

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879
CSSB 64 29

C S S B

6 4

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : HCS/SSB64 (FIN)

Publish Date : _____

Revision Date: May 16, 1987

Agency Affected: _____

Title: Relating to the Alaska

BRU: _____

Industrial Development Authority

Sponsor: _____

Components: _____

Requestor: House Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		0				
TRAVEL		0				
CONTRACTUAL		0				
SUPPLIES		0				
EQUIPMENT		0				
LAND & STRUCTURES		0				
GRANTS, CLAIMS		0				
MISCELLANEOUS		0				
TOTAL OPERATING		0	0	0	0	0

CAPITAL		0	0	0	0	0
----------------	--	---	---	---	---	---

REVENUE		0	0	0	0	0
----------------	--	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Based on the attached fiscal note by the Alaska Industrial Development Authority, there is no appropriation necessary for the bill.

Prepared by: Al Adams, Chairman
Division: House Finance Committee

Phone: 465-3706
Date: 5/16/87

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer) :

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

No. 219

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCS SB 64 (EIA)
Publish Date: 4/8/87

REQUEST:
Revision Date: April 8, 1987
Title: An Act relating to the Alaska
Industrial Development Authority
Sponsor: Kelly, Kerttula, Parks, et al.
Requestor: _____

Agency Affected: Commerce & Econ. Dev.
BRU: Alaska Industrial Dev. Auth.
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	PY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		65.0	65.0	65.0	65.0	65.0
TRAVEL		10.0	10.0	10.0	10.0	10.0
CONTRACTUAL		25.0	15.0	15.0	15.0	15.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		5.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		110.0	95.0	95.0	95.0	95.0

CAPITAL		16,000.0	31,000.0	36,000.0	36,000.0	36,000.0
---------	--	----------	----------	----------	----------	----------

REVENUE		16,110.0	31,095.0	36,095.0	36,095.0	36,095.0
---------	--	----------	----------	----------	----------	----------

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		16,110.0	31,095.0	36,095.0	36,095.0	36,095.0
TOTAL						

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached.

Prepared by: Bert Wagon, Executive Director Phone: 274-1651
Division: Alaska Industrial Development Authority Date: April 8, 1987

Approved by Commissioner: J. Anthony Smith Date: April 8, 1987
Agency: Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

5381W4887c

FISCAL NOTE CSSB 64 (FIN RULES)

ANALYSIS

Should this bill become law, the costs to be incurred in operating the expended program are subject to the demand. The figures in the note are estimates of what may occur under this legislation. It is intended that the operating costs would be absorbed into the existing budget of the Authority so that no increase above the current requested budget would be required. This is possible due to the fact that the Authority currently holds a position vacant that could be utilized to handle many of the functions required by this bill.

All funds, both operating and capital, would be Authority program receipts with no general fund appropriation required.

Original sponsors: Kelly, Kerttula,
Faiks, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 64 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 and Export Authority; and providing for an effective
8 date."

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

10 * Section 1. AS 44.88.010 is amended to read:

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

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

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

18 (3) the state lacks the basic manufacturing, industrial,
19 export, small business, and business enterprises and the other facili-
20 ties referred to in [(5) OF] this subsection necessary to permit
21 adequate development of its natural resources and the balanced growth
22 of its economy;

23 (4) the establishment and expansion of industrial, manu-
24 facturing, export, small business, and business enterprises in Alaska
25 and the other facilities referred to in [(5) OF] this subsection are
26 essential to the development of the natural resources and the long-
27 term economic growth of the state, and will directly and indirectly
28 alleviate unemployment in the state;

29 (5) the expansion of export trade is vital to the health

1 and growth of the state's economy;

2 (6) many Alaska businesses could benefit from additional
3 financial and technical assistance with respect to the exportation of
4 their products and services;

5 (7) the United States Export-Import Bank has been mandated
6 by the Export-Import Bank Act Amendments of 1983 to provide technical
7 assistance and export financing support to small businesses in coop-
8 eration with state export finance agencies;

9 (8) Alaska-based exporters can be effectively assisted
10 through the establishment, as part of the Alaska Industrial Develop-
11 ment Authority, of an export financing program designed to work with
12 the U.S. Export-Import Bank and other federal, state, and private
13 institutions;

14 (9) the achievement of the goal of full employment, and of
15 establishment and continuing operation and development of industrial,
16 manufacturing, export, small business, and business enterprises in the
17 state, including, without limitation, facilities for transportation,
18 facilities for pollution control and waste disposal, facilities for
19 the local furnishing of gas, facilities for water, facilities for
20 industrial parks, mass commuting vehicles, facilities for local dis-
21 trict heating or cooling, parking facilities, or a storage or training
22 facility relating to a plant or facility, will be accelerated and
23 facilitated by the creation of an instrumentality of the state with
24 powers to incur debt, to own and operate facilities, to make and
25 insure loans to finance, and to assist private lenders to make loans
26 to finance, the establishment, operation, and development of indus-
27 trial, manufacturing, export, small business, and business enter-
28 prises, including, without limitation, facilities for transportation,
29 facilities for pollution control and waste disposal, facilities for

1 the local furnishing of gas, facilities for water, facilities for
2 industrial parks, mass commuting vehicles, facilities for local dis-
3 trict heating or cooling, parking facilities, or a storage or training
4 facility relating to a plant or facility;

5 (10) [(6)] it is in the public interest to promote the
6 prosperity and general welfare of all citizens of the state by

7 (A) stimulating commercial and industrial growth and
8 expansion by encouraging an increase of private investment by
9 banks, investment houses, insurance companies, and other finan-
10 cial institutions, including pension and retirement funds, to
11 help satisfy the need for economic expansion;

12 (B) encouraging the production of raw materials and
13 goods for export, the expansion of exports of raw materials and
14 goods; and the rendering of services abroad by residents of the
15 state through the establishment of a program that provides finan-
16 cial assistance in cooperation with federal, state, and private
17 institutions for these purposes in the form provided in this
18 chapter;

19 (C) creating the Alaska Industrial Development and
20 Export Authority with the powers necessary to accomplish the
21 objectives stated in this paragraph, including the power to issue
22 taxable and tax-exempt bonds and to acquire ownership interests
23 in projects as provided in this chapter;

24 (11) [(7)] it is in the state's interest to import private
25 capital to create new economic activity which would not otherwise take
26 place in the state.

27 (b) It is declared to be the policy of the state, in the inter-
28 ests of promoting the health, security, and general welfare of all the
29 people of the state, and a public purpose, to increase job

1 opportunities and otherwise to encourage the economic growth of the
2 state, including the development of its natural resources, through the
3 establishment and expansion of manufacturing, industrial, export,
4 small business, and business enterprises and the other facilities
5 referred to in (a) [(a)(5)] of this section by creating the Alaska
6 Industrial Development and Export Authority [PUBLIC CORPORATION] with
7 the powers [POWER], duties, and functions [A.] provided in this chap-
8 ter [AS 44.88.010 - 44.88.220].

9 * Sec. 2. AS 44.88.010 is amended by adding a new subsection to read:

10 (c) It is further declared to be the policy of the state, in the
11 interests of promoting the health, security, and general welfare of
12 all the people of the state, and a public purpose of the state, to
13 accomplish the objectives set out in (b) of this section through the
14 provision of financial support in cooperation with federal, state, and
15 private institutions for the purpose of increasing the export of
16 Alaska goods, talent, raw materials, and services.

17 * Sec. 3. AS 44.88 is amended by adding a new section to article 1 to
18 read:

19 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-
20 THORITY REVOLVING FUND. The Alaska Industrial Development and Export
21 Authority revolving fund is established in the authority. The re-
22 volving fund consists of appropriations made to the revolving fund by
23 the legislature, money or other assets transferred to the revolving
24 fund by the authority, and unrestricted payments on loans made or
25 purchased by the authority. Amounts deposited in the revolving fund
26 may be pledged to the payment of bonds of the authority or expended
27 for the purposes of the authority under this chapter.

28 * Sec. 4. AS 44.88.070 is amended to read:

29 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the

1 authority is to promote, develop, and advance the general prosperity
2 and economic welfare of the people of Alaska, to relieve problems of
3 unemployment, and to create additional employment by

4 (1) providing various means of financing and means of
5 facilitating the financing, in cooperation with federal, state, and
6 private institutions, of industrial, manufacturing, export, small
7 business, and business enterprises and the other facilities referred
8 to in AS 44.88.010(a) in [AS 44.88.010(a)(5) WITHIN] the state;

9 (2) [, AND BY] owning and operating the enterprises and
10 other facilities described in AS 44.88.172;

11 (3) fostering the expansion of exports of Alaska goods,
12 services, and raw materials;

13 (4) cooperating and acting in conjunction with other orga-
14 nizations, public and private, the objects of which are the promotion
15 and advancement of export trade activities in the state;

16 (5) establishing a source of funding credit guarantees and
17 insurance, not otherwise available, to support export development;

18 (6) providing and cooperating or participating with feder-
19 al, state, and private institutions to provide actual and potential
20 Alaska exporters, particularly small- and medium-sized exporters, with
21 financial assistance in support of export transactions.

