

Introduced: 2/17/83
Referred: House Special Committee
on State Loans, Labor & Commerce
and Finance

BY DUNCAN, M.M.MILLER, CLOCKSIN
AND KOPONEN

1 IN THE HOUSE

2

HOUSE BILL NO. 208

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing a Small Business Development
7 Loan program; and providing for an effective date."

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

9 * Section 1. AS 45.95.020(a) is repealed and reenacted to read:

10 (a) The commissioner shall adopt regulations and policies to make
11 small business development loans or to purchase small business devel-
12 opment loans from a bank or other financial institution in the state.
13 A small business development loan made under this chapter may not
14 exceed \$100,000 and shall be for the purpose of acquiring, operating,
15 or equipping a business, other than a farming, mining, or fishing
16 business. A small business development loan shall be secured by
17 acceptable collateral and may not exceed 80 percent of the fair market
18 value of the collateral offered as security. The initial rate of
19 interest on a small business development loan is equal to the federal
20 discount rate in effect on the first day of the month preceding the
21 month of closing the loan plus three percentage points. The interest
22 rate shall be adjusted annually to be three percentage points more
23 than the federal discount rate in effect on the first day of the month
24 preceding the month of the anniversary date of the loan.

25 * Sec. 2. AS 45.95.020(d) is amended to read:

26 (d) Money loaned shall be delivered to the borrower as provided
27 by regulations adopted by the commissioner [IN THE FORM OF A WARRANT
28 DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED FOR STATE
29 DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS REVOLVING

1 LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMISSIONER OR ANY
2 BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER]. Upon repay-
3 ment of loans by installments, or otherwise, in accordance with the
4 prescribed terms, or upon liquidation by foreclosure or other process,
5 or upon receipt of interest or other revenue, the money so received
6 shall be turned over to the commissioner of revenue for deposit in the
7 small business development revolving loan fund.

8 * Sec. 3. AS 45.95.020(e) is amended to read:

9 (e) The commissioner may not disqualify an applicant for, or
10 prejudice an applicant's privilege to receive, a loan for a purpose
11 authorized under this section [TO PURCHASE AND INSTALL A FIRE PROTEC-
12 TION SYSTEM SOLELY] because the applicant has previously received a
13 loan under this chapter, but the total principal amount outstanding to
14 a borrower on loans made under this chapter may not exceed \$150,000
15 [OF A LOAN ALREADY MADE TO THE APPLICANT UNDER THIS CHAPTER].

16 * Sec. 4. AS 45.95.050 is amended to read:

17 Sec. 45.95.050. POWER OF COMMISSIONER TO ASSIGN AND SELL MORT-
18 GAGES. The commissioner may assign and sell small business develop-
19 ment loan mortgages to the Alaska permanent fund, the Department of
20 Revenue, or to a bank or other private purchaser [STATE MORTGAGE
21 ASSOCIATION] in consideration of receiving its cash, bonds, debentures
22 and notes upon conditions which the commissioner [HE] considers advan-
23 tageous to the state small business development lending program.

24 * Sec. 5. AS 45.95.060 is amended to read:

25 Sec. 45.95.060. ESTABLISHMENT [CREATION] OF FUND. The [THERE IS
26 CREATED THE] small business development revolving loan fund is estab-
27 lished in the Department of Commerce and Economic Development to carry
28 out the purposes of this chapter. This fund shall be used for no
29 other purpose.

1 * Sec. 6. AS 45.95.070 is amended to read:

2 Sec. 45.95.070. ELIGIBILITY FOR LOANS. A small business [PER-
3 SON] is eligible for a loan under this chapter if

4 (1) it [HE] can establish or demonstrate [GOOD CHARACTER,]
5 capacity for financial responsibility and an [,] ability to provide
6 sufficient collateral [AND KNOWLEDGE OF ALASKA ECONOMIC CONDITIONS];
7 and

8 [(2) HE IS A RESIDENT OF THE STATE; AND]

9 (3) in the judgment of the commissioner [DEPARTMENT OF
10 COMMERCE AND ECONOMIC DEVELOPMENT]

11 (A) the business shows a definite potential for
12 growth;

13 (B) the borrower will be able to repay the loan; and

14 (C) the loan has the potential to [WILL POTENTIALLY]
15 create more jobs and provide additional services in the commu-
16 nity.

17 * Sec. 7. AS 45.95.080 is amended by adding a new paragraph to read:

18 (2) "small business" means a sole proprietorship, partner-
19 ship, or corporation operating only in the state that is not a subsid-
20 iary of another business and that does not employ more than 10 em-
21 ployees.

22 * Sec. 8. Section 71(2), ch. 106, SLA 1980 is amended to read:

23 (2) no further loans may be made under AS 45.90.020
24 [,AS 45.95.020,] and AS 26.15.040(3).

25 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).