

BILLS 1981 - 1982

HB 481 - HB 487

LA. Finance

1521

1521

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 481
 Title Shooting and Firearm Safety Programs
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected NRMEC
 BRU, Program, or Subprogram(s) Affected Game Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		58.0				
200 TRAVEL		20.0				
300 CONTRACTUAL		7.0				
400 COMMODITIES		2.0				
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		200.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		200.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2				
PART TIME						
TEMPORARY		24				

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

Assumptions: If the costs of administering construction contracts and providing staff support to the Advisory Committee on Hunting and Firearm Safety, including travel expenses of committee members, are to be paid out of the 4% overhead we will not require an additional appropriation. These costs are estimated as follows:

Game Division:	
Administrative Assistant	\$35.3
Clerk Typist	27.6
	<u>\$58.0</u>

continued on page 2.

IV. DATE April 28, 1981 PREPARED BY Janet B. Green
 AGENCY Department of Fish and Game
 Original: Legislative Finance PHONE 465-4120
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Fiscal Note for HB 481 continued:

Travel, including administrative and advisory committee	\$20.0
Telephone, postage and miscellaneous contractual expenses	7.0
Office supplies	2.0
Office equipment	3.0
	<u>\$90.0</u>

An additional \$110.0 will be withheld by the Administrative Services Division for overhead.

POSITION PAPER

House Bill No. 481

"An Act making a special appropriation to the Department of Fish and Game for shooting and firearm safety programs; and providing for an effective date."

HB No. 481 provides \$5,000,000 to the Department of Fish and Game to administer grants to municipalities and public and private organizations for the development and operation of public shooting ranges and related facilities, and to administer programs involving education and training in the safe use of firearms.

The Department believes that firearm safety programs may reduce the number of deaths and injuries resulting from firearm accidents. During the past decade, between 10 and 29 deaths resulted from firearm accidents each year.

The Department of Health and Social Services supports the concept of firearm safety programs.

Recommended by: David Bruce
David Bruce, Deputy Director
Division of Public Health

Date: April 16, 1981

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner

Date: 4/29/81

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 481
Title "An Act making a special appropriation to the Dept. of Fish & Game for shooting
Requested by Commissioner's Office Date 4/15/81

and firearm safety programs."

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Division of Public Health

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 4/15/81

PREPARED BY Mark Johnson

AGENCY Dept. of Health and Social Services

PHONE 465-3027

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) M&B Approval _____

Date 4/15/81

Funding Information
General Fund \$5,000,000
Other Funds -0-
\$5,000,000

Introduced: 4/7/81
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY MALONE, BEIRNE, ZHAROFF AND
O'CONNELL

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HOUSE BILL NO. 481

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Department of Fish and Game for shooting and firearm safety programs; and providing for an effective date."

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

* Section 1. The sum of \$5,000,000 is appropriated from the general fund to the Department of Fish and Game to administer grants to municipalities and public and private organizations for the development and operation of public shooting ranges and related facilities and to administer programs involving education and training in the safe use of firearms.

* Sec. 2. The unexpended and unobligated portion of the appropriation made by this Act lapses into the general fund on June 30, 1983.

* Sec. 3. This Act takes effect July 1, 1981.

COMMITTEE REPORT
HOUSE

4/29

FURTHER: FINANCE

4/7/81

(7)

Date: April 29, 1981

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 481

"An Act making a special appropriation to the Department of Fish and Game for shooting and firearm safety programs; and providing for an effective date."

under consideration and reports it back as follows:

- 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} ~~one~~ recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Ben [Signature]

John [Signature]

Patrick [Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tony [Signature] Do Not Pass!!!

Bob [Signature] Do Not Pass

Bob [Signature] No Rec

Ben [Signature]
CHAIRMAN

Guthrie
12-1299

Funding Information	
General Fund	\$5,000,000
Other Funds	-0-
	<u>\$5,000,000</u>

Introduced: 4/7/81
Referred: Community & Regional
Affairs and Finance

BY MALONE, BEIRNE, ZHAROFF AND
O'CONNELL

1 IN THE HOUSE

2 HOUSE BILL NO. 481

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Fish and Game for shooting and firearm safety
8 programs; and providing for an effective date."

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

10 * Section 1. The sum of \$5,000,000 is appropriated from the general fund
11 to the Department of Fish and Game to administer grants to municipalities
12 and public and private organizations for the development and operation of
13 public shooting ranges and related facilities and to administer programs
14 involving education and training in the safe use of firearms.

15 * Sec. 2. The unexpended and unobligated portion of the appropriation
16 made by this Act lapses into the general fund on June 30, 1983.

17 * Sec. 3. This Act takes effect July 1, 1981.
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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 431

By MALONE, BEIRNE, ZHAROFF AND O'CONNELL

"An Act making a special appropriation to the Department of Fish and Game for shooting and firearm safety programs; and providing for an effective date."

Spec. appro/Dept. F&G/shooting and firearm safety programs

Introduced in the House 4/7, 1981

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on										
Apr 7	C&RA and Finance										
	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
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	Reconsideration										
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Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Sent to Senate										
	CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
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Excused	Excused										
	Reconsideration										
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PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Returned to House										
	SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

Introduced: 4/8/81
Referred: State Affairs and
Finance

BY MEEKINS, MILLER, GARDINER
ABOOD, HAYES AND MOSS

1 IN THE HOUSE

2 HOUSE BILL NO. 483

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a film and television section."

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

8 * Section 1. LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature
9 finds that compared to other states Alaska has remained relatively untouched
10 by the 17 billion dollar per year motion picture and television industry.
11 If encouraged to use Alaska locations for filming, the motion picture and
12 television industry could potentially pump millions of dollars into local
13 economies in this state every year. Though the scenery and cultural diver-
14 sity of the state offer great potential, Alaska has no mechanism to actively
15 promote the use of Alaska locations or to provide assistance to production
16 companies in overcoming logistical problems they may encounter in the state.
17 Alaska may benefit in many ways from the development of an organized effort
18 by the state to promote the use of Alaskan locations by the film and tele-
19 vision industry. Success in attracting one additional production a year
20 over the current level would result in economic benefits to the private
21 sector greater than the promotional costs to the state.

22 (b) The purpose of this Act is to initiate an organized effort by the
23 state to promote the use of locations in Alaska by the film and television
24 industry.

25 * Sec. 2. AS 44.33 is amended by adding a new section to read:

26 ARTICLE 12. FILM AND TELEVISION SECTION.

27 Sec. 44.33.600. FILM AND TELEVISION SECTION. (a) There is
28 established in the office of the commissioner of the Department of
29 Commerce and Economic Development a film and television section.

1 (b) The film and television section shall

2 (1) prepare an inventory of production services available to
3 the film and television industry in the state;

4 (2) compile a list of specific requirements of the film and
5 television industry for use of municipal, state, Native, and federal
6 land and determine the government action necessary to aid the industry
7 in using this land;

8 (3) prepare an inventory of locations, data, talent, and
9 craft resources in the state useful to the film and television industry;

10 (4) prepare a portfolio of photographs representing the
11 state's prime locations from a cultural, historical, and natural per-
12 spective;

13 (5) identify the concerns and restrictions of the labor
14 unions in the state as those concerns and restrictions relate to the
15 film and television industry and determine the impact of film and tele-
16 vision production on these unions;

17 (6) communicate with producers, directors, screenwriters,
18 location managers, and other production personnel of the film and
19 television industry;

20 (7) develop a public relations approach for advertising and
21 promoting the state to the film and television industry; and

22 (8) propose organizational options for the effort by the
23 state to attract film and television industry projects and make recom-
24 mendations to the legislature for promoting the use of Alaska locations
25 including budget projections, promotional plans, job descriptions, and
26 a master plan.

27 * Sec. 3. The film and television section established in AS 44.33.600
28 shall submit a report and recommendations for review by the Twelfth Alaska
29 Legislature by April 1, 1982.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 483

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 483
 Title An act establishing a film and television section
 Requested by Meekins, Miller, Gardiner, Abood, Hayes and Moss Date 4/8/81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Office of the Commissioner (See HB 483)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		79.4				
200 TRAVEL		5.0				
300 CONTRACTUAL		25.6				
400 COMMODITIES		2.0				
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	115.0	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	115.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	2	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

100 Personal Services: Salary and Benefits, 2 positions	
Special Assistant, Range 22A	52.6
Admin. Assistant, Range 12A	26.6
200 Travel: Necessary in-state travel and per diem to compile and verify location settings and develop photo portfolio. Allows two out-of-State trips for industry contact	5.0
300 Contractual: Communications (2.4), Office Space (5.4), Printing (10.0), other professional fees and services (7.8)	25.6
400 Commodities: Office Supplies	2.0
500 Equipment: Office equipment for two positions	3.0

IV. DATE _____

PREPARED BY Terry L. Miller *ym*
 AGENCY Dept. of Commerce & Econ. Dev., Div. of Tourism
 PHONE 465-2010

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

HOUSE

4/20

4/8/81

FURTHER: FINANCE

(5)

Date: 4-16-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 483

"An Act establishing a film and television section."

under consideration and reports it back as follows:

- 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 recommendation
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

W. Miller

John ...

...

MEMBERS HAVING OTHER RECOMMENDATIONS:

Dan ... no rec

W. Miller

CHAIRMAN

Dojo/Levy
12-1310

Introduced: 4/8/81
Referred: State Affairs and
Finance

BY MEEKINS, MILLER, GARDINER
ABOOD, HAYES AND MOSS

1 IN THE HOUSE

2 HOUSE BILL NO. 483

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a film and television section."

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

8 * Section 1. LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature
9 finds that compared to other states Alaska has remained relatively untouched
10 by the 17 billion dollar per year motion picture and television industry.
11 If encouraged to use Alaska locations for filming, the motion picture and
12 television industry could potentially pump millions of dollars into local
13 economies in this state every year. Though the scenery and cultural diver-
14 sity of the state offer great potential, Alaska has no mechanism to actively
15 promote the use of Alaska locations or to provide assistance to production
16 companies in overcoming logistical problems they may encounter in the state.
17 Alaska may benefit in many ways from the development of an organized effort
18 by the state to promote the use of Alaskan locations by the film and tele-
19 vision industry. Success in attracting one additional production a year
20 over the current level would result in economic benefits to the private
21 sector greater than the promotional costs to the state.

22 (b) The purpose of this Act is to initiate an organized effort by the
23 state to promote the use of locations in Alaska by the film and television
24 industry.

25 * Sec. 2. AS 44.33 is amended by adding a new section to read:

26 ARTICLE 12. FILM AND TELEVISION SECTION.

27 Sec. 44.33.600. FILM AND TELEVISION SECTION. (a) There is
28 established in the office of the commissioner of the Department of
29 Commerce and Economic Development a film and television section.

1 (b) The film and television section shall

2 (1) prepare an inventory of production services available to
3 the film and television industry in the state;

4 (2) compile a list of specific requirements of the film and
5 television industry for use of municipal, state, Native, and federal
6 land and determine the government action necessary to aid the industry
7 in using this land;

8 (3) prepare an inventory of locations, data, talent, and
9 craft resources in the state useful to the film and television industry;

10 (4) prepare a portfolio of photographs representing the
11 state's prime locations from a cultural, historical, and natural per-
12 spective;

13 (5) identify the concerns and restrictions of the labor
14 unions in the state as those concerns and restrictions relate to the
15 film and television industry and determine the impact of film and tele-
16 vision production on these unions;

17 (6) communicate with producers, directors, screenwriters,
18 location managers, and other production personnel of the film and
19 television industry;

20 (7) develop a public relations approach for advertising and
21 promoting the state to the film and television industry; and

22 (8) propose organizational options for the effort by the
23 state to attract film and television industry projects and make recom-
24 mendations to the legislature for promoting the use of Alaska locations
25 including budget projections, promotional plans, job descriptions, and
26 a master plan.

27 * Sec. 3. The film and television section established in AS 44.33.600
28 shall submit a report and recommendations for review by the Twelfth Alaska
29 Legislature by April 1, 1982.

