

Introduced: 2/13/79
Referred: Commerce and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 147

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 Develop-
8 ment; 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 AS 16.10.320(a)(3) is repealed and re-enacted to read: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;
14 the department shall reduce the interest rate to the borrowers as
15 established under this paragraph if the legislature appropriates money
16 as a subsidy; the rate may not be reduced below the level which, when
17 added to the subsidy, will be sufficient to provide a return to the
18 fund equal to that which would have been earned under this paragraph
19 in the absence 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 AS 16.10.320(c)(4) is repealed and re-enacted to read: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;
24 the department shall reduce the interest rate to the borrowers as
25 established under this paragraph if the legislature appropriates money
26 as a subsidy; the rate may not be reduced below the level which, when
27 added to the subsidy, will be sufficient to provide a return to the
28 fund equal to that which would have been earned under this paragraph
29 in the absence of the legislative subsidy;

1 * Sec. 3. AS 16.10.330(b) is amended to read:

2 (b) The commissioner of commerce and economic development may
3 sell or transfer at par value to the Department of Revenue the mort-
4 gages, bonds and notes held by the Department of Commerce and Economic
5 Development as security for loans made under this chapter. However,
6 the commissioner of commerce and economic development may not transfer
7 an interest in a vessel documented under the laws of the United States
8 to the Department of Revenue, except as permitted by the Ship Mortgage
9 Act of 1920 (46 U.S.C. secs. 911 - 984; 41 Stat. 1000), as amended,
10 and the Shipping Act of 1916 (46 U.S.C. secs. 801 - 842; 39 Stat.
11 728), as amended, so long as those two Acts remain ambiguous with
12 respect to whether or not a state or state agency qualifies as a
13 citizen of the United States for purposes of those two Acts. [THE
14 DEPARTMENT OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1976, SHALL
15 PURCHASE ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT
16 PRINCIPAL AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND
17 HELD BY THE DEPARTMENT OF REVENUE EQUALS \$7,000,000. THE DEPARTMENT
18 OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1977, SHALL PURCHASE
19 ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT PRINCIPAL
20 AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND HELD BY THE
21 DEPARTMENT OF REVENUE EQUALS \$9,000,000.] The [AFTER JUNE 30, 1977,
22 THE] Department of Revenue may [SHALL] purchase [ALL] the mortgages,
23 bonds and notes offered.

24 * Sec. 4. AS 16.10.320(e)(4) is repealed and re-enacted to read:

25 (4) shall bear interest at a rate set by the department
26 within one-fourth of one per cent of the current Federal National
27 Mortgage Association average yield for conventional home mortgages;
28 the department shall reduce the interest rate to the borrowers as
29 established under this paragraph if the legislature appropriates money

1 as a subsidy; the rate may not be reduced below the level which, when
2 added to the subsidy, will be sufficient to provide a return to the
3 fund equal to that which would have been earned under this paragraph
4 in the absence of the legislative subsidy;

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

6 (6) establish the rate of interest within one-fourth of one
7 per cent of the current Federal National Mortgage Association average
8 yield for conventional home mortgages; the commissioner shall reduce
9 the interest rate to the borrowers as established under this paragraph
10 if the legislature appropriates money as a subsidy; the rate may not
11 be reduced below the level which, when added to the subsidy, will be
12 sufficient to provide a return to the fund equal to that which would
13 have been earned under this paragraph in the absence of the legis-
14 lative 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
18 of Revenue the mortgages and notes held by the department as security
19 for loans made under this chapter. The Department of Revenue may
20 [SHALL] purchase [ALL] the mortgages and notes offered [UNTIL THE
21 CURRENT PRINCIPAL AMOUNT OF ALL THE MORTGAGES AND NOTES PURCHASED AND
22 HELD BY 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-
25 fourth 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.
29 The rate may not be reduced below the level which, when added to the

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

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

5 (b) The commissioner of commerce and economic development may
6 sell or transfer at par value to the Department of Revenue the mort-
7 gages and notes held by the department as security for loans made
8 under this chapter. The Department of Revenue may [SHALL] purchase
9 the mortgages and notes offered [UNTIL THE CURRENT PRINCIPAL AMOUNT OF
10 ALL MORTGAGES AND NOTES PURCHASED AND HELD BY THE DEPARTMENT OF REVENUE
11 EQUALS \$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.
18 The rate may not be reduced below the level which, when added to the
19 subsidy, will be sufficient to provide a return to the fund equal to
20 that which would have been earned under this subsection in the absence
21 of the 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 [NOT LESS THAN THREE NOR
27 MORE THAN FIVE PER CENT A YEAR ON THE UNPAID BALANCE]. The department
28 shall reduce the interest rate to the borrowers as established under
29 this subsection if the legislature appropriates money as a subsidy.

1 The rate may not be reduced below the level which, when added to the
2 subsidy, will be sufficient to provide a return to the fund equal to
3 that which would have been earned under this subsection in the absence
4 of the legislative subsidy. The repayment schedule shall be as deter-
5 mined by the department. Repayment of a loan shall commence at the
6 date of commercial operation of the project or 10 years from the date
7 the 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.
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 subsection in the absence
17 of the 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
21 of Commerce and Economic Development as security for loans made under
22 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
23 OF 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.
3 The rate may not be reduced below the level which, when added to the
4 subsidy, will be sufficient to provide a return to the fund equal to
5 that which would have been earned under this subsection in the absence
6 of the legislative subsidy.

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

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

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
3 of Commerce and Economic Development as security for loans made under
4 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
5 OF 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
10 within one-fourth of one per cent of the current Federal National
11 Mortgage Association average yield for conventional home mortgages;
12 the department shall reduce the interest rate to the borrowers as
13 established under this paragraph if the legislature appropriates money
14 as a subsidy; the rate may not be reduced below the level which, when
15 added to the subsidy, will be sufficient to provide a return to the
16 fund equal to that which would have been earned under this paragraph
17 in the absence of the legislative subsidy;

18 * Sec. 18. This Act takes effect immediately in accordance with AS
19 01.10.070(c).
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