

Rec'd after bill
rep. out 4-13-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 165 (Fin)
Title An Act creating the telephone utility revolving loan fund;
and providing for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		46.6	49.4	52.4	55.5	58.8
200 TRAVEL		4.1	4.3	4.6	4.9	5.2
300 CONTRACTUAL		1.6	1.7	1.8	1.9	2.0
400 COMMODITIES		.5	.5	.6	.6	.6
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		2.7	2.9	3.0	3.2	3.4
700 GRANTS, CLAIMS, ETC.						
TOTAL		55.5	58.8	62.4	66.1	70.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		55.5	58.8	62.4	66.1	70.0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Per Department of Administration, the Division of Loans and Veterans' Affairs will be performing much of the work examining, approving and closing loans, consulting with the Department of Administration on the feasibility studies.

FY 84 - FY 87 are at the same funding level, increased by 6% inflation factor.

IV. DATE April 8, 1982 PREPARED BY Don Hostak, Director
AGENCY Department of Commerce & Economic Development
Original: Legislative Finance PHONE 465-2555 Division of Loans and
cc: Budget and Management or 465-2510 Veterans' Affairs
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

CSHB 165 (Fin)
An Act creating the telephone utility revolving loan fund;
and providing for an effective date.

PERSONAL SERVICES

1 Loan Examiner III (AWA) \$3,041 Mo. \$ 36,492

Benefits

SBS @ .0613	\$ 2,237	
Fixed Benefits @ .1568	5,723	
Monthly Benefits @ \$183 mo.	<u>2,196</u>	<u>10,156</u>

Total Salaries and Benefits \$ 46,648

TRAVEL

Six trips to various locations	2,530	
Per diem = 3 days per trip	<u>1,530</u>	

Total Travel 4,060

CONTRACTUAL

Phone	1,200	
Advertisting	<u>400</u>	

Total Contractual 1,600

COMMODITIES

Calculator	280	
Setup Costs	40	
Other supplies	<u>200</u>	

Total Commodities 520

EQUIPMENT

No Equipment -0-

ASHA

Space Rental	<u>2,700</u>	
--------------	--------------	--

Total Cost CSHB 165 (Fin) \$ 55,528

1	POSITION TITLE Loan Examiner III			RANGE/STEP 19A	BARG. UNIT. GGU	LOCATION AWA	GOV.	APPROV.	DIGAPP.
2	TYPE OF POSITION Perm.	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1 of 1	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: CSHB 165 (Fin) - Authorizes the Departments of Administration and Commerce and Economic Development to make and service loans for the Telephone Utility Revolving Loan Fund. Per the Department of Administration, the Division of Loans and Veterans' Affairs will be performing much of the work examining, approving and closing loans, consulting with the Department of Administration on the feasibility studies.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		36,492	36,492					
5	BENEFITS		2,196						
6	SBS		2,237						
7	FIXED BENEFITS		5,723	10,156					
8	TOTAL PERSONAL SERVICES		01	46,648					
9	TRAVEL		02						
10	CONTRACTUAL		03						
11	COMMODITIES		04	320					
12	EQUIPMENT		05						
13	OTHER			2,700					
14	TOTAL COST			49,668					
	RECEIPT CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004		49,668					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION								
22	ADDITION			FOR B&M USE ONLY					
4A KEY NUMBER		COLUMN NO.							

AGENCY Commerce and Economic Development PROGRAM Economic Development

BRU Loan Administration

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 1 REVISED DATE _____

FY 83

COMMITTEE REPORT
HOUSE

FURTHER:

4/30/81

(11)

Date: 3/26/82

Mr. Speaker:

The Committee on FINANCE has had HB 165

"An Act creating the public utility revolving loan fund; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 165 (Fin) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note *of 5/1/82*
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 165 (Finance)

Title An Act creating the telecommunications public utility revolving loan fund;

Requested by _____ Date _____ and providing

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development date

Program Category Affected Economic Development

BRU, Program, Or Subprogram(s) Affected Division of Loans & Veterans' Affairs

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note is based on the assumption that no more than 50 loans will be approved annually.

IV. DATE

3/24/82

PREPARED BY

D.A. Hostak
D. A. Hostak, Director

AGENCY Dept. of Commerce & Economic Development

Original: Legislative Finance PHONE 465-2555 Division of Loans & Veterans' Affairs

cc: Budget and Management or 465-2510

Prime Sponsor (First Legislator Named)

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 165 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the telephone utility revolving loan
7 fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11 (1) the availability of adequate telephone service at reasonable
12 rates in the state is a proper matter of public concern;

13 (2) the ability of privately, municipally and cooperatively owned
14 telecommunications utilities in the state to finance basic telephone service
15 to the public and to finance capital improvements required to extend and
16 improve the service on terms that will enable service rates to remain at
17 reasonable levels in the foreseeable future is seriously impaired by the
18 unavailability of low-cost financing;

19 (3) as a matter of public policy and to provide an acceptable
20 level of telephone service to its residents at reasonable rates, the state
21 should assist telecommunications utilities in acquiring the money that is
22 essential to operate, maintain, and expand telephone utility facilities and
23 service.

