

14B

185

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/18/87

FURTHER REFERRALS:

DATE: 5/9/87

The Finance Committee has considered HB 185

"An Act repealing certain state loan programs and making miscellaneous changes to other state loan programs; and providing for an effective date."

RECOMMENDATIONS:

- replace with CS HB 185 (Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

ADAMS Al Adams

POURCHOT Pat Pourchot

LARSON Ronald Larson

WALLIS Kay Wallis

BROWN Tay Brown

SIGNING OTHER RECOMMENDATIONS:

GOLL Peter Goll

SWACK-HAMMETT Swack-Hammett NO REC

BOYER Mark Boyer NO REC

RIEGER Steve Rieger No Recommendation

FRANK Frank NO REC

DAVIS Mike Davis NO REC

Al Adams

Chairman's signature

No. 1

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____
 Revision Date: _____
 Title: Repealing inactive loan programs
& making miscellaneous changes to loan
 Sponsor: Rules Committee
 Requestor: Governor

Bill Version CSHB 185 (Fin.)
 Publish Date: HOUSE 3/18/87

Agency Affected: Commerce & Econ. Dev.
BRU: Investments
 Components: Economic Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

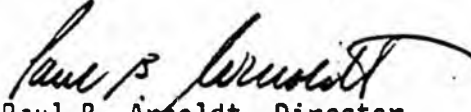
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached



Prepared by: Paul B. Arnoldt, Director
 Division: Investments

Phone: 465-2510
 Date: _____

Approved by Commissioner: J. Anthony Smith
 Agency: Commerce and Economic Development

Date: 2/26/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary
- 5403W22387a

Attachment to Fiscal Note for HB 185

Section 5 of this bill would repeal the mandatory six to ten year forgiveness of interest contained in AS 16.10.525.

The assumptions used in developing this fiscal note are as follows:

1. An effective date of July 1, 1987.
2. \$3.1 million will be loaned out in FY 88 as proposed in the budget submitted to the Legislature.

While this fiscal note depicts no additional income during FY's 87-92, a significant increase in revenues to the Fisheries Enhancement Revolving Loan Fund will be realized in subsequent years.

Under the current law, interest is forgiven for at least the first six years, and as much as ten years. Under this bill, interest could be deferred up to ten years but not forgiven. If \$3.1 million in loans are made in FY 88 as anticipated, an additional \$2.2 million in interest would be collected over the life of those loans that would not have been collected under current statutes. (As a reference, \$1 million in loans would result in an additional \$723,000 in interest being collected.)

If this bill had been in effect since the inception of the Fisheries Enhancement Loan Fund, the State of Alaska would have received an additional \$38.1 million in interest over the life of the \$52.7 million already loaned out.

It is important to note that our analysis of fisheries enhancement portfolios indicates that our borrowers are financially strong and could have made the additional interest payments required under this bill.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 185 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing certain state loan programs; creat-
7 ing an economic development revolving loan fund; and
8 making miscellaneous changes to other state loan
9 programs; and providing for an effective date."

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

11 * Section 1. AS 16.10.500 is amended to read:

12 ARTICLE 9. SALMON [FISHERIES] ENHANCEMENT LOAN PROGRAM.

13 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
14 state, under AS 16.10.500 - 16.10.560, to promote the enhancement of
15 the state's salmon fisheries by means of grants for organizational and
16 planning purposes to regional associations described in AS 16.10.510
17 which have qualified under AS 16.10.380, and by means of long-term,
18 low interest loans for hatchery planning, construction, and operation
19 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION
20 ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND
21 HABITAT IMPROVEMENT].

22 * Sec. 2. AS 16.10.505 is amended to read:

23 Sec. 16.10.505. SALMON [FISHERIES] ENHANCEMENT [REVOLVING] LOAN
24 FUND. There is created within the Department of Commerce and Economic
25 Development a loan [REVOLVING] fund to be known as the salmon [FISHER-
26 IES] enhancement [REVOLVING] loan fund. The fund shall be used to
27 carry out the purposes of AS 16.10.500 - 16.10.560 and for no other
28 purpose. All principal and interest payments and all money chargeable
29 to principal or interest that is collected through liquidation by

1 foreclosure or other process on loans made under AS 16.10.500 - 16.-
2 10.620, shall be paid into the salmon enhancement revolving loan fund.

3 * Sec. 3. AS 16.10.507(a) is amended to read:

4 (a) There is established as a special account within the salmon
5 [FISHERIES] enhancement revolving loan fund the foreclosure expense
6 account. This account is established as a reserve from fund equity.

7 * Sec. 4. AS 16.10.510 is amended to read:

8 Sec. 16.10.510. POWERS AND DUTIES OF THE DEPARTMENT [COMMIS-
9 SIONER]. The department [COMMISSIONER] may

10 (1) make loans to permit holders, qualified under AS 16.-
11 10.400 - 16.10.475 [AS 16.10.400 - 16.10.470, INCLUDING THOSE HOLDERS
12 ISSUED PERMITS BEFORE JUNE 24, 1977], for the preconstruction activ-
13 ities [PLANNING], construction, and operation of salmon hatchery
14 facilities;

15 (2) make loans. [TO QUALIFIED REGIONAL ASSOCIATIONS WHICH
16 HAVE FORMED A NONPROFIT CORPORATION OR A LOCAL NONPROFIT CORPORATION
17 APPROVED BY A QUALIFIED REGIONAL ASSOCIATION,] for preconstruction
18 activities necessary to obtain a salmon hatchery permit under AS 16.-
19 10.400 - 16.10.475;

20 (3) designate agents and delegate powers to them as neces-
21 sary;

22 (4) adopt regulations necessary to carry out its [HIS]
23 functions;

24 (5) establish loan terms [AMORTIZATION PLANS FOR REPAYMENT
25 OF LOANS, NOT TO EXCEED 30 YEARS];

26 (6) [ESTABLISH THE RATE OF INTEREST FOR LOANS NOT TO EXCEED
27 NINE AND ONE-HALF PERCENT A YEAR;

28 (7)] establish regional and local offices and advisory
29 groups to carry out, or assist in carrying out, the duties and

1 authority of the department [COMMISSIONER];

