

Offered: 5/7/85  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

HOUSE CS FOR CS FOR SENATE BILL NO. 78 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan  
7 programs; and providing for an effective date."

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

9 \* Section 1. AS 16.10.310(a) is amended to read:

10 (a) The department may

11 (1) make loans to

12 (A) individual commercial fishermen who have been  
13 state residents for a continuous period of two years immediately  
14 preceding the date of application for a loan under AS 16.10.300 -  
15 16.10.370 and have had a crewmember or commercial fishing license  
16 under AS 16.05.480 or a permit under AS 16.43 for the year imme-  
17 diately preceding the date of application and any other two of  
18 the past five years, and who actively participated in the fishery  
19 during those periods, for the purchase of entry permits;

20 (B) an individual for the repair, restoration, or up-  
21 grading of existing vessels and gear, for the purchase of entry  
22 permits and gear, and for the construction and purchase of ves-  
23 sels, if the individual [AN INDIVIDUAL WHO] has been a state  
24 resident for a continuous period of two years immediately pre-  
25 ceding the date of application for a loan under AS 16.10.300 -  
26 16.10.370, and either [WHO]

27 (i) because of lack of training or lack of em-  
28 ployment opportunities in the area of residence does not  
29 have occupational opportunities available other than

1 commercial fishing; or  
2 (ii) is economically dependent on commercial  
3 fishing for a livelihood and for whom commercial fishing has  
4 been a traditional way of life [FOR THE INDIVIDUAL] in  
5 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-  
6 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND  
7 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

8 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100  
9 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO  
10 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS  
11 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER  
12 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL  
13 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR  
14 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY  
15 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED  
16 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR  
17 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,  
18 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

19 (2) designate agents and delegate its powers to them as  
20 necessary;

21 (3) adopt regulations necessary to carry out its functions;

22 (4) establish amortization plans for repayment of loans,  
23 which may include extensions for poor fishing seasons or for adverse  
24 market conditions for Alaskan products;

25 (5) enter into agreements with private lending intuitions,  
26 other state agencies, or agencies of the federal government, to carry  
27 out the purposes of AS 16.10.300 - 16.10.370;

28 (6) enter into agreements with other agencies or organiza-  
29 tions to create an outreach program to make loans under AS 16.10.300 -

1 16.10.370 in rural areas of the state;

2 (7) allow an assumption of a loan if

3 (A) the applicant has been a state resident for a  
4 continuous period of two years immediately preceding the date of  
5 the request for an assumption; and

6 (B) approval of the assumption would be consistent  
7 with the purposes of AS 16.10.300; an applicant for a loan  
8 assumption may not be disqualified because the applicant does not  
9 meet the loan eligibility requirements of (1) of this subsection;

10 (8) prequalify loan applicants for a limited entry permit  
11 loan and charge a fee not to exceed \$200 for prequalification.

12 \* Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

13 (c) In determining whether an individual commercial fisherman is  
14 reasonably likely to be able to repay a loan made under AS 16.10.300 -  
15 16.10.370, the commissioner shall consider the individual commercial  
16 fisherman's income from commercial fishing and from all other sources.

17 \* Sec. 3. AS 16.10.315 is amended to read:

18 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall  
19 allocate at least 10 percent of the money that is appropriated for a  
20 state fiscal year to make loans under AS 16.10.310 for loans of  
21 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-  
22 cation made under this section terminates on April 15 of the state  
23 fiscal year for which the allocation is made.

24 \* Sec. 4. AS 16.10.320(a) is amended to read:

25 (a) Except as permitted in (h) of this section, a [A] loan  
26 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

27 (1) may not exceed a term of 15 years, except for exten-  
28 sions under AS 16.10.310(a)(4);

29 (2) may not bear interest exceeding 10-1/2 percent;

1 (3) must [SHALL] be secured by a first priority lien and  
2 appropriate security agreement; and

3 (4) may not exceed 90 percent of the appraised value of the  
4 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER  
5 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY  
6 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS  
7 SECTION].

