

LEG. FINANCE - BILLS 1979 - 1980 1285

SB 143 cont., thru SB 147 1285

FY 79 SUPPLEMENTAL REQUEST ANALYSIS

	FY 77 ACTUAL	FY 78 FINAL AUTH.	FY 78 ACTUAL	FY 79 GOV. BUDGET	FY 79 INITIAL AUTH.	FY 79 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1/-11/30	OTHER OBLIGATIONS 7/1/-11/30	PROJECTED EXPENDI- TURES + ENCUMBRANCES 12/1-6/30	FY 79 (DEFICIT) OR EXCESS	FY 80 CONTINUING
PERSONAL SERVICES	490.6	568.5	568.5	562.0	556.4	556.4	211.8		344.6	0	636.8
TRAVEL	14.9	12.7	19.5	17.7	17.7	17.7	7.3		10.4	0	22.2
CONTRACTUAL SERVICES	53.0	93.1	45.9	73.0	73.0	73.0	79.9		25.2	(32.1)	116.0
COMMODITIES	6.4	3.5	8.2	4.8	4.8	4.8	2.6		2.2	0	9.3
EQUIPMENT	4.6	5.4	6.4	1.3	1.3	1.3	.8		.5	0	3.1
RENTS, BLDG. ...	8.9		9.0	9.0	9.0	9.0	9.0		-	0	9.0
PRINTS, CLAIMS			.2								
MISCELLANEOUS											
TOTAL	578.4	683.2	657.7	667.8	662.2	662.2	311.4		382.9	(32.1)	796.4
FEDERAL RECEIPTS											
REQUIRED OF MATCHING											
OTHER GENERAL FUND	578.4	683.2	657.7	667.8	662.2	662.2	311.4		382.9	(32.1)	796.4
INTER-AGENCY RECEIPTS											

AGENCY: Dept. of Health & Social Services BRU: Probation and Parole COMPONENT: 4th Judicial District REVISED: _____

STATE
of ALASKA

MEMORANDUM

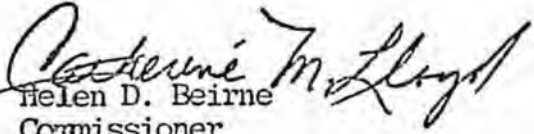
TO: Ron Lind, Director
Division of Budget & Management
Office of the Governor

DATE: January 17, 1979

FILE NO:

TELEPHONE NO:

FROM:


Helen D. Beirne
Commissioner
Department of Health & Social ServicesSUBJECT: Adult Confinement Personal
Services
Supplemental Budget
Reinstatement

The Division of Corrections has completed the analysis of personal services expenditures of nine State operated correctional centers. The December 31, 1978 current year authorization balances record was used as the basis for projections of expenditures to FY 79 year end with consideration made for salary increase and/or COLA.

A continued expenditure rate will result in at least a \$382,000 shortfall in personal services by year end in the Adult Confinement BRU.

The bargaining unit salary increases and/or COLA for general government employees effective January 1, 1979 will be offset through salary and overtime savings by the cancellation of all remaining scheduled correctional officer academy training courses in this fiscal year.

The Division has identified other Adult Confinement BRU funds of \$100,000 in community base work/furlough release programs to partially fund the deficit. This will reduce the supplemental request to \$202,000.

No other line item funds are available to transfer to Personal Services within the Adult Confinement components.

Should the supplemental request not be granted, the Division will proceed to lay-off Adult Confinement personnel. We have developed the layoff plan and related plan alternatives to be effective by March 1, 1977 as follows:

PLAN A

<u>Correctional Center</u>	<u>No. of Positions</u>	<u>Job Class</u>	<u>Personal Services Savings March 1 to June 30, 1979</u>	<u>Impact</u>
Palmer	1	Assistant Supt.	\$ 14.9	All programs eliminated - auto/welding Farm Program Road Maintenance Arts and Crafts Sign Shop General Education Work Release
	1	Inst. Instructor	8.8	
	4	Correctional Officer	35.7	
	<u>6</u>		<u>\$ 59.4</u>	
				Administrative and supervisory expertise reduced by approximately 50%.
				Other institutions will not receive any farm program benefits, i.e., fresh produce.
<hr/>				
Anchorage State	1	Assistant Supt.	\$ 10.6	Education programs eliminated. Counseling, parole and classification activity will be reduced by 50%.
	1	Inst. Counselor	10.2	
	2	Correctional Officer	20.6	
	<u>4</u>		<u>\$ 41.4</u>	
				Administrative and supervisory expertise reduced by approximately 50%.
				Prisoners will not be classified to other facilities as rapidly, and parole preparation will be delayed causing a bottleneck for the entire adult institutional system.

<u>Correctional Center</u>	<u>No. of Positions</u>	<u>Job Class</u>	<u>Personal Services Savings March 1 to June 30, 1979</u>	<u>Impact</u>
Juneau	1	Assistant Supt.	\$ 10.6	All programs eliminated - Mechanical/Electrical General Education Arts and Crafts Work Release On Staff Medical Care
	1	Inst. Counselor	11.4	
	1	Nurse	8.5	
	1	Vocational Inst.	10.2	
	<u>1</u>	Institutional Inst.	<u>8.5</u>	
	<u>5</u>		<u>\$ 49.2</u>	
				Administrative and supervisory expertise reduced by approximately 50%.
				Parole preparation, counseling classification reduced by 50%.
<hr/>				
Fairbanks	1	Assistant Supt.	\$ 12.8	All programs eliminated - General Education Arts and Crafts Work Release
	1	Community Counselor	9.8	
	1	Institutional Inst.	9.8	
	<u>3</u>	Correctional Officers	<u>38.3</u>	
	<u>6</u>		<u>\$ 70.7</u>	
				Administrative and supervisory expertise reduced by approximately 50%.
				Parole Preparation, counseling classification reduced by 50%.
<hr/>				
Ketchikan	0		\$ 0	Present staff levels are below minimum considering split locations and/or physical plans of facilities. Ridgeview programs are by citizen volunteer groups with equivalent of one correctional officer's time for security.
Nome	0		0	
Ridgeview	1	Correctional Officer	<u>10.6</u>	
			<u>\$ 10.6</u>	

<u>Correctional Center</u>	<u>No. of Positions</u>	<u>Job Class</u>	<u>Personal Services Savings March 1 to June 30, 1979</u>	<u>Impact</u>
Anchorage Annex	1	Assistant Supt.	\$ 10.6	Administrative and supervisory expertise reduced by approximately 50%.
	1	Inst. Counselor	10.6	
	7	Correctional Officers	74.5	Counseling reduced by 50%.
	<u>9</u>		<u>\$ 95.7</u>	
Reduction of staff is possibly in contempt of part of the Mosely vs. Beirne case, Judge Singleton's tentative ruling, and the State's proposed plan submitted to the Court for consideration.				
Eagle River	1	Assistant Supt.	\$ 11.4	All programs reduced 50%
	2	Inst. Counselor	20.4	
	1	Vocational Instructor	9.8	Administrative and supervisory expertise reduced by approximately 50%.
	5	Correctional Officers	52.0	
	<u>9</u>		<u>\$ 93.6</u>	
TOTAL	<u>39</u>		<u>\$357.6</u>	The Differential \$357.6 - \$282.0 = \$75.6 is scheduled to account for any unforeseen delay beyond March 1, 1979 in the lay off plan.

PLAN B

Substitutes Labor, Trades & Crafts positions in place of Correctional Officer Staff reductions at respective Correctional Centers.

Anchorage State	1	Maintenance Mechanic	\$ 12.1
Juneau	1	Maintenance Mechanic	10.4
Fairbanks	1	Maintenance Mechanic	10.9
Anchorage Annex	1	Maintenance Mechanic	13.3
Ridgeview	1	Maintenance Mechanic	12.0
			<u>\$ 58.7</u>

Reductions of maintenance staff wholly restricts preventative maintenance programs. Mechanical equipment failures, down time, and make-shift repairs eventually prove more costly through major repair and replacement expenses and disrupted operations. All institutions are experiencing more frequent repairs as equipment ages.

Alternative Plan to effect additional savings:

It is not economically feasible to continue leasing the Ridgeview Facility under proposed terms of the new owners. It has been estimated that necessary major repairs would cost the State an estimated \$250,000 to bring the building up to acceptable standards. The lease costs for the next 2 to 2½ years would amount to \$506,200 excluding escalation clauses for increased taxes and insurance. Alternative housing at significantly lower life cycle costs are being explored.

The sentenced females now housed at Ridgeview could possibly be moved to contract facilities outside of the State, with as many as deemed judicious to be moved to other State operated correctional centers. The unsentenced female offenders should be held within reasonable distance of the Anchorage courts and legal resources to avoid further legal actions. Returning the unsentenced females to a separate wing of the Annex is one immediate solution - barring successful court injunctions by the Human Rights Commission or other adverse legal actions. The other possibility would be to house the unsentenced females in the maximum security unit at Eagle River. The Annex location would require 5.2 staff added back to the proposed Plan A. At Eagle River it would require 9.0 staff - 5.2 security and 3.8 booking and administration since this facility does not have a booking office.

Closing Ridgeview by March 1, 1979 would generate approximately \$60,000 in lease cost savings, and \$200,000 in personal services if the entire staff was terminated on that date.

The projected \$260,000 savings would be offset by the following:

Out of State Contractual Services	
10 Female prisoners at \$25.00/day x 120 days =	\$ 30,000
Estimated care costs, medical and personal care items not covered in the daily rate	4,000
Transportation costs includes escorts (cost to State)	8,000
	<u>\$ 42,000</u>
Removal of electronic equipment, fencing and restoration of Ridgeview premises	50,000
Add back one half of Ridgeview staff costs to accommodate just the unsentenced prisoners	100,000
	<u>\$192,000</u>

The net savings projected of \$68,000 is predicated on all elements of this drastic change in operations to mesh exactly on time. This savings could rapidly dissipate through hidden costs due to slippage and disruptions in operations and program efforts.

Should the Division of Corrections be forced to a layoff of Adult Confinement personnel, no guarantee can be given that basic security can be provided. The reduction of security levels in order to offset the projected deficit will return the operation of the State facilities to the same level or less than existed in the 1974-75 period. The present prisoner population is not only significantly higher but also prisoner profiles are now predominantly with felony convictions.

It was a clear mandate then with the high number of escapes - 65, internal incidents, the murder of a policeman, and the rape of a guard's wife, and we assume the mandate still exists that security levels cannot be reduced.

We request an early consideration to submit our supplemental request of \$282,000 for legislative approval.