22 * Sec. 5. AS 44.88.080(7) is amended to read:

23 (7) to issue bonds and otherwise to incur indebtedness, in
24 accordance with AS 44.88.090, in order to pay the cost of a project or
25 development projects or in order to provide money for the authority's
26 purposes under this chapter; the authority may also [AND TO] secure
27 payment of the bonds or other indebtedness as provided in this chap-
28 ter;

29 * Sec. 6. AS 44.88.080 is amended by adding new paragraphs to read:

1 (20) to participate with government or private industry in
2 programs for technical assistance, loans, technology, transfer, or
3 other programs related to the exportation of Alaska goods, services,
4 or raw materials with respect to its financing activities;

5 (21) to provide export finance training for office staff and
6 other individuals involved in export finance assistance, including the
7 training sessions that may be provided by the United States Export-
8 Import Bank or other organizations;

9 (22) to coordinate to the maximum extent possible its
10 efforts to promote the export of Alaska goods, services, and raw
11 materials with programs and goals of the United States Export-Import
12 Bank, the International Trade Administration of the United States
13 Department of Commerce, the Foreign Credit Insurance Association, and
14 other private and public programs designed to provide export assis-
15 tance and export-related financing;

16 (23) to guarantee loans related to qualified export trans-
17 actions under regulations adopted by the authority;

18 (24) to provide financing assistance, in cooperation with
19 federal, state, and private institutions, as provided in this chapter
20 for small business enterprises.

21 * Sec. 7. AS 44.88.085(a) is amended to read:

22 (a) Except for AS 44.62.310 and 44.62.312 regarding public
23 meetings, and except for AS 44.62.320(a) regarding legislative review
24 of regulations, the provisions of the Administrative Procedure Act
25 regarding the adoption of regulations (AS 44.62.040 - 44.62.320) do
26 not apply to the authority. The authority shall make available to
27 members of the public copies of the regulations adopted under [(b) -
28 (e) OF] this section. Within 45 days after adoption of a regulation
29 under [(b) - (e) OF] this section, the chairman of the authority shall

1 submit the regulation adopted to the chairman of the Administrative
2 Regulation Review Committee under AS 24.20.400 - 24.20.460.

3 * Sec. 8. AS 44.88.085(c) is repealed and reenacted to read:

4 (c) The authority may adopt regulations to carry out the pur-
5 poses of this chapter and shall adopt regulations as provided in (g)
6 and (h) of this section.

7 * Sec. 9. AS 44.88.085(d) is amended to read:

8 (d) Except as provided in (e) of this section, at least 15 days
9 before the adoption, amendment, or repeal of a regulation [ON A SUB-
10 JECT SPECIFIED IN (c) OF THIS SECTION], the authority shall give
11 public notice of the proposed action by publishing the notice in at
12 least three newspapers of general circulation in the state and by
13 mailing a copy of the notice to every person who has filed a request
14 for notice of proposed regulations with the authority. The public
15 notice must include a statement of the time, place, and nature of the
16 proceedings for the adoption, amendment, or repeal of the regulation
17 and must include an informative summary of the subject of the proposed
18 action. On the date and at the time and place designated in the
19 notice, the authority shall give each interested person or an autho-
20 rized representative of the person, or both, the opportunity to pre-
21 sent statements, arguments, or contentions orally or in writing and
22 shall give members of the public an opportunity to present oral state-
23 ments, arguments, or contentions for a total period of at least one
24 hour. The authority shall consider all relevant matter presented to
25 it before taking the proposed action on the regulation. At a hearing
26 under this subsection, the authority may continue or postpone the
27 hearing to a time and place determined by the authority and announced
28 at the hearing before taking the action to continue or postpone the
29 hearing. A regulation adopted, amended, or repealed by the authority

1 may vary from the informative summary specified in this subsection if
2 the subject matter of the action taken on the regulation remains the
3 same and if the original notice of the proposed action was written so
4 as to assure that members of the public are reasonably notified of the
5 subject matter of the proposed action in order for them to determine
6 whether their interests could be affected by the authority's proposed
7 action on that subject.

8 * Sec. 10. AS 44.88.085(e) is amended to read:

9 (e) The adoption, amendment, or repeal of a regulation [ON A
10 SUBJECT SPECIFIED IN (c) OF THIS SECTION] may be made as an emergency
11 regulation if, in the order of adoption, the authority states the
12 facts constituting the emergency and makes a finding that the adoption
13 of the regulation is necessary for the immediate preservation of the
14 orderly operation of the authority's [LOAN AND BONDING] programs. The
15 requirements of (d) of this section do not apply to the initial adop-
16 tion of an emergency regulation [COVERING A SUBJECT SPECIFIED IN (c)
17 OF THIS SECTION]; however, upon adoption of an emergency regulation
18 under this subsection, the authority shall, within 10 days after that
19 adoption, publish notice of the adoption in accordance with the notice
20 procedures specified in (d) of this section. An emergency regulation
21 adopted under this subsection may not remain in effect for more than
22 120 days unless, before the expiration of that period, the authority
23 adopts that regulation as a permanent regulation in accordance with
24 the procedures specified in (d) of this section.

25 * Sec. 11. AS 44.88.085(f) is amended to read:

26 (f) A regulation adopted under [(b) - (e) OF] this section takes
27 effect immediately upon its adoption by the authority or at another
28 [SUCH OTHER] time [AS] specified by the authority in its order of
29 adoption.

1 * Sec. 12. AS 44.88.085 is amended by adding new subsections to read:

2 (g) The authority shall adopt regulations necessary for the
3 following purposes in connection with its programs for the financing
4 of projects under AS 44.88.155 - 44.88.159:

5 (1) determination of borrower eligibility;

6 (2) loan guidelines and terms including, but not limited
7 to, maximum loan amounts and required loan-to-value ratios, but ex-
8 cluding loan interest rates;

9 (3) characteristics of projects eligible for loans or
10 purchase of loans; and

11 (4) the qualifications of loan originators and servicers
12 and the method of allocating amounts available for the purchase of
13 loans.

14 (h) The authority shall adopt regulations necessary for the
15 following purposes in connection with its program for encouraging the
16 exportation of Alaska goods, services, and raw materials under AS 44.-
17 88.300 - 44.88.390:

18 (1) establishing criteria for the eligibility of exporters
19 and export transactions for the loan guarantees provided in AS 44.88.-
20 300;

21 (2) setting out the minimum equity interest a borrower must
22 have in the borrower's business to qualify for a loan guarantee under
23 AS 44.88.300 - 44.88.390;

24 (3) adoption of collateral or security requirements to
25 ensure the full repayment of loan guarantees and solvency of an insur-
26 ance program established under AS 44.88.300 - 44.88.390;

27 (4) providing guidelines for extension of a loan guarantee
28 under AS 44.88.300 - 44.88.390;

29 (5) setting out the maximum aggregate amount of guaranteed

1 financing available to an exporter and the maximum amount of guaran-
2 teed financing available for a transaction eligible for guaranteed
3 financing;

4 (6) establishing the limits on the interest that may be
5 charged for guaranteed financings, the maximum fees that a participat-
6 ing financial institution may charge for making a loan that will be
7 guaranteed under AS 44.88.300 - 44.88.390, and the terms of and proce-
8 dures for repayment of a guaranteed financing; and

9 (7) establishing procedures for making a claim on the
10 guarantee or insurance in the event of a default.

11 * Sec. 13. AS 44.88.090(a) is amended to read:

12 (a) Subject to (g) of this section, the authority may borrow
13 money and may issue bonds, including but not limited to bonds on which
14 the principal and interest are payable[,]

15 (1) exclusively from the income and receipts or other money
16 derived from the project or development project financed with the
17 proceeds of the bonds or derived from the exporter or exporting trans-
18 action financed, guaranteed, or insured with the proceeds of the
19 bonds; [,]

20 (2) exclusively from the income and receipts or other money
21 derived from designated projects or development projects or other
22 sources whether or not they are financed, insured, or guaranteed in
23 whole or in part with the proceeds of the bonds; [,] or

24 (3) from its income and receipts or other assets generally,
25 or a designated part or parts of them.

26 * Sec. 14. AS 44.88.090(e) is repealed and reenacted to read:

27 (e) Before issuing bonds, the authority shall provide for con-
28 sideration at least sufficient, in the judgment of the authority, to
29 pay the principal of and interest on the bonds as they become due and

1 to create and maintain the reserves for the payments that the authori-
2 ty considers necessary or desirable, and to meet all obligations in
3 connection with the lease or agreement and all costs necessary to
4 service the bonds, unless the lease or agreement provides that the
5 obligations are to be met or costs are to be paid by a party other
6 than the authority. If the bonds are being issued to finance a pro-
7 ject or projects under AS 44.88.155 - 44.88.159, then the considera-
8 tion shall be provided by lease or other agreement regarding the
9 project or projects. If the bonds are being issued to finance a
10 development project or development projects under AS 44.88.172 -
11 44.88.177, then the consideration shall be provided by lease or other
12 agreement regarding the development project or development projects.
13 If the bonds are being issued to provide money to finance, guarantee,
14 or insure an exporting transaction under AS 44.88.300 - 44.88.390,
15 then the consideration shall be provided by agreement with the ex-
16 porter.

