

SENATE BILL NO. 238

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATORS ADAMS, Hoffman

Introduced: 4/5/91
Referred: CRA, Finance

A BILL**FOR AN ACT ENTITLED****1 "An Act relating to the rural development initiative program."****2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:****3 * Section 1.** AS 44.47 is amended by adding new sections to read:**4 ARTICLE 11A. RURAL DEVELOPMENT INITIATIVE PROGRAM.**

5 Sec. 44.47.800. RURAL DEVELOPMENT INITIATIVE FUND. (a) The rural
6 development initiative fund is created in the department. Unless provided otherwise in the
7 appropriation act, an appropriation to the fund is retained in the fund for use under
8 AS 44.47.800 - 44.47.830 and does not lapse at the end of a fiscal year. Each year the
9 commissioner shall request an appropriation to the fund of interest and other income earned on
10 loans or investments of the fund. Money in the fund may be appropriated for costs of
11 administering AS 44.47.800 - 44.47.830.

12 (b) The commissioner may place money from the fund into a special reserve account as
13 necessary. The commissioner may use money in the account to protect the state's security
14 interest in collateral on loans made from the fund, to protect the state's interests in investments

1 made from the fund, or to defray expenses incurred during foreclosure or other legal proceedings
2 involving loans or investments made from the fund.

3 (c) The commissioner may use money from the fund to provide for loan information
4 officers under AS 44.47.155.

5 Sec. 44.47.810. RURAL DEVELOPMENT LOANS. (a) The department may use
6 money from the rural development initiative fund to make a loan of up to \$100,000 to a person,
7 or a loan of up to \$200,000 to two or more persons, to be used for working capital, equipment,
8 construction, or other commercial purposes by a business located in a community with a
9 population of 5,000 or less. A person who has received a loan under this subsection may not be
10 granted another loan until after the original loan is entirely repaid.

11 (b) The department may require collateral and by regulation establish other conditions
12 for loans made under this section. The department shall by regulation establish rates of interest
13 and terms of repayment for loans made under this section.

14 Sec. 44.47.820. INVESTMENT IN RURAL BUSINESSES. The department may use
15 money from the rural development initiative fund to provide capital for a new business venture
16 by purchasing stocks or bonds, or by underwriting stocks or bonds, of a corporation if its primary
17 place of business and primary business activity are located in a community with a population of
18 5,000 or less.

19 Sec. 44.47.830. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
20 FORECLOSURE. The department shall dispose of property acquired through default or
21 foreclosure of a loan made from the rural development initiative fund. Disposal shall be made
22 in a manner that serves the best interests of the state, and may include the amortization of
23 payments over a period of years. The commissioner shall request an appropriation to the fund
24 of proceeds from disposal of property under this section.