

HB

185

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1988

SUBJECT: SCS CSHB 185 (L&C)

TO: Senator Tim Kelly, Chairman
Senate Labor and Commerce Committee
ATTN: John Ringstad

FROM: Jack Chenoweth
Legislative Counsel

Article II, section 13 directs that the subject of a bill be expressed in its title. Under Rule 41(b) of the Uniform Rules of the Alaska Legislature, amendment of a bill is not in order if the amendment would require a title change other than a clerical or technical change.

The draft Senate Labor and Commerce Committee Substitute accompanying this memorandum incorporates several amendments, including those that require title changes. The two title changes are, in my judgment, necessary clerical or technical changes that are allowable within the exception specified by Rule 41(b). Specifically --

The bill deletes provisions relating to, and the title deletes reference to, the "small business economic development revolving loan fund." This program was established in legislation adopted during the first session within changes made to the Alaska Industrial Development and Export Authority. As there is no need to carry these provisions as an enactment in this legislation, they may properly be deleted as a technical change.

The title is also revised to refer to the current program as the "fisheries" enhancement loan program, the current correct name, rather than (as introduced and retained in the House-passed version) the "salmon" enhancement loan program, which the bill's provisions would have this program become. Clearly this is a clerical correction.

JBC:bb
wkb3/076

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LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 3, 1988

SUBJECT: Draft SCS CSHB 185 (L&C)

TO: Senator Tim Kelly, Chairman
Senate Labor and Commerce Committee
ATTN: John Ringstad

FROM: Jack Chenoweth
Legislative Counsel

This is a first session bill carried forward. In addition to the changes specifically requested in the memorandum of Assistant Attorney General Jeffery Bush and the directive that I delete all matter pertaining to the Mining Loan program (AS 27.09), I have deleted references to materials no longer relevant because of amendments made by other legislation enacted during the first session.

With the inclusion of the new material in bill section 15, the draft is almost certainly unconstitutional as a violation of article II, section 13's directive that bills be confined to a single subject. Section 15 makes an amendment to the salmon enhancement tax rather than to an existing loan program, and the reference in the text of the amended material to "outstanding loans. . . under AS 16.10.510" is too remote to tie this provision in to the main topic of the bill.

I have revised the lead-in language in the second of each pair of sections that are "double amended" -- sections 12, 19, 21, 23, 25, 27 and 29 -- to read "repealed and reenacted" rather than "amended". This is a drafting requirement for sections with delayed effective dates in order to avoid problems with any intervening amendments that the legislature may enact to take effect after the effective date of the first but before the effective date of the second.

Senator Tim Kelly
Page 2
March 3, 1988

I have had to make title changes to correspond to these additions and deletions. Please note Uniform Rule 41(b), which reads:

An amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

This draft makes changes in the House-passed bill that are beyond mere "clerical or technical [changes]." Further consideration of the bill as drafted must be accompanied by a concurrent resolution adopted under Rule 54, authorizing suspension of Rule 41(b) and other related rules.

May I prepare a related concurrent resolution to accompany the bill draft?

JBC:gc
WKG2:22

ALASKA STATE SENATE



SENATOR TIM KELLY
ANCHORAGE/EAGLE RIVER
CHAIRMAN

SENATOR DICK ELIASON
SITKA
VICE CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBERS
SENATOR BETTYE FAHRENKAMP
FAIRBANKS

SENATOR RICK UEHLING
ANCHORAGE

SENATOR MIKE SZYMANSKI
ANCHORAGE

March 10, 1988

To: Speaker Grussendorf

From: Sen. Kelly

During the Senate Labor & Commerce Committee's review of HB 185, it was found that two changes needed to be made in the title. Jack Chenoweth of our legal staff has stated in an opinion that these changes are technical and therefore are an exception specified within Rule 41(b).

I am attaching copies of the bill as it passed the House, & as passed out of Senate Labor & Commerce and of Mr. Chenoweth's memo. If you have further concern on this matter, please let me know.

ALASKA STATE SENATE



SENATOR TIM KELLY
ANCHORAGE/EAGLE RIVER
CHAIRMAN

MEMBERS
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ANCHORAGE

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ANCHORAGE

SECTIONAL ANALYSIS SCSCSHB 185 (L&C)

Sec. 1 AS16.10.500. The title of the Fisheries Enhancement Loan Program is changed to the Salmon Enhancement Loan Program. The lending authority for enhancement and rehabilitation activities is deleted.

Sec. 2 AS16.10.505. Clarifies that principal and interest payments are deposited in the revolving loan fund.

Sec. 3 AS16.10.507(a). This is a technical change to reflect the name change in section 1.

Sec. 4 AS16.10.510. The substantive change here is to remove the requirement that a nonprofit corporation be approved by a regional association in order to qualify for a preconstruction loan. There are also a number of technical changes.

Sec. 5 AS16.10.515. This adds new sections that reorganize the existing statute for clarity.

Sec. 6 & 7 AS16.10.520. These sections clarify that the intent of the existing law is that no one will get more than \$1,000,000 in loans in a single fiscal year.

Sec. 8 AS16.10.560. Adds the definitions of department and regional aquaculture association and clarifies the definition of salmon hatchery.

Sec. 9 & 10 AS26.15.040(d). These sections repeal language relating to the procedures for disbursing veteran's loans. Additionally they provide that after June 30, 1989 the fund will no longer be revolving.

Sec. 11 AS26.15.040(e). This section makes a couple of technical changes and inserts language to clarify that a person assuming a veteran's loan is eligible to assume more than one type of loan, but the total may not exceed \$125,000.

Sec. 12 AS27.09.010(b). This makes the repayment provisions of the mining loan program consistent with other loan programs.

Sec. 13 AS41.98.175(a). This repeals the lending authority under the outdoor recreational, open space, and historical properties development fund. No loans have been made under this

program and none are anticipated. The bill leaves intact the authority to make grants under this program.

Sec. 14 AS44.33.024. This creates a new foreclosure expense account within DCED. With the repeal of the revolving funds the individual expense are also repealed. This new account will be used by the department for all loan programs and will be subject to appropriation.

Sec. 15 AS44.33.245(a). This repeals the lending authority under the Child Care Facility Revolving Loan Fund.

Sec. 16 & 17 AS44.33.255(d). These sections provide that after June 30, 1989 the program will no longer be revolving.

Sec. 18 & 19. AS45.88.030(d). These sections provide that after June 30, 1989, the alternative energy revolving loan fund will no longer be revolving.

Sec. 20 & 21. AS45.89.030(h). These sections provide that after June 30, 1989, the residential energy conservation loan program will no longer be revolving.

Sec. 22 & 23. AS45.90.010. These sections provide that after June 30, 1989, the tourism revolving loan will no longer be revolving.

Sec. 24 & 25. AS45.90.020(d). These sections repeal language relating to the disbursing of small business loans. Additionally, they provide that after June 30, 1989, the program will no longer be revolving.

Sec. 26 & 27. AS45.98.010. These sections provide that after June 30, 1989, the historical district revolving loan fund will no longer be revolving.

Sec. 28. AS45.98.030. This section makes technical amendments in light of the repeal of the lending authority under this program.

Sec. 29. Repealers effective upon implementation of the bill:

AS 16.10.320(b); commercial fishing obsolete provisions

AS 16.10.520(c); Salmon enhancement - provisions moved to AS 16.10.518(a).

AS 16.10.520(e); Salmon enhancement - loan limits now clarified in sections 6 & 7 of the bill.

AS 16.10.540; Salmon enhancement - repeals voluntary assessment as collateral.

AS 26.15; Veterans loans - repeals lending authority.

- AS 41.30; Area redevelopment - repeals redevelopment loan program administered through Alaska State Development Corporation.
- AS 41.98; Outdoor recreational - repeals lending authority.
- AS 44.33.020(b); Repeals the general power of DCED to make veteran's loans.
- AS 44.33; Child care - repeals lending authority.
- AS 45.88; Alternative energy - repeals lending authority.
- AS 45.89; Residential energy conservation - repeals lending authority.
- AS 45.90; Tourism - repeals lending authority.
- AS 45.92; Fisheries product revolving loan guarantee program - repeals the program.
- AS 45.94; Forest products business loan guarantee program - repeals the program.
- AS 45.95; Small business - repeals lending authority.
- AS 45.98 Historical districts - repeals lending authority.
- SEC. 3 & 4, ch.
156 SLA 1984; Repeals the continuing appropriations from the revolving loan funds after their repeal.

Sec. 30. Repealers effective July 1, 1988:

- AS 26.15.090; Veteran's revolving fund.
- AS 26.15.095; Foreclosure expense account of veteran's revolving fund.
- AS 44.33.240,242; Child care revolving loan fund.
- AS 45.88; Alternative energy revolving loan fund.
- AS 45.89; Residential energy conservation fund.
- AS 45.90.015; Foreclosure expense account in tourism revolving loan fund.
- AS 45.95; Small business revolving loan fund.

AS 45.98.015; Foreclosure expense account in the
historical district revolving loan fund.

Sec. 31 & 32 are the effective dates.

LETTER OF INTENT
P 3 L 4-8

go0737X
Chenoweth
3/4/88

Original sponsor: Rules/Governor

P 4 L 20-21 OL

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 185 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing certain state loan programs and
7 provisions of certain state loan programs; creating a
8 special foreclosure expense account; making miscella-
9 neous changes to the fisheries enhancement loan
10 program, the Alaska World War II veterans' loan
11 program, the mining loan program, the outdoor
12 recreational, open space, and historic properties
13 development program, the child care facility loan
14 program, the alternative energy revolving loan pro-
15 gram, the residential energy conservation program,
16 the tourism revolving loan program, the small busi-
17 ness revolving loan program, and the historical
18 district revolving loan program; and providing for an
19 effective date."

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

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

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

23 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
24 state, under AS 16.10.500 - 16.10.560, to promote the enhancement of
25 the state's salmon fisheries by means of grants for organizational and
26 planning purposes to regional associations described in AS 16.10.510
27 which have qualified under AS 16.10.380, and by means of long-term,
28 low interest loans for hatchery planning, construction, and operation
29 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION

1 ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND
2 HABITAT IMPROVEMENT).

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

4 Sec. 16.10.505. SALMON [FISHERIES] ENHANCEMENT REVOLVING LOAN
5 FUND. There is created within the Department of Commerce and Economic
6 Development a revolving loan fund to be known as the salmon [FISHER-
7 *TYD* IES] enhancement revolving loan fund. The fund shall be used to carry
8 out the purposes of AS 16.10.500 - 16.10.560 and for no other purpose.
9 All principal and interest payments and all money chargeable to prin-
10 cipal or interest that is collected through liquidation by foreclosure
11 or other process on loans made under AS 16.10.500 - 16.10.620, shall
12 be paid into the salmon enhancement revolving loan fund.

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

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

17 * Sec. 4. AS 16.10.510 is repealed and reenacted to read:

18 Sec. 16.10.510. POWERS AND DUTIES OF THE DEPARTMENT. The
19 department may

20 (1) make loans to permit holders, qualified under AS 16.-
21 10.400 - 16.10.475, for the preconstruction activities, construction,
22 and operation of salmon hatchery facilities;

23 (2) make loans for preconstruction activities necessary to
24 obtain a salmon hatchery permit under AS 16.10.400 - 16.10.475;

25 (3) designate agents and delegate powers to them as neces-
26 sary;

27 (4) adopt regulations necessary to carry out its functions;

28 (5) establish loan terms;

29 (6) establish regional and local offices and advisory

1 groups to carry out, or assist in carrying out, the duties and author-
2 ity of the department;

3 (7) make grants for organizational and planning purposes to
4 qualified regional associations that have formed a nonprofit corpora-
5 tion, in amounts not exceeding \$100,000 per region;

6 (8) make grants to qualified regional associations that
7 have formed nonprofit corporations in amounts not exceeding the
8 amounts appropriated by the legislature from salmon enhancement taxes
9 collected under AS 43.76.010 and 43.76.011.

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

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

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

20 Sec. 16.10.518. LOAN TERMS. (a) All loans shall be secured by
21 collateral satisfactory to the department, including a first deed of
22 trust, an assignment of lease and leasehold improvements, an assign-
23 ment of future revenue from the sale of aquaculture products, or tax
24 assessments from fishermen collected under AS 43.76.

25 (b) The interest rate on loans made under AS 16.10.500 - 16.-
26 10.560 is nine and one-half percent a year.

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

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

29 (a) The total of all loans for a single salmon hatchery made to

1 a regional aquaculture association or to a nonprofit corporation whose
2 hatchery project has been approved by a regional aquaculture associa-
3 tion may not exceed \$10,000,000 in a single fiscal year.

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

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

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

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

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

12 (2) "department" means the Department of Commerce and
13 Economic Development;

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

17 (4) "salmon hatchery" means a private, nonprofit facility,
18 holding a permit under AS 16.10.400 - 16.10.475, for the artificial
19 incubation of salmon eggs, which may include means for the rearing of
20 juvenile salmon, for release in the natural waters of the state for
21 common use.

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

23 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM
24 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED
25 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD
26 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY
27 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED
28 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of
29 loans by installments, or otherwise, in accordance with the prescribed

1 terms, or upon liquidation by foreclosure or other process, or upon
2 receipt of interest [OR OTHER REVENUE], the money so received shall be
3 turned over to the commissioner of revenue for deposit in the Alaska
4 World War II veterans' revolving fund.

5 * Sec. 10. AS 26.15.040(d) is repealed and reenacted to read:

6 (d) Upon repayment of loans by installments, or otherwise, in
7 accordance with the prescribed terms, or upon liquidation by foreclo-
8 sure or other process, or upon receipt of interest, the money so
9 received shall be turned over to the commissioner of revenue for
10 deposit in the general fund.

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

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

24 * Sec. 12. AS 27.09.010(b) is repealed and reenacted to read:

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

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

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

9 * Sec. 14. AS 44.33 is amended by adding a new section to read:

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

17 * Sec. 15. AS 44.33.245(a) is amended to read:

18 (a) The department may

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

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

24 * Sec. 16. AS 44.33.255(d) is amended to read:

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

1 * Sec. 17. AS 44.33.255(d) is repealed and reenacted to read:

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

6 * Sec. 18. 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 energy revolving loan
12 fund.

13 * Sec. 19. AS 45.88.030(d) is repealed and reenacted 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 fund.

18 * Sec. 20. AS 45.89.030(h) is amended to read:

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

24 * Sec. 21. AS 45.89.030(h) is repealed and reenacted to read:

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

29 * Sec. 22. AS 45.90.010 is amended to read:

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

7 * Sec. 23. AS 45.90.010 is repealed and reenacted to read:

8 Sec. 45.90.010. LOAN REPAYMENTS. All principal and interest
9 payments, and all money chargeable to principal or interest that is
10 collected through liquidation by foreclosure or other process on loans
11 made under this chapter, shall be paid into the general fund.

12 * Sec. 24. AS 45.95.020(d) is amended to read:

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

23 * Sec. 25. AS 45.95.020(d) is repealed to reenacted to read:

24 (d) Upon repayment of loans by installments, or otherwise, in
25 accordance with the prescribed terms, or upon liquidation by foreclo-
26 sure or other process, or upon receipt of interest, the money so
27 received shall be turned over to the commissioner of revenue for
28 deposit in the general fund.

29 * Sec. 26. AS 45.98.010 is amended to read:

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

9 * Sec. 27. AS 45.98.010 is repealed and reenacted to read:

10 Sec. 45.98.010. LOAN REPAYMENTS. Upon repayment of loans made
11 under this chapter by installments, or otherwise, in accordance with
12 the prescribed terms, or upon liquidation by foreclosure or other
13 process, or upon receipt of interest, the money so received shall be
14 deposited to the general fund.

15 * Sec. 28. AS 45.98.030 is amended to read:

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

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

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

23 (2) [(3) IN CONSULTATION WITH THE HISTORIC SITES ADVISORY
24 COMMITTEE,] adopt regulations necessary to carry out its functions [,
25 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-
26 TEE];

27 (3) [(4)] establish amortization plans for the repayment of
28 loans not to exceed 30 years.

29 * Sec. 29. AS 16.10.320(b), 16.10.520(c), 16.10.520(e), 16.10.540;

1 AS 26.15.010(b), 26.15.010(c), 26.15.030(c)(6), 26.15.030(c)(7), 26.15.-
2 040(a), 26.15.040(b), 26.15.040(c), 26.15.050, 26.15.060, 26.15.130, 26.-
3 15.140, 26.15.160; AS 41.30; AS 41.98.175(b), 41.98.175(c); AS 44.33.-
4 020(5), 44.33.245(b), 44.33.255(a), 44.33.255(b), 44.33.255(c), 44.33.260;
5 AS 45.88.020(a)(1), 45.88.020(b), 45.88.020(c), 45.88.030(a), 45.88.030(b),
6 45.88.030(c), 45.88.030(e), 45.88.500; AS 45.89.030(a), 45.89.030(b),
7 45.89.030(c), 45.89.030(d), 45.89.030(e), 45.89.030(f), 45.89.030(g),
8 45.89.030(i), 45.89.030(j), 45.89.030(k), 45.89.500(3), 45.89.500(4);
9 AS 45.90.020(a)(1), 45.90.020(a)(4), 45.90.020(b), 45.90.030; AS 45.92;
10 AS 45.94; AS 45.95.010(b), 45.95.010(c), 45.95.020(a), 45.95.020(e), 45.-
11 95.030, 45.95.070; AS 45.98.020, 45.98.040(1), 45.98.040(2), 45.98.040(3),
12 45.98.040(4); and secs. 3 - 4, ch. 156, SLA 1984, are repealed.

13 * Sec. 30. AS 26.15.090, 26.15.095; AS 44.33.240, 44.33.242; AS 45.-
14 88.010, 45.88.015; AS 45.89.010, 45.89.015; AS 45.90.015; AS 45.95.060,
15 45.95.065; and AS 45.98.015 are repealed.

16 * Sec. 31. Sections 1 - 9, 11 - 13, 15, 16, 18, 20, 22, 24, 26, 28, and
17 29 of this Act take effect immediately under AS 01.10.070(c).