2 (7) [(8) REPEALED

3 (9)] make grants for organizational and planning purposes to
4 qualified regional associations that [WHICH] have formed a nonprofit
5 corporation, in amounts not exceeding \$100,000 per region [AND UP TO
6 AN ADDITIONAL \$100,000 ON A 50/50 CASH MATCHING BASIS WITH THE REGION-
7 AL ASSOCIATIONS WHICH HAVE AN AUTHORIZED ROYALTY ASSESSMENT UNDER
8 AS 16.10.530 OR 16.10.540. THE STATE PORTION OF THE MATCHING SHARE
9 SHALL BE AVAILABLE WHEN A FINAL VOTE FOR ASSESSMENTS IS MADE UNDER
10 AS 16.10.530 OR 16.10.540. THIS PROVISION ALSO APPLIES TO QUALIFIED
11 REGIONAL ASSOCIATIONS WHICH HAVE FORMED A NONPROFIT CORPORATION BEFORE
12 JUNE 24, 1977;

13 (10) MAKE LOANS TO QUALIFIED REGIONAL ASSOCIATIONS WHICH
14 HAVE FORMED A NONPROFIT CORPORATION OR TO LOCAL NONPROFIT CORPORATIONS
15 APPROVED BY QUALIFIED REGIONAL ASSOCIATIONS FOR PLANNING AND IMPLEMEN-
16 TATION OF FISHERIES ENHANCEMENT AND REHABILITATION ACTIVITIES INCLUD-
17 ING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND HABITAT IMPROVEMENT].

18 * Sec. 5. AS 16.10 is amended by adding new sections to read:

19 Sec. 16.10.515. LOAN ELIGIBILITY. (a) In order to be eligible
20 for a salmon hatchery preconstruction loan, the applicant must be a
21 nonprofit corporation whose permit application under AS 16.10.400 -
22 16.10.475 has been accepted or approved by the Department of Fish and
23 Game.

24 (b) In order to be eligible for a salmon hatchery construction
25 or operation loan, the applicant must be a nonprofit corporation and
26 hold a permit under AS 16.10.400 - 16.10.475 for the project for which
27 funding is requested.

28 Sec. 16.10.518. LOAN TERMS. (a) All loans shall be secured by
29 collateral satisfactory to the department, including a first deed of

1 trust, an assignment of lease and leasehold improvements, an assign-
2 ment of future revenue from the sale of aquaculture products, or tax
3 assessments from fishermen collected under AS 43.76.

4 (b) The interest rate on loans made under AS 16.10.500 - 16.-
5 10.560 is nine and one-half percent a year.

6 (c) The maximum loan term is 30 years.

7 * Sec. 6. AS 16.10.520(a) is repealed and reenacted to read:

8 (a) The total of all loans for a single salmon hatchery made to
9 a regional aquaculture association or to a nonprofit corporation whose
10 hatchery project has been approved by a regional aquaculture associa-
11 tion may not exceed \$10,000,000 in a single fiscal year.

12 * Sec. 7. AS 16.10.520(b) is repealed and reenacted to read:

13 (b) The total of all loans for a single salmon hatchery made to
14 a nonprofit corporation not approved by a regional aquaculture asso-
15 ciation may not exceed \$1,000,000 in a single fiscal year.

16 * Sec. 8. AS 16.10.560 is amended to read:

17 Sec. 16.10.560. DEFINITIONS. In AS 16.10.500 - 16.10.560

18 (1) "commissioner" means the commissioner of commerce and
19 economic development;

20 (2) "department" means the Department of Commerce and
21 Economic Development;

22 (3) "regional aquaculture association" means an association
23 that has been certified by the commissioner of fish and game as qual-
24 ified under AS 16.10.380;

25 (4) "salmon hatchery" means a private, nonprofit facility,
26 holding a permit under AS 16.10.400 - 16.10.475, for the artificial
27 incubation of salmon eggs, which may include means for the rearing of
28 juvenile salmon, for release in the natural waters of the state for
29 common use.

1 * Sec. 9. AS 26.15.040(d) is amended to read:

2 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM
3 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED
4 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD
5 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY
6 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED
7 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of
8 loans by installments, or otherwise, in accordance with the prescribed
9 terms, or upon liquidation by foreclosure or other process, or upon
10 receipt of interest [OR OTHER REVENUE], the money so received shall be
11 turned over to the commissioner of revenue for deposit in the Alaska
12 World War II veterans' revolving fund.

13 * Sec. 10. AS 26.15.040(d) is amended to read:

14 (d) Upon repayment of loans by installments, or otherwise, in
15 accordance with the prescribed terms, or upon liquidation by foreclo-
16 sure or other process, or upon receipt of interest, the money so
17 received shall be turned over to the commissioner of revenue for
18 deposit in the general [ALASKA WORLD WAR II VETERANS' REVOLVING] fund.

19 * Sec. 11. AS 26.15.040(e) is amended to read:

20 (e) If a loan made under the veterans' loan program [(a)(3) OF
21 THIS SECTION] is assigned by the borrower or if the real property that
22 secures a loan made under the veterans' loan program [FORMER (a)(2) OR
23 UNDER (a)(4) OF THIS SECTION] is transferred by the borrower, the
24 commissioner of commerce and economic development shall allow the
25 assignee or transferee to assume the outstanding indebtedness on the
26 loan unless the commissioner determines in writing that the credit of
27 the assignee or transferee is not satisfactory to assure repayment of
28 the loan. The assignee or transferee may assume the outstanding
29 indebtedness on the loan at the existing interest rate on the loan.

1 An assignee or transferee is eligible for more than one type of loan,
2 but the total may not exceed \$125,000 at any one time.

3 * Sec. 12. AS 27.09.010(a) is amended to read:

4 (a) There is established in the Department of Commerce and
5 Economic Development the mining loan fund. [THE DEPARTMENT MAY MAKE
6 LOANS FROM THE FUND TO UNDERWRITE ADVANCED MINERAL EXPLORATION, DEVEL-
7 OPMENT, OR MINING IN THE STATE.]

8 * Sec. 13. AS 27.09.010(b) is repealed and reenacted to read:

9 (b) The mining loan fund is a revolving loan fund. Upon repay-
10 ment of loans by installments, or otherwise, in accordance with the
11 prescribed terms, or upon liquidation by foreclosure or other process,
12 or upon receipt of interest, the money so received shall be deposited
13 in the mining loan fund.

14 * Sec. 14. AS 27.09.010(b) is amended to read:

15 (b) [THE MINING LOAN FUND IS A REVOLVING FUND.] Upon repayment
16 of loans by installments, or otherwise, in accordance with the pre-
17 scribed terms, or upon liquidation by foreclosure or other process, or
18 upon receipt of interest, the money so received shall be deposited in
19 the general [MINING LOAN] fund.