24 * Sec. 2. AS 42 is amended by adding a new chapter to read:

25 CHAPTER 08. TELEPHONE UTILITY REVOLVING LOAN FUND.

26 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The telephone utility
27 revolving loan fund is created in the Department of Commerce and Economic
28 Development. Upon authorization of the Department of Administration,
29 the Department of Commerce and Economic Development shall make loans

1 from the fund and administer the loans.

2 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
3 Department of Administration shall formulate procedures and adopt regula-
4 tions to implement this chapter in consultation with the Alaska Public
5 Utilities Commission. Regulations adopted under this section shall
6 conform to the maximum extent practicable with regulations adopted by
7 the federal Rural Electrification Agency (7 C.F.R. 1700.1 et seq.).

8 (b) Subject to other provisions of this chapter, the Department of
9 Administration may

10 (1) if credit is not readily available from a lending insti-
11 tution at a rate of interest that does not exceed the rate that the
12 state agreed to pay on the most recent general obligation bonds issued
13 before the application for the loan, authorize a loan from the telephone
14 utility revolving loan fund to a utility for capital improvements and
15 other facilities to be used to provide, improve, and expand telephone
16 service;

17 (2) authorize a loan from the telephone utility revolving
18 loan fund to a utility to meet short-term or interim capital needs
19 related to providing telephone service before receipt by the utility of
20 long-term loans;

21 (3) consult with appropriate federal agencies and other
22 lending institutions that make loans to utilities in the state concerning
23 policies, regulations, and procedures to carry out the provisions of
24 this chapter;

25 (4) designate agents and delegate powers to them;

26 (5) require bonds and undertakings from persons employed by
27 the department, and pay the premiums on the bonds and undertakings;

28 (6) establish amortization plans for the repayment of a loan.

29 Sec. 42.08.030. ELIGIBILITY FOR LOANS. (a) A utility may apply

1 for a loan under this chapter if at the time of application for the loan
2 it is

3 (1) a utility for furnishing telecommunications service under
4 AS 42.05.701(2)(B);

5 (2) providing telephone service or is authorized by the
6 Alaska Public Utilities Commission to begin providing telephone service;
7 and

8 (3) serving the public under a certificate of public con-
9 venience and necessity issued by the Alaska Public Utilities Commission.

10 (b) A loan may not be made until the Department of Administration
11 finds that

12 (1) the applicant is fit, willing, and able to provide tele-
13 phone service using each facility to be financed by the loan;

14 (2) each facility to be financed by the loan is required for
15 the convenience and necessity of the public and will result in an im-
16 provement of telephone service;

17 (3) the loan will not cause an unreasonably adverse impact on
18 a rate structure regulated by the Alaska Public Utilities Commission;

19 (4) the applicant shows a definite potential for providing
20 improved or expanded telephone service in the community or area it
21 serves, or otherwise requires the financing to maintain adequate, effi-
22 cient, and safe telephone service;

23 (5) the applicant will be able to repay the loan; and

24 (6) the applicant has complied with other requirements im-
25 posed by regulation of the department.

26 Sec. 42.05.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A
27 single loan to a utility under this chapter may not exceed \$5,000,000
28 and the total amount of loans made to a utility during a calendar year
29 may not exceed 25 percent of the net plant investment for the utility

1 indicated in the latest annual report of the utility.

2 (b) A loan shall be secured by collateral equal in fair market
3 value to 75 percent of the loan.

4 (c) Amortization plans for the repayment of a loan may not exceed
5 30 years. The rate of interest charged on the unpaid balance may not
6 exceed the rate of interest that the state agreed to pay on the most
7 recent general obligation bonds issued before application for the loan
8 under this chapter.

9 (d) Subject to (e) of this section, a loan may not be made until
10 an investigation and an economic feasibility study are conducted and, as
11 a result of the investigation and study, the Department of Administra-
12 tion determines that the loan is economically sound, the utility will be
13 financially self-sustaining, and the loan will be fully amortized in
14 accordance with the terms and conditions of the loan. The economic
15 feasibility study shall be conducted by the department or by consultants,
16 engineers, or other technical experts approved by the department. To
17 facilitate an economic feasibility study the applicant shall furnish
18 systems studies, long-range economic forecasts, financial data, and
19 technical information required by regulation of the department.

20 (e) If a loan is participated in by a financial institution in an
21 amount not less than 20 percent of the total amount of the loan, the
22 Department of Administration may adopt the investigation and economic
23 feasibility study made or accepted by the financial institution as the
24 basis for participation by the institution in the loan.

25 (f) If a financial institution participates in a loan, it may
26 elect to administer and service the loan for a reasonable fee not ex-
27 ceeding one-half of one percent of the amount of the loan.

28 (g) The state and a financial institution that participates in a
29 loan shall each have a first lien on the collateral or share the

1 collateral to the extent of their respective parts of the total loan.

2 (h) A loan shall be subject to other terms and conditions estab-
3 lished by regulation of the Department of Administration.

4 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
5 shall be delivered to the borrower in the form of a warrant drawn on the
6 treasury and charged against the telephone utility revolving loan fund.
7 Upon repayment of a loan in accordance with the prescribed terms, or
8 upon liquidation by foreclosure or other process, or upon receipt of
9 interest or other revenue, the money received shall be turned over to
10 the Department of Commerce and Economic Development for deposit in the
11 telephone utility revolving loan fund.

