

Offered: 2/12/71
Referred: State Affairs;
Finance

1 IN THE SENATE

BY PALMER

2 SENATE BILL NO. 114

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to small business loans from the
7 state."

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

9 * Section 1. AS 45 is amended by adding a new chapter to read:

10 CHAPTER 95. SMALL BUSINESS LOANS.

11 Sec. 45.95.010. FINDINGS AND POLICY. (a) The legislature finds
12 that

13 (1) small independent business is important to the future
14 development of the state;

15 (2) it has been difficult in the past for small business to
16 secure financing through regular established channels; and

17 (3) the lack of capital and operating funds is a main cause
18 of failure of small business.

19 (b) It is the policy of this chapter to promote the more rapid
20 development of small business in the state by making available long-term
21 low interest commercial loans for refinancing, consolidation, expansion
22 or for use as operating capital.

23 Sec. 45.95.020. LOANS. If a person is eligible for a loan under
24 sec. 30 of this chapter and has obtained a commitment from a private
25 financial institution in the state that it will loan 20 per cent of
26 the needed funds, the Department of Commerce shall make a loan for the
27 remaining 80 per cent.

28 Sec. 45.95.030. ELIGIBILITY. (a) A person is eligible for a
29 loan under this chapter if

1 (1) he has been in business in the state for at least one
2 year;

3 (2) he is a resident of the state; and

4 (3) in the judgment of the department

5 (A) the business shows a definite potential for growth;

6 (B) the borrower will be able to repay the loan; and

7 (C) the loan will potentially create more jobs and
8 provide additional services in the community.

9 (b) Loans may not be made to a borrower who has as an owner,
10 partner or officer a person who advocates, or is a member of a group
11 which advocates the overthrow of the government of the United States
12 or of the state by force or violence.

13 Sec. 45.95.040. POWERS OF THE DEPARTMENT. The department may

14 (1) designate agents and delegate its powers to them as
15 necessary;

16 (2) adopt regulations necessary to carry out its functions;

17 (3) establish amortization plans for repayment of loans,
18 which may include delayed payments of principal and interest for not
19 to exceed five years; and

20 (4) enter into agreements with private financial institutions,
21 other state agencies or agencies of the federal government, to carry
22 out the purposes of this chapter.

23 Sec. 45.95.050, LIMITATIONS ON LOANS. A loan provided for under
24 this chapter may not exceed \$100,000 nor be for more than 80 per cent
25 of the appraised value of the collateral given as security. A loan
26 may not run for longer than 15 years nor bear a rate of interest that
27 exceeds by more than one per cent the highest rate of interest realized
28 by the state through other investment. However, the rate of interest
29 charged by the state on its portion of a loan may never exceed eight

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per cent.

Sec. 45.95.060. CREATION OF FUND. There is created a small business development fund to carry out the purposes of this chapter.

Sec. 45.95.070. ADMINISTRATION OF FUND. The commissioner of commerce shall administer the loan fund.

Sec. 45.95.080. DEFINITION. In this chapter "department" means the Department of Commerce.