Other Alternatives Explored:

Personal Services Cost Reduction Concepts

1. Establish a policy of assigning staggered shifts to avoid the mandatory 2½ hours of overtime per week per correctional officer.
2. Contract for all maintenance and repairs.
3. Reduce classification committee sessions by 50%. Estimated one time savings (expense deferred) \$30,000.
4. Limit amount of sick leave and annual leave that can be taken for the balance of this fiscal year.
5. Postpone Anchorage Annex Correctional Center renovations involving correctional staff doing trades and craft work.
6. "Add - Delete" supplementals

Reasons for Rejection

1. Prior arbitration (Sheffield case) in another Department addressed this issue - Ruling - "You cannot withhold that which was told they would receive at the time of their employment", i.e., normal and advertised 2½ hours of overtime per week. Any attempt to institute such a procedure would be sorely and successfully challenged by APEA.
2. Funds not available in either operating budget or capital budget.
3. This would cause serious classification backlogs. Prisoners must be moved through the system in an orderly and efficient manner. Timely classifications avoid problems in program, security, and bedspace. Also Human Rights Commission, Ombudsman complaints, and lawsuits are minimized. Postponement and/or delays result in much higher future costs.
4. This procedure would result in successful grievances being filed, especially on sick leave. This also may trigger increased abuses of leave.
5. The bedspace crunch, and the Moseley vs. Beirne case calls for timely renovations of this facility. Legislative inquiries have already been received concerning renovations starting dates and progress.
6. It is premature at this early date to develop any "add - delete" supplemental.

Adult Escapes

	Escapes while Being transferred	Breakouts	Escapes from Release programs	Total
1974	1	7	23	31
1975	1	4	29	34
1976	0	4	8	12
1977	0	2	1	3

65

	ANX	3RD	EAG	PAL	FAI	JUN	KET	TOTAL
1974	4	12	9	4	2	0	0	31
1975	6	11	5	7	4	0	1	34
1976	2	3	0	3	4	0	0	12
1977	0	1	0	0	0	2	0	3

Adult Paroles

1974	79
1975	101
1976	66
1977	84

Note: Above figures for 1974 and 1977 are for full years.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

*Rec'd
3/2 ind. F.D*

February 27, 1979

The Honorable Glenn Hackney
Chairman Health, Education and
Social Services Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Amendment to SB 143

Dear Senator Hackney:

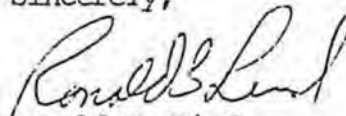
Senate Bill 143 makes supplemental appropriations to the Department of Health and Social Services, Division of Corrections for both the FY 78 and FY 79 budget years. I request that you favorably consider the addition as a new section to that bill. The new section would read as follows:

The sum of \$17,200 is appropriated from the general fund to the Department of Health and Social Services, Division of Corrections, for correction of an over-expenditure during FY 77.

In FY 77 the accounts which recorded the Administration/Corrections appropriation also contained authorization for a \$44,000 grant from the Criminal Justice Planning Agency. The grant authorization was mixed in with the general fund appropriation authorization and general fund expenditures were inadvertently charged to the grant authorization. This resulted in an overexpenditure of appropriated general funds by \$17,200.

Total general funds lapsed in FY 77 by the Division of Corrections exceeds the amount of this request. To prevent this occurrence in the future grant accounts have been completely separated from general fund appropriation accounts.

Sincerely,


Ronald B. Lind
Director

cc: Senate Finance Committee
House Finance Committee
Jay Hogan, Legislative Finance

MEMORANDUM

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE FEB 9 1979

FILE NO:

TELEPHONE NO:

Catherine M. Lloyd
APPROVED: Catherine Lloyd
Deputy Commissioner
Department of Health & Social Services

SUBJECT FY 77 Admin. Support
Supplemental \$17,200

A Federal Grant for \$44,000 was approved and entered on the authorization balance records as a part of the Division of Corrections Administrative and Support BRU for FY 77. No expenditures were made against the grant in FY 77 and the entry to roll forward the \$44,000 was made in FY 78. The entry relieving FY 77 of this amount did not clear since the total administrative and support BRU balance was some \$17,200 less. The Division had lapsed funds in excess of this \$17,200 in other BRU's but had overlooked the need to prepare the proper Revised Program documents to effect the adjustment prior to closing the FY 77 records. This accounting control error has since been corrected by complete separation of federal grant projects accounts from the administrative and support BRU. The purpose of this request is to record a notice of fact and to establish a proper audit trail.

RECEIVED

FEB 21 1979

Budget And Management

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01 - JUNEAU 99811

March 20, 1979

The Honorable John C. Sackett
Chairman, Senate Finance Committee
Pouch "V" State Capitol Building
Juneau, Alaska 99811


Dear Senator Sackett:

In response to your verbal approval given during the March 15, 1979 Senate Finance Committee hearing on Senate Bill #143, we submit the request for supplemental funding of \$26,146 to accommodate a recent arbitration. Back wages are to be paid six of nine grievants involved in the Anchorage Annex Correctional Center "sick out." (See enclosed details.)

The subject six employees had been terminated and their PCN's filled by new personnel hires. The Division of Corrections is able to place five of the people dismissed in recently vacated PCN's, and the sixth does not desire to be re-employed.

The personal services budget in the Adult Confinement BRU is not sufficient to absorb the \$26,146. Allocate the total to Anchorage Annex Correctional Center.

Sincerely yours,


Helen D. Beirne
Commissioner

Enclosure

Tom O'Donnell
Personnel Officer
Department of Health & Social Services

February 22, 1979

S. Withers

Sandra Withers
Labor Relations Analyst
Division of Personnel & Labor Relations
Department of Administration

Arbitration Award

We have received a copy of the decision and award of the arbitrator concerning the nine people dismissed from the Sixth Avenue Annex for engaging in a sickout.

Initial arguments in this case dealt with who of the nine grievants were entitled to be heard at arbitration. The arbitrator agreed that Wilbert Johnson, a temporary employee, and Dennis Corley and James Deser, both probationary employees, could not appeal their dismissals at arbitration.

The arbitrator found that there was a sickout (a one-day strike) in violation of the Agreement. He further concludes that the discipline assessed was excessive and that a one-month suspension is the maximum discipline proper to impose upon the grievants.

Specifically, he awards to Glen Bowers full reinstatement since Mr. Bowers was on approved sick leave. William Byrd, Kevin McGee, Nancy Zipperman, Leon Jenkins and Rick Dray each receive a one-month suspension.

With the exception of Bowers, all five grievants are to be returned to pay status effective September 25, 1978, with LHOP from August 25 on.

The back pay award states they " . . . are entitled to be compensated for such losses of earnings which they suffered from the termination less the loss of pay which they might have avoided with reasonable diligence by obtaining other employment."

I imagine one of the first things that must be done is to contact APEA and obtain information on the availability of these six persons to resume working. If any do not wish to return to work, I believe they should be paid through February 16, 1979, the date of the award.

February 22, 1979

It will probably be necessary for you to obtain a lay off list in order to return one Clerk Typist and five Correctional Officers to duty. The request for such a list will be handled as expeditiously as our Division can manage. We do not believe it is necessary for all grievants to be returned to the Annex.

The details concerning interim earnings or the lack of diligence in obtaining other employment can be coordinated with APEA in the interim. The arbitrator has retained jurisdiction over the back pay award in the event there are any disputes needing resolution.

I imagine the grievants can be given the choice of "buying back" the annual leave paid off or having the amount deducted as compensation earned during the period.

Tom, if you or Phyllis have any other questions, please feel free to contact me.

SM/nlh

cc: Phyllis Schmidt

TOTAL BACK PAY	20,833.81
add: BENEFITS 25%	5,312.62
	<u>26,146.43</u>

154216013121

Zipperian, Nancy J.

Form type M

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross
	Hours	Amount	Hours	Amount	
3185.81		2514.56			671.25

Purpose: (circle one) 1 Termination, 2 Other Pay due, 3 Retro, 4 Penalty or Wait time, 5 Standby, 6 Special

Misc Deductions: (circle one) 3 No miscellaneous deductions, 4 Use payroll record miscellaneous deductions, 5 Use the below listed miscellaneous deductions

Fund Distribution: (circle one) 6 Use payroll record distribution codes, 7 Use the below listed distribution codes

Fiscal Year: (circle one) 8 Current fiscal year, 9 Prior fiscal year

Employer charges: (circle one) 1 Use payroll record employer charges, 2 Use the below listed employer charges

Deferred Compensation or Tax Shelter: (circle one) 3 No deferral deduction, 4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT

Distribution Codes:

1		2		3		4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

+	TRF	+	PERS	+	Group H.I.	+	UI

WORK AREA:

Rein 9-1-78 Term. 2-16-79

Due 4939.59
 13 weeks interim wages <11662.00>
 13 weeks pay <472.50>
 annual leave <290.53>
 2514.56

At 36.214 hrs = 11.495 days
 11.495 days = 11.495 x 1074.00 = 6444.10
 .495 day = .495 x .050 = .025 x 1074 = 26

Prepared by RJ
 Checked by _____
 Date 3-13-79

570,961,2695

McGee, Kevin D

M

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross	
	Hours	Amount	Hours	Amount		
4436.38		4436.38				

Purpose:

(circle one) Other Payroll, 1 Termination, 2 Retro, 3 Penalty or Wait time, 4 Standby, 5 Special

Misc Deductions:

(circle one)

- 3 No miscellaneous deductions
- 4 Use payroll record miscellaneous deductions
- 5 Use the below listed miscellaneous deductions

Fund Distribution:

(circle one)

- 6 Use payroll record distribution codes
- 7 Use the below listed distribution codes

Fiscal Year:

(circle one)

- 8 Current fiscal year
- 9 Prior fiscal year

Employer charges:

(circle one)

- 1 Use payroll record employer charges
- 2 Use the below listed employer charges

Deferred Compensation or Tax Shelter:

(circle one)

- 3 No deferral deduction
- 4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT

Distribution Codes:

1		2		3		4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

+	TRF	+	PERS	+	Group Life	+	UI

WORK AREA:

Due 7140.66

minimum wage $\langle 1500.00 \rangle$
5640.66

87 hrs avn. lv. $\langle 514.28 \rangle$

week notice $\langle 690.00 \rangle$

Total due 4436.38

Prepared by

KDJ

Checked by

Date

3-13-79

389-54-049.8

DPAY Rick D

P/R Type

M

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross	
	Hours	Amount	Hours	Amount		
2953.38		2953.38				

Purpose: (circle one) **2** Other Pay due, 1 Termination, 3 Retro, 4 Penalty or Wait time, 5 Standby, 6 Special

Misc Deductions: (circle one) 3 No miscellaneous deductions, 4 Use payroll record miscellaneous deductions, 5 Use the below listed miscellaneous deductions

Fund Distribution: (circle one) 6 Use payroll record distribution codes, 7 Use the below listed distribution codes

Fiscal Year: (circle one) 8 Current fiscal year, 9 Prior fiscal year

Employer charges: (circle one) 1 Use payroll record employer charges, 2 Use the below listed employer charges

Deferred Compensation or Tax Shelter: (circle one) 3 No deferral deduction, 4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD +	AMT	CD +	AMT	CD +	AMT	CD +	AMT	CD +	AMT	CD +	AMT

Distribution Codes:

1			2		
DIST CD	%	PROJECT	DIST CD	%	PROJECT

4			5			6		
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

+	TRF	+	PERS	+	Group D.T.	+	III

WORK AREA:

Due 7408.32
 as interim wages <2400.00>
 as ann. leave rem. <1364.94>
 no weeks notice <640.00>
 2953.38

Prepared by KOH

Checked by

Date 3-13-79

225,421,858

Jenkins, Leon

101

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross	
	Hours	Amount	Hours	Amount		
495.57		3495.57				

Purpose:
(circle one) ② Other Pay Due 3 Retro, 4 Penalty or Wait time, 5 Standby, 6 Special