12 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
13 COLLATERAL AND PROPERTY. (a) The commissioner of commerce and economic
14 development may sell or transfer at par value or at a premium or discount
15 to a bank or private purchaser for cash or other consideration the
16 notes, mortgages and collateral held by the Department of Commerce and
17 Economic Development as security for loans made under this chapter.

18 (b) The commissioner of commerce and economic development may sell
19 or transfer at par value to the Department of Revenue the notes, mort-
20 gages and other collateral held as security for loans made under this
21 chapter. The Department of Revenue may purchase the notes, mortgages,
22 and other collateral, allowing the Department of Commerce and Economic
23 Development one-half of one percent of the value of the notes, mortgages,
24 or collateral as a service fee.

25 (c) In the event of default on a loan made under this chapter, the
26 state may not sell, transfer or acquire property of the borrower or sell
27 or transfer collateral previously received for the loan without approval
28 of the Alaska Public Utilities Commission.

29 Sec. 42.08.070. PROCEEDINGS AND REGULATIONS. The Administrative

1 Procedure Act (AS 44.62) governs all proceedings and the adoption of
2 regulations under this chapter.

3 * Sec. 3. This Act takes effect July 1, 1982.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

OK, as corrected

Cook ✓✓

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 165 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the telecommunications public utility
7 revolving loan fund; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
11 that

12 (1) the availability of adequate public telecommunications ser-
13 vices and facilities at reasonable rates in the state is a proper matter of
14 public concern;

15 (2) the ability of privately, municipally and cooperatively owned
16 public telecommunications utilities in the state to finance basic telephone
17 service to the public and to finance capital improvements required to extend
18 and improve the service on terms that will enable service rates to remain at
19 reasonable levels in the foreseeable future is seriously impaired by the
20 unavailability of low-cost financing;

21 (3) as a matter of public policy and to provide an acceptable
22 level of telecommunications services to its residents at reasonable rates,
23 the state should assist telecommunications public utilities in acquiring the
24 money that is essential to operate, maintain, and expand utility facilities
25 and services.

26 * Sec. 2. AS 42 is amended by adding a new chapter to read:

27 CHAPTER 08. TELECOMMUNICATIONS PUBLIC UTILITY
28 REVOLVING LOAN FUND.

29 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The telecommunica-

1 tions public utility revolving loan fund is created in the Department of
2 Commerce and Economic Development. Upon authorization of the Department
3 of Administration, the Department of Commerce and Economic Development
4 shall make loans from the fund and administer the loans.

5 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
6 Department of Administration shall formulate procedures and adopt regula-
7 tions to implement this chapter in consultation with the Alaska Public
8 Utilities Commission. Regulations adopted under this section shall
9 conform to the maximum extent practicable with regulations adopted by
10 the federal Rural Electrification Agency (7 C.F.R. 1700.1 et seq.).

11 (b) Subject to other provisions of this chapter, the Department of
12 Administration may

13 (1) authorize a loan from the telecommunications public
14 utility revolving loan fund to a public utility to finance capital
15 improvements, plant and facilities, and to improve and expand services,
16 if other credit is not readily available from lending institutions at a
17 rate of interest ~~less than the rate of interest~~ that the state agreed to
18 pay on the most recent general obligation bonds issued before the appli-
19 cation for the loan under this chapter;

20 (2) authorize a loan from the telecommunications public
21 utility revolving loan fund to a public utility to meet short-term or
22 interim capital needs before receipt by the utility of long-term loans;

23 (3) consult with appropriate federal agencies and other
24 lending institutions that make loans to public utilities in the state
25 concerning policies, regulations, and procedures to carry out the pro-
26 visions of this chapter;

27 (4) designate agents and delegate powers to them;

28 (5) require bonds and undertakings from persons employed by
29 the department, and pay the premiums on the bonds and undertakings;

1 (6) establish amortization plans for the repayment of a loan.

2 Sec. 42.08.030. ELIGIBILITY FOR LOANS. (a) A public utility may
3 apply for a loan under this chapter if

4 (1) it is a public utility for furnishing telecommunications
5 service under AS 42.05.701(2)(B); and

6 (2) at the time of application for a loan it is serving the
7 public under a certificate of public convenience and necessity issued by
8 the Alaska Public Utilities Commission.

9 (b) A loan may not be made until the Department of Administration
10 finds that

11 (1) the applicant is fit, willing, and able to provide ser-
12 vices using each facility to be financed by the loan;

13 (2) each facility to be financed by the loan is required for
14 the convenience and necessity of the public and will result in an im-
15 provement of service;

16 (3) the loan will not cause an unreasonably adverse impact on
17 a rate structure regulated by the Alaska Public Utilities Commission;

18 (4) the applicant shows a definite potential for providing
19 improved or expanded service in the community or area it serves, or
20 otherwise requires the financing to maintain adequate, efficient, and
21 safe service;

22 (5) the applicant will be able to repay the loan; and

23 (6) the applicant has complied with other requirements im-
24 posed by regulation of the department.