18 * Sec. 32. Sections 10, 14, 17, 19, 21, 23, 25, 27, and 30 of this Act
19 take effect July 1, 1989.

go0737X
Chenoweth
3/3/88

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 185 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing certain state loan programs and
7 provisions of certain state loan programs, creating a
8 special foreclosure expense account; making miscella-
9 neous changes to the commercial fishing loan program,
10 the fisheries enhancement loan program, the Alaska
11 World War II veterans' loan program, the outdoor
12 recreational, open space, and historic properties
13 development program, the child care facility loan
14 program, the alternative energy revolving loan pro-
15 gram, the residential energy conservation program,
16 the tourism revolving loan program, the small busi-
17 ness revolving loan program, and the historical
18 district revolving loan program; amending provisions
19 of law authorizing termination of the salmon enhance-
20 ment tax, and providing for an effective date."

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

22 * Section 1. AS 16.10.335(a) is amended to read:

23 (a) Except as otherwise provided in (f) of this section, if [IF]
24 the debtor defaults upon a note for which a limited entry permit has
25 been pledged as security under AS 16.10.333 or 16.10.338, the commis-
26 sioner shall provide the debtor, by both certified and first class
27 mail sent to the debtor's last known address on file with the commis-
28 sioner, with a notice of default that includes

29 (1) a description of the security given for the note

1 including the number assigned to the pledged permit by the commission;

2 (2) the date upon which the default occurred;

3 (3) the amount of arrearages as of the date of the notice,
4 the total amount remaining on the note less unearned interest, and the
5 amount of daily interest;

6 (4) a statement that the debtor may, within 15 days after
7 the postmark date of the notice, request a hearing to submit evidence
8 showing the debtor has not defaulted;

9 (5) a statement that the note may be reinstated if brought
10 current within 60 days after the postmark date of the notice;

11 (6) a statement that the note may be paid in full less
12 unearned interest within 120 days after the postmark date of the
13 notice;

14 (7) the place where reinstatement or payment in full may be
15 made; and

16 (8) a notice in at least 10-point bold type stating:
17 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE
18 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT
19 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

20 * Sec. 2. AS 16.10.335 is amended by adding a new subsection to read:

21 (f) Notwithstanding (a) of this section, unless otherwise order-
22 ed by the bankruptcy court, upon the discharge in bankruptcy of the
23 debtor, the debtor's interest in the limited entry permit is termi-
24 nated by operation of law without further notice. The commission
25 shall immediately cancel an entry permit card issued to the debtor
26 under the permit upon receipt by the commission of a certificate of
27 terminatio.. containing a copy of the notice of discharge.

28 * Sec. 3. AS 16.10.500 is amended to read:

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

1 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
2 state, under AS 16.10.500 - 16.10.560, to promote the enhancement of
3 the state's salmon fisheries by means of grants for organizational and
4 planning purposes to regional associations described in AS 16.10.510
5 which have qualified under AS 16.10.380, and by means of long-term,
6 low interest loans for hatchery planning, construction, and operation
7 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION
8 ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND
9 HABITAT IMPROVEMENT].

10 * Sec. 4. AS 16.10.505 is amended to read:

11 Sec. 16.10.505. SALMON [FISHERIES] ENHANCEMENT REVOLVING LOAN
12 FUND. There is created within the Department of Commerce and Economic
13 Development a revolving loan fund to be known as the salmon [FISHER-
14 IES] enhancement revolving loan fund. The fund shall be used to carry
15 out the purposes of AS 16.10.500 - 16.10.560 and for no other purpose.
16 All principal and interest payments and all money chargeable to prin-
17 cipal or interest that is collected through liquidation by foreclosure
18 or other process on loans made under AS 16.10.500 - 16.10.620. shall
19 be paid into the salmon enhancement revolving loan fund.

20 * Sec. 5. AS 16.10.507(a) is amended to read:

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

24 * Sec. 6. AS 16.10.510 is repealed and reenacted to read:

25 Sec. 16.10.510. POWERS AND DUTIES OF THE DEPARTMENT. The
26 department may

27 (1) make loans to permit holders, qualified under AS 16.10.
28 16.10.475, for the preconstruction activities, construction, and
29 operation of salmon hatchery facilities;

1 (2) make loans for preconstruction activities necessary to
2 obtain a salmon hatchery permit under AS 16.10.400 - 16.10.475;

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

5 (4) adopt regulations necessary to carry out its functions;

6 (5) establish loan terms;

7 (6) establish regional and local offices and advisory
8 groups to carry out, or assist in carrying out, the duties and author-
9 ity of the department;

10 (7) make grants for organizational and planning purposes to
11 qualified regional associations that have formed a nonprofit corpora-
12 tion, in amounts not exceeding \$100,000 per region;

13 (8) make grants to qualified regional associations that
14 have formed nonprofit corporations in amounts not exceeding the
15 amounts appropriated by the legislature from salmon enhancement taxes
16 collected under AS 43.76.010 and 43.76.011.

17 * Sec. 7. AS 16.10 is amended by adding new sections to read:

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

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

27 Sec. 16.10.518. LOAN TERMS. (a) All loans shall be secured by
28 collateral satisfactory to the department, including a first deed of
29 trust, an assignment of lease and leasehold improvements, an

1 assignment of future revenue from the sale of aquaculture products, or
2 tax assessments from fishermen collected under AS 43.76.

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

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

6 * Sec. 8. AS 16.10.520(a) is repealed and reenacted to read:

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

11 * Sec. 9. AS 16.10.520(b) is repealed and reenacted to read:

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

15 * Sec. 10. 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 qual-
23 ified 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 the state for
28 common use.

29 * Sec. 11. 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 shall be
10 turned over to the commissioner of revenue for deposit in the Alaska
11 World War II veterans' revolving fund.

12 * Sec. 12. AS 26.15.040(d) is repealed and reenacted to read:

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

18 * Sec. 13. AS 26.15.040(e) is amended to read:

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

1 but the total may not exceed \$125,000 at any one time.

2 * Sec. 14. AS 41.98.175(a) is amended to read:

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

10 * Sec. 15. ~~AS 43.76.020(b) is amended to read:~~

11 (b) A salmon enhancement tax shall be terminated by the commis-
12 sioner of revenue under (a) of this section following an election in a
13 region if

14 (1) a petition is presented to the commissioner of commerce
15 and economic development requesting termination of the salmon enhance-
16 ment tax which is signed by at least 25 percent of the number of
17 persons who voted under AS 43.76.015 in the election approving the
18 salmon enhancement tax in the region;

19 ~~(2) the commissioner of commerce and economic development~~
20 ~~determines that there are no outstanding loans to the qualified re-~~
21 ~~gional association under AS 16.10.510 that are secured by the tax;~~

22 (3) an election is held in accordance with AS 43.76.015;
23 the ballot shall ask the question whether the salmon enhancement tax
24 for the region shall be terminated; the ballot shall be worded so that
25 a "yes" vote is for continuation of the salmon enhancement tax and a
26 "no" vote is for termination of the salmon enhancement tax;

27 (4) [(3)] a majority of the eligible interim-use permit and
28 entry permit holders who vote in the election cast a ballot for the
29 termination of the salmon enhancement tax; and

1 (5) [(4)] the qualified regional association provides
2 notice of the election in accordance with AS 43.76.015 within two
3 months after receiving notice from the commissioner of commerce and
4 economic development that a valid petition under (1) of this sub-
5 section has been received.

6 * Sec. 16. AS 44.33 is amended by adding a new section to read:

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

14 * Sec. 17. AS 44.33.245(a) is amended to read:

15 (a) The department may

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

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

21 * Sec. 18. AS 44.33.255(d) is amended to read:

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

27 * Sec. 19. AS 44.33.255(d) is repealed and reenacted to read:

28 (d) All principal and interest payments, and all money charge-
29 able to principal or interest that is collected through liquidation by

1 foreclosure or other process on loans made under AS 44.33.240 - 44.-
2 33.275, shall be paid into the general fund.

3 * Sec. 20. AS 45.88.030(d) is amended to read:

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

10 * Sec. 21. AS 45.88.030(d) is repealed and reenacted to read:

11 (d) Upon repayment of loans by installments, or otherwise, in
12 accordance with the prescribed terms, or upon liquidation by foreclo-
13 sure or other process, or upon receipt of interest, the money so
14 received shall be paid into the general fund.

15 * Sec. 22. AS 45.89.030(h) is amended to read:

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

21 * Sec. 23. AS 45.89.030(h) is repealed and reenacted to read:

22 (h) Upon repayment of loans by installments, or otherwise, in
23 accordance with the prescribed terms, or upon liquidation by foreclo-
24 sure or other process, or upon receipt of interest, the money so
25 received shall be deposited to the general fund.

26 * Sec. 24. AS 45.90.010 is amended to read:

27 Sec. 45.90.010. CREATION OF A TOURISM REVOLVING FUND. There is
28 created in the Department of Commerce and Economic Development a
29 tourism revolving fund. All principal and interest payments, and all

1 money chargeable to principal or interest that is collected through
2 liquidation by foreclosure or other process on loans made under this
3 chapter, shall be paid into the tourism revolving fund.

4 * Sec. 25. AS 45.90.010 is repealed and reenacted to read:

5 Sec. 45.90.010. LOAN REPAYMENTS. All principal and interest
6 payments, and all money chargeable to principal or interest that is
7 collected through liquidation by foreclosure or other process on loans
8 made under this chapter, shall be paid into the general fund.

9 * Sec. 26. AS 45.95.020(d) is amended to read:

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

20 * Sec. 27. AS 45.95.020(d) is repealed to reenacted to read:

21 (d) Upon repayment of loans by installments, or otherwise, in
22 accordance with the prescribed terms, or upon liquidation by foreclo-
23 sure or other process, or upon receipt of interest, the money so
24 received shall be turned over to the commissioner of revenue for
25 deposit in the general fund.

26 * Sec. 28. AS 45.98.010 is amended to read:

27 Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN
28 FUND. There is created in the Department of Commerce and Economic
29 Development a historical district revolving loan fund. Upon repayment

1 of loans made under this chapter by installments, or otherwise, in
2 accordance with the prescribed terms, or upon liquidation by foreclo-
3 sure or other process, or upon receipt of interest, the money so
4 received shall be deposited to the historical district revolving loan
5 fund.

6 * Sec. 29. AS 45.98.010 is repealed and reenacted to read:

7 Sec. 45.98.010. LOAN REPAYMENTS. Upon repayment of loans made
8 under this chapter by installments, or otherwise, in accordance with
9 the prescribed terms, or upon liquidation by foreclosure or other
10 process, or upon receipt of interest, the money so received shall be
11 deposited to the general fund.

12 * Sec. 30. AS 45.98.030 is amended to read:

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

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

18 (2)] designate agents and delegate powers to them as is
19 necessary;

20 (2) [(3) IN CONSULTATION WITH THE HISTORIC SITES ADVISORY
21 COMMITTEE,] adopt regulations necessary to carry out its functions [,
22 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-
23 TEE];

24 (3) [(4)] establish amortization plans for the repayment of
25 loans not to exceed 30 years.

26 * Sec. 31. AS 16.10.320(b), 16.10.520(c), 16.10.520(e), 16.10.540;
27 AS 26.15.010(b), 26.15.010(c), 26.15.030(c)(6), 26.15.030(c)(7), 26.15.-
28 040(a), 26.15.040(b), 26.15.040(c), 26.15.050, 26.15.060, 26.15.130, 26.-
29 15.140, 26.15.160; AS 41.30; AS 41.98.175(b), 41.98.175(c);

1 AS 44.33.020(5), 44.33.245(b), 44.33.255(a), 44.33.255(b), 44.33.255(c),
2 44.33.260; AS 45.88.020(a)(1), 45.88.020(b), 45.88.020(c), 45.88.030(a),
3 45.88.030(b), 45.88.030(c), 45.88.030(e), 45.88.500; AS 45.89.030(a),
4 45.89.030(b), 45.89.030(c), 45.89.030(d), 45.89.030(e), 45.89.030(f),
5 45.89.030(g), 45.89.030(i), 45.89.030(j), 45.89.030(k), 45.89.500(3),
6 45.89.500(4); AS 45.90.020(a)(1), 45.90.020(a)(4), 45.90.020(b), 45.90.030;
7 AS 45.92; AS 45.94; AS 45.95.010(b), 45.95.010(c), 45.95.020(a), 45.95.-
8 020(e), 45.95.030, 45.95.070; AS 45.98.020, 45.98.040(1), 45.98.040(2),
9 45.98.040(3), 45.98.040(4); and secs. 3 and 4, ch. 156, SLA 1984, are re-
10 pealed.

11 * Sec. 32. AS 26.15.090, 26.15.095; AS 44.33.240, 44.33.242; AS 45.-
12 88.010, 45.88.015; AS 45.89.010, 45.89.015; AS 45.90.015; AS 45.95.060,
13 45.95.065; and AS 45.98.015 are repealed.

14 * Sec. 33. Sections 1 - 11, 13 - 15, 17, 18, 20, 22, 24, 26, 28, 30,
15 and 31 of this Act take effect immediately under AS 01.10.070(c).

16 * Sec. 34. Sections 12, 16, 19, 21, 23, 25, 27, 29, and 32 of this Act
17 take effect July 1, 1989.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 16, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill repealing five active and various inactive state loan programs and making miscellaneous changes in other state loan programs. The programs affected are:

1. Commercial Fishing Loan Program
2. Fisheries Enhancement Loan Program
3. Veterans' Revolving Loan Program
4. Mining Loans
5. Area Redevelopment
6. Outdoor Recreational, Open Space, and Historic Properties Development Fund
7. Child Care Facility Revolving Loan Fund
8. Alternative Energy Revolving Loan Fund
9. Residential Energy Conservation Fund
10. Tourism Revolving Fund
11. Fishery Product Revolving Loan Guarantee Fund
12. Forest Products Business Loan Guarantee Program
13. Small Business Loans
14. Historical District Revolving Loan Fund

Each affected loan program will be discussed in turn. A section-by-section description of those loan programs administered by the Department of Commerce and Economic Development, prepared by that department, is also being made available to the legislature.

1. Commercial Fishing Loan Program. This bill repeals AS 16.10.320(b) (sec. 21 of the bill), a subsection that is now obsolete due to changes in federal law.

2. Fisheries Enhancement Loan Program. This bill makes numerous changes to the fisheries enhancement loan program, AS 16.10.500 -- 16.10.560. First, it changes the title of the loan fund to the "Salmon Enhancement Revolving Loan Fund" (secs. 1, 2, and 3 of the bill), and reorganizes the

statutes for clarity. It also amends the statutes to make it clear that they apply only to salmon hatchery projects. Sections 1 and 4 of the bill.

The bill repeals the mandatory six-year deferral on interest and principal contained in AS 16.10.525 (sec. 21 of the bill), but retains the authority to defer interest and principal for up to 10 years. Section 5 of the bill. This will allow earlier repayment requirements if they are considered financially feasible. This will also cure a problem that exists when the department grants a preconstruction loan to assess a proposed project, but the project is then considered unfeasible. Despite the fact that no project ever is built in such a case, the state currently cannot collect on its preconstruction loan, nor charge interest, for at least six years.

The bill also changes the statutory loan limits. At present, these limits are ambiguous. See 1986 Inf. Op. Att'y Gen. (Aug. 13; 663-87-0020). This bill sets loan limits in terms of the total amount that may be loaned for a single project. Sections 6 and 7 of the bill. Also, the bill repeals AS 16.10.540 (sec. 21 of the bill), which specifically authorizes voluntary assessments by fishermen as collateral to repay loans. First, such voluntary assessments represent no real collateral because of their voluntary nature. Second, if the department were to change its position and consider a voluntary assessment as sufficient collateral, proposed AS 16.10.518(a) would permit the use of a voluntary assessment as collateral. Third, current practice is for these organizations to assess fishermen through salmon enhancement taxes under AS 43.76, and the bill approves this practice and recognizes these assessments as valid collateral. Section 5 of the bill.

Finally, the hearing procedure provisions of the Administrative Procedure Act (APA), AS 44.62.330 -- 44.62.630, currently apply to the fisheries enhancement loan program (AS 16.10.500 -- 16.10.620). The reason for this application is unclear, since the 10 other loan programs administered by the Department of Commerce and Economic Development, division of investments and division of accounting and collections, are not subject to the APA. The department has adopted regulations providing for administrative adjudication of loan issues for all of its loan programs, and there is no apparent reason for this particular program to be subject to different rules. This bill amends the APA, by repealing AS 44.62.330(a)(46), to remove that part of the

APA's applicability to the fisheries enhancement program. Section 21 of the bill.

3. Veterans' Revolving Loan Program. AS 26.15 establishes the Alaska veterans' loan program. Originally, the Department of Commerce and Economic Development was authorized to make four types of veterans' loans: personal loans, housing loans, business loans, and multiple dwelling (condominium) loans. AS 26.15.040(a). The authority to make housing loans was repealed in 1980 (sec. 77, ch. 106, SLA 1980), and the same legislation provided that no business loans could be made after July 1, 1981. Sec. 71, ch. 106, SLA 1980. Although the authority to make personal and multiple dwelling loans still exists, neither type of loan has been made since 1982.

At present, there is no money available in the veterans' revolving fund for any additional loans. Only a small amount of money still comes into the fund, since most loans have been transferred to the Alaska Industrial Development Authority (AIDA) or recently sold to the Alaska Housing Finance Corporation (AHFC). Sec. 102, ch. 138, SLA 1986. The money in the revolving fund, in turn, has been reappropriated to the general fund. Sec. 118, ch. 105, SLA 1985; secs. 18 and 23, ch. 129, SLA 1986; secs. 39, 427, and 645, ch. 130, SLA 1986.

This bill repeals all lending authority under the veterans' loan program, but leaves intact those statutes dealing with management and collections (secs. 9, 10 and 21 of the bill). The sentence added to AS 26.15.040(e), limiting the total amount that an assignee of a loan can assume, is taken from AS 26.15.040(c), which is repealed in sec. 21 of the bill.

These repealers and amendments do not affect AHFC veterans' mortgages under AS 18.56.

4. Mining Loans. This bill repeals all lending authority under the mining loan program, but leaves intact those statutes dealing with management and collections (secs. 11, 12, and 21 of the bill). This program has historically had a very high loan default rate and has consequently cost the state a great deal of money. With revenues declining, I do not believe that this program should be continued.

5. Area Redevelopment. AS 41.30 sets up a program for redevelopment loans administered by the Alaska State Development Corporation. This program, and the corporation, are both currently inactive, and there are no outstanding loans.

The entire program is repealed under this bill. Section 21 of the bill.

