

Offered: 5/6/88
Referred: Finance

5-1984M

Original sponsor: Judiciary Committee
by Request

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 484 (Resources)

3 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) Subject to an appropriation for the position and to facili-
12 tate execution of its duties, the Agricultural Revolving Loan Fund
13 Board may appoint, supervise, and remove a financial 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 may dispose of property acquired
25 by the Agricultural Revolving Loan Fund Board or by the commissioner
26 through foreclosure, default, or other action arising out of agricul-
27 tural loans or the sale of agricultural land. Disposals shall be
28 conducted under regulations approved by the commissioner. The regu-
29 lations shall ensure that the property is disposed of so as to

1 maximize the return to the state and shall require that the parcels of
2 land that are composed primarily of cropland soils be restricted to
3 agricultural uses and disposed of only to persons who are residents of
4 the state.

5 * Sec. 2. RESTRUCTURE OF AGRICULTURAL DEBT. (a) To increase the
6 return to the state, the Agricultural Revolving Loan Fund Board may re-
7 structure loans in existence on January 1, 1987, made by the board or by
8 the Alaska Agricultural Action Council based upon guidelines approved by
9 the board. The restructuring may only include reduction of interest to
10 rates below those specified by AS 03.10.030, an extension of the term of
11 the loan, and an improvement to the security interest of the state. It may
12 not reduce the amount of principal and interest owed before the loan is re-
13 structured.

14 (b) The maximum term of a loan modified under (a) of this section is
15 30 years from the date of restructuring.

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

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

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

29 (d) If the board receives proceeds under (c)(2) of this section that

1 exceed the amount owed and credited to the loan during the year, the board
2 shall refund the extra proceeds to the applicant.

3 * Sec. 3. Notwithstanding AS 36.30, the commissioner of natural re-
4 sources may negotiate with a cooperative composed of Alaska dairy farmers
5 for the purchase by the cooperative of the assets of a foreclosed agricul-
6 tural revolving loan fund loan that consists of the former Matanuska Maid
7 Creamery, land, and building at 814 Northern Lights Boulevard in Anchorage.
8 The sale terms may include a lease-purchase arrangement. The goal of the
9 sale is to provide long-term stability and strength for the Alaska dairy
10 industry and for private ownership of the dairy. The commissioner may sell
11 the creamery, land, and building including assets at less than fair market
12 value if the commissioner determines that the sale would serve the best
13 interest of the state. The authority provided by this section expires
14 June 30, 1990.

15 * Sec. 4. Section 3, ch. 109, SLA 1986, is repealed.

16 * Sec. 5. Section 2 of this Act is retroactive to January 1, 1987.

17 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).