

HB

5841

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: March 30, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/19/90

The FINANCE Committee considered:

HB 584

HOUSE BILL NO. 584

ALCOHOLISM & DRUG ABUSE LOAN FUND

"An Act relating to a revolving loan fund in the Department of Health and Social Services."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] fiscal note(s) _____
- [] zero fiscal note(s) DHSS 3/30/90
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Ronald J. Larson Larson

Swackhammer Swackhammer

Brown Brown

Koponen Koponen

iege iege

WALLIS WALLIS

Hoffman Hoffman

Signature	Do Not Pass	No Rec	Amend
<u>Shultz</u> Shultz		<input checked="" type="checkbox"/>	
<u>Phillips</u> Phillips		<input checked="" type="checkbox"/>	

Ronald J. Larson Larson
CG - Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Health & Social Services
 Title: Relating to a revolving loan fund BRU: _____
in the Department
 Sponsor: House HESS Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY92	FY93	FY94	FY 95	FY 96
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	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)
FY 90 fiscal impact is "0".

Prepared by: Matthew Felix, Acting Director
 Division: Alcohol and Drug Abuse
 Approved by Commissioner: Myra M. Munson
 Agency: Department of Health and Social Services

Phone: 586-6201
 Date: 3/28/90
 Date: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Adopted

Introduced: 3/16/90
Referred: HESS, and Finance

6-2287A

BY THE HESS COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 584

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a revolving loan fund in the
7 Department of Health and Social Services."

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

9 * Section 1. AS 44.29 is amended by adding new sections to read:

10 ARTICLE 3. ALCOHOLISM AND DRUG ABUSE REVOLVING LOAN FUND.

11 Sec. 44.29.210. CREATION OF AN ALCOHOLISM AND DRUG ABUSE REVOLV-
12 ING LOAN FUND. (a) There is created in the department an alcoholism
13 and drug abuse revolving loan fund as required under 42 U.S.C. 300x -
14 4a to qualify the state to receive block grant money from the United
15 States Department of Health and Human Services under 42 U.S.C. 300x -
16 2.

17 (b) The fund consists of money appropriated to it, payments of
18 principal on loans made from it, and money chargeable to principal
19 that is collected through liquidation by foreclosure or other process
20 on loans made from it.

21 (c) Money in the fund may be used as required under 42 U.S.C.
22 300x - 4a to make loans to private nonprofit organizations for the
23 cost of establishing programs to provide housing in which individuals
24 recovering from alcohol or drug abuse may reside in groups.

25 Sec. 44.29.215. SPECIAL ACCOUNT ESTABLISHED. (a) There is
26 established as a special account within the alcoholism and drug abuse
27 revolving loan fund the foreclosure expense account. This account is
28 established as a reserve from fund equity.

29 (b) The department may expend money credited to the foreclosure

1 expense account when necessary to protect the department's security
2 interest in collateral on loans made under AS 44.29.210 or to defray
3 expenses incurred during foreclosure proceedings after a default by an
4 obligor.

5 Sec. 44.29.220. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
6 department may

7 (1) adopt regulations necessary to carry out its functions
8 under AS 44.29.210 - 44.29.230 and to administer the program required
9 under 42 U.S.C. 300x - 4a, including regulations to establish reason-
10 able fees for services provided, procedures for foreclosure proceed-
11 ings, and procedures for collecting delinquent accounts;

12 (2) establish amortization plans for the repayment of
13 loans;

14 (3) charge and collect the fees established under this
15 subsection; and

16 (4) contract for the servicing of loans made under AS 44.-
17 29.210.

18 (b) The commissioner of administration shall separately account
19 for all earnings, interest, fees, and collection charges that the
20 department deposits in the general fund. The annual estimated balance
21 in the account may be used by the legislature to make appropriations
22 to the department to carry out the purposes of AS 44.29.210 - 44.29.-
23 230.