20 * Sec. 15. AS 27.09.050 is amended to read:

21 Sec. 27.09.050. REGULATIONS. The department may adopt regu-
22 lations in accordance with the Administrative Procedure Act (AS 44.62)
23 to administer this chapter. [REGULATIONS ADOPTED UNDER THIS SECTION
24 SHALL BE PREPARED AFTER CONSULTATION WITH THE DEPARTMENT OF NATURAL
25 RESOURCES OR AFTER CONSULTATION WITH A PERSON WHO, IN THE OPINION OF
26 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR A DESIGNEE,
27 HAS BROAD EXPERIENCE IN AND IS HIGHLY QUALIFIED IN ADVANCED MINERAL
28 EXPLORATION, DEVELOPMENT, AND MINING.]

29 * Sec. 16. AS 41.98.175(a) is amended to read:

1 (a) In addition to uses of fund money authorized in AS 41.98.-
2 170, money of the fund shall be used [UTILIZED] to make grants to
3 municipalities of up to one-half the nonfederal share of costs of
4 projects described in AS 41.98.170 which are initiated by a municipal-
5 ity [, AND LOANS OF AMOUNTS NECESSARY TO ENABLE MUNICIPALITIES TO MAKE
6 OPTION PAYMENTS ON PARKS AND OPEN SPACE LAND FOR THE ACQUISITION OF
7 WHICH FEDERAL FUNDS ARE ANTICIPATED].

8 * Sec. 17. AS 44.33 is amended by adding a new section to read:

9 Sec. 44.33.024. SPECIAL ACCOUNT ESTABLISHED. There is estab-
10 lished as a special account, administered by the Department of Com-
11 merce and Economic Development, the foreclosure expense account. The
12 department may expend money appropriated to the foreclosure expense
13 account when necessary to protect the state's security interest in
14 collateral on loans made by the department, or to defray expenses
15 incurred during foreclosure proceedings after a default by an obligor.

16 * Sec. 18. AS 44.33.245(a) is amended to read:

17 (a) The department may

18 [(1) MAKE LOANS FOR THE CONSTRUCTION, RENOVATION, AND
19 EQUIPPING OF CHILD CARE FACILITIES, INCLUDING PRIVATE NONPROFIT CHILD
20 CARE FACILITIES;

21 (2)] adopt regulations necessary to carry out the pro-
22 visions of AS 44.33.240 - 44.33.275.

23 * Sec. 19. AS 44.33.255(d) is amended to read:

24 (d) All principal and interest payments, and all money charge-
25 able to principal or interest that is collected through liquidation by
26 foreclosure or other process on loans made under AS 44.33.240 - 44.-
27 33.275, shall be paid into the child care facility revolving loan
28 fund.

29 * Sec. 20. AS 44.33.255(d) is amended to read:

1 (d) All principal and interest payments, and all money charge-
2 able to principal or interest that is collected through liquidation by
3 foreclosure or other process on loans made under AS 44.33.240 - 44.-
4 33.275, shall be paid into the general [CHILD CARE FACILITY REVOLVING
5 LOAN] fund.

6 * Sec. 21. AS 45.88.030(d) is amended to read:

7 (d) Upon repayment of loans by installments, or otherwise, in
8 accordance with the prescribed terms, or upon liquidation by foreclo-
9 sure or other process, or upon receipt of interest, the money so
10 received [ALL PRINCIPAL AND INTEREST PAYMENTS ON LOANS MADE UNDER THIS
11 CHAPTER] shall be paid into the alternative [TECHNOLOGY AND] energy
12 revolving loan fund.

13 * Sec. 22. AS 45.88.030(d) is amended to read:

14 (d) Upon repayment of loans by installments, or otherwise, in
15 accordance with the prescribed terms, or upon liquidation by foreclo-
16 sure or other process, or upon receipt of interest, the money so
17 received shall be paid into the general [ALTERNATIVE ENERGY REVOLVING
18 LOAN] fund.

19 * Sec. 23. AS 45.89.030(h) is amended to read:

20 (h) Upon repayment of loans by installments, or otherwise, in
21 accordance with the prescribed terms, or upon liquidation by foreclo-
22 sure or other process, or upon receipt of interest, the money so
23 received [AMOUNTS REPAID ON A LOAN MADE UNDER THIS SECTION] shall be
24 deposited to the residential energy conservation fund.

25 * Sec. 24. AS 45.89.030(h) is amended to read:

26 (h) Upon repayment of loans by installments, or otherwise, in
27 accordance with the prescribed terms, or upon liquidation by foreclo-
28 sure or other process, or upon receipt of interest, the money so
29 received shall be deposited to the general [RESIDENTIAL ENERGY

1 CONSERVATION] fund.

2 * Sec. 25. AS 45.90.010 is amended to read:

3 Sec. 45.90.010. CREATION OF A TOURISM REVOLVING FUND. There is
4 created in the Department of Commerce and Economic Development a
5 tourism revolving fund. All principal and interest payments, and all
6 money chargeable to principal or interest that is collected through
7 liquidation by foreclosure or other process on loans made under this
8 chapter, shall be paid into the tourism revolving fund.

9 * Sec. 26. AS 45.90.010 is amended to read:

10 Sec. 45.90.010. LOAN REPAYMENTS. [CREATION OF A TOURISM REVOLV-
11 ING FUND. THERE IS CREATED IN THE DEPARTMENT OF COMMERCE AND ECONOMIC
12 DEVELOPMENT A TOURISM REVOLVING FUND.] All principal and interest
13 payments, and all money chargeable to principal or interest that is
14 collected through liquidation by foreclosure or other process on loans
15 made under this chapter, shall be paid into the general [TOURISM
16 REVOLVING] fund.

17 * Sec. 27. AS 45.95.020(d) is amended to read:

18 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM
19 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED
20 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS
21 REVOLVING LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMIS-
22 SIONER OR ANY BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFI-
23 CER.] Upon repayment of loans by installments, or otherwise, in
24 accordance with the prescribed terms, or upon liquidation by foreclo-
25 sure or other process, or upon receipt of interest [OR OTHER REVENUE],
26 the money so received shall be turned over to the commissioner of
27 revenue for deposit in the small business revolving loan fund.

28 * Sec. 28. AS 45.95.020(d) is amended to read:

29 (d) Upon repayment of loans by installments, or otherwise, in

1 accordance with the prescribed terms, or upon liquidation by foreclo-
2 sure or other process, or upon receipt of interest, the money so
3 received shall be turned over to the commissioner of revenue for
4 deposit in the general [SMALL BUSINESS REVOLVING LOAN] fund.

