

CS FOR SENATE BILL NO. 238 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/15/91
Referred: Finance

Sponsor(s): SENATORS ADAMS, Hoffman

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 - 44.47.820 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 - 44.47.820.

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 shall require collateral for each loan made under this section and
12 shall require that a reasonable amount of money from other nonstate sources be committed for
13 use on any project or enterprise for which money from a loan will be used. The department by
14 regulation may establish other conditions for loans. The department shall by regulation establish
15 rates of interest that are not less than six percent per year and terms of repayment for loans made
16 under this section.

17 Sec. 44.47.820. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
18 FORECLOSURE. The department shall dispose of property acquired through default or
19 foreclosure of a loan made from the rural development initiative fund. Disposal shall be made
20 in a manner that serves the best interests of the state, and may include the amortization of
21 payments over a period of years. The commissioner shall request an appropriation to the fund
22 of proceeds from disposal of property under this section.