6. Outdoor Recreational, Open Space, and Historic Properties Development Fund. AS 41.98.170 establishes an outdoor recreational, open space, and historic properties development fund administered by the Department of Natural Resources, division of parks and outdoor recreation. The fund may be used by the state to develop recreational sites and to acquire and preserve historic sites, buildings, and monuments (AS 41.98.170), and for grants and loans to municipalities for similar purposes. AS 41.98.175(a). However, there has been no loan made under this program, and none is anticipated. This bill repeals the lending authority under the program, but leaves the remainder of the program intact. Sections 13 and 21 of the bill.

7. Child Care Facility Revolving Loan Fund. This bill repeals the lending authority for the child care facility program, AS 44.33.240 -- 44.33.275, but still retains the necessary collection statutes. Sections 14, 15, and 21 of the bill.

8. Alternative Energy Revolving Loan Fund. This bill also repeals the lending authority for the alternative energy loan program, AS 45.88. The bill leaves intact those statutes dealing with management and collections. The bill also makes a technical amendment of AS 45.88.030(d), removing reference to "technology" in this subsection consistent with a 1979 amendment to the program (ch. 56, SLA 1979). Sections 16 and 21 of the bill.

9. Residential Energy Conservation Fund. This bill also repeals the lending authority for the residential energy conservation fund, AS 45.89, but leaves intact the statutes dealing with management and collection of existing loans. Sections 17 and 21 of the bill.

10. Tourism Revolving Fund. AS 45.90 provides a statutory scheme for tourism loans. However, in 1980 a session law was enacted to provide that no further loans would be made under the program after July 1, 1981. Sec. 71, ch. 106, SLA 1980. This bill repeals the lending authority statutes of the tourism revolving fund, but leaves intact those provisions of the statutes dealing with on-going management of the loan portfolio. Section 21 of the bill.

11. Fishery Product Revolving Loan Guarantee Fund. AS 45.-92 establishes a fishery product revolving loan guarantee

fund in the Department of Revenue. There is no outstanding loan under this program, and there is no money currently in the fund. This program is inactive, and this bill repeals it. Section 21 of the bill.

12. Forest Products Business Loan Guarantee Program. AS 45.94 establishes a forest products business loan guarantee fund in the Department of Revenue, under a statutory scheme similar to that of the fishery product revolving loan guarantee fund. No money has ever been appropriated to this fund, and it is therefore inactive. This bill repeals this program. Section 21 of the bill.

13. Small Business Loans. AS 45.95 establishes a small business loan program in the Department of Commerce and Economic Development. However, as with the tourism revolving fund, the legislature has prohibited making any further loans under this program. Sec. 71, ch. 106, SLA 1980. This bill repeals the statutory lending authority under this program, but leaves intact the loan management and collection statutes. Sections 18 and 21 of the bill.

14. Historical District Revolving Loan Fund. Finally, the bill repeals the lending authority under the historical district revolving loan fund. Sections 19, 20, and 21 of the bill.

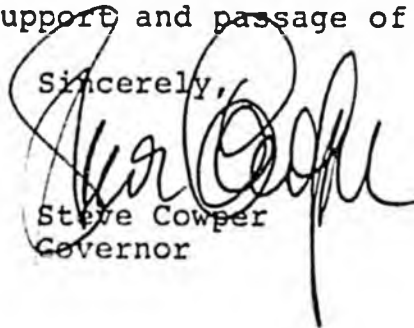
The bill also repeals secs. 3 and 4, ch. 156, SLA 1984, which provide that the balances in the tourism and small business revolving loan funds are appropriated annually to the general fund. Recent court decisions have called into question the validity of continuing appropriations such as these. Therefore, to avoid that question, and because I believe that annual appropriation of these balances would be a better approach, I am recommending the repeal of these continuing appropriations and the substitution of annual appropriations from the revolving funds. Thus, if this bill passes, the following language should be added to the budget bill, HB 75:

* Sec. ____ . The cash balances of the Alaska World War II veterans' revolving fund (AS 26.15.090), the mining loan fund (AS 27.-09.010), the child care facility revolving loan fund (AS 44.33.240), the alternative energy revolving loan fund (AS 45.88.010), the residential energy conservation fund (AS 45.89.010), the tourism revolving fund (AS 45.90.010), the small business revolving

loan fund (AS 45.95.060), and the historical district revolving loan fund (AS 45.98.010), attributable to loans owned by those funds as of June 30 of the fiscal year, after any appropriations from the funds to the Department of Commerce and Economic Development for operating expenses, are appropriated from those funds to the general fund.

This bill cleans up the state loan statutes. It eliminates defunct loan programs that need not and should not remain in the statutes. I urge your support and passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

SECTIONAL ANALYSIS

CSHB 185 (Fin)

Section 1. AS 16.10.500. The title of the Fisheries Enhancement Loan Program is changed to the Salmon Enhancement Loan Program. Also, this section deletes lending authority for "enhancement and rehabilitation activities," because to lend on these activities is not prudent since they do not produce revenue for debt service or operating costs. These activities can be funded by the regional association's enhancement tax or surplus fish revenues.

Section 2. AS 16.10.505. Clarifies that principal and interest payments received by the Department of Commerce and Economic Development (DCED) are deposited in the revolving loan fund.

Section 3. AS 16.10.507(a). "Fisheries" changed to "salmon".

Section 4. AS 16.10.510. Other than numerous technical changes, the only substantive change in this section is to remove the requirement that a nonprofit corporation be approved by a regional association in order to be eligible to receive a preconstruction loan (AS 16.10.510(2)).

Section 5. AS 16.10.515 and 16.10.518. Adds sections dealing with loan eligibility and loan terms, which are simply a reorganization of existing law for purposes of clarity.

Sections 6 and 7. AS 16.10.520(a) and 16.10.520(b). These sections deal with a recognized ambiguity in the law regarding loan limits. The limits set in this bill are the same as in present law, but the bill clarifies that these limits apply to the total of all loans to a facility in a single fiscal year.

Section 8. AS 16.10.560. Adds definitions for "department" and "regional aquaculture association", and clarifies the definition of "salmon hatchery".

Section 9. AS 26.15.040(d). This section repeals language relating to the procedures to be followed in disbursing veterans' loans. Also, this section is amended to recognize that only principal and interest payments are deposited in the revolving loan fund, and any other revenue must go to the general fund.

Section 10. AS 26.15.040(d). This amends the same statute as the previous section. Under this amendment, which will take effect in FY 89, all payments received under the veterans' loan program will be deposited in the general fund, rather than in the revolving loan fund.

Section 11. AS 26.15.040(e). This section removes a specific statutory cite reference which is repealed later in the bill and

replaces it with a more general reference. The sentence added to AS 26.15.040(e), limiting the total amount that an assignee of a loan can assume, is taken from AS 26.15.040(c), repealed later in the bill.

Section 12. AS 27.09.010(a). Amended to remove the lending authority for the mining loan program.

Section 13. AS 27.09.010(b). Amended to make repayment provisions consistent with other loan programs.

Section 14. AS 27.02.010(b). This amendment, effective in FY 89, provides that money received from mining loan payments will go to the general fund, rather than the revolving fund.

Section 15. AS 27.09.050. This removes the requirement that DCED consult with other experts before adopting regulations. This provision is no longer necessary, because the only authority left under the program will be collection on loans, which is within the expertise of DCED.

Section 16. AS 41.98.175(a). This repeals the lending authority under the outdoor recreational, open space, and historical properties development fund. No loans have been made under this program, and none are anticipated. The bill leaves intact the authority to make grants under this program.

Section 17. AS 44.33.025. This creates a new statute establishing a foreclosure expense account within DCED. Under current law, each revolving loan fund contains a special account, the foreclosure expense account, which is used by the department when necessary to protect the state's interest in collateral. (For example, these funds may be used to bid at foreclosure sales.) With the repeal of the revolving funds at the end of FY 88, the individual foreclosure expense accounts are also repealed. Therefore, this bill creates a new foreclosure expense account, which will be used by the department for all loan programs and will be subject to the appropriation process.

Section 18. AS 44.33.245(a). This section repeals the lending authority under the Child Care Facility Revolving Loan Program.

Section 19. AS 44.33.255(d). This section clarifies that money received through foreclosure which is otherwise chargeable to principal and interest is deposited in the revolving loan fund.

Section 20. AS 44.33.255(d). This section, effective in FY 89, provides that payments received on child care loans will be

deposited in the general fund, rather than the revolving loan fund.

Section 21. AS 45.88.030(d). This section clarifies that payments on loans under the Alternative Energy Revolving Loan Program are deposited in the revolving loan fund.

Section 22. AS 45.88.030(d). This section, effective in FY 89, provides that payments on alternative energy loans thereafter will be deposited in the general fund, rather than the revolving loan fund.

Section 23. AS 45.89.030(h). This section simply adds language to clarify that all revenues from the residential energy conservation loan program are deposited in the revolving loan fund.

Section 24. AS 45.89.030(h). This section then amends the residential energy conservation loan program, effective in FY 89, to provide that revenues under the program are deposited in the general fund, rather than the revolving loan fund.

Section 25. AS 45.90.010. This section adds language clarifying that principal and interest payments on tourism loans are deposited in the revolving loan fund.

Section 26. AS 45.90.010. Effective in FY 89, this section repeals the existence of the tourism revolving fund, and provides that payments on loans made under this program are thereafter deposited in the general fund.

Section 27. AS 45.95.020(d). This section repeals language relating to the procedures to be followed in disbursing small business loans. Also, this section is amended to recognize that only principal and interest payments are deposited in the revolving loan fund, and any other revenue must go to the general fund.

Section 28. AS 45.95.020(d). Effective in FY 89, this section provides that payments on small business loans will be deposited from then on in the general fund.

Section 29. AS 45.96. This section creates an economic development revolving loan fund within DCED. This loan fund is set up as a vehicle for utilization of available federal funds from the United States Economic Development Administration, which under the federal program must be used to make small business

loans in rural areas. No new state money is being requested for this program.

Section 30. AS 45.98.010. This section adds language clarifying that principal and interest payments on historical district loans are deposited in the revolving loan fund.

Section 31. AS 45.98.010. Effective in FY 89, this section repeals the historical district revolving loan fund, and provides that payments on loans made under this program are thereafter deposited in the general fund.

Section 32. AS 45.98.030. This section merely makes technical amendments in light of the repeal of the lending authority under this program.

Section 33. Repealers effective immediately:

- AS 16.10.320(b): Commercial Fishing--repeals obsolete provision.
- AS 16.10.520(c): Salmon Enhancement--provisions moved to AS 16.10.518(a).
- AS 16.10.520(e): Salmon Enhancement--loan limits, now clarified in secs. 6 & 7 of the bill.
- AS 16.10.540: Salmon Enhancement--Repeals voluntary assessments by fishermen as collateral for loans. Voluntary assessments represent no real collateral because of their voluntary nature. Also, current practice is for these organizations to assess fishermen through salmon enhancement taxes under AS 43.76.
- AS 26.15: Veterans' Loans--repeals lending authority.
- AS 27.09: Mining Loans--repeals lending authority.
- AS 41.30: Area Redevelopment--repeals chapter relating to redevelopment loans administered by the Alaska State Development Corporation. This program, and the corporation, are inactive, with no outstanding loans.
- AS 41.98: Outdoor Recreational...--repeals lending authority.

- AS 44.33.020(5): Repeals general power of DCED to make veterans' loans.
- AS 44.33: Child Care--repeals lending authority.
- AS 44.62.330(a)(46): Salmon Enhancement Loan Program removed from Administrative Procedures Act (this change is also contained in the Revisor's bill).
- AS 45.88: Alternative Energy--repeals lending authority.
- AS 45.89: Residential Energy Conservation--repeals lending authority.
- AS 45.90: Tourism--repeals lending authority.
- AS 45.92: Fishery Product Revolving Loan Guarantee Fund--repeals this inactive program, in the Department of Revenue, which has no outstanding loans and no money currently in the fund.
- AS 45.94: Forest Products Business Loan Guarantee Program--repeals this inactive program, in the Department of Revenue. No money has ever been appropriated to this program.
- AS 45.95: Small Business--repeals lending authority.
- AS 45.98: Historical District--repeals lending authority.
- Secs. 3 and 4,
ch. 156, SLA 1984: Repeals these continuing appropriations from revolving loan funds, no longer necessary with the repeal of the programs.

Section 34. Repealers effective July 1, 1988:

- AS 26.15.090: Veterans' revolving fund
- AS 26.15.095: Foreclosure expense account within veteran's revolving fund.
- AS 27.09.010(a): Mining loan fund.
- AS 27.09.015: Foreclosure expense account within the mining

loan fund.

- AS 27.09.060(5): Definition of "fund" under mining loan program.
- AS 44.33.240: Child care facility revolving loan fund.
- AS 44.33.242: Foreclosure expense account within child care fund.
- AS 45.88.010: Alternative energy revolving loan fund.
- AS 45.88.015: Foreclosure expense account in alternative energy fund.
- AS 45.89.010: Residential energy conservation fund.
- AS 45.89.015: Foreclosure expense account in residential energy fund.
- AS 45.90.015: Foreclosure expense account within tourism revolving loan fund.
- AS 45.95.060: Small business revolving loan fund.
- AS 45.95.065: Foreclosure expense account in small business fund.
- AS 45.98.015: Foreclosure expense account in historical district revolving loan fund.

Secs. 35 & 36: All sections of the bill take effective immediately except for those relating to actual elimination of the loan funds which, for budget reasons, will exist until the end of FY 88 and will be repealed effective July 1, 1988.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 17, 1988

Honorable Tim Kelly
Senator
Chairman, Senate Labor and Commerce Committee
State of Alaska
P.O. Box V
Juneau, AK 99811

Re: CSHB 185(Fin)am
State Loan Programs
AG File: 773-87-0073

Dear Senator Kelly:

Attached is a series of proposed amendments to CSHB 185(Fin)am, the bill that repeals a number of inactive loan programs and makes miscellaneous amendments to a number of existing programs. This bill is currently pending before the Senate Labor and Commerce Committee. These proposed amendments are primarily requested by the Department of Commerce and Economic Development, Division of Investments. Each amendment is discussed in turn.

Amendment 1: This amendment proposes to add a new subsection to AS 16.10.335 to provide that a debtor's interest in a limited entry permit is terminated by operation of law upon the discharge in bankruptcy of the debtor. When a debtor is discharged in bankruptcy, the debtor's obligation to pay on his state loan is one of the debts that is discharged, and he no longer has an obligation to pay the loan. The limited entry permit, however, remains collateral subject to foreclosure, and foreclosure becomes automatic.

Current AS 16.10.335(a) requires the division to send a notice and wait 120 days before completing any foreclosure on a permit. Although the usual debtor may bring the note current or pay it off in full during the 120 days, this is not the case for the bankrupt debtor. Since the note has been discharged, there is no longer any obligation for the debtor to pay.

In short, current law requires the division to go through a 120-day waiting process before it may repossess a permit in these cases, even though the debtor no longer has any way of stopping the eventual repossession. This amendment changes the law to terminate the debtor's interest in the permit immediately upon discharge in bankruptcy.


STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4TH AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1004
PHONE (907) 278-2550

1st NATIONAL CENTER
160 CUSHMAN ST
SUITE 400
FAIRBANKS, ALASKA 99701-4678

P.O. BOX K - STATE CAPITOL
JUNEAU, ALASKA 99811-0200
PHONE (907) 465-2600

Honorable Tim Kelly
Senator, State of Alaska
Our file: 773-87-0073

February 17, 1988
Page 2

Amendment 2: Under the fisheries enhancement loan program, regional aquaculture associations may vote to assess themselves a salmon enhancement tax under AS 43.76. The tax is collected by the state and then appropriated to the association by the legislature. The legislature, however, appropriates this money to the Department of Commerce and Economic Development, and the department thereafter disburses these funds. This amendment is designed to clarify that the Department of Commerce and Economic Development, Division of Investments, has the authority to disburse these funds.

Amendment 3: At the present time, AS 43.76.020 provides for termination of a salmon enhancement tax if the association being taxed votes to terminate. However, these tax receipts are generally the primary collateral on long-term loans made by the Division of Investments to the aquaculture associations. The current policy of the division is to not permit an association to terminate a tax if the tax is collateral for an outstanding loan. This amendment will codify this policy in statute.

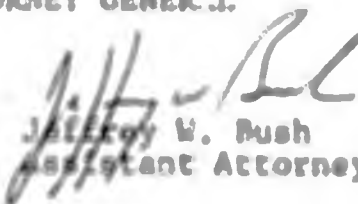
Technical Amendments: The only significant technical amendment is the removal of sec. 29 of the bill. Section 29 creates the "small business economic development revolving loan fund." This is no longer necessary, since that program was incorporated in legislation passed last session dealing with the Alaska Industrial Development and Export Authority. Sec. 42, ch. 42, SLA 1987.

Please feel free to contact me, or have your staff contact me, if you wish to discuss these amendments or anything else to do with the bill. Thank you for your consideration of these amendments.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By:


Jeffrey W. Bush
Assistant Attorney General

JWB:nb

cc: Bob Evans, Legislative Liaison
Office of the Governor

Mertin Richard, Director
Division of Investments
Department of Commerce and Economic Development

RECOMMENDED AMENDMENTS TO CSHB 185 (2in) am

Amendment 1.

1. In bill's title, page 1, line 10, after "the" add "commercial fishing loan program."

2. At page 1, line 22, add new sections as follows:

• Sec. ____ AS 16.10.335(a) is amended to read:

Sec. 16.10.335. (a) Except as otherwise provided in (f) of this section, if [IF] the debtor defaults upon a note for which a limited entry permit has been pledged as security under AS 16.10.333 or 16.10.338, the commissioner shall provide the debtor, by both certified and first class mail sent to the debtor's last known address on file with the commissioner, with a notice of default that includes

(1) a description of the security given for the note including the number assigned to the pledged permit by the commission;

(2) the date upon which the default occurred;

(3) the amount of arrearages as of the date of the notice, the total amount remaining on the note less unearned interest, and the amount of daily interest;

(4) a statement that the debtor may, within 15 days after the postmark date of the notice, request a hearing to submit evidence showing the debtor has not defaulted;

(5) a statement that the note may be reinstated if brought current within 60 days after the postmark date of the notice;

(6) a statement that the note may be paid in full less unearned interest within 120 days after the postmark date of the notice;

(7) the place where reinstatement or payment in full may be made; and

(8) a notice in at least 10-point bold type stating: **IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."**

- Sec. ____ AS 16.10.335 is amended by adding a new subsection to read:

(f) Notwithstanding (a) of this section, upon the discharge in Bankruptcy of the debtor, the debtor's interest in the limited entry permit is terminated by operation of law without further notice, ^{unless otherwise ordered by the bankruptcy court.} Any entry permit cards issued to the debtor under the permit must be cancelled immediately upon receipt by the commission of a certificate of termination containing a copy of the notice of discharge.