17 * Sec. 15. AS 44.88.090(g) is amended to read:

18 (g) The authority may not

19 (1) issue bonds, other than refunding bonds, in any 12-
20 month period beginning after June 30, 1982, in an amount that exceeds
21 the amount of bonds authorized to be issued during the preceding
22 12-month period, unless a different amount is authorized by the legis-
23 lature; or

24 (2) issue revenue bonds other than refunding bonds for a
25 project under AS 44.88.155 - 44.88.159, for a development project
26 under AS 44.88.172 - 44.88.177, or to provide money to finance,
27 guarantee, or insure an exporting transaction under AS 44.88.300 -
28 44.88.390, [THIS CHAPTER] in an amount greater than \$50,000,000 during
29 any 12-month period beginning after June 30, 1981, unless the issuance

1 is included separately in the estimates required in the report of the
2 authority under AS 44.88.210(b) and unless the legislature, by law,
3 approves the issuance.

4 * Sec. 16. AS 44.88.090(h) is amended to read:

5 (h) The authority may combine, for the purposes of a single
6 offering, bonds financing more than one project or development project
7 under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and bonds
8 issued to provide money to finance, guarantee, or insure an exporting
9 transaction under AS 44.88.300 - 44.88.390 [AS 44.88.010 - 44.88.220].

10 * Sec. 17. AS 44.88.100 is amended to read:

11 Sec. 44.88.100. TRUST INDENTURES AND TRUST AGREEMENTS. In the
12 discretion of the authority, an issue of bonds may be secured by a
13 trust indenture or trust agreement between the authority and a corpo-
14 rate trustee (which may be a trust company, bank, or national banking
15 association, with corporate trust powers, located inside or outside
16 the state) or by a secured loan agreement or other instrument or under
17 a resolution giving powers to a corporate trustee (hereinafter in this
18 section referred to as "trust agreement") by means of which the auth-
19 ority may:

20 (1) make and enter into any and all the covenants and
21 agreements with the trustee or the holders of the bonds which the
22 authority may determine to be necessary or desirable, including,
23 without limitation, covenants, provisions, limitations and agreements
24 as to

25 (A) the application, investment, deposit, use and
26 disposition of the proceeds of bonds of the authority or of money
27 or other property of the authority or in which it has an inter-
28 est;

29 (B) the fixing and collection of rents or other

1 consideration for, and the other terms to be incorporated in, a
2 lease or contract of sale of a project or development project
3 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177,
4 or of a facility that is part of an exporting transaction fi-
5 nanced, guaranteed, or insured under AS 44.88.300 - 44.88.390;

6 (C) the assignment by the authority of its rights in
7 the lease or contract of sale of a project or development project
8 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177,
9 or of a facility that is part of an exporting transaction fi-
10 nanced, guaranteed, or insured under AS 44.88.300 - 44.88.390 or
11 in a mortgage or other security interest created with respect to
12 a project or development project financed under AS 44.88.155 -
13 44.88.159 or 44.88.172 - 44.88.177, or with respect to a facility
14 that is part of an exporting transaction financed, guaranteed, or
15 insured under AS 44.88.300 - 44.88.390 to a trustee for the
16 benefit of the bondholders;

17 (D) the terms and conditions upon which additional
18 bonds of the authority may be issued;

19 (E) the vesting in a trustee of rights, powers,
20 duties, funds or property in trust for the benefit of bond-
21 holders, including, without limitation, the right to enforce
22 payment, performance and all other rights of the authority or of
23 the bondholders [,] under a lease, contract of sale, mortgage,
24 security agreement, or trust agreement with respect to a project
25 or development project financed under AS 44.88.155 - 44.88.159 or
26 44.88.172 - 44.88.177, or with respect to a facility that is part
27 of an exporting transaction financed, guaranteed, or insured
28 under AS 44.88.300 - 44.88.390 by mandamus or other proceeding or
29 by taking possession of by agent or otherwise and operating a

1 project or facility and collecting rents or other consideration
2 and applying the same in accordance with the trust agreement;

3 (2) pledge, mortgage or assign money, leases, agreements,
4 property or other assets of the authority either presently in hand or
5 to be received in the future, or both; and

6 (3) provide for any other matters of like or different
7 character which in any way affect the security or protection of the
8 bonds.

9 * Sec. 18. AS 44.88.105(f) is amended to read:

10 (f) The authority may not establish a capital reserve fund to
11 secure an issue of bonds in an amount in excess of \$1,000,000 unless
12 at least 20 percent of the principal amount of the loan for the proj-
13 ect or development project being financed under AS 44.88.155 -
14 44.88.159 or 44.88.172 - 44.88.177, or of the loan to finance, guaran-
15 tee, or insure an exporting transaction under AS 44.88.300 - 44.88.390
16 is retained by a federal or state chartered financial institution or
17 the Alaska Commercial Fishing and Agriculture Bank.

18 * Sec. 19. AS 44.88.130 is amended to read:

19 Sec. 44.88.130. PLEDGE OF THE STATE. The state pledges to and
20 agrees with the holders of bonds issued under this chapter and with
21 the federal agency that lends [WHICH LOANS] or contributes funds in
22 respect to a project or development project financed under AS 44.88.-
23 155 - 44.88.159 or 44.88.172 - 44.88.177, or in respect to an export-
24 ing transaction financed, guaranteed, or insured under AS 44.88.300 -
25 44.88.390 [,] that the state will not limit or alter the rights and
26 powers vested in the authority by this chapter to fulfill the terms of
27 a contract made by the authority with the holders or federal agency
28 and that the state will not [, OR] in any way impair the rights and
29 remedies of the holders until the bonds, together with the interest on

1 them with interest on unpaid installments of interest, and all costs
2 and expenses in connection with an action or proceeding by or on
3 behalf of the holders [,] are fully met and discharged. The authority
4 is authorized to include this pledge and agreement of the state,
5 insofar as it refers to holders of bonds of the authority, in a con-
6 tract with the holders [,] and, insofar as it relates to a federal
7 agency, in a contract with the federal agency.

8 * Sec. 20. AS 44.88.140 is amended to read:

9 Sec. 44.88.140. EXEMPTION FROM TAXATION. (a) The real and
10 personal property of the authority and its assets, income, and re-
11 cepts are declared to be the property of a political subdivision of
12 the state and, together with any project or development project fi-
13 nanced under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, [THIS
14 CHAPTER] and a leasehold interest created in a project or development
15 project financed [APPLICANT OR OTHER PERSON] under AS 44.88.155 -
16 44.88.159 or 44.88.172 - 44.88.177 [THIS CHAPTER], devoted to an
17 essential public and governmental function and purpose, and the
18 property, assets, income, receipts, project, development project, and
19 leasehold interests shall be exempt from all taxes and special assess-
20 ments of the state or a political subdivision of the state, including,
21 without limitation, all boroughs, cities, municipalities, school
22 districts, public utility districts and other taxing units. All bonds
23 of the authority are declared to be issued by a political subdivision
24 of the state and for an essential public and governmental purpose and
25 to be a public instrumentality, and the bonds, and the interest on
26 them, the income from them and the transfer of the bonds, and all
27 assets, income and receipts pledged to pay or secure the payments
28 [PAYMENT] of the bonds, or interest on them, shall at all times be
29 exempt from taxation by or under the authority of the state, except

1 for inheritance and estate taxes and taxes on transfers by or in
2 contemplation of death. Nothing in this section affects or limits an
3 exemption from license fees, property taxes, or excise, income or any
4 other taxes, provided under any other law, nor does it create a tax
5 exemption with respect to the interest of any business enterprise or
6 other person, other than the authority, in any property, assets,
7 income, receipts, project, development project, or lease whether or
8 not financed under this chapter. By January 10 of each year, the
9 authority shall submit to the governor and the legislature a report
10 describing the nature and extent of the tax exemption of the property,
11 assets, income, receipts, project, development project and leasehold
12 interests of the authority under this section.

13 (b) The authority may enter into agreements with an applicant or
14 [A] proposed [PROJECT] applicant under this chapter [OR PROJECT APPLI-
15 CANT] providing for payments, computed on a formula basis or otherwise
16 [,] in lieu of taxes, which the authority may consider appropriate.
17 The agreement may provide that the payments be made to the political
18 subdivision of the state in which a project or development project is
19 or is to be located or to any other taxing unit of the state includ-
20 ing, without limitation, a borough, city, municipality, school dis-
21 trict or public utility district, the area of which is coterminous in
22 whole or in part with that of the political subdivision.

23 * Sec. 21. AS 44.88.155(a) is amended to read:

24 Sec. 44.88.155. ENTERPRISE DEVELOPMENT ACCOUNT [FUND]. (a) The
25 enterprise development account [FUND] is established in the revolving
26 fund [AUTHORITY]. The enterprise development account [FUND] is a
27 trust fund for the uses and purposes of this chapter [AS 44.88.010 -
28 44.88.220]. The enterprise development account [FUND] consists of
29 money or assets appropriated or transferred to the authority and other

1 money or assets deposited in it by the authority.

2 * Sec. 22. AS 44.88.155(b) is amended to read:

3 (b) The authority may establish in the enterprise development
4 account [FUND] a small enterprise loan account, a loan insurance
5 account, and other accounts it considers appropriate.

