loans.** The
13 **authority** [COMMISSIONER] may not require the repayment of principal on a loan
14 made under AS 16.10.510 for the initial period of the loan. Interest on the principal of
15 a loan made under AS 16.10.510 does not accrue during the initial period of the loan.
16 In this subsection, the "initial period of the loan" means a period of time determined
17 by the **authority** [COMMISSIONER] that is not less than six years or more than 10
18 years from the date the loan is made.

19 * **Sec. 38.** AS 16.10.540(b) is amended to read:

20 (b) Upon satisfactory demonstration to the **authority** [COMMISSIONER]
21 that an assessment levied under this section may reasonably be relied upon to secure
22 and repay a loan to be made under AS 16.10.510, the **authority** [COMMISSIONER]
23 may make the loan.

24 * **Sec. 39.** AS 16.10.555 is amended to read:

25 **Sec. 16.10.555. Disposal of property acquired by default or foreclosure.**
26 The **authority** [DEPARTMENT OF COMMERCE, COMMUNITY, AND
27 ECONOMIC DEVELOPMENT] shall dispose of property acquired through default or
28 foreclosure of a loan made under AS 16.10.500 - 16.10.560. Disposal shall be made in
29 a manner that serves the best interests of the state, and may include the amortization of
30 payments over a period of years.

31 * **Sec. 40.** AS 16.10.560 is amended by adding a new paragraph to read:

1 (3) "authority" means the Alaska Industrial Development and Export
2 Authority.

3 * **Sec. 41.** AS 16.10.801(a) is amended to read:

4 (a) The commercial charter fisheries revolving loan fund is created in the
5 **authority** [DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
6 DEVELOPMENT] to carry out the purposes of AS 16.10.801 - 16.10.840. **The fund**
7 **is not an account in the revolving fund established in AS 44.88.060, and the**
8 **authority shall account for the fund separately from the revolving fund.**

9 * **Sec. 42.** AS 16.10.805 is amended to read:

10 **Sec. 16.10.805. Powers and duties of the authority** [DEPARTMENT]. The
11 **authority** [DEPARTMENT] may

12 (1) make loans to eligible applicants under AS 16.10.801 - 16.10.840

13 (A) for the purchase of charter halibut permits;

14 (B) to refinance debt obligations made by other lenders more
15 than 12 months before the **authority** [DEPARTMENT] received the loan
16 application and incurred by an applicant for the purchase of charter halibut
17 fishing vessels or gear if the applicant otherwise qualifies for a loan under
18 AS 16.10.801 - 16.10.840; the **authority** [DEPARTMENT] may collect a
19 refinancing loan origination charge as provided by regulation;

20 (2) receive, take, hold, and administer any appropriation, transfer, gift,
21 grant, bequest, devise, or donation of money for the fund;

22 (3) establish amortization plans for repayment of loans, including
23 extensions of the terms of loans;

24 (4) allow an assumption of a loan if

25 (A) the applicant meets the requirements established under this
26 section; and

27 (B) approval of the assumption would be consistent with the
28 purposes of AS 16.10.801 - 16.10.840;

29 (5) establish the rate of interest for loans consistent with law;

30 (6) charge and collect fees for services provided under AS 16.10.801 -
31 16.10.840;

1 (7) adopt regulations [UNDER AS 44.62] necessary to carry out the
 2 provisions of AS 16.10.801 - 16.10.840, including regulations to establish reasonable
 3 fees for services provided; and

4 (8) designate agents and delegate powers as necessary to the agents.

5 * **Sec. 43.** AS 16.10.810(b) is amended to read:

6 (b) In addition to the requirements set out in (a) of this section, the applicant
 7 must provide to the **authority** [DEPARTMENT] a document from a state financial
 8 institution stating that

9 (1) the applicant has been denied a loan for the same purpose; or

10 (2) a loan from the financial institution is contingent on the applicant
 11 also receiving a loan from the fund.

