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1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR HOUSE CS FOR SENATE BILL NO. 453

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain revolving loan funds; and
7 providing for an effective date."

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

9 * Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
11 loan, not to exceed \$3,000 [\$2,500] in any one school year, to an under-
12 graduate student eligible under sec. 765 of this chapter.

13 * Sec. 2. AS 44.33.250(b) is repealed and re-enacted to read:

14 (b) A loan in excess of \$10,000 must be secured by acceptable col-
15 lateral with an appraised value of at least 100 per cent of the loan
16 amount.

17 * Sec. 3. AS 44.33.255(a) is amended to read:

18 (a) A loan to a child care facility under secs. 240 - 275 of this
19 chapter may not exceed \$30,000, and no more than one loan may be made to
20 a single child care facility under secs. 240 - 275 of this chapter
21 [\$10,000].

22 * Sec. 4. AS 44.33.260(2) is amended to read:

23 (2) the applicant demonstrates that the proposed loan will
24 enable the child care facility to obtain or renew a license from the
25 Department of Health and Social Services or a certificate from the De-
26 partment of Education;

27 * Sec. 5. AS 44.33.270(b) is amended to read:

28 (b) The commissioner of commerce and economic development may sell
29 or transfer at par value to the Department of Revenue the mortgages and

1 notes held by the department as security for loans made under this chap-
2 ter. The Department of Revenue shall purchase the mortgages and notes
3 offered until the current principal amount of all mortgages and notes
4 purchased and held by the Department of Revenue equals \$1,000,000
5 [\$300,000].

6 * Sec. 6. AS 44.33 is amended by adding new sections to read:

7 ARTICLE 7. RESIDENTIAL CARE FACILITY REVOLVING LOAN FUND.

8 Sec. 44.33.320. RESIDENTIAL CARE FACILITY REVOLVING LOAN FUND.

9 There is established in the Department of Commerce and Economic Develop-
10 ment a residential care facility revolving loan fund to carry out the
11 purposes of secs. 320 - 380 of this chapter. The fund may be used for
12 no other purpose.

13 Sec. 44.33.330. POWERS AND DUTIES OF THE DEPARTMENT IN ADMINISTER-
14 ING THE FUND. (a) The department may

15 (1) make loans for the construction, renovation, and equip-
16 ping of residential care facilities;

17 (2) promulgate regulations necessary to carry out the provi-
18 sions of secs. 320 - 380 of this chapter.

19 (b) The department shall

20 (1) develop eligibility standards for loans to residential
21 care facilities;

22 (2) adopt guidelines for the determination of loan terms.

23 Sec. 44.33.340. PURPOSE OF LOANS. (a) Loans under secs. 320 -380
24 of this chapter shall be made to enable residential care facilities in
25 the state to comply with the established licensing standards for resi-
26 dential care facilities.

27 (b) A loan may not be made unless the commissioner is satisfied
28 that the applicant cannot obtain funding from private lending institu-
29 tions for the construction, renovation or equipping of residential care

1 facilities.

2 Sec. 44.33.350. LOAN TERMS. (a) The principal amount of a loan
3 to a residential care facility under secs. 320 - 380 of this chapter may
4 not exceed \$20,000.

5 (b) The rate of interest charged shall be six per cent a year on
6 the unpaid balance of the loan.

7 (c) The duration for repayment of a loan may not exceed 10 years.

8 (d) All principal and interest payments on loans under secs. 320 -
9 380 of this chapter shall be paid into the residential care facility
10 revolving loan fund.

11 (e) If a residential care facility ceases operation, any loan to
12 the facility from the fund is due on the date the facility ceases opera-
13 tion.

14 Sec. 44.33.360. ELIGIBILITY FOR LOANS. A residential care faci-
15 lity is eligible for a loan under secs. 320 - 380 of this chapter if

16 (1) the applicant submits to the department a plan for the
17 use of the loan funds which is approved by the commissioner;

18 (2) the applicant demonstrates that the proposed loan will
19 enable the residential care facility to obtain a license from the De-
20 partment of Health and Social Services;

21 (3) the applicant has not received over \$10,000 in loans from
22 the fund in the five-year period preceding the application; and

23 (4) the applicant meets eligibility standards established by
24 the department under sec. 330(b)(1) of this chapter.

25 Sec. 44.33.370. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a) The
26 commissioner may sell or transfer at par value or at a premium to a bank
27 or other private purchaser for cash or other consideration the mortgages
28 and notes held by the department as security for loans made under this
29 chapter.

1 (b) The commissioner may sell or transfer at par value to the
2 Department of Revenue the mortgages and notes held by the department as
3 security for loans made under this chapter. The Department of Revenue
4 may purchase the mortgages and notes offered until the current principal
5 amount of all mortgages and notes purchased and held by the Department
6 of Revenue under secs. 320 - 380 of this chapter equals \$300,000.

7 Sec. 44.33.380. DEFINITIONS. In secs. 320 - 380 of this chapter

8 (1) "commissioner" means the commissioner of commerce and
9 economic development;

10 (2) "department" means the Department of Commerce and Eco-
11 nomic Development;

12 (3) "residential care facility" means a foster home, group
13 home, or institution which provides 24-hour nonmedical care for depen-
14 dent adults not related by blood, marriage, or legal adoption to the
15 owner, operator or manager of the facility.

16 * Sec. 7. AS 44.33.260(3) and (4), and 44.33.265 are repealed.

17 * Sec. 8. This Act takes effect July 1, 1978.