25 Sec. 42.08.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A
26 single loan to a public utility under this chapter may not exceed
27 \$5,000,000 and the total amount of loans made to a utility during a
28 calendar year may not exceed 25 percent of the net plant investment for
29 the utility indicated in the latest annual report of the utility.

1 (b) A loan shall be secured by collateral equal in fair market
2 value to 75 percent of the loan.

3 (c) Amortization plans for the repayment of a loan may not exceed
4 30 years. The rate of interest charged on the unpaid balance may not
5 exceed the rate of interest that the state agreed to pay on the most
6 recent general obligation bonds issued before application for the loan
7 under this chapter.

8 (d) Subject to (e) of this section, a loan may not be made until
9 an investigation and an economic feasibility study are conducted and, as
10 a result of the investigation and study, the Department of Administra-
11 tion determines that the loan is economically sound, the utility will be
12 financially self-sustaining, and the loan will be fully amortized in
13 accordance with the terms and conditions of the loan. The economic
14 feasibility study shall be conducted by the department or by consultants,
15 engineers, or other technical experts approved by the department. To
16 facilitate an economic feasibility study the applicant shall furnish
17 systems studies, long-range economic forecasts, financial data, and
18 technical information required by regulation of the department.

19 (e) If a loan is participated in by a financial institution in an
20 amount not less than 20 percent of the total amount of the loan, the
21 Department of Administration may adopt the investigation and economic
22 feasibility study made or accepted by the financial institution as the
23 basis for participation by the institution in the loan.

24 (f) If a financial institution participates in a loan, it may
25 elect to administer and service the loan for a reasonable fee not ex-
26 ceeding one-half of one percent of the amount of the loan.

27 (g) The state and a financial institution that participates in a
28 loan shall each have a first lien on the collateral or share the
29 collateral to the extent of their respective parts of the total loan.

1 (h) A loan shall be subject to other terms and conditions estab-
2 lished by regulation of the Department of Administration.

3 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
4 shall be delivered to the borrower in the form of a warrant drawn on the
5 treasury and charged against the telecommunications public utility
6 revolving loan fund. Upon repayment of a loan in accordance with the
7 prescribed terms, or upon liquidation by foreclosure or other process,
8 or upon receipt of interest or other revenue, the money received shall
9 be turned over to the Department of Commerce and Economic Development
10 for deposit in the telecommunications public utility revolving loan
11 fund.

12 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
13 COLLATERAL AND PROPERTY. (a) The commissioner of commerce and economic
14 development may sell or transfer at par value or at a premium or discount
15 to a bank or private purchaser for cash or other consideration the
16 notes, mortgages and collateral held by the Department of Commerce and
17 Economic Development as security for loans made under this chapter.

18 (b) The commissioner of commerce and economic development may sell
19 or transfer at par value to the Department of Revenue the notes, mort-
20 gages and other collateral held as security for loans made under this
21 chapter. The Department of Revenue may purchase the notes, mortgages,
22 and other collateral, allowing the Department of Commerce and Economic
23 Development one-half of one percent of the value of the notes, mortgages,
24 or collateral as a service fee.

25 (c) In the event of default on a loan made under this chapter, the
26 state may not sell, transfer or acquire property of the borrower or sell
27 or transfer collateral previously received for the loan without approval
28 of the Alaska Public Utilities Commission.

29 Sec. 42.08.070. PROCEEDINGS AND REGULATIONS. The Administrative

1 Procedure Act (AS 44.62) governs all proceedings and the adoption of
2 regulations under this chapter.

3 * Sec. 3. This Act takes effect July 1, 1982.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

HB 165

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 165
 Title An Act Creating the Public Utility Revolving Loan Fund
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Business Loans
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	67.8	74.6	82.1	90.3	99.3
200 TRAVEL		6.4	7.0	7.7	8.5	9.4
300 CONTRACTUAL		10.0	11.0	12.1	13.3	14.6
400 COMMODITIES		.5	.6	.6	.7	.8
500 EQUIPMENT		4.4	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	89.1	93.2	102.5	112.8	124.1

FUNDING (Thousands of Dollars)

GENERAL FUND		89.1	93.2	102.5	112.8	124.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Staff required to process loans. Fiscal note detail attached.

IV. DATE Feb. 20, 1981 PREPARED BY Sharon Traylor, Director
 AGENCY Division of Business Loans/Dept. of Com. & Econ. Development
 PHONE 465-2510
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL
 HB 165 - Public Utility Loan Fund

100	1 Loan Examiner III @ \$2,837/mo.		\$34.0
	1 Documents Processing Clerk III @ \$1,564/mo.		<u>18.8</u>
	TOTAL WAGES		\$52.8
	Standard Benefits (Wages x .1555)		8.2
	Supplemental Benefits (Wages x .0613)		3.2
	Health Insurance (Man Months x \$150)		<u>3.6</u>
	TOTAL PERSONAL SERVICES		\$67.8
200	Trips to inspect collateral and close loans		
	10 trips @ \$500	\$5.0	
	20 days per diem @ \$70	<u>1.4</u>	6.4
300	Telephone & postage, printing of applications, advertising		10.0
400	Office supplies		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS		\$84.7
500	Equipment		
	2 Desks @ \$330	.7	
	1 Typist's extension	.5	
	1 Credenza	.5	
	1 Executive chair	.2	
	1 Secretarial chair	.2	
	2 Side chairs @ \$100	.2	
	2 File cabinets @ \$325	.7	
	2 Calculators @ \$200	.4	
	1 Typewriter	<u>1.0</u>	<u>4.4</u>
	TOTAL		\$89.1
	10% Inflation for succeeding years		