12 * **Sec. 44.** AS 16.10.815(a) is amended to read:

13 (a) Except as provided in (b) of this section, a loan under AS 16.10.801 -
 14 16.10.840

15 (1) for a charter halibut permit may not exceed the permit value
 16 determined by a 12-month rolling average set quarterly by the **authority**
 17 [DEPARTMENT] for like permits;

18 (2) for a loan other than a loan for a charter halibut permit may not
 19 exceed \$100,000 a year;

20 (3) may not exceed a term of 15 years, except for extensions under
 21 AS 16.10.805;

22 (4) may not bear interest at a rate greater than the prime rate, as
 23 defined in AS 44.88.599, plus two percentage points, but which may not be less than
 24 six percent a year or more than 10 1/2 percent a year;

25 (5) must be secured by a first priority lien on collateral acceptable to
 26 the **authority** [COMMISSIONER], which may include collateral other than a charter
 27 halibut permit; and

28 (6) may not be made to a person who has a past due child support
 29 obligation established by court order or by the child support services agency under
 30 AS 25.27.160 - 25.27.220 at the time of application.

31 * **Sec. 45.** AS 16.10.820 is amended to read:

1 **Sec. 16.10.820. Default.** If the borrower defaults on a note, the **authority**
2 [DEPARTMENT] shall notify the borrower of the default and the consequences of
3 default by mailing a notice to the borrower's most recent address provided to the
4 **authority** [DEPARTMENT] by the borrower or obtained by the **authority**
5 [DEPARTMENT].

6 * **Sec. 46.** AS 16.10.825(b) is amended to read:

7 (b) The **authority** [DEPARTMENT] may expend money credited to the
8 foreclosure expense account when necessary to protect the **authority's** [STATE'S]
9 security interest in collateral on loans granted under AS 16.10.815 or to defray
10 expenses incurred during foreclosure proceedings after an obligor defaults.

11 * **Sec. 47.** AS 16.10.830 is amended to read:

12 **Sec. 16.10.830. Disposal of property acquired after default.** The **authority**
13 [DEPARTMENT] shall dispose of property acquired through default of a loan made
14 under AS 16.10.801 - 16.10.840. Disposal must be made in a manner that serves the
15 best interest of the state and may include the amortization of payments over a period
16 of years.

17 * **Sec. 48.** AS 16.10.835 is amended to read:

18 **Sec. 16.10.835. Waiver of confidentiality.** The **authority**
19 [COMMISSIONER] may release information about the borrower's loan to any
20 individual if release of the information has been authorized by the borrower.

21 * **Sec. 49.** AS 16.10.840 is amended by adding a new paragraph to read:

22 (3) "authority" means the Alaska Industrial Development and Export
23 Authority.

24 * **Sec. 50.** AS 16.10.900(a) is amended to read:

25 (a) The mariculture revolving loan fund is created **in** [WITHIN] the **authority**
26 [DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
27 DEVELOPMENT] to carry out the purposes of AS 16.10.900 - 16.10.945. **The fund**
28 **is not an account in the revolving fund established in AS 44.88.060, and the**
29 **authority shall account for the fund separately from the revolving fund.**

30 * **Sec. 51.** AS 16.10.905 is amended to read:

31 **Sec. 16.10.905. Powers and duties of the authority** [DEPARTMENT]. The

1 **authority** [DEPARTMENT] may

2 (1) make loans to eligible applicants under AS 16.10.900 - 16.10.945
3 for the planning, construction, and operation of a mariculture business;

4 (2) receive, take, hold, and administer any appropriation, transfer, gift,
5 grant, bequest, devise, or donation of money for the fund;

6 (3) establish amortization plans for repayment of loans, including
7 extensions of the terms of loans;

8 (4) allow an assumption of a loan if

9 (A) the applicant meets the requirements established under this
10 section; and

11 (B) approval of the assumption would be consistent with the
12 purposes of AS 16.10.900 - 16.10.945;

13 (5) establish the rate of interest for loans consistent with law;

14 (6) charge and collect fees for services provided under AS 16.10.900 -
15 16.10.945;

16 (7) adopt regulations [UNDER AS 44.62] necessary to carry out the
17 provisions of AS 16.10.900 - 16.10.945, including regulations to establish reasonable
18 fees for services provided; and

19 (8) designate agents and delegate powers as necessary to the agents.

