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1996

<TARGET><BILL>HB 196</BILL><SUBJECT>HB
196</SUBJECT><COMM>SFIN27</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/14/12

FURTHER:
DATE TURNED _____
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 196(FIN)

HB 196-BULK FUEL LOANS/POWER PROJECT FUND

"An Act relating to the power project fund and to the bulk fuel revolving loan fund; establishing a bulk fuel loan account and making the bulk fuel loan account and the bulk fuel bridge loan account separate accounts in the bulk fuel revolving loan fund; providing for technical assistance to rural borrowers under the bulk fuel bridge loan program; relating to the administration and investment of the bulk fuel revolving loan fund by the division in the Department of Commerce, Community, and Economic Development responsible for community and regional affairs; and providing for an effective date."

and recommends:






- be replaced with SCS _____ (_____) Same Title Technical Title Change New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change New Title/SCR No. _____
- attached amendment(s) _____
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	LEG
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
HFN/CGD	X			0
HFN/CGD	X			5
HFN/CGD	X			4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO	DO NOT	NO REC	AMEND
		PASS	PASS		
	Thomas Hornes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Egan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gessner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR: 		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR: 		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

Bill Version
Fiscal Note Number
(H) Publish Date

**CSHB 196(FIN)
6
3/21/2012**

Identifier (file name) HB196-DCCED-DED-3-20-12

Dept. Affected

DCCED

Title Bulk Fuel Loans/Power Project Fund

Appropriation

Investments

Sponsor

Edgmon

Allocation

Investments

Requester House Finance Committee

OMB Component Number

383

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	
Personal Services			53.6	53.6	53.6	53.6	53.6	53.6
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	53.6	53.6	53.6	53.6	53.6	53.6

FUND SOURCE	(Thousands of Dollars)								
1002 Federal Receipts									
1003 GF Match									
1004 GF									
1005 GF/Prgm (DGF)									
1037 GF/MH (UGF)									
1074 Bulk Fuel (DGF)			53.6	53.6	53.6	53.6	53.6	53.6	53.6
TOTAL	0.0	0.0	53.6	53.6	53.6	53.6	53.6	53.6	53.6

POSITIONS										
Full-time				1		1		1		1
Part-time										
Temporary										
CHANGE IN REVENUES										

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)
The three fiscal notes--AEA, Investments and DCRA--now show no net increase in operating costs.

Prepared by House Finance Staff Phone 465-4968
 Division House Finance Committee Date/Time 3/20/12 10:15 AM
 Approved by Co-Chair Bill Stoitze Date 3/20/2012
House Finance Committee

FISCAL NOTE #6

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 196(FIN)

Analysis

\$53.6 of Bulk Fuel Loan administrative costs will be transferred from AEA to the Division of investments, where they will be charged directly to the BFRLF.

One position is added, but the position will not be fully funded with BFRLF receipts. The BFRLF program does not require a dedicated position.

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

Bill Version CSHB 196(FIN)
Fiscal Note Number 5
(H) Publish Date 3/21/2012

Identifier (file name) HB196-DCCED-CRA-3-20-12 Dept. Affected DCCED
Title Bulk Fuel Loans/Power Project Fund Appropriation Community and Regional Affairs
Allocation Community and Regional Affairs
Sponsor Edgmon OMB Component Number 2879
Requester House Finance Committee

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	
Personal Services								
Travel		36.0						
Services		126.0						
Commodities		1.0						
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	163.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)							
1002 Federal Receipts								
1003 GF Match								
1004 GF		163.0						
1005 GF/Prgm (DGF)								
1037 GF/MH (UGF)								
1178 temp code (UGF)								
TOTAL	0.0	163.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS								
Full-time								
Part-time								
Temporary								
CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

The Division of Community and Regional Affairs currently provides technical assistance to communities applying for bridge loans. No significant increase in this activity is anticipated.

The original note listed the BFRLF as the funding source for technical assistance. This note retains a GF fund source.