6 * Sec. 23. AS 44.88.155(c) is amended to read:

7 (c) Money and other assets of the enterprise development account
8 [FUND] may be used to secure bonds of the authority issued to finance
9 the purchase of loans for projects [,] and shall be held and invested
10 by the authority in the types of investments described in AS 37.10.-
11 070(a) and AS 39.35.110(a)(9) and (14) or shall be used to purchase
12 loans for projects [AS DEFINED IN AS 44.88.220].

13 * Sec. 24. AS 44.88.155(d) is amended to read:

14 (d) A loan purchased in whole or in part by the authority with
15 assets of the enterprise development account or with proceeds of bonds
16 secured by assets of the enterprise development account, other than a
17 loan which is financed with the proceeds of bonds of the authority and
18 secured only by a project applicant or a project,

19 (1) may not exceed

20 (A) \$10,000,000; or

21 (B) \$500,000 if the loan is purchased under AS 44.88.-

22 158;

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

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

1 (4) shall contain complete amortization provisions satis-
2 factory to the authority requiring periodic payments by the borrower;

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

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

12 (7) may not be made unless

13 (A) at least 10 percent of the principal amount of the
14 loan is retained by the originator of the loan; or

15 (B) 100 percent of the principal amount of the loan is
16 guaranteed by the United States or an agency or instrumentality
17 of the United States;

18 (8) must be

19 (A) at least partially guaranteed by the United States
20 or an agency or instrumentality of the United States, subject to
21 the provisions of AS 44.88.158; [OR]

22 (B) financed from the proceeds of bonds; or

23 (C) expected by the authority to be financed from the
24 proceeds of bonds.

25 * Sec. 25. AS 44.88.155(e) is amended to read:

26 (e) The authority may adopt regulations for the administration
27 of the enterprise development account including [FUND WHICH MAY IN-
28 CLUDE], without limitation, provisions for fees and agreements re-
29 lating to application, loan commitment, servicing, and origination of

1 loans by other lenders.

2 * Sec. 26. AS 44.88.155(f) is amended to read:

3 (f) The authority may enter into agreements as to the use of the
4 money in the enterprise development account [FUND], including without
5 limitation, trust or custody arrangements with banks or trust com-
6 panies. It may also pledge, assign, or grant the agreement, interests
7 under an agreement, or interests in the enterprise development account
8 [FUND] as may be necessary or appropriate to provide for payment and
9 security for bonds of the authority issued to finance the purchase by
10 the authority of loans for projects.

11 * Sec. 27. AS 44.88.155 is amended by adding a new subsection to read:

12 (h) The provisions of this section apply only with respect to
13 loans purchased or made by the authority for projects under AS 44.88.-
14 155 - 44.88.159.

15 * Sec. 28. AS 44.88.157(a) is amended to read:

16 (a) The loan insurance account is established in the revolving
17 fund. The purpose of the loan insurance account is to provide insur-
18 ance of mortgage loans and other loans made or purchased by the au-
19 thority under AS 44.88.155, or made by others and approved for insur-
20 ance by the authority, for a project. The authority may enter into
21 agreements as to the use of money in the loan insurance account and
22 may pledge, assign, or grant interests in the loan insurance account
23 as provided in this section. The authority may adopt regulations and
24 enter into agreements with respect to the exercise of any power or
25 approval relating to the loan insurance account under this section,
26 including, without limitation, agreements as to the use of money in
27 the loan insurance account, agreements with respect to the terms and
28 conditions upon which payments from the loan insurance account will be
29 made with respect to a loan insured under this section, agreements as

1 to separate subaccounts in the loan insurance account for different
2 categories of loans or as to loans made by the authority or any other
3 person, and agreements regarding the payment of and security for bonds
4 issued by the authority. An agreement, the rights of the authority
5 under an agreement, or payments received or to be received under an
6 agreement may be pledged or assigned by the authority for the benefit
7 of the holders of bonds issued by the authority.

8 * Sec. 29. AS 44.88.157(b) is amended to read:

9 (b) The authority may, upon application of a borrower or pro-
10 posed borrower, insure and make advance commitments to insure loan
11 repayments required under the terms of a loan made by it or by another
12 lender with respect to a project, upon the terms and conditions the
13 authority prescribes. To be eligible for insurance under this section
14 [AS 44.88.010 - 44.88.220], a loan for a project

15 (1) shall be held by the authority or by a lender approved
16 by the authority as responsible and able to service the loan;

17 (2) may not exceed \$10,000,000 for a project, or 90 percent
18 of the cost of the project or 90 percent of the appraised value of the
19 project, whichever is less;

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

23 (4) shall contain complete amortization provisions satis-
24 factory to the authority requiring periodic payments by the borrower;
25 and

26 (5) shall be in the form and contain the terms with respect
27 to insurance, repairs, alterations, payment of taxes and assessments,
28 default reserves, delinquency charges, default remedies, acceleration
29 of maturity, additional and secondary liens, and other matters that

1 the authority prescribes.

2 * Sec. 30. AS 44.88.157(k) is amended to read:

3 (k) A loan may not be insured under this section [FROM A LOAN
4 INSURANCE ACCOUNT WITHIN THE ENTERPRISE DEVELOPMENT FUND] if the loan
5 is for a project the cost of which exceeds \$10,000,000.

6 * Sec. 31. AS 44.88.157(l) is amended to read:

7 (l) A loan in excess of \$1,000,000 may not be insured under this
8 section [FROM A LOAN INSURANCE ACCOUNT WITHIN THE ENTERPRISE DEVELOP-
9 MENT FUND] unless at least 20 percent of the principal amount of the
10 loan is retained by a federal or state chartered financial institution
11 or the Alaska Commercial Fishing and Agriculture Bank.

12 * Sec. 32. AS 44.88.158(a) is amended to read:

13 Sec. 44.88.158. SMALL BUSINESS ENTERPRISE LOAN ACCOUNT. (a) A
14 small business enterprise loan account is established in the revolving
15 [ENTERPRISE DEVELOPMENT] fund. The account may be composed of money
16 or assets appropriated or transferred to the authority, interest on
17 investments and loans of the small business enterprise loan account,
18 the unpledged income of the revolving [ENTERPRISE DEVELOPMENT] fund,
19 and other money or assets deposited in it by the authority.

20 * Sec. 33. AS 44.88.158(b) is amended to read:

21 (b) The authority may use money in the small business enterprise
22 loan account to purchase or participate in the purchase of loans to
23 small business enterprises and to purchase the guaranteed portion of a
24 loan made by a private financial institution after June 30, 1981, to a
25 small business enterprise to pay the cost of a project or exporting
26 transaction [, AS DEFINED IN AS 44.88.220], if the loan is guaranteed
27 by the United States or an agency or instrumentality of the United
28 States, including, but not limited to, the Small Business Adminis-
29 tration, the National Marine Fisheries Service, and the Farmers Home

1 Administration.

2 * Sec. 34. AS 44.88.159 is amended by adding a new subsection to read:

3 (d) The provisions of this section apply only to loans financed
4 under AS 44.88.155 - 44.88.159.

5 * Sec. 35. AS 44.88.172 is amended to read:

6 Sec. 44.88.172. ECONOMIC DEVELOPMENT ACCOUNT [FUND]. (a) The
7 economic development account [FUND] is established in the revolving
8 fund [AUTHORITY]. The account [FUND] consists of money or assets
9 appropriated, loaned, or transferred to the authority, and other money
10 or assets deposited in the account [FUND] by the authority. The
11 account [FUND] may [ONLY] be used only to finance, acquire, manage,
12 and operate development projects that the authority intends to own and
13 operate. The term "operate" includes operation directly by the au-
14 thority, or by an agent of the authority.

15 (b) If a development project is financed or developed through
16 use of the assets of the economic development account [FUND], the
17 authority may not pledge or use [OTHER] assets of the enterprise de-
18 velopment account established in AS 44.88.155 [AUTHORITY] to assist in
19 the financing, development, or operation of the development project.
20 However, whether or not the authority uses the economic development
21 account [FUND], it may issue bonds to finance a development project
22 and may secure the bonds with a mortgage, pledge, or assignment of the
23 development project or of revenues, money, or agreements attributable
24 to the development project or the bonds. Financing assistance pro-
25 vided with respect to a development project under this section shall,
26 to the maximum extent reasonable under the circumstances, be made in
27 the form of a loan to the project [AS PROVIDED IN SEC. 10 OF THIS
28 ACT].

29 * Sec. 36. AS 44.88.172 is amended by adding a new subsection to read:

1 (c) The authority may not issue bonds to assist in the acqui-
2 tion, financing, or operation of a development project under this
3 section without prior legislative approval.

4 * Sec. 37. AS 44.88.190 is amended by adding a new subsection to read:

5 (c) A loan purchased or financed by the authority in whole or in
6 part is exempt from the provisions of AS 45.45.010. A guarantee
7 extended under AS 44.88.300 or insurance provided under AS 44.88.390
8 does not constitute insurance for the purposes of AS 21.03.010.