8 \* Sec. 5. AS 16.10.320(d) is amended to read:

9 (d) The total of balances outstanding on loans [LOANS] made to a  
10 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]  
11 \$300,000. The total of balances outstanding on loans [LOANS] made to  
12 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A  
13 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-  
14 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-  
15 tion, "ASSOCIATE OF THE BORROWER" MEANS

16 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-  
17 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-  
18 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF  
19 EQUITY SECURITIES;

20 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL  
21 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE  
22 BORROWER;

23 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A  
24 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS  
25 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

26 \* Sec. 6. AS 16.10.320(e) is amended to read:

27 (e) Two or more individual commercial fishermen who each satisfy  
28 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,  
29 whether operating as a corporation, partnership, joint venture, or

1 otherwise, obtain a commercial fishing loan for the repair, restora-  
2 tion, or upgrading of an existing vessel and gear, for the purchase of  
3 gear, and for the construction [OF A FISHING VESSEL] or the purchase  
4 of a [AN EXISTING] fishing vessel. Loans granted under this subsec-  
5 tion

6 [(1)] may not exceed the amount specified in (d) of this  
7 section multiplied by the number of qualified commercial fishermen  
8 applying for the loan [;

9 (2) MAY NOT EXCEED A TERM OF 15 YEARS;

10 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-  
11 PRIATE SECURITY AGREEMENT;

12 (4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

13 AND

14 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF  
15 THE COLLATERAL USED TO SECURE THE LOAN].

16 \* Sec. 7. AS 16.10.320(i) is amended to read:

17 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),  
18 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF  
19 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made  
20 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan  
21 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under  
22 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on  
23 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310  
24 does not exceed \$300,000.

25 \* Sec. 8. AS 16.10.333(a) is amended to read:

26 (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to  
27 an individual commercial fisherman for the purchase of a limited entry  
28 permit upon certification by the commission that the fisherman is a  
29 person who qualifies as a transferee for the permit under AS 16.43 and

1 the regulations adopted by the commission.

2 \* Sec. 9. AS 16.10.335 is amended to read:

3 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor  
4 defaults upon a note for which a limited entry permit has been pledged  
5 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-  
6 sioner shall provide the debtor, by both [REGISTERED OR] certified and  
7 first class mail sent to the debtor's last known address on file with  
8 the commissioner, with a notice of default that [WHICH] includes

9 (1) a description of the security given for the note in-  
10 cluding the number assigned to the pledged permit by the commission;

11 (2) the date upon which the default occurred;

12 (3) the amount of arrearages as of the date of the notice,  
13 the total amount remaining on the note less unearned interest, and the  
14 amount of daily interest;

15 (4) a statement that the debtor may, within 15 days after  
16 [OF] the postmark date of the notice, request a hearing to submit  
17 evidence showing the debtor has not defaulted;

18 (5) a statement that the note may be reinstated if brought  
19 current within 60 days after [FROM] the postmark date of the notice;

20 (6) a statement that the note may be paid in full less  
21 unearned interest within 120 days after [FROM] the postmark date of  
22 the notice;

23 (7) the place where reinstatement or payment in full may be  
24 made; and

25 (8) a notice in at least 10-point bold type stating:  
26 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE  
27 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT  
28 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

29 (b) In each case of a limited entry permit being pledged as

1 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on  
2 file with the department an address where notice of default is to be  
3 sent, if necessary, and where that notice will be timely received by  
4 the debtor.

5 (c) Upon presentation of evidence of mailing in accordance with  
6 (a) of this section, the receipt of the notice of default by the  
7 debtor will be presumed for all purposes. This presumption is rebut-  
8 table by presentation of evidence sufficient to demonstrate lack of  
9 receipt of notice through no fault of the debtor. Upon presentation  
10 of evidence sufficient to prove lack of receipt of notice through no  
11 fault of the debtor, the notice is a nullity.

12 (d) Upon good cause shown, the commissioner may waive any of the  
13 time limits in (a) of this section, if the department receives from  
14 the debtor or the debtor's representative a request for the waiver  
15 before the expiration of the time limit for which the waiver is  
16 sought.

17 (e) Except as otherwise provided in (c) and (d) of this section,  
18 upon [UPON] the debtor's failure to satisfy the note within the time  
19 specified in (a)(6) of this section, the debtor's interest in the  
20 permit is terminated by operation of law without further notice. Any  
21 entry permit cards issued to the debtor under the permit must [SHALL]  
22 be cancelled immediately upon receipt by the commission of a certifi-  
23 cate of termination containing a copy of the notice required by (a) of  
24 this section issued by the commissioner.

25 \* Sec. 10. AS 16.10.339 is amended to read:

26 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL  
27 OF THE] department [,] shall adopt regulations to implement AS 16.10.-  
28 333 - 16.10.337.

29 \* Sec. 11. AS 16.10 is amended by adding a new section to read:

1           Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-  
2 CLOSURE. The department shall dispose of property acquired through  
3 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370  
4 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a  
5 manner that serves the best interests of the state, and may include  
6 the amortization of payments over a period of years, but may not be by  
7 lease.

