

Introduced: 5/15/81
Referred: Labor & Commerce
and Finance

1 IN THE SENATE

BY BRADLEY

2 SENATE BILL NO. 567

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."

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

9 * Section 1. AS 44.88.010(a)(4) is amended to read:

10 (4) the establishment, and expansion of industrial, manufac-
11 turing, small business, tourism, mining, timber, agricultural, multi-
12 family dwelling, and commercial fishing enterprises in Alaska, including
13 facilities for air and water transportation, facilities for pollution
14 control and waste disposal, facilities for the local furnishing of gas,
15 facilities for water, and facilities for industrial parks, is essential
16 to the development of the natural resources and the long-term economic
17 growth of the state, and will directly and indirectly alleviate un-
18 employment in the state;

19 * Sec. 2. AS 44.88.155 is repealed and reenacted to read:

20 Sec. 44.88.155. ENTERPRISE DEVELOPMENT FUND. (a) There is
21 established in the authority the enterprise development fund. The
22 authority may use money in the enterprise development fund to purchase
23 all or a part of a loan made by a private financial institution to
24 finance the cost of a project. The authority may pledge or enter into
25 covenants with respect to

26 (1) loans purchased by it; and

27 (2) amounts and loans appropriated to the authority for the
28 enterprise development fund to secure the payment of the principal,
29 interest, and redemption premium, if any, on bonds issued by the

1 authority to finance the purchase of loans for a project.

2 (b) If the security for the bonds issued to provide money to
3 purchase a loan for a project includes the general obligation of the
4 authority or a pledge of, or covenants with respect to, assets of the
5 authority, other than bond proceeds or amounts provided by nongovern-
6 mental sources, the enterprise development loan purchased must be for a
7 purpose specified in AS 44.88.158(c) and comply with the conditions
8 specified in AS 44.88.158(c).

9 * Sec. 3. AS 44.88.158(a) is repealed and reenacted to read:

10 Sec. 44.88.158. SMALL BUSINESS, TOURISM, MINING, TIMBER, AGRICUL-
11 TURAL, MULTI-FAMILY DWELLING, AND COMMERCIAL FISHING ENTERPRISES LOAN
12 ACCOUNT. (a) There is established in the authority a small business,
13 tourism, mining, timber, agricultural, multi-family dwelling, and com-
14 mercial fishing enterprises loan account. The account is composed of
15 money or assets appropriated or transferred to the authority, interest
16 on investments and loans of the account, and other money deposited in
17 it by the authority. The authority may use the assets of the small
18 business, tourism, mining, timber, agricultural, multi-family dwelling,
19 and commercial fishing enterprises loan account to purchase

20 (1) loans made by others to small business enterprises,
21 tourism enterprises, mining enterprises, timber enterprises, agri-
22 cultural enterprises, multi-family dwelling enterprises, and commercial
23 fishing enterprises to pay the costs of projects, as defined in AS 44.-
24 88.220; and

25 (2) guaranteed multi-family dwelling loans as provided in
26 (h) of this section.

27 * Sec. 4. AS 44.88.158(c) is repealed and reenacted to read:

28 (c) A loan purchased with money in the small business, tourism,
29 mining, timber, agricultural, multi-family dwelling, and commercial

1 fishing enterprises loan account

2 (1) may not exceed

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

5 (B) \$1,000,000 if the loan is made to a mining enter-
6 prise, a timber enterprise, an agricultural enterprise, a multi-
7 family dwelling enterprise, or to a small business enterprise that
8 is not a tourism enterprise or a commercial fishing enterprise; or

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

12 (2) may not exceed (A) 75 percent of the lesser or the cost
13 of the appraised value of a project costing more than \$100,000 or (B)
14 90 percent of the lesser of the cost or the appraised value of a project
15 costing \$100,000 or less, unless the amount of the loan in excess of
16 those limits is federally insured or guaranteed or is insured by a
17 qualified mortgage insurance company;

