

SB 238

SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/91

FURTHER:

DATE TURNED INTO OFFICE: 5-14-91

The Finance Committee considered SENATE BILL NO. 238

"An Act relating to the rural development initiative program."

and recommended:

replace with _____ CS SB 238 (FIN)
 or adopt _____ CS _____

same title
 new title
 technical title change
(HB only)

attached amendment(s)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) DCRA 5-13-91 \$1,000.0

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten signatures]

[Handwritten signature: Peter G. (NO REC)]

1. *[Signature]* 2. *[Signature]* Do pass
Co-Chairs: Signatures and Recommendations

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 238

Revision Date: 5/13/91 Department Affected: Dept. Community & Regional Aff
 Title: RURAL DEVELOPMENT INITIATIVE PROGRAM BRU: EMPLOYMENT/TRAINING/RURAL DEVELOPMENT
 Component: COMMUNITY DEVELOPMENT ASSISTANCE
 Sponsor: SENATORS ADAMS & HOFFMAN
 Requestor: _____ COMPONENT SERIAL NO.

1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	1,000.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER			47.3	236.2	236.2	283.5
TOTAL	1,000.0	-0-	47.3	236.2	236.2	283.5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.) See attached.

Changes in CS50238 (Fin) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

5-14-91 AD
date Comte Aide (initial)

Prepared By: Remond Henderson, Director

Phone: 465-4708

Division: Administrative Services

Date: May 13, 1991

Approved by Commissioner: Edgar Blatchford

Agency: Department of Community and Regional Affairs

Date: 5/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

This fiscal note supercedes a prior note - provided for HB 256, and SB 238. HB 256 was a companion measure introduced in the House. HB 256 was linked, fiscally, to HB 222 insofar as the bill appropriated \$10 million to capitalize the REDIF. With the demise of HB 222 the prior fiscal note for HB 256 and SB 238 is moot. The funding source and level for SB 238 is unknown at this time and, therefore, the fiscal note is reduced. (see position paper).

The one million dollars is included as a contribution to the REDIF as a funding source. The one million dollars is identified in the Governor's FY92 capital budget for rural development grants and is one of the Hickel Administration's priorities, but currently it is not reflected in the Senate's Capital budget. Therefore, we have requested that level of funding for this bill.

The zero operating budget for the REDIF is justified by the capacity of our existing RDF operations system to absorb this small amount of funds.

Finally, the "other" sources of revenue reflect an estimate of income from loans made with the one million dollars.

Final

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

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS ADAMS, Hoffman

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the rural development initiative program."

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

3 * Section 1. AS 44.47 is amended by adding new sections to read:

4 ARTICLE 11A. RURAL DEVELOPMENT INITIATIVE PROGRAM.

5 Sec. 44.47.800. RURAL DEVELOPMENT INITIATIVE FUND. (a) The rural
6 development initiative fund is created in the department. Unless provided otherwise in the
7 appropriation act, an appropriation to the fund is retained in the fund for use under
8 AS 44.47.800 - 44.47.820 and does not lapse at the end of a fiscal year. Each year the
9 commissioner shall request an appropriation to the fund of interest and other income earned on
10 loans or investments of the fund. Money in the fund may be appropriated for costs of
11 administering AS 44.47.800 - 44.47.820.

12 (b) The commissioner may place money from the fund into a special reserve account as
13 necessary. The commissioner may use money in the account to protect the state's security
14 interest in collateral on loans made from the fund, to protect the state's interests in investments

L

1 made from the fund, or to defray expenses incurred during foreclosure or other legal proceedings
2 involving loans or investments made from the fund.

3 (c) The commissioner may use money from the fund to provide for loan information
4 officers under AS 44.47.155.

5 Sec. 44.47.810. RURAL DEVELOPMENT LOANS. ~~(b)~~ The department may use
6 money from the rural development initiative fund to make a loan of up to \$100,000 to a person,
7 or a loan of up to \$200,000 to two or more persons, to be used for working capital, equipment,
8 construction, or other commercial purposes by a business located in a community with a
9 population of 5,000 or less. A person who has received a loan under this subsection may not be
10 granted another loan until after the original loan is entirely repaid.

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

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

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

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS ADAMS, Hoffman

A BILL

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7 or a loan of up to \$200,000 to two or more persons, to be used for working capital, equipment,
8 construction, or other commercial purposes by a business located in a community with a
9 population of 5,000 or less. A person who has received a loan under this subsection may not be
10 granted another loan until after the original loan is entirely repaid.

