

Offered: 5/11/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 78 (Finance)
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

1 amortization 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

1 foreclosure 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 45.94.010 is amended to read:

10 Sec. 45.94.010. ESTABLISHMENT OF LOAN GUARANTEE FUND. The
11 forest products business loan guarantee fund is established in the
12 Department of Commerce and Economic Development [REVENUE].

13 * Sec. 31. AS 45.94.020 is amended to read:

14 Sec. 45.94.020. FOREST PRODUCTS BUSINESS LOAN GUARANTEE PROGRAM.
15 The department may use cash [MONEY] in the fund to guarantee a loan to
16 a forest products business for the purpose of financing the purchase
17 of depreciable assets and roads that will maintain or increase
18 employment in an existing forest products business [35 PERCENT OR MORE
19 OF THE STOCK OR ASSETS OF A FOREST PRODUCTS BUSINESS BY, ON BEHALF OF,
20 OR FOR THE BENEFIT OF THE EMPLOYEES OF THAT BUSINESS], as provided in
21 AS 45.94.050.

22 * Sec. 32. AS 45.94.030 is amended to read:

23 Sec. 45.94.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
24 department [COMMISSIONER] may

25 (1) designate agents and delegate powers necessary to
26 implement this chapter;

27 (2) adopt regulations to implement this chapter;

28 (3) make and execute contracts and other instruments to
29 implement this chapter;

1 (4) acquire real or personal property by purchase, trans-
2 fer, or foreclosure when the acquisition is necessary to protect an
3 interest in the fund.

4 (b) The department [COMMISSIONER] shall require that a loan
5 guaranteed by the fund be secured by adequate collateral, and that the
6 net cash flow from the forest products business provides adequate
7 coverage for the debt service on the loan. The applicant shall pro-
8 vide an economic and financial feasibility analysis prepared by a firm
9 acceptable to the department.

10 (c) The department may not make loan guarantees in excess of the
11 unobligated cash in the fund.

12 * Sec. 33. AS 45.94.050(a) is amended to read:

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

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

15 (2) the loan is commercially reasonable and secured by the
16 real or personal property, inventory or accounts receivable of the
17 forest products business, or by other collateral acceptable to the
18 department;

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

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

23 (A) a majority interest of the business is held by
24 Alaska residents;

25 (B) the business maintains offices and operating
26 facilities exclusively in the state unless the business is en-
27 gaged in the export of forest products;

28 (C) a majority of the employees of the business are
29 residents of the state;

1 (5) the loan will increase or maintain production and
2 employment in the forest products business and is either for
3 depreciable assets that will enhance the value of the product sold by
4 the borrower or for roads to be constructed by the borrower in
5 connection with a timber sale; and

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

12 * Sec. 34. AS 45.94.050(b) is amended to read:

13 (b) The department may provide a guarantee from the fund for up
14 to 80 [50] percent of a loan, but may not guarantee [LESS THAN
15 \$5,000,000 OR] more than \$2,000,000 [\$30,000,000] per borrower for
16 depreciable assets that will enhance the value of the product sold by
17 the borrower or more than \$1,000,000 per borrower for road
18 construction. The department may not guarantee a loan that is used to
19 refinance existing debt. At no time may the department have
20 outstanding loan guarantees in excess of \$10,000,000. The department
21 may not guarantee the payment of [ANNUAL] interest on the guaranteed
22 portion of a loan.

23 * Sec. 35. AS 45.94.050(c) is amended to read:

24 (c) The ratio of the guarantee to the outstanding principal of
25 the loan shall remain the same over the term of the loan [AFTER A
26 DEFAULT BY A BORROWER, THE MAXIMUM LIABILITY OF THE FUND FOR A LOAN
27 GUARANTEE UNDER THIS CHAPTER IS EQUAL TO THE AMOUNT THEN IN DEFAULT
28 MULTIPLIED BY A PERCENTAGE EQUAL TO THE GUARANTEED PERCENTAGE OF THE
29 LOAN]. Payments received toward satisfaction of a default shall be

1 allocated between the lender and the fund according to the guaranteed
2 percentage of the loan until the principal balance has been repaid.