FISCAL NOTE

165

I. REQUEST

Bill/Resolution No. HB 165
 Title An Act Creating the Public Utility Revolving Loan Fund
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Business Loans
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	67.8	74.6	82.1	90.3	99.3
200 TRAVEL		6.4	7.0	7.7	8.5	9.4
300 CONTRACTUAL		10.0	11.0	12.1	13.3	14.6
400 COMMODITIES		.5	.6	.6	.7	.8
500 EQUIPMENT		4.4	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	89.1	93.2	102.5	112.8	124.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		89.1	93.2	102.5	112.8	124.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Staff required to process loans. Fiscal note detail attached.

Sharon Traylor
 Sharon Traylor, Director

IV. DATE Feb. 20, 1981 PREPARED BY Sharon Traylor, Director
 AGENCY Division of Business Loans/Dept. of Com. & Econ. Development
 cc: Original: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named)
 PHONE 465-2510

FISCAL NOTE DETAIL
HB 165 - Public Utility Loan Fund

100	1 Loan Examiner III @ \$2,837/mo.		\$34.0
	1 Documents Processing Clerk III @ \$1,564/mo.		<u>18.8</u>
	TOTAL WAGES		\$52.8
	Standard Benefits (Wages x .1555)		8.2
	Supplemental Benefits (Wages x .0613)		3.2
	Health Insurance (Man Months x \$150)		<u>3.6</u>
	TOTAL PERSONAL SERVICES		\$67.8
200	Trips to inspect collateral and close loans		
	10 trips @ \$500	\$5.0	
	20 days per diem @ \$70	<u>1.4</u>	6.4
300	Telephone & postage, printing of applications, advertising		10.0
400	Office supplies		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS		\$84.7
500	Equipment		
	2 Desks @ \$330	.7	
	1 Typist's extension	.5	
	1 Credenza	.5	
	1 Executive chair	.2	
	1 Secretarial chair	.2	
	2 Side chairs @ \$100	.2	
	2 File cabinets @ \$325	.7	
	2 Calculators @ \$200	.4	
	1 Typewriter	<u>1.0</u>	<u>4.4</u>
	TOTAL		\$89.1
	10% Inflation for succeeding years		

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 165 (Labor + Com)
Title An Act Creating the Public Utility Revolving Loan Fund
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
Program Category Affected Development
BRU, Program, Or Subprogram(s) Affected Division of Business Loans
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	67.8	74.6	82.1	90.3	99.3	
200 TRAVEL	6.4	7.0	7.7	8.5	9.4	
300 CONTRACTUAL	110.0	121.0	133.1	146.4	161.0	
400 COMMODITIES	.5	.6	.6	.7	.8	
500 EQUIPMENT	4.4	-0-				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	189.1	203.2	223.5	255.9	270.5	

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	189.1	203.2	223.5	255.9	270.5	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	2	2	2	2	2	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Staff required to process loans. Fiscal note detail attached.

IV. DATE _____

PREPARED BY D. A. Hostak

AGENCY Division of Business Loans/Dept. of Commerce
PHONE 465-2510 Economic Development

Original: Legislative Finance
cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL
 HB 165 - Public Utility Loan Fund

100	1 Loan Examiner III @ \$2,837/mo.	\$34.0
	1 Documents Processing Clerk III @ \$1,564/mo.	<u>18.8</u>
	TOTAL WAGES	\$52.8
	Standard Benefits (Wages x .1555)	8.2
	Supplemental Benefits (Wages x .0613)	3.2
	Health Insurance (Man Months x \$150)	<u>3.6</u>
	TOTAL PERSONAL SERVICES	\$67.8
200	Trips to inspect collateral and close loans	
	10 trips @ \$500	\$5.0
	20 days per diem @ \$70	<u>1.4</u>
		6.4
300	Telephone and postage, printing of applications and advertising	
		10.0
	Economic Feasibility Studies	100.0
400	Office supplies	
		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS	\$184.7
500	Equipment	
	2 Desks @ \$330	.7
	1 Typist's extension	.5
	1 Credenza	.5
	1 Executive chair	.2
	1 Secretarial chair	.2
	2 Side chairs @ \$100	.2
	2 File cabinets @ \$325	.7
	2 Calculators @ \$200	.4
	1 Typewriter	<u>1.0</u>
		<u>4.4</u>
	TOTAL	\$189.1

10% Inflation for succeeding years

Alaska State Legislature

House of Representatives



Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

CSHB 165 (Labor & Commerce)

Dear Mr. Speaker:

Our committee on Labor and Commerce has had under consideration HB 165, "An Act creating the public utility revolving loan fund; and providing for an effective date."

We have approved a committee substitute that still addresses the intention of the original legislation: that is, to create a revolving loan fund for public telecommunications.