Amendment 2.

Page 3, after line 28: add a new paragraph to read:

(8) make grants to qualified regional associations that have formed nonprofit corporations in amounts not exceeding the amounts appropriated by the legislature from salmon enhancement taxes collected under AS 43.76.010 and 43.76.011.

Amendment 3.

At page 7, line 19, add a new section as follows:

* Sec. ____ . AS 43.76.020(b) is amended to read:

(b) A salmon enhancement tax shall be terminated by the commissioner of revenue under (a) of this section following an election in a region if

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the salmon enhancement tax which is signed by a least 25 percent of the number of persons who voted under AS 43.76-.015 in the election approving the salmon enhancement tax in the region;

(2) the commissioner of commerce and economic development determines that there are no outstanding loans

to the qualified regional association under AS 16.10.510
that are secured by the tax;

(3) an election is held in accordance with AS 43.76.015; the ballot shall ask the question whether the salmon enhancement tax for the region shall be terminated; the ballot shall be worded so that a "yes" vote is for continuation of the salmon enhancement tax and a "no" vote is for termination of the salmon enhancement tax;

(4) [(3)] a majority of eligible interim-use permit and entry permit holders who vote in the election cast a ballot for the termination of salmon enhancement tax;
and

(5) [(4)] the qualified regional association provides notice of the election in accordance with AS 43.76.015 within two months after receiving notice from the commissioner of commerce and economic development that a valid petition under (1) of this subsection has been received.

Technical Amendments

1. Page 1, lines 7-9: Remove reference in title to small business economic development revolving loan fund.
2. Page 1, line 23: Move underline (should be under "SALMON").

3. Page 2, lines 5,7, and 8: Put "revolving" back in.
4. Page 10, line 16 thru page 12, line 17: Remove section 29 of the bill, and renumber following sections accordingly.
5. Page 14, lines 12-13: Remove reference to section 29 and renumber appropriately.
6. Page 1⁴5, lines 14-15: Renumber appropriately and change effective date to July 1, 1989.

DESCRIPTION OF CSHB 185 (Fin) by program:

1. Commercial Fishing Loan Program. This bill repeals AS 16.10.320(b) (sec. 33 of the bill), a subsection that is now obsolete due to changes in federal law.

2. Fisheries Enhancement Loan Program. This bill makes numerous changes to the fisheries enhancement loan program, AS 16.10.500 -- 16.10.560. First, it changes the title of the loan fund to the "Salmon Enhancement Revolving Loan Fund" (secs. 1, 2, and 3 of the bill), and reorganizes the statutes for clarity. It also amends the statutes to make it clear that they apply only to salmon hatchery projects. Sections 1 and 4 of the bill.

The bill clarifies the statutory loan limits, which are ambiguous. See 1986 Inf. Op. Att'y Gen. (Aug. 13; 663-87-0020). This bill sets loan limits in terms of the total amount that may be loaned to a project in a fiscal year. Sections 6 and 7 of the bill. Also, the bill repeals AS 16.10.540 (sec. 33 of the bill), which specifically authorizes voluntary assessments by fishermen as collateral to repay loans. First, such voluntary assessments represent no real collateral because of their voluntary nature. Second, if the department were to change its position and consider a voluntary assessment as sufficient collateral, proposed AS 16.10.518(a) would permit the use of a voluntary assessment as collateral. Third, current practice is for these organizations to assess fishermen through salmon enhancement taxes under AS 43.76, and the bill approves this practice and recognizes these assessments as valid collateral. Section 5 of the bill.

Finally, the hearing procedure provisions of the Administrative Procedure Act (APA), AS 44.62.330 -- 44.62.630, currently apply to the fisheries enhancement loan program (AS 16.10.500 -- 16.10.620). The reason for this application is unclear, since the 10 other loan programs administered by the Department of Commerce and Economic Development, division of investments, are not subject to the APA. The department has adopted regulations providing for administrative adjudication of loan issues for all of its loan programs, and there is no apparent reason for this particular program to be subject to different rules. This bill amends the APA by repealing AS 44.62.330(a)(46), to remove that part of the APA's applicability to the fisheries enhancement loan program. Section 33 of the bill.

3. Veterans' Revolving Loan Program. AS 26.15 establishes the Alaska veterans' loan program. Originally, the Department of Commerce and Economic Development was authorized to make four types of veterans' loans: personal loans, housing loans, business loans, and multiple dwelling (condominium) loans. AS 26.15.040(a). The authority to make housing loans was repealed in 1980 (sec. 77, ch. 106, SLA 1980), and the same legislation provided that no business loans could be made after July 1, 1981. Sec. 71, ch. 106, SLA 1980. Although the authority to make

personal and multiple dwelling loans still exists, neither type of loan has been made since 1982.

At present, there is no money available in the veterans' revolving fund for any additional loans. Only a small amount of money still comes into the fund, since most loans have been transferred to the Alaska Industrial Development Authority (AIDA) or recently sold to the Alaska Housing Finance Corporation (AHFC). Sec. 102, ch. 138, SLA 1986. The money in the revolving fund, in turn, has been reappropriated to the general fund. Sec. 118, ch. 105, SLA 1985; secs. 18 and 23, ch. 129, SLA 1986; secs. 39, 427, and 645, ch. 130, SLA 1986.

This bill repeals all lending authority under the veterans' loan program, but leaves intact those statutes dealing with management and collections (secs. 9, 11 and 33 of the bill). The revolving loan fund is repealed as of July 1, 1988, and all revenues received from veteran's loans (and all other repealed programs) will thereafter go directly to the general fund. Sections 10 and 34 of the bill. The sentence added to AS 26.15.040(e), limiting the total amount that an assignee of a loan can assume, is taken from AS 26.15.040(c), which is repealed in sec. 33 of the bill.

These repealers and amendments do not affect AHFC veterans' mortgages under AS 18.56.

4. Mining Loans. This bill repeals all lending authority under the mining loan program, but leaves intact those Statutes dealing with management and collections. Sections 12, 13, and 33 of the bill. The bill then repeals the revolving fund of July 1, 1988. Sections 14 and 34 of the bill.

5. Area Redevelopment. AS 41.30 sets up a program for redevelopment loans administered by the Alaska State Development Corporation. This program, and the corporation, are both currently inactive, and there are no outstanding loans. The entire program is repealed under this bill. Section 33 of the bill.

6. Outdoor Recreational, Open Space, and Historic Properties Development Fund. AS 41.98.170 establishes an outdoor recreational, open space, and historic properties development fund administered by the Department of Natural Resources, division of parks and outdoor recreation. The fund may be used by the state to develop recreational sites and to acquire and preserve historic sites, buildings, and monuments (AS 41.98.170), and for grants and loans to municipalities for similar purposes. AS 41.98.-175(a). However, there has been no loan made under this program, and none is anticipated. This bill repeals the lending authority

under the program, but leaves the remainder of the program intact. Sections 16 and 33 of the bill.

7. Child Care Facility Revolving Loan Fund. This bill repeals the lending authority for the child care facility program, AS 44.33.240 -- 44.33.275, but still retains the necessary collection statutes. Sections 18, 19, and 33 of the bill. The bill then repeals the revolving loan fund as of July 1, 1988. Sections 20 and 34 of the bill.

8. Alternative Energy Revolving Loan Fund. This bill also repeals the lending authority for the alternative energy loan program, AS 45.88, but leaves intact those statutes dealing with management and collections. The bill also makes a technical amendment of AS 45.88.030(d), removing reference to "technology" in this subsection consistent with a 1979 amendment to the program (ch. 56, SLA 1979). Sections 21 and 33 of the bill. The bill then repeals the loan fund as of July 1, 1988. Sections 22 and 34 of the bill.

9. Residential Energy Conservation Fund. This bill repeals the lending authority for the residential energy conservation fund, AS 45.89, but leaves intact the statutes dealing with management and collection of existing loans. Sections 23 and 33 of the bill. The bill also repeals this loan fund as of July 1, 1988. Sections 24 and 34 of the bill.

10. Tourism Revolving Fund. AS 45.90 provides a statutory scheme for tourism loans. However, in 1980 a session law was enacted to provide that no further loans would be made under the program after July 1, 1981. Sec. 71, ch. 106, SLA 1980. This bill repeals the lending authority statutes of the tourism revolving fund, but leaves intact those provisions of the statutes dealing with on-going management of the loan portfolio. Sections 25 and 33 of the bill. The bill repeals this fund as of July 1, 1988. Sections 26 and 34 of the bill.

11. Fishery Product Revolving Loan Guarantee Fund. AS 45.92 establishes a fishery product revolving loan guarantee fund in the Department of Revenue. There is no outstanding loan under this program, and there is no money currently in the fund. This program is inactive, and this bill repeals it. Section 33 of the bill.

12. Forest Products Business Loan Guarantee Program. AS 45.94 establishes a forest products business loan guarantee fund in the Department of Revenue, under a statutory scheme similar to that of the fishery product revolving loan guarantee fund. No money

has ever been appropriated to this fund, and it is therefore inactive. This bill repeals this program. Section 33 of the bill.

13. Small Business Loans. AS 45.95 establishes a small business loan program in the Department of Commerce and Economic Development. However, as with the tourism revolving fund, the legislature has prohibited making any further loans under this program. Sec. 71, ch. 106, SLA 1980. This bill repeals the statutory lending authority under this program, but leaves intact the loan management and collection statutes. Sections 27 and 33 of the bill. The loan fund is then repealed as of July 1, 1988. Sections 28 and 34 of the bill.

14. Economic Development Revolving Loan Fund. The bill creates a new loan program entitled the economic development revolving loan fund. Sec. 29 of the bill. This loan fund is set up merely as a vehicle for utilization of available federal funds from the United States Economic Development Administration. It is anticipated that no additional state money will be put into this loan program and, in fact, the administration would oppose any plan to appropriate funds to the program.

15. Historical District Revolving Loan Fund. Finally, the bill repeals the lending authority under the historical district revolving loan fund. Sections 30, 32, and 33 of the bill. The loan fund is then repealed as of July 1, 1988. Sections 31 and 34 of the bill.

Miscellaneous changes

The bill also repeals secs. 3 and 4, ch. 156, SLA 1984, which provide that the balances in the tourism and small business revolving loan funds are appropriated annually to the general fund. Because this bill repeals these revolving loan funds altogether, all revenues received will automatically go directly to the general fund.

Finally, under current law, each of these repealed revolving funds contains a special account, the foreclosure expense account, which is used by the department when necessary to protect the state's security interest in collateral. With the repeal of the revolving funds, these accounts are also repealed. Therefore, the bill creates a new foreclosure expense account, which will be used by the department for all loan programs and will be subject to the appropriation process. Sec. 17 of the bill.

TIM KELLY

1) DELETE SEC 15
ACCOMPANYING TITLE

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2) TITLE

DELETE - BUREAU OF ECONOMIC
DEVELOPMENT
- MINING
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OPINION

SEC 152 NEW 500
GROSS = 1

Rev. 11/61

125

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 185(FIN) am
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: January 22, 1988 Agency Affected: Commerce & Econ. Dev.
Title: State Loan Programs: Changes/ BRU: Investments
Eliminations
Sponsor: Rules Committee Components: _____
Requester: Governor

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE LOAN FUNDS	-0-	[4,292.7]	[4,056.7]	[3,833.5]	[3,622.7]	[3,423.4]
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REVENUE - GF
FUNDING: (Thousands of dollars) -0- 4,292.7 4,056.7 3,833.5 3,622.7 3,423.4

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULLTIME						
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill eliminates eight revolving loan funds and requires that all principal and interest payments be deposited in the general fund instead.

Prepared by: Martin J. Richard, Director Phone: 465-2510
Division: Investments Date: January 22, 1988

Approved by Commissioner: J. Anthony Smith Date: 1-26-88
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

0686D-A/12288b

STATE OF ALASKA 1987 LEGISLATIVE SESSION No. 2
FISCAL NOTE

REQUEST: _____

Bill Version CSHB 185(Fin)
Publish Date: HOUSE 5/11/87

Revision Date: _____

Agency Affected: Commerce & Econ. Dev.

Title: Repealing inactive loan programs
& making miscellaneous changes to loan

BRU: Investments

Sponsor: Rules Committee

Components: economic Development

Requestor: Governor

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: 8/26/87

Distribution (by preparer):

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

Attachment to Fiscal Note for

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.

STATISTICS ON DCED LOAN PROGRAMS
(Thousands of Dollars)

March 31, 1987

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	1st List	Mining	Alternative Energy	Resid. Energy	Fish Enhance	Power Dev.	Water Resource	Total
COMMITMENTS														
Total No. Loans Committed FY 72-87	7,718	1,338	3,183 ²	68	235	62	12	71	2,944	2,232	135	5	5	17,999
Total Dollar Amount Committed FY 72-87	371,795.2	202,528.3	185,391.8 ²	29,874.7	8,494.8	2,175.8	1,345.4	28,426.4	19,299.8	8,348.5	52,919.8	193,847.0	2,500.0	1,106,945.9
Total No. Loans Committed FY 87	-	-	133 ²	-	18	3	1	-	10	2	11	1	-	178
Total Dollar Amount Committed FY 87	-	-	8,011.3 ²	-	488.8	150.0	250.0	-	88.8	8.8	2,146.3	1,000.0	-	12,143.8
APPROPRIATIONS														
FY 85	-	-	3,500.0	-	-	-	-	-	1,000.0	-	5,000.0	210,000.0	-	219,500.0
FY 86	-	-	3,710.0	-	-	-	-	-	845.0	-	812.0	-	-	5,367.0
FY 87	-	-	-	-	64.0	-	400.0	-	-	-	-	-	-	464.0

LOANS OUTSTANDING

Owned by Fund														
Number of Loans Outstanding	27	18	1,448	2	46	38	8	48	1,548	1,202	114	1	1	4,197
Principal Amount Outstanding	1,589.9	2,922.7	83,092.7	1,056.9	649.1	1,345.0	884.4	12,271.7	10,547.8	3,072.1	45,359.5	186,104.1	867.8	329,862.8
Average Loan Amount Outstanding	58.9	153.8	43.5	526.8	14.1	37.4	164.1	266.8	6.8	2.6	397.9	186,104.1	867.8	73.4
Serviced for AIDA														
Number of Loans Outstanding	1,567	199	315	7	N/A	1	3	N/A	N/A	N/A	11	N/A	N/A	2,103
Principal Amount Outstanding	87,850.4	17,006.1	11,035.7	812.2	-	6.5	95.9	-	-	-	8,023.2	-	-	102,931.0
Average Loan Amount Outstanding	43.3	85.5	35.0	130.5	-	6.5	32.0	-	-	-	547.8	-	-	48.9
Summary														
Total No. of Loans Outstanding	1,594	218	1,764	9	46	37	8	48	1,548	1,202	125	1	1	6,600
Principal Amount Outstanding	89,440.3	19,928.8	74,128.4	1,970.1	649.1	1,351.5	1,080.3	12,271.7	10,547.8	3,072.1	51,352.7	186,104.1	867.8	432,794.8

DELINQUENCY RATES AND DEFAULT STATISTICS

Statistics Based on Balances Outstanding														
% Delinquent ¹	6.7%	11.2%	12.0%	5.2%	26.5%	10.9%	-	38.8%	5.2%	7.7%	0.9%	-	-	5.1%
% in Default ²	1.6%	23.9%	4.2%	5.5%	2.1%	12.8%	-	31.5%	3.4%	3.4%	3.0%	-	-	3.5%
Statistics Based on Number of Loans														
% Delinquent ¹	5.8%	12.8%	9.8%	11.1%	26.5%	8.1%	-	41.3%	4.5%	8.7%	4.0%	-	-	8.8%
% in Default ²	1.5%	17.9%	2.8%	22.2%	4.3%	10.8%	-	28.2%	4.0%	2.4%	1.8%	-	-	3.5%

¹ Delinquent is defined as 60 days or more past due, not in litigation.

² Default is defined as in litigation.

³ Prequalifications NOT included

Prepared by: Division of Investments, Accounting Section

4/15/87

<i>Applications Received</i>														
FY 86	-	-	352	-	47	15	2	6	214	53	22	-	-	-
FY 87 YTD	-	-	225	-	20	4	1	2	14	3	14	-	-	-
<i>Cash Balance as of 3/31/87</i>														
	1013.0	116.2	12190.1	123.9	1241.1	238.8	200.8	4854.6	2636.7	950.4	2623.5	-	-	-

Jim Wiseman



Economic Development Administration Directives System

BULLETIN

No. 7-83
Effective Date: 4/25/83
Destroy Date: 4/25/84
WP No. 0003W

RECEIVED

Department of Law

MAY 15 1987

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REVOLVING LOAN FUND GUIDELINES

Preface

Under Title IX of the Public Works and Economic Development Act of 1965 (PWEDA) as amended, the Economic Development Administration may assist distressed areas experiencing long-term economic deterioration or areas threatened or impacted by severe economic dislocation. EDA may provide Revolving Loan Fund (RLF) grants under two Title IX programs -- Long-Term Economic Deterioration (LTED) and Sudden and Severe Economic Dislocation (SSED).

The LTED program assists eligible applicants in developing and implementing strategies that halt and reverse the long-term decline of their economies. Grants for Revolving Loan Funds are usually provided under the LTED program.

The SSED program assists eligible applicants in responding to actual or threatened major job losses (dislocations). Experience shows that one of the most effective means of responding to a dislocation is to provide financing to enable the threatened firms to survive or to assist other firms to expand and provide jobs for the dislocated workers. In such cases, SSED grant funds are used immediately by the grantee to make loans to specific borrowers identified in the grant agreement. Repayment of the initial loan(s) are "pooled" and subsequently used by the grantee to make additional loans to strengthen the area economy in the same manner that the LTED/RLF program is used. These guidelines do not apply to initial SSED loans made with grants but do govern the use of the resultant RLFs. In a few cases, SSED grants may also be approved for the purpose of establishing a true RLF (i.e. one that is not limited to specific borrowers identified at the time of grant approval). Such projects are also covered by these guidelines.

