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1 IN THE HOUSE

2 HOUSE BILL NO. 654

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for redevelopment assistance in
7 blighted commercial areas."

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

9 * Section 1. AS 45.90 is amended by adding a new chapter to read:

10 CHAPTER 92. COMMERCIAL REDEVELOPMENT PROGRAM.

11 Sec. 45.92.010. PURPOSE. The legislature finds that there are
12 commercial areas which, because of inadequate planning or economic
13 decay, constitute an aesthetic or economic blight on cities and towns in
14 the state. It is the intent and policy of the legislature to encourage
15 and assist in the redevelopment of these blighted areas wherever practi-
16 cable and to prevent their recurrence.

17 Sec. 45.92.020. DESIGNATION OF REDEVELOPMENT AREAS. A local
18 governing body may identify and declare redevelopment areas within its
19 jurisdiction. In order to qualify as a redevelopment area under this
20 chapter, an area must be commercially developed and constitute a serious
21 aesthetic or economic blight on the community. A redevelopment area
22 must have significant potential for improvement and need for assistance
23 under this chapter. To be eligible under this chapter, the designation
24 of redevelopment areas is required to be certified by the department.

25 Sec. 45.92.030. REDEVELOPMENT PLANS. In order to qualify for
26 assistance under this chapter, the local governing body shall submit to
27 the department a redevelopment plan which establishes coherent guide-
28 lines and objectives for improvements within a redevelopment area that
29 are economically feasible and aesthetically pleasing. The department

1 is responsible for reviewing all redevelopment plans. No assistance may
2 be granted in a redevelopment area under this chapter unless a redevelop-
3 ment plan is approved by the department for that area.

4 Sec. 45.92.040. CREATION OF COMMERCIAL REDEVELOPMENT REVOLVING
5 FUND. There is created in the Department of Commerce and Economic
6 Development a commercial redevelopment revolving fund.

7 Sec. 45.92.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
8 department may

9 (1) make loans to a business for developments or improvements
10 in a redevelopment area;

11 (2) designate agents and delegate powers to them as is
12 necessary;

13 (3) establish amortization plans for the repayment of loans
14 not to exceed 20 years;

15 (4) adopt regulations necessary to carry out its functions
16 under this chapter.

17 (b) The department shall consult with the Department of Community
18 and Regional Affairs on regulations and procedures established under
19 this chapter.

20 (c) The department shall, within the limitations of appropriations
21 for that purpose, reimburse local governments on a pro rata basis for up
22 to 50 per cent of revenue foregone as a result of ordinances enacted
23 under AS 29.53.035(h).

24 Sec. 45.92.060. LIMITATIONS ON LOANS. (a) State participation in
25 a loan to a business under this chapter may not be more than \$3,000,000.

26 (b) The loan shall be secured by acceptable collateral and may not
27 exceed 75 per cent of the appraised value of the collateral offered as
28 security.

29 (c) The rate of interest may not exceed eight per cent a year on

1 the unpaid balance of the state's share of the loan.

2 (d) A loan of \$150,000 or more under this chapter must be partic-
3 ipated in by a financial institution in an amount which is not less than
4 20 per cent of the total amount of the loan. A loan of less than
5 \$150,000 does not require participation by a financial institution.

6 (e) The participating financial institution shall administer and
7 service the loan for a reasonable fee not exceeding one-half of one per
8 cent.

9 (f) The lien of the state is a first lien to the extent of its
10 portion of the total loan and the participating financial institution
11 shall have a first lien to the extent of its portion of the total loan.

12 (g) The proposed improvement or development to be financed by the
13 loan must conform to the redevelopment plan for the area in which it is
14 located.

15 Sec. 45.92.070. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a) The
16 commissioner may sell or transfer at par value or at a premium or dis-
17 count to any bank or other private purchaser for cash or other considera-
18 tion the mortgages and notes held by the department as security for
19 loans made under this chapter.

20 (b) The commissioner may sell or transfer at par value to the
21 Department of Revenue the mortgages and notes held by the Department of
22 Commerce and Economic Development as security for loans made under this
23 chapter. The Department of Revenue shall purchase the mortgages and
24 notes offered.

25 Sec. 45.92.080. REQUIRED LOCAL EFFORT. To be eligible to receive
26 assistance under this chapter, a local governing body is required to
27 demonstrate to the department that it has made a good faith effort to
28 establish planning and zoning procedures that will arrest the spread of
29 blight and prevent its recurrence.

1 Sec. 45.92.090. DEFINITIONS. In this chapter

2 (1) "commissioner" means the commissioner of commerce and
3 economic development;

4 (2) "department" means the Department of Commerce and Economic
5 Development.

6 * Sec. 2. AS 29.53.035 is amended by adding a new subsection to read:

7 (h) A municipality may by ordinance exempt from taxation all or
8 any part of the increase in assessed value of improvements to or new
9 developments on real property in a redevelopment area under AS 45.92 if
10 an increase in assessed value is directly attributable to alteration of
11 the natural features of the land or new maintenance, repair or reno-
12 vation of an existing structure or new development and if the altera-
13 tion, maintenance, repair, renovation or development, when completed,
14 enhances the exterior appearance or aesthetic quality of the land or
15 structure and is certified by the Department of Commerce and Economic
16 Development to conform with the redevelopment plan for that area under
17 AS 45.92. An exemption provided under this subsection may continue for
18 up to four years from the date the improvement is completed or from the
19 date of approval for the exemption by the Department of Commerce and
20 Economic Development, whichever is later.