

Offered: 2/17/71
Referred: Commerce

1 IN THE SENATE

BY BRADSHAW
BY REQUEST

2 SENATE BILL NO. 125

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 the state guaranteeing capital
7 asset purchases, refinancing or leases by public
8 service companies; and providing for an effective date."

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

10 * Section 1. AS 42 is amended by adding a new chapter to read:

11 CHAPTER 40. PUBLIC SERVICE COMPANY GUARANTY.

12 Sec. 42.40.010. DECLARATION AND FINDING BY LEGISLATURE. It is
13 the declared policy of the legislature in the interests of the public
14 and the commerce of the state to assist and promote the economic
15 development of the public services industry. In furtherance of this
16 policy it is considered necessary and desirable that provisions be
17 made to assist certain public services companies engaged in these
18 services by providing state governmental guaranties of loans to enable
19 them to purchase capital assets or secure leases suitable for these
20 services on reasonable terms.

21 Sec. 42.40.020. REVIEWING BOARD. There is created the Reviewing
22 Board which is composed of the governor and the commissioners of
23 commerce and economic development.

24 Sec. 42.40.030. POWERS OF THE BOARD. The Reviewing Board may
25 guarantee a lender against loss of principal or interest on a capital
26 asset purchase loan, refinancing or lease made by a lender to a public
27 service company. A guaranty shall be made in a form, on terms and
28 conditions, and under regulations the Reviewing Board considers neces-
29 sary and which are not inconsistent with the provisions of this chapter.

1 Sec. 42.40.040. FINDINGS BY THE BOARD. No guaranty may be made
2 unless the Reviewing Board makes the following affirmative findings:

3 (1) that the applicant is a public service company;

4 (2) that the guaranty extends to no more than the unpaid
5 interest and 90 per cent of the unpaid principal of any existing loan
6 or lease;

7 (3) that the guaranty on any loan or lease, or combination
8 of loans or leases, or loans and leases, is for not more than 90 per
9 cent of the purchase price or total lease cost of the capital asset
10 purchased or leased;

11 (4) that the guaranty does not extend to a loan, refinancing
12 or lease whose terms permit full repayment in more than 15 years;

13 (5) that the total face amount of a loan, refinancing or
14 lease or of the amounts of any other loans, refinancing or leases, to
15 the same public service company or corporate predecessor public service
16 company or companies, guaranteed and outstanding under the terms of
17 this chapter, does not exceed \$5,000,000 at any one time;

18 (6) that the capital asset to be purchased, financed or
19 leased to be guaranteed, is needed to improve the service or efficiency
20 of operation of the public service company; and

21 (7) that the public service company is unable to obtain
22 necessary funds for the purchase, refinancing or leasing of needed
23 capital asset on reasonable terms from a private source.

24 Sec. 42.40.050. COLLECTION OF GUARANTY FEE. The Reviewing Board
25 shall prescribe and collect from the lending institution a reasonable
26 guaranty fee in connection with each loan guaranteed under this
27 chapter, but in no event may it exceed one per cent of the total loan.

28 Sec. 42.40.060. USE OF STATE AND OTHER SERVICES. (a) The
29 Reviewing Board may expend money and make use of expert advice and

1 service and services as it may be required in carrying out the provi-
2 sions of this chapter and may use available services and facilities
3 of other departments, agencies and instrumentalities of the state
4 incidental to carrying out this chapter, at no charge to the board.

5 (b) Departments, agencies and other instrumentalities of the
6 state shall exercise their powers, duties and functions under the
7 direction of the board in a manner which will assist the board in
8 carrying out the purposes of this chapter.

9 Sec. 42.40.070. FUNDING OF GUARANTY. (a) Payments to lenders
10 required as a consequence of a guaranty under this chapter shall be
11 made from funds which are appropriated from time to time to the
12 Office of the Governor for that purpose by the legislature.

13 (b) Receipts under this chapter shall be credited to miscellane-
14 ous receipts of the state through the Department of Revenue.

15 (c) Administrative expenses under this chapter shall be
16 appropriated to the Office of the Governor.

17 Sec. 42.40.080. DEFINITIONS. In this chapter

18 (1) "capital asset" means property held by the person
19 (whether or not connected with his trade or business), but does not
20 include

21 (A) stock in trade of the person or other property of
22 a kind which would properly be included in the inventory of the
23 person if on hand at the close of the taxable year, or property
24 held by the person primarily for sale to customers in the ordinary
25 course of his trade or business;

26 (B) property, used in his trade or business, of a
27 character which is subject to the allowance for depreciation, or
28 real property used in his trade or business;

29 (C) a copyright, a literary, musical, or artistic

1 composition, or similar property, held by

2 (i) a person whose personal efforts created such
3 property, or

4 (ii) a person in whose hands the basis of such
5 property is determined, for the purpose of determining gain
6 from a sale or exchange, in whole or in part by reference
7 to the basis of such property in the hands of the person
8 whose personal efforts created such property;

9 (D) accounts or notes receivable acquired in the
10 ordinary course of trade or business for services rendered or
11 from the sale of property described in (A) of this paragraph; or

12 (E) an obligation of the United States or any of its
13 possessions, or of a state or territory, or any political subdivi-
14 sion thereof, or of the District of Columbia, issued on or
15 after March 1, 1941, on a discount basis and payable without
16 interest at a fixed maturity date not exceeding one year from
17 the date of issue;

18 (2) "capital asset purchase loan or lease" means a loan,
19 refinancing or lease, or commitment in connection therewith, made for
20 the purchase, refinancing, or lease of a capital asset, including
21 additions thereto normally associated with the type of capital asset
22 involved;

23 (3) "public service company" means a domestic Alaska corpora-
24 tion or company which has been providing necessary and vital services
25 to the public of the state and is subject to the complete regulation
26 by the federal or state government, and is principally operating in
27 this state, and has so operated for at least five continuous years
28 before the application for a guarantee being filed for under this
29 chapter.

1 * Sec. 2. AS 37.10.085 is repealed.

2 * Sec. 3. This Act takes effect on the day after its passage and approv-
3 al or on the day it becomes law without approval.

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