

Introduced: 4/8/81
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 487

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 Authority; and providing for an effective date."

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

9 * Section 1. In accordance with AS 44.88.090(g), the Alaska Industrial
10 Development Authority may issue revenue bonds in the principal amount of
11 \$400,000,000 during the fiscal year ending June 30, 1982.

12 * Sec. 2. Section 9(c), ch. 120 SLA 1980, is repealed.

13 * Sec. 3. AS 44.88.010(4) is amended to read:

14 (4) the establishment, and expansion of industrial, manufac-
15 turing, small business, tourism, mining, and commercial fishing enter-
16 prises in Alaska, including facilities for air and water transportation,
17 facilities for pollution control and waste disposal, facilities for the
18 local furnishing of gas, facilities for water, and facilities for
19 industrial parks, is essential to the development of the natural re-
20 sources and the long-term economic growth of the state, and will di-
21 rectly and indirectly alleviate unemployment in the state;

22 * Sec. 4. AS 44.88.050(a) is amended to read:

23 (a) A majority of the members of the authority constitutes a
24 quorum for the transaction of business or the exercise of a power or
25 function at a meeting of the authority. In case of a tie vote on a
26 motion or resolution pending before the authority the motion or resolu-
27 tion shall be presented to the governor and if approved by him, is
28 considered adopted by the authority. The authority may meet and trans-
29 act business by electronic media, including conference telephone, if

1 the public has the same right to participate in the meeting as if the
2 meeting were held in person. A meeting by electronic media as provided
3 in this section has the same legal effect as a meeting in person.

4 * Sec. 5. AS 44.88.105 is amended by adding a new subsection to read:

5 (f) The authority may establish a reserve fund other than a
6 capital reserve fund, to secure its bonds. The authority may deposit
7 in a reserve fund established under this subsection the proceeds of
8 sale of its bonds and other money which may be made available from any
9 other source. A reserve fund established under this subsection must
10 comply with (a) -- (c) of this section. The authority may allow a
11 reserve fund created under this subsection to be depleted without
12 complying with (d) of this section.

13 * Sec. 6. AS 44.88.155 is repealed and reenacted to read:

14 Sec. 44.88.155. ENTERPRISE DEVELOPMENT FUND. (a) There is
15 established in the authority the enterprise development fund. The
16 authority may use money in the enterprise development fund to purchase
17 all or a part of a loan made by a private financial institution to
18 finance the cost of a project. The authority may pledge or enter into
19 covenants with respect to (1) loans purchased by it and (2) amounts and
20 loans appropriated to the authority for the enterprise development fund
21 to secure the payment of the principal, interest, and redemption pre-
22 mium, if any, on bonds issued by the authority to finance the purchase
23 of loans for a project.

24 (b) If the security for the bonds issued to provide money to
25 purchase a loan for a project includes the general obligation of the
26 authority or any pledge of, or covenants with respect to, assets of the
27 authority, other than bond proceeds or amounts provided by nongovern-
28 mental sources, the enterprise development loan purchased must be for a
29 purpose and comply with the conditions specified in AS 44.88.158(c).

1 * Sec. 7. AS 44.88.157(a) is amended to read:

2 (a) The authority may establish a loan insurance account. The
3 purpose of the loan insurance account is to provide insurance of mort-
4 gage loans and other loans made or purchased by the authority, or made
5 by others and approved for insurance by the authority, for a project.
6 The authority may enter into agreements as to the use of money in the
7 loan insurance account and may pledge, assign, or grant interests in
8 the loan insurance account as provided in this section. The authority
9 may adopt regulations and enter into agreements with respect to the
10 exercise of any power or approval relating to the loan insurance account
11 under this section, including, without limitation, agreements as to the
12 use of money in the loan insurance account, agreements with respect to
13 the terms and conditions upon which payments from the loan insurance
14 account will be made with respect to a loan insured under this section,
15 agreements as to separate subaccounts in the loan insurance account for
16 different categories of loans or as to loans made by the authority or
17 any other person, and agreements regarding the payment of and security
18 for bonds issued by the authority. An agreement, the rights of the
19 authority under an agreement, or payments received or to be received
20 under an agreement may be pledged or assigned by the authority for the
21 benefit of the holders of bonds issued by the authority.

22 * Sec. 8. AS 44.88.158(a) is amended to read:

23 (a) There is established in the authority a small business, tour-
24 ism, mining, and commercial fishing enterprises loan account. The ac-
25 count is composed of money or assets appropriated or transferred to the
26 authority, interest on investments and loans of the account, and other
27 money deposited in it by the authority. The authority may use the
28 assets of the small business, tourism, mining, and commercial fishing
29 enterprises loan account to purchase loans made by others to small

1 business enterprises, tourism enterprises, mining enterprises, and
2 commercial fishing enterprises to pay the costs of projects, as defined
3 in AS 44.88.220 [, WHICH HAVE BEEN OR WHICH THE AUTHORITY ANTICIPATES
4 WILL BE FINANCED WITH THE PROCEEDS OF BONDS].