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

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

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

28 (6) shall be secured as to repayment by a mortgage or other
29 security instrument in the manner the authority determines is feasible

1 to assure timely repayment under a loan agreement entered into with the
2 borrower; and

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

6 * Sec. 5. AS 44.88.158(d) is amended to read:

7 (d) The authority may adopt regulations for the administration of
8 the small business, tourism, mining, timber, agricultural, multi-
9 family dwelling, and commercial fishing enterprises loan account which
10 may include, without limitation, provisions for fees and agreements
11 relating to application, loan commitment, servicing, and origination of
12 loans by other lenders.

13 * Sec. 6. AS 44.88.158(e) is amended to read:

14 (e) The authority may enter into agreements as to the use of the
15 money in the small business, tourism, mining, timber, agricultural,
16 multi-family dwelling, and commercial fishing enterprises loan account,
17 including without limitation, trust or custody arrangements with banks
18 or trust companies. It may also pledge, assign, or grant the agreement,
19 interests under an agreement, or interests in the small business,
20 tourism, mining, timber, agricultural, multi-family dwelling, and
21 commercial fishing enterprises loan account as may be necessary or
22 appropriate to provide for payment and security for for bonds of the
23 authority.

24 * Sec. 7. AS 44.88.158 is amended by adding new subsections to read:

25 (g) An application fee may not be charged for an application for
26 authority participation in a loan under this section. The commitment
27 fee for a loan commitment by the authority may not exceed \$2,000 or one
28 percent of the principal amount of the loan, whichever is more.

29 (h) The authority may use the assets of the small business,

1 tourism, mining, timber, agricultural, multi-family dwelling, and
2 commercial fishing enterprises loan account to purchase qualifying
3 guaranteed mortgage loans made for the construction or acquisition of
4 low or moderate income multi-family dwellings with five or more units.
5 In addition to the requirements imposed by this section, to qualify for
6 purchase by the authority under this subsection, a mortgage loan must
7 meet the following requirements:

8 (1) the loan must be for the construction or acquisition of
9 multi-family housing of five or more units;

10 (2) the loan must be for housing in which 20 percent or more
11 of the units will be occupied by low or moderate income tenants;

12 (3) the loan must be federally insured;

13 (4) the loan must have at least 10 percent participation by
14 a private bank or financial institution; and

15 (5) the lenders must agree to repurchase the authority
16 participation in the loan if they fail to meet federal requirements for
17 tax-exempt financing.

18 * Sec. 8. AS 44.88 is amended by adding a new section to read:

19 Sec. 44.88.159. INTEREST RATES. (a) The interest rate on a loan
20 purchased by the authority may not exceed by more than one-half of one
21 percent a year the prevailing interest rate on loans of the authority,
22 for projects financed from the proceeds of the sale of tax-exempt bonds
23 in the amount of \$1,000,000 or less, if the loan is purchased

24 (1) with money in the small business, tourism, mining,
25 timber, agricultural, multi-family dwelling, and commercial fishing
26 enterprises loan account; or

27 (2) with the proceeds of bonds of the authority which are
28 not tax exempt.

29 (b) If the purchase of a loan is financed with the proceeds of

1 bonds referred to in (a)(2) of this section, the difference between the
2 interest rate on the bonds, plus the necessary expenses of the authority
3 attributable to the loan and the rate of interest charged by the author-
4 ity on the loan, shall be paid as the authority determines, with money
5 or assets appropriated or transferred to the authority. The difference
6 between the interest rate the authority estimates would be payable by a
7 borrower referred to in (a)(1) of this section on a loan if the loan
8 were financed from private sources and the rate of interest charged by
9 the authority on the loan shall be separately reported by the authority
10 in the report required by AS 44.88.210.

11 (c) The interest rate on a loan purchased by the authority that
12 is made to a person who is an eligible veteran as defined in AS 18.-
13 56.101 shall be one percent less than the interest rate for a person
14 other than an eligible veteran.

