

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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HOUSE JOINT RESOLUTION NO. 37

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

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Requesting repeal or modification of a

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recent order of the Small Business

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Administration so that the agency may

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continue to assist small businesses in

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Alaska through use of loan guarantees.

10 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 WHEREAS, citing excessive demand for loans and a shortage of money to
12 loan, the Small Business Administration recently adopted an order placing a
13 temporary limitation on the use of section 7(a) Small Business Administra-
14 tion loan proceeds for the refinancing of debt; and

15 WHEREAS, under the order, announced in the Small Business Adminis-
16 tration's notice number 5000-242 and valid for the remainder of the federal
17 fiscal year, existing Small Business Administration loans will not be
18 refinanced with new loans, and any restructuring will require that the
19 existing loan will remain outstanding; and

20 WHEREAS, under the order, the Small Business Administration will not
21 permit a reduction in a participating lender's exposure or the exposure of
22 other lending institutions on an existing loan and, when a participating
23 lender increases its participation in the loan to an extent sufficient to
24 cover at least all of the existing debt, the Small Business Administration
25 will restrict an extension of its loan guarantee only to that part of the
26 loan that does not include the amortization or payment of that debt; and

27 WHEREAS small businesses and financial institutions in Alaska are
28 already suffering from the current economic recession; and

29 WHEREAS the state's economic stability depends primarily on the health

1 and productivity of small businesses; and

2 WHEREAS small businesses in Alaska are a major source of stable em-
3 ployment for the citizens of the state; and

4 WHEREAS the restrictions on the ability to refinance loans announced
5 by the Small Business Administration will further delay recovery of small
6 businesses and financial institutions in the state, and the delay and
7 detrimental effect of these changes, including resultant closures, on these
8 businesses will result in a significant loss of employment opportunities
9 for the citizens of the state;

10 BE IT RESOLVED that the Alaska State Legislature respectfully requests
11 the Small Business Administration to repeal or modify its recent order so
12 that the Administration may continue to assist the state's small businesses
13 through use of loan guarantees in conjunction with refinancing initiatives.

14 COPIES of this resolution shall be sent to the Honorable George Bush,
15 President of the United States; the Honorable Robert A. Mosbacher, Secre-
16 tary of the U.S. Department of Commerce; the Honorable James Abdnor, Admin-
17 istrator of the Small Business Administration; Frank Cox, District Director
18 for Alaska of the Small Business Administration; and to the Honorable Ted
19 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable
20 Don Young, U.S. Representative, members of the Alaska delegation in Con-
21 gress.