5 * Sec. 9. AS 44.188.158(c) is amended by adding a new paragraph to read:

6 (7) must involve participation from private lending sources
7 in an amount not less than 10 percent of the cost of the project or 10
8 percent of the appraised value of the project, whichever is less.

9 * Sec. 10. AS 44.88.158(e) is amended to read:

10 (e) The authority may enter into agreements as to the use and in-
11 vestment of the money in the small business, tourism, mining, and
12 commercial fishing enterprises loan account, including without limita-
13 tion, trust or custody arrangements with banks or trust companies. It
14 may also pledge, assign, or grant the agreement, interests under an
15 agreement, or interests in the small business, tourism, mining, and
16 commercial fishing enterprises loan account as may be necessary or
17 appropriate to provide for payment and security for bonds of the autho-
18 rity.

19 * Sec. 11. AS 44.88 is amended by adding a new section to read:

20 Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of
21 the loans purchased from a financial institution under this chapter
22 become delinquent for 90 days or more, the authority shall discontinue
23 purchasing loans from that financial institution until the delinquency
24 is reduced to less than two percent.

25 * Sec. 12. AS 44.88 is amended by adding a new section to read:

26 Sec. 44.88.159. INTEREST RATES. (a) The interest rate on a loan
27 may not exceed by more than one-half of one percent a year the interest
28 rate on loans of the authority prevailing at the time the loan is
29 purchased for projects which are financed with the proceeds from the

1 sale of a series of bonds with interest exempt from federal income tax
2 in the principal amount of \$1,000,000 or less if the loan is purchased
3 (1) with money in the small business, tourism, mining, and commercial
4 fishing enterprises loan account; or (2) with the proceeds of bonds of
5 the authority the interest on which is not exempt from federal income
6 tax.

7 (b) If the purchase of a loan is financed with the proceeds of
8 bonds referred to in (a)(2) of this section, the difference between the
9 interest rate on the bonds plus the necessary expenses of the authority
10 attributable to the loan and the rate of interest charged by the au-
11 thority on the loan, shall be paid as the authority determines, with
12 money or assets appropriated or transferred to the authority. The dif-
13 ference between the rate the authority estimates would be payable by a
14 borrower referred to in (a)(1) of this section on a loan if the loan
15 were financed from private sources and the rate of interest charged by
16 the authority on the loan shall be separately reported by the authority
17 in the report required by AS 44.88.210.

18 * Sec. 13. AS 44.88.220(2) is amended to read:

19 (2) "business enterprise" means a single proprietorship,
20 corporation, firm, partnership, or other association of persons organ-
21 ized in any manner, for any business purpose, other than [WHICH IS NOT
22 ORGANIZED] on a nonprofit basis;

23 * Sec. 14. AS 44.88.220(5) is amended to read:

24 (5) "project" means [INCLUDES]

25 (A) a plant or facility used or intended for use in
26 connection with making, processing, preparing, or producing in any
27 manner, goods, products or substances of any kind or nature or in
28 connection with developing or utilizing a natural resource, or
29 extracting, smelting, transporting, converting, assembling or

1 producing in any manner, minerals, raw materials, chemicals,
2 compounds, alloys, fibers, commodities and materials, products or
3 substances of any kind or nature, any plant or facility used or
4 intended for use as an industrial park or in connection with air
5 and water transportation, or any plant or facility for the preven-
6 tion, limitation or control of air or water pollution, for the
7 disposal of sewage or solid waste, for the local furnishing of
8 gas, or for the furnishing of water; or

9 (B) commercial activity by a small business enterprise,
10 tourism enterprise, mining enterprise, or [AND] commercial fishing
11 enterprise as defined in (12), (13), (14), and (15) of this sec-
12 tion;

13 * Sec. 15. AS 44.88.220(12) is amended to read:

14 (12) "small business enterprise" means a business enterprise
15 which is a project applicant with annual profit before the payment of
16 taxes [GROSS INCOME] of \$10,000,000 or less for its annual reporting
17 period which ended immediately before the application to the authority
18 for a loan;

19 * Sec. 16. AS 44.88.220(13) is amended to read:

20 (13) "tourism enterprise" means a business enterprise which
21 is a project applicant directly involved in the tourist industry;

22 * Sec. 17. AS 44.88.220(14) is amended to read:

23 (14) "commercial fishing enterprise" means one or more indi-
24 vidual commercial fishermen who are project applicants and residents of
25 the state who jointly apply for and receive a commercial fishing loan
26 from a private financial institution in the state or from a state or
27 federal loan program;

28 * Sec. 18. AS 44.88.220(15) is amended to read:

29 (15) "mining enterprise" means a business enterprise which is

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a project applicant directly involved in the mining industry.

* Sec. 19. AS 44.88.158(b) and (f) are repealed.

* Sec. 20. This Act takes effect immediately in accordance with AS 01.10.070(c).