

Introduced: 4/16/79
Referred: Finance

1 IN THE HOUSE

BY METCALFE

2 HOUSE BILL NO. 460

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to revolving loan funds administered
7 by the Department of Commerce and Economic Development,
8 and providing for an effective date."

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

10 * Section 1. AS 16.10.320(a)(3) is repealed and re-enacted to read:

11 (3) shall bear interest at a rate set by the department
12 within one-fourth of one per cent of the current Federal National
13 Mortgage Association average yield for conventional home mortgages; the
14 department shall reduce the interest rate to the borrowers as esta-
15 blished under this paragraph if the legislature appropriates money as a
16 subsidy; the rate may not be reduced below the level which, when added
17 to the subsidy, will be sufficient to provide a return to the fund equal
18 to that which would have been earned under this paragraph in the absence
19 of the legislative subsidy;

20 * Sec. 2. AS 16.10.320(c)(4) is repealed and re-enacted to read:

21 (4) shall bear interest at a rate set by the department
22 within one-fourth of one per cent of the current Federal National
23 Mortgage Association average yield for conventional home mortgages; the
24 department shall reduce the interest rate to the borrowers as esta-
25 blished under this paragraph if the legislature appropriates money as a
26 subsidy; the rate may not be reduced below the level which, when added
27 to the subsidy, will be sufficient to provide a return to the fund equal
28 to that which would have been earned under this paragraph in the absence
29 of the legislative subsidy;

1 * Sec. 3. AS 16.10.320(e)(4) is repealed and re-enacted to read:
2 (4) shall bear interest at a rate set by the department
3 within one-fourth of one per cent of the current Federal National
4 Mortgage Association average yield for conventional home mortgages; the
5 department shall reduce the interest rate to the borrowers as esta-
6 blished under this paragraph if the legislature appropriates money as a
7 subsidy; the rate may not be reduced below the level which, when added
8 to the subsidy, will be sufficient to provide a return to the fund equal
9 to that which would have been earned under this paragraph in the absence
10 of the legislative subsidy;

11 * Sec. 4. AS 16.10.330(b) is amended to read:
12 (b) The commissioner of commerce and economic development may sell
13 or transfer at par value to the Department of Revenue the mortgages,
14 bonds and notes held by the Department of Commerce and Economic
15 Development as security for loans made under this chapter. However, the
16 commissioner of commerce and economic development may not transfer an
17 interest in a vessel documented under the laws of the United States to
18 the Department of Revenue, except as permitted by the Ship Mortgage Act
19 of 1920 (46 U.S.C. secs. 911 - 984; 41 Stat. 1000), as amended, and the
20 Shipping Act of 1916 (46 U.S.C. secs. 801 - 842; 39 Stat. 728), as
21 amended, so long as those two Acts remain ambiguous with respect to
22 whether or not a state or state agency qualifies as a citizen of the
23 United States for purposes of those two Acts. [THE DEPARTMENT OF
24 REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1976, SHALL PURCHASE ALL
25 THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT PRINCIPAL
26 AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND HELD BY THE
27 DEPARTMENT OF REVENUE EQUALS \$7,000,000. THE DEPARTMENT OF REVENUE, FOR
28 THE FISCAL YEAR ENDING JUNE 30, 1977, SHALL PURCHASE ALL THE MORTGAGES,
29 BONDS AND NOTES OFFERED UNTIL THE CURRENT PRINCIPAL AMOUNT OF ALL THE

1 MORTGAGES, BONDS AND NOTES PURCHASED AND HELD BY THE DEPARTMENT OF
2 REVENUE EQUALS \$9,000,000.] The [AFTER JUNE 30, 1977, THE] Department
3 of Revenue may [SHALL] purchase [ALL] the mortgages, bonds and notes
4 offered.

5 * Sec. 5. AS 16.10.510(6) is repealed and re-enacted to read:

6 (6) establish the rate of interest for loans within one-
7 fourth of one per cent of the current Federal National Mortgage Associa-
8 tion average yield for conventional home mortgages; the commissioner
9 shall reduce the interest rate to the borrowers as established under
10 this paragraph if the legislature appropriates money as a subsidy; the
11 rate may not be reduced below the level which, when added to the sub-
12 sidy, will be sufficient to provide a return to the fund equal to that
13 which would have been earned under this paragraph in the absence of the
14 legislative subsidy;

15 * Sec. 6. AS 16.10.550 is amended to read:

16 Sec. 16.10.550. SALE OR TRANSFER OF MORTGAGES AND NOTES. [(a)]
17 The commissioner may sell or transfer at par value to the Department of
18 Revenue the mortgages and notes held by the department as security for
19 loans made under this chapter. The Department of Revenue may [SHALL]
20 purchase [ALL] the mortgages and notes offered [UNTIL THE CURRENT
21 PRINCIPAL AMOUNT OF ALL THE MORTGAGES AND NOTES PURCHASED AND HELD BY
22 THAT DEPARTMENT EQUALS \$200,000,000].

23 * Sec. 7. AS 44.33.255(b) is repealed and re-enacted to read:

24 (b) The interest rate shall be set by the department within one-f
25 ourth of one per cent of the current Federal National Mortgage Associa-
26 tion average yield for conventional home mortgages. The department
27 shall reduce the interest rate to the borrowers as established under
28 this subsection if the legislature appropriates money as a subsidy. The
29 rate may not be reduced below the level which, when added to the sub-

1 sity, will be sufficient to provide a return to the fund equal to that
2 which would have been earned under this subsection in the absence of the
3 legislative subsidy.