Misc Deductions:
(circle one) 3 No miscellaneous deductions
4 Use payroll record miscellaneous deductions
5 Use the below listed miscellaneous deductions

Fund Distribution:
(circle one) 6 Use payroll record distribution codes
7 Use the below listed distribution codes

Fiscal Year:
(circle one) 8 Current fiscal year
9 Prior fiscal year

Employer charges:
(circle one) 1 Use payroll record employer charges
2 Use the below listed employer charges

Deferred Compensation or Tax Shelter:
(circle one) 3 No deferral deduction
4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT

Distribution Codes:

1			2			3			4			5			6		
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

TRF	TRF	TRF	TRF
TRF	PERS	Group U.I.	UT

WORK AREA:
Due 7408.32
as interim wages <2100.00>
as ann. leave <1127.75>
as weeks notice <690.00>
3495.57

Prepared by ROJ
Checked by _____
Date 3-13-79

SSN 12.6134.12510

Name (Last, first & MI)

Byrd, William

P/R Type

M

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross
	Hours	Amount	Hours	Amount	
2012.22		2012.22			

Purpose:

(circle one) 1 Termination, 2 Other Pay due, 3 Retro, 4 Penalty or Wait time, 5 Standby, 6 Special

Misc Deductions:

(circle one)

- 3 No miscellaneous deductions
- 4 Use payroll record miscellaneous deductions
- 5 Use the below listed miscellaneous deductions

Fund Distribution:

(circle one)

- 6 Use payroll record distribution codes
- 7 Use the below listed distribution codes

Fiscal Year:

(circle one)

- 8 Current fiscal year
- 9 Prior fiscal year

Employer charges:

(circle one)

- 1 Use payroll record employer charges
- 2 Use the below listed employer charges

Deferred Compensation or Tax Shelter:

(circle one)

- 3 No deferral deduction
- 4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT

Distribution Codes:

1			2			3		
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

4			5			6		
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

+	TRF	+	PERS	+	Group H.I.	+	UI

WORK AREA:

Due 7408.32

SS interim wages <2400.00>

SS ann. leave <2280.60>

SS weeks notice <715.50>

2012.22

Prepared by

109

Checked by

Date

3-13-79

302 4412413

Bowers, Glen L.

P/R Type
M

Total Gross	Regular Gross		Overtime Gross		FICA Gross or Term. Gross	
	Hours	Amount	Hours	Amount		
4750.45		4750.45				

Purpose:

(circle one) (2) Other Pay due, 1. Termination, 3 Retro, 4 Penalty or Wait time, 5 Standby, 6 Special

Misc Deductions:
(circle one)

- 3 No miscellaneous deductions
- 4 Use payroll record miscellaneous deductions
- 5 Use the below listed miscellaneous deductions

Fund Distribution:
(circle one)

- 6 Use payroll record distribution codes
- 7 Use the below listed distribution codes

Fiscal Year:
(circle one)

- 8 Current fiscal year
- 9 Prior fiscal year

Employer charges:
(circle one)

- 1 Use payroll record employer charges
- 2 Use the below listed employer charges

Deferred Compensation or Tax Shelter:
(circle one)

- 3 No deferral deduction
- 4 Use payroll record deferral deduction

Miscellaneous Deductions:

1		2		3		4		5		6	
CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT	CD	AMT

Distribution Codes:

1		2		3		4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT	DIST CD	%	PROJECT

4		5		6	
DIST CD	%	PROJECT	DIST CD	%	PROJECT

Employer Charges:

TRF	TRF	TRF	TRF
TRF	PERS	Group H.T.	UT

WORK AREA:

Due 8683.24
 ss interim wages <11695.76>
 ss am. leave <1521.53>
 ss weeks pay <715.50>
 4750.45

Prepared by KOH

Checked by _____

Date 3-13-79



RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

SENATE FINANCE COMMITTEE
BILL CHECKLIST

- 1. Committee Copy-Current Bill
- 2. History Cover Form
- 3. Printed Copies:
 - Original Bill
 - Committee Substitutes or Amendments
- 4. SFC Committee Report Form
- 5. Fiscal Information:
 - Note in File
 - Note Requested Date
 - Other Financial Backup
 - (See Below)
- 6. Backup:
 - Handouts
 - Letter from Governor
 - Letter from Sponsor
 - Completed Committee Reports
 - Committee
 - Other

Sackett - Letter of Intent (original)
letter - Curran Packet
copy of Journal Supplement 2/12/79 #7



From The
**SENATE
FINANCE COMMITTEE**

*EFFECTIVE DATE SHOULD
BE CHANGED TO '80*

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/13/79

Date:

March 1, 1979

Mr. President:

The Committee on COMMERCE has had SB 146

special appropriations to Department of Commerce & Economic Development to provide money for revolving loan funds

under consideration and (~~a majority of the committee~~) (the committee) reports it back with the following recommendations:

do pass do not pass

do pass with attached amendments(s)

replace with CS for SR 146 same title new title

and recommends reports it back as follows

AND attaches a "Letter of Intent" New Fiscal Note

reports it back ^{individual} without recommendations T.C.B.

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

1 Brad Bradley

MEMBERS HAVING
OTHER RECOMMENDATIONS:

3 Ardis Shugart Amend out Section 8 before acceptable
2 Deegan - No Rec
2 Tim Kelly - No Rec

Brad Bradley
CHAIRMAN

Original sponsor: Rules/Governor

Offered: 3/2/79
Referred: Finance

Funding Information:

General Fund: \$145,000,000

Other Funds: -0-
\$145,000,000

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Commerce and Economic Development to provide
8 money for the revolving loan funds; and providing for
9 an effective date."

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

11 * Section 1. The amount necessary to repurchase from the Department of
12 Revenue all commercial fishing loans, mortgages, notes, and other instruments
13 of security purchased by that department from the Department of Commerce
14 and Economic Development is appropriated from the general fund to the Depart-
15 ment of Commerce and Economic Development, commercial fishing revolving
16 loan fund (AS 16.10.340), for the purpose of making that repurchase.

17 * Sec. 2. The amount necessary to repurchase from the Department of
18 Revenue all fisheries enhancement loans, mortgages, notes, and other instru-
19 ments of security purchased by that department from the Department of
20 Commerce and Economic Development is appropriated from the general fund to
21 the Department of Commerce and Economic Development, fisheries enhancement
22 revolving loan fund (AS 16.10.505), for the purpose of making that repur-
23 chase.

24 * Sec. 3. The amount necessary to repurchase from the Department of
25 Revenue all child care facility loans, mortgages, notes, and other instru-
26 ments of security purchased by that department from the Department of
27 Commerce and Economic Development is appropriated from the general fund to
28 the Department of Commerce and Economic Development, child care facility
29 revolving loan fund (AS 44.33.240), for the purpose of making that repur-

1 chase.

2 * Sec. 4. The amount necessary to repurchase from the Department of
3 Revenue all water resources loans, mortgages, notes, and other instruments of
4 security purchased by that department from the Department of Commerce and
5 Economic Development is appropriated from the general fund to the Department
6 of Commerce and Economic Development, water resources revolving loan fund
7 (AS 45.86.010), for the purpose of making that repurchase.

8 * Sec. 5. The amount necessary to repurchase from the Department of
9 Revenue all tourism loans, mortgages, notes, and other instruments of secur-
10 ity purchased by that department from the Department of Commerce and Economic
11 Development is appropriated from the general fund to the Department of
12 Commerce and Economic Development, tourism revolving fund (AS 45.90.010), for
13 the purpose of making that repurchase.

14 * Sec. 6. The amount necessary to repurchase from the Department of
15 Revenue all small business loans, mortgages, notes, and other instruments of
16 security purchased by that department from the Department of Commerce and
17 Economic Development is appropriated from the general fund to the Department
18 of Commerce and Economic Development, small business revolving loan fund
19 (AS 45.95.060), for the purpose of making that repurchase.

20 * Sec. 7. The amount necessary to repurchase from the Department of
21 Revenue all historical district loans, mortgages, notes, and other instru-
22 ments of security purchased by that department from the Department of
23 Commerce and Economic Development is appropriated from the general fund to
24 the Department of Commerce and Economic Development, historical district
25 revolving loan fund (AS 45.98.010), for the purpose of making that repur-
26 chase.

27 * Sec. 8. The amount necessary to repurchase from the Department of
28 Revenue all veterans loans, mortgages, notes and other instruments of secur-
29 ity purchased by that department from the Department of Commerce and Economic

1 Development is appropriated from the general fund to the Department of
2 Commerce and Economic Development, veterans' revolving loan fund (AS 26.15.-
3 090) for the purpose of making that repurchase.

4 * Sec. 9. The sum of \$15,000,000 is appropriated from the general fund to
5 the commercial fishing revolving loan fund established in the Department of
6 Commerce and Economic Development by AS 16.10.340.

7 * Sec. 10. The sum of \$4,000,000 is appropriated from the general fund to
8 the fisheries enhancement revolving loan fund established in the Department
9 of Commerce and Economic Development by AS 16.10.505.

10 * Sec. 11. The sum of \$6,000,000 is appropriated from the general fund to
11 the tourism revolving fund established in the Department of Commerce and
12 Economic Development by AS 45.90.010.

13 * Sec. 12. The sum of \$20,000,000 is appropriated from the general fund
14 to the small business revolving loan fund established in the Department of
15 Commerce and Economic Development by AS 45.95.060.

16 * Sec. 13. APPLICATION. Sections 1 - 8 of this Act apply to all loans,
17 mortgages, notes, and other instruments of security purchased by the Depart-
18 ment of Revenue from the Department of Commerce and Economic Development
19 during the period between the creation of the respective revolving loan fund
20 and the effective date of this Act.

21 * Sec. 14. This Act takes effect July 1, 1979.
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Introduced: 2/13/79
Referred: Commerce and Finance

Funding Information:

General Fund: \$145,000,000
Other Funds: -0-
\$145,000,000

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Commerce and Economic Development to provide
8 money for the revolving loan funds; and providing for
9 an effective date."

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

11 * Section 1. The amount necessary to repurchase from the Department of
12 Revenue all commercial fishing loans, mortgages, notes, and other instruments
13 of security purchased by that department from the Department of Commerce
14 and Economic Development is appropriated from the general fund to the Depart-
15 ment of Commerce and Economic Development, Commercial Fishing Revolving
16 Loan Fund (AS 16.10.340), for the purpose of making that repurchase.

17 * Sec. 2. The amount necessary to repurchase from the Department of
18 Revenue all fisheries enhancement loans, mortgages, notes, and other instru-
19 ments of security purchased by that department from the Department of
20 Commerce and Economic Development is appropriated from the general fund to
21 the Department of Commerce and Economic Development, Fisheries Enhancement
22 Revolving Loan Fund (AS 16.10.505), for the purpose of making that repur-
23 chase.

24 * Sec. 3. The amount necessary to repurchase from the Department of
25 Revenue all child care facility loans, mortgages, notes, and other instru-
26 ments of security purchased by that department from the Department of
27 Commerce and Economic Development is appropriated from the general fund to
28 the Department of Commerce and Economic Development, Child Care Facility
29 Revolving Loan Fund (AS 44.33.240), for the purpose of making that repur-

1 chase.