These guidelines and the attached appendix are not and shall not be construed by third parties or other entities to be EDA regulations or procedures. The guidelines and appendix are not intended to create or impose any legal duty or obligations upon EDA or its officials with respect to any third parties or other entities. These guidelines and appendix are not issued for the benefit of, or to be relied upon by, any third parties or entities. The guidelines and appendix are not intended to nor shall be construed to have created any rights for third parties or other entities.

The term "third parties or other entities" includes but is not limited to: 1) actual or potential recipients, guarantors or beneficiaries of RLF loans; 2) objectors to any such loan assistance; 3) banks or other financial institutions participating or involved in the RLF program; 4) actual or potential creditors of the RLF borrower; 5) trustees in bankruptcy or receivers; or 6) the agents or attorneys of the foregoing entities.

I. Program Overview

The Revolving Loan Fund program is one of several EDA public investment tools available to assist distressed areas. As authorized by Title IX of the Public Works and Economic Development Act of 1965, as amended, EDA may provide grants for the capitalization of RLF projects.

A Revolving Loan Fund is a pool of money used by an eligible recipient for the purpose of making loans to achieve certain economic benefits. As the loans are repaid by the borrowers, the money is returned to the Fund to make other loans. In that manner, the Fund becomes an ongoing or "revolving" financial tool.

The major difference between an RLF program and conventional financing (such as a bank provides) is the goal to be derived from lending money. For the conventional financing institutions, the goal is profit. For the RLF, the goal is private-sector job creation and capital formation.

RLFs are not substitutes for conventional lending sources. Given the small size of the RLF program and the limited resources of each project, Revolving Loan Funds are not intended to match or replace the capacity of banks, investment houses or other lending organizations. RLFs are designed to: fill gaps in existing local financial markets; provide or attract capital which otherwise would not be available for economic development.

As part of the grant agreement, EDA requires that RLF projects be administered in accordance with the Revolving Loan Fund Plan developed by the applicant and approved by this Agency. The RLF Plan defines specific objectives and operating procedures, including standards and selection criteria for loans in the portfolio. Specific guidance on the RLF Plan is provided in Appendix A.

EDA does not review or approve individual loans made by the RLF. Instead, EDA monitors RLF project activities for conformance with the guidelines, the RLF Plan and other conditions of the grant agreement.

II. Goals, Objectives and Policies of the RLF Grant Program

One of the major problems in local business development and a significant contributing factor to local economic distress is the problem of credit availability. Even when available, the cost and terms of the credit may prevent firms from expanding, continuing operations or starting up. The result may be a community's loss of jobs, tax revenues and private investment.

III. Eligibility Requirements

RLF projects must meet the basic program requirements and eligibility criteria of the Title IX LTED or SSED programs, as appropriate. Regulations for the Title IX program as a whole appear in 13 CFR Part 308. SSED program guidelines, including eligibility criteria, were published in the Federal Register, Vol. 47, No. 226, pages 52736-52739 on November 23, 1982. LTED program guidelines, including eligibility criteria, were published in the Federal Register, Vol. 43, No. 238, pages 57918-57921 on December 11, 1978.

A. Eligible Areas

Areas which meet the eligibility criteria for the Title IX LTED or SSED programs are eligible for RLF grant assistance. RLF project activities must be located within eligible Title IX LTED or SSED areas. EDA's Regional Offices can provide prospective applicants with further information on LTED or SSED eligibility criteria.

B. Eligible Applicants

Eligible applicants for RLF grant assistance within eligible Title IX LTED or SSED areas include:

1. States;
2. Cities, towns, counties or other political subdivisions of States, and consortia of such political subdivisions.
3. Economic Development Districts designated under PKEDA;
4. Non-profit organizations or associations which EDA determines are representative of the redevelopment area;
5. Indian tribes; and
6. Community Development Corporations as defined in the Community Economic Development Act of 1981.

RLF grants will be made only to eligible applicants having the legal authority and capacity to make loans. An applicant may identify an appropriate subdivision of its organization or separate organization to which it would delegate the administration of the RLF. In such cases, EDA will make its determination based on the authority and capacity of the designated organization to make loans.

- 4) Activities which are consistent with the priorities of the U.S. Department of Commerce, such as export promotion, marine resource development, and minority business development, etc.

E. Ineligible Loan Activity

- 1) Speculative activities, such as land banking and the construction of speculative buildings are not encouraged since they do not normally result in near-term job creation or retention.
- 2) Loan activities and economic benefits resulting from these activities must be located within the eligible area. RLF assistance must be withdrawn if for any reason the activity financed is moved from the eligible area.
- 3) Loans which assist the relocation of jobs from another labor area are prohibited.
- 4) Loans for the purpose of investing in high interest accounts, certificates of deposits or other investments not related to job creation/retention are prohibited.
- 5) Prohibitions concerning RLF loans which would create a potential conflict-of-interest for any officer or employee of the grantee, or any current or former member of the grantee's loan administration board or staff who reviews, approves or otherwise participates in decisions on RLF loans, are contained in the General Terms of the grant agreement. Loan activities which directly benefit these individuals or people related to them by blood, marriage, or law will be prohibited in accordance with the General Terms of the grant.

F. Civil Rights and Environmental Compliance

RLF loan activities must also comply with other requirements specified in Appendix A, including requirements concerning civil rights, the environment, flood protection insurance, and access for the physically handicapped, to the same extent as projects with direct federal assistance.

- 3) In the determination of collateral requirements the grantee may consider the merits and potential economic benefits of each request. When appropriate and practical, RLF financing may be secured by liens or assignment of rights in assets of assisted firms as follows:
- (a) In order to encourage financial participation in a direct fixed asset loan project by other lenders and investors, the RLF loan may be repayable after other loans made in connection with the project have been repaid in full. The lien position of the RLF may be subordinate and made inferior to lien or liens securing other loans made in connection with the project.
 - (b) In projects involving direct working capital loans, the RLF will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project.
 - (c) In projects involving guaranteed loans in the revolving phase, the lending institution ordinarily will be required to maintain a collateral position, to which the RLF is subrogated, in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or other available assets of borrowers.
 - (d) In addition to the above types of security, the RLF may also require security in the form of assignment of patents and licenses, the acquisition of hazard and other forms of insurance, and such other additional security as the grantee determines is necessary to support the RLF's exposure.
 - (e) RLF loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals will ordinarily be expected to provide and assign to the RLF life insurance on these key persons. Personal guarantees may also be required from principal owners, as appropriate.
- 4) Modification of the terms under which RLF financing has been extended may be approved by the grantee to enhance the capability of the RLF in achieving program objectives.

I. Local Matching Share

A 25 percent local matching share is required for RLF grants. This requirement may be waived by EDA in cases of extreme need.

The local share must consist of the grantee's own money and/or public or private donations which are controlled by the grantee. Community Development Block Grant (CDBG) funds, repayments from loans made with Urban Development Action Grants (UDAG), and funding from other public and private foundations may be included in the local share if such funds are assigned to the grantee and can be used to capitalize the RLF under the terms and conditions applicable to the EDA grant.

Leveraged funds (i.e., other financing related to RLF loans, but provided by lenders other than the RLF) will not be counted as part of the local share.

The local share must be used to capitalize the RLF; such funds may not be used to cover administrative expenses of the RLF.

IV. Project Requirements And Selection Criteria

RLF projects must be operated and administered in accordance with a Revolving Loan Fund Plan developed by the applicant and approved by EDA. Loans made by the RLF must conform to this plan and to basic eligibility requirements. Requirements for the RLF Plan are contained in Appendix A. Some of the key requirements are highlighted below in the project selection criteria.

Proposals will be evaluated based on conformance with statutory and regulatory requirements, the economic and financial needs of the area, the merits of the proposed RLF project in addressing those needs and the applicant's ability to manage the RLF grant effectively. Key factors in EDA's selection of proposed projects include:

A. Economic and Financial Needs of the Project Area

1. Areas with the highest levels of economic distress (high unemployment, underemployment, low per capita income, vacant plants and deteriorating infrastructure, etc.) will receive priority consideration.

8. provide technical and management assistance for RLF borrowers, in addition to loan funds;
9. use creative financing techniques to overcome specific gaps in the local capital market;
10. make loans on a timely basis. The implementation schedule for RLF projects will normally require that RLF loans in the initial round be closed (and all EDA funds disbursed) within 2 years of grant approval;
11. obtain additional funding to capitalize the RLF. RLF grantees are required to provide a 25% local matching share. Projects which include a larger matching share or secure commitments for future funding from other public or private sources will receive priority consideration; and
12. coordinate activities with other economic development organizations, loan programs and private lenders in the area.

C. Effective Management of the RLF

EDA will also evaluate proposed projects to determine that the RLF will be properly managed. Key factors include:

1. A strong and effective Loan Administration Board with broad community representation, including appropriate private sector, minority and women's representation.
2. Staff capacity in program and policy development, finance, law, marketing, credit analysis, loan packaging, processing and servicing.
3. Efficient procedures for loan selection, approval, and servicing which emphasize the economic development potential of loans as well as sound management and financing practices.
4. Adequate resources to cover administrative costs of the RLF.
5. The applicant's experience and capacity for administering economic and business loan programs will also be a major factor in project selection. If the applicant has designated another organization to administer the project, EDA will evaluate the experience and capacity of that organization, rather than the applicant's.

The final disbursement of grant funds will be subject to EDA's review of current progress and financial reports submitted by the grantee in accordance with Section B below, and to EDA's review of any audits already performed in accordance with Section C below.

B. Reporting

Grantees are required to submit semi-annual progress and financial reports to EDA for five years after approval of the grant, or longer if so indicated by EDA. The contents and due dates for these reports will be specified in the General Terms and Conditions of the grant agreement.

C. Financial Audits

Independent audits of grantee financial operations, including compliance with the grant, will be required at least biennially (every two years) throughout the five-year reporting period or longer if so determined by EDA. Interim audits may also be required at EDA's discretion.

Audits must be performed by an independent auditor in accordance with OMB Circular No. A-102, Attachment P, or A-110, Attachment F, as appropriate. Audits must also conform to the General Accounting Office Standards for Audit of Government Organizations, Programs, Activities and Functions and the Guidelines for Financial and Compliance Audits of Federally Assisted Programs and to audit requirements contained in the General and Special Terms and Conditions of the grant.

Grantees must maintain financial management systems and retain financial records in accordance with standards prescribed in OMB Circular A-102, attachments P, G and C or OMB Circular A-110, attachments F and C, as appropriate and in accordance with the General and Special Terms and Conditions of the grant.

Grantee records must include an accurate accounting of any principal repayments, interest, loan fees, or other proceeds generated by the RLF and must document how these funds are used. Administrative expenses paid for with interest, loan fees or other proceeds generated by the RLF must be documented for the grant audits. This may be done on a percentage-of-personnel-time basis, with timecards or logs, or by other generally accepted accounting methods.

VII. Definitions

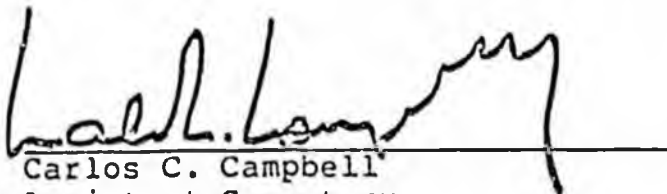
Capital Market Analysis: An analysis of local financial markets, including both public and private lenders and the terms of the loans available from these institutions as well as the policies/banking philosophies that impose constraints on the availability of credit for development activities. This analysis is conducted to identify gaps in the local financial market that could be effectively addressed by the RLF to stimulate the local economy.

Initial loans: The first group of loans approved by the grantee which exhaust the funds provided by the RLF project grant.

Land banking: The temporary acquisition of land for subsequent sale to achieve specific development objectives defined in the RLF Plan. For the purpose of this program, land banking may only be used for the short-term assembly of land required for specific, well defined development projects with established time-frames for the sale and development of land. Land banking may not be used to hold land on a long-term basis or for speculative purposes.

RLF Plan: The document prepared by the applicant which describes the organization, policies and operating procedures governing the administration of the RLF project.

Revolving phase: The phase of the RLF project which begins when the first loan project is approved by the grantee from proceeds, or repayments on the initial loans.



Carlos C. Campbell
Assistant Secretary
for Economic Development

I. Program Elements of the Plan

A. Goals and Objectives

In its statement of policy, priorities and goals, the Plan must clearly identify which of the goals and objectives of the OEDP (and any other comprehensive the RLF project is designed to achieve, and which of the area's economic development problems the RLF is expected to address. The Plan must provide a detailed description of how the RLF will address these problems. Finally, the Plan must indicate how the RLF investments will relate to the investments being made for the redevelopment of the area.

B. Identification of the Area's Financing Problem:

The RLF Plan must include an assessment of the local capital market which documents the financial needs of the area. The assessment should identify the nature of the area's financial problems and their impact on the area's development. These problems may result from:

- o conservative lending policies by area banks and redlining;
- o lack of competition among lending institutions;
- o the reluctance of lenders to participate in high risk ventures or to provide needed long-term financing;
- o a shortage of savings available in the area for investment or
- o other reasons.

The Plan must identify the specific financing problem or gaps in the local capital market to be addressed by the project.

C. Targeting Criteria

Given the limited capitalization of an RLF, targeting is essential to maximize desired development objectives. This section describes how the RLF will target assistance to meet the program objectives and financial needs defined above. Specific targeting criteria must be identified, with justification for each. There are a number of ways to target the RLF. Following are some examples.

These standards, together with the targeting criteria, will determine the RLF's effectiveness as an economic development tool and will distinguish the RLF from conventional lending sources. Standards for the RLF portfolio will be defined to achieve the economic objectives of the RLF and address the financial problems of the area. These standards must include:

- 1) a job/cost ratio reflecting the total number of jobs to be created/retained by the initial portfolio (i.e. the total of all loans made in the initial round with EDA grant funds and any local match). Estimates of the number of new jobs and the number of jobs to be saved should also be provided..
- 2) the proportion of jobs (number and percent) that will be directed to the long-term unemployed.
- 3) criteria for the types of jobs to be created/saved (e.g. semi-skilled, industrial, commercial or other types suited to the target population or other area workers).
- 4) the ratio of private sector dollars to be leveraged by RLF funds. This ratio may include private financing from other lenders (e.g. banks, investment companies, etc.) or private investment on the part of the borrower or other firms as a result of the RLF loan. It may not include the local match or other funds that are part of the RLF project. EDA requires that all RLF projects leverage a minimum ratio of two private dollars to one RLF dollar. The Regional Director may waive this requirement only in extreme cases.
- 5) criteria for the type of activities to be financed by the RLF (such as reuse of abandoned facilities, modernization of plant and equipment, start-up capital for new firms, etc.) should be indicated along with a breakdown, as relevant, of:
 - o public/private borrowers.
 - o new companies/expansion/retention.
 - o locally-owned/outside.
 - o small business/large companies.
 - o industrial/commercial borrowers.
 - o traditional/new technology.

- 5) standard interest rates to be charged by the RLF, including possible reasons for deviating from these rates.
- 6) any special financing techniques (such as moratoria on principal repayments, subordination of loans, etc.) to meet credit needs of borrowers.
- 7) any equity and collateral requirements including a brief description of how the grantee intends to secure loans made by the RLF.
- 8) general policies for restructuring RLF loans or modifying the terms of loans. (This will be covered more extensively in Part II).
- 9) elements of any loan guarantee program to be operated with recycled funds in the revolving phase should include:
 - o the percent of each loan to be covered by the guarantee;
 - o the amount of equity investment that will be required of the borrower;
 - o the amount of reserve that the RLF will hold to cover any defaults. This will determine the strength of the guarantee. The amount of the reserve that is necessary to establish the guarantee will vary; and
 - o a description of the role the RLF grantee will play in establishing the terms for each loan that it will guarantee. The RLF grantee should be careful that such terms are consistent with the goals of the RLF and the needs of the borrower.

Additional information on the use of loan guarantees is available from EDA's Regional Offices.

- 10) planned use of interest payments or profits earned from the sale of loans. The applicant must indicate whether these funds will be returned to the RLF for relending, or if they are to be used to cover administrative costs which were not eligible under the original grant.
- 11) any loan origination fees or other charges to borrowers participating in the RLF, including how such funds will be used.

Packaging these non-RLF loans will still result in development benefits to the area without drawing on the limited resources of the RLF. The RLF Plan should address how such borrowers will be assisted by the RLF staff (e.g. referral source, contact person at the SBA Office, etc.)

3. Linking Jobs to the Long-Term Unemployed

EDA's programs are designed to benefit the long-term unemployed and low-income persons. The RLF Plan should, when appropriate, include a section describing the arrangements made with local employment and training providers to ensure that permanent jobs created by RLF assistance are made available to the long-term unemployed. EDA's Regional Office will provide separate instructions on this item.

II. Administrative Elements of the Plan

A. Loan Administration Board

Each RLF grantee is required to establish a Loan Administration Board to review, select and approve loan applications and to set policy and make final decisions concerning RLF loans.

The RLF Plan must describe the makeup of the Board, though there is no set size required by EDA. The Board must include members representing a cross section of the community's leadership and members with financing experience.

In areas where minorities constitute a significant proportion of the population (30 percent or more), the Board must include appropriate minority representation.

B. Staff Capacity

The Plan must describe the type of staff that will be available to assist the Loan Administration Board, and the specific functions that will be delegated to this staff. Administration of the RLF requires skills in the areas of business, finance, law, marketing, credit analysis, loan packaging, processing and servicing.

Staff capacity in program and policy development, and the ability to analyze loans based on program criteria and potential economic benefits for the project area, will determine the types of functions and level of responsibility that may be delegated to the staff. The Loan Administration Board may not delegate authority to approve loans or make final policy decisions concerning RLF loan activities.

Policies for handling delinquencies should reflect the program objectives of the RLF, and provisions for modifying or restructuring the terms of loans should anticipate the kinds of problems borrowers are likely to encounter (e.g. RLFs set up to assist fishermen could anticipate a poor fishing season).. Policies and procedures for handling defaults must also be included.

E. Sources of Funding to Cover Administrative Costs

The RLF Plan must document the source(s) of funding to cover administrative costs for the RLF. Possible sources include interest earned on RLF loans, profits from the sale of RLF loans, RLF loan fees, CDBG funds, general revenues from State or local governments, or support from public or private foundations.

The RLF grant cannot be used to cover administrative expenses, nor can the grantee's matching share be used for these purposes. EDA Section 301/302 planning funds cannot be used, and EDA normally will not consider requests for other EDA program funds to cover administrative costs on RLF grants.