4 * Sec. 8. AS 44.33.270(b) is amended to read:

5 (b) The commissioner of commerce and economic development may sell
6 or transfer at par value to the Department of Revenue the mortgages and
7 notes held by the department as security for loans made under this
8 chapter. The Department of Revenue may [SHALL] purchase the mortgages
9 and notes offered [UNTIL THE CURRENT PRINCIPAL AMOUNT OF ALL MORTGAGES
10 AND NOTES PURCHASED AND HELD BY THE DEPARTMENT OF REVENUE EQUALS
11 \$1,000,000].

12 * Sec. 9. AS 44.33.350(b) is repealed and re-enacted to read:

13 (b) The interest rate shall be set by the department within one-
14 fourth of one per cent of the current Federal National Mortgage Asso-
15 ciation average yield for conventional home mortgages. The department
16 shall reduce the interest rate to the borrowers as established under
17 this subsection if the legislature appropriates money as a subsidy. The
18 rate may not be reduced below the level which, when added to the sub-
19 sidy, will be sufficient to provide a return to the fund equal to that
20 which would have been earned under this subsection in the absence of the
21 legislative subsidy.

22 * Sec. 10. AS 45.86.020(a) is amended to read:

23 (a) Loans from the fund shall be for a term not to exceed 50
24 years, and the rate of interest shall be set by the department within
25 one-fourth of one per cent of the Federal National Mortgage Association
26 average yield for conventional home mortgages. The department shall
27 reduce the interest rate to the borrowers as established under this sub-
28 section if the legislature appropriates money as a subsidy. The rate
29 may not be reduced below the level which, when added to the subsidy,

1 will be sufficient to provide a return to the fund equal to that which
2 would have been earned under this subsection in the absence of the
3 legislative subsidy [NOT LESS THAN THREE NOR MORE THAN FIVE PER CENT A
4 YEAR ON THE UNPAID BALANCE]. The repayment schedule shall be as deter-
5 mined by the department. Repayment of a loan shall commence at the date
6 of commercial operation of the project or 10 years from the date the
7 loan is granted, whichever is sooner.

8 * Sec. 11. AS 45.88.030(e) is repealed and re-enacted to read:

9 (e) The interest rate shall be set by the department within one-
10 fourth of one per cent of the current Federal National Mortgage Asso-
11 ciation average yield for conventional home mortgages. The department
12 shall reduce the interest rate to the borrowers as established under
13 this subsection if the legislature appropriates money as a subsidy. The
14 rate may not be reduced below the level which, when added to the sub-
15 sidy, will be sufficient to provide a return to the fund equal to that
16 which would have been earned under this subsection in the absence of the
17 legislative subsidy.

18 * Sec. 12. AS 45.88.040(b) is amended to read:

19 (b) The commissioner may sell or transfer at par value to the
20 Department of Revenue the mortgages and notes held by the Department of
21 Commerce and Economic Development as security for loans made under this
22 chapter. The Department of Revenue may [SHALL] purchase the [ALL OF
23 THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
24 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
25 FEE].

26 * Sec. 13. AS 45.90.030(c) is repealed and re-enacted to read:

27 (c) The interest rate shall be set by the department within one-
28 fourth of one per cent of the current Federal National Mortgage Associa-
29 tion average yield for conventional home mortgages. The department

1 shall reduce the interest rate to the borrowers as established under
2 this subsection if the legislature appropriates money as a subsidy. The
3 rate may not be reduced below the level which, when added to the sub-
4 sidiy, will be sufficient to provide a return to the fund equal to that
5 which would have been earned under this subsection in the absence of the
6 legislative subsidy.

7 * Sec. 14. AS 45.90.040(b) is amended to read:

8 (b) The commissioner of commerce and economic development may sell
9 or transfer at par value to the Department of Revenue the mortgages and
10 notes held by the Department of Commerce and Economic Development as
11 security for loans made under this chapter. The Department of Revenue
12 may [SHALL] purchase the mortgages and notes offered.

13 * Sec. 15. AS 45.95.020(a) is amended to read:

14 (a) The commissioner shall, under regulations and policies adopted
15 by him, make small business loans to acquire, finance or refinance or
16 equip businesses, including farming equipment, mining and fishing, not
17 exceeding \$300,000. The loans shall be secured by acceptable collateral
18 and may not exceed 75 per cent of the appraised value of the collateral
19 offered as security. The rate of interest shall be set by the depart-
20 ment within one-fourth of one per cent of the current Federal National
21 Mortgage Association average yield for conventional home mortgages. The
22 department shall reduce the interest rate to the borrowers as esta-
23 blished under this subsection if the legislature appropriates money as
24 a subsidy. The rate may not be reduced below the level which, when
25 added to the subsidy, will be sufficient to provide a return to the
26 fund equal to that which would have been earned under this subsection
27 in the absence of the legislative subsidy [MAY NOT EXCEED EIGHT PER CENT
28 A YEAR ON THE UNPAID BALANCE].

29 * Sec. 16. AS 45.95.040(b) is amended to read:

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 of
3 Commerce and Economic Development as security for loans made under this
4 chapter. The Department of Revenue may [SHALL] purchase the [ALL OF
5 THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
6 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
7 FEE].

8 * Sec. 17. AS 45.98.040(4) is repealed and re-enacted to read:

9 (4) the interest rate shall be set by the department within
10 one-fourth of one per cent of the current Federal National Mortgage
11 Association average yield for conventional home mortgages; the depart-
12 ment shall reduce the interest rate to the borrowers as established
13 under this paragraph if the legislature appropriates money as a subsidy;
14 the rate may not be reduced below the level which, when added to the
15 subsidy, will be sufficient to provide a return to the fund equal to
16 that which would have been earned under this paragraph in the absence of
17 the legislative subsidy;

18 * Sec. 18. This Act takes effect immediately in accordance with AS 01.10.
19 070(c).