

Introduced: 3/27/81  
Referred: Resources and  
Finance

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 346

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act expanding the scope of the small business  
7 tourism, mining and commercial fishing enterprise loan  
8 account; and providing for an effective date."

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

10 \* Section 1. AS 44.88.010(a)(3) is amended to read:

11 (3) the state lacks the basic manufacturing, industrial,  
12 small business, tourism, mining, agricultural, and commercial fishing  
13 enterprises and other facilities referred to in AS 44.88.010(a)(5)  
14 necessary to permit adequate development of its natural resources and  
15 the balanced growth of its economy;

16 \* Sec. 2. AS 44.88.010(a)(5) is amended to read:

17 (5) the achievement of the goal of full employment, and of  
18 establishment and continuing operation and development of industrial,  
19 manufacturing, small business, tourism, mining, agricultural, and  
20 commercial fishing enterprises in the state, including facilities for  
21 air and water transportation, facilities for pollution control and  
22 waste disposal, facilities for the local furnishing of gas, facilities  
23 for water, and facilities for industrial parks, will be accelerated and  
24 facilitated by the creation of an instrumentality of the state with  
25 powers to incur debt and to make and insure loans to finance, and to  
26 assist private lenders to make loans to finance [,] the establishment,  
27 operation, and development of industrial, manufacturing, small business,  
28 tourism, mining, agricultural, and commercial fishing enterprises,  
29 including facilities for air and water transportation, facilities for

1 pollution control and waste disposal, facilities for the local furnish-  
2 ing of gas, facilities for water, and facilities for industrial parks,  
3 for private operation;

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

5 (b) It is declared to be the policy of the state, in the interests  
6 of promoting the health, security and general welfare of all the people  
7 of the state, and a public purpose, to increase job opportunities and  
8 otherwise to encourage the economic growth of the state, including the  
9 development of its natural resources, through the establishment of  
10 manufacturing, industrial, small business, tourism, agricul-  
11 tural, and commercial fishing enterprises and the other facilities  
12 referred to in AS 44.88.010(a)(5) by creating the public corporation  
13 with power, duties and functions as provided in this chapter.

14 \* Sec. 4. AS 44.88.070 is amended to read:

15 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the  
16 authority is to promote, develop and advance the general prosperity and  
17 economic welfare of the people of Alaska, to relieve problems of unem-  
18 ployment and to create additional employment by providing various means  
19 of financing and means of facilitating the financing of industrial,  
20 manufacturing, small business, tourism, mining, agricultural, and  
21 commercial fishing enterprises and the other facilities referred to in  
22 AS 44.88.010(a)(5) within the state.

23 \* Sec. 5. AS 44.88.080(12) is amended to read:

24 (12) to purchase or insure loans to finance the costs of  
25 manufacturing, industrial, small business, tourism, agricul-  
26 tural, and commercial fishing enterprise projects;

27 \* Sec. 6. AS 44.88.155(b) is amended to read:

28 (b) The authority shall establish within the enterprise develop-  
29 ment fund a loan insurance account, a small business, tourism, mining,

1 agriculture, and commercial fishing enterprises loan account and other  
2 accounts it considers appropriate. Amounts in the enterprise develop-  
3 ment fund including, without limitation, repayments of loan principal  
4 and interest, may be pledged to the payment of bonds of the authority  
5 and shall be held and invested by the authority in investments autho-  
6 rized under AS 37.10.070(a) or as may be authorized in agreements with  
7 bondholders respecting amounts in the loan insurance account, the small  
8 business, tourism, mining, agriculture, and commercial fishing enter-  
9 prises loan account, and other accounts within the enterprise develop-  
10 ment fund.

11 \* Sec. 7. AS 44.88.158 is amended to read:

12 Sec. 44.88.158. SMALL BUSINESS, TOURISM, MINING, AGRICULTURE,  
13 AND COMMERCIAL FISHING ENTERPRISES LOAN ACCOUNT. (a) The authority  
14 may use the assets of the small business, tourism, mining, agriculture,  
15 and commercial fishing enterprises loan account to purchase loans made  
16 by others to small business enterprises, tourism enterprises, mining  
17 enterprises, agricultural enterprises, and commercial fishing enter-  
18 prises to pay the costs of projects, as defined in AS 44.88.220, which  
19 may [HAVE BEEN OR WHICH THE AUTHORITY ANTICIPATES WILL] be financed  
20 with the proceeds of bonds, appropriations, or other money available  
21 to the authority.