2 * Sec. 4. The amount necessary to repurchase from the Department of
3 Revenue all water resources loans, mortgages, notes, and other instruments
4 of security purchased by that department from the Department of Commerce
5 and Economic Development is appropriated from the general fund to the
6 Department of Commerce and Economic Development, Water Resources Revolving
7 Loan Fund (AS 45.86.010), for the purpose of making that repurchase.

8 * Sec. 5. The amount necessary to repurchase from the Department of
9 Revenue all tourism loans, mortgages, notes, and other instruments of
10 security purchased by that department from the Department of Commerce and
11 Economic Development is appropriated from the general fund to the Department
12 of Commerce and Economic Development, Tourism Revolving Loan Fund (AS 45.90.-
13 010), for the purpose of making that repurchase.

14 * Sec. 6. The amount necessary to repurchase from the Department of
15 Revenue all small business loans, mortgages, notes, and other instruments
16 of security purchased by that department from the Department of Commerce
17 and Economic Development is appropriated from the general fund to the
18 Department of Commerce and Economic Development, Small Business Revolving
19 Loan Fund (AS 45.95.060), for the purpose of making that repurchase.

20 * Sec. 7. The amount necessary to repurchase from the Department of
21 Revenue all historical district loans, mortgages, notes, and other instru-
22 ments of security purchased by that department from the Department of
23 Commerce and Economic Development is appropriated from the general fund to
24 the Department of Commerce and Economic Development, Historical District
25 Revolving Loan Fund (AS 45.98.010), for the purpose of making that repur-
26 chase.

27 * Sec. 8. The sum of \$15,000,000 is appropriated from the general fund
28 to the Commercial Fishing Revolving Loan Fund established in the Department
29 of Commerce and Economic Development by AS 16.10.340.

1 * Sec. 9. The sum of \$4,000,000 is appropriated from the general fund
2 to the Fisheries Enhancement Revolving Loan Fund established in the Depart-
3 ment of Commerce and Economic Development by AS 16.10.505.

4 * Sec. 10. The sum of \$6,000,000 is appropriated from the general fund
5 to the Tourism Revolving Loan Fund established in the Department of Commerce
6 and Economic Development by AS 45.90.010.

7 * Sec. 11. The sum of \$20,000,000 is appropriated from the general fund
8 to the Small Business Revolving Loan Fund established in the Department of
9 Commerce and Economic Development by AS 45.95.060.

10 * Sec. 12. APPLICATION. Sections 1 - 7 of this Act apply to all loans,
11 mortgages, notes, and other instruments of security purchased by the Depart-
12 ent of Revenue from the Department of Commerce and Economic Development
13 during the period between the creation of the respective revolving loan fund
14 and the effective date of this Act.

15 * Sec. 13. This Act takes effect July 1, 1979.
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10186

February 12, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting two bills which are designed to refinance various revolving loan fund programs administered by the Department of Commerce and Economic Development (DCED) and to put those programs back on a fiscally sound basis. One is a substantive bill and one is a special appropriation bill -- both relating to the commercial fishing revolving loan fund, the fisheries enhancement revolving loan fund, the child care facility revolving loan fund, the water resources revolving loan fund, the tourism revolving loan fund, the small business revolving loan fund, and the historical district revolving loan fund. The substantive bill also deals with the residential care facility revolving loan fund, the water resources revolving loan fund, and the alternative power resource revolving loan fund.

Over the years as these programs have been implemented, DCED has taken advantage of mandatory investment provisions which require the Department of Revenue to purchase notes, mortgages, and other security instruments obtained by DCED under each loan fund authority with surplus from the general fund when available. This mandatory investment language raises troubling questions under art. IX, sec. 13 of the Alaska Constitution which states in part that "[n]o money shall be withdrawn from the treasury except in accordance with appropriations made by law." In addition to raising constitutional questions, the Department of Revenue feels that this restriction on its investment prerogatives has contributed significantly to the current cash flow or liquidity crunch. This problem came to a head in January of this year, when Commissioner Gallagher declared that

the Department of Revenue would no longer be able to purchase notes and mortgages proffered by the Department of Commerce and Economic Development under the various programs because of a shortage of liquid assets.

The Department of Commerce and Economic Development and the Department of Revenue have proposed the following as the best resolution of the many problems which have beset the loan programs in past years. First, all loans purchased by the Department of Revenue from the various loan funds would be re-purchased by the respective originating funds within the Department of Commerce and Economic Development. Thus, secs. 1 - 7 of the special appropriation bill would accomplish this purpose and represent total appropriations of approximately \$100,000,000. The Department of Commerce and Economic Development estimates that the cash stream from the \$100,000,000 in loans already purchased by the Department of Revenue would be approximately \$15,000,000 per year. This, when combined with the additional \$45,000,000 appropriated in secs. 8 - 11 of the bill to replenish five of the loan funds, would in their view enable them to re-establish the funds on a fiscally rational basis providing sufficient money funds for continued lending activities.

In the second bill, interest rates provided for in each of the various loan programs would be increased from their unrealistically low current rates and tied to the Federal National Mortgage Association (FNMA) average yield for conventional home mortgages. In the context of most commercial loans, this would still represent a substantially lower interest rate than would be available to most small businessmen or commercial fishermen. This would allow each fund to recover a sufficient return on the lending capital originally appropriated to it and will assist in maintaining it as a truly viable revolving loan fund. The legislation also provides, however, that the legislature may in the future decide to subsidize the interest rates affected by the bill. This subsidy would be in the form of a specific appropriation to the Department of Commerce and Economic Development for the purpose of reducing the interest rate to the borrower to some level lower than that which would otherwise apply under the FNMA rate.

Finally, under amendments in the substantive bill, the Department of Revenue would no longer be required to purchase the notes and mortgages obtained by the

Department of Commerce and Economic Development under any of its revolving loan programs. The Department of Revenue has determined that the Department of Commerce and Economic Development's management of all the revolving loan funds independent of Revenue's investment power would be a more appropriate way to operate the loan programs offered by the Department of Commerce and Economic Development.

Sincerely,

A handwritten signature in dark ink, appearing to read "JSH", written in a cursive style.

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 144
 Title Appropriation to Revolving Loan Funds
 Requested by Governor's Office Date 2/12/79

II. FISCAL DETAIL
 Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Loan Capitalization		145,000.0				
TOTAL						

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND		145,000.0				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME		0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- A. \$100,000.0 will be used to purchase existing loans from the Department of Revenue.
- B. \$45,000.0 will be used for new loans.

IV. DATE February 12, 1979 PREPARED BY Pete Jaehs, Director of Business Loans
 AGENCY Department of Commerce and Economic Development
 PHONE 465-2510

Original: Legislative Finance
 cc: Budget and Management

ALASKA STATE LEGISLATURE

SEVENTH Legislature FIRST Session

SENATE BILL..... NO. 146...

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making special appropriations to the Department of Commerce and Economic Development to provide money for the revolving loan funds; and providing for an effective date."

Introduced in the Senate ... 2/13, 1979

HISTORY IN THE SENATE

19		Read first time and referred to Committee on												
2	13	Commerce & Finance												
3	2	Reported back with <i>Commerce</i> recommendation that <i>replace w/yes, 1 do pass, 2 no, 1 further amend. to fin.</i>												
		Read second time and												
		Read third time and												
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date													
Yeas	Yeas													
Nays	Nays													
Absent	Absent													
Excused	Excused													
		<table border="0"> <tr><td>Reconsideration</td><td></td></tr> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration														
PASS	Effective Date													
Yeas	Yeas													
Nays	Nays													
Absent	Absent													
Excused	Excused													
		Reported correctly engrossed Signed by President Sent to House												
SECRETARY OF THE SENATE														

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on												
		Reported back with recommendation that												
		Read second time and												
		Read third time and												
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date													
Yeas	Yeas													
Nays	Nays													
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Reconsideration														
PASS	Effective Date													
Yeas	Yeas													
Nays	Nays													
Absent	Absent													
Excused	Excused													
		Reported correctly engrossed Signed by Speaker Returned to Senate												
CHIEF CLERK OF THE HOUSE														

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB146

Title Special Appropriation for Revolving Loan Funds

Requested by _____ Date 3/14/79

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

Budget Request Unit(s) Affected Division of Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Loans	449,050					
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	449,050					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	-0-					
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Sec. 1 Amount to Purchase Commercial Fishing Loans	45,608,823
Sec. 2 Amount of Purchase Fisheries Enhancement Loans	1,900,000
Sec. 3 Amount to Purchase Child Care Loans	102,549
Sec. 4 Amount to Purchase Water Resources Loans	2,554,000
Sec. 5 Amount to Purchase Tourism Loans	17,555,983
Sec. 6 Amount to Purchase Small Business Loans	61,329,029
Sec. 7 Amount to Purchase Historical Loans	-0-
Sec. 8 Amount to Purchase Veterans Loans	275,000,000
Sec. 9 Appropriated to Commercial Fishing	15,000,000
Sec. 10 Appropriated to Fisheries Enhancement	4,000,000
Sec. 11 Appropriated to Tourism	6,000,000
Sec. 12 Appropriated to Small Business	20,000,000
Total	449,050,384

1. All amounts are as of March 14, 1979.

2. The total amount will increase by approximately \$10,000,000 by July 1, 1979.

IV. DATE 3/14/79

PREPARED BY *Steve Jones*

AGENCY Division of Business Loans

PHONE 465-2510

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSS8146

Title Special Appropriation for Revolving Loan Funds

Requested by _____ Date 3/14/79

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

Budget Request Unit(s) Affected Division of Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Loans	449,050					
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	449,050					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	-0-					
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Sec. 1 Amount to Purchase Commercial Fishing Loans	45,608,823
Sec. 2 Amount of Purchase Fisheries Enhancement Loans	1,900,000
Sec. 3 Amount to Purchase Child Care Loans	102,549
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Sec. 6 Amount to Purchase Small Business Loans	61,329,029
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Sec. 8 Amount to Purchase Veterans Loans	275,000,000
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Sec. 10 Appropriated to Fisheries Enhancement	4,000,000
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Total	449,050,384

1. All amounts are as of March 14, 1979.

2. The total amount will increase by approximately \$10,000,000 by July 1, 1979.

IV. DATE 3/14/79

PREPARED BY *the cars*

AGENCY Division of Business Loans

PHONE 465-2510

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

SENATE JOURNAL


LETTER OF INTENT
FOR CSSB 146

It is the intent of the Legislature that the Division of Business Loans will require applicants for loans over \$100,000 to obtain 20% of the loan from sources other than the State of Alaska.

John C. Sackett, Chairman
Senate Finance Committee

MEMORANDUM

TO: Senator John Sackett
Chairman
Senate Finance Committee

FROM: Garrey Peska 

DATE: April 17, 1979

SUBJECT: SB 146

The original version of SB 146 would appropriate \$145 million to the Department of Commerce to be used as follows:

\$100 million to buy back all loans previously sold to the Department of Revenue

\$45 million for new capitalization of four loan funds.

If the Legislature decides not to approve the \$100 million to buy back the loans, then the "cash stream" generated by those old loans must be paid into the General Fund as it is collected.

The amount of appropriation required to fund the same level of loan activity as existed before the 1/1/79 shutdown is recalculated below (under Senate Finance Assumptions) assuming that none of the loans held by Revenue will be repurchased by the Department of Commerce.