8 \* Sec. 12. AS 16.10 is amended by adding a new section to read:

9           Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
10 established as a special account within the fisheries enhancement  
11 revolving loan fund the foreclosure expense account. This account is  
12 established as a reserve from fund equity.

13           (b) The commissioner may expend money credited to the foreclo-  
14 sure expense account when necessary to protect the state's security  
15 interest in collateral on loans made under AS 16.10.520 or to defray  
16 expenses incurred during foreclosure proceedings after a default by an  
17 obligor.

18 \* Sec. 13. AS 16.10 is amended by adding a new section to read:

19           Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
20 FORECLOSURE. The Department of Commerce and Economic Development  
21 shall dispose of property acquired through default or foreclosure of a  
22 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a  
23 manner that serves the best interests of the state, and may include  
24 the amortization of payments over a period of years.

25 \* Sec. 14. AS 26.15 is amended by adding a new section to read:

26           Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
27 FORECLOSURE. The Department of Commerce and Economic Development  
28 shall dispose of property acquired through default or foreclosure of a  
29 loan made under this chapter. Disposal shall be made in a manner that

1 serves the best interests of the state, and may include the amortiza-  
2 tion of payments over a period of years.

3 \* Sec. 15. AS 26.15 is amended by adding a new section to read:

4 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
5 established as a special account within the Alaska World War II veter-  
6 ans' revolving fund the foreclosure expense account. This account is  
7 established as a reserve from fund equity.

8 (b) The commissioner of commerce and economic development may  
9 expend money credited to the foreclosure expense account when neces-  
10 sary to protect the state's security interest in collateral on loans  
11 made under AS 26.15.040 or to defray expenses incurred during fore-  
12 closure proceedings after a default by an obligor.

13 \* Sec. 16. AS 27.09 is amended by adding a new section to read:

14 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
15 established as a special account within the mining loan fund the fore-  
16 closure expense account. This account is established as a reserve  
17 from fund equity.

18 (b) The commissioner of commerce and economic development may  
19 expend money credited to the foreclosure expense account when neces-  
20 sary to protect the state's security interest in collateral on loans  
21 made under AS 27.09.010 or to defray expenses incurred during fore-  
22 closure proceedings after a default by an obligor.

23 \* Sec. 17. AS 27.09 is amended by adding a new section to read:

24 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
25 FORECLOSURE. The department shall dispose of property acquired  
26 through default or foreclosure of a loan made under this chapter.  
27 Disposal shall be made in a manner that serves the best interests of  
28 the state, and may include the amortization of payments over a period  
29 of years.

1 \* Sec. 18. AS 41.35.180 is amended to read:

2 Sec. 41.35.180. DUTIES OF COMMITTEE. The committee shall

3 (1) develop criteria for the evaluation of state monuments  
4 and historic sites and all real and personal property which may be  
5 considered to be of historic, prehistoric or archeological signifi-  
6 cance as would justify their acquisition and ownership by the state;

7 (2) cooperate with the department in formulating and admin-  
8 istering a statewide historic sites survey under 16 U.S.C. 470-470n  
9 (P.L. 89-665, National Historic Preservation Act of 1966);

10 (3) review those surveys and historic preservation plans  
11 that may be required, and approve properties for nomination to the  
12 National Register as provided for in 16 U.S.C. 470-470n (P.L. 89-665,  
13 National Historic Preservation Act of 1966);

14 (4) provide necessary assistance to the governor and the  
15 legislature for achieving balanced and coordinated state policies and  
16 programs for the preservation of the state's historic, prehistoric and  
17 archeological resources;

18 (5) consult with local historical district commissions  
19 regarding the establishment of historical districts under AS 29.48.108  
20 and 29.48.110 and the approval of project alterations under AS 45.98.-  
21 040; recommend, if appropriate, the formulation of additional criteria  
22 for the designation of historical districts under AS 29.48.110(b);  
23 approve plans for and evaluate the suitability of specific structures  
24 for purposes of loan eligibility and continuance under the historical  
25 property [DISTRICT] revolving loan fund (AS 45.98); and consult with  
26 the Department of Commerce and Economic Development relative to the  
27 adoption of regulations for historical property [DISTRICT] loans under  
28 AS 45.98.

29 \* Sec. 19. AS 44.33 is amended by adding a new section to read:

1           Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
2 established as a special account within the child care facility re-  
3 volving loan fund the foreclosure expense account. This account is  
4 established as a reserve from fund equity.