20 * **Sec. 52.** AS 16.10.915(a) is amended to read:

21 (a) Except as provided in (b) and (c) of this section, a loan under
22 AS 16.10.900 - 16.10.945

23 (1) may not exceed \$100,000 a year;

24 (2) may not exceed a term of 20 years, except for extensions under
25 AS 16.10.905;

26 (3) may not bear interest at a rate greater than the prime rate, as
27 defined in AS 44.88.599, plus one percentage point, but which may not be less than
28 five percent a year or more than nine percent a year;

29 (4) must be secured by a first priority lien on collateral acceptable to
30 the **authority** [DEPARTMENT]; and

31 (5) may not be made to a person who has a past due child support

1 obligation established by court order or by the child support services agency under
2 AS 25.27.160 - 25.27.220 at the time of application.

3 * **Sec. 53.** AS 16.10.915(d) is amended to read:

4 (d) For a loan made under AS 16.10.900 - 16.10.945, the **authority**
5 [DEPARTMENT] may provide a reduction of the interest rate of not more than two
6 percent if at least 50 percent of the loan proceeds are used by the borrower for
7 purchasing products manufactured or produced in the state. When the **authority**
8 [DEPARTMENT] offers a reduction under this subsection, the **authority**
9 [DEPARTMENT] shall provide the reduction to all loan applicants who meet the
10 criterion described in this subsection. In this subsection, "manufactured or produced"
11 means processing, developing, or making an item into a new item with a distinct
12 character and use.

13 * **Sec. 54.** AS 16.10.920 is amended to read:

14 **Sec. 16.10.920. Repayment of principal of and interest on loans.** The
15 **authority** [DEPARTMENT] may not require the repayment of principal and interest
16 on a loan made under AS 16.10.910 during the first six years of the loan. Interest on
17 the principal of a loan made under AS 16.10.910 may be deferred for a period of not
18 more than the first six years of the loan.

19 * **Sec. 55.** AS 16.10.925 is amended to read:

20 **Sec. 16.10.925. Default.** If the borrower defaults on a note, the **authority**
21 [DEPARTMENT] shall notify the borrower of the default and the consequences of
22 default by mailing a notice to the borrower's most recent address provided to the
23 **authority** [DEPARTMENT] by the borrower or obtained by the **authority**
24 [DEPARTMENT].

25 * **Sec. 56.** AS 16.10.930(b) is amended to read:

26 (b) The **authority** [DEPARTMENT] may expend money credited to the
27 foreclosure expense account when necessary to protect the **authority's** [STATE'S]
28 security interest in collateral on loans granted under AS 16.10.910 or to defray
29 expenses incurred during foreclosure proceedings after an obligor defaults.

30 * **Sec. 57.** AS 16.10.935 is amended to read:

31 **Sec. 16.10.935. Disposal of property acquired after default.** The **authority**

1 [DEPARTMENT] shall dispose of property acquired through default of a loan made
 2 under AS 16.10.900 - 16.10.945. Disposal must be made in a manner that serves the
 3 best interest of the state and may include the amortization of payments over a period
 4 of years.

5 * **Sec. 58.** AS 16.10.940 is amended to read:

6 **Sec. 16.10.940. Waiver of confidentiality.** The **authority**
 7 [COMMISSIONER] may release information about the borrower's loan to any
 8 individual if release of the information has been authorized by the borrower.

9 * **Sec. 59.** AS 16.10.945 is amended by adding a new paragraph to read:

10 (4) "authority" means the Alaska Industrial Development and Export
 11 Authority.