During public testimony the committee was convinced that administration of the fund should be on a priority basis so those public telecommunications utilities desiring to expand services to unserved areas would be given a priority.

The committee believes such priority would best serve the rural areas of the state that are in desperate need of a communications system and this in turn would best serve the state as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vern Hurlbert".

Rep. Vern Hurlbert
Chairman

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

Offered: 4/30/81
Referred: Finance

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 165 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act creating the telecommunications revolving loan

7

fund; and providing for an effective date."

8

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

9

* Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11

(1) the availability of adequate public telecommunications ser-
12 vices and facilities at reasonable rates in the state is a proper matter of
13 public concern;

14

(2) the ability of privately, municipally and cooperatively owned
15 public telecommunications utilities in the state to finance service to the
16 public and to finance capital improvements required to extend and improve
17 service on terms that will enable service rates to remain at reasonable
18 levels in the foreseeable future is seriously impaired by the unavailability
19 of low-cost private financing and by delays experienced in obtaining low-cost
20 federal loans;

21

(3) as a matter of public policy, to ensure the sound development
22 of the state and its resources and to provide an acceptable level of tele-
23 communications services to its residents at reasonable rates, the state
24 should assist telecommunications utilities in acquiring the money that is
25 essential to operate, maintain and expand facilities and services.

26

* Sec. 2. AS 44.88 is amended by adding new sections to read:

27

ARTICLE 5. TELECOMMUNICATIONS REVOLVING LOAN FUND.

28

Sec. 44.88.230. REVOLVING LOAN FUND CREATED. The telecommunica-
29 tions revolving loan fund is created in the Alaska Industrial Develop-

1 ment Authority.

2 Sec. 44.88.231. POWERS AND DUTIES OF THE AUTHORITY. (a) Unless
3 the application is deficient, the authority shall approve or deny an
4 application for a loan from the telecommunications revolving loan fund
5 within 90 days after receiving it. The authority shall return a defi-
6 cient application to the applicant for additions or corrections.

7 (b) The authority shall formulate procedures and adopt regulations
8 to implement AS 44.88.230 - 44.88.250 which do not conflict with regu-
9 lations or rulings of the Alaska Public Utilities Commission.

10 (c) The authority may

11 (1) make a loan from the telecommunications revolving loan
12 fund to a public telecommunications utility to finance capital improve-
13 ments, plant and facilities, and to improve and expand services, if
14 other credit is not readily available from private or federal lending
15 institutions;

16 (2) make a loan from the telecommunications revolving loan
17 fund to a public telecommunications utility to meet short-term or
18 interim capital needs before receipt by the utility of long-term loans;

19 (3) consult with appropriate federal agencies and other
20 lending institutions which make loans to public utilities in the state
21 concerning policies, regulations, and procedures to carry out the pro-
22 visions of AS 44.88.230 - 44.88.250;

23 (4) designate agents and delegate powers to them as is
24 necessary;

25 (5) require bonds and undertakings from persons employed by
26 the authority as necessary, and pay the premiums on the bonds and
27 undertakings;

28 (6) establish amortization plans as provided in AS 44.88.-
29 234(c).

1 Sec. 44.88.232. ELIGIBILITY FOR LOANS. A public telecommunica-
2 tions utility is eligible for a loan under AS 44.88.231 if

3 (1) it is a public utility for furnishing telecommunications
4 service under AS 42.05.701(2)(B);

5 (2) at the time of application for a loan it is serving the
6 public under a certificate of public convenience and necessity issued
7 by the Alaska Public Utilities Commission;

8 (3) in the judgment of the authority

9 (A) the public telecommunications utility shows a
10 definite potential for providing improved or expanded service in
11 the community or area it serves, or otherwise requires the financ-
12 ing to maintain adequate, efficient and safe service; and

13 (B) the utility will be able to repay the loan.

14 Sec. 44.88.234. CONDITIONS AND LIMITATIONS ON LOANS. (a) A loan
15 to a public telecommunications utility under AS 44.88.231 may not
16 exceed \$5,000,000 and shall be secured by collateral equal, in cost or
17 in fair market value, whichever is less, to at least the total amount
18 of the loan.

19 (b) A loan shall be on terms and conditions established by regula-
20 tion of the authority, except that money from a loan to be used to
21 provide services to an area not being served by the utility under a
22 certificate of public convenience and necessity at the time the loan
23 was applied for may not be disbursed to the utility until a certificate
24 to serve the area is issued by the Alaska Public Utilities Commission.

25 (c) Amortization plans for the repayment of a loan may not exceed
26 30 years. The rate of interest charged on the unpaid balance may not
27 exceed five percent annually.

28 (d) Subject to (e) of this section, a loan may not be made until
29 an investigation and an economic feasibility study are conducted and,

1 as a result of the investigation and study, the authority determines
2 that the loan is economically sound, that the utility will be finan-
3 cially self-sustaining, and the loan will be fully amortized in accor-
4 dance with the terms and conditions of the loan. The economic feasibil-
5 ity study shall be conducted by the authority staff or by consultants,
6 engineers, or other technical experts approved by the authority. To
7 facilitate an economic feasibility study the authority shall require
8 the applicant to furnish systems studies, long-range economic fore-
9 casts, financial data, and technical information which the authority
10 considers necessary.