Prepared by House Finance Staff Phone 465-4958
Division House Finance Committee Date/Time 3/20/12 10:15 AM
Approved by Co-Chair Bill Stolze Date 3/20/2012
House Finance Committee

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version
Fiscal Note Number
(H) Publish Date

CSHB 196(FIN)
4
3/21/2012

Identifier (file name) HB196-DCCED-AEA-3-20-12 Dept. Affected DCCED
 Title Bulk Fuel Loans/Power Project Fund Appropriation Alaska Energy Authority
 Sponsor Edgmon Allocation Alaska Energy Authority Rural
 Requester House Finance Committee OMB Component Number 2600
Energy Operations

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13					
Personal Services							
Travel							
Services			(53.6)	(53.6)	(53.6)	(53.6)	(53.6)
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	(53.6)	(53.6)	(53.6)	(53.6)	(53.6)
FUND SOURCE	(Thousands of Dollars)						
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)			(53.6)	(53.6)	(53.6)	(53.6)	(53.6)
1037 GF/MH (UGF)			(53.6)	(53.6)	(53.6)	(53.6)	(53.6)
1074 Bulk Fuel (DGF)			(53.6)	(53.6)	(53.6)	(53.6)	(53.6)
TOTAL	0.0	0.0	(53.6)	(53.6)	(53.6)	(53.6)	(53.6)

POSITIONS	Full-time	Part-time	Temporary	CHANGE IN REVENUES
				(57.0)
				(57.0)
				(57.0)
				(57.0)
				(57.0)

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)
 No change from original note, except that cost and revenue information is extended through FY18.

Prepared by _____ House Finance Staff Phone 465-4958
 Division _____ House Finance Committee Date/Time 3/20/12 10:15 AM
 Approved by _____ Co-Chair Bill Stoltz Date 3/20/2012
 _____ House Finance Committee

Analysis

Program activity will be transferred to the Division of Investments. The position associated with this program will be retained in AEA.

Loan application and origination fees are eliminated, resulting in a loss of \$57.0 of general fund revenue annually.

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Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

SPONSOR STATEMENT FOR CSHB196 (FIN)

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay

This proposed legislation will move the bulk fuel revolving loan fund (BFRLF) from the Alaska Energy Authority (AEA) to the Division of Community & Regional Affairs (DCRA), which will mean both the BFRLF and the bulk fuel bridge loan program will be housed in the same division.

Dillingham
Egegik
Ekwok
False Pass

Housing these two funds under one roof is something the House Energy committee considered last session, and also an idea the governor endorsed in his report to the Legislature regarding State energy programs.

Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak

Currently, if an applicant is rejected for a loan from the BFRLF, their next step is to apply for a bulk fuel loan through the bridge loan program. It makes perfect sense to have these related loan programs under the jurisdiction of one entity, and DCRA is the logical place for them to be housed.

Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville

HB196 will place both the bulk fuel loan account and the bulk fuel bridge loan account as separate accounts in the BFRLF, contains provisions for technical assistance for those borrowers needing help, and will streamline the whole process of obtaining bulk fuel loans for communities.

I would appreciate your support for this bill.

Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

State Capitol Building

Room 416, Juneau, AK 99801. Phone: (907) 465-4451 Toll Free: 1-800-898-4451
Email: Rep_Bryce_Edmon@legis.state.ak.us

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

CHANGES FROM HB196 TO CSHB196 (FIN)

The Finance version of the bill simply updated effective dates in Sections 10 and 12 of the bill from January 1, 2012 to January 1, 2013

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Email: Rep_Bryce_Edgmom@legis.state.ak.us

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

SECTIONAL ANALYSIS

CSHB196 (FIN) – Bulk Fuel Loans / Power Project Fund

Adak
Akutan
Aleknagik
Atha
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwook
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

Section 1 of the bill deletes the bulk fuel revolving loan fund (BFRLF) from the list of entities eligible to receive loans from the power project fund.

Section 2 of the bill switches the location of the bulk fuel revolving loan fund from the Alaska Energy Authority to the Division of Community & Regional Affairs (DCRA). Also adds a person or community "maintaining community facilities or infrastructure" to the list of entities eligible for a bulk fuel loan and deletes a requirement that the entity get written endorsement from the governing body of the community for which the loan is sought.

Section 3 of the bill makes a conforming amendment to statutory changes within the bill.

Section 4 of the bill adds language allowing funding options and adds a technical assistance section for borrowers needing help in applying for a loan and / or direction to help improve their creditworthiness.