12 * **Sec. 60.** AS 44.33.655(a) is amended to read:

13 (a) **The** [THERE IS CREATED IN THE DEPARTMENT OF COMMERCE,
 14 COMMUNITY, AND ECONOMIC DEVELOPMENT A REVOLVING LOAN
 15 FUND TO BE KNOWN AS THE] Alaska capstone avionics revolving loan fund **is**
 16 **created in the authority** to carry out the purposes of AS 44.33.650 - 44.33.690. **The**
 17 **fund is not an account in the revolving fund established in AS 44.88.060, and the**
 18 **authority shall account for the fund separately from the revolving fund.**

19 * **Sec. 61.** AS 44.33.660 is amended to read:

20 **Sec. 44.33.660. Powers and duties of the authority** [DEPARTMENT]. The
 21 **authority** [DEPARTMENT] may

22 (1) make loans to eligible applicants under AS 44.33.665 for the
 23 purchase and installation of capstone avionics equipment;

24 (2) receive, take, hold, and administer any appropriation, gift, grant,
 25 bequest, devise, or donation of money for the fund;

26 (3) establish amortization plans for repayment of loans, including
 27 extensions of the terms of loans;

28 (4) allow an assumption of a loan if the applicant meets the
 29 requirements established under this section;

30 (5) establish the rate of interest for loans consistent with law;

31 (6) charge and collect fees for services provided under AS 44.33.650 -

1 44.33.690;

2 (7) adopt regulations [UNDER AS 44.62] necessary to carry out the
3 provisions of AS 44.33.650 - 44.33.690, including regulations to establish reasonable
4 fees for services provided; and

5 (8) designate agents and delegate powers as necessary to the agents.

6 * **Sec. 62.** AS 44.33.665(b) is amended to read:

7 (b) After consultation with the Department of Transportation and Public
8 Facilities, the **authority** [DEPARTMENT OF COMMERCE, COMMUNITY, AND
9 ECONOMIC DEVELOPMENT] shall establish by regulation the standards for
10 capstone avionics equipment eligible for loans.

11 * **Sec. 63.** AS 44.33.670 is amended to read:

12 **Sec. 44.33.670. Limitations on loans.** A loan established under AS 44.33.650
13 - 44.33.690

14 (1) may not exceed a term of 10 years, except for extensions under
15 AS 44.33.660;

16 (2) may not bear interest less than four percent a [PER] year;

17 (3) must be secured by collateral acceptable to the **authority**
18 [DEPARTMENT]; and

19 (4) may not exceed 80 percent of the cost of the eligible capstone
20 avionics equipment purchased with proceeds of the loan.

21 * **Sec. 64.** AS 44.33.675(b) is amended to read:

22 (b) The **authority** [DEPARTMENT] may expend money credited to the
23 foreclosure expense account when necessary to protect the **authority's** [STATE'S]
24 security interest in collateral on loans granted under AS 44.33.665 or to defray
25 expenses incurred during foreclosure proceedings after a default by an obligor.

26 * **Sec. 65.** AS 44.33.680 is amended to read:

27 **Sec. 44.33.680. Disposal of property acquired by default or foreclosure.**
28 The **authority** [DEPARTMENT] shall dispose of property acquired through default or
29 foreclosure of a loan made under AS 44.33.650 - 44.33.690. Disposal must be made in
30 a manner that serves the best interest of the state and may include the amortization of
31 payments over a term of years.

1 * **Sec. 66.** AS 44.33.690 is amended by adding a new paragraph to read:

2 (4) "authority" means the Alaska Industrial Development and Export
3 Authority.