5           (b) The commissioner of commerce and economic development may  
6 expend money credited to the foreclosure expense account when neces-  
7 sary to protect the state's security interest in collateral on loans  
8 made under AS 44.33.245 or to defray expenses incurred during fore-  
9 closure proceedings after a default by an obligor.

10 \* Sec. 20. AS 44.33 is amended by adding a new section to read:

11           Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
12 FORECLOSURE. The department shall dispose of property acquired  
13 through default or foreclosure of a loan made under AS 44.33.240 -  
14 44.33.275. Disposal shall be made in a manner that serves the best  
15 interests of the state, and may include the amortization of payments  
16 over a period of years.

17 \* Sec. 21. AS 44.81.210(a) is amended by adding a new paragraph to  
18 read:

19           (23) make a loan to a person, regardless of residency, if  
20 the board of directors of the bank determines that the loan is neces-  
21 sary to preserve the value of property held by the bank as security  
22 for a loan that was made under (a)(1) of this section and that is in  
23 default.

24 \* Sec. 22. AS 45.87 is amended by adding a new section to read:

25           Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
26 established as a special account within the bulk fuel revolving loan  
27 fund the foreclosure expense account. This account is established as  
28 a reserve from fund equity.

29           (b) The commissioner of commerce and economic development may

1       expend money credited to the foreclosure expense account when neces-  
2       sary to protect the state's security interest in collateral on loans  
3       made under this chapter or to defray expenses incurred during fore-  
4       closure proceedings after a default by an obligor.

5       \* Sec. 23. AS 45.87 is amended by adding new sections to read:

6               Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
7       FORECLOSURE. The department shall dispose of property acquired  
8       through default or foreclosure of a loan made under this chapter.  
9       Disposal shall be made in a manner that serves the best interests of  
10       the state, and may include the amortization of payments over a period  
11       of years.

12              Sec. 45.87.060. REGULATIONS. The department shall adopt regu-  
13       lations to implement this chapter.

14       \* Sec. 24. AS 45.88 is amended by adding a new section to read:

15              Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
16       established, as a special account within the revolving loan fund  
17       established under AS 45.88.010, the foreclosure expense account. This  
18       account is established as a reserve from fund equity.

19              (b) The commissioner of commerce and economic development may  
20       expend money credited to the foreclosure expense account when neces-  
21       sary to protect the state's security interest in collateral on loans  
22       made under AS 45.88.020 or to defray expenses incurred during fore-  
23       closure proceedings after a default by an obligor.

24       \* Sec. 25. AS 45.88 is amended by adding a new section to read:

25              Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
26       FORECLOSURE. The Department of Commerce and Economic Development  
27       shall dispose of property acquired through default or foreclosure of a  
28       loan made under this chapter. Disposal shall be made in a manner that  
29       serves the best interests of the state, and may include the amortiza-

1           tion of payments over a period of years.

2       \* Sec. 26. AS 45.89 is amended by adding a new section to read:

3           Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
4       established as a special account within the residential energy conser-  
5       vation fund the foreclosure expense account. This account is estab-  
6       lished as a reserve from fund equity.

7           (b) The commissioner may expend money credited to the foreclo-  
8       sure expense account when necessary to protect the state's security  
9       interest in collateral on loans made under AS 45.89.030 or to defray  
10      expenses incurred during foreclosure proceedings after a default by an  
11      obligor.

12      \* Sec. 27. AS 45.89 is amended by adding new sections to read:

13           Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
14      FORECLOSURE. The department shall dispose of property acquired  
15      through default or foreclosure of a loan made under this chapter.  
16      Disposal shall be made in a manner that serves the best interests of  
17      the state, and may include the amortization of payments over a period  
18      of years.

19           Sec. 45.89.070. REGULATIONS. The department shall adopt regu-  
20      lations to implement this chapter.

21      \* Sec. 28. AS 45.90 is amended by adding a new section to read:

22           Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
23      established as a special account within the tourism revolving fund the  
24      foreclosure expense account. This account is established as a reserve  
25      from fund equity.

26           (b) The commissioner of commerce and economic development may  
27      expend money credited to the foreclosure expense account when neces-  
28      sary to protect the state's security interest in collateral on loans  
29      made under AS 45.90.020 or to defray expenses incurred during fore-

1 closure proceedings after a default by an obligor.