ALASKA STATE LEGISLATURE

TWELFTH Legislature .FIRST. Session

HOUSE ...BILL..... NO. 483..

By ..MEEKINS..MILLER..GARDINER,
ABOOD, HAYES AND MOSS

"An Act establishing a film
and television section."

Film & television section

Introduced in the House4/8... 19. 81

HISTORY IN THE HOUSE

19	81	Read first time and referred to Committee on										
Apr	8	State Affairs and Finance 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
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Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<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											
		Reported correctly engrossed Signed by Speaker Sent to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
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Nays	Nays											
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Excused	Excused											
		Reported correctly engrossed Signed by President Returned to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

Funding Information
General Fund \$115,000
Other Funds -0-
\$115,000

Introduced: 4/8/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MEEKINS, MILLER, GARDINER,
ABOOD, HAYES AND MOSS

2 HOUSE BILL NO. 484

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Commerce and Economic Development for the film
8 and television section; and providing for an effective
9 date."

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

11 * Section 1. The sum of \$115,000 is appropriated from the general fund
12 to the Department of Commerce and Economic Development, film and television
13 section, to promote the use of the state for film and television production.

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1982.

16 * Sec. 3. This Act takes effect on the effective date of an Act entitled
17 "An Act establishing a film and television section."

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COMMITTEE REPORT

HOUSE

4/20

FURTHER: FINANCE

4/8/81

(5)

Date: 4-10-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 484

"An Act making a special appropriation to the Department of Commerce and Economic Development for the film and television section; and providing for an effective date."

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

- [X] do pass [] do not pass
[] do pass with attached amendments(s) [] same title
[] replace with CS for [] new title
and recommends
[] AND attaches a "Letter of Intent" [] New Fiscal Note
[] reports it back without recommendation
[] referred to the Committee

MEMBERS SIGNING

D: PASS

Handwritten signatures of committee members under the 'MEMBERS SIGNING' section.

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Handwritten signature 'David Cuddy more' under the 'MEMBERS HAVING OTHER RECOMMENDATIONS' section.

Handwritten signature of the Chairman under the 'CHAIRMAN' label.

CHAIRMAN

Dofso/Levy
12-1309

Funding Information
General Fund \$115,000
Other Funds -0-
\$115,000

Introduced: 4/8/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MEEKINS, MILLER, GARDINER,
ABOOD, HAYES AND MOSS

2 HOUSE BILL NO. 484

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Commerce and Economic Development for the film
8 and television section; and providing for an effective
9 date."

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

11 * Section 1. The sum of \$115,000 is appropriated from the general fund
12 to the Department of Commerce and Economic Development, film and television
13 section, to promote the use of the state for film and television production.

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1982.

16 * Sec. 3. This Act takes effect on the effective date of an Act entitled
17 "An Act establishing a film and television section."

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29 COMMITTEE COPY

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 484

By MEEKINS, MILLER, GARDNER, ABOOD, HAYES AND MOSS

"An Act making a special appropriation to the Department of Commerce and Economic Development for the film and television section; and providing for an effective date."

Spec. appro./film & television section

Introduced in the House 4/8, 19... 81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on																												
Apr 8	State Affairs and Finance 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> <tr> <td colspan="2">Reported correctly engrossed</td> </tr> <tr> <td colspan="2">Signed by Speaker</td> </tr> <tr> <td colspan="2">Sent to Senate</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	Reported correctly engrossed		Signed by Speaker		Sent to Senate	
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Signed by Speaker																													
Sent to Senate																													
CHIEF CLERK OF THE HOUSE																													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on																												
	Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
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Returned to House																													
SECRETARY OF THE SENATE																													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

COMMITTEE REPORT

HOUSE

FURTHER:

4/8/81

(11)

Date:

May 22, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 487

"An Act relating to the Alaska Industrial Development Authority; and providing for an effective date."

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 HB 487 (FIN) same title
 new title
and recommends individual rec.
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

Freeman

Melkins

M.W.

Deputy Clerk

John H. ...

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

IBuchheit No Rec.

Hebrew ...

H. Malone No Rec.

B. Rogers No Rec.

Freeman
CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 487 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL,

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpora-
7 tion and the Alaska Industrial Development Authority."

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

9 * Section 1. AS 18.56.040 is amended to read:

10 Sec. 18.56.040. MEETINGS OF BOARD. (a) The board shall elect a
11 chairman from among its membership at its annual [FIRST] meeting [IN]
12 each year. A majority of the members constitute a quorum for organizing
13 the board, conducting its business and exercising the powers of the
14 corporation. The board shall meet at the call of its chairman. The
15 board shall meet not less than once each three months.

16 (b) The board may meet and transact business by electronic media,
17 including conference telephone, if the public is given notice and has
18 the same right to participate in the meeting as if the meeting were
19 held in person. A meeting by electronic media as provided in this
20 section has the same legal effect as a meeting in person.

21 * Sec. 2. AS 18.56.098(c) is amended to read:

22 (c) The corporation may pledge mortgage loans purchased by the
23 corporation under (a) of this section, mortgage loans assigned to the
24 corporation for the special mortgage loan purchase program, and mortgage
25 loans purchased with amounts appropriated to the corporation for the
26 special mortgage loan purchase program to pay the principal, interest,
27 and redemption premium, if any, on bonds or bond anticipation notes
28 issued by the corporation for the special mortgage loan purchase pro-
29 gram and may expend amounts appropriated to the special mortgage loan

1 purchase program for mortgage loan subsidies as necessary to cause the
2 interest rate on mortgage loans purchased under the special mortgage
3 loan purchase program and retained by the corporation or sold under
4 AS 18.56.099 to equal the rates specified in this section.

5 * Sec. 3. AS 18.56.098(e) is amended to read:

6 (e) The corporation shall establish regulations in accordance
7 with AS 18.56.083 to implement the special mortgage loan purchase
8 program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE
9 CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES
10 OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions
11 allowing, prohibiting, or restricting [OTHERWISE SETTING CONDITIONS ON]
12 the right to assume or the right to provide for the payment of mortgage
13 loans purchased under (a) of this section by a person other than the
14 mortgagor. A provision in a mortgage loan purchased by the corporation
15 which prohibits or restricts the right to assume or the right to pro-
16 vide for the payment of mortgage loans is enforceable. The corpora-
17 tion shall enforce the regulations adopted under this subsection.

18 * Sec. 4. AS 18.56 is amended by adding a new section to read:

19 Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. (a) Pursuant to
20 sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C.
21 103A) the amount of mortgage revenue bonds that may be issued in the
22 state under sec. 103A(g)(4) of that Act is allocated solely to the
23 corporation. A municipality may not issue mortgage revenue bonds under
24 sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 unless
25 permitted to do so by the corporation. The amount of mortgage revenue
26 bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage
27 Subsidy Bond Tax Act of 1980 with the permission of the corporation
28 shall be deducted from the total amount permitted by that Act.

29 (b) The provisions of this section apply to home rule municipali-

1 ties.

2 * Sec. 5. AS 44.88.010 is amended to read:

3 Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
4 lature finds, determines and declares that

5 (1) there exist areas of the state in which seasonal and
6 nonseasonal unemployment exist;

7 (2) this unemployment is a serious menace to the health,
8 safety and general welfare, not only to the people in those areas, but
9 also to the people of the entire state;

10 (3) the state lacks the basic manufacturing, industrial, and
11 small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises
12 and other facilities referred to in (5) of this subsection [AS 44.88.-
13 010(a)(5)] necessary to permit adequate development of its natural
14 resources and the balanced growth of its economy;

15 (4) the establishment, and expansion of industrial, manufac-
16 turing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING]
17 enterprises in Alaska, including facilities for air and water transpor-
18 tation, facilities for pollution control and waste disposal, facilities
19 for the local furnishing of gas, facilities for water, and facilities
20 for industrial parks, is essential to the development of the natural
21 resources and the long-term economic growth of the state, and will di-
22 rectly and indirectly alleviate unemployment in the state;

23 (5) the achievement of the goal of full employment, and of
24 establishment and continuing operation and development of industrial,
25 manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL
26 FISHING] enterprises in the state, including facilities for air and
27 water transportation, facilities for pollution control and waste dis-
28 posal, facilities for the local furnishing of gas, facilities for
29 water, and facilities for industrial parks, will be accelerated and

1 facilitated by the creation of an instrumentality of the state with
2 powers to incur debt and to make and insure loans to finance, and to
3 assist private lenders to make loans to finance, the establishment,
4 operation, and development of industrial, manufacturing, and small
5 [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises, includ-
6 ing facilities for air and water transportation, facilities for pollu-
7 tion control and waste disposal, facilities for the local furnishing of
8 gas, facilities for water, and facilities for industrial parks, for
9 private operation;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating commer-
12 cial and industrial growth and expansion by encouraging an increase of
13 private investment by banks, investment houses, insurance companies,
14 and other financial institutions, including pension and retirement
15 funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place in
18 the state.

19 (b) It is declared to be the policy of the state, in the interests
20 of promoting the health, security and general welfare of all the people
21 of the state, and a public purpose, to increase job opportunities and
22 otherwise to encourage the economic growth of the state, including the
23 development of its natural resources, through the establishment of
24 manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND
25 COMMERCIAL FISHING] enterprises and the other facilities referred to in
26 (a)(5) of this section [AS 44.88.010(a)(5)] by creating the public
27 corporation with power, duties and functions as provided in this chap-
28 ter.

29 * Sec. 6. AS 44.88.050(a) is amended to read:

1 (a) A majority of the members of the authority constitutes a
2 quorum for the transaction of business or the exercise of a power or
3 function at a meeting of the authority. In case of a tie vote on a
4 motion or resolution pending before the authority the motion or resolu-
5 tion shall be presented to the governor and if approved by him, is
6 considered adopted by the authority. The authority may meet and trans-
7 act business by electronic media, including conference telephone call,
8 if the public is given notice and has the same right to participate in
9 the meeting as if the meeting was conducted in person. A meeting by
10 electronic media as authorized in this subsection has the same legal
11 effect as a meeting in person.

12 * Sec. 7. AS 44.88.070 is amended to read:

13 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
14 authority is to promote, develop and advance the general prosperity and
15 economic welfare of the people of Alaska, to relieve problems of unem-
16 ployment, and to create additional employment by providing various
17 means of financing and means of facilitating the financing of indust-
18 rial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMER-
19 CIAL FISHING] enterprises and the other facilities referred to in
20 AS 44.88.010(a)(5) within the state.

21 * Sec. 8. AS 44.88.080(18) is amended to read:

22 (18) to facilitate the expansion of a secondary market for
23 the resale of federally or commercially insured loans made to finance
24 the costs of projects held by commercial banks in Alaska.

25 * Sec. 9. AS 44.88.080(12) is amended to read:

26 (12) to purchase or insure loans to finance the costs of
27 manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND
28 COMMERCIAL FISHING] enterprise projects;

29 * Sec. 10. AS 44.88 is amended by adding a new section to read:

1 Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application
2 fee may not be charged for an application for authority participation
3 in a loan under AS 44.88.158.

4 (b) The commitment fee for a loan commitment by the authority may
5 not exceed two percent of the principal amount of the loan.

6 * Sec. 11. AS 44.88.105 is amended by adding new subsections to read:

7 (f) The authority may establish a reserve fund, other than a
8 capital reserve fund, to secure its bonds. The authority may deposit
9 in a reserve fund established under this subsection the proceeds of
10 sale of its bonds and other money which may be made available from any
11 other source. A reserve fund established under this subsection must
12 comply with (a) - (c) of this section. The authority may allow a
13 reserve fund established under this subsection to be depleted without
14 complying with (d) of this section.

15 (g) The authority may not establish a capital reserve fund to
16 secure a bond if the proceeds of the bond are used to finance a project
17 the cost of which exceeds \$10,000,000.