24 Sec. 44.29.225. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
25 FORECLOSURE. The department shall dispose of property acquired
26 through default or foreclosure on a loan made under AS 44.29.210.
27 Disposal shall be made in a manner that serves the best interests of
28 the state and may include the amortization of payments over a period
29 of years.

1 Sec. 44.29.230. DEFINITION. In AS 44.29.210 - 44.29.230, "de-
2 partment" means the Department of Health and Social Services.
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STEVE COWPER, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

P.O. BOX H
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

March 28, 1990

Honorable Johnny Ellis, Chair
House Health, Education, and
Social Services Committee
Alaska State House of Representatives
P.O. Box V
Juneau, Alaska 99811

Re: Analysis of House Bill 584

Dear Representative Ellis:

HB 584 creates in the Department of Health and Social Services a revolving loan fund which is required by Federal law as a condition of receipt of Federal Block grant funds. The legislation is necessary because the Office of the Attorney General has determined that the Department does not have authority under current statute to create the loan program.

The use of money from the loan fund must conform to Federal law (42 USC 300x - 4a) which provides that the State must agree to:

- * Establish, directly or through the provision of a grant or contract to a non-profit private entity, a revolving loan fund to make loans for the costs of establishing programs for the provision of housing in which individuals recovering from alcohol or drug abuse may reside in groups of not less than 4 individuals;
- * ensure that programs are carried out in accordance with guidelines issued under this subsection;
- * ensure that not less than \$100,000 of federal funds will be available for the revolving loan fund;
- * ensure that each loan made from the revolving fund does not exceed \$4,000 and that each loan is repaid to the revolving fund not later than 2 years after the date on which the loan is made; and

Honorable Johnny Ellis

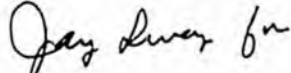
-2-

March 28, 1990

* ensure that such loans are made only to non-profit entities.

The administration of this loan fund will be absorbed within the Department's current budget so that the legislation will have no fiscal impact.

Sincerely,

A handwritten signature in cursive script, appearing to read "Myra M. Munson for".

Myra M. Munson
Commissioner

POSITION PAPER

HOUSE BILL NO. 584

"An Act relating to a revolving loan fund in the Department of Health and Social Services."

Background

HB 584 creates, within the Department of Health and Social Services, a revolving loan fund as required under 42 USC 300x - 4a. Money from within this fund may be used, in accordance with federal law, to make loans to private non-profit organizations for the cost of establishing programs to provide housing in which individuals recovering from alcohol or drug abuse may reside in a group facility.

HB 584 also gives the Department authority to adopt regulations necessary to administer the program, establish plans for the repayment of loans, charge and collect fees associated with the loans and contract for the servicing of loans made from the loan program.

Analysis

Recently, Congress, through the Comprehensive Alcohol Abuse, Drug Abuse and Mental Health Amendments of 1988, mandated that States, to be eligible for the Alcohol, Drug Abuse, Mental Health Block Grants must establish a loan program according to the provisions of 42 USC 300x - 2a. During the next federal fiscal year, the State expects to receive approximately \$2.7 million from this block grant.

This legislation is necessary because the Attorney General has determined that current law does not provide sufficient authority to the Department to establish the loan program. HB 584 will provide the Division of Alcoholism and Drug Abuse (A/DA) with the needed authority to establish the loan program according to the requirements mandated in federal law. If the loan program is not created within A/DA, future Alcohol, Drug Abuse and Mental Health Block grant funds could be jeopardized.

POSITION PAPER/Department of Health & Social Service

Position

The department of Health and Social services supports HB 584.

Recommended by: *Matthew C. Felix*
Matthew C. Felix
Acting Director
Division of Alcoholism and
Drug Abuse

Date: 3/28/90

Approved by: *Myra M. Munson*
Myra M. Munson, Commissioner
Department of Health and
Social Services

Date: 3/28/90