

HB

340

<TARGET><BILL>HB 340</BILL><SUBJECT>HB
340</SUBJECT><COMM>HL&C30</COMM></TARGET>



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

OFFICE OF THE COMMISSIONER

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MEMORANDUM

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

DATE: Monday, February 12, 2018

FROM: Mike Navarre, Commissioner *mnw*

RE: Hearing request for HB 340

Please accept this request to schedule HB 340 – Repeal BIDCO Assistance Program for consideration by the House Labor and Commerce Committee.

This legislation eliminates the annual examination requirement for licensed Business and Industrial Development Corporations (BIDCO) while retaining the department's authority to conduct an examination as needed. It also repeals the BIDCO Assistance Program and the Alaska BIDCO fund, which was created but never funded by the legislature.

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

Enclosures

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Governor Bill Walker
STATE OF ALASKA

February 8, 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 that would repeal the BIDCO loan assistance program.

A "BIDCO" is a person licensed by the Department of Commerce, Community, and Economic Development to provide financial and management assistance to businesses. Under current law, the Department is required to examine a BIDCO annually and the cost for these examinations borne by the BIDCO. This bill would remove the requirement for an annual examination of a BIDCO, but continue to allow the Department to examine a BIDCO at any time. Repealing the annual schedule while leaving in place the ability to conduct these examinations when necessary to protect the public while removing unnecessary, burdensome, and costly requirements.

The bill would also repeal the BIDCO assistance program (AS 37.17), including the Alaska BIDCO fund. The assistance program has not been funded, since it has not been used, and is unnecessary and should be repealed.

I urge your prompt and favorable action on this measure.

Sincerely,

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

Bill Walker
Governor

Enclosure



HB 340 ver A: Repeal BIDCO Assistance Program
Sectional Analysis

Section 1: Amends statute to remove the reduced minimum net worth of \$500,000 for the companies who received initial capitalization loans.

Section 2. Deletes the financial assistance program from the financial aid to corporations by state or political subdivision.

Section 3. Amends the duties of the department and regulations to oversee the administration of outstanding loans and financial assistance under the former AS 37.17.500 - 37.17.690.

Section 4. This section repeals the following statutes:

AS 10.13.600(b) – the requirement to perform an annual examination.

AS 10.13.930(c) – the authority to furnish information to the Alaska Industrial Development and Export Authority. With the assistance program repeal there is no need for reporting.

AS 37.17.500 – the purposes of Alaska BIDCO assistance program.

AS 37.17.510 – establishing the Alaska BIDCO fund.

AS 37.17.520 – governing the use of money in the Alaska BIDCO fund.

AS 37.17.530 – establishing the BIDCO capitalization loans.

AS 37.17.540 – establishing the loan commitment conditions.

AS 37.17.550 – allowing for the initial capitalization of BIDCO.

AS 37.17.560 – governing the subordination of a BIDCO capitalization loan.

AS 37.17.570 – the BIDCO capitalization loan repayment and interest.

AS 37.17.580 – the BIDCO capitalization loan credits.

AS 37.17.590 – the implementation of BIDCO capitalization loan program.

AS 37.17.600 – the terms of BIDCO capitalization loans.

AS 37.17.610 – relating to access to meetings and information.

AS 37.17.620 – BIDCO operation limitations.

AS 37.17.630 – relating to surrender of BIDCO license while there is an outstanding obligation.

AS 37.17.640 – providing for closing assistance.

AS 37.17.660 – allowing for subsequent loans.

Further, AS 37.17.650 and AS 37.17.690 are repealed, as they provided for confidentiality and definitions related to the repealed statutes.

Section 5. Adds that the Alaska BIDCO Fund, subject to appropriation, is transferred to the general fund.

Section 6.

- (a) States that regulations adopted under the authority of those statutes that are being repealed in Sec. 4 remain in effect and may continue to be implemented and enforced by the department as necessary to carry out the functions assigned to it by the Act.
- (b) Provides that if a BIDCO received a loan or other financial assistance before the effective date of this Act, they will still be required to carry out the terms of the loan. The principal, interest, and fees required would be paid into the general fund.
- (c) Allows for contracts, rights, liabilities, and obligations created before the effective date of this Act to remain in effect.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HB 340
Fiscal Note Number:	1
(H) Publish Date:	2/9/2018

Identifier: DCCED-DBS-02-02-18
 Title: REPEAL BIDCO ASSISTANCE PROGRAM
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Banking and Securities
 Allocation: Banking and Securities
 OMB Component Number: 2808

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 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019					
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? **12/31/18**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Patrice Walsh, Financial Examiner	Phone:	(907)269-5496
Division:	Banking and Securities	Date:	02/02/2018 09:50 AM
Approved By:	Catherine Reardon, Director	Date:	02/02/18
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION**Analysis**

The revisions to the Alaska Business and Industrial Development Corporation (BIDCO) Act will eliminate the annual examination requirement yet retain the division's authority to conduct an examination when needed. Examiners have found no substantive problems with violations of Alaska law during the annual examination process.

The assistance program was designed to help start-up BIDCOs with initial capital to make business loans for small to medium size companies located throughout the state including rural and distressed areas and minority-owned businesses. The program was to be funded with the Alaska BIDCO fund, which was never funded by the legislature. The provision has never been used.

Regulations will be amended to reflect these changes. The Division of Banking and Securities does not anticipate fiscal impact from this legislation.