

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 402 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the maximum size of loans entered
7 into by the Alaska Industrial Development and Export
8 Authority from the authority's enterprise development
9 account; amending the manner of determining the
10 interest rate on loans guaranteed by the federal
11 government; permitting the authority to describe the
12 circumstances under which it will discontinue pur-
13 chasing loans from a financial institution because of
14 delinquencies; directing the authority to complete a
15 feasibility study for a development project relating
16 to development of certain state park land; and pro-
17 viding for an effective date."

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

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

20 (d) A loan purchased in whole or in part by the authority with
21 assets of the enterprise development account or with proceeds of bonds
22 secured by assets of the enterprise development account, other than a
23 loan that [WHICH] is financed with the proceeds of bonds of the au-
24 thority and secured only by a project applicant or a project,

25 (1) may not exceed

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

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

28 under AS 44.88.158;

29 (2) may not exceed the cost of the project or 75 percent of

1 the appraised value of the project, whichever is less, unless the
2 amount of the loan in excess of this limit is federally insured or
3 guaranteed or is insured by a qualified mortgage insurance company;

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

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

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

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

18 (7) may not be made unless

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

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

24 (8) must be

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

28 (B) financed from the proceeds of bonds; or

29 (C) expected by the authority to be financed from the

1 proceeds of bonds.

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

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

7 (1) may be either floating or fixed;

8 (2) is the lesser of

9 (A) the prevailing prime rate adopted by the United
10 States Small Business Administration; or

11 (B) Moody's Investors Service [IS EQUAL TO THE MOST
12 RECENT INDEX OF] Aa corporate bond yield index [AVERAGES AS
13 PUBLISHED BY MOODY'S INVESTORS SERVICE].

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

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

25 * Sec. 4. FEASIBILITY STUDY. (a) The legislature finds that it is in
26 the best interests of the state to promptly determine the feasibility of
27 the development project proposed for the Eagle River Valley portion of
28 Chugach State Park. The legislature further finds that it is contrary to
29 the public interest to incur the delay associated with soliciting

1 competitive sealed bids or competitive sealed proposals.

2 (b) The Alaska Industrial Development and Export Authority shall
3 contract for the preparation of a feasibility study of the development
4 project proposed for the Eagle River Valley portion of Chugach State Park.
5 The feasibility study must

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

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

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

11 (c) The authority shall pay 50 percent of the cost of the study
12 required by this section, but may not pay more than \$150,000.

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

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