	<u>Original Version SB 146</u>	<u>Senate Finance Assumptions</u>
Buy back loans held by Revenue	\$100,000,000	-0-
<u>Capitalization</u>		
Small Business	20,000,000	\$28,000,000
Commercial Fish	15,000,000	21,000,000
Tourism	6,000,000	8,000,000
Fisheries Enhancement*	4,000,000	4,000,000
Total appropriation	<u>\$145,000,000</u>	<u>\$61,000,000</u>

*None of the Fisheries Enhancement Loans have been sold to the Department of Revenue.

MEMORANDUM
Senator John Sackett
April 17, 1979
Page 2

The Division of Business Loans has, in the past, been able to make more money available by getting bank participation on loans over \$100,000. The Director estimates that the Loan Funds can generate an additional \$11.4 million for a total of \$72.4 million by requiring 20% bank participation on all loans over \$100,000.

This approach to SB 146 would provide \$72.4 million for loans in FY 80. Activity in the four preceding years has been as follows:

<u>Fiscal Year</u>	<u>Amounts Loaned</u>
1976	\$ 7.9 million
1977	\$13.8 million
1978	\$44.6 million
1979 (Estimated)	\$68.0 million

Regardless of which financing method is used, annual appropriations will be required (starting in FY 81) to maintain the level of loans discussed here.

March 26, 1979

MEMORANDUM

3-2
iii(S) Finance

TO: Senator Sackett

FROM: Garrey Peska 

The original version of SB 146 would appropriate \$145 million to the Department of Commerce to be used as follows:

\$100 million to buy back all loans previously sold to the Department of Revenue

\$45 million for new capitalization of four loan funds.

If the Legislature decides not to approve the \$100 million to buy back the loans, then the "cash stream" generated by those old loans must be paid into the General Fund as it is collected.

The amount of appropriation required to fund the same level of loan activity as existed before the 1/1/79 shut down is re-calculated below (under Senate Finance Assumptions) assuming that none of the loans held by Revenue will be re-purchased by the Department of Commerce.

	<u>Original Version SB 146</u>	<u>Senate Finance Assumptions</u>
Buy back loans held by Revenue	\$100,000,000	-0-
<u>Capitalization;</u>		
Small Business	20,000,000	\$28,000,000
Commercial Fish	15,000,000	21,000,000
Tourism	6,000,000	8,000,000
Fisheries Enhancement*	<u>4,000,000</u>	<u>4,000,000</u>
Total appropriation	\$145,000,000	\$61,000,000

The Division of Business Loans has in the past, been able to make more money available by getting bank participation on loans over \$100,000. The Director estimates that the Loan Funds can generate an additional \$11.4 million by requiring 20% bank participation on all loans over \$100,000.

* None of the Fisheries Enhancement loans have been sold to the Department of Revenue.

Senator Sackett
March 26, 1979
Page 2

If the Committee approves of the bank participation, I recommend that a letter of intent to that affect be written to accompany SB 146 (suggested letter is attached)

This approach to SB 146 would provide \$72.4 million for loans in FY 80. Activity in the four preceding years has been as follows:

<u>Fiscal Year</u>	<u>Amounts loaned</u>
1976	\$ 7.9 million
1977	13.8 million
1978	44.6 million
1979 (estimated)	68.0 million

Regardless of which financing method is used, annual appropriations will be required (starting in FY 81) to maintain the level of loans discussed here.

SENATE JOURNAL

LETTER OF INTENT
FOR CSSB 146

It is the intent of the Legislature that the Division of Business Loans will require applicants for loans over \$100,000 to obtain 20% of the loan from sources other than the State of Alaska.

John C. Sackett, Chairman
Senate Finance Committee

Funding Information:

General Fund: \$145,000,000
Other Funds: -0-
\$145,000,000

Introduced: 2/13/79
Referred: Commerce and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Commerce and Economic Development to provide
8 money for the revolving loan funds; and providing for
9 an effective date."

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

11 * Section 1. The amount necessary to repurchase from the Department of
12 Revenue all commercial fishing loans, mortgages, notes, and other instruments
13 of security purchased by that department from the Department of Commerce
14 and Economic Development is appropriated from the general fund to the Depart-
15 ment of Commerce and Economic Development, Commercial Fishing Revolving
16 Loan Fund (AS 16.10.340), for the purpose of making that repurchase.

17 * Sec. 2. The amount necessary to repurchase from the Department of
18 Revenue all fisheries enhancement loans, mortgages, notes, and other instru-
19 ments of security purchased by that department from the Department of
20 Commerce and Economic Development is appropriated from the general fund to
21 the Department of Commerce and Economic Development, Fisheries Enhancement
22 Revolving Loan Fund (AS 16.10.505), for the purpose of making that repur-
23 chase.

24 * Sec. 3. The amount necessary to repurchase from the Department of
25 Revenue all child care facility loans, mortgages, notes, and other instru-
26 ments of security purchased by that department from the Department of
27 Commerce and Economic Development is appropriated from the general fund to
28 the Department of Commerce and Economic Development, Child Care Facility
29 Revolving Loan Fund (AS 44.33.240), for the purpose of making that repur-

1 chase.

2 * Sec. 4. The amount necessary to repurchase from the Department of
3 Revenue all water resources loans, mortgages, notes, and other instruments
4 of security purchased by that department from the Department of Commerce
5 and Economic Development is appropriated from the general fund to the
6 Department of Commerce and Economic Development, Water Resources Revolving
7 Loan Fund (AS 45.86.010), for the purpose of making that repurchase.

8 * Sec. 5. The amount necessary to repurchase from the Department of
9 Revenue all tourism loans, mortgages, notes, and other instruments of
10 security purchased by that department from the Department of Commerce and
11 Economic Development is appropriated from the general fund to the Department
12 of Commerce and Economic Development, Tourism Revolving Loan Fund (AS 45.90.-
13 010), for the purpose of making that repurchase.

14 * Sec. 6. The amount necessary to repurchase from the Department of
15 Revenue all small business loans, mortgages, notes, and other instruments
16 of security purchased by that department from the Department of Commerce
17 and Economic Development is appropriated from the general fund to the
18 Department of Commerce and Economic Development, Small Business Revolving
19 Loan Fund (AS 45.95.060), for the purpose of making that repurchase.

20 * Sec. 7. The amount necessary to repurchase from the Department of
21 Revenue all historical district loans, mortgages, notes, and other instru-
22 ments of security purchased by that department from the Department of
23 Commerce and Economic Development is appropriated from the general fund to
24 the Department of Commerce and Economic Development, Historical District
25 Revolving Loan Fund (AS 45.98.010), for the purpose of making that repur-
26 chase.

27 * Sec. 8. The sum of \$15,000,000 is appropriated from the general fund
28 to the Commercial Fishing Revolving Loan Fund established in the Department
29 of Commerce and Economic Development by AS 16.10.340.

1 * Sec. 9. The sum of \$4,000,000 is appropriated from the general fund
2 to the Fisheries Enhancement Revolving Loan Fund established in the Depart-
3 ment of Commerce and Economic Development by AS 16.10.505.

4 * Sec. 10. The sum of \$6,000,000 is appropriated from the general fund
5 to the Tourism Revolving Loan Fund established in the Department of Commerce
6 and Economic Development by AS 45.90.010.

7 * Sec. 11. The sum of \$20,000,000 is appropriated from the general fund
8 to the Small Business Revolving Loan Fund established in the Department of
9 Commerce and Economic Development by AS 45.95.060.

10 * Sec. 12. APPLICATION. Sections 1 - 7 of this Act apply to all loans,
11 mortgages, notes, and other instruments of security purchased by the Depart-
12 ment of Revenue from the Department of Commerce and Economic Development
13 during the period between the creation of the respective revolving loan fund
14 and the effective date of this Act.

15 * Sec. 13. This Act takes effect July 1, 1979.
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SB 146

SENATE JOURNAL SUPPLEMENT

February 13, 1979

Tuesday

No. 7

FISCAL NOTE

SB 146

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 146
Title Appropriation to Repealing Cash Loans
Requested by Governor's Office Date 2/12/79

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

Table with columns for fiscal years (FY 79 to FY 81) and rows for expenditure categories: 100 PERSONAL SERVICES, 200 TRAVEL, 300 CONTRACTUAL, 400 COMMODITIES, 500 EQUIPMENT, 600 LAND & STRUCTURES, 700 GRANTS, CLAIMS, ETC. Loan Capitalization, TOTAL.

FUNDING (Thousands of Dollars)

Table with columns for fiscal years (FY 79 to FY 81) and rows for funding sources: GENERAL FUND, FEDERAL FUNDS, OTHER (Specify).

POSITIONS

Table with columns for fiscal years (FY 79 to FY 81) and rows for position types: FULL TIME, PART TIME, TEMPORARY.

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- A. \$100,000.0 will be used to purchase existing loans from the Department of Revenue.
B. \$45,000.0 will be used for new loans.

IV. DATE February 12, 1979 PREPARED BY Pete Johns, Director of Business Loans
AGENCY Department of Commerce and Economic Development
ADDRESS 465-2410

SB Fiscal note is zero on SENATE BILL NO. 185, analysis
185 follows:

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Budgeting for the Public Accountancy Board has in the past been based on a five member board. Up until this year only five members have been appointed to the board at any one time. This year a sixth member was added, however, due to absentee rates an average of five members attending each board meeting has continued through the year. Reducing the board to five members would not affect this budget, but leaving the number at seven would impact finances for two additional members.

IV. DATE 2-9-79

PREPARED BY Don Hostak
AGENCY Occupational Licensing
PHONE 465-2534

SB
226

FISCAL NOTE

I. REQUEST SB 226
Bill/Resolution No. SB 226
Title An Act Relating to the Alaska Permanent Fund and Provides for an effective date.
Requested by Governor Date February 12, 1979

II. FISCAL DETAIL
Agency Affected Department of Revenue
Program Category Affected General Government
Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES	-0-	510.1	510.1	520.1	524.2	526.1
200 TRAVEL	-0-	129.3	129.3	132.1	131.5	134.2
300 CONTRACTUAL	-0-	776.4	776.4	780.4	785.1	785.2
400 COMMODITIES	-0-	16.0	16.0	16.5	16.9	17.1
500 EQUIPMENT	-0-	5.0	2.0	2.0	2.0	7.0
600 LAND & STRUCTURES	-0-	46.1	46.1	47.2	48.1	48.9
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	1,482.9	1,479.9	1,498.5	1,509.0	1,513.5

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						
Permanent Fund	-0-	1482.9	1479.9	1498.5	1509.0	1513.5

February 12, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting two bills which are designed to refinance various revolving loan fund programs administered by the Department of Commerce and Economic Development (DCED) and to put those programs back on a fiscally sound basis. One is a substantive bill and one is a special appropriation bill -- both relating to the commercial fishing revolving loan fund, the fisheries enhancement revolving loan fund, the child care facility revolving loan fund, the water resources revolving loan fund, the tourism revolving loan fund, the small business revolving loan fund, and the historical district revolving loan fund. The substantive bill also deals with the residential care facility revolving loan fund, the water resources revolving loan fund, and the alternative power resource revolving loan fund.

