

Original sponsor: Kerttula

Offered: 3/26/76  
Referred: Finance

1 IN THE SENATE BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 556

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Renewable Resources Development  
7 Bank; and providing for an effective date."

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

9 \* Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 55. RENEWABLE RESOURCES DEVELOPMENT BANK.

11 ARTICLE 1. CREATION AND ORGANIZATION.

12 Sec. 44.55.010. LEGISLATURE FINDING. The legislature determines  
13 that:

14 (1) the achievement of stable long-term economic growth in  
15 the state will depend in large part on the development of renewable  
16 resource industry;

17 (2) the development of renewable resource industry will be  
18 accelerated by the increased availability of financing for feasible  
19 renewable resource projects;

20 (3) after completion of the Trans-Alaska Pipeline the state  
21 will have available amounts from nonrenewable revenue resource sources  
22 for financing renewable resource industry;

23 (4) the achievement of the goal of stable long-term economic  
24 growth in the state will be facilitated by creation of an instrumentality  
25 of the state with the powers provided in this chapter to assist in the  
26 determination of feasibility of renewable resource projects and to  
27 assist in the financing, with other sources, of such projects.

28 Sec. 44.55.020. CREATION OF BANK. There is created the Renewable  
29 Resources Development Bank. The bank is a public corporation and

1 government instrument in the Department of Commerce and Economic Develop-  
2 ment but has legal existence independent of and separate from the state.  
3 The exercise by the bank of the powers conferred by this chapter is con-  
4 sidered an essential governmental function of the state.

5 Sec. 44.55.030. MEMBERSHIP. The bank is governed by a board of  
6 directors consisting of the commissioner of commerce and economic  
7 development and the commissioner of revenue as ex officio members with  
8 power to vote, and seven members appointed by the governor. The appoint-  
9 ment of each director is subject to confirmation by the legislature in  
10 joint session. The members appointed shall be residents of the state  
11 involved in banking, finance or in renewable resource industry. The  
12 term of office of each director is four years except the initial term of  
13 office of one of the directors is one year, the initial term of two of  
14 the directors is two years, the initial term of two of the directors is  
15 three years, and the initial term of two of the directors is four years.  
16 Each director serves until his successor has been appointed and qualified.

17 Sec. 44.55.040. OFFICERS, QUORUM, AND EXECUTIVE COMMITTEE. The  
18 directors shall elect a chairman from among their members, and other  
19 officers as they determine desirable. The powers of the bank are vested  
20 in the directors and five directors constitute a quorum. Action may be  
21 taken by the bank at a meeting by the affirmative vote of at least five  
22 directors. The board of directors may constitute an executive committee  
23 to which it may delegate part of its powers. The executive committee  
24 consists of the president and at least two other persons appointed by  
25 the board from among the members.

26 Sec. 44.55.050. STAFF. The bank shall employ a president who may  
27 with the approval of the directors employ additional officers and employ-  
28 ees. Employees and officers of the bank are not in the classified  
29 service under AS 39.25. In addition to its staff of employees and

1 officers, the bank may contract and engage the services of consultants,  
2 experts, and counsel the bank considers necessary.

3 ARTICLE 2. PURPOSE AND POWERS.

4 Sec. 44.55.060. PURPOSE. The purpose of the bank is to assist in  
5 the development of renewable resource industry in the state by assist-  
6 ing, after determining the feasibility of specific projects, in the  
7 financing of projects in conjunction with other sources.

8 Sec. 44.55.070. GENERAL POWERS. In carrying out its corpor-  
9 ate purposes, the bank has power to:

- 10 (1) adopt, alter and use a corporate seal;
- 11 (2) prescribe, adopt, amend and repeal bylaws;
- 12 (3) sue and be sued in its own name;
- 13 (4) invest, in such form as it considers appropriate, includ-  
14 ing, without limitation, by purchase of the capital stock of or the  
15 lending of money to, renewable resource projects, provided, that any  
16 investment in the capital stock of or other ownership interest in such  
17 a project shall not exceed 50 per cent of the capital stock of, or other  
18 ownership interest in, the project, and no loan or other investment in  
19 the project by the bank shall exceed 90 per cent of the cost of the  
20 project except where in the judgment of the bank additional amounts must  
21 be loaned to protect the interests of the bank;
- 22 (5) borrow funds, and in that connection furnish such col-  
23 lateral or other security as it determines;
- 24 (6) deposit its funds, or invest its funds in such obliga-  
25 tions as it may determine;
- 26 (7) guarantee securities in which it invested in order to  
27 facilitate their sale;
- 28 (8) buy and sell securities it has issued or guaranteed or in  
29 which it has invested;

1 (9) manage the Alaska renewable resources development fund  
2 and the Alaska renewable resources permanent fund created by AS 37.11;

3 (10) enter into agreements necessary or convenient in the  
4 exercise of its powers and functions;

5 (11) acquire, hold, use, lease, sell or otherwise dispose of  
6 property of any kind, real, personal or mixed, or any interest in it;

7 (12) contract with state, federal and other agencies to  
8 develop needed information and analyses;

9 (13) do all acts and things necessary, convenient or desirable  
10 to carry out the powers granted or implied in this chapter;

11 (14) make grants, not to exceed 15 per cent of the total  
12 assets, to renewable resource development projects which, under guide-  
13 lines established by regulation, are projects that contribute signifi-  
14 cantly to the long-term viability of the renewable resource industries  
15 of the state;

16 (15) purchase currently sound evidence of indebtedness from  
17 the tourism fund, the agriculture revolving loan fund and the small  
18 business development loan fund if the loan was made after the effective  
19 date of this Act in support of renewable resource development and if  
20 the loan meets the criteria of sec. 80(b) of this chapter.