9 * Sec. 38. AS 44.88.212 is amended by adding a new subsection to read:

10 (c) The authority may not limit, or charge a fee or penalty for,
11 prepayment of a loan after five years from the inception of the loan.

12 * Sec. 39. AS 44.88.220(1) is amended to read:

13 (1) "authority" means the Alaska Industrial Development and
14 Export Authority created by AS 44.88.010 - 44.88.220;

15 * Sec. 40. AS 44.88.220(2) is amended to read:

16 (2) "business enterprise" means a single proprietorship,
17 cooperative, corporation, firm, partnership, or other association of
18 persons organized in any manner, for any credit worthy business
19 purpose [, OTHER THAN ON A NONPROFIT BASIS];

20 * Sec. 41. AS 44.88.220 is amended by adding new paragraphs to read:

21 (13) "development project" means a plant or facility used or
22 intended for use in connection with making, processing, preparing, or
23 producing goods, products, or substances, or in connection with de-
24 veloping or utilizing a natural resource, or extracting, smelting,
25 transporting, converting, assembling, or producing minerals, raw
26 materials, chemicals, compounds, alloys, fibers, commodities and
27 materials, products, or substances;

28 (14) "revolving fund" means the Alaska Industrial Develop-
29 ment and Export Authority revolving fund created in AS 44.88.060.

1 * Sec. 42. AS 44.88 is amended by adding new sections to read:

2 ARTICLE 5. EXPORT ASSISTANCE.

3 Sec. 44.88.300. GUARANTEED FUNDING FOR EXPORT TRANSACTIONS. The
4 authority may provide guaranteed funding, through a participating
5 banking organization, for an export transaction that the authority
6 determines is eligible under AS 44.88.310.

7 Sec. 44.88.310. ELIGIBILITY OF EXPORT TRANSACTIONS. An export-
8 ing contract is a transaction eligible for guaranteed funding under
9 AS 44.88.300 - 44.88.390 if, in the judgment of the authority, it will
10 create or maintain employment in the state and it

11 (1) promotes the sale abroad of raw materials extracted in
12 the state, or goods whose final stage of production occurs in the
13 state, that constitutes 25 percent or more of the contract price;

14 (2) provides for the rendering of services abroad by a
15 business located in the state if 25 percent or more of the contract
16 price consists of wages or other payments made to persons normally
17 residing in the state;

18 (3) promotes the sale abroad of raw materials or goods
19 distributed by a business located in the state if

20 (A) 25 percent or more of the contract price consists
21 of wages or other payments made to persons or businesses normally
22 residing or located in the state; or

23 (B) the business has a significant relationship with
24 the state based upon

25 (i) the amount of capital investments it has that
26 are located in the state;

27 (ii) the number of state residents employed by the
28 business;

29 (iii) the amount of business transacted in the

1 state; or

2 (iv) a combination of (i) - (iii); or

3 (4) provides both for the sale abroad of raw materials
4 extracted in the state or goods whose final stage of production occurs
5 in the state, and for the rendering of services abroad by state resi-
6 dents, the aggregate value of which is 25 percent or more of the
7 contract price.

8 Sec. 44.88.320. LIMITATIONS ON GUARANTEES. (a) The authority
9 may not guarantee more than 90 percent of a loan under AS 44.88.300.

10 (b) The authority may not guarantee a loan under AS 44.88.300
11 unless the authority finds that the guarantee is reasonably necessary
12 to stimulate or facilitate the making of a loan for an eligible ex-
13 porting transaction.

14 Sec. 44.88.330. CREDIT OF EXPORTER. Before the authority may
15 guarantee a loan under AS 44.88.300, the participating financial
16 institution shall investigate the credit or sources of credit avail-
17 able to the exporter to determine the economic benefits to be derived
18 from the guarantee, the prospects of repayment, and other factors
19 necessary to determine that the guaranteed funding is consistent with
20 the purposes of AS 44.88.300 - 44.88.390.

21 Sec. 44.88.340. CONFIDENTIALITY OF INFORMATION. Information
22 submitted to or compiled by the authority regarding the identity,
23 background, finances, marketing plans, trade secrets, or other commer-
24 cially sensitive affairs of the exporter is confidential, unless the
25 exporter consents to its disclosure.

26 Sec. 44.88.350. FEES CHARGED. The authority shall, by regula-
27 tion, establish fees to be charged to a participating financial insti-
28 tution for providing a guarantee under AS 44.88.300. The fees must be
29 sufficient to cover the costs of administering the guarantee program

1 under AS 44.88.300 - 44.88.390 and any premium the authority pays for
2 insuring its risks.

3 Sec. 44.88.360. EFFECT OF GUARANTEE. (a) A guarantee under
4 AS 44.88.300 shall guarantee against political or commercial loss, in
5 whole or in part, of principal and interest on an eligible export
6 transaction. The guarantee may include, without limitation, insurance
7 against loss up to a stated amount. A guarantee under AS 44.88.300
8 may not be terminated, canceled, or revoked, except under its terms.
9 A guarantee held by a participating financial institution is presumed
10 to be valid.

11 (b) In this section, "political loss" means a loss incurred as a
12 result of a political risk insured under an export credit insurance
13 umbrella policy, or a comparable policy or agreement, issued by the
14 Export-Import Bank of the United States.

15 Sec. 44.88.370. GUARANTEE NOT A GENERAL OBLIGATION OF THE STATE.
16 A guarantee under AS 44.88.300 is not a general obligation of the
17 state.

18 Sec. 44.88.380. PERSONAL LIABILITY. An officer, employee, or
19 agent of the authority may not be held personally liable in a civil
20 action for damages for an act done or omitted in good faith while
21 performing the functions of office, employment, or agency under this
22 chapter.

23 Sec. 44.88.390. EXPORT INSURANCE ACCOUNT. (a) The export
24 insurance account is established in the revolving fund. The account
25 consists of money appropriated to it by the legislature and other
26 money and assets, including bond proceeds, deposited in it by the
27 authority. The account shall be held as security for the holders of
28 bonds issued by the authority for the purposes of AS 44.88.300 -
29 44.88.390. The authority may enter into trust agreements with respect

1 to the use of money in the account, including the use of that money to
2 discharge a guarantee obligation of the authority. The trust agree-
3 ments may contain provisions and limitations concerning the investment
4 and disbursement of money in the account, the payment of expenses of
5 the account, the appointment, resignation and discharge of trustees,
6 the delegation of enforcement and collection powers under the insur-
7 ance agreements to the trustee, the duties of the trustees, amendments
8 of the trust agreements, and other lawful provisions and limitations
9 the authority considers appropriate. The trust agreements may pledge
10 premiums and other money that may be deposited in the account. The
11 pledge shall be valid and binding from the time the pledge is made.
12 The premiums and other money pledged and thereafter received by the
13 account, or by the trustees in its behalf, shall immediately be sub-
14 ject to the lien of the pledge. The pledge shall be valid and binding
15 against parties having claims against the account, irrespective of
16 whether the parties have notice of the pledge.

17 (b) The authority may use proceeds of bonds issued for the
18 purposes of AS 44.88.300 - 44.88.390 to purchase insurance, which may
19 be pledged for the security of the holders of the bonds. If insurance
20 is pledged as security, whether obtained through the export insurance
21 account or purchased with bond proceeds, a description of the insur-
22 ance shall expressly indicate the limitation of the liability of the
23 authority and that neither the credit nor the taxing power of the
24 state or a political subdivision of the state is available to satisfy
25 obligations with respect to the insurance.

26 ARTICLE 6. SMALL BUSINESS ECONOMIC DEVELOPMENT
27 REVOLVING LOAN FUND.

28 Sec. 44.88.400. CREATION OF A SMALL BUSINESS ECONOMIC DEVELOP-
29 MENT REVOLVING LOAN FUND. There is created in the authority a small

1 business economic development revolving loan fund to carry out the
2 purposes of AS 44.88.400 - 44.88.430, including the administration of
3 a revolving loan fund qualified to receive revolving loan fund grants
4 from the United States Economic Development Administration (EDA) under
5 Title IX of the Public Works and Economic Development Act of 1965, as
6 amended (42 U.S.C. 3121 et seq.). All money granted to the authority
7 by the United States Economic Development Administration, all money
8 appropriated to the fund, all principal and interest payments, and all
9 money chargeable to principal or interest that is collected through
10 liquidation by foreclosure or other process on loans made under
11 AS 44.88.400 - 44.83.430 shall be paid into the small business eco-
12 nomic development revolving loan fund.

13 Sec. 44.88.410. SPECIAL ACCOUNT ESTABLISHED. (a) There is
14 established as a special account within the small business economic
15 development revolving loan fund the foreclosure expense account. This
16 account is established as a reserve from fund equity.

17 (b) The authority may expend money credited to the foreclosure
18 expense account when necessary to protect the authority's security
19 interest in collateral on loans made under AS 44.88.420 or to defray
20 expenses incurred during foreclosure proceedings after a default by an
21 obligor.

