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Referred: Labor & Commerce  
and Finance

5-0377A

1 IN THE SENATE BY KELLY, KERTTULA  
2 SENATE BILL NO. 64 FAIKS AND STURGULEWSKI  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to export enterprises under the  
7 Alaska Industrial Development Authority."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 44.88.010 is amended to read:  
10 Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-  
11 lature finds, determines and declares that  
12 (1) there exist areas of the state in which seasonal and  
13 nonseasonal unemployment exist;  
14 (2) this unemployment is a serious menace to the health,  
15 safety and general welfare, not only to the people in those areas, but  
16 also to the people of the entire state;  
17 (3) the state lacks the basic manufacturing, industrial,  
18 export, and business enterprises and the other facilities referred to  
19 in (5) of this subsection necessary to permit adequate development of  
20 its natural resources and the balanced growth of its economy;  
21 (4) the establishment and expansion of industrial, manu-  
22 facturing, export, and business enterprises in Alaska and the other  
23 facilities referred to in (5) of this subsection are essential to the  
24 development of the natural resources and the long-term economic growth  
25 of the state, and will directly and indirectly alleviate unemployment  
26 in the state;  
27 (5) the achievement of the goal of full employment, and of  
28 establishment and continuing operation and development of industrial,  
29 manufacturing, export, and business enterprises in the state,

1 including, without limitation, facilities for transportation, facil-  
2 ities for pollution control and waste disposal, facilities for the  
3 local furnishing of gas, facilities for water, facilities for indus-  
4 trial parks, mass commuting vehicles, facilities for local district  
5 heating or cooling, parking facilities, or a storage or training  
6 facility relating to a plant or facility, will be accelerated and  
7 facilitated by the creation of an instrumentality of the state with  
8 powers to incur debt, to own and operate facilities, to make and  
9 insure loans to finance, and to assist private lenders to make loans  
10 to finance, the establishment, operation, and development of indus-  
11 trial, manufacturing, export, and business enterprises, including,  
12 without limitation, facilities for transportation, facilities for  
13 pollution control and waste disposal, facilities for the local fur-  
14 nishing of gas, facilities for water, facilities for industrial parks,  
15 mass commuting vehicles, facilities for local district heating or  
16 cooling, parking facilities, or a storage or training facility relat-  
17 ing to a plant or facility;

18 (6) it is in the public interest to promote the prosperity  
19 and general welfare of all citizens of the state by stimulating com-  
20 mercial and industrial growth and expansion by encouraging an increase  
21 of private investment by banks, investment houses, insurance com-  
22 panies, and other financial institutions, including pension and re-  
23 tirement funds, to help satisfy the need for economic expansion;

24 (7) it is in the state's interest to import private capital  
25 to create new economic activity which would not otherwise take place  
26 in the state.

27 (b) It is declared to be the policy of the state, in the inter-  
28 ests of promoting the health, security and general welfare of all the  
29 people of the state, and a public purpose, to increase job

1 opportunities and otherwise to encourage the economic growth of the  
2 state, including the development of its natural resources, through the  
3 establishment and expansion of manufacturing, industrial, export, and  
4 business enterprises and the other facilities referred to in (a)(5) of  
5 this section by creating the public corporation with power, duties and  
6 functions as provided in AS 44.88.010 - 44.88.220.

7 \* Sec. 2. AS 44.88.070 is amended to read:

8 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the  
9 authority is to promote, develop and advance the general prosperity  
10 and economic welfare of the people of Alaska, to relieve problems of  
11 unemployment, and to create additional employment by providing various  
12 means of financing and means of facilitating the financing of indus-  
13 trial, manufacturing, export, and business enterprises and the other  
14 facilities referred to in AS 44.88.010(a)(5) within the state, and by  
15 owning and operating the enterprises and other facilities.