4 * **Sec. 67.** AS 44.33.950(a) is amended to read:

5 (a) The Alaska microloan revolving loan fund is created in the **authority**
6 [DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
7 DEVELOPMENT] to carry out the purposes of AS 44.33.950 - 44.33.990. **The fund**
8 **is not an account in the revolving fund established in AS 44.88.060, and the**
9 **authority shall account for the fund separately from the revolving fund.**

10 * **Sec. 68.** AS 44.33.955 is amended to read:

11 **Sec. 44.33.955. Powers and duties of the authority [DEPARTMENT].** The
12 **authority** [DEPARTMENT] may

13 (1) make loans to eligible applicants under AS 44.33.950 - 44.33.990
14 to be used for working capital, equipment, construction, or other commercial purposes
15 by a business located in the state;

16 (2) receive, take, hold, and administer any appropriation, transfer, gift,
17 grant, bequest, devise, or donation of money for the fund;

18 (3) establish amortization plans for repayment of loans, including
19 extensions of the terms of loans;

20 (4) allow an assumption of a loan if

21 (A) the applicant meets the requirements established under this
22 section; and

23 (B) approval of the assumption would be consistent with the
24 purposes of AS 44.33.950 - 44.33.990;

25 (5) establish the rate of interest for loans consistent with law;

26 (6) charge and collect fees for services provided under AS 44.33.950 -
27 44.33.990;

28 (7) adopt regulations [UNDER AS 44.62] necessary to carry out the
29 provisions of AS 44.33.950 - 44.33.990, including regulations to establish reasonable
30 fees for services provided; and

31 (8) designate agents and delegate powers as necessary to the agents.

1 * **Sec. 69.** AS 44.33.960(a) is amended to read:

2 (a) For an applicant to be eligible for a loan under AS 44.33.950 - 44.33.990,
3 the applicant shall

4 (1) be a resident of the state, as determined under (b) of this section;

5 (2) provide a reasonable amount of money from other nonstate sources
6 for use on any project or enterprise for which money from a loan will be used; and

7 (3) if the requested loan amount is \$35,000 or more, provide to the
8 **authority** [DEPARTMENT] a document from a state financial institution stating that

9 (A) the applicant has been denied a loan for the same purpose;

10 or

11 (B) a loan from the financial institution is contingent on the
12 applicant also receiving a loan from the fund.

13 * **Sec. 70.** AS 44.33.965 is amended to read:

14 **Sec. 44.33.965. Limitations on loans.** (a) The **authority** [DEPARTMENT]
15 may use money from the Alaska microloan revolving loan fund to make loans of up to
16 \$35,000 to a person or loans of up to \$70,000 to two or more persons.

17 (b) A loan under AS 44.33.950 - 44.33.990

18 (1) may not exceed a term of six years, except for extensions under
19 AS 44.33.955;

20 (2) may not bear interest at a rate greater than the prime rate, as
21 defined in AS 44.88.599, plus one percentage point, but which may not be less than
22 six percent a year or more than eight percent a year;

23 (3) must be secured by collateral acceptable to the **authority**
24 [COMMISSIONER]; and

25 (4) may not be made to a person who has a past due child support
26 obligation established by court order or by the child support services agency under
27 AS 25.27.160 - 25.27.220 at the time of application.

28 * **Sec. 71.** AS 44.33.970(b) is amended to read:

29 (b) The **authority** [DEPARTMENT] may expend money credited to the
30 foreclosure expense account when necessary to protect the **authority's** [STATE'S]
31 security interest in collateral on loans granted under AS 44.33.960 or to defray

1 expenses incurred during foreclosure proceedings after an obligor defaults.

2 * **Sec. 72.** AS 44.33.975 is amended to read:

3 **Sec. 44.33.975. Default.** If the borrower defaults on a note, the **authority**
 4 [DEPARTMENT] shall notify the borrower of the default and the consequences of
 5 default by mailing a notice to the borrower's most recent address provided to the
 6 **authority** [DEPARTMENT] by the borrower or obtained by the **authority**
 7 [DEPARTMENT].

8 * **Sec. 73.** AS 44.33.980 is amended to read:

9 **Sec. 44.33.980. Disposal of property acquired after default.** The **authority**
 10 [DEPARTMENT] shall dispose of property acquired through default of a loan made
 11 under AS 44.33.950 - 44.33.990. Disposal must be made in a manner that serves the
 12 best interest of the state and may include the amortization of payments over a period
 13 of years.