22 Sec. 44.88.420. POWERS AND DUTIES OF THE AUTHORITY. (a) The
23 authority may

24 (1) accept United States Economic Development Administra-
25 tion revolving fund grants;

26 (2) make loans to eligible applicants under the United
27 States Economic Development Administration Long-Term Economic Deteri-
28 oration (LTED) and Sudden and Severe Economic Dislocation (SSED)
29 programs;

1 (3) designate agents and delegate powers to them as neces-
2 sary;

3 (4) adopt regulations necessary to carry out its functions
4 and to administer programs under United States Economic Development
5 Administration guidelines, including regulations to establish reason-
6 able fees for services provided;

7 (5) establish amortization plans for the repayment of loans
8 that may include extensions; and

9 (6) charge and collect the fees established under this
10 subsection.

11 (b) The commissioner of administration shall separately account
12 for all fees and collection charges that the authority deposits in the
13 general fund. The annual estimated balance in the account may be used
14 by the legislature to make appropriations to the authority to carry
15 out the purposes of AS 44.88.400 - 44.88.430.

16 Sec. 44.88.430. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
17 FORECLOSURE. The authority shall dispose of property acquired through
18 default or foreclosure on a loan made under AS 44.88.400 - 44.88.430.
19 Disposal shall be made in a manner that serves the best interests of
20 the state and may include the amortization of payments over a period
21 of years.

22 * Sec. 43. To be consistent with the change made by this Act, wherever
23 in the Alaska Statutes and in regulations adopted under those statutes
24 "Alaska Industrial Development Authority" is used, it shall be read as
25 referring to the Alaska Industrial Development and Export Authority. Under
26 AS 01.05.031 the revisor of statutes shall implement this section in the
27 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall
28 implement this section in the administrative regulations.

29 * Sec. 44. AS 44.88.156, 44.88.158(c), and secs. 10 and 11, ch. 162,

1 SLA 1984, are repealed.

2 * Sec. 45. This Act takes effect immediately under AS 01.10.070(c).

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

An Analysis of HOUSE CS FOR CSSB 64 (L & C)

This is an analysis of House CS for Senate Bill No. 64 (L & C) "An Act relating to the Alaska Industrial Development and Export Authority and providing for an effective date."

The legislation would accomplish three main objectives.

1. Creating an export financing program as a major focus of the Alaska Industrial Development and Export Authority (previously called "AIDA" and hereafter called "AIDEA")
2. Emphasizing small business enterprises in the AIDEA statutes and
3. Providing a mechanism for infrastructure development in certain cases with no financial risk to the State of Alaska.

A sectional analysis follows:

SECTION 1 amends the statutory section (AS 44.88.010) setting forth legislative findings and policy with respect to AIDEA. It inserts references to "export small business" enterprises throughout the section to give emphasis to these types of enterprises as the target of AIDEA's financing assistance. It also inserts four new paragraphs of findings (on pages 1 and 2 of the bill) relating to the importance to the state's economy of expanding and facilitating financing for export businesses in Alaska.

On page 3 of the legislation (still a part of Section 1), new language provides a finding that it is in the public interest to encourage export activities by providing financial assistance for such activities in cooperation with federal, state and private institutions. This new language also provides a finding that it is in the public's interest to give AIDEA the power to acquire ownership interests in certain types of projects and to issue taxable, as well as tax exempt, bonds to accomplish its statutory purposes.

SECTION 2 adds a new subsection to the findings and policies section (AS 44.88.010). The new subsection finds it to be a policy of the state and a public purpose to provide financial support, in cooperation with federal, state and private institutions, to increase the export of Alaska goods, entrepreneurial talent, raw materials, and services.

SECTION 3 creates a new statutory section (AS 44.88.060). This new statutory section creates the AIDEA revolving fund. The intent is to create a single fund into which all of AIDEA's assets will be deposited. Within the revolving fund, there will be the economic development account, the enterprise development account, and a number of other accounts. There are provisions later in the legislation defining AIDEA's ability to use assets of these various accounts. The revolving fund is created as a revolving fund so that payments on loans purchased or held by AIDEA in the fund can remain there and be used for AIDEA's purposes without necessitating an annual legislative appropriation.

SECTION 4 relates to the statement of AIDEA's purposes and contains provisions substantially similar to those described with respect to SECTION 1; that is, it adds references to export and small business enterprises in connection with AIDEA's purposes, and it adds new paragraphs which contain statements of AIDEA's purpose with respect to exporting transactions (such as to foster the expansion of Alaskan exports, to cooperate with other organizations for that purpose, to provide a source of guarantees, and so on). This amendment also (in paragraph (2) on page 5 of legislation) provides a reference to the statute which specifies the types of projects in which AIDEA may take an ownership interest.

SECTION 5 amends AIDEA's general powers (AS 44.88.080) by inserting language to clarify that AIDEA's power to issue bonds includes the power to incur debt generally.

SECTION 6 also amends the general powers section; it adds new powers relating to financing and assisting export transactions, including the power to participate with other programs pertaining to the exportation of Alaskan goods, services or raw materials, the power to provide export finance training to its staff, the power to coordinate with various, federal programs, and the power to guarantee loans to qualified exporters. This section also adds, as a general statement of AIDEA's powers, the power to provide financing assistance for small business enterprises.

SECTION 7 amends AIDEA's administrative procedure statutory section (AS 44.88.085). This amendment is a new technical, clean up matter reflecting the addition of new powers and purposes for AIDEA and, therefore, the need to adopt regulations in addition to those currently referenced in (b) - (e) of AS 44.88.085.

SECTION 8 repeals and reenacts AS 44.88.085(c). Generally speaking, this part of AIDEA's statutes is intended simply to establish a procedure for the adoption by AIDEA of its regulations. The current provisions of AS 44.88.085(c) include both a general power to adopt regulations and an express duty to adopt regulations with respect to certain matters. In SECTION 12 of the legislation (to be discussed below), additional matters are set forth with respect to which AIDEA will have an express duty to adopt regulations. The repeal and reenactment of AS 44.88.085(c) in this section of the legislation is necessary to preserve the general power to adopt regulations while also moving the statement of matters as to which AIDEA must adopt regulations to the same part of the statute as those matters described in SECTION 12.

SECTION 19 amends the statute that contains the state's pledge not to limit or alter AIDEA's power to fulfill contracts it enters into with bondholders and federal agencies. The amendment makes it clear that this pledge applies also with respect to export and development project financing. The amendment also contains some minor drafting style corrections.

SECTION 20 amends the statute that exempts AIDEA's property from local taxation (AS 44.88.140). The amendment again is for clarification purposes, the intent being to make it clear that the provisions of this statute apply also to development projects financed by AIDEA. The amendment contains a few minor drafting style corrections. This section requires that AIDEA report annually to the Governor and the Legislature the extent of holdings the authority has which are tax exempt.

SECTION 21 amends the statutory section which created the enterprise development fund (AS 44.88.155). The amendment turns the "fund" into an "account" within the revolving fund created in SECTION 3 (as discussed earlier).

SECTION 22 amends AS 44.88.155(b) to reflect the change described in SECTION 21.

SECTION 23 amends AS 44.88.155(c) to reflect the change described in SECTION 21. In addition, the amendment made in this section contains a minor drafting style correction.

SECTION 24 amends AS 44.88.155(d) to provide that the various loan limitations set forth in this subsection apply only to loans financed with assets of the enterprise development account.

SECTION 25 amends AS 44.88.155(e) to reflect the change described in SECTION 21 and to make a minor drafting style correction.

SECTION 26 amends AS 44.88.155(f) to reflect the change described in SECTION 21. This amendment also adds language at the end of that subsection to make it clear that AIDEA may pledge assets of the enterprise development account only to secure bonds issued for the financing of "projects," a term which is defined in AS 44.88.220. Accordingly, bonds issued for the financing of development projects and exporting transactions cannot be secured by pledges of the assets of the enterprise development account.

SECTION 27 amends AS 44.88.155 by adding a new subsection (h) to make it clear that the provisions of that section (and, thus, the provisions relating to the enterprise development account) apply only with respect to loans purchased for "projects" under AS 44.88.155 - 44.88.159.

SECTION 28 amends the statute that creates AIDEA's loan insurance account (AS 44.88.157). The amendment takes the loan insurance account out of the enterprise development fund and puts it in the revolving fund. The amendment also limits the application of the loan insurance account to the financing of projects under AS 44.88.155.

SECTION 29 amends AS 44.88.157(b) to conform to the amendment described in SECTION 28 which limits the application of the loan insurance account to the financing of projects under AS 44.88.155.

SECTION 30 amends AS 44.88.157(k) to reflect the changes described in SECTION 29.

SECTION 31 amends AS 44.88.157(l) to reflect the changes described in SECTION 29.

SECTION 32 amends the small enterprise loan account statute (AS 44.88.158). The amendment inserts the phrase "small business enterprise" in place of small enterprise, and it takes the account out of the enterprise development fund and puts it into the revolving fund.

SECTION 33 amends AS 44.88.158(b) to reflect the changes made in SECTION 32. The amendment in this section also permits AIDEA to purchase or participate in the purchase of loans to small business enterprises without being limited to purchasing only the portion guaranteed by the federal government. However, with respect to language in AS 44.88.158(b) relating to the purchase of those guaranteed portions, the amendment in this section adds a permission to AIDEA to purchase the guaranteed portion of a loan made to pay the cost of an exporting transaction for a small business enterprise. The amendment in this section also contains a minor drafting style correction.

