

HB

304

<TARGET><BILL>HB 304</BILL><SUBJECT>HB
304</SUBJECT><COMM>HL&C30</COMM></TARGET>



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

OFFICE OF THE COMMISSIONER

P.O. Box 110800
Juneau, AK 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

MEMORANDUM

TO: Representative Sam Kito, Chair
House Labor and Commerce Committee

DATE: Tuesday, January 30, 2018

FROM: Mike Navarre, Commissioner *MN*

RE: Hearing request for HB 304

Please accept this request to schedule HB 304 - Microloan Revolving Fund and Loans for consideration by the House Labor and Commerce Committee.

This legislation will incentivize the startup and expansion of small and micro businesses by making improvements to an existing loan program. It extends the loan terms from 6 to 15 years and amends the interest rates. This legislation is aligned with priorities identified in Northern Opportunity: Alaska's Economic Development Strategy.

If you have any questions regarding this hearing request, please feel free to contact Micaela Fowler at 465-2503.

Enclosures

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500
fax: 907-465-3532



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450
fax 907-269-7461
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Bill Walker
STATE OF ALASKA

January 23, 2018

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Edgmon,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska microloan revolving fund.

The Alaska microloan revolving fund exists to assist state residents with small business venture loans to facilitate entrepreneurial enterprise throughout the state, with a specific policy emphasis on job creation in rural communities.

This bill would improve the program by allowing a loan term for up to 15 years (as opposed to the current six years) and increase the interest rate from one percentage point above the prime rate to two percentage points above the prime rate. Further, the minimum interest rate would be modified to not less than four percent a year (rather than the current six percent a year). The maximum interest rate would remain eight percent a year.

These changes will allow the program to incentivize the startup and expansion of small and micro businesses, growing the small business sector while still protecting the state's financial interests.

I urge your prompt and favorable action on this measure to create a Stronger Alaska.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker
Governor

Enclosure



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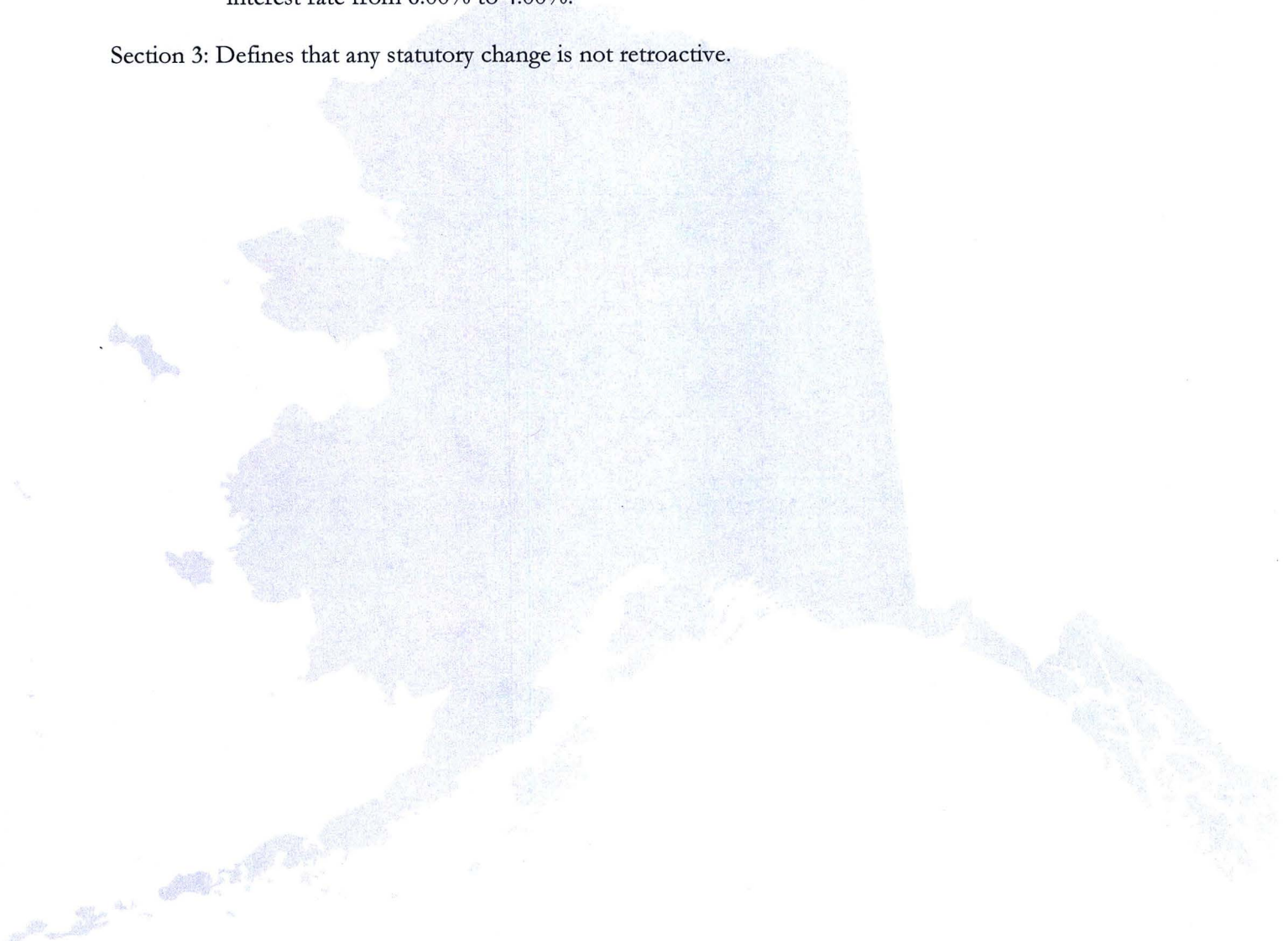
P.O. Box 110800
Juneau, AK 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

HB 304 ver. A: Microloan Revolving Fund and Loans
Sectional Analysis

Section 1: Amends the ceiling loan amount to correct an oversight in the original legislation to require a bank denial for loans above \$35,000.

Section 2: Increases the maximum loan term from 6 years to 15 years and amends the minimum interest rate from 6.00% to 4.00%.

Section 3: Defines that any statutory change is not retroactive.



Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HB 304
Fiscal Note Number:	1
(H) Publish Date:	1/24/2018

Identifier: DCCED-INV-01-22-18
 Title: MICROLOAN REVOLVING FUND & LOANS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Commerce, Community and
Economic Development
 Appropriation: Investments
 Allocation: Investments
 OMB Component Number: 383

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Brittney Cioni-Haywood, Director	Phone:	(907)465-2625
Division:	Division of Economic Development	Date:	01/22/2018 04:15 PM
Approved By:	Catherine Reardon, Director	Date:	01/22/18
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION**Analysis**

This legislation amends the Microloan Revolving Loan Fund program to increase the maximum loan term from 6 years to 15 years and amends the minimum interest rate from 6.00% to 4.00%.

For loans of more than \$35,000, the applicant must provide documentation that they have been denied a loan from a financial institution within Alaska, or that a loan from a financial institution is contingent on the applicant receiving the a loan from the fund. The bill also requires a reasonable amount of non-state funds be used for the project or enterprise. Collateral must be acceptable to the Commissioner and loans cannot be made to applicants with past-due child support.

The legislation will facilitate the start up and expansion of small and micro businesses to promote Alaska employment. It allows for the adjustment of monthly payments to match small business cash flow needs.

If this legislation were to pass a regulations project would be required; the minimal costs associated can be absorbed by current budgetary authorization. There is no anticipated fiscal impact to the Division of Economic Development from this bill.