14 * **Sec. 74.** AS 44.33.990 is amended by adding a new paragraph to read:

15 (3) "authority" means the Alaska Industrial Development and Export
 16 Authority.

17 * **Sec. 75.** AS 44.88.080 is amended to read:

18 **Sec. 44.88.080. Powers of the authority.** In furtherance of its corporate
 19 purposes, the authority has the following powers in addition to its other powers:

- 20 (1) to sue and be sued;
- 21 (2) to have a seal and alter it at pleasure;
- 22 (3) to make and alter bylaws for its organization and internal
 23 management;
- 24 (4) to adopt regulations governing the exercise of its corporate powers;
- 25 (5) to acquire an interest in a project as necessary or appropriate to
 26 provide financing for the project, whether by purchase, gift, or lease;
- 27 (6) to lease to others a project acquired by it for the rentals and upon
 28 the terms and conditions the authority may consider advisable, including, without
 29 limitation, provisions for options to purchase or renew;
- 30 (7) to issue bonds and otherwise to incur indebtedness, in accordance
 31 with AS 44.88.090, in order to pay the cost of a project or development projects or in

1 order to provide money for the authority's purposes under this chapter; the authority
2 may also secure payment of the bonds or other indebtedness as provided in this
3 chapter;

4 (8) to sell, by installment sale or otherwise, exchange, donate, convey,
5 or encumber, in any manner by mortgage or by creation of any other security interest,
6 real or personal property owned by it, or in which it has an interest, including a
7 project, when, in the judgment of the authority, the action is in furtherance of its
8 corporate purposes;

9 (9) to accept gifts, grants, or loans from, and enter into contracts or
10 other transactions regarding them with, a federal agency, an agency or instrumentality
11 of the state, a municipality, a private organization, or other source;

12 (10) to deposit or invest its funds, subject to agreements with
13 bondholders;

14 (11) to enter into contracts or agreements with respect to the exercise
15 of any of its powers, and do all things necessary or convenient to carry out its
16 corporate purposes and exercise the powers granted in this chapter;

17 (12) to purchase or insure loans to finance the costs of manufacturing,
18 industrial, and business enterprise projects;

19 (13) to enter into loan agreements with respect to one or more projects
20 upon the terms and conditions the authority considers advisable;

21 (14) to acquire, manage, and operate projects as the authority considers
22 necessary or appropriate to serve a public purpose;

23 (15) to assist private lenders to make loans to finance the costs of
24 projects through loan commitments, short-term financing, or otherwise;

25 (16) to accept gifts, grants, or loans from a federal agency, from an
26 agency or instrumentality of the state or of a municipality, or from any other source;

27 (17) to enter into contracts or other transactions with a federal agency,
28 with an agency or instrumentality of the state or of a municipality, or with a private
29 organization or other entity consistent with the exercise of any power under this
30 chapter;

31 (18) to facilitate the expansion of a secondary market for the resale of

1 federally or commercially insured loans made to finance the costs of projects in the
2 state held by federal and state chartered financial institutions or by the Alaska
3 Commercial Fishing and Agriculture Bank;

4 (19) to charge fees or other forms of remuneration for the use or
5 possession of the projects described in (14) of this section in accordance with the
6 agreements described in (11) and (17) of this section, other agreements pertaining to
7 the projects, covenants, or representations made in bond documents pertaining to the
8 projects, or regulations of the authority pertaining to the projects;

9 (20) to participate with government or private industry in programs for
10 technical assistance, loans, technology, transfer, or other programs related to the
11 exportation of goods, services, or raw materials of the state with respect to its
12 financing activities;

13 (21) to provide export finance training for office staff and other
14 individuals involved in export finance assistance, including the training sessions that
15 may be provided by the United States Export-Import Bank or other organizations;