15 * Sec. 9. AS 44.88 is amended by adding a new section to read:

16 Sec. 44.88.195. STANDARDIZED LOAN DOCUMENTS. The authority shall
17 develop and prepare, in conjunction with the Department of Revenue and
18 the Department of Community and Regional Affairs, standardized loan
19 documents for loans made or purchased by the authority.

20 * Sec. 10. AS 44.88.220(2) is amended to read:

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

25 * Sec. 11. AS 44.88.220(5) is amended to read:

26 (5) "project" means [INCLUDES]

27 (A) a plant or facility used or intended for use in
28 connection with making, processing, preparing, or producing in any
29 manner, goods, products or substances of any kind or nature or in

1 connection with developing or utilizing a natural resource, or
2 extracting, smelting, transporting, converting, assembling or
3 compounds, alloys, fibers, commodities and materials, products or
4 substances of any kind or nature, any plant or facility used or
5 intended for use as an industrial park or in connection with air
6 and water transportation, or any plant or facility for the preven-
7 tion, limitation or control of air or water pollution, for the
8 disposal of sewage or solid waste, for the local furnishing of
9 gas, or for the furnishing of water; or

10 (B) a small business enterprise, tourism enterprise,
11 mining enterprise, timber enterprise, agricultural enterprise,
12 multi-family dwelling enterprise, and commercial fishing enter-
13 prise as defined in (12), (13), (14), [AND] (15), (16), (17) and
14 (18) of this section, including working capital and inventory in
15 stock;

16 * Sec. 12. AS 44.88.220(6) is amended to read:

17 (6) "plant" or "facility" means real property, whether above
18 or below mean high water, or an interest in it, and the buildings,
19 improvements and structures constructed or to be constructed on or in
20 it, and may include fixtures, machinery, and equipment on it or in it,
21 and tangible personal property, regardless of whether the tangible
22 personal property is attached to or connected with real property, if
23 the owner has agreed not to remove the tangible personal property
24 permanently from the state for the period the authority sets; "plant"
25 or "facility" includes [DOES NOT INCLUDE] work in process or stock in
26 trade;

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

28 (12) "small business enterprise" means a business enterprise
29 which is a project applicant with annual profit before the payment of

1 taxes [GROSS INCOME] of \$10,000,000 or less for its annual reporting
2 period which ended immediately before the application to the authority
3 for a loan;

4 * Sec. 14. AS 44.88.220(13) is amended to read:

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

7 * Sec. 15. AS 44.88.220(14) is amended to read:

8 (14) "commercial fishing enterprise" means one or more indi-
9 vidual commercial fishermen who are project applicants and residents of
10 the state who jointly apply for and receive a commercial fishing loan
11 from a private financial institution in the state or from a state or
12 federal loan program;

13 * Sec. 16. AS 44.88.220(15) is amended to read:

14 (15) "mining enterprise" means a business enterprise which is
15 a project applicant directly involved in the mining industry.

16 * Sec. 17. AS 44.88.220 is amended by adding new paragraphs to read:

17 (16) "agricultural enterprise" means a project applicant
18 involved in the raising and harvesting of plants, trees, crops, and
19 livestock and includes the real estate, buildings, equipment, and
20 supplies normally necessary for the distribution, processing, market-
21 ing, and servicing of products related to agriculture or an agricultural
22 purpose;

23 (17) "timber enterprise" means a project applicant which is
24 directly involved in the timber industry;

25 (18) "multi-family dwelling enterprise" means a project
26 applicant which is directly involved in the construction and operation
27 and rental or sale of multi-family housing units as a commercial enter-
28 prise.

29 * Sec. 18. 3 AAC 99.230(b) and 3 AAC 99.270(b) are annulled.

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* Sec. 19. AS 44.88.158(b) is repealed.