5 * Sec. 29. AS 45 is amended by adding a new chapter to read:

6 CHAPTER 96. ECONOMIC DEVELOPMENT REVOLVING LOAN FUND.

7 Sec. 45.96.010. CREATION OF ECONOMIC DEVELOPMENT REVOLVING LOAN
8 FUND. There is created in the department an economic development
9 revolving loan fund to carry out the purposes of this chapter, includ-
10 ing the administration of a revolving loan fund qualified to receive
11 revolving loan fund grants from the United States Economic Development
12 Administration (EDA) under Title IX of the Public Works and Economic
13 Development Act of 1965, as amended (42 U.S.C. 3121 et seq.). All
14 money granted to the state by the United States Economic Development
15 Administration, all money appropriated to the fund, all principal and
16 interest payments, and all money chargeable to principal or interest
17 that is collected through liquidation by foreclosure or other process
18 on loans made under this chapter, shall be paid into the economic
19 development revolving loan fund.

20 Sec. 45.96.020. SPECIAL ACCOUNT ESTABLISHED. (a) There is
21 established as a special account within the economic development
22 revolving loan fund the foreclosure expense account. This account is
23 established as a reserve from fund equity.

24 (b) The commissioner may expend money credited to the foreclo-
25 sure expense account when necessary to protect the state's security
26 interest in collateral on loans made under AS 45.96.030 or to defray
27 expenses incurred during foreclosure proceedings after a default by an
28 obligor.

29 Sec. 45.96.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The

1 department may

2 (1) accept United States Economic Development Administra-
3 tion revolving fund grants;

4 (2) make loans to eligible applicants under the United
5 States Economic Development Administration Long-Term Economic Deteri-
6 oration (LTED) and Sudden and Severe Economic Dislocation (SSED)
7 programs;

8 (3) designate agents and delegate powers to them as neces-
9 sary;

10 (4) adopt regulations necessary to carry out its functions
11 and to administer programs under United States Economic Development
12 Administration guidelines, including regulations to establish reason-
13 able fees for services provided;

14 (5) establish amortization plans for the repayment of loans
15 that may include extensions; and

16 (6) charge and collect the fees established under this
17 subsection.

18 (b) The commissioner of administration shall separately account
19 for all fees and collection charges that the department deposits in
20 the general fund. The annual estimated balance in the account may be
21 used by the legislature to make appropriations to the department to
22 carry out the purposes of this chapter.

23 Sec. 45.96.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
24 FORECLOSURE. The department shall dispose of property acquired
25 through default or foreclosure on a loan made under this chapter.
26 Disposal shall be made in a manner that serves the best interests of
27 the state and may include the amortization of payments over a period
28 of years.

29 Sec. 45.96.500. DEFINITIONS. In this chapter

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

3 (2) "department" means the Department of Commerce and
4 Economic Development.

5 * Sec. 30. AS 45.98.010 is amended to read:

6 Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN
7 FUND. There is created in the Department of Commerce and Economic
8 Development a historical district revolving loan fund. Upon repayment
9 of loans made under this chapter by installments, or otherwise, in
10 accordance with the prescribed terms, or upon liquidation by foreclo-
11 sure or other process, or upon receipt of interest, the money so
12 received shall be deposited to the historical district revolving loan
13 fund.

14 * Sec. 31. AS 45.98.010 is amended to read:

15 Sec. 45.98.010. LOAN REPAYMENTS. [CREATION OF HISTORICAL DIS-
16 TRICT REVOLVING LOAN FUND. THERE IS CREATED IN THE DEPARTMENT OF
17 COMMERCE AND ECONOMIC DEVELOPMENT A HISTORICAL DISTRICT REVOLVING LOAN
18 FUND.] Upon repayment of loans made under this chapter by install-
19 ments, or otherwise, in accordance with the prescribed terms, or upon
20 liquidation by foreclosure or other process, or upon receipt of inter-
21 est, the money so received shall be deposited to the general [HISTOR-
22 ICAL DISTRICT REVOLVING LOAN] fund.

23 * Sec. 32. AS 45.98.030 is amended to read:

24 Sec. 45.98.030. POWERS AND DUTIES OF THE DEPARTMENT. For pur-
25 poses of administering this chapter, the Department of Commerce and
26 Economic Development may

27 (1) [PRESCRIBE THE FORM AND PROCEDURE FOR SUBMITTING LOAN
28 APPLICATIONS UNDER THIS CHAPTER;

29 (2)] designate agents and delegate powers to them as is

1 necessary;

2 (2) [(3) IN CONSULTATION WITH THE HISTORIC SITES ADVISORY
3 COMMITTEE,] adopt regulations necessary to carry out its functions [,
4 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-
5 TEE];

6 (3) [(4)] establish amortization plans for the repayment of
7 loans not to exceed 30 years.

8 * Sec. 33. AS 16.10.320(b), 16.10.520(c), 16.10.520(e), 16.10.540;
9 AS 26.15.010(b), 26.15.010(c), 26.15.030(c)(6), 26.15.030(c)(7), 26.15.-
10 040(a), 26.15.040(b), 26.15.040(c), 26.15.050, 26.15.060, 26.15.130,
11 26.15.140, 26.15.160; AS 27.09.020, 27.09.030, 27.09.040, 27.09.045,
12 27.09.060(1), 27.09.060(2), 27.09.060(4), 27.09.060(6); AS 41.30; AS 41.-
13 98.175(b), 41.98.175(c); AS 44.33.020(5), 44.33.245(b), 44.33.255(a),
14 44.33.255(b), 44.33.255(c), 44.33.260; AS 44.62.330(a)(46); AS 45.88.-
15 020(a)(1), 45.88.020(b), 45.88.020(c), 45.88.030(a), 45.88.030(b), 45.88.-
16 030(c), 45.88.030(e), 45.88.500; AS 45.89.030(a), 45.89.030(b), 45.89.-
17 030(c), 45.89.030(d), 45.89.030(e), 45.89.030(f), 45.89.030(g), 45.89.-
18 030(i), 45.89.030(j), 45.89.030(k), 45.89.500(3), 45.89.500(4); AS 45.90.-
19 020(a)(1), 45.90.020(a)(4), 45.90.020(b), 45.90.030; AS 45.92; AS 45.94;
20 AS 45.95.010(b), 45.95.010(c), 45.95.020(a), 45.95.020(e), 45.95.030,
21 45.95.070; AS 45.98.020, 45.98.040(1), 45.98.040(2), 45.98.040(3), 45.98.-
22 040(4); and secs. 3 and 4, ch. 156, SLA 1984, are repealed.

23 * Sec. 34. AS 26.15.090, 26.15.095; AS 27.09.010(a), 27.09.015, 27.09.-
24 060(5); AS 44.33.240, 44.33.242; AS 45.88.010, 45.88.015; AS 45.89.010,
25 45.89.015; AS 45.90.015; AS 45.95.060, 45.95.065; and AS 45.98.015 are
26 repealed.