SECTION 34 amends the statutory section which sets a formula for how AIDEA must determine interest rates on loans it purchases (AS 44.88.159). The amendment makes it clear that this applies only to projects purchased under AS 44.88.155 - 44.88.159 (that is, projects purchased with assets of the enterprise development account).

SECTION 35 makes the same change with respect to the economic development fund (AS 44.88.172) as SECTION 32 makes with respect to the enterprise development fund; that is, it turns it into an account of the revolving fund. The amendment made in this section also makes it clear that the economic development account may be used only for the financing of "development projects," a term which is defined in SECTION 37 (discussed below). The economic development account is the source of financing for the projects that AIDEA expects to own or operate. The amendment includes language which (1) prohibits the pledge of assets in the enterprise development account (AS 44.88.155 - SECTIONS 21 through 27) in connection with the financing of a development project, and (2) directs AIDEA to make the financing assistance offered under the economic development account in the form of a loan to the maximum extent possible. The latter provision is in AIDEA's current law, but it is codified with the temporary and special acts. This amendment places it in the permanent statutes. Finally, the amendment in this section also includes a minor drafting style correction.

SECTION 36 requires AIDEA to obtain legislative approval for issuance of bonds for the acquisition, financing or operation of a development project.

SECTION 37 amends the statute which provides certain exemptions for AIDEA from the operation of other statutes (AS 44.88.159). The amendment in this section would exempt loans purchased or financed in whole or in part by AIDEA from the operation of the state's usury law. It would also make it clear that a guaranty by AIDEA in connection with its export financing program is not insurance for purposes of the state's insurance code.

SECTION 38 stipulates that the authority may not charge a penalty for prepayment of a loan after five years from the inception of the loan.

SECTION 39 defines authority as the Alaska Industrial Development and Export Authority.

SECTION 40 amends the definition of "Business enterprise to include cooperatives as long as the business purpose was credit worthy.

SECTION 41 amends the definition section of the AIDEA statutes (AS 44.88.220). It adds new definitions for "development project" and "revolving fund." The development project definition includes those facilities described in paragraph (A)(i) of the definition of "project" under AIDEA's current statutes. The intent is to define development projects (that is, those projects with respect to which AIDEA may acquire an ownership interest) to include the basic resource development and infrastructure types of projects. The definition of revolving fund refers to the revolving fund created under SECTION 3.

SECTION 42 adds new provisions to AIDEA's statutes. The new provisions will become AS 44.88.300 - 44.88.390 and will relate to export assistance

Under AS 44.88.300, AIDEA would work with financial institutions to determine which exporting transactions qualify for AIDEA assistance. The AIDEA assistance would be provided in the form of a guaranty of a loan for the exporting transactions.

Under AS 44.88.310, the transaction would qualify only if it has some significant contact with or benefit to the State of Alaska. That contact or benefit, generally speaking, would have to be in the form of a minimum percentage (25%) of the transaction resulting in the sale of Alaska materials abroad, the rendering of services abroad by an Alaska business, or providing similar benefits.

Under AS 44.88.320, AIDEA could guarantee up to 90 percent of a loan made to finance a transaction that qualifies under AS 44.88.310, but AIDEA would first have to find that the guaranty is reasonably necessary to stimulate or facilitate the making of the loan.

Under AS 44.88.330, the financing institution involved in the transaction would be required to make the first credit investigation with respect to the transaction.

Under AS 44.88.340, AIDEA would be required to keep confidential sensitive information about the transaction or the exporter involved in the transaction confidential.

Under AS 44.88.350, AIDEA would be allowed to establish fees by regulation to cover the costs of administering the export assistance program.

Under AS 44.88.360, a guarantee issued by AIDEA for an export transaction would guarantee against political or commercial loss of principal and interest on an eligible export transaction.

AS 44.88.370 would make it clear that a guaranty does not constitute a general obligation of the state.

AS 44.88.380 would shield officers, employees and agents of AIDEA from personal liability in connection with any guaranty AIDEA issues.

Under AS 44.88.390, the guarantee could be secured by an export insurance account into which AIDEA could deposit bond proceeds issued for the purpose as well as other amounts appropriated to AIDEA.

SECTION 43 directs the revision of statutes to change the name throughout

SECTION 44 repeals subsection (c) of the statutory section amended by SECTIONS 32 and 33 (that is, AS 44.88.158). This repealer cleans up some outdated language and facilitates the financing of small business enterprises. SECTION 42 also repeals the requirement for legislative approval of each project financed from the economic development account; however, the bill retains the requirement elsewhere for legislative approval of any project over \$50,000,000 in size. SECTION 44 also repeals the AIDEA multifamily statutory section (AS 44.88.156).

SECTION 45 provides an immediate effective date.

SECTION 9 makes the same changes to AS 44.88.085(d) as those made to AS 44.88.085(a) under SECTION 7 (described above).

SECTION 10 makes the same changes to AS 44.88.085(e) as described in SECTION 9.

SECTION 11 makes the same changes to AS 44.88.085(f) as described in SECTION 9 and also makes a minor drafting style correction.

SECTION 12 (beginning on page 9 of the legislation) creates a new subsection (g) to AS 44.88.085. This new subsection contains those matters (referred to in connection with SECTION 8 above) as to which AIDEA must adopt regulations under the current provisions of AS 44.88.085(c). SECTION 12 also creates a new subsection (h). Subsection (h) directs AIDEA to adopt certain regulations in connection with its program for encouraging the export of Alaska goods, services, and raw materials. These regulations must establish criteria for eligibility of exporters under the program, set forth equity and collateral requirements, and include other similar matters.

SECTION 13 amends AIDEA's statutory section pertaining to the issuance of bonds (AS 44.88.090). The changes made to AS 44.88.090(a) by this section are intended to set forth clearly that AIDEA's bond issuance powers also extend to the issuance of bonds for AIDEA's development project financing. The term "development project" is defined later in the legislation and contemplates those projects into which AIDEA may take an ownership interest.

SECTION 14 repeals and reenacts AS 44.88.090(e). The reason for the repeal and reenactment is to reorganize the subsection into a clearer form. Otherwise, the changes made in that subsection are only for the purpose of making it clear that AIDEA's bond issuing power extends to its export financing program and development project program, as stated above, with respect to SECTION 13.

SECTION 15 makes the same amendment to AS 44.88.090(g) as described with respect to SECTION 14.

SECTION 16 makes the same amendment to AS 44.88.090(h) as described with respect to SECTION 14.

SECTION 17 amends the statutory section authorizing AIDEA to enter into agreements with trustees (AS 44.88.100). Again, the changes are intended to make it clear that AIDEA's power to enter into agreements with trustees applies to its programs for export and development project financing.

SECTION 18 amends AIDEA's capital reserve fund statute (AS 44.88.105). The capital reserve fund created in AS 44.88.105 can be used by AIDEA to secure its bonds, but there are some limitations on that use. One of the limitations is the requirement in AS 44.88.105(f) that at least 20% of the principal amount of a loan be retained by the originating institution. The amendment makes it clear that this limitation applies to bonds issued under the export program.

Original sponsors: Kelly, Kerttula,
Faiks, et al.

1 IN THE SENATE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 64 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 and Export Authority; and providing for an effective
8 date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 44.88.010 is amended to read:
11 Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
12 lature finds, determines, and declares that
13 (1) there exist areas of the state in which seasonal and
14 nonseasonal unemployment exist;
15 (2) this unemployment is a serious menace to the health,
16 safety, and general welfare, not only to the people in those areas,
17 but also to the people of the entire state;
18 (3) the state lacks the basic manufacturing, industrial,
19 export, small business, and business enterprises and the other facili-
20 ties referred to in [(5) OF] this subsection necessary to permit
21 adequate development of its natural resources and the balanced growth
22 of its economy;
23 (4) the establishment and expansion of industrial, manu-
24 facturing, export, small business, and business enterprises in Alaska
25 and the other facilities referred to in [(5) OF] this subsection are
26 essential to the development of the natural resources and the long-
27 term economic growth of the state, and will directly and indirectly
28 alleviate unemployment in the state;
29 (5) the expansion of export trade is vital to the health

1 and growth of the state's economy;

2 (6) many Alaska businesses could benefit from additional
3 financial and technical assistance with respect to the exportation of
4 their products and services;

5 (7) the United States Export-Import Bank has been mandated
6 by the Export-Import Bank Act Amendments of 1983 to provide technical
7 assistance and export financing support to small businesses in coop-
8 eration with state export finance agencies;

9 (8) Alaska-based exporters can be effectively assisted
10 through the establishment, as part of the Alaska Industrial Develop-
11 ment Authority, of an export financing program designed to work with
12 the U.S. Export-Import Bank and other federal, state, and private
13 institutions;

14 (9) the achievement of the goal of full employment, and of
15 establishment and continuing operation and development of industrial,
16 manufacturing, export, small business, and business enterprises in the
17 state, including, without limitation, facilities for transportation,
18 facilities for pollution control and waste disposal, facilities for
19 the local furnishing of gas, facilities for water, facilities for
20 industrial parks, mass commuting vehicles, facilities for local dis-
21 trict heating or cooling, parking facilities, or a storage or training
22 facility relating to a plant or facility, will be accelerated and
23 facilitated by the creation of an instrumentality of the state with
24 powers to incur debt, to own and operate facilities, to make and
25 insure loans to finance, and to assist private lenders to make loans
26 to finance, the establishment, operation, and development of indus-
27 trial, manufacturing, export, small business, and business enter-
28 prises, including, without limitation, facilities for transportation,
29 facilities for pollution control and waste disposal, facilities for