21 Sec. 44.55.080. INITIAL DETERMINATIONS AND OPERATIONAL PRINCIPLES  
22 AND POWERS. (a) Before beginning its financing operations, the bank  
23 shall render a detailed report to the legislature which shall

24 (1) define the renewable resource industry sectors which need  
25 financing for expansion of existing projects or the development of new  
26 projects;

27 (2) define the size and nature of projects which are feasible  
28 for bank financing;

29 (3) determine specific projects which are feasible for bank

1 and private financing;

2 (4) determine the availability of private investment capital  
3 for the projects it determines are feasible;

4 (5) forecast the capital requirements of the bank for the  
5 first three years of its operations.

6 (b) The operations of the bank shall be governed by the following  
7 principles:

8 (1) Before financing a project the bank shall determine the  
9 feasibility of the renewable resource project seeking financing on an  
10 independent basis employing such criteria it considers necessary, in-  
11 cluding, without limitation, the availability of competent and experi-  
12 enced management.

13 (2) The bank shall not invest in any renewable resource  
14 project for which in its opinion sufficient private financing could be  
15 obtained on reasonable terms.

16 (3) The bank shall not assume responsibility for managing  
17 any project in which it has invested, except where in the judgment of  
18 the bank of the exercise of managerial control is necessary to protect  
19 its interests.

20 (4) The bank shall undertake its financing on terms and con-  
21 ditions which it considers appropriate, taking into account the require-  
22 ments of the project, the risks being undertaken and conditions normally  
23 obtained by private investors for similar financing which may, without  
24 limitation, include restrictions on the amount of officers' and direc-  
25 tors' salaries, the amount of dividends which may be paid, the amount of  
26 capital expenditures and the redemption of preferred stock.

27 (5) The bank shall seek to revolve its funds by selling its  
28 investments to private investors whenever it can appropriately do so on  
29 satisfactory terms.

1 (6) The bank shall promote private investment in renewable  
2 resource industry by intensive investigation of potential projects,  
3 assistance in securing experienced management and by any other means it  
4 considers appropriate.

5 (7) The bank shall seek to maintain reasonable diversifica-  
6 tion in its investments between the major categories of renewable re-  
7 source industry.

8 Sec. 44.55.090. ANNUAL AUDIT. The board shall provide for an  
9 annual independent audit of the accounts and financial transactions of  
10 the bank. To make the audit the board shall designate a certified  
11 public accountant who has no personal interest, direct or indirect, in  
12 the fiscal affairs of the bank. Copies of the audit shall be furnished  
13 to the legislature within the first 10 days of each regular session.

14 Sec. 44.55.100. DEFINITIONS. In this chapter:

15 (1) "bank" means the Renewable Resources Development Bank;

16 (2) "business enterprise" means a private corporation, firm,  
17 partnership or sole proprietorship;

18 (3) "renewable resource industry" means commercial, indus-  
19 trial or manufacturing operations in the area of agriculture, fisheries,  
20 forestry or outdoor recreation;

21 (4) "renewable resource project" or "project" means property  
22 of a business enterprise used in connection with

23 (A) making, processing, preparing or producing in any  
24 manner goods or products of agriculture, fisheries, or forestry; or

25 (B) outdoor recreation.

26 Sec. 44.55.110. CONFLICT OF INTEREST. The bank shall not make a  
27 financial transaction with a business enterprise to which any of its  
28 members or employees are related.

29 \* Sec. 2. AS 37.11.030 is repealed and re-enacted to read:

1           Sec. 37.11.030. FUND UTILIZATION. Appropriations from this fund  
2 shall provide funding for capital and operating expenditures of the  
3 Renewable Resources Development Bank. Plans for expenditures from this  
4 fund shall be prepared in detail by the board of directors of the bank  
5 and shall be submitted by the governor in accordance with the Executive  
6 Budget Act (AS 37.07) as part of his annual presentation to the legis-  
7 lature.

8 \* Sec. 3. AS 37.11.070 is amended to read:

9           Sec. 37.11.070. UTILIZATION OF FUND INCOME. Income received from  
10 investment of permanent fund principal shall not be held in trust, but  
11 shall be used to provide funding for capital and operating appropriations  
12 of the Renewable Resources Development Bank [FOR THE REHABILITATION,  
13 ENHANCEMENT AND DEVELOPMENT OF RENEWABLE RESOURCES PROGRAMS]. Plans for  
14 expenditures from fund income shall be prepared in detail by the board  
15 of directors of the bank [APPROPRIATE STATE DEPARTMENT OR AGENCY] and  
16 shall be submitted by the governor in accordance with the Executive  
17 Budget Act (AS 37.07) as part of his annual budget presentation to the  
18 legislature.

19 \* Sec. 4. AS 37.10.075(a) is amended to read:

20           (a) When the commissioner of revenue determines that there are  
21 funds in the state treasury which are not being used for the purposes  
22 provided for in sec. 70 of this chapter, they may be deposited in  
23 financial institutions including the Renewable Resources Development  
24 Bank. Collateral may be required by the commissioner to secure state  
25 deposits provided for under this section.

26 \* Sec. 5. This Act takes effect July 1, 1976.  
27  
28  
29