16 \* Sec. 3. AS 44.88.080(7) is amended to read:

17 (7) to issue bonds, debentures, notes, or other evidence of  
18 indebtedness, in accordance with AS 44.88.090 or as otherwise provided  
19 in this chapter, to pay the cost of a project and to secure payment of  
20 the bonds as provided in this chapter, and to borrow money and other-  
21 wise incur indebtedness for the purposes of the authority;

22 \* Sec. 4. AS 44.88.080(12) is amended to read:

23 (12) to purchase or insure loans to finance the costs of  
24 manufacturing, industrial, export, and business enterprises, and to  
25 procure insurance for export enterprises to

26 (A) guarantee, insure, coinsure, and reinsure against  
27 political and credit risk of loss;

28 (B) secure the payment of principal and interest on  
29 bonds, notes, or other obligations of the authority [ENTERPRISE

1 PROJECTS];

2 \* Sec. 5. AS 44.88.080 is amended by adding new paragraphs to read:

3 (20) with regard to export enterprises, purchase, discount,  
4 sell, negotiate with or without guaranty, notes or other evidence of  
5 indebtedness, and with regard to export enterprises, to sell and  
6 guarantee securities;

7 (21) provide financial counseling services to businesses in  
8 the state that are interested in developing or expanding export enter-  
9 prises.

10 \* Sec. 6. AS 44.88 is amended by adding a new section to read:

11 Sec. 44.88.153. GUARANTEED FUNDING FOR ALASKA EXPORTS. (a) The  
12 authority may provide guaranteed funding for an eligible export trans-  
13 action through a participating banking organization. An eligible  
14 export transaction consists of a loan to a participating banking  
15 organization located in the state to finance an international preex-  
16 port or export from the state. To be eligible for guaranteed funding  
17 under this section, the export or preexport must, in the judgment of  
18 the authority, create or maintain employment in the state and derive  
19 some of its value from manufacturing, processing, or extraction in the  
20 state. Guaranteed funding may include a pool of individual export  
21 transactions, each of which in the judgment of the authority meets  
22 these conditions.

23 (b) Guaranteed funding consists of a guarantee against political  
24 or commercial loss, in whole or in part, of principal and interest on  
25 an eligible export transaction. A guarantee may include, without  
26 limitation, insurance against loss up to a stated amount. The maximum  
27 amount payable under a guarantee shall be specifically set out in a  
28 writing executed by the chair and vice-chair of the authority at the  
29 time the guarantee is entered into by the authority. A guarantee does

1 not constitute a general obligation of the state, and may not be  
2 terminated, cancelled, or otherwise revoked except in accordance with  
3 its terms. A guarantee made by the authority is valid and incontest-  
4 able in the hands of a holder in due course of a guaranteed eligible  
5 export transaction.

6 (c) A participating banking organization is a banking institu-  
7 tion operating under AS 06, an agency or branch of a foreign banking  
8 corporation licensed by the state, a national bank, federal savings  
9 and loan association, or federal credit union located in the state,  
10 that has been approved by the members of the authority to participate  
11 in guaranteed funding for an eligible export transaction.

12 (d) The authority may charge reasonable fees for providing  
13 guaranteed funding under this section to a participating banking  
14 organization.

15 (e) Before providing guaranteed funding under this section, a  
16 participating banking organization shall investigate a line of credit  
17 to the exporter in order to determine the economic benefits to be  
18 derived, the prospects for repayment, and other facts needed to deter-  
19 mine that the guaranteed funding is consistent with the purposes of  
20 this chapter. The authority shall provide guaranteed funding only if,  
21 and to the extent that, (1) the funding is reasonably necessary to  
22 stimulate or facilitate the making of the eligible export transaction  
23 on terms that will enable the transaction to be reasonably competitive  
24 with transactions in other states or in foreign countries; or (2) the  
25 funding is reasonably necessary to stimulate or facilitate the resale  
26 of the eligible export transaction to a holder in due course who would  
27 not otherwise purchase the eligible export transaction. The authority  
28 may condition guaranteed funding on other terms and conditions desir-  
29 able to carry out the purposes of this chapter.

1 \* Sec. 7. AS 44.88.220 is amended by adding a new paragraph to read:

2 (13) "export enterprise" means an enterprise involving the  
3 export of processed goods, natural resources, or services from the  
4 state to foreign purchasers, or the assembly, warehousing, or dis-  
5 tribution of export goods.