

HOUSE BILL NO. 343

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES G.PHILLIPS, Choquette

Introduced: 5/19/91

Referred: Community & Regional Affairs, Labor & Commerce, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Alaska Industrial Development and Export Authority to make
2 direct loans to promote projects that reduce the exportation of unprocessed seafood
3 resources of the state by promoting the development of value-added processing, assembling,
4 transportation, or manufacturing of those resources; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1. FINDINGS AND PURPOSE.** (a) The legislature finds that the role of the Alaska
7 Industrial Development and Export Authority may be expanded to include financing of projects that
8 cannot be completed at market interest rates but that otherwise serve important public objectives,
9 including the promotion of value-added activities that take advantage of Alaska's abundant natural
10 resources, thereby promoting local employment and economic activities and decreasing dependence on
11 public employment.

12 (b) To gauge whether the role of the Alaska Industrial Development and Export Authority should
13 be revised, the legislature empowers the authority, on a short-term basis as a pilot project, to make direct
14 loans to finance one or more projects, including related resource transportation costs, in order to expand

1 the opportunities for value-added processing of seafood products in the state.

2 * **Sec. 2. DIRECT LOANS AUTHORIZED.** (a) From amounts deposited in the Alaska Industrial
3 Development and Export Authority revolving fund that exceed an amount required to fulfill the
4 authority's estimates of its obligations under AS 44.88.010 - 44.88.599, the authority may make direct
5 loans. The authority may make the loans under this section only if the expenditure would not breach
6 any agreement entered into by the authority or materially impair the operation or financial integrity of
7 the authority.

8 (b) A loan may be made under this section only to promote a project and related activities that
9 reduces the exportation of unprocessed seafood resources of the state by promoting the development of
10 value-added processing, assembling, transportation, or manufacturing of those resources.

11 (c) A loan made under this section

12 (1) must be economically and financially feasible and able to produce revenues to repay
13 the loan;

14 (2) may not exceed \$30,000,000;

15 (3) may not exceed the authority's estimate of the project cost;

16 (4) may not be for a term longer than the authority's estimate of the life of the project
17 or 25 years from the date the loan is made, whichever is earlier;

18 (5) must contain complete amortization provisions satisfactory to the authority requiring
19 periodic payments by the borrower;

20 (6) must be in the form and contain the terms and provisions with respect to insurance,
21 repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default
22 remedies, acceleration of maturity, secondary liens, and other matters the authority prescribes; and

23 (7) must be secured as to repayment by a mortgage or other security instrument in the
24 manner the authority determines is feasible to assure timely repayment under a loan agreement entered
25 into with the borrower.

26 (d) The authority may enter into loan agreements with respect to one or more projects upon the
27 terms and conditions the authority considers advisable for direct loans authorized by this section.

28 (e) The authority and the borrower may negotiate a rate of interest for a loan under this section.

29 (f) Repayment of a loan made under this section shall be secured in any manner that the
30 authority determines is feasible to assure repayment under the loan agreement entered into with the
31 borrower.

1 (g) The authority shall adopt regulations necessary for the following purposes in connection with
2 its direct loan program authorized by this section:

3 (1) determination of borrower eligibility;

4 (2) loan guidelines and terms, but excluding loan interest rates;

5 (3) characteristics of projects eligible for loans;

6 (4) setting out the minimum equity interest a borrower must have in the borrower's
7 business to qualify for a loan; and

8 (5) adoption of collateral or security requirements to ensure the full repayment of the
9 loan.

10 (h) In this section,

11 (1) "authority" and "project cost" have the meanings given in AS 44.88.900;

12 (2) "project"

13 (A) has the meaning given in AS 44.88.900;

14 (B) includes vessels determined by the authority as necessary for the project.

15 * Sec. 3. Section 2 of this Act is repealed.

16 * Sec. 4. Section 3 of this Act takes effect July 1, 1992.

17 * Sec. 5. Except for sec. 3 of this Act, this Act takes effect immediately under AS 01.10.070(c).