Over the years as these programs have been implemented, DCED has taken advantage of mandatory investment provisions which require the Department of Revenue to purchase notes, mortgages, and other security instruments obtained by DCED under each loan fund authority with surplus from the general fund when available. This mandatory investment language raises troubling questions under art. IX, sec. 13 of the Alaska Constitution which states in part that "[n]o money shall be withdrawn from the treasury except in accordance with appropriations made by law." In addition to raising constitutional questions, the Department of Revenue feels that this restriction on its investment prerogatives has contributed significantly to the current cash flow or liquidity crunch. This problem came to a head in January of this year, when Commissioner Gallagher declared that

the Department of Revenue would no longer be able to purchase notes and mortgages proffered by the Department of Commerce and Economic Development under the various programs because of a shortage of liquid assets.

The Department of Commerce and Economic Development and the Department of Revenue have proposed the following as the best resolution of the many problems which have beset the loan programs in past years. First, all loans purchased by the Department of Revenue from the various loan funds would be re-purchased by the respective originating funds within the Department of Commerce and Economic Development. Thus, secs. 1 - 7 of the special appropriation bill would accomplish this purpose and represent total appropriations of approximately \$100,000,000. The Department of Commerce and Economic Development estimates that the cash stream from the \$100,000,000 in loans already purchased by the Department of Revenue would be approximately \$15,000,000 per year. This, when combined with the additional \$45,000,000 appropriated in secs. 8 - 11 of the bill to replenish five of the loan funds, would in their view enable them to re-establish the funds on a fiscally rational basis providing sufficient money funds for continued lending activities.

In the second bill, interest rates provided for in each of the various loan programs would be increased from their unrealistically low current rates and tied to the Federal National Mortgage Association (FNMA) average yield for conventional home mortgages. In the context of most commercial loans, this would still represent a substantially lower interest rate than would be available to most small businessmen or commercial fishermen. This would allow each fund to recover a sufficient return on the lending capital originally appropriated to it and will assist in maintaining it as a truly viable revolving loan fund. The legislation also provides, however, that the legislature may in the future decide to subsidize the interest rates affected by the bill. This subsidy would be in the form of a specific appropriation to the Department of Commerce and Economic Development for the purpose of reducing the interest rate to the borrower to some level lower than that which would otherwise apply under the FNMA rate.

Finally, under amendments in the substantive bill, the Department of Revenue would no longer be required to purchase the notes and mortgages obtained by the

Department of Commerce and Economic Development under any of its revolving loan programs. The Department of Revenue has determined that the Department of Commerce and Economic Development's management of all the revolving loan funds independent of Revenue's investment power would be a more appropriate way to operate the loan programs offered by the Department of Commerce and Economic Development.

Sincerely,

Handwritten signature of Jay S. Hammond in cursive script.

Jay S. Hammond
Governor

Original sponsor: Rules/Governor

Offered: 3/2/79
Referred: Finance

Funding Information:

General Fund: \$145,000,000
Other Funds: -0-
\$145,000,000

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Commerce and Economic Development to provide
8 money for the revolving loan funds; and providing for
9 an effective date."

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

11 * Section 1. The amount necessary to repurchase from the Department of
12 Revenue all commercial fishing loans, mortgages, notes, and other instruments
13 of security purchased by that department from the Department of Commerce
14 and Economic Development is appropriated from the general fund to the Depart-
15 ment of Commerce and Economic Development, commercial fishing revolving
16 loan fund (AS 16.10.340), for the purpose of making that repurchase.

17 * Sec. 2. The amount necessary to repurchase from the Department of
18 Revenue all fisheries enhancement loans, mortgages, notes, and other instru-
19 ments of security purchased by that department from the Department of
20 Commerce and Economic Development is appropriated from the general fund to
21 the Department of Commerce and Economic Development, fisheries enhancement
22 revolving loan fund (AS 16.10.505), for the purpose of making that repur-
23 chase.

24 * Sec. 3. The amount necessary to repurchase from the Department of
25 Revenue all child care facility loans, mortgages, notes, and other instru-
26 ments of security purchased by that department from the Department of
27 Commerce and Economic Development is appropriated from the general fund to
28 the Department of Commerce and Economic Development, child care facility
29 revolving loan fund (AS 44.33.240), for the purpose of making that repur-

1 chase.

2 * Sec. 4. The amount necessary to repurchase from the Department of
3 Revenue all water resources loans, mortgages, notes, and other instruments of
4 security purchased by that department from the Department of Commerce and
5 Economic Development is appropriated from the general fund to the Department
6 of Commerce and Economic Development, water resources revolving loan fund
7 (AS 45.86.010), for the purpose of making that repurchase.

8 * Sec. 5. The amount necessary to repurchase from the Department of
9 Revenue all tourism loans, mortgages, notes, and other instruments of secur-
10 ity purchased by that department from the Department of Commerce and Economic
11 Development is appropriated from the general fund to the Department of
12 Commerce and Economic Development, tourism revolving fund (AS 45.90.010), for
13 the purpose of making that repurchase.

14 * Sec. 6. The amount necessary to repurchase from the Department of
15 Revenue all small business loans, mortgages, notes, and other instruments of
16 security purchased by that department from the Department of Commerce and
17 Economic Development is appropriated from the general fund to the Department
18 of Commerce and Economic Development, small business revolving loan fund
19 (AS 45.95.060), for the purpose of making that repurchase.

20 * Sec. 7. The amount necessary to repurchase from the Department of
21 Revenue all historical district loans, mortgages, notes, and other instru-
22 ments of security purchased by that department from the Department of
23 Commerce and Economic Development is appropriated from the general fund to
24 the Department of Commerce and Economic Development, historical district
25 revolving loan fund (AS 45.98.010), for the purpose of making that repur-
26 chase.

27 * Sec. 8. The amount necessary to repurchase from the Department of
28 Revenue all veterans loans, mortgages, notes and other instruments of secur-
29 ity purchased by that department from the Department of Commerce and Economic

1 Development is appropriated from the general fund to the Department of
2 Commerce and Economic Development, veterans' revolving loan fund (AS 26.15.-
3 090) for the purpose of making that repurchase.

4 * Sec. 9. The sum of \$15,000,000 is appropriated from the general fund to
5 the commercial fishing revolving loan fund established in the Department of
6 Commerce and Economic Development by AS 16.10.340.

7 * Sec. 10. The sum of \$4,000,000 is appropriated from the general fund to
8 the fisheries enhancement revolving loan fund established in the Department
9 of Commerce and Economic Development by AS 16.10.505.

10 * Sec. 11. The sum of \$6,000,000 is appropriated from the general fund to
11 the tourism revolving fund established in the Department of Commerce and
12 Economic Development by AS 45.90.010.

13 * Sec. 12. The sum of \$20,000,000 is appropriated from the general fund
14 to the small business revolving loan fund established in the Department of
15 Commerce and Economic Development by AS 45.95.060.

16 * Sec. 13. APPLICATION. Sections 1 - 8 of this Act apply to all loans,
17 mortgages, notes, and other instruments of security purchased by the Depart-
18 ment of Revenue from the Department of Commerce and Economic Development
19 during the period between the creation of the respective revolving loan fund
20 and the effective date of this Act.

21 * Sec. 14. This Act takes effect July 1, 1979.
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RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

SB147

SENATE FINANCE COMMITTEE
BILL CHECKLIST

- 1. Committee Copy-Current Bill ✓
- 2. History Cover Form ✓
- 3. Printed Copies:
 - Original Bill ✓
 - Committee Substitutes or Amendments _____
- 4. SFC Committee Report Form ✓
- 5. Fiscal Information:
 - Note in File ✓
 - Note Requested _____ Date _____
 - Other Financial Backup _____
 - (See Below) _____
- 6. Backup:
 - Handouts _____
 - Letter from Governor _____
 - Letter from Sponsor _____
 - Completed Committee Reports _____
 - Committee _____
 - Other _____

Proposed Amendment

COMMITTEE REPORT
SENATE

2/13/79

FURTHER: FINANCE

Date: March 1, 1979

Mr. President:

The Committee on COMMERCE has had SB 147 relating to revolving loan funds administered by the Dept. of Commerce and Economic Development; and providing for an effective date

as follows

A.E.B. the committee

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations: ¹

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{individual} recommendations ¹
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

~~Brad Bradley~~
 1 Tom Kelly
 1 Cileen Sturgulinski

MEMBERS HAVING
OTHER RECOMMENDATIONS:

2 Donna No Rec
 2 Brad Bradley No Rec

1 Brad Bradley
 CHAIRMAN

Introduced: 2/13/79
Referred: Commerce and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 147

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to revolving loan funds administered
7 by the Department of Commerce and Economic Develop-
8 ment; and providing for an effective date."

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

10 * Section 1. AS 16.10.320(a)(3) is repealed and re-enacted to read:
11 (3) shall bear interest at a rate set by the department
12 within one-fourth of one per cent of the current Federal National
13 Mortgage Association average yield for conventional home mortgages;
14 the department shall reduce the interest rate to the borrowers as
15 established under this paragraph if the legislature appropriates money
16 as a subsidy; the rate may not be reduced below the level which, when
17 added to the subsidy, will be sufficient to provide a return to the
18 fund equal to that which would have been earned under this paragraph
19 in the absence of the legislative subsidy;

20 * Sec. 2. AS 16.10.320(c)(4) is repealed and re-enacted to read:
21 (4) shall bear interest at a rate set by the department
22 within one-fourth of one per cent of the current Federal National
23 Mortgage Association average yield for conventional home mortgages;
24 the department shall reduce the interest rate to the borrowers as
25 established under this paragraph if the legislature appropriates money
26 as a subsidy; the rate may not be reduced below the level which, when
27 added to the subsidy, will be sufficient to provide a return to the
28 fund equal to that which would have been earned under this paragraph
29 in the absence of the legislative subsidy;

1 * Sec. 3. AS 16.10.330(b) is amended to read:

2 (b) The commissioner of commerce and economic development may
3 sell or transfer at par value to the Department of Revenue the mort-
4 gages, bonds and notes held by the Department of Commerce and Economic
5 Development as security for loans made under this chapter. However,
6 the commissioner of commerce and economic development may not transfer
7 an interest in a vessel documented under the laws of the United States
8 to the Department of Revenue, except as permitted by the Ship Mortgage
9 Act of 1920 (46 U.S.C. secs. 911 - 934; 41 Stat. 1000), as amended,
10 and the Shipping Act of 1916 (46 U.S.C. secs. 801 - 842; 39 Stat.
11 728), as amended, so long as those two Acts remain ambiguous with
12 respect to whether or not a state or state agency qualifies as a
13 citizen of the United States for purposes of those two Acts. [THE
14 DEPARTMENT OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1976, SHALL
15 PURCHASE ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT
16 PRINCIPAL AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND
17 HELD BY THE DEPARTMENT OF REVENUE EQUALS \$7,000,000. THE DEPARTMENT
18 OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1977, SHALL PURCHASE
19 ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT PRINCIPAL
20 AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND HELD BY THE
21 DEPARTMENT OF REVENUE EQUALS \$9,000,000.] The [AFTER JUNE 30, 1977,
22 THE] Department of Revenue may [SHALL] purchase [ALL] the mortgages,
23 bonds and notes offered.