22 (b) Except as provided in (g) of this section, the [THE] interest  
23 rate on a loan purchased with money in the small business, tourism,  
24 mining, agriculture, and commercial fishing enterprises loan account  
25 must equal the interest rate which the authority estimates would be  
26 payable on bonds issued by the authority to provide money to make the  
27 loan.

28 (c) A loan purchased with money in the small business, tourism,  
29 mining, agriculture, and commercial fishing enterprises loan account

1 (1) may not exceed

2 (A) \$6,000,000 if the loan is made to a tourism enter-  
3 prise;

4 (B) \$1,000,000 if the loan is made to a mining enter-  
5 prise or to a small business enterprise that is not a tourism  
6 enterprise or a commercial fishing enterprise; [OR]

7 (C) \$500,000 for each individual commercial fisherman  
8 in the commercial fishing enterprise if the loan is made to a  
9 commercial fishing enterprise; or

10 (D) \$5,000,000 if the loan is made to an agricultural  
11 enterprise;

12 (2) may not exceed 75 percent of the cost of the project or  
13 75 percent of the appraised value of the project, whichever is less,  
14 unless the amount of the loan in excess of those limits is federally  
15 insured or guaranteed or is insured by a qualified mortgage insurance  
16 company;

17 (3) may not be made for a term longer than three-quarters of  
18 the authority's estimate of the life of the project or 25 years from  
19 the date the loan is made, whichever is earlier;

20 (4) shall contain complete amortization provisions satisfac-  
21 tory to the authority requiring periodic payments by the borrower;

22 (5) shall be in the form and contain the terms and provisions  
23 with respect to insurance, repairs, alterations, payment of taxes and  
24 assessments, default reserves, delinquency charges, default remedies,  
25 acceleration of maturity, secondary liens and other matters the author-  
26 ity prescribes; and

27 (6) shall be secured as to repayment by a mortgage or other  
28 security instrument in the manner the authority determines is feasible  
29 to assure timely repayment under a loan agreement entered into with the

1 borrower.

2 (d) The authority may adopt regulations for the administration of  
3 the small business, tourism, mining, agriculture, and commercial fishing  
4 enterprises loan account which may include, without limitation, provi-  
5 sions for fees and agreements relating to application, loan commitment,  
6 servicing, and origination of loans by other lenders.

7 (e) The authority may enter into agreements as to the use of the  
8 money in the small business, tourism, mining, agriculture, and commer-  
9 cial fishing enterprises loan account, including without limitation,  
10 trust or custody arrangements with banks or trust companies. It may  
11 also pledge, assign, or grant the agreement, interests under an agree-  
12 ment, or interests in the small business, tourism, mining, agriculture,  
13 and commercial fishing enterprises loan account as may be necessary or  
14 appropriate to provide for payment and security for for bonds of the  
15 authority.

16 (f) If more than two percent of the total amount of the loans  
17 purchased from a financial institution under this section becomes  
18 delinquent for 90 days or more, the authority shall discontinue purchas-  
19 ing loans from that financial institution until the delinquency is  
20 reduced to less than two percent.

21 (g) The authority may purchase loans made to agricultural enter-  
22 prises originated by the Alaska Rural Rehabilitation Corporation. The  
23 interest rate on an agricultural loan purchased from the Alaska Reha-  
24 ilitation Corporation by the authority with funding which has been  
25 appropriated for that purpose may not exceed eight percent to the bor-  
26 rower.

27 \* Sec. 8. AS 44.88.220(5)(B) is amended to read:

28 (B) a commercial undertaking or activity by a small  
29 business enterprise, tourism enterprise, mining enterprise, agri-

1           cultural enterprise, or [AND] commercial fishing enterprise as  
2           defined in (12), (13), (14), [AND] (15), and (16) of this section;

3           \* Sec. 9. AS 44.88.220 is amended by adding a new paragraph to read:

4                   (16) "agricultural enterprise" means the raising of crops and  
5           livestock and the processing and marketing of primary farm products.

6           \* Sec. 10. This Act takes effect immediately in accordance with AS 01.10.

7           070(c).

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