27 * Sec. 35. Sections 1 - 9, 11 - 13, 15, 16, 18, 19, 21, 23, 25, 27, 29,
28 30, 32, and 33 of this Act take effect immediately under AS 01.10.070(c).

29 * Sec. 36. Sections 10, 14, 17, 20, 22, 24, 26, 28, 31, and 34 of this

1 Act take effect July 1, 1988.

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March 31, 1987

SECTIONAL ANALYSIS
HB 185

"AN ACT REPEALING CERTAIN STATE LOAN PROGRAMS AND MAKING MISCELLANEOUS CHANGES TO OTHER STATE LOAN PROGRAMS; AND PROVIDING FOR AN EFFECTIVE DATE."

PREPARED BY
DIVISION OF INVESTMENTS
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Salmon Enhancement Loans

Sec. 1. Article 9. Housekeeping: The title is amended for clarity and consistency.

AS 16.10.500. Housekeeping: The word salmon is being added for clarity and consistency.

AS 16.10.500. Program Amendment: Eliminates enhancement and rehabilitation activities as they are not prudent to lend on since they do not produce revenue for debt service or operating costs. These activities can be funded by the regional's enhancement tax or surplus fish revenues.

Sec. 2. AS 16.10.505. Housekeeping: The word salmon is being added for consistency.

Sec. 3. AS 16.10.507(a). Housekeeping: The word salmon is being added for consistency.

Sec. 4. AS 16.10.510. Housekeeping: The powers and duties of the section were given to the department, rather than the commissioner, to be consistent with other loan programs.

AS 16.10.510(1). Housekeeping: This section adds clarifying language consistent with the rest of the chapter and removes obsolete references.

AS 16.10.510(2). Housekeeping: This section removes qualifying language which is moved to AS 16.10.515 under Section 5.

AS 16.10.510(2). Program amendment: Removes the requirement that a nonprofit corporation must be approved by a regional aquaculture association in order to be eligible to receive a preconstruction loan.

AS 16.10.510(4). Housekeeping: Updates reference to previously changed item.

AS 16.10.510(5). Housekeeping: This section adds updated language and removes specific loan term language which is moved to AS 16.10.518(c) under Section 5.

AS 16.10.510(6). Housekeeping: This section removes specific interest rate language which is moved to AS 16.10.518(b) under Section 5.

AS 16.10.510(7). Housekeeping: Removes reference to previously changed item.

AS 16.10.510(9). Housekeeping: Removes language for 50/50 matching grant, as royalty assessments are unconstitutional and no longer contained in the chapter.

AS 16.10.510(10). Program Amendment: Eliminates enhancement and rehabilitation activities as they are not prudent to lend on since they do not produce revenue for debt service or operating costs. These activities can be funded by the regional's enhancement tax or surplus fish revenues.

Sec. 5. AS 16.10.515. Housekeeping: The LOAN ELIGIBILITY section was created to consolidate all eligibility requirements.

AS 16.10.518. Housekeeping: The LOAN TERMS section was created to consolidate all loan terms.

AS 16.10.518(d) Program Amendment: This section has two changes:

1. Principal: Current law mandates a six to ten year principal deferment for each loan during which no payments can be collected. The new language allows, but does not require, deferment of principal up to ten years. An example of no deferment could be a shortfall in revenues that requires an operating loan that could be paid back from the following year's revenue. Having to wait a minimum of six years for such a repayment is an unnecessary subsidy.
2. Interest: Current law requires interest forgiveness during the initial six to ten year period of each loan. The new language allows, but does not require,

a deferment of interest up to ten years, with the deferred interest being collected over the remaining term of the loan. Hatchery pro formas show that successful facilities will have more than adequate cash flow at full production to recapture deferred interest. This would eliminate the major subsidy now required under this program.

Sec. 6. AS 16.10.520(a). Housekeeping: This section puts a \$10,000,000 limit on the total capital loans made to a regional, or to a nonregional approved by a regional, for a single salmon hatchery. This limit was not previously clear due to ambiguous language.

Sec. 7. AS 16.10.520(b). Housekeeping: This section puts a \$2,000,000 limit on the total capital loans made to a nonregional not approved by a regional for a single salmon hatchery. This limit was not previously clear due to ambiguous language.

Sec. 8. AS 16.10.560. Housekeeping: The words "department" and "regional aquaculture association" and their definitions have been added and the definition of "salmon hatchery" has been clarified.

Veterans' Loans

Sec. 9. AS 26.15.040(d). Housekeeping: This section repeals language relating to the procedures to be followed in disbursing loan funds. As the department has not made loans under this program since 1980, this procedural language is now obsolete and unnecessary. Also, if the department were making new loans, the procedures outlined would not necessarily be the appropriate ones to follow.

Sec. 10. AS 26.15.040(e). Housekeeping: This section removes a specific statutory cite reference which is being repealed (Sec. 21) and replaces it with a more general reference to "the veterans' loan program." Language setting out certain eligibility criteria under the program is also being relocated here due to the repeal (Sec. 21) of the statute containing this language.

Mining Loans

Sec. 11. AS 27.09.010. Program Amendment: This section removes the authority of the department to make mining loans.

AS 27.09.010. Housekeeping: This section clarifies language related to the establishment of the revolving loan fund and deposits into the fund.

Sec. 12. AS 27.09.050. Program Amendment: This section removes the requirement that the department consult with the Department of Natural Resources or other highly qualified person when regulations are prepared.

Outdoor Recreational, Open Space,
and Historic Properties

Sec. 13. AS 41.98.175(a). This section does not affect the Department of Commerce and Economic Development.

Child Care Facility Loans

Sec. 14. AS 44.33.245(a). Program Amendment: This section removes authority for the department to make child care facility loans.

Sec. 15. AS 44.33.255(d). Housekeeping: This section adds the requirement that all monies received through liquidation of child care facility loans be deposited into the child care facility revolving loan fund.

Alternative Energy Loans

Sec. 16. AS 45.88.030(d). Housekeeping: This section adds the requirement that all monies received through liquidation of alternative energy loans be deposited into the alternative energy revolving loan fund. The section also removes reference to the Alternative Technology loan program which was sunsetted in 1984.

Residential Energy Conservation Loans

Sec. 17. AS 45.89.030(h). Housekeeping: This section adds the requirement that all monies received through liquidation of residential energy conservation loans be deposited in the residential energy conservation revolving loan fund.