24 * Sec. 4. AS 16.10.320(e)(4) is repealed and re-enacted to read:

25 (4) shall bear interest at a rate set by the department
26 within one-fourth of one per cent of the current Federal National
27 Mortgage Association average yield for conventional home mortgages;
28 the department shall reduce the interest rate to the borrowers as
29 established under this paragraph if the legislature appropriates money

1 as a subsidy; the rate may not be reduced below the level which, when
2 added to the subsidy, will be sufficient to provide a return to the
3 fund equal to that which would have been earned under this paragraph
4 in the absence of the legislative subsidy;

5 * Sec. 5. AS 16.10.510(6) is repealed and re-enacted to read:

6 (6) establish the rate of interest within one-fourth of one
7 per cent of the current Federal National Mortgage Association average
8 yield for conventional home mortgages; the commissioner shall reduce
9 the interest rate to the borrowers as established under this paragraph
10 if the legislature appropriates money as a subsidy; the rate may not
11 be reduced below the level which, when added to the subsidy, will be
12 sufficient to provide a return to the fund equal to that which would
13 have been earned under this paragraph in the absence of the legis-
14 lative subsidy;

15 * Sec. 6. AS 16.10.550 is amended to read:

16 Sec. 16.10.550. SALE OR TRANSFER OF MORTGAGES AND NOTES. [(a)]
17 The commissioner may sell or transfer at par value to the Department
18 of Revenue the mortgages and notes held by the department as security
19 for loans made under this chapter. The Department of Revenue may
20 [SHALL] purchase [ALL] the mortgages and notes offered [UNTIL THE
21 CURRENT PRINCIPAL AMOUNT OF ALL THE MORTGAGES AND NOTES PURCHASED AND
22 HELD BY THAT DEPARTMENT EQUALS \$200,000,000].

23 * Sec. 7. AS 44.33.255(b) is repealed and re-enacted to read:

24 (b) The interest rate shall be set by the department within one-
25 fourth of one per cent of the current Federal National Mortgage Associa-
26 tion average yield for conventional home mortgages. The department
27 shall reduce the interest rate to the borrowers as established under
28 this subsection if the legislature appropriates money as a subsidy.
29 The rate may not be reduced below the level which, when added to the

1 subsidy, will be sufficient to provide a return to the fund equal to
2 that which would have been earned under this subsection in the absence
3 of the legislative subsidy.

4 * Sec. 8. AS 44.33.270(b) is amended to read:

5 (b) The commissioner of commerce and economic development may
6 sell or transfer at par value to the Department of Revenue the mort-
7 gages and notes held by the department as security for loans made
8 under this chapter. The Department of Revenue may [SHALL] purchase
9 the mortgages and notes offered [UNTIL THE CURRENT PRINCIPAL AMOUNT OF
10 ALL MORTGAGES AND NOTES PURCHASED AND HELD BY THE DEPARTMENT OF REVENUE
11 EQUALS \$1,000,000].

12 * Sec. 9. AS 44.33.350(b) is repealed and re-enacted to read:

13 (b) The interest rate shall be set by the department within one-
14 fourth of one per cent of the current Federal National Mortgage Asso-
15 ciation average yield for conventional home mortgages. The department
16 shall reduce the interest rate to the borrowers as established under
17 this subsection if the legislature appropriates money as a subsidy.
18 The rate may not be reduced below the level which, when added to the
19 subsidy, will be sufficient to provide a return to the fund equal to
20 that which would have been earned under this subsection in the absence
21 of the legislative subsidy.

22 * Sec. 10. AS 45.86.020(a) is amended to read:

23 (a) Loans from the fund shall be for a term not to exceed 50
24 years, and the rate of interest shall be set by the department within
25 one-fourth of one per cent of the Federal National Mortgage Association
26 average yield for conventional home mortgages [NOT LESS THAN THREE NOR
27 MORE THAN FIVE PER CENT A YEAR ON THE UNPAID BALANCE]. The department
28 shall reduce the interest rate to the borrowers as established under
29 this subsection if the legislature appropriates money as a subsidy.

1 The rate may not be reduced below the level which, when added to the
2 subsidy, will be sufficient to provide a return to the fund equal to
3 that which would have been earned under this subsection in the absence
4 of the legislative subsidy. The repayment schedule shall be as deter-
5 mined by the department. Repayment of a loan shall commence at the
6 date of commercial operation of the project or 10 years from the date
7 the loan is granted, whichever is sooner.

8 * Sec. 11. AS 45.88.030(e) is repealed and re-enacted to read:

9 (e) The interest rate shall be set by the department within one-
10 fourth of one per cent of the current Federal National Mortgage Asso-
11 ciation average yield for conventional home mortgages. The department
12 shall reduce the interest rate to the borrowers as established under
13 this subsection if the legislature appropriates money as a subsidy.
14 The rate may not be reduced below the level which, when added to the
15 subsidy, will be sufficient to provide a return to the fund equal to
16 that which would have been earned under this subsection in the absence
17 of the legislative subsidy.

18 * Sec. 12. AS 45.88.040(b) is amended to read:

19 (b) The commissioner may sell or transfer at par value to the
20 Department of Revenue the mortgages and notes held by the Department
21 of Commerce and Economic Development as security for loans made under
22 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
23 OF THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
24 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
25 FEE].

26 * Sec. 13. AS 45.90.030(c) is repealed and re-enacted to read:

27 (c) The interest rate shall be set by the department within one-
28 fourth of one per cent of the current Federal National Mortgage Associa-
29 tion average yield for conventional home mortgages. The department

1 shall reduce the interest rate to the borrowers as established under
2 this subsection if the legislature appropriates money as a subsidy.
3 The rate may not be reduced below the level which, when added to the
4 subsidy, will be sufficient to provide a return to the fund equal to
5 that which would have been earned under this subsection in the absence
6 of the legislative subsidy.

7 * Sec. 14. AS 45.90.040(b) is amended to read:

8 (b) The commissioner of commerce and economic development may
9 sell or transfer at par value to the Department of Revenue the mortgages
10 and notes held by the Department of Commerce and Economic Development
11 as security for loans made under this chapter. The Department of
12 Revenue may [SHALL] purchase the mortgages and notes offered.

13 * Sec. 15. AS 45.95.020(a) is amended to read:

14 (a) The commissioner shall, under regulations and policies
15 adopted by him, make small business loans to acquire, finance or
16 refinance or equip businesses, including farming equipment, mining and
17 fishing, not exceeding \$300,000. The loans shall be secured by
18 acceptable collateral and may not exceed 75 per cent of the appraised
19 value of the collateral offered as security. The rate of interest
20 shall be set by the department within one-fourth of one per cent of
21 the current Federal National Mortgage Association average yield for
22 conventional home mortgages [MAY NOT EXCEED EIGHT PER CENT A YEAR ON
23 THE UNPAID BALANCE]. The department shall reduce the interest rate to
24 the borrowers as established under this subsection if the legislature
25 appropriates money as a subsidy. The rate may not be reduced below
26 the level which, when added to the subsidy, will be sufficient to
27 provide a return to the fund equal to that which would have been
28 earned under this subsection in the absence of the legislative subsidy.

29 * Sec. 16. AS 45.95.040(b) is amended to read:

1 (b) The commissioner may sell or transfer at par value to the
2 Department of Revenue the mortgages and notes held by the Department
3 of Commerce and Economic Development as security for loans made under
4 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
5 OF THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
6 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
7 FEE].

8 * Sec. 17. AS 45.98.040(4) is repealed and re-enacted to read:

9 (4) the interest rate shall be set by the department
10 within one-fourth of one per cent of the current Federal National
11 Mortgage Association average yield for conventional home mortgages;
12 the department shall reduce the interest rate to the borrowers as
13 established under this paragraph if the legislature appropriates money
14 as a subsidy; the rate may not be reduced below the level which, when
15 added to the subsidy, will be sufficient to provide a return to the
16 fund equal to that which would have been earned under this paragraph
17 in the absence of the legislative subsidy;

18 * Sec. 18. This Act takes effect immediately in accordance with AS
19 01.10.070(c).
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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. 5847
 Title Revolving Loan Funds administered by the Department of Commerce & Economic Dev.
 Requested by Governor's Office Date 2/12/79

ii. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT		NONE				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)		NONE				

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME		NONE				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE February 12, 1979 PREPARED BY Pete Jeans, Director of Business Loans
 AGENCY Department of Commerce and Economic Development
 PHONE 465-2510
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

ELEVENTH Legislature FIRST Session

SENATE BILL NO. 147

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to revolving loan funds administered by the Department of Commerce and Economic Development; and providing for an effective date."

Introduced in the Senate ... 2/13., 19..79

HISTORY IN THE SENATE

19		Read first time and referred to Committee on																						
2	13	Commerce & Finance																						
3	2	Reported back with <i>Comm. recommendation that 2 do pass, 2 no rec, to Finance Finance</i>																						
		Read second time and																						
		Read third time and																						
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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		Reported correctly engrossed Signed by President Sent to House																						
SECRETARY OF THE SENATE																								

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on																						
		Reported back with recommendation that																						
		Read second time and																						
		Read third time and																						
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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		Reported correctly engrossed Signed by Speaker Returned to Senate																						
CHIEF CLERK OF THE HOUSE																								

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

Attach this Amendment
in S. Finance

A M E N D M E N T

Offered in the SENATE

By Sackett and Ferguson

TO: CS FOR HOUSE BILL NO. 147

Page 1, after line 15, add the following:

" * Sec. 2. AS 28.10.011 is amended by adding a new paragraph to read:

(11) driven or moved on a highway not connected to the state highway system, as defined in AS 19.22.030(1)."

Renumber subsequent sections.

9 — Make sure this is
attached in Fin.
JS

MEMORANDUM

~~A J
Johnson
Held me.~~

Jay Filbeck
in all Bill File

TO: Senator John Sackett
Chairman
Senate Finance Committee

FROM: Garrey M. Peska *GMP*
Administrative Assistant

DATE: April 18, 1979

RE: LOAN FUND BILLS

SB 147

1. Allows the interest rates for the loans to "float" at within 1/4% of the current yield on Federal National Mortgage Association (F.N.M.A.) conventional home mortgages.
2. Changes provisions of the laws that said the Department of Revenue shall buy all loans offered to may buy all loans offered.

SB 165

Appropriates \$5,000,000 to AHFC's mortgage insurance fund.

SB 205

Appropriates \$1,000,000 to AHFC's insurance fund for mobile home financing.

Introduced: 2/13/79
Referred: Commerce and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 147

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to revolving loan funds administered
7 by the Department of Commerce and Economic Develop-
8 ment; and providing for an effective date."