F. Recapitalization Strategy

This section must describe how the RLF will be recapitalized, including a projected schedule for repayment of principal and the amount of interest that will be returned to the fund for relending. The strategy may include special loan terms to spur early refinancing and provisions for the sale of loans to accelerate recapitalization of the RLF.

The strategy must also identify any future sources of funding to capitalize the RLF. The grantee is encouraged to contribute funds and secure commitments from other public and private sources such as those described for the local share in Part III, Section G of the Guidelines. An estimate of the amount and timing of future funding commitments must be included.

Based on the above, the strategy must indicate when funds will become available for new loans in the revolving phase. (This will be an estimate.)

Plans for the management of funds returned to the RLF pending the closing of new loans must also be described. Such funds may be held in interest earning accounts, or other short term investments that are consistent with the recapitalization schedule described above.

As a general rule, the environmental procedures of the Plan should provide for disapproval of loans which would adversely (without mitigation) impact: floodplains, wetlands, significant historic or archeological properties, drinking water resources, or non-renewable natural resources.

Relocation: The location of loan projects must be within the eligible project area. The applicant must assure that loans will be recalled if the project activity moves from the area.

Businesses relocating jobs from another labor area are not eligible borrowers.

Flood Hazard Insurance: The applicant must also assure that, when applicable, borrowers will obtain required flood hazard insurance. The Plan must indicate how compliance will be achieved.

Access for the Handicapped: If an RLF finances a construction project to which the public will have access, the grantee must insure that accessibility to the handicapped is provided.

DEPARTMENT OF COMMERCE

Economic Development Administration

(Docket No. 51210-5210)

Economic Development Assistance Programs as Described in Conference Report 99-414, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations, 1986; Availability of Funds

AGENCY: Economic Development Administration (EDA), Commerce.

ACTION: Notice.

SUMMARY:

I. Program: Planning Assistance for Economic Development Districts, Redevelopment Areas and Indian Tribes

(Catalog of Federal Domestic Assistance: 11.302 Economic Development—Support for Planning Organizations)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to defray administrative expenses in support of the economic development planning efforts of Economic Development Districts (Districts), Redevelopment Areas (Areas) and Indian Tribes under the authority of section 301(b) of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3151(b).

Eligibility: Eligible applicants are Economic Development Districts, Redevelopment Areas, organizations representing Redevelopment Areas (or parts of such Areas) and Indian Tribes.

Project Objective: The primary objective of planning assistance for administrative expenses under section 301(b) is to support the formulation and implementation of economic development programs designed to create or retain full-time permanent jobs and income, particularly for the unemployed and underemployed in the most distressed areas served by the applicant. Planning activities conducted under this assistance must be part of a continuous process involving public officials and private citizens.

Funding Availability: Funds in the amount of \$19 million are available in two categories: Districts and Areas (Category A)—\$15 million; and Indian Tribes (Category B)—\$3 million.

Funding Instrument: Grant assistance will be provided for up to 75 percent of project costs for Category A grants. Under Category A, the applicant will be required to provide the remaining share. Category B grant assistance will be

provided for up to 100 percent of project costs.

Project Duration: Both Category A and Category B assistance will normally be for period of twelve months.

Selection Criteria: Priority consideration will be given to currently funded grantees with proposals which are eligible under section 301(b) of PWEDA, 42 U.S.C. 3151(b). Funds which remain will be utilized to fund new proposals from other eligible applicants under both Categories A and B and/or to fund special economic development activities (e.g., export development or industrial park marketing) that cannot be financed within the limited resources of the applicant's basic 301(b) grant. It is possible that no funds will be available to assist new applicants for either basic or special activity grants; in any event, funds for such purposes will be extremely limited. Information on application procedures for any funds available for new special activity grants will be provided by EDA's Regional Offices after February 28, 1986.

EDA will consider the following factors in evaluating proposals:

1. The responsiveness of the proposed work program to the program regulations contained in 13 CFR 307.22;
2. The economic distress of the area served by the applicant;
3. For currently funded grantees, past performance (including information in scheduled progress reports).

Pre-Application Procedures: Currently funded grantees and other eligible applicants under both Categories A and B should begin the application process for basic grants (new and ongoing) and ongoing special activity grants by submitting a proposal which should include:

1. A letter signed by the chief elected official (Chairman of the Board, Tribal Chairman) or another authorized official of the District, Area or Indian tribe stating their desire to receive funds to carry out the types of planning and administrative activities eligible under the 301(b) program; and
2. A work program outlining the specific economic development activities that will be carried out during the grant period.

EDA Regional Offices will contact currently funded grantees whose grants expire on or prior to December 31, 1985, to inform them of the procedures for submitting proposals for additional funding. Grantees whose programs expire after December 31, 1985, should submit a proposal no later than 60 days prior to the date their program expires.

New applicants should submit their proposals to the appropriate EDA Regional Office no later than March 31,

1986. Proposals postmarked after these dates may not receive consideration.

Formal Application Procedures: EDA will evaluate proposals for basic grants using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of proposals, EDA will invite proponents whose proposals are selected for funding consideration to submit a formal application, which will include an ED-430 Planning Grant Application, and other required application materials.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements. Except in cases where work program changes or other factors dictate a different approach, EDA expects to offer grant amendments to currently funded grantees selected for assistance.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have a delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Unsuccessful applicants will be notified of the status of their applications when all of EDA's funds for this program have been awarded.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or Luis F. Tieso, (202) 377-2873, Office of Planning Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

II. Program: Planning Assistance for States and Urban Areas

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—State and Urban Area Economic Development Planning)

Summary: The Economic Development Administration announces its policies and application procedures for funds available for the State and Urban Planning Program operated under the authority of section 302(a) of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3151a.

Eligibility: Eligible applicants under this program are states, territories, cities and urban counties.

Project Objective: The primary objective of planning assistance under

section 302(a) is to strengthen the economic development planning and policy-making capabilities of states, territories, cities and urban counties to ensure a more effective use of available resources in addressing economic problems, particularly those resulting in high unemployment and low incomes. Planning activities conducted under this assistance must be part of a continuous process involving public officials and private citizens.

Funding Availability: Funds in the amount of \$8 million (\$3 million for States and \$5 million for urban areas) are available for providing grant assistance under this program.

Funding Instrument: Grant assistance will be provided for up to 75 percent of project costs. Applicants will be required to provide the remaining share.

Project Duration: Assistance under this program will normally be for a period of twelve months.

Selection Criteria: Priority consideration will be given to currently funded grantees with proposals which are eligible under section 302(a) of PWEDA, 42 U.S.C. 3151a. Funds which remain will be utilized to fund new proposals from states, territories, and cities and counties with populations of 50,000 or more. EDA will consider the following factors in evaluating proposals:

1. The responsiveness of the proposed work program to the program regulations contained in 13 CFR 307.52(a)(2);
2. The economic distress of the area served by the applicant;
3. For currently funded grantees, past performance (including information in scheduled progress reports).

Pre-Application Procedures: Currently funded grantees and other eligible applicants should begin the application process by submitting a proposal which should include:

1. A letter signed by the head of the applicant organization or another authorized official stating their desire to receive funds to carry out the types of planning activities eligible under the 302(a) program; and
2. A work program outlining the specific economic development planning activities that will be carried out during the grant period.

Proposals should be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7606, U.S. Department of Commerce, Washington, DC 20230.

EDA staff will contact grantees whose grants expire on or prior to December 31, 1985, to inform them of the

procedures for submitting proposals for funding. Those grantees whose programs expire after December 31, 1985, should submit a letter of intent that includes the amount of the proposed request no later than February 24, 1986, or 60 days prior to the date their program expires, whichever is earlier. These grantees should submit a proposal no later than 60 days prior to the date their program expires. New applicants should submit their proposals no later than February 28, 1986. Proposals postmarked after these dates may not receive consideration.

Formal Application Procedures: EDA will evaluate proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of proposals, EDA will invite proponents whose proposals are selected for funding consideration to submit a formal application, which may include an ED-430 Planning Grant Application, and other required application materials.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements. Except in cases where work program changes or other factors dictate a different approach, EDA expects to offer grant amendments to currently funded grantees selected for assistance.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Unsuccessful applicants will be notified of the status of their applications when all of EDA's funds for this program have been awarded.

Further Information: For further information contact Luis F. Bueso (202) 377-2573 at EDA Headquarters in Washington, DC.

III. Program: Technical Assistance for University Centers

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to support University Centers under the authority of section 301(a) of the Public Works and Economic Development Act of 1963, as amended, (PWEDA), 42 U.S.C. 3151(a), University Centers, utilizing external

resources and those of the college or university of which they are an integral element, provide technical and other kinds of assistance to public bodies, non-profit organizations and private firms located chiefly in areas of economic distress.

Eligibility: Eligible applicants under this program are public and private colleges and universities.

Program Objectives: To stimulate colleges and universities to mobilize more fully their resources to overcome problems which impede economic development in the area or region they serve.

Funding Availability: Funds in the amount of \$5 million are available for this program. At least \$4 million of this amount will be used to fund the basic economic development assistance programs of currently funded University Centers and new Centers under the approach outlined below.

Use of the remaining resources will be announced to University Centers at a later date. Possible uses include start-up support to enable Centers to offer new economic development services; funding to permit Centers to provide more in-depth assistance to some clients; project-specific funding to finance Center services in marketing or otherwise helping selected EDA-funded industrial parks realize their potentials; and funding to enable Centers to help small farmers diversify their operations and improve their earning capacities.

Funding Instrument: EDA will provide grants and cooperative agreements with maximum EDA participation of up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance under this program will normally be for a period of twelve months.

Selection Criteria: Priority consideration will be given to the refunding and strengthening of those 37 Centers presently funded under the University Center Program which meet the selection criteria. Funds may also be used to fund new Centers which meet the selection criteria and/or special activities of currently funded Centers. EDA will consider the following factors in evaluating proposals for basic economic development assistance programs:

1. The nature and degree of distress the area or region the Center will serve
2. The program's relevance to the needs of the service area, relationship activities of other organizations engaged in economic and business development with particular attention to how the program differs from any Small Business

Development Center or Minority Business Development Center programs, and furtherance of the goals of the college or university.

3. The commitment of the University to the Center's mission and purpose in terms of both its financial support and the dedication of other resources.

4. The Center's capacity to provide technical and other types of assistance to jurisdictions and organizations in the service area.

5. The Center's planned relationship to and support for local, regional or state economic development strategies.

6. The Center's relationship to the EDA Regional Office Strategy and to Department of Commerce objectives in so far as they are not inconsistent with the developmental needs of the area to be served. In evaluating proposals for new centers, EDA will also consider:

(1) Whether there is another EDA-funded Center in the state.

(2) Whether there are SBA- or MBDA-funded Centers serving the area.

(3) The extent to which the Center proposes to serve the economic development needs of community-based organizations and economically distressed jurisdictions.

Pre-Application Procedures—New Centers

A. Letters of Interest: Interested colleges and universities not presently in the program should indicate that they seek support by submitting a letter signed by the institution's president or another authorized official to the appropriate EDA Regional Office stating that they wish to participate in EDA's University Center Program. A copy should be sent to the state Economic Development Representative. The letter should identify the area their Center will serve and the degree and kind of economic distress it suffers; the relationship of the program to state, regional or local economic development strategies, as appropriate; and the kinds of activity to be undertaken with EDA funds.

The letters of interest should be submitted to the appropriate EDA Regional Office no later than February 24, 1986. Letters postmarked after this date may not be considered.

B. Proposals: New applicant colleges and universities selected by EDA for consideration for inclusion in the program will be invited to submit a proposal. The Regional Office will provide a proposal package to these applicants.

New applicant colleges and universities selected for further consideration will be advised no later

than March 28, 1986, to submit a proposal.

Formal Application Procedures—New Centers: EDA will evaluate new applicant proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of project proposals, EDA will invite new applicants whose projects are selected for funding consideration to submit a formal application.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this program have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Application Procedures—Currently Funded Centers: EDA Regional Offices will contact universities and colleges presently receiving support under the EDA University Center Program to inform them of the procedures for applying for renewal of their present grants.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or Scott V. Rutherford at (202) 377-2812, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

IV. Program: Local Technical Assistance Projects

(Catalog of Federal Domestic Assistance: 11.303 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to provide technical assistance as may be required to ensure the successful implementation of area and state economic development programs and projects designed to aid areas experiencing economic distress. Funding will be provided under the authority of section 301(a) of the Public Works and Economic Development Act of 1965, as amended (PWEA), 42 U.S.C. 3151(a).

Eligibility: Eligible applicants under this program include: public or private non-profit state, area, district, or local organizations; private individuals, partnerships, firms, corporations, and other suitable institutions (including Indian tribes, cities, state agencies and educational institutions).

Project Objectives: The objectives of Section 301(a) local technical assistance grants and cooperative agreements is to provide help that will be useful in alleviating or preventing conditions of excessive unemployment or underemployment in individual states or sub-state areas.

Funding Availability: Up to \$1.5 million will be available for the Local Technical Assistance Program.

Funding Instrument: EDA will provide grants and cooperative agreements with maximum EDA participation of up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance will be for the period of time required to complete the scope of work. This will generally not exceed twelve months.

Selection Criteria: Priority will be given to projects which are eligible under section 301(a) of PWEA, 42 U.S.C. 3151a, if such projects:

1. Lead to the near-term creation and/or retention of private sector jobs;
2. Stimulate significant private and non-Federal public capital formation and investment for economic development purposes;
3. Are consistent with the EDA approved overall economic development program (OEDP) for the area in which the projects are, or will be, located and have been recommended by the OEDP Committee;
4. Are located in distressed areas;
5. Combine support for the following Department of Commerce goals with the accomplishment of economic development objectives: export promotion, productivity enhancement, technology development and utilization, and minority business development;
6. Contribute to improving the economic well-being of rural America and small family farmers;
7. Further the objectives of EDA Regional Office Strategies. (Information on Regional Office Strategies must be obtained from the appropriate Regional Office.)

Projects will also be evaluated on the quality of the proposed work program and the qualifications of the applicant to carry out that work program.

Pre-application Procedures: Interested applicants must contact the Economic Development Representative

(EDR) for the area or the appropriate EDA Regional Office for a proposal package. The EDA Regional Office can furnish the name, address and telephone number of the EDR for the applicant's area.

Proposals should be submitted to the appropriate EDR or EDA Regional Office as early in the fiscal year as possible, but no later than March 15, 1986.

Proposals postmarked after that date will not receive consideration.

EDA will evaluate all of the proposals it receives and will authorize formal applications for EDA funding for those which best satisfy the criteria for project selection outlined above. EDA Regional Offices will either evaluate proposals on a monthly or bi-monthly basis starting in December 1985, or evaluate all proposals received after the March 15, deadline.

Formal Application: Successful proponents will receive an application for EDA funding from the appropriate EDA Regional Office.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this program have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Further Information: For further information contact the appropriate EDA Regional Office (see list below) or the appropriate EDA State Representative whose name, telephone and address may be obtained from the EDA Regional Office.

V. Program: National Technical Assistance Projects

(Catalog of Federal Domestic Assistance: 15.573 Economic Development—Technical Assistance)

Summary: The Economic Development Administration announces its policies and application procedures for funds available to provide technical assistance under the National Technical Assistance Program. Funding will be provided under the authority of section 303(a) of the Public Works and Economic Development Act of 1965, as amended (PWEA), 42 U.S.C. 5351(a).

Eligibility: Eligible applicants under this program include: public or private non-profit national, state, area, district, or local organizations; private individuals, partnerships, firms, corporations, and other suitable institutions (including Indian tribes and educational institutions).

Program Objective: The objective of section 303(a) technical assistance grants and cooperative agreements is to provide help that will be useful in alleviating or preventing conditions of excessive unemployment or underemployment in distressed rural and urban areas. Grants and cooperative agreements will be made to (1) address topical economic development issues and problems, especially those related to farming and small farm communities, as well as those associated with realizing the potential of EDA-funded industrial parks; (2) demonstrate the effectiveness of new approaches to stimulating economic development in depressed areas; and/or (3) disseminate to the appropriate audiences information and products designed to help promote economic development in distressed areas including materials and data developed under (1) and (2).

It is expected that the program impact will be in the near term, i.e. three to five years.

Funding Availability: \$1.5 million are available for this program. Funds will primarily be used for projects selected through the application procedures cited below, but may also be used for EDA-initiated solicitations.

Funding Instrument: EDA will provide grants and cooperative agreements that normally will cover up to 75 percent of the proposed project cost. Applicants will be expected to provide the remaining share.

Project Duration: Assistance will be for the period of time required to complete the scope of work. This will generally not exceed twelve months.

Selection Criteria:

- How well the proposal addresses the Program Objectives cited above.
- Clarity and appropriateness of the project design.
- Organizational capacity, and qualifications of the specific staff prepared for the project.
- Reasonableness of the proposed budget. Additional selection criteria will be spelled out in the National Technical Assistance Program material which will be provided by EDA to prospective applicants.

Pre-Application Procedure: To obtain the additional criteria and application information, interested parties must write Peggy Westman, Chief, Technical

Assistance Division, Economic Development Administration, Room 7812, U.S. Department of Commerce, Washington, DC 20230.

Applicants must submit five copies of brief concept proposals (no more than 10-15 double-spaced pages, exclusive of budget, vitae and capability data).

Proposals must provide:

- Complete name and address of applicant organization, contact person and telephone number, and legal status of organization.
- Description of the proposed technical assistance.
- Vitae.
- Capability statement of proposing organization or individual(s).
- Project budget, including funds sought from EDA and the applicant's share.

Address and Deadline: Proposals under this program are to be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230.

Proposals must be submitted no later than March 14, 1986. Proposals postmarked after this date may not be considered.

Formal Application Procedures: EDA will evaluate proposals using the selection criteria mentioned above before authorizing the submission of a formal application. Following a review of project proposals, EDA will invite proponents whose projects are selected for funding consideration to submit a formal application.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program involving substantial on-site work in a single state are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants may be subject to Pre-award accounting system surveys by the Department of Commerce's Office of the Inspector General.

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for this competition have been awarded, unsuccessful applicants will be notified of the status of their proposals or solicitations as soon as possible.

