

Introduced: 2/14/83
Referred: Resources and
Finance

1 IN THE SENATE

BY MOSS

2

SENATE BILL NO. 124

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act amending the Alaska Agricultural Loan Act
7 (AS 03.10); and providing for an effective date."

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

9 * Section 1. AS 03.10.030(a) is amended to read:

10 (a) A farm development, chattel, or irrigation loan made under
11 this chapter

12 (1) may not exceed a term of 30 years, except that a
13 chattel loan may not exceed a term of seven years;

14 (2) may not, when added to the outstanding balance of other
15 loans made under this chapter, exceed a total outstanding balance of
16 \$1,000,000;

17 (3) shall be secured by a real estate or chattel mortgage
18 of any priority, except that the portion of a loan that exceeds
19 \$500,000, when added to prior indebtedness that is secured by the same
20 property, must be secured by a first mortgage;

21 (4) shall bear interest at a rate that may not be less than
22 six [EIGHT] percent or more than the commercial rate, unless the
23 commercial rate is six [EIGHT] percent or less; in this paragraph
24 "commercial rate" means the prevailing rate of interest at private
25 lending institutions in the state for loans similar to those referred
26 to in this subsection.

27 * Sec. 2. AS 03.10.030(c) is amended to read:

28 (c) A short term loan, to be amortized within one year, not to
29 exceed \$1,000,000 [\$200,000] to any one borrower may be made for

1 operating purposes.

2 * Sec. 3. AS 03.10.030(f) is amended to read:

3 (f) A farm product processing loan may not exceed \$2,500,000
4 [\$250,000]. A mortgage which secures a farm product processing loan
5 may be of any priority if the total indebtedness on the real estate,
6 including the secured farm product processing loan, does not exceed
7 \$2,500,000 [\$250,000]. A farm product processing loan which, if made,
8 would raise the existing indebtedness on the real estate securing the
9 loan above \$2,500,000 [\$250,000], or a farm product processing loan on
10 real estate which has a prior indebtedness of \$2,500,000 [\$250,000] or
11 more, may be made only if all prior mortgagees agree to subordinate
12 their mortgages to that of the state for the amount of the farm
13 product processing loan which exceeds the \$2,500,000 [\$250,000] in-
14 debtedness limit on the real estate. A farm product processing loan
15 may not exceed a term of 30 years or bear interest that is less than
16 six [EIGHT] percent a year and shall be secured by a real estate or
17 chattel mortgage or both.

18 * Sec. 4. AS 03.10.030(g) is amended to read:

19 (g) A loan for clearing land may not
20 (1) exceed \$1,000,000 [\$250,000];
21 (2) bear interest that is less than six [EIGHT] percent;
22 (3) have a term in excess of 20 years; or
23 (4) be made for clearing land that is not classified as
24 class III or better by the United States Soil Conservation Service
25 under the land classification system used by the United States Soil
26 Conservation Service.

27 * Sec. 5. AS 03.10.050(b) is amended to read:

28 (b) The board is composed of five members. The governor shall
29 appoint one member and one member shall be elected from each of the

1 four Agricultural Stabilization and Conservation Service counties in
2 the state by the farmers registered with the soil conservation service
3 in that county [APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE
4 LEGISLATURE IN JOINT SESSION. THREE MEMBERS SHALL BE PERSONS WITH
5 BACKGROUND AND EXPERIENCE IN ALASKA AGRICULTURE]. Members of the
6 board serve for overlapping two-year [THREE-YEAR] terms. Members of
7 the board are not entitled to receive compensation for their services,
8 but shall receive the same travel pay and per diem as provided by law
9 for boards and commissions.

10 * Sec. 6. AS 03.10.050 is amended by adding new subsections to read:

11 (d) The agricultural revolving loan fund board shall permit a
12 person whose loan application is disapproved by the board under (a) of
13 this section to make a personal appearance before the board to have
14 the board review the loan application decision.

15 (e) The agricultural revolving loan fund board may declare a
16 farm disaster in an area of the state because of crop failure due to a
17 natural disaster and, if the decision is concurred in by the commis-
18 sioner, may declare a two-year moratorium on principal and interest
19 payments on a loan made under this chapter to a person whose crops
20 have failed because of the natural disaster.

21 * Sec. 7. AS 03.15.052 is amended to read:

22 Sec. 03.15.052. LIMITATION ON BOARD MEMBERS. A member of the
23 agricultural revolving loan fund board may not vote on the approval of
24 a loan applied for by that member [, DURING THE MEMBER'S TERM OF
25 OFFICE OR WITHIN ONE YEAR AFTER CEASING TO BE A MEMBER OF THE BOARD,
26 OBTAIN A LOAN UNDER THIS CHAPTER OTHER THAN A SHORT-TERM LOAN UNDER
27 AS 03.10.030(c)].

28 * Sec. 8. Terms of the members of the agricultural revolving loan board
29 that are first appointed and elected under AS 03.10.050(b), amended by sec.

1 5 of this Act, shall be as follows: (1) member appointed by the gover-
2 nor--two years; (2) two elected members--one year; (3) one elected
3 member--two years; (4) one elected member--three years. The commissioner
4 of natural resources shall determine which elected members hold the one,
5 two, and three-year terms in the initial board.

6 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
7 10.070(c).