16 (22) to coordinate to the maximum extent possible its efforts to
17 promote the export of goods, services, and raw materials of the state with programs
18 and goals of the United States Export-Import Bank, the International Trade
19 Administration of the United States Department of Commerce, the Foreign Credit
20 Insurance Association, and other private and public programs designed to provide
21 export assistance and export-related financing;

22 (23) to guarantee loans related to qualified export transactions under
23 regulations adopted by the authority;

24 (24) to provide financing assistance, in cooperation with federal, state,
25 and private institutions, as provided in this chapter for small business enterprises;

26 (25) to make cooperative agreements with the Department of
27 Transportation and Public Facilities, acting on behalf of the international airports
28 revenue fund established under AS 37.15.430, to acquire, equip, operate, maintain,
29 construct, or install facilities that will enhance the competitiveness of the international
30 airports, including a cooperative agreement to lend amounts from the international
31 airports revenue fund to finance the development or improvement of utilities serving

1 the airports;

2 (26) to screen potential applicants for a new business incentive grant
3 and recommend the award of the grants under AS 45.81.020;

4 (27) to oversee the administration of outstanding grants awarded by the
5 Alaska Science and Technology Foundation under former AS 37.17.010 - 37.17.110;

6 (28) to oversee the administration of outstanding BIDCO assistance
7 grants and loans made by the Alaska Science and Technology Foundation under
8 former AS 37.17.200 - 37.17.390;

9 (29) to guarantee loans made to the Alaska Insurance Guaranty
10 Association (AS 21.80.040), with these guarantees limited to loans necessary to make
11 the association financially able to meet cash flow needs up to a maximum outstanding
12 principal balance at any time of \$30,000,000;

13 (30) with legislative approval and notwithstanding AS 44.88.060, to
14 purchase from the Alaska Energy Authority as an investment of the revolving fund,
15 loans of the power project fund established under AS 42.45.010;

16 (31) to consider, when exercising the powers listed in this section, the
17 interests of local governments affected by the authority's activities to share in the
18 benefits of these activities, with appropriate consideration of the authority's ability to
19 meet debt obligations, issue new debt, and fulfill the authority's purposes;

20 (32) to provide development project financing for all or a portion of
21 the cost of a development project as provided in AS 44.88.172;

22 **(33) administer and make loans from the community quota entity**
23 **revolving loan fund established in AS 16.10.345, the commercial fishing revolving**
24 **loan fund established in AS 16.10.340, the fisheries enhancement revolving loan**
25 **fund established in AS 16.10.505, the commercial charter fisheries revolving loan**
26 **fund established in AS 16.10.801, the mariculture revolving loan fund established**
27 **in AS 16.10.900, the Alaska capstone avionics revolving loan fund established in**
28 **AS 44.33.655, the Alaska microloan revolving loan fund established in**
29 **AS 44.33.950, and the alternative energy conservation revolving loan fund**
30 **established in AS 45.88.010.**

31 * Sec. 76. AS 45.88.010(a) is amended to read:

1 (a) **The** [THERE IS ESTABLISHED IN THE DEPARTMENT OF
 2 COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT THE]
 3 alternative energy conservation revolving loan fund **is created in the authority** to
 4 carry out the purposes of AS 45.88.010 - 45.88.090. **The fund is not an account in**
 5 **the revolving fund established in AS 44.88.060, and the authority shall account**
 6 **for the fund separately from the revolving fund.** Loans made under AS 45.88.010 -
 7 45.88.090 are to be used

8 (1) to develop means of energy production utilizing one or more
 9 alternative energy systems; and

10 (2) to purchase, construct, and install energy conservation
 11 improvements in commercial buildings.

12 * **Sec. 77.** AS 45.88.015(b) is amended to read:

13 (b) The **authority** [COMMISSIONER OF COMMERCE, COMMUNITY,
 14 AND ECONOMIC DEVELOPMENT] may expend money credited to the foreclosure
 15 expense account when necessary to protect the **authority's** [STATE'S] security
 16 interest in collateral on loans made under AS 45.88.020 or to defray expenses incurred
 17 during foreclosure proceedings after a default by an obligor.