Eligibility for Specific Solicitations: In addition to using technical assistance funds to support proposals submitted under the procedures described above, EDA may during the course of the fiscal year identify other work it wishes to have conducted. Organizations and individuals interested in being invited to respond to Solicitations of Applications (SOAs) to conduct such work should submit information on their capabilities and experience to the addressee listed above. This information will be used to determine an organization's or individual's eligibility to compete for projects under specific SOAs. Applicants who submit information postmarked after March 14, 1986, may not be invited to respond to SOAs this fiscal year.

Further Information: For further information contact Richard E. Hage at (202) 377-2127 in EDA Headquarters in Washington, DC.

VI. Program: Research and Evaluation Projects

(Catalog of Federal Domestic Assistance: 31.32 Economic Development—Research and Evaluation Program)

Summary: The Economic Development Administration announces its policies and application procedures for funds available for research and evaluation projects under the authority of section 301(c) of the Public Works and Economic Development Act of 1965, as amended, 42 U.S.C. 3151(c).

Eligibility: Eligible applicants are private individuals, partnerships, corporations, associations, colleges and universities, and other suitable organizations.

Project Objective: The objective of section 301(c) grants, and cooperative agreements are the following:

1. To determine the causes of unemployment, underemployment, underdevelopment, and chronic depression in various areas and regions of the Nation.

2. To assist in the formulation and implementation of national, state, and local programs that will raise employment and income levels and otherwise produce solutions to problems resulting from the above conditions.

3. To evaluate the effectiveness of programs, projects, and techniques used to (a) alleviate economic distress and (b) promote economic development.

Funding Availability: \$3 million are available for this program. Funds will primarily be used for projects selected through the application procedures cited below, but may also be used for EDA-initiated solicitations.

Funding Instrument: EDA will provide grants and cooperative agreement

awards covering up to 100 percent of project costs.

Priorities and Preferences: EDA will give priority to proposals dealing with—

- (1) Employment and unemployment.
- (2) Income and poverty.
- (3) Rural and other nonmetropolitan economic development.
- (4) Regional and local growth.
- (5) Industrial location.
- (6) Job creation methods.
- (7) State and local government economic development efforts.
- (8) Private sector economic development efforts.
- (9) Developmental effects of public works and other infrastructure.
- (10) Capital markets and development finance.
- (11) Export development.
- (12) Minority business and minority jobs, and
- (13) Productivity and technology.

Requested grants and awards should be for specific well defined, one-time research projects. EDA research grants are not intended for support of continuing programs (ongoing research programs, publication and information programs periodic forecasts, etc.) or for nonresearch activities. Some research proposals deal with, or involve samples drawn from, only one part of the United States. EDA normally prefers research that is not thus limited in geographic scope or that at least covers a very large multi-state region, as opposed to research covering (in declining order of preference) a small region, a state, a multi-county area, or a single city or county. In general, EDA prefers cause-and-effect research and descriptive analyses to theoretical studies, modeling (other than for hypothesis testing), and the like. Economic development planning assistance and technical assistance for specific places will not be funded under the research program; the Planning and Technical Assistance Programs are for those purposes.

Project Duration: Assistance under this program will normally be for a period of 15 months.

Selection Criteria: EDA will use the following criteria to evaluate research proposals:

1. Priority and suitability of the subject (See Priorities and Preferences).
2. Qualifications of principal investigator(s) and, where appropriate, performing organization.
3. Need for and potential usefulness of the research.
4. General quality and clarity of the proposal.
5. Soundness and completeness of the research methodology.
6. Total cost, and value of product in relation to cost.

Application Procedures: Applicants should submit an original and three copies of each proposal. Proposals should be brief and concise; they should avoid long background discussions and literature surveys. But they should also be reasonably detailed, particularly in explaining methodology; econometric studies should include a preliminary list of variables to be used. Each proposal should include (1) a cover page given a short descriptive project title, the name and address of the performing organization, the names and phone numbers of the project director and principal investigators, the project duration, and the amount of EDA funds requested; (2) a brief scope-and-objectives section saying why the project is needed, giving its objectives, and providing a capsule description of the project; (3) a more detailed description of the project and its methodology; (4) a work plan showing different phases of the project and their timing; (5) a detailed budget showing cost breakdowns, with EDA-funded and any non-EDA-funded costs presented in separate columns and with the EDA-funded costs adding to the total shown on the cover page; (6) resumes for the principal investigators; and (7) a corporate or institutional capability statement, where appropriate.

The cover letter accompanying the proposal should advise EDA of whether any other organization or Federal agency is or will be considering the proposal. Any non-EDA contributions to the project, whether by the performing organization or third parties, should be mentioned.

Proposals should be submitted to Beverly L. Milkman, Director, Office of Planning, Technical Assistance, Research and Evaluation, Economic Development Administration, Room 7866, U.S. Department of Commerce, Washington, DC 20230. Proposals that are postmarked after March 14, 1986, may not be considered.

Applicants whose proposals are not selected will be notified by June 13, 1986.

Applicants may be subject to pre-award accounting system surveys by the Department of Commerce's Office of Inspector General.

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

Eligibility for Specific Solicitations: In addition to using research and evaluation funds to support proposals

submitted under the procedures described above. EDA may during the fiscal year identify other studies, including program evaluations, it wishes to sponsor.

Organizations and individuals interested in being invited to respond to Solicitations of Applications (SOAs) to conduct such studies should submit information on their capabilities and experience to the address listed above. This information will be used to determine an organization's or individual's eligibility to compete for projects under specific SOAs. Applicants who submit information postmarked after March 14, 1986, may not be invited to respond to SOAs this fiscal year.

Further Information: For further information call David H. Geddes at (202) 377-4085, at EDA Headquarters in Washington, DC.

VII. Program: Public Works and Development Facilities Assistance

(Catalog of Federal Domestic Assistance: 11.300 Economic Development Grants and Loans for Public Works and Development Facilities, 11.304 Economic Development Public Works Impact Program (PWIP))

Summary: The Economic Development Administration announces its policies and application procedures for funds available for the Public Works program under the authority of Titles I and IV of the Public Works and Economic Development Act of 1955, as amended. (PWEDA), 42 U.S.C. 3131 and 42 U.S.C. 3171(a)(3).

Eligibility: Eligible applicants under this program are: any State, or political subdivision thereof, Indian tribe, or private or public non-profit organization or association representing any redevelopment area or part thereof, if the project is located within an EDA-designated redevelopment area. Further information on the areas which are eligible for this EDA program is available from EDA's Regional Offices.

Program Objective: The purpose of the Public Works grant program is to assist communities with the funding of public works and development facilities that contribute to the creation or retention of private sector jobs and to the alleviation of unemployment and underemployment. Such assistance is designed to help communities achieve lasting improvement by establishing viable and diversified local economies, and improving local living conditions and the economic environment. In keeping with the mandate of EDA, and especially in view of current rural development applications from rural communities will be reviewed with particular interest.

Funding Availability: Funds in the amount of \$112 million are available for this program.

Funding Instrument: EDA will provide grants with maximum EDA participation normally ranging from 50 percent to 60 percent of the project cost. Applicants will be required to provide the local share.

Selection Criteria: For both Regular Public Works projects and Public Works Impact Program (PWIP) projects, favorable consideration will be given to projects which best meet the relative needs of eligible areas, and are in areas of high unemployment and/or low per capita income.

I. Regular Public Works Projects

A. Favorable consideration may be given to projects which are eligible under section 101(a)(1)(A)-(C) of PWEDA, 42 U.S.C. 3131(a)(1)(A)-(C), if such projects:

1. Improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities;
2. Assist in creating or retaining private sector jobs in the near-term and assist in the creation of additional long-term employment opportunities which are not transferred from any other area of the United States, and have a low cost per job in relation to total project cost;
3. Benefit the long-term unemployed and members of low-income families who are residents of the area to be served by the project;
4. Fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;
5. Are consistent with the EDA approved overall economic development program (OEDP) for the area in which it is, or will be, located, and have been recommended by the OEDP Committee, and have broad community support;
6. Are supported by significant private sector investment;
7. Have adequate local share of funds with evidence of firm commitment and availability;
8. Complement Department of Commerce goals such as reducing the Federal trade deficit by increasing export development, assisting minority business development and assisting the development of domestic fisheries.

Consideration factors cited in 3 to 8 above are weighted equally.

D. Industrial park projects. Projects which will primarily serve an industrial park or site will be evaluated on such additional factors as the:

1. Occupancy rates for existing developed industrial areas currently

available within a 25 mile radius of the project site (For cities with populations over 50,000, the prescribed area may be determined by an analysis of industrial sites within an established industrial area, which may be less than a 25 mile radius. Contact the Economic Development Representative for the area or the appropriate EDA Regional Office for assistance.);

2. Commitments in writing from identified tenants to locate in the industrial park or site. Commitments must include description of industry, the number of jobs created or saved and an implementation schedule;

3. Plans for maximum utilization of the industrial park or site;

4. Pressing need of the area for industrial park or site space to attract potential firms; i.e., high occupancy rate of existing industrial parks within the prescribed area or lack of developed and marketable industrial parks or sites within the prescribed area.

C. Favorable consideration is not likely for projects which:

1. Do not create new employment opportunities or save existing jobs but transfer existing jobs from one area of the United States to another;
2. Do not benefit the long-term unemployed;
3. Cannot be implemented within a reasonable period of time;
4. Involve substantial land purchase;
5. Involve public buildings such as hospitals, jails, fire stations, etc.;
6. Do not have the applicant's share of project funding readily available;
7. Support tourism or recreational activities, unless it can be demonstrated that tourism is the major industry in the area or will assist in creating a significant number of jobs and substantially diversify the area's economy, in which case the project must directly assist in providing job opportunities for the unemployed and underemployed residents of the area and otherwise support the long-term growth of the area.
8. Involve industrial parks, when there is evidence of current vacancies in developed industrial parks or sites in close proximity to the proposed project site.

No support will be provided for commercial activities such as parking projects, pedestrian walkways and non-essential street repairs or beautification improvements.

II. Public Works Impact Program

A. Favorable consideration may be given to Public Works Impact Program (PWIP) projects eligible under section

101a(1)(D) of PWEDA, 42 U.S.C. 3131(a)(1)(D), if such projects:

1. Directly or indirectly assist in creating employment opportunities by providing immediate useful work (i.e. construction jobs) or other economic benefits for the unemployed and underemployed residents in the project area;
2. Primarily benefit low income families by providing essential services or satisfy a pressing public need;
3. Have on-site labor costs as a substantial portion of the total estimated project costs;
4. Can begin construction quickly;
5. Can be substantially completed within 12 months from the start of construction;
6. Improve the community or economic environment in areas of severe economic distress.

No support will be provided for commercial activities such as parking garages, pedestrian walkways and non-industrial street repairs or beautification improvements.

Pre-Application Procedures: To establish the merits of project proposals, interested applicants should first contact the Economic Development Representative for the area. The EDA regional office can furnish the name, address and telephone number of the Economic Development Representative for the applicant's area who will provide a pre-application form and arrange for pre-application conferences as needed. EDA will screen proposals before authorizing the submission of a formal application. Proposals will be evaluated based upon:

- A. The conformance with statutory requirements and with the selection criteria mentioned above;
- B. The merits of the proposed projects in addressing the relative economic development needs of eligible areas;
- C. The availability of funds as allocated to the Regional Offices.

Processing time for pre-application proposals will depend on the completeness of information provided in the pre-application form and supporting documents at the time of submission. Project proposals that require additional information from applicants or other sources may be returned to correct deficiencies.

Formal Application Procedures: Following a review of project proposals, EDA will invite proponents whose projects are selected for funding consideration to submit a formal application. Proponents of project proposals not selected for funding consideration will be so advised as soon as possible.

EDA will evaluate applications for conformance with published statutory, regulatory and policy requirements, including the project selection criteria mentioned hereinbefore.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs."

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's Regular Public Works funds and PWIP funds have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Previously Authorized Applications: Project applications authorized but not funded in the previous fiscal year remain eligible for funding consideration. Applications received by September 30, 1985, will be processed according to the selection criteria published for FY 1985. Those applications not received by EDA by September 30, 1985, must be consistent with the selection criteria published in this notice and submitted on application forms issued by EDA for FY 1986. For that purpose, FY 1985 application forms may be obtained from EDA's regional offices.

Further Information: For further information contact the appropriate EDA Regional Office (see list below).

VIII. Program: Economic Adjustment Assistance

(Catalog of Federal Domestic Assistance Nos.: 11.307 and 11.311 Special Economic Development and Adjustment Assistance Program—Long-Term Economic Deterioration (LTED) and Sudden and Severe Economic Dislocation (SSED))

Summary: The Economic Development Administration announces its policies and application procedures for grants available under its Economic Adjustment Program. This program authorized under Title IX of the Public Works and Economic Development Act of 1965, as amended, (PWEDA), 42 U.S.C. 3241—3245, may assist areas experiencing long-term economic deterioration (LTED) and areas threatened or impacted by sudden and severe economic dislocation (SSED).

Program Objective: The LTED program assists eligible applicants in implementing strategies that halt and reverse the long-term decline of their economies. Grants for Revolving Loan

Funds (RLF) are usually provided under the LTED program.

The SSED program assists eligible applicants respond to actual or threatened major job losses (dislocations) and other severe economic adjustment problems. It is designed to assist communities prevent a sudden, major job loss, to reestablish employment opportunities as quickly as possible after one occurs, or to meet special needs resulting from severe changes in economic conditions. SSED assistance is intended to respond to structural rather than cyclical job losses. Thus, the dislocation must involve a permanent job loss. Assistance may be in the form of a grant to develop a strategy to respond to the dislocation (Strategy Grant) or a grant to implement an EDA approved strategy (Implementation Grant).

In light of the current high level of economic distress in rural areas and consistent with EDA's original mandate, particular interest will be given to Title IX projects designed to mitigate the serious economic adjustment problems rural areas of the Nation currently are experiencing.

Funding Availability: Grant funds in the amount of \$26 million are available for the Economic Adjustment program in FY 1986. Of the amount, \$14 million will be available for the SSED program and \$12 million will be available to fund RLFs. Note: only first time recipients will be eligible to receive LTED/RLF funds in FY 1986.

Funding Instrument: Normally, EDA requires Title IX grant applicants to provide a minimum of 25 percent of the project cost. The local share for the RLF program must be in cash. The local share for the SSED program may be in cash and/or in-kind.

Eligible Applicants: Eligible applicants for areas meeting the eligibility criteria described below include: a redevelopment area or economic development district established under Title IV of this Act, (PWEDA), 42 U.S.C. 3161; an Indian tribe; a State; a city or other political subdivision of a State, or a consortium of such political subdivisions; a Community Development Corporation defined in the Community Economic Development Act, 42 U.S.C. 9801; or a nonprofit organization determined by EDA to be the representative of a redevelopment area.

Eligible Areas:

A. LTED

In order to receive priority consideration for funding under the LTED program, an area must be experiencing at least one of three

economic problems: very high unemployment; low per capita income; or chronic distress, failure to keep pace with national economic growth trends over the last five years. Eligibility is determined statistically. Further information is available from EDA's Regional Offices.

B. SSED:

In order to receive priority consideration for funding under the SSED program, an area must show actual or threatened permanent job losses that exceed the following threshold criteria, unless otherwise determined by the Assistant Secretary:

1. For areas not in the Metropolitan Statistical Areas:

a. If the unemployment rate of the Labor Market Area exceeds the national average, the dislocation must amount to the lesser of the two (2.0) percent of the employed population, or 500 direct jobs.

b. If the unemployment rate of the Labor Market Area is equal to or less than the national average, the dislocation must amount to the lesser of four (4.0) percent of the employed population, or 1,000 direct jobs.

2. For areas within Metropolitan Statistical Areas:

a. If the unemployment rate of the Metropolitan Statistical Area exceeds the national average, the dislocation must amount to the lesser of one-half (0.5) percent of the employed population, or 400 direct jobs.

b. If the unemployment rate of the Metropolitan Statistical Area is equal to or less than the national average, the dislocation must amount to the lesser of one (1.0) percent of the employed population, or 800 direct jobs.

Additionally, fifty (50) percent of the job loss must result from the action of a single employer, or eighty (80) percent of the job loss must occur in a single industry classification (i.e., two digit SIC code).

In the case of a Presidentially declared natural disaster, the area eligibility criteria are waived. In other similarly exceptional circumstances, the criteria may be partially waived at the discretion of the Assistant Secretary.

Actual dislocation must have occurred within one year and threatened dislocations must be anticipated to occur within two years of the date EDA is requested.

Evaluation Criteria. Proposals will be evaluated based on conformance with regulatory and regulatory requirements. The economic adjustment needs of the area, the merits of the proposed project, and the ability to manage the grant effectively. Consistent with the Statement of Purpose (SOP) of EDA.

proposals involving the transfer of jobs from one area of the United States to another generally will not be considered. The criteria listed below are weighted equally.

1A. LTED/RLF Evaluation Criteria.

Key factors in EDA's selection of proposed LTED/RLF projects include:

1. Economic and Financial Needs of the Project Area:

a. Areas with the highest levels of economic distress (high unemployment, low per capita income, vacant plants and deteriorating infrastructure, etc.) will receive priority consideration.

b. Need for RLF financing will be evaluated based on the applicant's analysis of the local capital market and how clearly this analysis defines the financial problems to be addressed by the RLF project.

c. Applicant need for grant funds to carry out the project will be based on assignment of its financial resources (e.g. budget deficit or surplus).

2. Objectives and Benefits of Proposed Projects: Priority will be given to projects which can:

a. Stimulate private sector employment. The number and types of jobs to be created/retained will be key factors in project selection along with the job/cost ratio established for the RLF portfolio as a whole;

b. Target assistance to meet program objectives and to support specific economic adjustment activities planned or underway in the area (particularly those identified in the OEDP, Title IX strategy, or other plans developed to deal with specific economic adjustment problems affecting the area). This may include target areas, industries, types of employers or other criteria that maximize the impact of assistance on specific needs within the area;

c. Leverage higher ratios of private investment than the required minimum ratio of two private sector investment dollars to one RLF dollar. (Note: the local share or other funds provided by the RLF to finance loans can not be counted as "leveraged" dollars);

d. Direct new job opportunities to the long-term unemployed and underemployed;

e. Assist minorities, women and members of other economically disadvantaged groups in obtaining RLF loans;

f. Provide technical and management assistance for RLF borrowers, in addition to loan funds;

g. Use creative financing techniques to overcome specific gaps in the local capital market;

h. Merit credit to a highly viable. The implementation rate for RLF projects will generally require that RLF

loans in the initial round be closed (and all EDA funds disbursed) within 2 years of grant approval;

i. Include a larger matching share than the required 25 percent or secure commitments for future funding from other public or private sources; and
j. Coordinates activities with other economic development organizations, loan programs, employment training programs and private lenders in the area.