18 * Sec. 12. AS 44.88.155(b) is amended to read:

19 (b) The authority shall establish within the enterprise develop-
20 ment fund a loan insurance account, a small enterprise [BUSINESS,
21 TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and
22 other accounts it considers appropriate. Amounts in the enterprise
23 development fund including, without limitation, repayments of loan
24 principal and interest, may be pledged to the payment of bonds of the
25 authority and shall be held and invested by the authority at competi-
26 tive national market rates in investments authorized under AS 37.10.-
27 070(a) or which [AS] may be authorized in agreements with bondholders
28 respecting amounts in the loan insurance account, the small enterprise
29 [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan

1 account, and other accounts within the enterprise development fund.

2 * Sec. 13. AS 44.88.157 is amended by adding new subsections to read:

3 (j) Notwithstanding (a) - (i) of this section, the authority may
4 establish additional loan insurance accounts outside the enterprise
5 development fund to secure special obligation bonds, and pay into the
6 loan insurance account money made available from an appropriation or
7 from any other source. A loan insurance account established under this
8 subsection is not subject to the requirements of (d) and (g) of this
9 section.

10 (k) A loan may not be insured from a loan insurance account
11 within the enterprise development fund if the loan is for a project the
12 cost of which exceeds \$10,000,000.

13 * Sec. 14. AS 44.88.158(a) is amended to read:

14 Sec. 44.88.158. SMALL ENTERPRISE [BUSINESS, TOURISM, MINING, AND
15 COMMERCIAL FISHING ENTERPRISES] LOAN ACCOUNT. (a) The authority may
16 use the assets of the small enterprise [BUSINESS, TOURISM, MINING, AND
17 COMMERCIAL FISHING ENTERPRISES] loan account to purchase loans made by
18 others to [SMALL BUSINESS ENTERPRISES, TOURISM ENTERPRISES, MINING
19 ENTERPRISES, AND COMMERCIAL FISHING] enterprises to pay the costs of
20 projects, as defined in AS 44.88.220, which have been or which the
21 authority anticipates will be financed with the proceeds of bonds.

22 * Sec. 15. AS 44.88.158(b) is amended to read:

23 (b) The interest rate on a loan purchased with money in the small
24 enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTER-
25 PRISES] loan account must equal the interest rate which the authority
26 estimates would be payable on bonds issued by the authority to provide
27 money to make the loan.

28 * Sec. 16. AS 44.88.158(c) is amended to read:

29 (c) A loan purchased with money in the small enterprise [BUSINESS,

1 TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account

2 (1) may not exceed \$7,500,000

3 [(A) \$6,000,000 IF THE LOAN IS MADE TO A TOURISM ENTER-
4 PRISE;

5 (B) \$1,000,000 IF THE LOAN IS MADE TO A MINING ENTER-
6 PRISE OR TO A SMALL BUSINESS ENTERPRISE THAT IS NOT A TOURISM
7 ENTERPRISE OR A COMMERCIAL FISHING ENTERPRISE; OR

8 (C) \$500,000 FOR EACH INDIVIDUAL COMMERCIAL FISHERMAN
9 IN THE COMMERCIAL FISHING ENTERPRISE IF THE LOAN IS MADE TO A
10 COMMERCIAL FISHING ENTERPRISE];

11 (2) may not exceed 75 percent of the cost of the project or
12 75 percent of the appraised value of the project, whichever is less,
13 unless the amount of the loan in excess of those limits is federally
14 insured or guaranteed or is insured by a qualified mortgage insurance
15 company;

16 (3) may not be made for a term longer than three-quarters of
17 the authority's estimate of the life of the project or 25 years from
18 the date the loan is made, whichever is earlier;

19 (4) shall contain complete amortization provisions satisfac-
20 tory to the authority requiring periodic payments by the borrower;

21 (5) shall be in the form and contain the terms and provi-
22 sions with respect to insurance, repairs, alterations, payment of taxes
23 and assessments, default reserves, delinquency charges, default
24 remedies, acceleration of maturity, secondary liens and other matters
25 the authority prescribes; [AND]

26 (6) shall be secured as to repayment by a mortgage or other
27 security instrument in the manner the authority determines is feasible
28 to assure timely repayment under a loan agreement entered into with the
29 borrower; and

1 (7) may not be made unless at least 10 percent of the prin-
2 cipal amount of the loan is retained by the originator of the loan.

3 * Sec. 17. AS 44.88.158(d) is amended to read:

4 (d) The authority may adopt regulations for the administration of
5 the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING
6 ENTERPRISES] loan account which may include, without limitation, provi-
7 sions for fees and agreements relating to application, loan commitment,
8 servicing, and origination of loans by other lenders.

9 * Sec. 18. AS 44.88.158(e) is amended to read:

10 (e) The authority may enter into agreements as to the use of the
11 money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL
12 FISHING ENTERPRISES] loan account, including without limitation, trust
13 or custody arrangements with banks or trust companies. It may also
14 pledge, assign, or grant the agreement, interests under an agreement,
15 or interests in the small enterprise [BUSINESS, TOURISM, MINING, AND
16 COMMERCIAL FISHING ENTERPRISES] loan account as may be necessary or
17 appropriate to provide for payment and security for bonds of the
18 authority.

19 * Sec. 19. AS 44.88.220(2) is amended to read:

20 (2) "business enterprise" means a single proprietorship,
21 corporation, firm, partnership, or other association of persons organ-
22 ized in any manner, for any business purpose, other than [WHICH IS NOT
23 ORGANIZED] on a nonprofit basis;

24 * Sec. 20. AS 44.88.220(5) is amended to read:

25 (5) "project" means [INCLUDES]

26 (A) a plant or facility used or intended for use in
27 connection with making, processing, preparing, or producing in any
28 manner, goods, products or substances of any kind or nature or in
29 connection with developing or utilizing a natural resource, or

1 extracting, smelting, transporting, converting, assembling or
2 producing in any manner, minerals, raw materials, chemicals,
3 compounds, alloys, fibers, commodities and materials, products or
4 substances of any kind or nature, any plant or facility used or
5 intended for use as an industrial park or in connection with air
6 and water transportation, or any plant or facility for the preven-
7 tion, limitation or control of air or water pollution, for the
8 disposal of sewage or solid waste, for the local furnishing of
9 gas, or for the furnishing of water; or

10 (B) a small [BUSINESS] enterprise [, TOURISM ENTERPRISE,
11 MINING ENTERPRISE, AND COMMERCIAL FISHING ENTERPRISE AS DEFINED IN
12 (12), (13), (14), AND (15) OF THIS SECTION];

13 * Sec. 21. AS 44.88.220(8) is amended to read:

14 (8) "project cost" or "cost of a project"

15 (A) means all or any part of the aggregate costs deter-
16 mined by the authority to be necessary to finance the construc-
17 tion, expansion, or acquisition of a project, including without
18 limitation the cost of acquiring real or tangible personal prop-
19 erty, and, in connection with real property, the cost of construct-
20 ing buildings and improvements, the cost of constructing means of
21 access to and from the project, the cost of constructing extensions
22 of utility systems to the site of the project; the cost of a
23 project includes, without limitation, the cost of financing the
24 project, interest charges before, during or after construction,
25 expansion, or acquisition of the project, costs related to the
26 determination of the feasibility, planning, design or engineering
27 of the project and, to the extent determined necessary by the
28 authority, administrative expenses, the cost of machinery or
29 equipment to be used in the operation of the project and expenses

1 of installation, replacement or rehabilitation, and all other
2 costs, charges, fees and expenses which may be determined by the
3 authority to be necessary to finance the construction, expansion,
4 or acquisition;

5 (B) does not include work in progress, stock in trade,
6 or the refinancing of the existing indebtedness of a project
7 applicant;

8 * Sec. 22. AS 44.88.220(12) is repealed and reenacted to read:

9 (12) "small enterprise" means a business enterprise which is
10 a project applicant with gross income of \$10,000,000 or less for its
11 annual reporting period which ended immediately before the application
12 to the authority for a loan;

13 * Sec. 23. The Alaska Housing Finance Corporation may issue bonds in the
14 principal amount of \$592,000,000 during the fiscal year ending June 30,
15 1982.

16 * Sec. 24. Subject to the limitation of AS 44.88.090(g), the Alaska
17 Industrial Development Authority may issue bonds in the principal amount of
18 \$230,000,000 during the fiscal year ending June 30, 1982.

Not discussed
5/21 Jim
H
PMA

Proposed by Buchholdt

AMENDMENTS TO DRAFT CSHB 487 (Finance) II

To Permit Working Capital & Inventory Loans

1. Delete Section 8 of the draft bill on page 5.
2. Delete "at competitive national Market rates" on lines 20-21, page 6 (Section 12 of the draft bill).
3. Delete "work in progress, stock in trade, or" on line 29, page 10, and line 1, page 11 (Section 21 of the draft bill).
4. Insert "or (C) work in progress, or stock in trade, or accounts receivable." after the deleted material on line 7, page 10 (Section 20 of the draft bill).
5. Add a new section to the draft bill as follows:

"AS.44.88.220(b) is amended to read:

(6) "plant" or "facility" means real property, whether above or below mean high water, or an interest in it, and the buildings, improvements and structures constructed or to be constructed on or in it, and may include fixtures, machinery, and equipment on it or in it, and tangible personal property, regardless of whether the tangible personal property is attached to or connected with real property, if the owner has agreed not to remove the tangible personal property permanently from the state for the period the authority sets; ["plant" or "facility" does not include work in process or stock in trade]"

A M E N D M E N T

Offered in the HOUSE

By the Finance Committee

TO: CSHB 487. (Finance)

Page 11, line 12:

Following "loan" add "or a utility which qualifies for a loan under the federal Rural Electrification Act (7 U.S.C. 901 et seq) with gross revenues of \$20,000,000 or less for its annual reporting period which ended immediately before the application to the authority for a loan"

Carney moved

CSHB 487 (Fin)

Amendment - by Finance Committee

Page 11, line 12, after "authority for a loan" add the following:

"or those qualifying under the Rural Electrical Authority program who have gross revenues of \$20,000,000 or less".

Berry

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 487 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the loan programs of and authorizing issuance of revenue bonds for loan programs by the Alaska Housing Finance Corporation and the Alaska Industrial Development Authority."

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

* Section 1. AS 18.56.098(a) is amended to read:

(a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase mortgage loans, including graduated payment mortgage loans, made (1) for the purchase of one, two, three, and four family residences; [OR] (2) for the refinancing of a mortgage loan on a one, two, three, or four family residence if the purpose of the refinancing is to provide money for the improvement or rehabilitation of the residence; (3) to purchase multi-family residences of more than four units which are individually owned; or (4) for construction, or refinancing for the purpose of improvement or rehabilitation, of multi-family residences of more than four units which are not individually or cooperatively owned when the requirements of (g) of this section are met; (5) for the purchase, construction, or refinancing for the purpose of improvement or rehabilitation of residences of more than four units which are cooperatively owned.

* Sec. 2. AS 18.56.098(c) is amended to read:

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage

1 loans purchased with amounts appropriated to the corporation for the
2 special mortgage loan purchase program to pay the principal, interest,
3 and redemption premium, if any, on bonds or bond anticipation notes
4 issued by the corporation for the special mortgage loan purchase program
5 and may expend amounts appropriated to the special mortgage loan pur-
6 chase program as necessary to cause the interest rate on mortgage
7 loans purchased under the special mortgage loan purchase program and
8 retained by the corporation or sold under AS 18.56.099 to equal the
9 rates specified in this section.