Small Business Loans

Sec. 18. AS 45.95.020(d). Housekeeping: This section repeals language relating to the procedures to be followed in disbursing loan funds. As the department has not made loans under this program since 1980, this procedural language is now obsolete and unnecessary. Also, if the department were making new loans, the procedures outlined would not necessarily be the appropriate ones to follow.

Historical District Loans

Sec. 19. AS 45.98.010. Housekeeping: This section adds the requirement that all monies received through liquidation of historical district loans be deposited in the historical district revolving loan fund.

Sec. 20. AS 45.98.030. Housekeeping: This section removes language referencing the form and procedure for submitting loan applications and consulting with the Historic Sites Advisory Committee.

Repealed Statutes

Sec. 21. AS 16.10.320(b). Commercial Fishing. Housekeeping: This section repeals requirements which are now obsolete due to changes in federal laws.

AS 16.10.520(c). Salmon Enhancement. Housekeeping: Repeals collateral requirements; this section was modified for clarity and added to Section 5.

AS 16.10.520(e). Salmon Enhancement. Housekeeping: Repeals the section that ties the amount that can be lent to an annual appropriation. Loan limits are already established in the chapter (secs. 6 and 7) and are further limited by the amount of money available in the revolving loan fund.

AS 16.10.525. Salmon Enhancement. Program Amendment: Repeals the section dealing with the initial period of a loan; see Section 5.

AS 16.10.540. Salmon Enhancement. Housekeeping: Repeals the requirements for taking an assignment of voluntary tax assessments; this authority has been added under Section 5.

AS 26.15. Veterans'. Housekeeping: All repealed statutes for this program are obsolete and unnecessary due to the inactive status of the program. These include those referring to eligibility, the various types of loans originally authorized, and certain administrative procedures.

AS 27.09. Mining. Program Amendment: All repealed 27.09 statutes are those referring to loan eligibility, terms and definitions which are no longer necessary because the authority to make mining loans is removed in Sec. 11.

AS 41.30. Area Redevelopment. These sections do not affect the Department of Commerce and Economic Development.

AS 41.98.175(b) and (c). Outdoor Recreational, Open Space and Historic Properties. These sections do not affect the Department of Commerce and Economic Development.

AS 44.33. Child Care Facility. Program Amendment: All repealed 44.33 statutes are those referring to loan eligibility and terms which are no longer necessary because the authority to make child care facility loans is removed in Sec. 14.

AS 44.62.330(a)(46). Fisheries Enhancement. Program Amendment: This is the only loan program subject to the appeal requirements of the Administrative Procedure Act. The department currently has regulations establishing an appeal process for all its loan programs, including Fisheries Enhancement. This process has been successful in all other loan programs administered by the department.

AS 45.88. Alternative Energy. Program Amendment: These repeal the lending authority of the department for this program.

AS 45.89. Residential Energy Conservation. Program Amendment: These repeal the lending authority of the department for this program.

AS 45.90.020(a)(1) and (4), and (b); and AS 45.90.030. Tourism. Housekeeping: These statutes, relating to eligibility and various loan limitations such as the maximum loan amounts, collateral requirements, interest rate, etc., are obsolete and unnecessary due to the inactive status of the program.

AS 45.92. Fishery Product Guarantee. These sections do not affect the Department of Commerce and Economic Development.

AS 45.94. Forest Product Guarantee. These sections do not affect the Department of Commerce and Economic Development.

AS 45.95. Small Business. Housekeeping. All repealed 45.95 statutes relating to eligibility, loan limitations, etc. are obsolete and unnecessary due to the inactive status of the program.

AS 45.98. Historical District. Program Amendment. These repeal the lending authority of the department for this program.

Secs. 3 and 4, ch. 156 SLA 1984. Tourism and Small Business. Program Amendment: These sections require the cash balance of these revolving loan funds to be transferred annually to the general fund. As continuing appropriations, these sections are arguably illegal under recent court decisions. If this bill passes, it is recommended that similar language for all repealed loan funds be inserted into the budget bill each year. This recommendation is set out and explained in the Governor's transmittal letter.

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1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 185

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act repealing certain state loan programs and
7 making miscellaneous changes to other state loan
8 programs; and providing for an effective date."

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

10 * Section 1. AS 16.10.500 is amended to read:

11 ARTICLE 9. SALMON [FISHERIES] ENHANCEMENT LOAN PROGRAM.

12 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
13 state, under AS 16.10.500 -- 16.10.560, to promote the enhancement of
14 the state's salmon fisheries by means of grants for organizational and
15 planning purposes to regional associations described in AS 16.10.510
16 which have qualified under AS 16.10.380, and by means of long-term,
17 low interest loans for hatchery planning, construction, and operation
18 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION
19 ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND
20 HABITAT IMPROVEMENT].

21 * Sec. 2. AS 16.10.505 is amended to read:

22 Sec. 16.10.505. SALMON [FISHERIES] ENHANCEMENT REVOLVING LOAN
23 FUND. There is created within the Department of Commerce and Economic
24 Development a revolving fund to be known as the salmon [FISHERIES]
25 enhancement revolving loan fund. The fund must [SHALL] be used to
26 carry out the purposes of AS 16.10.500 -- 16.10.560 and for no other
27 purpose.

28 * Sec. 3. AS 16.10.507(a) is amended to read:

29 (a) There is established as a special account within the salmon

1 [FISHERIES] enhancement revolving loan fund the foreclosure expense
2 account. This account is established as a reserve from fund equity.

3 * Sec. 4. AS 16.10.510 is amended to read:

4 Sec. 16.10.510. POWERS AND DUTIES OF THE DEPARTMENT [COMMIS-
5 SIONER]. The department [COMMISSIONER] may

6 (1) make loans to permit holders, qualified under AS 16.-
7 10.400 -- 16.10.475 [16.10.470, INCLUDING THOSE HOLDERS ISSUED PERMITS
8 BEFORE JUNE 24, 1977], for the preconstruction activities [PLANNING],
9 construction, and operation of salmon hatchery facilities;

10 (2) make loans [TO QUALIFIED REGIONAL ASSOCIATIONS WHICH
11 HAVE FORMED A NONPROFIT CORPORATION OR A LOCAL NONPROFIT CORPORATION
12 APPROVED BY A QUALIFIED REGIONAL ASSOCIATION,] for preconstruction
13 activities necessary to obtain a salmon hatchery permit under AS 16.-
14 10.400 -- 16.10.475;

15 (3) designate agents and delegate powers to them as neces-
16 sary;

17 (4) adopt regulations necessary to carry out its [HIS]
18 functions;

19 (5) establish loan terms [AMORTIZATION PLANS FOR REPAYMENT
20 OF LOANS, NOT TO EXCEED 30 YEARS];

21 (6) establish the rate of interest for loans [NOT TO EXCEED
22 NINE AND ONE-HALF PER CENT A YEAR];

23 (7) establish regional and local offices and advisory
24 groups to carry out, or assist in carrying out, the duties and author-
25 ity of the department [COMMISSIONER];

26 (8) [Repealed, sec. 77, ch 106, SLA 1980.]