3 * Sec. 36. AS 45.94.050 is amended by adding a new subsection to read:

4 (d) The department shall charge a fee to the borrower not to
5 exceed one percent of the principal balance of the loan guarantee at
6 the inception of the loan.

7 * Sec. 37. AS 45.94 is amended by adding new sections to read:

8 Sec. 45.94.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
9 FORECLOSURE. The department shall dispose of property acquired
10 through default or foreclosure of a loan guaranteed under this chap-
11 ter. Disposal shall be made in a manner that serves the best inter-
12 ests of the state, and may include the amortization of payments over a
13 period of years.

14 Sec. 45.94.058. SPECIAL ACCOUNT ESTABLISHED. (a) There is
15 established as a special account within the forest products business
16 loan guarantee fund the foreclosure expense account. This account is
17 established as a reserve from fund equity.

18 (b) The commissioner may expend money credited to the foreclo-
19 sure expense account when necessary to protect the state's security
20 interest in collateral on loans guaranteed under AS 45.94.050 or to
21 defray expenses incurred during foreclosure proceedings after a de-
22 fault by an obligor.

23 * Sec. 38. AS 45.94.060 is amended to read:

24 Sec. 45.94.060. DEFINITIONS. In this chapter

25 (1) "commissioner" means the commissioner of commerce and
26 economic development [REVENUE];

27 (2) "department" means the Department of Commerce and
28 Economic Development [REVENUE];

29 (3) "forest products business" means a sole proprietorship,

1 partnership, corporation or other business organization formed under
2 the laws of the state for the purpose of harvesting or processing
3 timber or other forest resources;

4 (4) "fund" means the forest products business loan guaran-
5 tee fund;

6 (5) "depreciable asset" means a kiln, chipping facility,
7 creosote or pressure plant, planer, equipment for precision sawyering,
8 and similar equipment approved by the commissioner that is designed to
9 enhance the value of timber products for the state domestic and export
10 markets and related facilities.

11 * Sec. 39. AS 45.95 is amended by adding a new section to read:

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

18 * Sec. 40. AS 45.95 is amended by adding a new section to read:

19 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
20 established as a special account within the small business revolving
21 loan fund the foreclosure expense account. This account is estab-
22 lished as a reserve from fund equity.

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

28 * Sec. 41. AS 45.98.010 is amended to read:

29 Sec. 45.98.010. CREATION OF HISTORICAL PROPERTY [DISTRICT]

1 REVOLVING LOAN FUND. There is created in the Department of Commerce
2 and Economic Development a historical property [DISTRICT] revolving
3 loan fund.

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

5 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
6 established as a special account within the historical property re-
7 volving loan fund the foreclosure expense account. This account is
8 established as a reserve from fund equity.

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

14 * Sec. 43. AS 45.98.020 is amended to read:

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

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

26 (2) a [(3) ANOTHER] building or structure within a
27 historical district that is [, AND] suitable for superficial
28 modification so that it can conform to the period or motif of the
29 surrounding buildings or structures that are the reason for the area's

1 designation as a historical district.

2 * Sec. 44. AS 45.98.020 is amended by adding a new subsection to read:

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

7 * Sec. 45. AS 45.98.040 is amended to read:

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

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

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

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

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

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

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

1 EXCEPT LIENS FOR TAXES, SPECIAL ASSESSMENTS, AND THE LIEN OF THE
2 STATE].

3 * Sec. 46. AS 45.98 is amended by adding a new section to read:

4 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
5 FORECLOSURE. The Department of Commerce and Economic Development
6 shall dispose of property acquired through default or foreclosure of a
7 loan made under this chapter. Disposal shall be made in a manner that
8 serves the best interests of the state, and may include the amortiza-
9 tion of payments over a period of years.

10 * Sec. 47. AS 45.98.070 is amended to read:

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

13 * Sec. 48. AS 16.10.310(b), 16.10.320(f), 16.10.333(f), and AS 45.94.-
14 040 are repealed.

15 * Sec. 49. This Act takes effect July 1, 1985.