0 * Sec. 3. AS 18.56.098(d) is repealed and reenacted to read:

1 (d) The limitations on the loan amount and the interest rate
2 charged on a mortgage loan purchased by the corporation under (a) of
3 this section are as follows:

4 (1) the interest rate for a loan made for purchase of a
5 residence having more than four dwelling units in which the units are
6 individually owned, may not exceed nine percent on the first \$90,000 of
7 the loan if the loan is made to an eligible veteran under AS 18.56.101;

8 (2) the interest rate for a loan made for purchase of a
9 residence having more than four dwelling units in which the units are
10 individually owned may not exceed 10 percent on the first \$90,000 of
11 the loan if the loan is made to a person other than an eligible veteran
12 under AS 18.56.101;

13 (3) the interest rate for a loan made for the purchase,
14 construction, or rehabilitation of a residence having more than four
15 dwelling units in which the units are cooperatively owned may not
16 exceed 10 percent on the part of the loan which does not exceed \$50,000
17 per unit multiplied by the number of units;

18 (4) the interest rate for a loan for construction or rehab-
19 ilitation of a residence having more than four dwelling units in which

1 the units are not individually or cooperatively owned may not exceed 11
2 percent on the part of the loan which does not exceed \$50,000 per unit
3 multiplied by the number of units;

4 (5) the interest rate for purchase or rehabilitation of an
5 owner-occupied one, two, three, or four family residence may not exceed
6 nine percent on the first \$90,000 of the loan if the loan is made to an
7 eligible veteran under AS 18.56.101;

8 (6) the interest rate for purchase or rehabilitation of an
9 owner-occupied one, two, three, or four family residence may not exceed
0 10 percent on the first \$90,000 of the loan if the loan is made to a
1 person other than an eligible veteran under AS 18.56.101;

2 (7) a loan made for the purchase, construction, or rehabili-
3 tation of a multi-family residence of five or more units in which the
4 units are not individually owned may not exceed \$75,000 per unit, and
5 the maximum loan amount for a multi-family housing project is
6 \$1,500,000;

7 (8) except as provided in this subsection, the interest rate
8 for a loan shall equal the mortgage program costs to the corporation
9 attributable to the loan.

10 * Sec. 4. AS 18.56.098(e) is amended to read:

1 (e) The corporation shall establish regulations in accordance
2 with AS 18.56.088 to implement the special mortgage loan purchase
3 program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE
4 CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES
5 OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions
6 allowing, prohibiting, or otherwise setting conditions on the right to
7 assume mortgage loans purchased under (a) of this section.

8 * Sec. 5. AS 18.56.098(f)(4) is repealed and reenacted to read:

9 (4) "residence" includes a single-family or multiple-unit

1 residence, including a mobile home, and an individually owned unit in a
2 multiple-unit residence.

3 * Sec. 6. AS 18.56.098(f) is amended by adding a new paragraph to read:

4 (5) "cooperatively" means owned by a cooperative incorporated
5 under AS 10.15.

6 * Sec. 7. AS 18.56.098 is amended by adding a new subsection to read:

7 (g) Mortgage loans may be purchased under (a)(3) of this section
8 for a multi-family residence in a municipality only if the vacancy
9 factor for rental units in the municipality is five percent or less and
0 there is bank participation of at least 10 percent of the amount of the
1 loan.

2 * Sec. 8. AS 18.56 is amended by adding a new section to read:

3 Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. Pursuant to
4 sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C.
5 103A) the amount of mortgage revenue bonds that may be issued in the
6 state under sec. 103A(g)(4) of that Act is allocated solely to the
7 corporation. A municipality may not issue mortgage revenue bonds
8 unless permitted to do so by the corporation. The amount of bonds
9 issued by a municipality with the permission of the corporation shall
0 be deducted from the total amount permitted by the Act. The provisions
1 of this section apply to home rule municipalities.

22 * Sec. 9. AS 44.88.010 is amended to read:

23 Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
24 lature finds, determines and declares that

25 (1) there exist areas of the state in which seasonal and
26 nonseasonal unemployment exist;

27 (2) this unemployment is a serious menace to the health,
28 safety and general welfare, not only to the people in those areas, but
29 also to the people of the entire state;

1 (3) the state lacks the basic manufacturing, industrial,
2 small business, tourism, mining, timber, agricultural, and commercial
3 fishing enterprises and other facilities referred to in AS 44.88.-
4 010(a)(5) necessary to permit adequate development of its natural
5 resources and the balanced growth of its economy;

6 (4) the establishment, and expansion of industrial, manufac-
7 turing, small business, tourism, mining, timber, agricultural, and
8 commercial fishing enterprises in Alaska, including facilities for air
9 and water transportation, facilities for pollution control and waste
0 disposal, facilities for the local furnishing of gas, facilities for
1 water, and facilities for industrial parks, is essential to the develop-
2 ment of the natural resources and the long-term economic growth of the
3 state, and will directly and indirectly alleviate unemployment in the
4 state;

5 (5) the achievement of the goal of full employment, and of
6 establishment and continuing operation and development of industrial,
7 manufacturing, small business, tourism, mining, timber, agricultural,
8 and commercial fishing enterprises in the state, including facilities
9 for air and water transportation, facilities for pollution control and
0 waste disposal, facilities for the local furnishing of gas, facilities
1 for water, and facilities for industrial parks, will be accelerated and
2 facilitated by the creation of an instrumentality of the state with
3 powers to incur debt and to make and insure loans to finance, and to
4 assist private lenders to make loans to finance, the establishment,
5 operation, and development of industrial, manufacturing, small business,
6 tourism, mining, timber, agricultural, and commercial fishing enter-
7 prises, including facilities for air and water transportation, facili-
8 ties for pollution control and waste disposal, facilities for the local
9 furnishing of gas, facilities for water, and facilities for industrial

1 parks, for private operation;

2 (6) it is in the public interest to promote the prosperity
3 and general welfare of all citizens of the state by stimulating commer-
4 cial and industrial growth and expansion by encouraging an increase of
5 private investment by banks, investment houses, insurance companies,
6 and other financial institutions, including pension and retirement
7 funds, to help satisfy the need for economic expansion;

8 (7) it is in the state's interest to import private capital
9 to create new economic activity which would not otherwise take place in
10 the state.

11 (b) It is declared to be the policy of the state, in the interests
12 of promoting the health, security and general welfare of all the people
13 of the state, and a public purpose, to increase job opportunities and
14 otherwise to encourage the economic growth of the state, including the
15 development of its natural resources, through the establishment of
16 manufacturing, industrial, small business, tourism, timber,
17 agricultural, and commercial fishing enterprises and the other facili-
18 ties referred to in AS 44.88.010(a)(5) by creating the public corpora-
19 tion with power, duties and functions as provided in this chapter.

20 * Sec. 10. AS 44.88.070 is amended to read:

21 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
22 authority is to promote, develop and advance the general prosperity and
23 economic welfare of the people of Alaska, to relieve problems of unem-
24 ployment, and to create additional employment by providing various
25 means of financing and means of facilitating the financing of indust-
26 rial, manufacturing, small business, tourism, mining, timber, agricul-
27 tural, and commercial fishing enterprises and the other facilities
28 referred to in AS 44.88.010(a)(5) within the state.

29 * Sec. 11. AS 44.88.080(18) is amended to read:

1 (18) to facilitate the expansion of a secondary market for
2 the resale of federally or commercially insured loans made to finance
3 the costs of projects held by commercial banks in Alaska. :

4 * Sec. 12. AS 44.88.080(12) is amended to read:

5 (12) to purchase or insure loans to finance the costs of
6 manufacturing, industrial, small business, tourism, mining, timber,
7 agricultural, and commercial fishing enterprise projects;

8 * Sec. 13. AS 44.88 is amended by adding a new section to read:

9 Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application
0 fee may not be charged for an application for authority participation
1 in a loan under AS 44.88.158.

2 (b) The commitment fee for a loan commitment by the authority may
3 not exceed two percent of the principal amount of the loan.

4 * Sec. 14. AS 44.88.105 is amended by adding a new subsection to read:

5 (f) The authority may establish a reserve fund, other than a
6 capital reserve fund, to secure its bonds. The authority may deposit
7 in a reserve fund established under this subsection the proceeds of
8 sale of its bonds and other money which may be made available from any
9 other source. A reserve fund established under this subsection must
0 comply with (a) - (c) of this section. The authority may allow a
1 reserve fund established under this subsection to be depleted without
2 complying with (d) of this section.

3 * Sec. 15. AS 44.88.155(b) is amended to read:

4 (b) The authority shall establish within the enterprise develop-
5 ment fund a loan insurance account, a small business, tourism, mining,
6 and commercial fishing enterprises loan account and other accounts it
7 considers appropriate. Amounts in the enterprise development fund
8 including, without limitation, repayments of loan principal and inter-
9 est, may be pledged to the payment of bonds of the authority and shall

1 be held and invested by the authority at competitive national market
2 rates in investments authorized under AS 37.10.070(a) or as may be
3 authorized in agreements with bondholders respecting amounts in the
4 loan insurance account, the small business, tourism, mining, and com-
5 mercial fishing enterprises loan account, and other accounts within the
6 enterprise development fund.

7 * Sec. 16. AS 44.88.157(a) is amended to read:

8 (a) The authority may establish a loan insurance account. The
9 purpose of the loan insurance account is to provide insurance of mort-
0 gage loans and other loans made or purchased by the authority, or made
1 by others and approved for insurance by the authority, for a project.
2 The authority may enter into agreements as to the use of money in the
3 loan insurance account and may pledge, assign, or grant interests in
4 the loan insurance account as provided in this section. The authority
5 may adopt regulations and enter into agreements with respect to the
6 exercise of any power or approval relating to the loan insurance account
7 under this section, including, without limitation, agreements as to the
8 use of money in the loan insurance account, agreements with respect to
9 the terms and conditions upon which payments from the loan insurance
0 account will be made with respect to a loan insured under this section,
1 agreements as to separate subaccounts in the loan insurance account for
2 different categories of loans or as to loans made by the authority or
3 any other person, and agreements regarding the payment of and security
4 for bonds issued by the authority. An agreement, the rights of the
5 authority under an agreement, or payments received or to be received
6 under an agreement may be pledged or assigned by the authority for the
7 benefit of the holders of bonds issued by the authority.

8 * Sec. 17. AS 44.88.158(a) is amended to read:

9 Sec. 44.88.158. SMALL BUSINESS, TOURISM, MINING, TIMBER, AGRICUL-

TURAL, AND COMMERCIAL FISHING ENTERPRISES LOAN ACCOUNT. (a) The authority may use the assets of the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account to purchase loans made by others to small business enterprises, tourism enterprises, mining enterprises, timber enterprises, agricultural enterprises, and commercial fishing enterprises to pay the costs of projects, as defined in AS 44.88.220, which have been or which the authority anticipates will be financed with the proceeds of bonds.

* Sec. 18. AS 44.88.158(c) is amended to read:

(c) A loan purchased with money in the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account

(1) may not exceed

(A) \$6,000,000 if the loan is made to a tourism enterprise;

(B) \$1,000,000 if the loan is made to a mining, timber, agricultural, or [ENTERPRISE OR TO A] small business enterprise that is not a tourism enterprise or a commercial fishing enterprise; or

(C) \$500,000 for each individual commercial fisherman in the commercial fishing enterprise if the loan is made to a commercial fishing enterprise;

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from

1 the date the loan is made, whichever is earlier;

2 (4) shall contain complete amortization provisions satisfac-
3 tory to the authority requiring periodic payments by the borrower;

4 (5) shall be in the form and contain the terms and provi-
5 sions with respect to insurance, repairs, alterations, payment of taxes
6 and assessments, default reserves, delinquency charges, default
7 remedies, acceleration of maturity, secondary liens and other matters
8 the authority prescribes; and

9 (6) shall be secured as to repayment by a mortgage or other
10 security instrument in the manner the authority determines is feasible
11 to assure timely repayment under a loan agreement entered into with the
12 borrower.

13 * Sec. 19. AS 44.88.158(d) is amended to read:

14 (d) The authority may adopt regulations for the administration of
15 the small business, tourism, mining, timber, agricultural, and commer-
16 cial fishing enterprises loan account which may include, without limita-
17 tion, provisions for fees and agreements relating to application, loan
18 commitment, servicing, and origination of loans by other lenders.

19 * Sec. 20. AS 44.88.158(e) is amended to read:

20 (e) The authority may enter into agreements as to the use of the
21 money in the small business, tourism, mining, timber, agricultural, and
22 commercial fishing enterprises loan account, including without limita-
23 tion, trust or custody arrangements with banks or trust companies. It
24 may also pledge, assign, or grant the agreement, interests under an
25 agreement, or interests in the small business, tourism, mining,
26 timber, agricultural, and commercial fishing enterprises loan account
27 as may be necessary or appropriate to provide for payment and security
28 for bonds of the authority.

