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Original sponsor: Judiciary Committee  
by Request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 484 (Finance) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the powers of and loans made by  
7 the Agricultural Revolving Loan Fund Board; and  
8 providing for an effective date."

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

10 \* Section 1. AS 03.10.050 is amended by adding new subsections to read:

11 (d) To facilitate execution of its duties, the Agricultural  
12 Revolving Loan Fund Board may appoint, supervise, and remove a finan-  
13 cial analyst.

14 (e) To encourage the prompt payment of loans, the department may  
15 establish a program of credits for persons who have a loan from the  
16 agricultural revolving loan fund and maintain good financial standing.  
17 The credits may be applied against no more than two percentage points  
18 a year of the interest due on agricultural revolving loan fund loans.

19 (f) A credit may not be granted under (e) of this section to  
20 reduce interest due on a loan if the borrower has an agricultural loan  
21 in default, has a loan that has been rewritten, restructured, rolled  
22 over, or otherwise had its term extended or interest rate reduced, or  
23 has had a land payment or land clearing loan restructured.

24 (g) The director of agriculture shall dispose of property ac-  
25 quired by the Agricultural Revolving Loan Fund Board or by the commis-  
26 sioner through foreclosure, default, or other action arising out of  
27 agricultural loans or the sale of agricultural land. Disposals shall  
28 be conducted under regulations approved by the board. The regulations  
29 shall ensure that the property is disposed of so as to maximize the

1 return to the state and shall require that the parcels of land that  
2 are composed primarily of cropland soils be restricted to agricultural  
3 uses.

4 \* Sec. 2. RESTRUCTURE OF AGRICULTURAL DEBT. (a) To increase the  
5 return to the state, the Agricultural Revolving Loan Fund Board may re-  
6 structure loans in existence on June 25, 1987, made by the board or by the  
7 Alaska Agricultural Action Council based upon guidelines approved by the  
8 board. The restructuring may only include reduction of interest to rates  
9 below those specified by AS 03.10.030, an extension of the term of the  
10 loan, and an improvement to the security interest of the state. It may not  
11 reduce the amount of principal and interest owed before the loan is re-  
12 structured.

13 (b) The maximum term of a loan modified under (a) of this section is  
14 30 years from the date of restructuring.

15 (c) Notwithstanding any other provision of this section, the Agricul-  
16 tural Revolving Loan Fund Board may approve an application for restructur-  
17 ing under this section only upon

18 (1) the applicant's written release of the state, including the  
19 Alaska Agriculture Action Council, the agricultural revolving loan fund,  
20 and the University of Alaska, from all potential liability for actions and  
21 omissions occurring before the date of restructuring that relate in any way  
22 to a state farm project, land sale, land sale relinquishment, farm loan, or  
23 loan application or loan modification application, whether granted or  
24 denied by the state; and

25 (2) assignment by the applicant to the board of the proceeds  
26 from the federal government under 7 U.S.C. 1442 (Conservation Reserve  
27 Program) and P.L. 88-26 (Feed Grain Act of 1963), as amended.

28 (d) In order to provide an incentive and opportunity to continue milk  
29 production, the board shall restructure the debt of any dairy farm that has

1 produced at least 30,000 pounds of milk a month since November 15, 1985,  
2 and continues to produce 30,000 pounds of milk a month and uses a majority  
3 of Alaskan grown grain and forage. If milk production falls below 30,000  
4 pounds a month, the restructured debt shall become immediately due and  
5 payable. Restructure under this section is subject to the same limitations  
6 and conditions as provided in (a), (b), and (c) of this section.

7 \* Sec. 3. Section 2 of this Act is retroactive to June 25, 1987.

8 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).