11 (e) If a loan is participated in by a financial institution in an
12 amount not less than 20 percent of the total amount of the loan, the
13 authority may accept the investigation and economic feasibility study
14 made or accepted by the financial institution as a basis for its parti-
15 cipacion. If a utility applies for a short-term or interim loan, the
16 authority may accept as evidence of economic feasibility and as a basis
17 for awarding the loan, authorization by the federal Rural Electrifica-
18 tion Administration to seek interim financing pending approval of a
19 federal long-term loan to the applicant.

20 (f) If a financial institution participates in a loan made under
21 AS 44.88.231, it may elect to administer and service the loan for a
22 reasonable fee not exceeding one-half of one percent of the amount of
23 the loan.

24 (g) The state and a financial institution which participates in a
25 loan made under AS 44.88.231 shall each have a first lien on the col-
26 lateral or share the collateral to the extent of their respective parts
27 of the total loan, except the authority may subordinate a lien on
28 collateral to a lien of the federal Rural Electrification Administra-
29 tion.

1 Sec. 44.88.236. ADMINISTRATION. Money loaned under AS 44.88.231
2 shall be delivered to the borrower in the form of a warrant drawn on
3 the treasury, and charged against the telecommunications revolving loan
4 fund. Upon repayment of a loan in accordance with the prescribed
5 terms, or upon liquidation by foreclosure or other process, or upon
6 receipt of interest or other revenue, the money received shall be
7 turned over to the authority for deposit in the telecommunications
8 revolving loan fund.

9 Sec. 44.88.238. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
10 COLLATERAL. (a) The authority may sell or transfer at par value or at
11 a premium or discount to a bank or other financial institution, or to a
12 private purchaser for cash or other consideration the notes, mortgages
13 and collateral held by the authority as security for loans made under
14 AS 44.88.230 - 44.88.250.

15 (b) The authority may sell or transfer at par value to the Depart-
16 ment of Revenue the notes, mortgages and other collateral held by the
17 authority as security for loans made under AS 44.88.230 - 44.88.250.
18 The Department of Revenue may purchase the notes, mortgages, and other
19 collateral, allowing the authority one-half of one percent of the value
20 of the notes, mortgages, or collateral as a service fee.

21 Sec. 44.88.240. OPERATION OF FACILITY PENDING DEFAULT. During
22 the pendency of a default proceeding, the authority, another public
23 corporation, a state agency, or a political subdivision of the state
24 may, for a period up to six months, operate a facility which is held as
25 collateral for a loan made under AS 44.88.230 - 44.88.250, or the
26 authority may designate a private entity to operate the facility upon
27 the approval of the Alaska Public Utilities Commission. If the author-
28 ity, another public corporation, a state agency, or a political sub-
29 division of the state operates a facility under this section, it shall,

1 after six months, cease to operate the facility and the authority may
2 designate a private entity to assume operation of the facility upon the
3 approval of the Alaska Public Utilities Commission.

4 Sec. 44.88.250. PROCEEDINGS AND REGULATIONS. The Administrative
5 Procedure Act (AS 44.62) governs all proceedings and the adoption of
6 regulations under AS 44.88.230 - 44.88.250.

7 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
8 070(c).

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/17/81
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY HURLBERT, VASKA, AND CHUCKWUK

2 HOUSE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the public utility revolving loan
7 fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11 (1) the availability of adequate public utility services and
12 facilities at reasonable rates in the state is a proper matter of public
13 concern;

14 (2) the ability of privately, municipally and cooperatively owned
15 public utilities in the state to finance service to the public and to finance
16 capital improvements required to extend and improve those services on terms
17 that will enable utility service rates to remain at reasonable levels in the
18 foreseeable future is seriously impaired by the unavailability of low-cost
19 private financing and by the delays experienced in obtaining low-cost federal
20 loans;

21 (3) as a matter of public policy, to ensure the sound development
22 of the state and its resources and to provide an acceptable level of utility
23 services to its residents at reasonable rates, the state should assist these
24 public utilities in acquiring the money that is essential to operate, main-
25 tain and expand utility facilities and services.

26 * Sec. 2. AS 42 is amended by adding a new chapter to read:

27 CHAPTER 08. PUBLIC UTILITY REVOLVING LOAN FUND.

28 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The public utility
29 revolving loan fund is created in the Department of Commerce and Eco-

1 nomic Development.

2 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
3 department shall formulate procedures and adopt regulations to implement
4 this chapter in consultation with the Alaska Public Utilities Commis-
5 sion.

6 (b) The department may

7 (1) make a loan from the public utility revolving loan fund
8 to a public utility to finance or refinance capital improvements, plant
9 and facilities, and to improve and expand services, if other credit is
10 not readily available from private lending institutions at a rate of
11 interest less than the rate of interest which the state agreed to pay
12 on the most recent general obligation bonds issued before the applica-
13 tion for the loan under this chapter;

14 (2) make loans from the public utility revolving loan fund
15 to a public utility to meet short-term or interim capital needs before
16 receipt by the public utility of long-term loans;

17 (3) consult with appropriate federal agencies and other
18 lending institutions which make loans to public utilities in the state
19 concerning policies, regulations and procedures to carry out the pro-
20 visions of this chapter;

21 (4) designate agents and delegate powers to them as is
22 necessary;

23 (5) require bonds and undertakings from persons employed by
24 the department as in the commissioner's judgment are necessary, and pay
25 the premiums on the bonds and undertakings;

26 (6) establish amortization plans as provided in AS 42.08.-
27 040(c).