29 * Sec. 21. AS 44.88.220(2) is amended to read:

1 (2) "business enterprise" means a single proprietorship,
2 corporation, firm, partnership, or other association of persons organ-
3 ized in any manner, for any business purpose, other than [WHICH IS NOT
4 ORGANIZED] on a nonprofit basis;

5 * Sec. 22. AS 44.88.220(5) is amended to read:

6 (5) "project" means [INCLUDES]

7 (A) a plant or facility used or intended for use in
8 connection with making, processing, preparing, or producing in any
9 manner, goods, products or substances of any kind or nature or in
0 connection with developing or utilizing a natural resource, or
1 extracting, smelting, transporting, converting, assembling or
2 producing in any manner, minerals, raw materials, chemicals,
3 compounds, alloys, fibers, commodities and materials, products or
4 substances of any kind or nature, any plant or facility used or
5 intended for use as an industrial park or in connection with air
6 and water transportation, or any plant or facility for the preven-
7 tion, limitation or control of air or water pollution, for the
8 disposal of sewage or solid waste, for the local furnishing of
9 gas, or for the furnishing of water; or

0 (B) commercial activity by a small business enterprise,
1 tourism enterprise, mining enterprise, timber enterprise, agricul-
2 tural enterprise, or [AND] commercial fishing enterprise as defined
3 in (12), (13), (14), [AND] (15), (16), and (17) of this section;

4 * Sec. 23. AS 44.88.220(8) is amended to read:

5 (8) "project cost" or "cost of a project" means all or any
6 part of the aggregate costs determined by the authority to be necessary
7 to finance the construction, expansion, or acquisition of a project,
8 including without limitation the cost of acquiring real or tangible
9 personal property, and, in connection with real property, the cost of

1 constructing buildings and improvements, the cost of constructing means
2 of access to and from the project, the cost of constructing extensions
3 of utility systems to the site of the project; the cost of a project
4 includes, without limitation, the cost of financing the project, inter-
5 est charges before, during or after construction, expansion, or acqui-
6 sition of the project, costs related to the determination of the feasi-
7 bility, planning, design or engineering of the project and, to the
8 extent determined necessary by the authority, administrative expenses,
9 the cost of machinery or equipment to be used in the operation of the
0 project and expenses of installation, replacement or rehabilitation,
11 and all other costs, charges, fees and expenses which may be determined
12 by the authority to be necessary to finance the construction, expansion,
13 or acquisition;

14 * Sec. 24. AS 44.88.220(12) is amended to read:

15 (12) "small business enterprise" means a business enterprise
16 which is a project applicant with annual gross income of \$10,000,000 or
17 less for its annual reporting period which ended immediately before the
18 application to the authority for a loan;

19 * Sec. 25. AS 44.88.220(13) is amended to read:

20 (13) "tourism enterprise" means a business enterprise which
21 is a project applicant directly involved in the tourist industry;

22 * Sec. 26. AS 44.88.220(14) is amended to read:

23 (14) "commercial fishing enterprise" means one or more indi-
24 vidual commercial fishermen who are project applicants and residents of
25 the state who jointly apply for and receive a commercial fishing loan
26 from a private financial institution in the state or from a state or
27 federal loan program;

28 * Sec. 27. AS 44.88.220(15) is amended to read:

29 (15) "mining enterprise" means a business enterprise which is

1 a project applicant directly involved in the mining industry.

2 * Sec. 28. AS 44.88.220 is amended by adding new paragraphs to read:

3 (16) "agricultural enterprise" means a project applicant
4 involved in the raising and harvesting of plants, trees, crops, and
5 livestock and includes the real estate, buildings, equipment, and
6 supplies normally necessary for the distribution, processing, marketing,
7 and servicing of products related to agriculture or an agricultural
8 purpose;

9 (17) "timber enterprise" means a project applicant which is
0 directly involved in the timber industry;

1 * Sec. 29. The Alaska Housing Finance Corporation may issue revenue
2 bonds in the principal amount of \$647,000,000 during the fiscal year ending
3 June 30, 1982.

4 * Sec. 30. Subject to the limitation of AS 44.88.090(g), the Alaska
5 Industrial Development Authority may issue revenue bonds in the principal
6 amount of \$230,000,000 during the fiscal year ending June 30, 1982.

7 * Sec. 31. 3 AAC 99.230(b) and 3 AAC 99.270(b) are annulled.
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Mitt Barker
5/21

AMENDMENTS TO DRAFT CSHB 487 (Finance) II

To Permit Working Capital & Inventory Loans

1. Delete Section 8 of the draft bill on page 5.
2. Delete "at competitive national Market rates" on lines 20-21, page 6 (Section 12 of the draft bill).
3. Delete "work in progress, stock in trade, or" on line 29, page 10, and line 1, page 11 (Section 21 of the draft bill).
4. Insert "or (c) work in progress, or stock in trade, or accounts receivable." after the deleted material on line 7, page 10 (Section 20 of the draft bill).
5. Add a new section to the draft bill as follows:

"AS.44.88.220(b) is amended to read:

(6) "plant" or "facility" means real property, whether above or below mean high water, or an interest in it, and the buildings, improvements and structures constructed or to be constructed on or in it, and may include fixtures, machinery, and equipment on it or in it, and tangible personal property, regardless of whether the tangible personal property is attached to or connected with real property, if the owner has agreed not to remove the tangible personal property permanently from the state for the period the authority sets; ["plant" or "facility" does not include work in process or stock in trade;]"

AMENDMENTS TO CSRB487 (Finance)

- Page 1, Line 6 After "of" add "owner-occupied single-family or duplex"
- Page 1, Line 7 After "on" add "an owner-occupied single-family or duplex"
- Page 2, Line 4 Delete "three or more" and insert "more than two"
- Line 5 After "unit" add "the maximum loan-to-value ratio is eighty percent"
- Line 6 After "a" add "rental" delete "project" and insert "residence"
- Line 25 Delete "bank", and after "participation" add "by a private sector lender"

MAIN BILL CS FOR HB No. 497 (Finance) II

- Page 1, Add a new section as follows:

Section 1. AS 18.56.040 is amended to read:

Sec. 18.56.040. Meetings of board. The board shall elect a chairman from among its membership at its [first] annual meeting [in] each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months. The corporation may meet and transact business by electronic media, including conference telephone call, if the public is given notice and has the same right to participate in the meeting as if the meeting was conducted in person. A meeting by electronic media as authorized in this section has the same legal effect as a meeting in person.

- Page 1, Line 19 Delete "or to the spouse of a person"
- Line 20 Delete "seven" and insert "three"
- Line 21 Add a new sentence as follows: "Sub-section (2) does not apply to mortgage loans which the corporation has committed to purchase prior to September 1, 1981."

Page 2, Line 23 At beginning of line add "under sec. 103A(g) (4)
of that Act"

After "cf" add "mortgage revenue"

Line 24 After "municipality" add "under sec. 103A(g) (4)
of that Act"

Page 12, line 16 Delete "revenue"

Line 17 Delete "\$492,000,000 and insert "\$592,000,000"

CS HB 487 Amendments

1 * Section 1. AS 18.56.098(a) is amended to read:

2 (a) The corporation shall establish a special mortgage loan
3 purchase program. Under the special mortgage loan purchase program,
4 the corporation may purchase mortgage loans, including graduated payment
5 mortgage loans, made (1) for the purchase of one, two, three, and four
6 family residences; (OR) (2) for the refinancing of a mortgage loan on a
7 one, two, three, or four family residence if the purpose of the refin-
8 ancing is to provide money for the improvement or rehabilitation of the
9 residence; (3) to purchase multi-family residences of more than four
10 units which are individually owned; or (4) for financing after completion
11 of construction, or refinancing after completion of improvement or rehabili-
12 tation, of multi-family residences of more than four units which are not
13 individually or cooperatively owned when the requirements of (g) of this
14 section are met; (5) for the purchase, financing after completion of
15 construction, or refinancing after completion of improvement or rehabili-
16 tation of residences of more than four units which are cooperatively
17 owned.
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AMENDMENTS TO CS HB 487 (Finance)

1 * Sec. ____ AS 18.56.098(a) is amended to read:

2 Sec. 18.56.098. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM. (a)
3 The corporation shall establish a special mortgage loan purchase
4 program. Under the special mortgage loan purchase program, the
5 corporation may purchase mortgage loans, including graduated payment
6 mortgage loans, made (1) for the purchase of residences; (OR) (2)
7 for the refinancing of a mortgage loan on a residence if the purpose
8 of the refinancing is to provide money for the improvement or re-
9 habilitation of the residence(.); (3) for financing after completion
10 of construction of ^{new} rental multi-family residences of more than two
11 units in rural and, when the requirements of (g) of this section are
12 met, in urban areas.

13 * Sec. ____ AS 18.56.098(d) is repealed and reenacted to read:

14 (d) The limitations on the loan amount and the interest rate
15 charged on a mortgage loan purchased by the corporation under (a) of
16 this section are as follows:

17 → (1) the interest rate for a loan purchased under (a) (1) or
18 (a) (2) of this section may not exceed:

19 (A) nine percent on the first \$90,000 of the loan
20 if the loan is made to an eligible veteran under AS 18.56.101;

21 (B) ten percent on the first \$90,000 of the loan if
22 the loan is made to a person other than an eligible veteran under
23 AS 18.56.101;

24 (2) the interest rate for a loan purchased under (a) (3)
25 of this section may not exceed:

26 (A) nine and one-half percent on the part of the loan
27 which does not exceed \$75,000 per unit multiplied by the number of
28 units if the loan is made in a rural area;

29 (B) eleven percent on the part of the loan which

1 does not exceed \$50,000 per unit multiplied by the number of units
2 if the loan is made in an urban area;

3 (3) a loan made for the financing after completion of
4 construction of a rental multi-family residence of three or more
5 units may not exceed \$75,000 per unit, and the maximum loan amount
6 for a multi-family housing project is \$1,500,000;

7 (4) except as provided in this subsection, the interest
8 rate for a loan shall equal the mortgage program costs to the
9 corporation attributable to the loan.

10 * Sec. _____. AS 18.56.098(f)(4) is repealed and reenacted to read:

11 (4) "residence" includes a single-family or multiple-unit
12 residence, including a mobile home, and an individually owned unit
13 in a multiple-unit residence.

14 * Sec. _____. AS 18.56.098(f) is amended by adding new paragraphs
15 to read:

16 (5) "urban" means an area which (A) has road or railroad
17 access to Anchorage or Fairbanks; or (B) a community that has a population
18 of 4,500 or more;

19 (6) "rural" means an area or community other urban.

20
21 * Sec. _____. AS 18.56.098 is amended by adding a new subsection
22 to read:

23 (g) Mortgage loans may be purchased under (a)(3) of this
24 section for a rental multi-family residence in an urban area only if
25 there is bank participation of at least 10 percent of the amount of
26 the loan.
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Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
 2 CS FOR HOUSE BILL NO. 487 (Finance)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 TWELFTH LEGISLATURE - FIRST SESSION
 5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpora-
 7 tion and the Alaska Industrial Development Authority."

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

9 * Section 1. AS 18.56.040 is amended to read:

10 Sec. 18.56.040. MEETINGS OF BOARD. (a) The board shall elect a
 11 chairman from among its membership at its annual [FIRST] meeting [IN]
 12 each year. A majority of the members constitute a quorum for organizing
 13 the board, conducting its business and exercising the powers of the
 14 corporation. The board shall meet at the call of its chairman. The
 15 board shall meet not less than once each three months.

16 (b) The authority may meet and transact business by electronic
 17 media, including conference telephone, if the public has the same
 18 right to participate in the meeting as if the meeting were held in
 19 person. A meeting by electronic media as provided in this section has
 20 the same legal effect as a meeting in person.