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

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

*delete private non-gov.
to other non-state*

FISCAL NOTE

No. 1

Version: SB 238

(S) Publish Date: 5/10/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Community & Regional Affairs

Title: Rural Development Initiative Program

BRU: Employment/Training/Rural Development

Component: Community Development Assistance

Sponsor: Senators Adams & Hoffman

Requestor: _____

COMPONENT SERIAL NO.

1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	234,169.31	245,877.77	258,171.65	271,080.23	284,634.24	298,865.9
TRAVEL	53,378.04	50,000.00	50,000.00	50,000.00	50,000.00	50,000.0
CONTRACTUAL	36,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.0
SUPPLIES	3,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.0
EQUIPMENT	12,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -			
TOTAL OPERATING	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.9

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.9
TOTAL						

POSITIONS: *Pending development of a funding source

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See attached

Changes in CS SB 238 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
date 5/9/91 Pick Salie Comte Aide (initial)

Prepared By: Remond Henderson, Director

Phone: 465-4708

Division: Division of Administrative Services

Date: 4/18/91

Approved by Commissioner: Edgar Blatchford

Agency: Community & Regional Affairs

Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Nome		Election District L2
TYPE OF EXPENDITURE		Amount	Justification	
Salary	58,186.80		<p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Nome Regional Office serving the Northwestern region and the Kotzebue Sound area.</p>	
Benefits	20,416.51			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	78,603.31	78,603.31		
Travel		17,700.00		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		113,303.31		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		113,303.31		

**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Employment/Training/Rural Development
 COMPONENT Community Development Assistance

FY 92

Page 2 of 4
 Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Dillingham		Election District N3
TYPE OF EXPENDITURE		Amount	Justification	
Salary	55,263.60		<p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of community & Regional Affairs' Dillingham Regional Office serving the Bristol Bay area.</p>	
Benefits	19,628.33			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	74,891.93	74,891.93		
Travel		17,978.04		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		109,869.97		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		109,869.97		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 3 of 4

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Bethel		Election District 114
TYPE OF EXPENDITURE		Amount		
Salary	59,913.00	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Bethel Regional Office serving the Southwestern region, including the Yukon-Kuskokwim Delta area.</p>		
Benefits	20,761.07			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	80,674.07			
Travel	17,700.00			
Contractual	12,000.00			
Commodities	1,000.00			
Equipment	4,000.00			
Other				
Total Cost	115,374.07			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		115,374.07		

**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Employment/Training/Rural Development
 COMPONENT Community Development Assistance

FY 92

Page 4 of 4
 Revised Date: _____

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Community & Regional Affairs

Title: Rural Development Initiative Program

BRU: Administration & Support

Component: Administrative Services

Sponsor: Senators Adams & Hoffman

Requestor: _____

COMPONENT SERIAL NO.

1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	49,452.65	51,925.28	54,521.54	57,247.61	60,110.00	63,115.5
TRAVEL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
CONTRACTUAL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
SUPPLIES	1,000.00	500.00	500.00	500.00	500.00	500.00
EQUIPMENT	3,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.5

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.5
TOTAL						

POSITIONS: *Pending development of a funding source

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Changes in CS SB 238 (CRA)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate
5/9/91 Rick Solie
date Comte Aide (initial)

Prepared By: Raymond Henderson, Director

Phone: 465-4708

Division: Division of Administrative Services

Date: 4/18/91

Approved by Commissioner: [Signature]

Agency: Department of Community & Regional Affairs

Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title ACCOUNTANT II		No. of Positions 1	Range / Step 16	Barg. Unit GGU
Time Status FULL-TIME	Staff Months 12	Location JUNEAU		Election District C1
TYPE OF EXPENDITURE		Amount		
Salary	35,166.60			
Benefits	14,286.05			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	49,452.65	49,452.65		
Travel		2,000.00		
Contractual		2,000.00		
Commodities		1,000.00		
Equipment		3,000.00		
Other		- 0 -		
Total Cost		57,452.65		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		57,452.65		
		<p>Justification</p> <p>This position will be responsible for posting transactions associated with the Rural Economic Development Initiative Fund as well as the monthly reconciliation of of fund activities as recorded in subsidiary ledgers with AKSAS, the state accounting system. This will involve approximately 10 million dollars in funding activities.</p> <p>This position will prepare monthly financial statements to determine the availability of funds for loans and work with the Division of Finance in preparing year end loan receivables and closing adjustments.</p> <p>This position will be based in the Department of Community & Regional Affairs, Division of Administrative Services, Juneau office.</p>		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Administration & Support

COMPONENT Administrative Services

FY 92

Page 2 of 2

Revised Date: _____