Section 5 of the bill establishes the bulk fuel loan account and the bulk fuel bridge loan account as separate accounts within the bulk fuel revolving loan fund. It also establishes interest rates for both accounts and lays out general rules for loan limits, allows DCRA to establish criteria for eligibility, and allows DCRA to contract with a state agency or outside contractor to administer or implement a technical assistance and counseling plan.

Section 6 of the bill repeals AS 29.60.660 and AS 42.45.250(c-m).

Sections 7-10 of the bill provide transition language allowing the movement of funds to the newly created subaccount and language stating any outstanding obligations from the current loan fund will continue to be in effect.

Section 11 of the bill sets an immediate effective date for DCRA to begin adopting regulations.

Section 12 of the bill sets an effective date of January 1, 2013

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STATUTES REPEALED BY SECTION 6 OF HB196

Submitted by Rep. Edgmon

Article 05. BULK FUEL BRIDGE LOAN FUND AND PROGRAM

Sec. 29.60.660. Bulk fuel bridge loan fund and program.

(a) The bulk fuel bridge loan fund is established in the department to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities, if no other funding source exists for the purchase. The fund consists of appropriations to the fund and income earned on investment of money in the fund.

(b) A community, utility, fuel retailer, or other person generating power or supplying fuel in a community as described in (a) of this section is eligible to receive a loan from the bulk fuel bridge loan fund for a purchase of bulk fuel to be used in the community if the community, utility, fuel retailer, or other person

(1) has a written endorsement from the governing body of the community for which a loan from the fund under this section is sought; and

(2) first applied for and has been denied a loan from

Authority: (A) the bulk fuel revolving loan fund (AS 42.45.250) administered by the Alaska Energy Authority;

(B) any other funding source used by the community, utility, fuel retailer, or other person in the past three years to finance purchases of bulk fuel for the community; and

(C) any other funding source that the department determines is available to the community, utility, fuel retailer, or other person to purchase bulk fuel.

(c) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal year

(1) may not exceed \$750,000; and

(2) shall be repaid within one year after the date of the award.

(d) Interest may not be charged on a loan made from the bulk fuel bridge loan fund.

(e) Repayments of the loans made under this section shall be paid into the bulk fuel bridge loan fund. Money in the fund does not lapse. This fund is not a dedicated fund. Amounts in the fund may be appropriated for expenses directly related to administration of the fund.

(f) The department may contract for the administration of the bulk fuel bridge loan program established in this section.

(g) The department may adopt regulations under AS 44.62 necessary to carry out the provisions of this section.

(h) In this section,

(1) "community" means a municipality or unincorporated village that is a social unit, if the municipality or unincorporated village has a population of less than 2,000 people;

(2) "fund" means the bulk fuel bridge loan fund established in (a) of this section;

(3) "person "

(A) has the meaning given in AS 01.10.060;

(B) includes a cooperative, a joint venture, and a governmental entity.

History -

(Sec. 1 ch 110 SLA 2008; am Sec. 1 ch 2 SSSLA 2008)

Amendment Notes -

The 2008 amendment, effective August 26, 2008, substituted "\$750,000" for "\$500,000" in paragraph (c)(1).

Article Notes -

Effective Dates. Section 7, ch. 110, SLA 2008, makes this article effective June 26, 2008.

Sec. 42.45.250. Bulk fuel revolving loan fund.

