

HOUSE BILL NO. 418

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 4/25/22

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to enterprise development account loan participation for political**
2 **subdivisions and tribes."**

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

4 *** Section 1.** AS 44.88.155(d) is amended to read:

5 (d) A loan participation purchased by the authority with assets of the
6 enterprise development account or with proceeds of bonds secured by assets of the
7 enterprise development account

8 (1) may not exceed \$25,000,000; however, in the case of a loan
9 participation for qualified energy development, the loan participation may exceed
10 \$25,000,000 with legislative approval;

11 (2) may not be purchased unless

12 (A) the project applicant is not, or, if the applicant is not a
13 single proprietorship, **political subdivision of the state, or tribal**
14 **government**, all members of the business enterprise or enterprises constituting

1 the project applicant are not, in default on another loan made by the state or by
2 a public corporation of the state; and

3 (B) at least 10 percent of the principal amount of the loan is
4 retained by the loan originator, or the loan is for financing improvements in
5 energy efficiency;

6 (3) may not be purchased if the loan to be purchased exceeds 75
7 percent of the appraised value of the collateral offered as security for the loan unless
8 the amount of the loan in excess of this limit is federally insured or guaranteed or is
9 insured by a qualified mortgage insurance company, except that the loan to be
10 purchased under this paragraph may not exceed the total of loan proceeds used to
11 refinance an existing debt plus the cost of new construction, expansion, or acquisition
12 unless the proceeds from the additional amounts of the loan to be purchased are
13 restricted to uses approved by the authority to finance commercial activity in the state
14 by a business enterprise, **political subdivision of the state, or tribal government**;

15 (4) may not be purchased if the participation in the loan to be
16 purchased is for a term longer than the following, except that a loan under (A) or (C)
17 of this paragraph may not have a term longer than three-quarters of the authority's
18 estimate of the life of the collateral offered as security for the loan:

19 (A) 40 years from the date the loan is made in the case of a
20 loan participation for a project described in AS 44.88.900(13)(E);

21 (B) 50 years from the date the loan is made in the case of a loan
22 participation for qualified energy development;

23 (C) 25 years from the date the loan is made in the case of a loan
24 participation for other projects;

25 (5) may be made only if the participation in the loan to be purchased
26 contains amortization provisions; the amortization provisions

27 (A) must be complete and satisfactory to the authority and
28 require periodic payments by the borrower;

29 (B) may allow the loan originator to amortize the portion of the
30 loan retained by the loan originator using a shorter amortization schedule than
31 the amortization schedule for the portion of the loan held by the authority if

1 (i) in the authority's opinion, the project financed can
2 support the increased debt service; and

3 (ii) the accelerated amortization schedule is required to
4 induce the originator to make the loan;

5 (6) may be made only if the participation in the loan to be purchased is
6 in the form and contains the terms and provisions with respect to insurance, repairs,
7 alterations, payment of taxes and assessments, default reserves, delinquency charges,
8 default remedies, acceleration of maturity, secondary liens, and other matters the
9 authority prescribes; [AND]

10 (7) may be made only if the participation in the loan to be purchased is
11 secured as to repayment by a mortgage or other security instrument in the manner the
12 authority determines is feasible to **ensure** [ASSURE] timely repayment under the loan
13 documents entered into with the borrower; **and**

14 **(8) shall be financed by the authority to allow purchase at the**
15 **lowest possible cost and interest rate if the project applicant is a political**
16 **subdivision of the state or a tribal government that is otherwise qualified under**
17 **this subsection.**