27 (9) make grants for organizational and planning purposes to
28 qualified regional associations that [WHICH] have formed a nonprofit
29 corporation, in amounts not exceeding \$100,000 per region [AND UP TO

1 AN ADDITIONAL \$100,000 ON A 50/50 CASH MATCHING BASIS WITH THE REGION-
2 AL ASSOCIATIONS WHICH HAVE AN AUTHORIZED ROYALTY ASSESSMENT UNDER AS
3 16.10.530 OR 16.10.540. THE STATE PORTION OF THE MATCHING SHARE SHALL
4 BE AVAILABLE WHEN A FINAL VOTE FOR ASSESSMENTS IS MADE UNDER AS 16.-
5 10.530 OR 16.10.540. THIS PROVISION ALSO APPLIES TO QUALIFIED REGION-
6 AL ASSOCIATIONS WHICH HAVE FORMED A NONPROFIT CORPORATION BEFORE JUNE
7 24, 1977;

8 (10) MAKE LOANS TO QUALIFIED REGIONAL ASSOCIATIONS WHICH
9 HAVE FORMED A NONPROFIT CORPORATION OR TO LOCAL NONPROFIT CORPORATIONS
10 APPROVED BY QUALIFIED REGIONAL ASSOCIATIONS FOR PLANNING AND IMPLEMEN-
11 TATION OF FISHERIES ENHANCEMENT AND REHABILITATION ACTIVITIES INCLUD-
12 ING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND HABITAT IMPROVEMENT].

13 * Sec. 5. AS 16.10 is amended by adding new sections to read:

14 Sec. 16.10.515. LOAN ELIGIBILITY. (a) In order to be eligible
15 for a salmon hatchery preconstruction loan, the applicant must be a
16 nonprofit corporation whose permit application under AS 16.10.400 --
17 16.10.475 has been accepted or approved by the Department of Fish and
18 Game.

19 (b) In order to be eligible for a salmon hatchery construction
20 or operation loan, the applicant must be a nonprofit corporation and
21 hold a permit under AS 16.10.400 -- 16.10.475 for the project for
22 which funding is requested.

23 Sec. 16.10.518. LOAN TERMS. (a) All loans must be secured by
24 collateral satisfactory to the department, including a first deed of
25 trust, an assignment of lease and leasehold improvements, an assign-
26 ment of future revenues from the sale of aquaculture products, or tax
27 assessments from fishermen collected under AS 43.76.010 -- 43.76.040.

28 (b) The interest rate on loans made under AS 16.10.500 -- 16.-
29 10.560 is nine and one-half percent a year.

1 (c) The maximum loan term is 30 years.

2 (d) The department may defer principal and interest payments up
3 to 10 years for the purpose of allowing the borrower to establish
4 sufficient cash flow while brood stock or harvest schedules are being
5 developed.

6 * Sec. 6. AS 16.10.520(a) is repealed and reenacted to read:

7 (a) The total of all preconstruction and construction loans for
8 a single salmon hatchery made to a regional aquaculture association or
9 to a nonprofit corporation whose hatchery project has been approved by
10 a regional aquaculture association may not exceed \$10,000,000.

11 * Sec. 7. AS 16.10.520(b) is repealed and reenacted to read:

12 (b) The total of all preconstruction and construction loans for
13 a single salmon hatchery made to a nonprofit corporation not approved
14 by a regional aquaculture association may not exceed \$2,000,000.

15 * Sec. 8. AS 16.10.560 is amended to read:

16 Sec. 16.10.560. DEFINITIONS. In AS 16.10.500 -- 16.10.560

17 (1) "commissioner" means the commissioner of commerce and
18 economic development;

19 (2) "department" means the Department of Commerce and
20 Economic Development;

21 (3) "regional aquaculture association" means an association
22 that has been certified by the commissioner of fish and game as quali-
23 fying under AS 16.10.380;

24 (4) "salmon hatchery" means a private, nonprofit facility,
25 holding a permit under AS 16.10.400 -- 16.10.475, for the artificial
26 incubation of salmon eggs, which may include means for the rearing of
27 juvenile salmon, for release in the natural waters of Alaska for
28 common use.

29 * Sec. 9. AS 26.15.040(d) is amended to read:

1 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM
2 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED
3 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD
4 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY
5 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED
6 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of
7 loans by installments, or otherwise, in accordance with the prescribed
8 terms, or upon liquidation by foreclosure or other process, or upon
9 receipt of interest or other revenue, the money so received must
10 [SHALL] be turned over to the commissioner of revenue for deposit in
11 the Alaska World War II veterans' revolving fund.

12 * Sec. 10. AS 26.15.040(e) is amended to read:

13 (e) If a loan made under the veterans' loan program [(a)(3) OF
14 THIS SECTION] is assigned by the borrower or if the real property that
15 secures a loan made under the veterans' loan program [FORMER (a)(2) OR
16 UNDER (a)(4) OF THIS SECTION] is transferred by the borrower, the
17 commissioner of commerce and economic development shall allow the
18 assignee or transferee to assume the outstanding indebtedness on the
19 loan unless the commissioner determines in writing that the credit of
20 the assignee or transferee is not satisfactory to assure repayment of
21 the loan. The assignee or transferee may assume the outstanding
22 indebtedness on the loan at the existing interest rate on the loan.
23 An assignee or transferee is eligible for more than one type of loan,
24 but the total may not exceed \$125,000 at any one time.

25 * Sec. 11. AS 27.09.010 is amended to read:

26 Sec. 27.09.010. MINING LOAN FUND. (a) There is established in
27 the Department of Commerce and Economic Development the mining loan
28 fund. [THE DEPARTMENT MAY MAKE LOANS FROM THE FUND TO UNDERWRITE
29 ADVANCED MINERAL EXPLORATION, DEVELOPMENT, OR MINING IN THE STATE.]