3. Effective Management of the RLF:

EDA will also evaluate proposed projects to determine that the RLF will be properly managed. Key factors include:

a. A strong and effective Loan Administrative Board with broad community representation, including appropriate public, private sector, minority and women's representation.

b. Staff capacity in program and policy development, finance, law, marketing, credit analysis, loan packaging, processing and servicing.

c. Efficient procedures for loan selection, approval, and servicing which emphasize the economic development potential of loans as well as sound management and financing practices.

d. Adequate resources to cover administrative costs of the RLF.

e. The applicant's experience and capacity for administering economic business loan programs will also be a major factor in project selection. If the applicant has designated another organization to administer the project, EDA will evaluate the experience and capacity of that organization, rather than the applicant's.

Nongovernment (but not including Economic Development District's) applicants must be sponsored by the local or State government having jurisdiction over the project area and sponsor must be willing to assume responsibility for operating the RLF should the nongovernment entity no longer be able to administer the project.

B. SSED Evaluation Criteria.

Key factors in EDA's selection of proposed SSED projects include:

1. The severity of the dislocation, measured by, but not limit to, the following factors:

a. The degree to which the number of dislocated workers exceeds the eligibility threshold;

b. The proportion of the total job represented by a single employer;

c. The proportion of employment represented by the firm(s) closing;

d. Applicant need for grant funds to carry out the project based on an

assessment of its financial resources (e.g. budget deficit or surplus).

2. The objectives and benefits of proposed activities as measured by the extent to which:

a. For Implementation Grants:

(1) Job creation or retention in the near term is emphasized versus more long-term, general economic development;

(2) The jobs to be created and/or retained are permanent, will directly benefit the dislocated workers, and are new employment opportunities and not transferred from one area of the United States to another;

(3) The response to the problem is timely;

(4) EDA assistance will be complemented by, or will complement, appropriate State and local efforts, for example, training and job placement services, other Federal investments, for example, Urban Development Action Grants, and private sector support;

(5) The adjustment strategy and implementation activities proposed demonstrate an appropriately creative approach to addressing the dislocation;

(6) The cost per job created or retained is minimized;

(7) In the case of a Revolving Loan Fund, the recycled loan proceeds generate economic development benefits; and

(8) The local matching share exceeds the required 25 percent.

b. For Strategy Grants:

(1) Applicant has demonstrated the capacity to manage the planning process and subsequent implementation activities;

(2) Proposed scope of work is responsive to the problem;

(3) The focus of the planning effort is on the generation of practical and implementable solutions; and

(4) The local matching share exceeds the required 25 percent.

Pre-Application Procedures:

Interested applicants should contact the Economic Development Representative for the area or the appropriate EDA Regional Office for a proposal package. The EDA Regional Office can furnish the name, address and telephone number of the Economic Development Representative for applicant's area.

Project proposals, submitted by interested applicants, will be evaluated by EDA on the basis of:

• Conformance with the evaluation criteria mentioned above and statutory and policy requirements; and

Formal Application Procedures:

Applicants should contact the appropriate EDA Regional Office Business Loans Division to discuss their proposals. EDA will screen proposals before authorizing the issuance of a formal application. Proposals will be evaluated based upon conformance with the following:

consideration to submit a formal application. Proponents whose project proposals are not selected for funding consideration will be so advised as soon as possible.

EDA will evaluate applications for consideration with published statutory, regulatory and policy requirements.

Applications proposed for funding under this program are subject to the requirements of Executive Order 12372 "Intergovernmental Review of Federal Programs".

Applicants who have delinquent accounts receivable with the Federal government may not receive new awards until these debts have been paid or arrangements to pay them have been approved by the Department of Commerce.

When all of EDA's funds for SSED and LTED programs have been awarded, unsuccessful applicants will be notified of the status of their applications as soon as possible.

Further Information: For further information about this program, contact the appropriate EDA Regional Office or Paul J. Dempsey, Director, Office of Economic Adjustment, Economic Development Administration, Room 7212, U.S. Department of Commerce, Washington, DC 20230, telephone (202) 377-2659.

IX. Program: Applications for Loan Guarantees

(Catalog of Federal Domestic Assistance: 11.301 Economic Development—Business Development Assistance: Guaranteed Loans)

Summary: EDA is prepared to guarantee up to eighty percent (80%) of the principal and interest of loans to be made by private lenders to private borrowers for the purchase of fixed assets and/or for working capital for projects located in areas eligible for EDA assistance. EDA loan guarantees are made available to help businesses establish, maintain, or expand operations in eligible urban and rural areas throughout the Nation. Guarantees made under this program are made at the discretion of the Assistant Secretary for Economic Development. Incomplete applications or applications that do not conform to program requirements will be rejected by EDA.

Preapplication Procedures: Applicants should contact the appropriate EDA Regional Office Business Loans Division to discuss their proposals. EDA will screen proposals before authorizing the issuance of a formal application. Proposals will be evaluated based upon conformance with the following:

1. Statutory requirements contained in Public Law 89-136, as amended, 42 U.S.C. 3142 et seq. (the Act);

2. Regulatory requirements contained in 13 CFR Part 306 and 309, and restated in this notice; and

3. Provisions of Office of Management and Budget (OMB) Revised Circular A-70, dated August 24, 1984 (A-70).

OMB Circular A-70 (Revised)

Requirements: All loan guarantees must conform to the requirements of A-70, without exception. The most significant requirements of A-70 are as follows:

1. Only loans which are secured by first priority, unsubordinated liens on collateral having value in excess of the full amount of the loan will be guaranteed.

2. An annual guarantee fee, payable quarterly, equal to one-half of one percent of the outstanding contingent liability will be charged. This fee is subject to change at any time prior to approval of a guarantee.

3. Not more than eighty percent (80%) of the principal and the interest on a loan may be guaranteed.

4. The Lender will bear a significant portion of the risk of loss on the loan. EDA will not permit other security, guarantees or any other arrangement that would not insure ratably to EDA for that portion of the loan not guaranteed by EDA.

5. No loan directly involved with tax-exempt obligations, such as industrial revenue bonds, will be guaranteed.

Supplementary Information:

1. Amount of funding available: EDA is authorized to commit up to \$150 million to guarantee contingent liability for loan principal in fiscal year 1986, which ends September 30, 1986.

2. Type of Financial Assistance: EDA will consider proposals for the guarantee of the loans made by private lending institutions to private borrowers to finance the costs of fixed assets or for working capital purposes. EDA will not accept applications for projects which involve real estate development for either investment or speculation purposes.

3. Who May Apply: Applications will be authorized by EDA only after review and acceptance of satisfactory project proposals. Applications will be accepted only from private lending institutions (the "applicant") for the guarantee of loans to private business enterprises.

4. Long-Term Employment: EDA seeks to create or retain permanent private-sector jobs in EDA eligible areas. Accordingly, the project for which the applicant seeks financial assistance must be reasonably calculated to provide more than a temporary

alleviation of unemployment or underemployment within the eligible area where the project is or will be located.

5. **Repayment Ability:** The private lender and EDA must find that there is reasonable assurance of repayment of the guaranteed loan.

6. **EDA Guarantee Required:** No loan will be guaranteed by EDA unless the application is supported by evidence that the financial assistance applied for is not otherwise available to the prospective borrower from either private lenders without a guarantee or from other Federal agencies on terms which in the opinion of EDA will permit accomplishing the project.

General Conditions of Assistance:

1. **Amount of Loan:** EDA will not ordinarily approve an application for the guarantee of a loan with a face value over \$10 million or under \$500,000.

2. **Term of Loan:** The term of a guaranteed fixed asset loan cannot exceed the weighted average estimated useful economic life of the project fixed assets, but in no event can the term of such a loan exceed twenty-five (25) years. The term of a guarantee working capital loan ordinarily may not exceed five (5) years, and the loan should be fully amortized during its term.

3. **Guarantee Percentage and Interest Rate:** Pursuant to A-70, EDA may guarantee up to eighty percent (80%) of the face value of a loan. However, applicants requesting an eighty percent (80%) guarantee will be required to justify why a lesser guarantee percentage would not be acceptable. As a general rule, EDA will not offer to guarantee a loan in excess of the following percentages and interest rates:

80% guarantee—New York prime rate plus 1.0%

70% guarantee—New York prime rate plus 1.5%

60% guarantee—New York prime rate plus 2.0%

50% guarantee—New York prime rate plus 2.5%

Applicants will be required to fully justify the reason for requesting a higher rate.

4. **Guarantee Fee:** Pursuant to A-70, EDA will charge an annual guarantee fee, payable quarterly, equal to one-half of one percent of the outstanding contingent liability. EDA reserves the right to change this fee at any time prior to approval of the guarantee.

5. **Lender's Risk:** That portion of the loan not guaranteed by EDA must be at risk to the applicant throughout the term of the loan. This precludes the applicant from obtaining any additional security, assignment or compensating balances to

separately secure the unguaranteed portion of the loan. This does not preclude normal loan participation arrangements by the lender, provided that any such participation is acceptable to EDA. EDA will be obligated to deal only with the applicant, and all participants must be eligible as applicants.

6. **Other Lender-Borrower Relationships:** Where an applicant has other creditor-debtor relationships with the prospective borrower, EDA will seek assurances that these relationships will not create conflicts with EDA's interest in the applicant's servicing of the loan for which a guarantee is sought. The applicant will be asked to demonstrate the absence of such conflicts.

Ordinarily, EDA will not accept an application from an applicant who has existing short-term revolving working capital financing extended to the borrower.

7. **EDA Investment Per Job:** EDA will consider only those projects that have an EDA investment exposure of \$20,000 or less per permanent job to be created or saved.

8. **Repayment Ability:** Only projects that demonstrate reasonable assurance of repayment are eligible to receive EDA financial assistance. The applicant must demonstrate why it is reasonably certain the borrower will be able to repay the loan. As a minimum, the application must include:

A. Applicant's normal detail credit analysis, including a narrative discussion of company history, management, product, production capability, market conditions, finances, collateral, and repayment ability (with ratio analyses compared to industry standards);

B. A minimum of three (3) years certified financial statements of the prospective borrower;

C. Financial statements of the prospective borrower, current within ninety (90) days of the date of the application;

D. Pro forma balance sheets, income and cash flow statements of the prospective borrower on a month-by-month basis for the first year and on a quarterly basis for the next two (2) years;

E. One copy of the proposed note and loan agreement between the applicant and the prospective borrower.

9. **Adequate Collateral:** The applicant must document why it is reasonably certain that complete collateral coverage exists. Only projects that demonstrate that the full amount of the loan is covered exclusively by unsecured first priority security interest on collateral offered by the

borrower will be considered. There will be no exceptions to this requirement. Proof and documentation of collateral coverage shall include but not be limited to current appraisals as to the fair market and liquidation value of the collateral that will support the loan. If the purchase of new machinery and equipment constitutes all or part of the prospective project cost, of an appraisal. Where real property is to be pledged as collateral, a description and evidence of ownership must be included with appraisals acceptable to EDA.

10. **Guarantees:** EDA will normally require personal guarantees from principals of borrowers in closely-held firms, secured by collateral where deemed necessary. Similarly, EDA will require guarantees from related firms when deemed necessary to support the EDA financial assistance. In the case of personal guarantors, EDA will require current (not over ninety (90) days old the time the application is filed) personal financial statements signed by the prospective guarantor, and where appropriate and necessary to support the guarantee, by the guarantor's spouse, and disclosing community or individual assets and indebtedness, when applicable.

11. **Equity Requirements:** All applications for EDA financial assistance shall be supported by adequate existing and/or proposed equity so as to enhance the success of the proposed project and lessen EDA's potential exposure. All proposed projects shall be supported by minimum equity capital to the following extent:

A. For guaranteed *working capital loans*, the prospective borrower must have existing net working capital equal to not less than fifteen percent (15%) of its total working capital needs.

B. For guaranteed *fixed asset loan* the prospective borrower must provide an equity investment in the project of at least fifteen percent (15%) of the aggregate project cost.

C. The Prospective borrower must provide twenty-five percent (25%) of aggregate project cost for:

a. New businesses with no operating history;

b. Loans without full personal or corporate guarantee of stockholder owning ten percent (10%) or more of borrower;

c. Energy-related businesses;

d. Ventures which EDA determines to be above-average risk.

12. **Feasibility Report:** An independent technical, financial, and economic feasibility report by a firm acceptable to EDA will be required for all applications for new ventures involving a total

project cost of \$1 million or more and for projects involving tourism or recreational facilities. Such a report must be related to the pro forma operating statements associated with the application. Independent feasibility studies may also be required for other applications, as deemed necessary by EDA.

13. Tax-Exempt Obligations: The EDA project cannot share collateral with or include elements financed with tax-exempt obligations, such as industrial revenue bonds. Ongoing Applicant Responsibilities

A. Upon approval of a guaranteed loan, the applicant's responsibilities shall include, but are not limited to executing such care and diligence in the disbursement, servicing, collection and liquidation of the guaranteed loan as would be exercised by a reasonable and prudent commercial lender in dealing with a loan of its funds without the EDA guarantees.

B. In the event of the subsequent default on the loan, unless EDA elects otherwise, the applicant will have full responsibility for servicing and liquidating the loan prior to making demand on EDA for payment under the EDA guarantee. EDA shall be obligated to pay that portion of the loan guaranteed after the deduction of all proceeds of the liquidation less reasonable expenses directly attributable to the liquidation.

Failure to perform these responsibilities satisfactorily may preclude EDA from honoring its guarantee. EDA will examine the applicant's records before honoring any guarantee.

Application Requirements

1. The application shall include the following:

A. A signed statement by the borrower assuring that it will not use the EDA financial assistance to relocate jobs from one labor area to another or to close facilities involved in the EDA-guaranteed project;

B. Approval of the application by the appropriate agency or instrumentality of the State or political subdivision in which the project is located, together with a signed statement by that local authority that the project is consistent with an Overall Economic Development Program approved by EDA;

C. Full disclosure of the amount and nature of all fees charged to the borrower by the State or political subdivision to expedite the application. Applicable fees and charges may include:

Fees for the following expenses are

not allowable project costs and no proceeds of the loan may be used indirectly for attorneys' or consultants' fees in connection with securing EDA's guarantee. EDA may permit reasonable fees and charges as allowable project costs. EDA will not permit any fees or charges that are contingent upon project approval.

D. An agreement that neither the borrower nor the applicant will employ or retain for professional services any person who on behalf of EDA occupied a position or engaged in activities which EDA determines involves discretion with respect to the granting of assistance under the Act. This agreement shall remain in effect for two years after EDA offers assistance to the applicant.

E. An application for character/integrity investigation (Name Check Form CD-46) for each officer, the chief financial manager, and for each individual owning or controlling at least twenty percent (20%) of the borrower.

F. Documentation satisfactory to EDA to substantiate that the guaranteed loan will not create unfair competition within the meaning of section 702 of the Act. Section 702 unfair competition results of the project would increase the production of goods, materials, of commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities to employ the efficient capacity of existing competitive commercial of industrial enterprises. Applicants are encouraged to submit borrower's data for this requirement prior to or within thirty (30) days of receiving authorization to apply for EDA financial assistance to expedite processing of the loan-guarantee. Applicants and borrowers should understand that expenses incurred prior to approval of a loan guarantee are made solely at the applicant's or borrower's expense.

G. A description of state and/or local government assistance to the project.

2. Loan guarantees are also subject to the following statutes:

A. Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251-1376;

B. Davis-Bacon Act, as amended, 40 U.S.C. 276a-276e-9;

C. The Architectural Barriers Act of 1968, as amended, 42 U.S.C. 4151-4157; See 19 CFR 309.14;

D. The National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321-4370. See CFR 309.18;

E. The National Historic Preservation Act of 1966, 16 U.S.C. 470-4701-6;

F. The Wild and Scenic River Act as amended, 16 U.S.C. 1271-1275;

G. The Clean Air Act, as amended, 42 U.S.C. 7401-7626;

H. The Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4001-4128.

Application Submission: Proposals should be submitted to the appropriate EDA Regional Office at the earliest practical date but, in no event, later than May 30, 1986. Proposals received after this date may not be considered during FY 1986. Completed applications for authorized project should be submitted no later than June 30, 1986. Incomplete applications will be rejected by EDA.

Further Information: For further information contact the Chief of the Business Loans Division of the Regional Office that services your State.

X. Ineligible Expenditures

Attorneys' and consultants' fees, whether direct or indirect, expended for securing or obtaining grants and contracts are not eligible project costs for the programs announced above.

XI. Accounting System Survey

Where EDA has reason to doubt whether the applicant's financial management system meets the standards prescribed in OMB Circular A-102 or A-110, as applicable, it may request the applicant to allow the Department's Office of Inspector General to conduct a pre-award accounting system survey.

XII. EDA Regional Offices

The EDA Regional Offices and the States they cover are:

- Philadelphia Regional Office, 4th Floor, Mall Building, 325 Chestnut Street, Philadelphia, Pennsylvania 19106, Telephone: (215) 597-4603; serving Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virginia, Virgin Islands, Rhode Island, Vermont, Virginia, Virgin Islands, and West Virginia.

- Atlanta Regional Office, Suite 750, 1365 Peachtree Street, N.W., Atlanta, Georgia 30309, Telephone: (404) 801-7400; serving Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

- Chicago Regional Office, Suite A-1000, 273 N. Jackson Blvd., Chicago, Illinois 60604, Telephone: (312) 353-7707; serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

- Austin Regional Office, Suite 201, Green Edge, 611 East Sixth Street, Austin, Texas 78701, Telephone: (512)

482-5461; serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

- Denver Regional Office, Room 200
Tremont Center, 333 West Colfax
Avenue, Denver, Colorado 80202.
Telephone: (303) 844-4714, serving
Colorado, Iowa, Kansas Missouri,

Montana, Nebraska, North Dakota,
South Dakota, Utah, and Wyoming.

- Seattle Regional Office, Suite 500,
Lake Union Bldg., 1700 Westlake
Avenue, North, Seattle, Washington
98109, Telephone: (205) 442-5096; serving
Alaska, American Samoa, Arizona,

California, Guam, Hawaii, Idaho,
Nevada, Oregon, and Washington.

Dated: January 6, 1986.

Orson G. Swindle, III,
*Assistant Secretary for Economic
Development.*

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