2 \* Sec. 29. AS 45.90 is amended by adding a new section to read:

3 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
4 FORECLOSURE. The Department of Commerce and Economic Development  
5 shall dispose of property acquired through default or foreclosure of a  
6 loan made under this chapter. Disposal shall be made in a manner that  
7 serves the best interests of the state, and may include the amortiza-  
8 tion of payments over a period of years.

9 \* Sec. 30. AS 45.94.020 is amended to read:

10 Sec. 45.94.020. FOREST PRODUCTS BUSINESS LOAN GUARANTEE PROGRAM.  
11 The department may use money in the fund to guarantee a loan to a  
12 forest products business for the purpose of financing the purchase of  
13 equipment and facilities that will increase employment in a forest  
14 products business [35 PERCENT OR MORE OF THE STOCK OR ASSETS OF A  
15 FOREST PRODUCTS BUSINESS BY, ON BEHALF OF, OR FOR THE BENEFIT OF THE  
16 EMPLOYEES OF THAT BUSINESS], as provided in AS 45.94.050.

17 \* Sec. 31. AS 45.94.050(a) is amended to read:

18 (a) The department may guarantee a loan under this chapter if

19 (1) the term of the loan does not exceed 10 years;

20 (2) the loan is commercially reasonable and secured by the  
21 real or personal property, inventory or accounts receivable of the  
22 forest products business, or by other collateral acceptable to the  
23 department;

24 (3) the loan is originated with and serviced by a state or  
25 federally chartered financial institution; [AND]

26 (4) the loan is made to a [THE EMPLOYEES OF THE] forest  
27 products business and

28 (A) a majority interest of the business is held by  
29 Alaska residents;

1                   (B) the business maintains offices and operating  
2                   facilities exclusively in the state unless the business is en-  
3                   gaged in the export of forest products;

4                   (C) a majority of the employees of the business are  
5                   residents of the state; and

6                   (D) the business is organized for profit;

7                   (5) the loan will increase or maintain production and  
8                   employment in the forest products business; and

9                   (6) the portion of the loan not guaranteed by the state is  
10                  held by the originating financial institution or another financial  
11                  institution approved by the commissioner [, TO AN EMPLOYEE STOCK  
12                  OWNERSHIP TRUST, OR TO ONE OR MORE CORPORATIONS OR OTHER BUSINESS  
13                  ASSOCIATIONS OR ENTITIES IN WHICH THE CONTROLLING INTEREST IS HELD BY  
14                  STATE RESIDENTS WHO ARE EMPLOYEES OF THE FOREST PRODUCTS BUSINESS].

15 \* Sec. 32. AS 45.94.050(b) is amended to read:

16                  (b) The department may provide a guarantee from the fund for up  
17                  to 80 [50] percent of a loan, but may not guarantee [LESS THAN  
18                  \$5,000,000 OR] more than \$6,000,000 [\$30,000,000] per borrower. The  
19                  department may not guarantee the payment of annual interest on the  
20                  guaranteed portion of a loan.

21 \* Sec. 33. AS 45.94.050 is amended by adding a new subsection to read:

22                  (d) The department shall charge a user fee not to exceed one  
23                  percent for a loan guarantee under this chapter.

24 \* Sec. 34. AS 45.94.060 is amended to read:

25                  Sec. 45.94.060. DEFINITIONS. In this chapter

26                  (1) "commissioner" means the commissioner of revenue;

27                  (2) "department" means the Department of Revenue;

28                  (3) "forest products business" means a sole proprietorship,  
29                  partnership, corporation or other business organization formed under

1 the laws of the state for the purpose of harvesting or processing  
2 timber or other forest resources;

3 (4) "fund" means the forest products business loan guaran-  
4 tee fund.

5 \* Sec. 35. AS 45.95 is amended by adding a new section to read:

6 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
7 FORECLOSURE. The Department of Commerce and Economic Development  
8 shall dispose of property acquired through default or foreclosure of a  
9 loan made under this chapter. Disposal shall be made in a manner that  
10 serves the best interests of the state, and may include the amortiza-  
11 tion of payments over a period of years.

12 \* Sec. 36. AS 45.95 is amended by adding a new section to read:

13 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
14 established as a special account within the small business revolving  
15 loan fund the foreclosure expense account. This account is estab-  
16 lished as a reserve from fund equity.

17 (b) The commissioner may expend money credited to the foreclo-  
18 sure expense account when necessary to protect the state's security  
19 interest in collateral on loans made under AS 45.95.020 or to defray  
20 expenses incurred during foreclosure proceedings after a default by an  
21 obligor.

