

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 441

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRD LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to emergency business loans;
7 and providing for an effective date."

7

8

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

9

* Section 1. PURPOSE. In order to assist private business
10 undertakings in the state to recover from the effects of the
11 natural disaster of March 27, 1964, it is the policy of the state
12 to lend money to them as may be necessary to protect life and
13 property, continue the operation of their businesses, and prevent
14 or minimize deterioration, contamination, or loss of capital
15 improvements, goods, wares, and merchandise.

16

* Sec. 2. EMERGENCY BUSINESS LOANS. In any area which has
17 been designated a natural disaster area by the governor, a person
18 who is the owner of a trade or business or is engaged in a pro-
19 fession or occupation may apply for a loan under this Act. The
20 total sum of all loans made under this Act may not exceed the
21 amount of \$5,000,000.

22

* Sec. 3. CONTENTS OF APPLICATION. (a) The person applying
23 for a loan shall state in his application

24

(1) an itemized account of the uses to which he will
25 put the money loaned if the loan is granted;

26

(2) the amount of money requested;

27

(3) the nature of the trade, business, occupation, or
28 profession in which he is engaged;

29

(4) the manner in which his trade, business, occupation

1 or profession was injured by the natural disaster;

2 (5) that he has been unable to obtain a loan to put to
3 the uses itemized under (a)(1) of this section from other sources.

4 (b) In addition to the information required to be contained
5 in the application by (a) of this section, the agency to which
6 the application is made may require any additional relevant in-
7 formation.

8 * Sec. 4. PROCEDURE FOR APPLYING FOR AND APPROVING A LOAN.

9 (a) A person desiring a loan under this Act shall present his
10 application to

11 (1) the governing body of the city in which his trade,
12 business, occupation, or profession is located, if it is located
13 in a city;

14 (2) the governing body of the borough in which his
15 trade, business, occupation, or profession is located, if it is
16 located in a borough but not in a city; or

17 (3) the Office of the Governor, if his trade, business,
18 occupation, or profession is not located in a city or borough.

19 (b) The agency to which the application is submitted shall
20 approve the application and forward it to the Office of the
21 Governor if, after investigation

22 (1) it finds that all required statements have been
23 made in the application and has no reason to believe that any of
24 the statements are false;

25 (2) it has no facts showing that the applicant will
26 fail to use the loan for the purposes for which it is requested.

27 (c) Upon receipt of an application approved by the agency
28 to which it was properly submitted, the Office of the Governor
29 shall approve the loan if it is satisfied that the applicant is

1 entitled to receive the loan and that the amount of the loan
2 requested is reasonable. The Office of the Governor shall
3 equitably allocate available money among the various parts of the
4 state directly affected by the natural disaster, and shall pro-
5 rate available money among applicants from an area.

6 * Sec. 5. DELIVERY OF LOAN MONEY. The Office of the Governor
7 shall deliver the loan money to the applicant in two payments.
8 The first payment is in the amount of 30 per cent of the amount
9 requested, and is made immediately after the application is
10 approved. The second payment is of the remainder of the loan,
11 and is made immediately after the Office of the Governor is
12 satisfied that the first payment is being used for the purposes
13 for which the loan was requested.

14 * Sec. 6. TERMS AND CONDITIONS OF LOANS. The maximum amount
15 of a loan to a person under this Act is \$25,000, for not more
16 than seven years. The interest rate on loans under this Act is
17 three per cent a year on the unpaid balance.

18 * Sec. 7. FEDERAL MATCHING MONEY. The Office of the Governor
19 may make a loan which will be used to match federal money and may
20 comply with all terms and conditions of a federal loan matching
21 money law consistent with this Act, but may not delay the payment
22 of a loan pending the availability of federal money.

23 * Sec. 8. SECURITY. The Office of the Governor shall obtain
24 security for a loan made under this Act, but may by regulation
25 establish conditions for full or partial waiver of security
26 requirements if it is difficult or impossible for the borrower to
27 obtain an appreciable amount of security. The state's security
28 interest is subordinate to a security interest acquired at or
29 before the time the loan is made, but superior to a security

1 interest acquired after the time the loan is made.

2 * Sec. 9. MODIFICATION OF AGREEMENT. The Office of the
3 Governor may upon application from the borrower modify the terms
4 of the loan agreement in a manner consistent with the purposes of
5 this Act.

6 * Sec. 10. DEPOSIT IN GENERAL FUND. The Office of the
7 Governor shall deposit all money collected under this Act in the
8 general fund.

9 * Sec. 11. TIME LIMIT FOR APPLYING FOR A LOAN. No person may
10 apply for a loan under this Act more than 60 days after the effec-
11 tive date of this Act.

12 * Sec. 12. This Act expires on the day after all loans made
13 under this Act have been repaid, compromised, or found to be
14 uncollectible.

15 * Sec. 13. The provisions of this Act shall be implemented by
16 the commissioner and the department only when the governor certi-
17 fies that funds are available for the purposes of the Act from the
18 proceeds of the emergency bond issue (or from money borrowed in
19 anticipation of such proceeds) previously authorized after the
20 earthquake of March 27, 1964, or from possible future federal
21 funds which might become available and which would qualify for
22 this program.

23 * Sec. 14. This Act takes effect on the day after its passage
24 and approval or on the day it becomes law without such approval.

25

26

27

28

29