1 (b) The mining loan fund is a revolving fund [CONSISTING OF
2 APPROPRIATIONS MADE TO THE FUND BY THE LEGISLATURE AND REPAYMENTS OF
3 PRINCIPAL AND INTEREST ON LOANS MADE FROM THE FUND. MONEY APPROPRI-
4 ATED TO OR REPAID INTO THE FUND DOES NOT LAPSE UNDER AS 37.25.010].
5 Upon repayment of loans by installments, or otherwise, in accordance
6 with the prescribed terms, or upon liquidation by foreclosure or other
7 process, or upon receipt of interest or other revenue, the money so
8 received must be deposited in the mining loan fund.

9 * Sec. 12. AS 27.09.050 is amended to read:

10 Sec. 27.09.050. REGULATIONS. The department may adopt regu-
11 lations in accordance with the Administrative Procedure Act (AS 44.62)
12 to administer this chapter. [REGULATIONS ADOPTED UNDER THIS SECTION
13 SHALL BE PREPARED AFTER CONSULTATION WITH THE DEPARTMENT OF NATURAL
14 RESOURCES OR AFTER CONSULTATION WITH A PERSON WHO, IN THE OPINION OF
15 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR A DESIGNEE,
16 HAS BROAD EXPERIENCE IN AND IS HIGHLY QUALIFIED IN ADVANCED MINERAL
17 EXPLORATION, DEVELOPMENT, AND MINING.]

18 * Sec. 13. AS 41.98.175(a) is amended to read:

19 (a) In addition to uses of fund money authorized in AS 41.98.-
20 170, money of the fund must [SHALL] be used [UTILIZED] to make grants
21 to municipalities of up to one-half the nonfederal share of costs of
22 projects described in AS 41.98.170 which are initiated by a municipal-
23 ity[, AND LOANS OF AMOUNTS NECESSARY TO ENABLE MUNICIPALITIES TO MAKE
24 OPTION PAYMENTS ON PARKS AND OPEN SPACE LAND FOR THE ACQUISITION OF
25 WHICH FEDERAL FUNDS ARE ANTICIPATED].

26 * Sec. 14. AS 44.33.245(a) is amended to read:

27 (a) The department may
28 [(1) MAKE LOANS FOR THE CONSTRUCTION, RENOVATION, AND
29 EQUIPPING OF CHILD CARE FACILITIES, INCLUDING PRIVATE NONPROFIT CHILD

1 CARE FACILITIES;

2 (2)] adopt regulations necessary to carry out the pro-
3 visions of AS 44.33.240 -- 44.33.275.

4 * Sec. 15. AS 44.33.255(d) is amended to read:

5 (d) All principal and interest payments, and all money received
6 upon liquidation by foreclosure or other process, on loans made under
7 AS 44.33.240 -- 44.33.275 shall be paid into the child care facility
8 revolving loan fund.

9 * Sec. 16. AS 45.88.030(d) is amended to read:

10 (d) Upon repayment of loans by installments, or otherwise, in
11 accordance with the prescribed terms, or upon liquidation by foreclo-
12 sure or other process, or upon receipt of interest or other revenue,
13 the money so received must [ALL PRINCIPAL AND INTEREST PAYMENTS ON
14 LOANS MADE UNDER THIS CHAPTER SHALL] be paid into the alternative
15 [TECHNOLOGY AND] energy revolving loan fund.

16 * Sec. 17. AS 45.89.030(h) is amended to read:

17 (h) Upon repayment of loans by installments, or otherwise, in
18 accordance with the prescribed terms, or upon liquidation by foreclo-
19 sure or other process, or upon receipt of interest or other revenue,
20 the money so received must [AMOUNTS REPAID ON A LOAN MADE UNDER THIS
21 SECTION SHALL] be deposited to the residential energy conservation
22 fund.

23 * Sec. 18. AS 45.95.020(d) is amended to read:

24 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM
25 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED
26 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS
27 REVOLVING LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMIS-
28 SIONER OR ANY BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFI-
29 CER.] Upon repayment of loans by installments, or otherwise, in

1 accordance with the prescribed terms, or upon liquidation by foreclo-
2 sure or other process, or upon receipt of interest or other revenue,
3 the money so received must [SHALL] be turned over to the commissioner
4 of revenue for deposit in the small business revolving loan fund.

5 * Sec. 19. AS 45.98.010 is amended to read:

6 Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN
7 FUND. There is created in the Department of Commerce and Economic
8 Development a historical district revolving loan fund. Upon repayment
9 of loans made under this chapter by installments, or otherwise, in
10 accordance with the prescribed terms, or upon liquidation by foreclo-
11 sure or other process, or upon receipt of interest or other revenue,
12 the money so received must be deposited to the historical district
13 revolving loan fund.

14 * Sec. 20. AS 45.98.030 is amended to read:

15 Sec. 45.98.030. POWERS AND DUTIES OF THE DEPARTMENT. For pur-
16 poses of administering this chapter, the Department of Commerce and
17 Economic Development may

18 (1) [PRESCRIBE THE FORM AND PROCEDURE FOR SUBMITTING LOAN
19 APPLICATIONS UNDER THIS CHAPTER;]

20 (2) designate agents and delegate powers to them as is
21 necessary;

22 (3) [IN CONSULTATION WITH THE HISTORIC SITES ADVISORY
23 COMMITTEE,] adopt regulations necessary to carry out its functions[,
24 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-
25 TEE];

26 (4) establish amortization plans for the repayment of loans
27 not to exceed 30 years.

28 * Sec. 21. AS 16.10.320(b), 16.10.520(c) and (e), 16.10.525, 16.10.540;
29 AS 26.15.010(b) and (c), 26.15.030(c)(6) and (7), 26.15.040(a), (b), and

1 (c), 26.15.050, 26.15.060, 26.15.130, 26.15.140, 26.15.160; AS 27.09.020,
2 27.09.030, 27.09.040, 27.09.045, 27.09.060(1), (2), (4), and (6); AS 41.30;
3 AS 41.98.175(b) and (c); AS 44.33.245(b), 44.33.255(a), (b), and (c),
4 44.33.260; AS 44.62.330(a)(4); AS 45.88.020(a)(1), (b), and (c), 45.-
5 88.030(a), (b), (c), and (e), 45.88.500; AS 45.89.030(a), (b), (c), (d),
6 (e), (f), (g), (i), (j), and (k), 45.89.500(3) and (4); AS 45.90.020(a)(1)
7 and (4), and (b), 45.90.030; AS 45.92; AS 45.94; AS 45.95.010(b) and (c),
8 45.95.020(a) and (e), 45.95.030, 45.95.070; AS 45.98.020, 45.98.040(1),
9 (2), (3), and (4); and secs. 3 and 4, ch. 156, SLA 1984 are repealed.
10 * Sec. 22. This Act takes effect immediately under AS 01.10.070(c).