21 * Sec. 2. AS 18.56.098(c) is amended to read:

22 (c) The corporation may pledge mortgage loans purchased by the
 23 corporation under (a) of this section, mortgage loans assigned to the
 24 corporation for the special mortgage loan purchase program, and mortgage
 25 loans purchased with amounts appropriated to the corporation for the
 26 special mortgage loan purchase program to pay the principal, interest,
 27 and redemption premium, if any, on bonds or bond anticipation notes
 28 issued by the corporation for the special mortgage loan purchase pro-
 29 gram and may expend amounts appropriated to the special mortgage loan

1 purchase program for mortgage loan subsidies as necessary to cause the
2 interest rate on mortgage loans purchased under the special mortgage
3 loan purchase program and retained by the corporation or sold under
4 AS 18.56.099 to equal the rates specified in this section.

5 * Sec. 3. AS 18.56.098(e) is amended to read:

6 (e) The corporation shall establish regulations in accordance
7 with AS 18.56.088 to implement the special mortgage loan purchase
8 program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE
9 CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES
10 OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions
11 allowing, prohibiting, or restricting [OTHERWISE SETTING CONDITIONS ON]
12 the right to assume or the right to provide for the payment of mortgage
13 loans purchased under (a) of this section by a person other than the
14 mortgagor. A provision in a mortgage loan purchased by the corporation
15 which prohibits or restricts the right to assume or the right to pro-
16 vide for the payment of mortgage loans is enforceable. The corpora-
17 tion shall enforce the regulations adopted under this subsection.

18 * Sec. 4. AS 18.56 is amended by adding a new section to read:

19 Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. (a) Pursuant to
20 sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C.
21 103A) the amount of mortgage revenue bonds that may be issued in the
22 state under sec. 103A(g)(4) of that Act is allocated solely to the
23 corporation. A municipality may not issue mortgage revenue bonds under
24 sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 unless
25 permitted to do so by the corporation. The amount of mortgage revenue
26 bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage
27 Subsidy Bond Tax Act of 1980 with the permission of the corporation
28 shall be deducted from the total amount permitted by that Act.

29 (b) The provisions of this section apply to home rule municipali-

1 ties.

2 * Sec. 5. AS 44.88.010 is amended to read:

3 Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
4 lature finds, determines and declares that

5 (1) there exist areas of the state in which seasonal and
6 nonseasonal unemployment exist;

7 (2) this unemployment is a serious menace to the health,
8 safety and general welfare, not only to the people in those areas, but
9 also to the people of the entire state;

10 (3) the state lacks the basic manufacturing, industrial, and
11 small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises
12 and other facilities referred to in (5) of this subsection [AS 44.88.-
13 010(a)(5)] necessary to permit adequate development of its natural
14 resources and the balanced growth of its economy;

15 (4) the establishment, and expansion of industrial, manufac-
16 turing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING]
17 enterprises in Alaska, including facilities for air and water transpor-
18 tation, facilities for pollution control and waste disposal, facilities
19 for the local furnishing of gas, facilities for water, and facilities
20 for industrial parks, is essential to the development of the natural
21 resources and the long-term economic growth of the state, and will di-
22 rectly and indirectly alleviate unemployment in the state;

23 (5) the achievement of the goal of full employment, and of
24 establishment and continuing operation and development of industrial,
25 manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL
26 FISHING] enterprises in the state, including facilities for air and
27 water transportation, facilities for pollution control and waste dis-
28 posal, facilities for the local furnishing of gas, facilities for
29 water, and facilities for industrial parks, will be accelerated and

1 facilitated by the creation of an instrumentality of the state with
2 powers to incur debt and to make and insure loans to finance, and to
3 assist private lenders to make loans to finance, the establishment,
4 operation, and development of industrial, manufacturing, and small
5 [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises, includ-
6 ing facilities for air and water transportation, facilities for pollu-
7 tion control and waste disposal, facilities for the local furnishing of
8 gas, facilities for water, and facilities for industrial parks, for
9 private operation;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating commer-
12 cial and industrial growth and expansion by encouraging an increase of
13 private investment by banks, investment houses, insurance companies,
14 and other financial institutions, including pension and retirement
15 funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place in
18 the state.

19 (b) It is declared to be the policy of the state, in the interests
20 of promoting the health, security and general welfare of all the people
21 of the state, and a public purpose, to increase job opportunities and
22 otherwise to encourage the economic growth of the state, including the
23 development of its natural resources, through the establishment of
24 manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND
25 COMMERCIAL FISHING] enterprises and the other facilities referred to in
26 (a)(5) of this section [AS 44.88.010(a)(5)] by creating the public
27 corporation with power, duties and functions as provided in this chap-
28 ter.

29 * Sec. 6. AS 44.88.050(a) is amended to read:

1 (a) A majority of the members of the authority constitutes a
2 quorum for the transaction of business or the exercise of a power or
3 function at a meeting of the authority. In case of a tie vote on a
4 motion or resolution pending before the authority the motion or resolu-
5 tion shall be presented to the governor and if approved by him, is
6 considered adopted by the authority. The authority may meet and trans-
7 act business by electronic media, including conference telephone call,
8 if the public is given notice and has the same right to participate in
9 the meeting as if the meeting was conducted in person. A meeting by
10 electronic media as authorized in this subsection has the same legal
11 effect as a meeting in person.

12 * Sec. 7. AS 44.88.070 is amended to read:

13 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
14 authority is to promote, develop and advance the general prosperity and
15 economic welfare of the people of Alaska, to relieve problems of unem-
16 ployment, and to create additional employment by providing various
17 means of financing and means of facilitating the financing of indust-
18 rial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMER-
19 CIAL FISHING] enterprises and the other facilities referred to in
20 AS 44.88.010(a)(5) within the state.

21 * Sec. 8. AS 44.88.080(18) is amended to read:

22 (18) to facilitate the expansion of a secondary market for
23 the resale of federally or commercially insured loans made to finance
24 the costs of projects held by commercial banks in Alaska.

25 * Sec. 9. AS 44.88.080(12) is amended to read:

26 (12) to purchase or insure loans to finance the costs of
27 manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND
28 COMMERCIAL FISHING] enterprise projects;

29 * Sec. 10. AS 44.88 is amended by adding a new section to read:

1 Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application
2 fee may not be charged for an application for authority participation
3 in a loan under AS 44.88.158.

4 (b) The commitment fee for a loan commitment by the authority may
5 not exceed two percent of the principal amount of the loan.

6 * Sec. 11. AS 44.88.105 is amended by adding new subsections to read:

7 (f) The authority may establish a reserve fund, other than a
8 capital reserve fund, to secure its bonds. The authority may deposit
9 in a reserve fund established under this subsection the proceeds of
10 sale of its bonds and other money which may be made available from any
11 other source. A reserve fund established under this subsection must
12 comply with (a) - (c) of this section. The authority may allow a
13 reserve fund established under this subsection to be depleted without
14 complying with (d) of this section.

15 (g) The authority may not establish a capital reserve fund to
16 secure a bond if the proceeds of the bond are used to finance a project
17 the cost of which exceeds \$10,000,000.

18 * Sec. 12. AS 44.88.155(b) is amended to read:

19 (b) The authority shall establish within the enterprise develop-
20 ment fund a loan insurance account, a small enterprise [BUSINESS,
21 TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and
22 other accounts it considers appropriate. Amounts in the enterprise
23 development fund including, without limitation, repayments of loan
24 principal and interest, may be pledged to the payment of bonds of the
25 authority and shall be held and invested by the authority at competi-
26 tive national market rates in investments authorized under AS 37.10.-
27 070(a) or which [AS] may be authorized in agreements with bondholders
28 respecting amounts in the loan insurance account, the small enterprise
29 [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan

1 account, and other accounts within the enterprise development fund.

2 * Sec. 13. AS 44.88.157 is amended by adding new subsections to read:

3 (j) Notwithstanding (a) - (i) of this section, the authority may
4 establish additional loan insurance accounts outside the enterprise
5 development fund to secure special obligation bonds, and pay into the
6 loan insurance account money made available from an appropriation or
7 from any other source. A loan insurance account established under this
8 subsection is not subject to the requirements of (d) and (g) of this
9 section.

10 (k) A loan may not be insured from a loan insurance account
11 within the enterprise development fund if the loan is for a project the
12 cost of which exceeds \$10,000,000.

13 * Sec. 14. AS 44.88.158(a) is amended to read:

14 Sec. 44.88.158. SMALL ENTERPRISE [BUSINESS, TOURISM, MINING, AND
15 COMMERCIAL FISHING ENTERPRISES] LOAN ACCOUNT. (a) The authority may
16 use the assets of the small enterprise [BUSINESS, TOURISM, MINING, AND
17 COMMERCIAL FISHING ENTERPRISES] loan account to purchase loans made by
18 others to [SMALL BUSINESS ENTERPRISES, TOURISM ENTERPRISES, MINING
19 ENTERPRISES, AND COMMERCIAL FISHING] enterprises to pay the costs of
20 projects, as defined in AS 44.88.220, which have been or which the
21 authority anticipates will be financed with the proceeds of bonds.

22 * Sec. 15. AS 44.88.158(b) is amended to read:

23 (b) The interest rate on a loan purchased with money in the small
24 enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTER-
25 PRISES] loan account must equal the interest rate which the authority
26 estimates would be payable on bonds issued by the authority to provide
27 money to make the loan.

28 * Sec. 16. AS 44.88.158(c) is amended to read:

29 (c) A loan purchased with money in the small enterprise [BUSINESS,

1 TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account

2 (1) may not exceed \$7,500,000

3 [(A) \$6,000,000 IF THE LOAN IS MADE TO A TOURISM ENTER-
4 PRISE;

5 (B) \$1,000,000 IF THE LOAN IS MADE TO A MINING ENTER-
6 PRISE OR TO A SMALL BUSINESS ENTERPRISE THAT IS NOT A TOURISM
7 ENTERPRISE OR A COMMERCIAL FISHING ENTERPRISE; OR

8 (C) \$500,000 FOR EACH INDIVIDUAL COMMERCIAL FISHERMAN
9 IN THE COMMERCIAL FISHING ENTERPRISE IF THE LOAN IS MADE TO A
10 COMMERCIAL FISHING ENTERPRISE];

11 (2) may not exceed 75 percent of the cost of the project or
12 75 percent of the appraised value of the project, whichever is less,
13 unless the amount of the loan in excess of those limits is federally
14 insured or guaranteed or is insured by a qualified mortgage insurance
15 company;

16 (3) may not be made for a term longer than three-quarters of
17 the authority's estimate of the life of the project or 25 years from
18 the date the loan is made, whichever is earlier;

19 (4) shall contain complete amortization provisions satisfac-
20 tory to the authority requiring periodic payments by the borrower;

21 (5) shall be in the form and contain the terms and provi-
22 sions with respect to insurance, repairs, alterations, payment of taxes
23 and assessments, default reserves, delinquency charges, default
24 remedies, acceleration of maturity, secondary liens and other matters
25 the authority prescribes; [AND]

26 (6) shall be secured as to repayment by a mortgage or other
27 security instrument in the manner the authority determines is feasible
28 to assure timely repayment under a loan agreement entered into with the
29 borrower; and

1 (7) may not be made unless at least 10 percent of the prin-
2 cipal amount of the loan is retained by the originator of the loan.

3 * Sec. 17. AS 44.88.158(d) is amended to read:

4 (d) The authority may adopt regulations for the administration of
5 the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING
6 ENTERPRISES] loan account which may include, without limitation, provi-
7 sions for fees and agreements relating to application, loan commitment,
8 servicing, and origination of loans by other lenders.

9 * Sec. 18. AS 44.88.158(e) is amended to read:

10 (e) The authority may enter into agreements as to the use of the
11 money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL
12 FISHING ENTERPRISES] loan account, including without limitation, trust
13 or custody arrangements with banks or trust companies. It may also
14 pledge, assign, or grant the agreement, interests under an agreement,
15 or interests in the small enterprise [BUSINESS, TOURISM, MINING, AND
16 COMMERCIAL FISHING ENTERPRISES] loan account as may be necessary or
17 appropriate to provide for payment and security for bonds of the
18 authority.