22 \* Sec. 37. AS 45.98.010 is amended to read:

23 Sec. 45.98.010. CREATION OF HISTORICAL PROPERTY [DISTRICT]  
24 REVOLVING LOAN FUND. There is created in the Department of Commerce  
25 and Economic Development a historical property [DISTRICT] revolving  
26 loan fund.

27 \* Sec. 38. AS 45.98 is amended by adding a new section to read:

28 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
29 established as a special account within the historical property re-

1           volving loan fund the foreclosure expense account. This account is  
2           established as a reserve from fund equity.

3           (b) The commissioner of commerce and economic development may  
4           expend money credited to the foreclosure expense account when neces-  
5           sary to protect the state's security interest in collateral on loans  
6           made under this chapter, or to defray expenses incurred during fore-  
7           closure proceedings after a default by an obligor.

8           \* Sec. 39. AS 45.98.020 is amended to read:

9           Sec. 45.98.020. HISTORICAL PROPERTY [DISTRICT] LOANS. Upon  
10          endorsement and plan approval by a local historical landmark or dis-  
11          trict commission established under AS 29.48.108 and the recommendation  
12          of a majority of the members of the Historic Sites Advisory Committee,  
13          the Department of Commerce and Economic Development may make loans to  
14          a person, firm, business or municipality subject to applicable laws  
15          for the restoration, improvement, rehabilitation, or maintenance of

16                 (1) an historic [A] structure, building, site, or object  
17          that [WHICH] is [(1)] within the boundaries of a historical district  
18          established under AS 29.48.110 and [; (2)] identified as important in  
19          state or national history as provided for in AS 29.48.110(b); or [AND]

20                 (2) a [(3) ANOTHER] building or structure within a  
21          historical district that is [, AND] suitable for superficial  
22          modification so that it can conform to the period or motif of the  
23          surrounding buildings or structures that are the reason for the area's  
24          designation as a historical district.

25          \* Sec. 40. AS 45.98.020 is amended by adding a new subsection to read:

26                 (b) The department may make a loan under this section for a  
27          project that is not within the boundaries of a historical district  
28          with the approval of a majority of the members of the Historic Sites  
29          Advisory Commission.

1 \* Sec. 41. AS 45.98.040 is amended to read:

2 Sec. 45.98.040. LIMITATIONS ON LOANS. Loans made under this  
3 chapter are subject to the following limitations:

4 (1) state participation in all loans in the aggregate, for  
5 any one historical district qualifying under this chapter may not  
6 exceed \$1,500,000;

7 (2) state participation in a loan for the restoration,  
8 improvement, rehabilitation or maintenance of any one building or  
9 structure qualifying under this chapter may not exceed \$250,000;

10 (3) the loans shall be secured by acceptable collateral and  
11 the total of all loans may not exceed 85 percent of the appraised  
12 value of the collateral offered as security;

13 (4) the rate of interest may not exceed seven and one-half  
14 percent a year on the unpaid balance of the state's share of the loan;

15 (5) a participating financial institution shall administer  
16 and service the loan for a reasonable fee not exceeding one-quarter of  
17 one percent;

18 (6) the state has a lien on the property accepted as col-  
19 lateral to the extent of its portion of the loan [; WHEN THE LIEN OR  
20 NOTICE OF THE LIEN IS PROPERLY RECORDED IT IS SUPERIOR TO ALL OTHER  
21 LIENS EXCEPT THOSE FOR TAXES AND SPECIAL ASSESSMENTS; A LIEN OF THE  
22 PARTICIPATING FINANCIAL INSTITUTION, TO THE EXTENT OF ITS PORTION OF  
23 THE LOAN AFTER IT IS PROPERLY RECORDED, IS SUPERIOR TO ALL OTHER LIENS  
24 EXCEPT LIENS FOR TAXES, SPECIAL ASSESSMENTS, AND THE LIEN OF THE  
25 STATE].

26 \* Sec. 42. AS 45.98 is amended by adding a new section to read:

27 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
28 FORECLOSURE. The Department of Commerce and Economic Development  
29 shall dispose of property acquired through default or foreclosure of a

1 loan made under this chapter. Disposal shall be made in a manner that  
2 serves the best interests of the state, and may include the amortiza-  
3 tion of payments over a period of years.

4 \* Sec. 43. AS 45.98.070 is amended to read:

5 Sec. 45.98.070. SHORT TITLE. This chapter may be cited as the  
6 Historical Property [DISTRICT] Loan Act.

7 \* Sec. 44. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are re-  
8 pealed.

9 \* Sec. 45. This Act takes effect July 1, 1985.