18 * **Sec. 78.** AS 45.88.020 is amended to read:

19 **Sec. 45.88.020. Powers and duties of the authority [DEPARTMENT] in**
 20 **administering the fund.** (a) The **authority** [DEPARTMENT] may

21 (1) make loans for the purchase, construction, and installation, in
 22 commercial buildings that are located in the state, of

23 (A) alternative energy systems; and

24 (B) energy conservation improvements;

25 (2) adopt regulations necessary to carry out the provisions of
 26 AS 45.88.010 - 45.88.090, including regulations to establish reasonable fees for
 27 services provided and charges for collecting the fees;

28 (3) collect the fees and collection charges established under this
 29 subsection.

30 (b) The **authority** [DEPARTMENT] shall develop eligibility standards for
 31 loans made under AS 45.88.010 - 45.88.090 and adopt guidelines for the

1 determination of loan terms.

2 (c) The **authority** [DEPARTMENT] may not make a loan under
3 AS 45.88.010 - 45.88.090 to a person who has a past due child support obligation
4 established by court order or by the child support services agency under AS 25.27.160
5 - 25.27.220 at the time of application.

6 * **Sec. 79.** AS 45.88.030(a) is amended to read:

7 (a) A loan made under AS 45.88.010 - 45.88.090 may not exceed \$50,000. If
8 the requested loan amount exceeds \$30,000, the applicant must deliver to the
9 **authority** [DEPARTMENT] a document from a financial institution stating that

10 (1) the applicant has been denied a loan for the same purpose; or

11 (2) the loan from the financial institution is contingent on the applicant
12 also receiving a loan from the fund.

13 * **Sec. 80.** AS 45.88.050 is amended to read:

14 **Sec. 45.88.050. Disposal of property acquired by default or foreclosure.**

15 The **authority** [DEPARTMENT OF COMMERCE, COMMUNITY, AND
16 ECONOMIC DEVELOPMENT] shall dispose of property acquired through default or
17 foreclosure of a loan made under AS 45.88.010 - 45.88.090. Disposal shall be made in
18 a manner that serves the best interests of the state, and may include the amortization of
19 payments over a period of years.

20 * **Sec. 81.** AS 45.88.090(a) is amended by adding a new paragraph to read:

21 (4) "authority" means the Alaska Industrial Development and Export
22 Authority.

23 * **Sec. 82.** AS 16.10.360(2), 16.10.360(4), 16.10.560(1), 16.10.840(1), 16.10.840(2),
24 16.10.945(1), 16.10.945(2); AS 44.33.690(3), 44.33.990(1), and 44.33.990(2) are repealed.

25 * **Sec. 83.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 TRANSITION: ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT
28 AUTHORITY ASSUMPTION OF LOANS MADE BY THE DEPARTMENT OF
29 COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) All contracts,
30 rights, liabilities, notes, or other obligations of the Department of Commerce, Community,
31 and Economic Development created by or under a law amended or repealed by this Act and in

1 effect on the effective date of this section remain in effect notwithstanding this Act's taking
2 effect, with all contracts, rights, liabilities, notes, or other obligations of the Department of
3 Commerce, Community, and Economic Development becoming contracts, rights, liabilities,
4 notes, and other obligations of the Alaska Industrial Development and Export Authority with
5 the same limitations and provisions as under a contract, right, liability, note, or other
6 obligation of the Department of Commerce, Community, and Economic Development.

7 (b) All records of the Department of Commerce, Community, and Economic
8 Development related to a program transferred to the Alaska Industrial Development and
9 Export Authority by this Act shall be transferred to the Alaska Industrial Development and
10 Export Authority to implement the provisions of this Act.

11 * **Sec. 84.** Sections 20, 22, and 25 of this Act take effect June 30, 2017.