19 * Sec. 19. AS 44.88.220(2) is amended to read:

20 (2) "business enterprise" means a single proprietorship,
21 corporation, firm, partnership, or other association of persons organ-
22 ized in any manner, for any business purpose, other than [WHICH IS NOT
23 ORGANIZED] on a nonprofit basis;

24 * Sec. 20. AS 44.88.220(5) is amended to read:

25 (5) "project" means [INCLUDES]

26 (A) a plant or facility used or intended for use in
27 connection with making, processing, preparing, or producing in any
28 manner, goods, products or substances of any kind or nature or in
29 connection with developing or utilizing a natural resource, or

1 extracting, smelting, transporting, converting, assembling or
2 producing in any manner, minerals, raw materials, chemicals,
3 compounds, alloys, fibers, commodities and materials, products or
4 substances of any kind or nature, any plant or facility used or
5 intended for use as an industrial park or in connection with air
6 and water transportation, or any plant or facility for the preven-
7 tion, limitation or control of air or water pollution, for the
8 disposal of sewage or solid waste, for the local furnishing of
9 gas, or for the furnishing of water; or

10 (B) a small [BUSINESS] enterprise [, TOURISM ENTERPRISE,
11 MINING ENTERPRISE, AND COMMERCIAL FISHING ENTERPRISE AS DEFINED IN
12 (12), (13), (14), AND (15) OF THIS SECTION];

13 * Sec. 21. AS 44.88.220(8) is amended to read:

14 (8) "project cost" or "cost of a project"

15 (A) means all or any part of the aggregate costs deter-
16 mined by the authority to be necessary to finance the construc-
17 tion, expansion, or acquisition of a project, including without
18 limitation the cost of acquiring real or tangible personal prop-
19 erty, and, in connection with real property, the cost of construct-
20 ing buildings and improvements, the cost of constructing means of
21 access to and from the project, the cost of constructing extensions
22 of utility systems to the site of the project; the cost of a
23 project includes, without limitation, the cost of financing the
24 project, interest charges before, during or after construction,
25 expansion, or acquisition of the project, costs related to the
26 determination of the feasibility, planning, design or engineering
27 of the project and, to the extent determined necessary by the
28 authority, administrative expenses, the cost of machinery or
29 equipment to be used in the operation of the project and expenses

1 of installation, replacement or rehabilitation, and all other
2 costs, charges, fees and expenses which may be determined by the
3 authority to be necessary to finance the construction, expansion,
4 or acquisition;

5 (B) does not include work in progress, stock in trade,
6 or the refinancing of the existing indebtedness of a project
7 applicant;

8 * Sec. 22. AS 44.88.220(12) is repealed and reenacted to read:

9 (12) "small enterprise" means a business enterprise which is
10 a project applicant with gross income of \$10,000,000 or less for its
11 annual reporting period which ended immediately before the application
12 to the authority for a loan;

13 * Sec. 23. The Alaska Housing Finance Corporation may issue revenue
14 bonds in the principal amount of \$592,000,000 during the fiscal year ending
15 June 30, 1982.

16 * Sec. 24. Subject to the limitation of AS 44.88.090(g), the Alaska
17 Industrial Development Authority may issue bonds in the principal amount of
18 \$230,000,000 during the fiscal year ending June 30, 1982.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

May 27, 1981

M E M O R A N D U M

TO: Honorable Sam Cotten, Chairman
House Finance Committee

FROM: Milt Barker, ^{MB} Fiscal Analyst
Legislative Finance Division

SUBJECT: CSHB 487 (Finance) III

CSHB 487 (Finance) III relating to AHFC and AIDA does the following:

Bill Section

- 1 Provides for board meetings by election media;
- 2 Permits AHFC to issue pass-through mortgage certificates;
- 3 Permits AHFC to include "due on sale" clauses in mortgages;
- 4 Allocates \$200 million in tax-exempt bonding authority to AHFC which may reallocate amounts to municipalities;
- 5,7,9,12, Adds expansions and otherwise generalizes the
14,15,17- category of small enterprise projects authorized
22 for AIDA loan purposes;
- 6 Permits AIDA to transact business by electronic media;
- 8,12,21 Disallows working capital, inventory, and re-financing loans by AIDA;

Bill
Section

- 10 Eliminates AIDA application fees; limits AIDA commitment fees to 2% of the loan amount;
- 11,13 Permits AIDA to establish bond reserve funds or loan insurance accounts which do not have the moral obligation of the state; disallows moral obligations on bond reserve funds or loan insurance accounts for projects over \$10 million;
- 16 Raises the limit on loans purchased by AIDA to \$7,500,000 for all projects and requires 10% bank participation;
- 23 Authorizes \$592 million in AHFC bonds for FY 82;
- 24 Authorizes \$230 million in AIDA bonds for FY 82.

MBB:pw

KUTAK ROCK & HUIE

ATLANTA

DENVER

LOS ANGELES

MINNEAPOLIS

OMAHA

WASHINGTON, D.C.

MEMORANDUM NO. 12

Tax-Exempt Status of Industrial Development Bonds

A draft report recommending a broad range of restrictions on the use of small issue industrial development bonds was circulated this weekend to members of the House Oversight Ways and Means Subcommittee by Chairman Charles B. Rangel (D-N.Y.)

Meanwhile, with both Republicans and Democrats telling President Reagan he probably will not get his tax reduction bill in the form he has proposed, there remained the likelihood that IDB restrictions could be included in the measure eventually worked out in the Congress.

The draft report outlines six major changes in IDB use to be recommended to the full Ways and Means Committee, including:

- 1) Elimination of commercial uses for all but "designated economically depressed areas."
- 2) Establishment of a statewide cap on the volume of small issue IDBs of \$50 per capita.
- 3) Establishment of a \$10 million cap for each company on the total amount of all small issue IDBs it can have outstanding.
- 4) Application of the capital expenditure rules to the use of IDBs which are less than \$1 million—thereby eliminating the "clean" \$1 million limit.
- 5) A requirement that states submit an annual report to the Federal Government on "small issue" IDB sales.
- 6) A requirement that the Secretary of the Treasury report to the Ways and Means Committee in two years on the need to increase present bond limits (as a means of heading off support for bills to increase present IDB capital expenditure limits introduced by Congressmen Gephardt (D-Mo.), Duncan (D-Ore.) and Nowak (D-N.Y.).

The memo from the staff to Subcommittee Chairman Rangel offers some insights into the rationale behind the recommendations, but it also leaves a number of unanswered questions. According to the memo, the staff anticipates that final approval of the subcommittee report would have to occur at a subcommittee executive session to respond to "any substantive problems that surface."

- ° In restricting the use of IDBs for commercial projects to economically depressed areas, the staff states that "current law is retained for projects"

in these areas. Yet, the recommendations would change current law by placing a cap on IDB use in each state. In many states that would mean that current use would be significantly reduced. The staff recommendation would also change current law by placing a cap on the amount of IDB financing by any single firm.

- ° The staff does not attempt to define an economically depressed area, but suggests that it could follow the definition in Chairman Rangel's "Targeted Revitalization Bill," H.R. 2950, under which a governor could select as "targeted areas" up to 25 percent of the census tracts in his state in which either the number of welfare recipients or unemployed exceeds 150 percent of the national median or where 70 percent of the people have 80 percent or less of the state median income.
- ° As to a definition of manufacturing industries, the staff said this "may need to be expanded to include mining, storage, wholesale distribution and research and development facilities, depending on the members' concerns."
- ° The staff indicated that the \$50 per capita recommendation was drawn from the "Mortgage Bond Act" and represents a net increase in average dollar volume of \$10 per capita without noting that 18 states already would be over this limit.
- ° The staff told Chairman Rangel that "the cap is necessary in order to insure that the total number of 'small issue' IDB sales does not increase at the rate it has over the past several years, and to insure that the states set up substantive eligibility standards and meaningful review systems reflecting their priority economic needs."
- ° Finally, with regard to the cap, the staff said that "since the first recommendation (targeting of commercial uses) specifically authorizes certain uses of 'small issue' IRBs, a cap is necessary to insure that these IRBs are used sparingly, according to the states' needs, and to prevent IRBs from becoming substitutes for conventional financing in these areas." The staff does not point out that the cap would severely cut back industrial IDB projects in several states.

With respect to the other recommendations, the staff memo notes:

- ° A \$10 million limit per firm would restrict large firms from repeatedly using IRB financing.
- ° By applying the capital expenditure rules to issues of less than \$1 million, the Congress would prevent large firms from tacking a tax-exempt \$1 million issue onto a taxable offering or large tax-exempt bond issue for an "exempt activity," such as pollution control. The memo does not point out for members that Internal Revenue Service narrowly construes what constitutes a pollution control facility—and that preventive facilities, such as those which extract sulphur from coal, often are not eligible, while discharge treatment facilities are eligible. Thus, the additional \$1 million often is used to finance important pollution control activities that fall outside IRS's narrow categories.

The suggestion that states report annually on small issue sales is one which generally has widespread support because, at this point, the Congress knows very little about the nature and volume of IDB use in the states, even with the benefit of the Congressional Budget Office Study which was released on April 1.

In perhaps one of the most interesting arguments in the memo, the staff suggested that "the legislative recommendations requiring state reporting and a Department of Treasury analysis would give [Congressmen Duncan, Gephardt and Nowak] reason to postpone their push to increase the 'small issue' IRB limits, since accurate, complete information on the subject will be available in the very near future." The memo did not suggest that the other staff recommendations might also await receipt of that information.

In other events during the week, congressional sources were predicting that instead of the President's tax cut bill, what eventually emerges from the Congress will more closely resemble legislation approved last year by the Senate Finance Committee. That would mean the Congress might enact a whole range of new tax incentives in a single bill late this summer, instead of granting the President's request for quick action on his tax rate and depreciation change bill with action on other measures postponed until fall.

This also means that members will attempt to reshape the President's tax bill substantially while trying to come up with the same total numbers. If, as part of the frequently delayed markup in the House Ways and Means Committee now scheduled to begin about May 27, Democratic members seek to produce an "alternative" tax bill, the likelihood increases that members will attempt to raise some tax revenues by placing restrictions on the use of industrial development bonds. Several events this week underscored the growing opposition to the President's Kemp-Roth tax cut proposal.

- House Ways and Means Democrats agreed in a private meeting on Wednesday to oppose the President's three-year, 30 percent across-the-board individual tax cut proposal and to seek to develop a yet undefined alternative.
- Senate Finance Committee Chairman Bob Dole (R-Kan.) warned Administration witnesses at hearings this week on the tax bill that the President did not have enough votes on his committee to adopt the full tax cut plan.

On the other hand, the President continued to enjoy victories in his efforts to influence the congressional budget process in favor of his tax proposals. The Senate last week overwhelmingly defeated an effort to sidetrack the three-year tax cuts. In a 74 to 14 vote, the Senate rejected an amendment by Senator Ernest F. Hollings (D-S.C.) which would have substituted a \$21.4 billion tax cut for the \$54 billion reduction contained in the Kemp-Roth bill. The Hollings amendment was an effort to reduce the projected federal deficit from \$48.8 billion to \$16.8 billion. Even Senators voting against the Hollings amendment indicated that this action did not bind the Senate to supporting the controversial Kemp-Roth tax cuts. That amendment did not, however, include any revenue-raising measures, such as IDB restrictions.

Both the White House and the Congress are using the delay in beginning the markup of the President's first tax bill to push their respective positions on wavering members of the House and Senate tax-writing committees. House Democrats are attempting to negotiate a more acceptable tax cut measure and to protect certain spending programs.

Informed congressional sources believe that many Senate Finance Committee members want to treat this tax bill as they have others in the past and incorporate a number of "baubles" for the tax "Christmas tree." In fact, Senator Dole has said that if it appeared that there would be no time to consider a second tax bill this year, some of the tax relief measures the Administration wanted to put in the second bill would be included in the first one. Senators already are talking about a \$1,000 to \$2,000 income tax exemption on interest and dividends and amendments to the estate tax laws.