28 Sec. 42.08.030. ELIGIBILITY FOR LOANS. A public utility is eli-
29 gible for a loan under this chapter if

1 (1) it is a public utility as defined in AS 42.05.701(2)-
2 (A) - (E);

3 (2) at the time of application for a loan it is serving the
4 public under a certificate of public convenience and necessity issued
5 by the Alaska Public Utilities Commission;

6 (3) in the judgment of the department

7 (A) the public utility shows a definite potential for
8 providing improved or expanded service in the community or service
9 area it serves, or otherwise requires the financing to maintain
10 adequate, efficient and safe service; and

11 (B) the utility will be able to repay the loan.

12 Sec. 42.08.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A loan
13 to a public utility under this chapter may not exceed \$1,000,000.

14 (b) A loan made under this chapter shall be on terms and condi-
15 tions the department determines appropriate and, if secured by collat-
16 eral, may not exceed 75 percent of the value of the collateral offered.

17 (c) Amortization plans for the repayment of a loan made under
18 this chapter may not exceed 30 years. The rate of interest charged on
19 the unpaid balance may not exceed the rate of interest which the state
20 agreed to pay on the most recent general obligation bonds issued before
21 the application for the loan under this chapter.

22 (d) Unless a loan made under this chapter is participated in by a
23 financial institution as provided in (e) of this section, the loan may
24 not be made until an investigation and an economic feasibility study is
25 conducted and, as a result of the investigation and study, the depart-
26 ment determines that the loan is economically sound, that the utility
27 will be financially self-sustaining, and the loan will be fully amor-
28 tized in accordance with the terms and conditions of the loan. The
29 economic feasibility study shall be conducted by the department staff

1 or by consultants, engineers or other technical experts approved by the
2 department. To facilitate its determination of economic feasibility,
3 and its determination of the ability of the utility to be fully self-
4 sustaining and to amortize the loan, the department shall require the
5 applicant for a loan under this chapter to furnish the systems studies,
6 long-range economic forecasts, financial data, and technical information
7 that the department considers necessary.

8 (e) If a loan under this chapter is participated in by a financial
9 institution in an amount not less than 20 percent of the total amount
10 of the loan, the department may accept the investigation and economic
11 feasibility study made or accepted by the financial institution as a
12 basis for its participation.

13 (f) If a financial institution participates in a loan made under
14 this chapter, it may elect to administer and service the loan for a
15 reasonable fee not exceeding one-half of one percent.

16 (g) The state and the participating financial institution shall
17 each have a lien on the collateral or share the collateral to the
18 extent of their respective parts of the total loan to a public utility.

19 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
20 shall be delivered to the borrower in the form of a warrant drawn on
21 the treasury, and charged against the public utility revolving loan
22 fund. Upon repayment of loans in accordance with the prescribed terms,
23 or upon liquidation by foreclosure or other process, or upon receipt of
24 interest or other revenue, the money received shall be turned over to
25 the commissioner of revenue for deposit in the public utility revolving
26 loan fund.

27 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
28 COLLATERAL. (a) The commissioner may sell or transfer at par value or
29 at a premium or discount to a bank or private purchaser for cash or

1 other consideration the notes, mortgages and collateral held by the
2 department as security for loans made under this chapter.

3 (b) The commissioner may sell or transfer at par value to the
4 Department of Revenue the notes, mortgages and other collateral held by
5 the Department of Commerce and Economic Development as security for
6 loans made under this chapter. The Department of Revenue may purchase
7 the notes, mortgages and other collateral so offered, allowing the
8 Department of Commerce and Economic Development a one-half of one
9 percent service fee.

10 Sec. 42.08.070. GUARANTEES OF LOANS. (a) The commissioner may
11 enter into agreements with other state departments and agencies, private
12 banks, other lending institutions, and individuals for the purpose of
13 guaranteeing loans made to qualified public utilities. The guarantees
14 may not exceed 90 percent of the amount loaned and the loans shall be
15 secured in the same manner as provided for direct loans under this
16 chapter.

17 (b) A loan made under this chapter and guaranteed by the state
18 shall bear an interest rate on the unpaid balance not exceeding the
19 rate of interest which the state agreed to pay on the most recent
20 general obligation bonds issued before the application for the loan.

21 Sec. 42.08.080. PROCEEDINGS AND REGULATIONS. The Administrative
22 Procedure Act (AS 44.62) governs all proceedings, and the adoption of
23 regulations, under this chapter.

24 Sec. 42.08.090. DEFINITIONS. In this chapter

25 (1) "commissioner" means the commissioner of commerce and
26 economic development;

27 (2) "department" means the Department of Commerce and Econo-
28 mic Development.

29 * Sec. 3. This Act takes effect July 1, 1981.