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

10 * Section 1. AS 16.10.320(a)(3) is repealed and re-enacted to read:

11 (3) shall bear interest at a rate set by the department
12 within one-fourth of one per cent of the current Federal National
13 Mortgage Association average yield for conventional home mortgages;
14 the department shall reduce the interest rate to the borrowers as
15 established under this paragraph if the legislature appropriates money
16 as a subsidy; the rate may not be reduced below the level which, when
17 added to the subsidy, will be sufficient to provide a return to the
18 fund equal to that which would have been earned under this paragraph
19 in the absence of the legislative subsidy;

20 * Sec. 2. AS 16.10.320(c)(4) is repealed and re-enacted to read:

21 (4) shall bear interest at a rate set by the department
22 within one-fourth of one per cent of the current Federal National
23 Mortgage Association average yield for conventional home mortgages;
24 the department shall reduce the interest rate to the borrowers as
25 established under this paragraph if the legislature appropriates money
26 as a subsidy; the rate may not be reduced below the level which, when
27 added to the subsidy, will be sufficient to provide a return to the
28 fund equal to that which would have been earned under this paragraph
29 in the absence of the legislative subsidy;

1 * Sec. 3. AS 16.10.330(b) is amended to read:

2 (b) The commissioner of commerce and economic development may
3 sell or transfer at par value to the Department of Revenue the mort-
4 gages, bonds and notes held by the Department of Commerce and Economic
5 Development as security for loans made under this chapter. However,
6 the commissioner of commerce and economic development may not transfer
7 an interest in a vessel documented under the laws of the United States
8 to the Department of Revenue, except as permitted by the Ship Mortgage
9 Act of 1920 (46 U.S.C. secs. 911 - 984; 41 Stat. 1000), as amended,
10 and the Shipping Act of 1916 (46 U.S.C. secs. 301 - 842; 39 Stat.
11 728), as amended, so long as those two Acts remain ambiguous with
12 respect to whether or not a state or state agency qualifies as a
13 citizen of the United States for purposes of those two Acts. [THE
14 DEPARTMENT OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1976, SHALL
15 PURCHASE ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT
16 PRINCIPAL AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND
17 HELD BY THE DEPARTMENT OF REVENUE EQUALS \$7,000,000. THE DEPARTMENT
18 OF REVENUE, FOR THE FISCAL YEAR ENDING JUNE 30, 1977, SHALL PURCHASE
19 ALL THE MORTGAGES, BONDS AND NOTES OFFERED UNTIL THE CURRENT PRINCIPAL
20 AMOUNT OF ALL THE MORTGAGES, BONDS AND NOTES PURCHASED AND HELD BY THE
21 DEPARTMENT OF REVENUE EQUALS \$9,000,000.] The [AFTER JUNE 30, 1977,
22 THE] Department of Revenue may [SHALL] purchase [ALL] the mortgages,
23 bonds and notes offered.

24 * Sec. 4. AS 16.10.320(e)(4) is repealed and re-enacted to read:

25 (4) shall bear interest at a rate set by the department
26 within one-fourth of one per cent of the current Federal National
27 Mortgage Association average yield for conventional home mortgages;
28 the department shall reduce the interest rate to the borrowers as
29 established under this paragraph if the legislature appropriates money

1 as a subsidy; the rate may not be reduced below the level which, when
2 added to the subsidy, will be sufficient to provide a return to the
3 fund equal to that which would have been earned under this paragraph
4 in the absence of the legislative subsidy;

5 * Sec. 5. AS 16.10.510(6) is repealed and re-enacted to read:

6 (6) establish the rate of interest within one-fourth of one
7 per cent of the current Federal National Mortgage Association average
8 yield for conventional home mortgages; the commissioner shall reduce
9 the interest rate to the borrowers as established under this paragraph
10 if the legislature appropriates money as a subsidy; the rate may not
11 be reduced below the level which, when added to the subsidy, will be
12 sufficient to provide a return to the fund equal to that which would
13 have been earned under this paragraph in the absence of the legis-
14 lative subsidy;

15 * Sec. 6. AS 16.10.550 is amended to read:

16 Sec. 16.10.550. SALE OR TRANSFER OF MORTGAGES AND NOTES. [(a)]
17 The commissioner may sell or transfer at par value to the Department
18 of Revenue the mortgages and notes held by the department as security
19 for loans made under this chapter. The Department of Revenue may
20 [SHALL] purchase [ALL] the mortgages and notes offered [UNTIL THE
21 CURRENT PRINCIPAL AMOUNT OF ALL THE MORTGAGES AND NOTES PURCHASED AND
22 HELD BY THAT DEPARTMENT EQUALS \$200,000,000].

23 * Sec. 7. AS 44.33.255(b) is repealed and re-enacted to read:

24 (b) The interest rate shall be set by the department within one-
25 fourth of one per cent of the current Federal National Mortgage Associa-
26 tion average yield for conventional home mortgages. The department
27 shall reduce the interest rate to the borrowers as established under
28 this subsection if the legislature appropriates money as a subsidy.
29 The rate may not be reduced below the level which, when added to the

1 subsidy, will be sufficient to provide a return to the fund equal to
2 that which would have been earned under this subsection in the absence
3 of the legislative subsidy.

4 * Sec. 8. AS 44.33.270(b) is amended to read:

5 (b) The commissioner of commerce and economic development may
6 sell or transfer at par value to the Department of Revenue the mort-
7 gages and notes held by the department as security for loans made
8 under this chapter. The Department of Revenue may [SHALL] purchase
9 the mortgages and notes offered [UNTIL THE CURRENT PRINCIPAL AMOUNT OF
10 ALL MORTGAGES AND NOTES PURCHASED AND HELD BY THE DEPARTMENT OF REVENUE
11 EQUALS \$1,000,000].

12 * Sec. 9. AS 44.33.350(b) is repealed and re-enacted to read:

13 (b) The interest rate shall be set by the department within one-
14 fourth of one per cent of the current Federal National Mortgage Asso-
15 ciation average yield for conventional home mortgages. The department
16 shall reduce the interest rate to the borrowers as established under
17 this subsection if the legislature appropriates money as a subsidy.
18 The rate may not be reduced below the level which, when added to the
19 subsidy, will be sufficient to provide a return to the fund equal to
20 that which would have been earned under this subsection in the absence
21 of the legislative subsidy.

22 * Sec. 10. AS 45.86.020(a) is amended to read:

23 (a) Loans from the fund shall be for a term not to exceed 50
24 years, and the rate of interest shall be set by the department within
25 one-fourth of one per cent of the Federal National Mortgage Association
26 average yield for conventional home mortgages [NOT LESS THAN THREE NOR
27 MORE THAN FIVE PER CENT A YEAR ON THE UNPAID BALANCE]. The department
28 shall reduce the interest rate to the borrowers as established under
29 this subsection if the legislature appropriates money as a subsidy.

1 The rate may not be reduced below the level which, when added to the
2 subsidy, will be sufficient to provide a return to the fund equal to
3 that which would have been earned under this subsection in the absence
4 of the legislative subsidy. The repayment schedule shall be as deter-
5 mined by the department. Repayment of a loan shall commence at the
6 date of commercial operation of the project or 10 years from the date
7 the loan is granted, whichever is sooner.

8 * Sec. 11. AS 45.88.030(e) is repealed and re-enacted to read:

9 (e) The interest rate shall be set by the department within one-
10 fourth of one per cent of the current Federal National Mortgage Asso-
11 ciation average yield for conventional home mortgages. The department
12 shall reduce the interest rate to the borrowers as established under
13 this subsection if the legislature appropriates money as a subsidy.
14 The rate may not be reduced below the level which, when added to the
15 subsidy, will be sufficient to provide a return to the fund equal to
16 that which would have been earned under this subsection in the absence
17 of the legislative subsidy.

18 * Sec. 12. AS 45.88.040(b) is amended to read:

19 (b) The commissioner may sell or transfer at par value to the
20 Department of Revenue the mortgages and notes held by the Department
21 of Commerce and Economic Development as security for loans made under
22 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
23 OF THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
24 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
25 FEE].

26 * Sec. 13. AS 45.90.030(c) is repealed and re-enacted to read:

27 (c) The interest rate shall be set by the department within one-
28 fourth of one per cent of the current Federal National Mortgage Associa-
29 tion average yield for conventional home mortgages. The department

1 shall reduce the interest rate to the borrowers as established under
2 this subsection if the legislature appropriates money as a subsidy.
3 The rate may not be reduced below the level which, when added to the
4 subsidy, will be sufficient to provide a return to the fund equal to
5 that which would have been earned under this subsection in the absence
6 of the legislative subsidy.

7 * Sec. 14. AS 45.90.040(b) is amended to read:

8 (b) The commissioner of commerce and economic development may
9 sell or transfer at par value to the Department of Revenue the mortgages
10 and notes held by the Department of Commerce and Economic Development
11 as security for loans made under this chapter. The Department of
12 Revenue may [SHALL] purchase the mortgages and notes offered.

13 * Sec. 15. AS 45.95.020(a) is amended to read:

14 (a) The commissioner shall, under regulations and policies
15 adopted by him, make small business loans to acquire, finance or
16 refinance or equip businesses, including farming equipment, mining and
17 fishing, not exceeding \$300,000. The loans shall be secured by
18 acceptable collateral and may not exceed 75 per cent of the appraised
19 value of the collateral offered as security. The rate of interest
20 shall be set by the department within one-fourth of one per cent of
21 the current Federal National Mortgage Association average yield for
22 conventional home mortgages [MAY NOT EXCEED EIGHT PER CENT A YEAR ON
23 THE UNPAID BALANCE]. The department shall reduce the interest rate to
24 the borrowers as established under this subsection if the legislature
25 appropriates money as a subsidy. The rate may not be reduced below
26 the level which, when added to the subsidy, will be sufficient to
27 provide a return to the fund equal to that which would have been
28 earned under this subsection in the absence of the legislative subsidy.

29 * Sec. 16. AS 45.95.040(b) is amended to read:

1 (b) The commissioner may sell or transfer at par value to the
2 Department of Revenue the mortgages and notes held by the Department
3 of Commerce and Economic Development as security for loans made under
4 this chapter. The Department of Revenue may [SHALL] purchase the [ALL
5 OF THESE] mortgages and notes offered [, ALLOWING THE DEPARTMENT OF
6 COMMERCE AND ECONOMIC DEVELOPMENT A ONE-HALF OF ONE PER CENT SERVICE
7 FEE].

8 * Sec. 17. AS 45.98.040(4) is repealed and re-enacted to read:

9 (4) the interest rate shall be set by the department
10 within one-fourth of one per cent of the current Federal National
11 Mortgage Association average yield for conventional home mortgages;
12 the department shall reduce the interest rate to the borrowers as
13 established under this paragraph if the legislature appropriates money
14 as a subsidy; the rate may not be reduced below the level which, when
15 added to the subsidy, will be sufficient to provide a return to the
16 fund equal to that which would have been earned under this paragraph
17 in the absence of the legislative subsidy;

18 * Sec. 18. This Act takes effect immediately in accordance with AS
19 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. 5647
 Title Revolving Loan Funds administered by the Department of Commerce & Economic Dev.
 Requested by Governor's Office Date 2/12/79

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT		NONE				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)		NONE				

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME		NONE				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE February 12, 1979 PREPARED BY Pete Jeans, Director of Business Loans
 AGENCY Department of Commerce and Economic Development
 PHONE 465-2510
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

COMMITTEE REPORT
SENATE

2/13/79

FURTHER: FINANCE

Date: March 1, 1979

Mr. President:

The Committee on COMMERCE has had SB 147 relating to revolving loan funds administered by the Dept. of Commerce and Economic Development; and providing for an effective date

as follows

the committee

A.E.B.

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations: ¹

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back with ^{individual} ~~with~~ recommendations ¹
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

~~Brad Bradley~~

 1 Tim Kelle

 1 Aileen Stuzgulinski

MEMBERS HAVING
OTHER RECOMMENDATIONS:

2 Ferguson No Res.

 2 Brad Bradley No Res.

1 Brad Bradley

 CHAIRMAN