Thus, the more that Senators and Congressmen become convinced that there will be only one tax bill this year, the more they will want it to include many of the tax reform and tax-raising measures that the Administration has asked them to defer until the President sends up his second tax bill. Incorporation of additional features in the bill could require scaling back across-the-board rate cuts in order to keep the projected budget at an acceptable level—or it could increase congressional interest in raising revenues by restricting or eliminating IDB use.

As suggested in our last memo, the final outcome continues to depend in large part on the extent to which IDB supporters make clear their support for the small issue exemption to members of the Congress, especially those on the Ways and Means Committee.

May 15, 1981

May 16, 1981

M E M O R A N D U M

TO: Honorable Sam Cotten, Chairman
House Finance Committee

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: CSHB 487 (Finance) II

CSHB 487 (Finance)II relating to AHFC and AIDA does the following:

Bill
Section

- 1 Limits a person or their spouse to one AHFC loan during a seven year period;
- 2 Permits AHFC to issue pass-through mortgage certificates;
- 3 Permits AHFC to include "due on sale" clauses in mortgages;
- 4 Allocates \$200 million in tax-exempt bonding authority to AHFC which may reallocate amounts to municipalities;
- 5,7,9,12 Adds expansions, timber, agriculture, telephone,
14,15,17- and multi-family dwellings to the authorized
26 AIDA loan purposes;
- 6 Permits AIDA to transact business by electronic media;

Bill
Section

- 8,12,21 Disallows working capital, inventory, and re-financing loans by AIDA;
- 10 Eliminates AIDA application fees; limits AIDA commitment fees to 2% of the loan amount;
- 11,13 Permits AIDA to establish bond reserve funds or loan insurance accounts which do not have the moral obligation of the state; disallows moral obligations on bond reserve funds or loan insurance accounts for projects over \$10 million;
- 16 Raises the limit on loans purchased by AIDA to \$7,500,000 for all projects and requires 10% bank participation;
- 27 Authorizes \$492 million in AHFC bonds for FY 82;
- 28 Authorizes \$230 million in AIDA bonds for FY 82.

MBB/pw

15 Copies
+ file

CSHB 487 Amendments

* Sec. 3. AS 18.56.098(d) is repealed and reenacted to read:

(d) The limitations on the loan amount and the interest rate charged on a mortgage loan purchased by the corporation under (a) of this section are as follows:

(1)

(2)

(3)

(4) the interest rate for a loan for construction or rehabilitation of a residence having more than four dwelling units in which the units are not individually or cooperatively owned may not exceed 11 percent on the part of the loan which does not exceed \$50,000 per unit multiplied by the number of units multiplied by the percentage of the loan purchased by the corporation;

(5)

(6)

(7)

(8)

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 487 (Finance) II

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the loan programs of and authorizing issuance of revenue bonds for loan programs by the Alaska Housing Finance Corporation and the Alaska Industrial Development Authority."

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

* Section 1. AS 18.56.096 is amended to read:

Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE LOANS. The corporation may not make, participate in the making of, purchase, or participate in the purchase of a mortgage loan under this chapter which

(1) exceeds the limitations on mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or

(2) is made to a person or to the spouse of a person who has received a mortgage loan under this chapter within a seven-year period preceding the person's application for the loan.

* Sec. 2. AS 18.56.098(c) is amended to read:

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program; and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program

and may expend amounts appropriated to the special mortgage loan purchase program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

* Sec. 3. AS 18.56.098(e) is amended to read:

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions [ALLOWING,] prohibiting [,] or restricting [OTHERWISE SETTING CONDITIONS ON] the right to assume or to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. The corporation shall enforce the regulations adopted under this subsection.

* Sec. 4. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds unless permitted to do so by the corporation. The amount of bonds issued by a municipality with the permission of the corporation shall be deducted from the total amount permitted by the Act. The provisions of this section apply to home rule municipalities.

* Sec. 5. AS 44.88.010 is amended to read:

Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legislature finds, determines and declares that

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;

(2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and other facilities referred to in AS 44.88.010(a)(5) necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment, and expansion of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises in Alaska, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises in the state, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, will be accelerated and facilitated by the creation of an instrumentality of the state with powers to incur debt and to make and insure loans to finance, and to assist private lenders to make loans to finance, the establishment, operation, and development of industrial, manufacturing, and small

[BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, for private operation;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(7) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment of manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and the other facilities referred to in AS 44.88.010(a)(5) by creating the public corporation with power, duties and functions as provided in this chapter.

* Sec. 6. AS 44.88.050(a) is amended to read:

(a) A majority of the members of the authority constitutes a quorum for the transaction of business or the exercise of a power or function at a meeting of the authority. In case of a tie vote on a motion or resolution pending before the authority the motion or resolution shall be presented to the governor and if approved by him, is

considered adopted by the authority. The authority may meet and trans-act business by electronic media, including conference telephone call, if the public is given notice and has the same right to participate in the meeting as if the meeting was conducted in person. A meeting by electronic media as authorized in this subsection has the same legal effect as a meeting in person.

* Sec. 7. AS 44.88.070 is amended to read:

Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by providing various means of financing and means of facilitating the financing of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state.

* Sec. 8. AS 44.88.080(18) is amended to read:

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans made to finance the costs of projects held by commercial banks in Alaska.

* Sec. 9. AS 44.88.080(12) is amended to read:

(12) to purchase or insure loans to finance the costs of manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprise projects;

* Sec. 10. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application fee may not be charged for an application for authority participation in a loan under AS 44.88.158.

(b) The commitment fee for a loan commitment by the authority may not exceed two percent of the principal amount of the loan.

* Sec. 11. AS 44.88.105 is amended by adding new subsections to read:

(f) The authority may establish a reserve fund, other than a capital reserve fund, to secure its bonds. The authority may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) - (c) of this section. The authority may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

(g) The authority may not establish a capital reserve fund to secure a bond if the proceeds of the bond are used to finance a project whose cost exceeds \$10,000,000.

* Sec. 12. AS 44.88.155(b) is amended to read:

(b) The authority shall establish within the enterprise development fund a loan insurance account, a small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and other accounts it considers appropriate. Amounts in the enterprise development fund including, without limitation, repayments of loan principal and interest, may be pledged to the payment of bonds of the authority and shall be held and invested by the authority at competitive national market rates in investments authorized under AS 37.10.-070(a) or which [AS] may be authorized in agreements with bondholders respecting amounts in the loan insurance account, the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and other accounts within the enterprise development fund.

* Sec. 13. AS 44.88.157 is amended by adding new subsections to read:

(j) Notwithstanding (a) - (i) of this section, the authority may establish additional loan insurance accounts outside the enterprise development fund to secure special obligation bonds, and pay into the

loan insurance account money made available from an appropriation or from any other source. A loan insurance account established under this subsection is not subject to the requirements of (d) and (g) of this section.

(k) A loan may not be insured from a loan insurance account within the enterprise development fund if the loan is for a project the cost of which exceeds \$10,000,000.

* Sec. 14. AS 44.88.158(a) is amended to read:

Sec. 44.88.158. SMALL ENTERPRISE [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] LOAN ACCOUNT. (a) The authority may use the assets of the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account to purchase loans made by others to [SMALL BUSINESS ENTERPRISES, TOURISM ENTERPRISES, MINING ENTERPRISES, AND COMMERCIAL FISHING] enterprises to pay the costs of projects, as defined in AS 44.88.220, which have been or which the authority anticipates will be financed with the proceeds of bonds.

* Sec. 15. AS 44.88.158(b) is amended to read:

(b) The interest rate on a loan purchased with money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account must equal the interest rate which the authority estimates would be payable on bonds issued by the authority to provide money to make the loan.

* Sec. 16. AS 44.88.158(c) is amended to read:

(c) A loan purchased with money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account

(1) may not exceed \$7,500,000

[(A) \$6,000,000 IF THE LOAN IS MADE TO A TOURISM ENTERPRISE;

(B) \$1,000,000 IF THE LOAN IS MADE TO A MINING ENTER-

PRISE OR TO A SMALL BUSINESS ENTERPRISE THAT IS NOT A TOURISM ENTERPRISE OR A COMMERCIAL FISHING ENTERPRISE; OR

(C) \$500,000 FOR EACH INDIVIDUAL COMMERCIAL FISHERMAN IN THE COMMERCIAL FISHING ENTERPRISE IF THE LOAN IS MADE TO A COMMERCIAL FISHING ENTERPRISE];

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes; [AND]

(6) shall be secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower; and

(7) may not be made unless at least 10 percent of the principal amount of the loan is retained by the originator of the loan.

* Sec. 17. AS 44.88.158(d) is amended to read:

(d) The authority may adopt regulations for the administration of the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING

ENTERPRISES] loan account which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

* Sec. 18. AS 44.88.158(e) is amended to read:

(e) The authority may enter into agreements as to the use of the money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the small enterprise, [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account as may be necessary or appropriate to provide for payment and security for bonds of the authority.

* Sec. 19. AS 44.88.220(2) is amended to read:

(2) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than [WHICH IS NOT ORGANIZED] on a nonprofit basis;

* Sec. 20. AS 44.88.220(5) is amended to read:

(5) "project" means [INCLUDES]

(A) a plant or facility used or intended for use in connection with making, processing, preparing, or producing in any manner, goods, products or substances of any kind or nature or in connection with developing or utilizing a natural resource, or extracting, smelting, transporting, converting, assembling or producing in any manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and materials, products or substances of any kind or nature, any plant or facility used or intended for use as an industrial park or in connection with air

and water transportation, or any plant or facility for the prevention, limitation or control of air or water pollution, for the disposal of sewage or solid waste, for the local furnishing of gas, or for the furnishing of water; or

(B) a small [BUSINESS] enterprise [, TOURISM ENTERPRISE, MINING ENTERPRISE, AND COMMERCIAL FISHING ENTERPRISE AS DEFINED IN (12), (13), (14), AND (15) OF THIS SECTION];

* Sec. 21. AS 44.88.220(8) is amended to read:

(8) "project cost" or "cost of a project"

(A) means all or any part of the aggregate costs determined by the authority to be necessary to finance the construction, expansion, or acquisition of a project, including without limitation the cost of acquiring real or tangible personal property, and, in connection with real property, the cost of constructing buildings and improvements, the cost of constructing means of access to and from the project, the cost of constructing extensions of utility systems to the site of the project; the cost of a project includes, without limitation, the cost of financing the project, interest charges before, during or after construction, expansion, or acquisition of the project, costs related to the determination of the feasibility, planning, design or engineering of the project and, to the extent determined necessary by the authority, administrative expenses, the cost of machinery or equipment to be used in the operation of the project and expenses of installation, replacement or rehabilitation, and all other costs, charges, fees and expenses which may be determined by the authority to be necessary to finance the construction, expansion, or acquisition;

(B) does not include work in progress, stock in trade,
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or the refinancing of the existing indebtedness of a project applicant;

* Sec. 22. AS 44.88.220(12) is repealed and reenacted to read:

(12) "small enterprise" means a business enterprise which is a project applicant with gross income of \$10,000,000 or less for its annual reporting period which ended immediately before the application to the authority for a loan, including

- (A) a tourism enterprise;
- (B) a commercial fishing enterprise;
- (C) a mining enterprise;
- (D) an agricultural enterprise;
- (E) a timber enterprise;
- (F) a telephone enterprise; or
- ~~(G) a multi-family dwelling enterprise;~~

* Sec. 23. AS 44.88.220(13) is amended to read:

(13) "tourism enterprise" means a business enterprise which is a project applicant directly involved in ~~the~~ tourist industry;

* Sec. 24. AS 44.88.220(14) is amended to read:

(14) "commercial fishing enterprise" means one or more individual commercial fishermen who are project applicants and residents of the state who jointly apply for and receive a commercial fishing loan from a private financial institution in the state or from a state or federal loan program;

* Sec. 25. AS 44.88.220(15) is amended to read:

(15) "mining enterprise" means a business enterprise which is a project applicant directly involved in the mining industry.

* Sec. 26. AS 44.88.220 is amended by adding new paragraphs to read:

(16) "agricultural enterprise" means a project applicant involved in the raising and harvesting of plants, trees, crops, and