

HOUSE BILL NO. 492
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES MACLEAN, Lincoln

Introduced: 2/18/92

Referred: Labor & Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to collateral offered by village corporations organized under the Alaska
2 Native Claims Settlement Act for purposes of eligibility for certain state loan and loan
3 guarantee programs."

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

5 * **Section 1. PURPOSE.** The purpose of this Act is to give explicit recognition to use of the
6 anticipated natural resource revenue payable under 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native Claims
7 Settlement Act) that is subject to distribution under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims
8 Settlement Act) by regional corporations to village corporations in order to permit the village
9 corporations to engage in economic development activities under the following state loan and loan
10 guarantee programs:

- 11 (1) loans made from the bulk fuel revolving loan fund under AS 44.83.600 - 44.83.650;
12 (2) loan guarantees provided by the business assistance program of the Alaska Industrial
13 Development and Export Authority under AS 44.88.500 - 44.88.599;
14 (3) tourism revolving fund loans under AS 45.90;

1 (4) loans guaranteed under the fishery product revolving loan guarantee fund of AS 45.92;
2 (5) loans guaranteed under the forest products business loan guarantee program of
3 AS 45.94; and

4 (6) small business loans under AS 45.95.

5 * Sec. 2. AS 44.83.610 is amended by adding a new subsection to read:

6 (d) If the loan applicant is a village corporation established under 43 U.S.C. 1601 - 1642,
7 as amended (Alaska Native Claims Settlement Act), the Alaska Energy Authority or its contractor
8 shall consider natural resource revenue payable under 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native
9 Claims Settlement Act) and subject to distribution by the regional corporation to the village
10 corporation under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims Settlement Act) as
11 acceptable collateral for purposes of making the loan.

12 * Sec. 3. AS 44.88.535(a) is amended to read:

13 (a) The authority may guarantee a loan under AS 44.88.500 - 44.88.599 if the

14 (1) loan

15 (A) is commercially reasonable;

16 (B) contains amortization provisions satisfactory to the authority;

17 (C) is secured by adequate collateral; however,

18 (i) if the loan applicant is a village corporation established
19 under 43 U.S.C. 1601 - 1642, as amended (Alaska Native Claims Settlement
20 Act), the authority shall consider natural resource revenue payable under
21 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native Claims Settlement Act) and subject
22 to distribution by the regional corporation to the village corporation under
23 43 U.S.C. 1606(j) (sec. 7(i), Alaska Native Claims Settlement Act) as adequate
24 collateral for purposes of making the loan; and

25 (ii) the authority may waive on a case-by-case basis the
26 requirement of collateral for a loan guarantee of \$50,000 or less for which the
27 proposed loan amortization period does not exceed five years, but the ability to
28 waive the requirement of this subparagraph or the grant of a waiver does not
29 prevent the financial institution that holds the loan guaranteed by the authority
30 from requiring reasonable collateral for the loan;

31 (2) net cash flow from the borrower provides adequate coverage for the debt

1 service on the loan;

2 (3) term of the loan does not exceed 20 years;

3 (4) loan is originated with and serviced by a state chartered or federally chartered
4 financial institution;

5 (5) portion of the loan not guaranteed by the authority is held by the originating
6 financial institution or another financial institution approved by the authority;

7 (6) loan is made to a business with a majority interest held by state residents; and

8 (7) loan guarantee provides a benefit to the borrower.

9 * Sec. 4. AS 45.90.030 is amended by adding a new subsection to read:

10 (g) For purposes of (b) of this section, if the loan applicant is a village corporation
11 established under 43 U.S.C. 1601 - 1642, as amended (Alaska Native Claims Settlement Act),
12 "acceptable collateral" includes natural resource revenue payable under 43 U.S.C. 1606(i) (sec.
13 7(i), Alaska Native Claims Settlement Act) and subject to distribution by the regional corporation
14 to the village corporation under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims Settlement
15 Act).

16 * Sec. 5. AS 45.92.050 is amended by adding a new subsection to read:

17 (d) For purposes of (a)(2) of this section, if the loan applicant is a village corporation
18 established under 43 U.S.C. 1601 - 1642, as amended (Alaska Native Claims Settlement Act),
19 "acceptable collateral" includes natural resource revenue payable under 43 U.S.C. 1606(i) (sec.
20 7(i), Alaska Native Claims Settlement Act) and subject to distribution by the regional corporation
21 to the village corporation under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims Settlement
22 Act).

23 * Sec. 6. AS 45.94.050 is amended by adding a new subsection to read:

24 (d) For purposes of (a)(2) of this section, if the loan applicant is a village corporation
25 established under 43 U.S.C. 1601 - 1642, as amended (Alaska Native Claims Settlement Act),
26 "acceptable collateral" includes natural resource revenue payable under 43 U.S.C. 1606(i) (sec.
27 7(i), Alaska Native Claims Settlement Act) and subject to distribution by the regional corporation
28 to the village corporation under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims Settlement
29 Act).

30 * Sec. 7. AS 45.95.020 is amended by adding a new subsection to read:

31 (f) For purposes of (a) of this section, if the loan applicant is a village corporation

1 established under 43 U.S.C. 1601 - 1642, as amended (Alaska Native Claims Settlement Act),
2 "acceptable collateral" includes natural resource revenue payable under 43 U.S.C. 1606(i) (sec.
3 7(i), Alaska Native Claims Settlement Act) and subject to distribution by the regional corporation
4 to the village corporation under 43 U.S.C. 1606(j) (sec. 7(j), Alaska Native Claims Settlement
5 Act).