

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 402 (L&C)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to projects of and the handling of

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institutional loans by the Alaska Industrial Develop-

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ment and Export Authority; increasing the maximum

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size of loans entered into from the authority's

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enterprise development account; amending the manner

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of determining the interest rate on loans guaranteed

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by the federal government; permitting the authority

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to describe the circumstances under which it will

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discontinue purchasing loans from a financial insti-

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tution because of delinquencies; directing the au-

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thority to complete a feasibility study for a devel-

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opment project relating to development of certain

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state park land; and providing for an effective

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date."

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

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* Section 1. AS 44.88.155(d) is amended to read:

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(d) A loan purchased in whole or in part by the authority with

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assets of the enterprise development account or with proceeds of bonds

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secured by assets of the enterprise development account, other than a

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loan that [WHICH] is financed with the proceeds of bonds of the au-

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thority and secured only by a project applicant or a project,

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(1) may not exceed

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(A) \$25,000,000 [\$10,000,000]; or

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(B) \$1,000,000 [\$500,000] if the loan is purchased

1 under AS 44.88.158;

2 (2) may not exceed the cost of the project or 75 percent of
3 the appraised value of the project, whichever is less, unless the
4 amount of the loan in excess of this limit is federally insured or
5 guaranteed or is insured by a qualified mortgage insurance company;

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

9 (4) shall contain complete amortization provisions satis-
10 factory to the authority requiring periodic payments by the borrower;

11 (5) shall be in the form and contain the terms and pro-
12 visions with respect to insurance, repairs, alterations, payment of
13 taxes and assessments, default reserves, delinquency charges, default
14 remedies, acceleration of maturity, secondary liens, and other matters
15 the authority prescribes;

16 (6) shall be secured as to repayment by a mortgage or other
17 security instrument in the manner the authority determines is feasible
18 to assure timely repayment under a loan agreement entered into with
19 the borrower;

20 (7) may not be made unless

21 (A) at least 10 percent of the principal amount of the
22 loan is retained by the originator of the loan; or

23 (B) 100 percent of the principal amount of the loan is
24 guaranteed by the United States or an agency or instrumentality
25 of the United States;

26 (8) must be

27 (A) at least partially guaranteed by the United States
28 or an agency or instrumentality of the United States, subject to
29 the provisions of AS 44.88.158;

1 (B) financed from the proceeds of bonds; or
2 (C) expected by the authority to be financed from the
3 proceeds of bonds.

4 * Sec. 2. AS 44.88.159(c) is amended to read:

5 (c) The interest rate to be received by the authority on a
6 federally guaranteed loan purchased under AS 44.88.158 [BY THE AUTHOR-
7 ITY WITH MONEY IN THE SMALL ENTERPRISE LOAN ACCOUNT] that is not from
8 the proceeds of the sale of a series of bonds

9 (1) may be either floating or fixed;

10 (2) is the least of

11 (A) the prevailing prime rate adopted by the United
12 States Small Business Administration;

13 (B) Moody's Investors Service Aa corporate bond yield
14 index; or

15 (C) an index as established by regulation of the
16 authority [IS EQUAL TO THE MOST RECENT INDEX OF Aa CORPORATE BOND
17 YIELD AVERAGES AS PUBLISHED BY MOODY'S INVESTORS SERVICE].

18 * Sec. 3. AS 44.88.165 is repealed and reenacted to read:

19 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt
20 regulations to describe the circumstances under which it will discon-
21 tinue purchasing loans from a financial institution because of exces-
22 sive delinquencies among the loans previously purchased from the
23 financial institution. In adopting the regulations, the authority
24 shall take into consideration its delinquency experience with loans it
25 has purchased from all financial institutions. The authority may
26 include in the regulations other remedies it considers appropriate as
27 alternatives to the discontinuance of purchasing loans from the finan-
28 cial institution.

29 * Sec. 4. FEASIBILITY STUDY. (a) The legislature finds that it is in

1 the best interests of the state to promptly determine the feasibility of
2 the development project proposed for the Eagle River Valley portion of
3 Chugach State Park. The legislature further finds that it is contrary to
4 the public interest to incur the delay associated with soliciting competi-
5 tive sealed bids or competitive sealed proposals.

6 (b) The Alaska Industrial Development and Export Authority shall
7 contract for the preparation of a feasibility study of the development
8 project proposed for the Eagle River Valley portion of Chugach State Park.
9 The feasibility study must

10 (1) satisfy the requirements of AS 44.88.173(a);

11 (2) satisfy contractual requirements imposed on the owner or
12 developer by the Department of Natural Resources, division of parks; and

13 (3) make recommendations concerning amendments to AS 44.88
14 necessary for the authority to provide financing for the project.

15 (c) The authority shall finance 50 percent of the cost of the study
16 required by this section.

17 (d) The provisions of AS 36.30.310 apply to contracts entered into
18 for the study required by this section.

19 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).