- (a) The bulk fuel revolving loan fund is established in the authority to assist communities, utilities providing power in communities, and fuel retailers in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities. A community, or a person generating power or selling fuel in a community who has written endorsement from the governing body of each community for which a loan from the fund is sought, is eligible for a loan from the bulk fuel revolving loan fund for a purchase of an emergency supply or a semiannual or annual supply of bulk fuel to be used in the community.
- (b) Money in the fund may be used by the legislature to make appropriations for costs of administering this section.
- (c) The foreclosure expense account is established as a special account within the bulk fuel revolving loan fund. This account is established as a reserve from fund equity.
- (d) The authority may spend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under this section or to defray expenses incurred during foreclosure proceedings after a default by an obligor.
- (e) Loans made from the bulk fuel revolving loan fund to one borrower in any fiscal year
 - (1) may not exceed \$750,000, or, if the borrower is a cooperative corporation organized under AS 10.15 or an electric cooperative organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more than one community, may not exceed the lesser of \$750,000 multiplied by the number of communities on whose behalf the bulk fuel is to be purchased, or \$1,800,000;
 - (2) shall be repaid in one year or less; and
 - (3) may not exceed 90 percent of the wholesale price of the fuel purchased.
- (f) Interest may be charged on a loan made from the bulk fuel revolving loan fund. Interest shall be charged on a loan at a rate equal to the percentage of the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the authority from municipal bond yield rates reported in the 30-year revenue index of The Bond Buyer. However, if the authority finds that a community cannot afford to repay a portion of interest on a loan, and makes a determination in writing, the authority may reduce or eliminate the interest rate applicable to the loan.
- (g) Repayments of the principal, the interest, and the money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on a loan made under this section shall be paid into the bulk fuel revolving loan fund. The fund is not a dedicated fund.
- (h) The authority may contract for the administration of the bulk fuel loan program established in this section.

(i) The authority shall dispose of property acquired through default or foreclosure of a loan made under this section. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

(j) The authority may adopt regulations necessary to carry out the provisions of this section, including regulations to establish reasonable fees for services provided and charges for collecting the fees.

(k) The authority may collect the fees and collection charges established under (j) of this section and shall deposit the money in the general fund.

(l) Subject to the limitations of AS 42.45.010(b)(3), the authority may borrow money from the power project fund (AS 42.45.010) when necessary to meet commitments for loans from the bulk fuel revolving loan fund. The authority shall use the money in the bulk fuel revolving loan fund to repay the money borrowed from the power project fund and any interest charged on the money borrowed.

(m) In this section,

(1) "community" means an organized municipality or an unincorporated village that is a social unit, with a population of less than 2,000 people;

(2) "person" has the meaning given in AS 01.10.060 and includes a corporation, a cooperative, a joint venture, and a governmental entity.

History -

(Sec. 5 ch 18 SLA 1993; am Sec. 1 ch 121 SLA 2002; am Sec. 8 ch 117 SLA 2003; am Sec. 5 - 7, 11 ch 36 SLA 2004; am Sec. 1 ch 78 SLA 2006; am Sec. 4 - 6 ch 110 SLA 2008; am Sec. 4 ch 2 4SSLA 2008)

Revisors Notes -

In 1999, in this section, "department" was changed to "authority" in accordance with Sec. 91(b), ch. 58, SLA 1999.

In 2000, in subsection (k), "(j) of this section" was substituted for "(i) of this section" to correct a manifest error in ch. 18, SLA 1993. In 2004, former paragraph (l)(2) was renumbered as (l)(1) to reflect the 2004 repeal of former paragraph (l)(1). Paragraph (l)(2) was enacted as (l)(3) and renumbered in 2004.

Subsection (l) was enacted as (m); relettered in 2008, at which time subsection (l) was relettered as (m).

Amendment Notes -

The 2006 amendment, effective September 17, 2006, substituted the present provisions of paragraph (e)(1) for "may not exceed \$300,000."

The first 2008 amendment, effective June 26, 2008, substituted "\$500,000" for "\$400,000" two times in paragraph (e)(1) and "\$1,800,000" for "\$1,500,000" in that paragraph, substituted "The Bond Buyer" for "The Weekly Bond Buyer" in the second sentence of subsection (f), and added subsection (m) [now (j)].

The second 2008 amendment, effective August 26, 2008, substituted "\$750,000" for "\$500,000" twice in paragraph (e)(1).

ADDITIONAL INFORMATION FOR CSHB196 (FIN) -- PROVIDED BY OFFICE OF REP. EDGMON

AVAILABLE FOR QUESTIONS ON FISCAL NOTES OR THE PROGRAM:

- | | |
|---------------------|--|
| 1) Scott Ruby | Division of Community & Regional Affairs |
| 2) Wanetta Ayers | Division of Investments |
| 3) Sara Fisher-Goad | Alaska Energy Authority |

WE HAVE NOT ASKED ANYONE TO TESTIFY ON THIS BILL BUT WILL IF THE COMMITTEE DESIRES

STAFF FOR REP EDGMON:

ADAM BERG