1 the local furnishing of gas, facilities for water, facilities for
2 industrial parks, mass commuting vehicles, facilities for local dis-
3 trict heating or cooling, parking facilities, or a storage or training
4 facility relating to a plant or facility;

5 (10) [(6)] it is in the public interest to promote the
6 prosperity and general welfare of all citizens of the state by

7 (A) stimulating commercial and industrial growth and
8 expansion by encouraging an increase of private investment by
9 banks, investment houses, insurance companies, and other finan-
10 cial institutions, including pension and retirement funds, to
11 help satisfy the need for economic expansion;

12 (B) encouraging the production of raw materials and
13 goods for export, the expansion of exports of raw materials and
14 goods, and the rendering of services abroad by residents of the
15 state through the establishment of a program that provides finan-
16 cial assistance in cooperation with federal, state, and private
17 institutions for these purposes in the form provided in this
18 chapter;

19 (C) creating the Alaska Industrial Development and
20 Export Authority with the powers necessary to accomplish the
21 objectives stated in this paragraph, including the power to issue
22 taxable and tax-exempt bonds and to acquire ownership interests
23 in projects as provided in this chapter;

24 (11) [(7)] it is in the state's interest to import private
25 capital to create new economic activity which would not otherwise take
26 place in the state.

27 (b) It is declared to be the policy of the state, in the inter-
28 ests of promoting the health, security, and general welfare of all the
29 people of the state, and a public purpose, to increase job

1 opportunities and otherwise to encourage the economic growth of the
2 state, including the development of its natural resources, through the
3 establishment and expansion of manufacturing, industrial, export,
4 small business, and business enterprises and the other facilities
5 referred to in (a) [(a)(5)] of this section by creating the Alaska
6 Industrial Development and Export Authority [PUBLIC CORPORATION] with
7 the powers [POWER], duties, and functions [AS] provided in this chap-
8 ter [AS 44.88.010 - 44.88.220].

9 * Sec. 2. AS 44.88.010 is amended by adding a new subsection to read:

10 (c) It is further declared to be the policy of the state, in the
11 interests of promoting the health, security, and general welfare of
12 all the people of the state, and a public purpose of the state, to
13 accomplish the objectives set out in (b) of this section through the
14 provision of financial support in cooperation with federal, state, and
15 private institutions for the purpose of increasing the export of
16 Alaska goods, talent, raw materials, and services.

17 * Sec. 3. AS 44.88 is amended by adding a new section to article 1 to
18 read:

19 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-
20 THORITY REVOLVING FUND. The Alaska Industrial Development and Export
21 Authority revolving fund is established in the authority. The re-
22 volving fund consists of appropriations made to the revolving fund by
23 the legislature, money or other assets transferred to the revolving
24 fund by the authority, and unrestricted payments on loans made or
25 purchased by the authority. Amounts deposited in the revolving fund
26 may be pledged to the payment of bonds of the authority or expended
27 for the purposes of the authority under this chapter.

28 * Sec. 4. AS 44.88.070 is amended to read:

29 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the

1 authority is to promote, develop, and advance the general prosperity
2 and economic welfare of the people of Alaska, to relieve problems of
3 unemployment, and to create additional employment by

4 (1) providing various means of financing and means of
5 facilitating the financing, in cooperation with federal, state, and
6 private institutions, of industrial, manufacturing, export, small
7 business, and business enterprises and the other facilities referred
8 to in AS 44.88.010(a) in [AS 44.88.010(a)(5) WITHIN] the state;

9 (2) [, AND BY] owning and operating the enterprises and
10 other facilities described in AS 44.88.172;

11 (3) fostering the expansion of exports of Alaska goods,
12 services, and raw materials;

13 (4) cooperating and acting in conjunction with other orga-
14 nizations, public and private, the objects of which are the promotion
15 and advancement of export trade activities in the state;

16 (5) establishing a source of funding credit guarantees and
17 insurance, not otherwise available, to support export development;

18 (6) providing and cooperating or participating with feder-
19 al, state, and private institutions to provide actual and potential
20 Alaska exporters, particularly small- and medium-sized exporters, with
21 financial assistance in support of export transactions.

22 * Sec. 5. AS 44.88.080(7) is amended to read:

23 (7) to issue bonds and otherwise to incur indebtedness, in
24 accordance with AS 44.88.090, in order to pay the cost of a project or
25 development projects or in order to provide money for the authority's
26 purposes under this chapter; the authority may also [AND TO] secure
27 payment of the bonds or other indebtedness as provided in this chap-
28 ter;

29 * Sec. 6. AS 44.88.080 is amended by adding new paragraphs to read:

1 (20) to participate with government or private industry in
2 programs for technical assistance, loans, technology, transfer, or
3 other programs related to the exportation of Alaska goods, services,
4 or raw materials with respect to its financing activities;

5 (21) to provide export finance training for office staff and
6 other individuals involved in export finance assistance, including the
7 training sessions that may be provided by the United States Export-
8 Import Bank or other organizations;

9 (22) to coordinate to the maximum extent possible its
10 efforts to promote the export of Alaska goods, services, and raw
11 materials with programs and goals of the United States Export-Import
12 Bank, the International Trade Administration of the United States
13 Department of Commerce, the Foreign Credit Insurance Association, and
14 other private and public programs designed to provide export assis-
15 tance and export-related financing;

16 (23) to guarantee loans related to qualified export trans-
17 actions under regulations adopted by the authority;

18 (24) to provide financing assistance, in cooperation with
19 federal, state, and private institutions, as provided in this chapter
20 for small business enterprises.

21 * Sec. 7. AS 44.88.085(a) is amended to read:

22 (a) Except for AS 44.62.310 and 44.62.312 regarding public
23 meetings, and except for AS 44.62.320(a) regarding legislative review
24 of regulations, the provisions of the Administrative Procedure Act
25 regarding the adoption of regulations (AS 44.62.040 - 44.62.320) do
26 not apply to the authority. The authority shall make available to
27 members of the public copies of the regulations adopted under [(b) -
28 (e) OF] this section. Within 45 days after adoption of a regulation
29 under [(b) - (e) OF] this section, the chairman of the authority shall

1 submit the regulation adopted to the chairman of the Administrative
2 Regulation Review Committee under AS 24.20.400 - 24.20.460.

3 * Sec. 8. AS 44.88.085(c) is repealed and reenacted to read:

4 (c) The authority may adopt regulations to carry out the pur-
5 poses of this chapter and shall adopt regulations as provided in (g)
6 and (h) of this section.

7 * Sec. 9. AS 44.88.085(d) is amended to read:

8 (d) Except as provided in (e) of this section, at least 15 days
9 before the adoption, amendment, or repeal of a regulation [ON A SUB-
10 JECT SPECIFIED IN (c) OF THIS SECTION], the authority shall give
11 public notice of the proposed action by publishing the notice in at
12 least three newspapers of general circulation in the state and by
13 mailing a copy of the notice to every person who has filed a request
14 for notice of proposed regulations with the authority. The public
15 notice must include a statement of the time, place, and nature of the
16 proceedings for the adoption, amendment, or repeal of the regulation
17 and must include an informative summary of the subject of the proposed
18 action. On the date and at the time and place designated in the
19 notice, the authority shall give each interested person or an autho-
20 rized representative of the person, or both, the opportunity to pre-
21 sent statements, arguments, or contentions orally or in writing and
22 shall give members of the public an opportunity to present oral state-
23 ments, arguments, or contentions for a total period of at least one
24 hour. The authority shall consider all relevant matter presented to
25 it before taking the proposed action on the regulation. At a hearing
26 under this subsection, the authority may continue or postpone the
27 hearing to a time and place determined by the authority and announced
28 at the hearing before taking the action to continue or postpone the
29 hearing. A regulation adopted, amended, or repealed by the authority

1 may vary from the informative summary specified in this subsection if
2 the subject matter of the action taken on the regulation remains the
3 same and if the original notice of the proposed action was written so
4 as to assure that members of the public are reasonably notified of the
5 subject matter of the proposed action in order for them to determine
6 whether their interests could be affected by the authority's proposed
7 action on that subject.

8 * Sec. 10. AS 44.88.085(e) is amended to read:

9 (e) The adoption, amendment, or repeal of a regulation [ON A
10 SUBJECT SPECIFIED IN (c) OF THIS SECTION] may be made as an emergency
11 regulation if, in the order of adoption, the authority states the
12 facts constituting the emergency and makes a finding that the adoption
13 of the regulation is necessary for the immediate preservation of the
14 orderly operation of the authority's [LOAN AND BONDING] programs. The
15 requirements of (d) of this section do not apply to the initial adop-
16 tion of an emergency regulation [COVERING A SUBJECT SPECIFIED IN (c)
17 OF THIS SECTION]; however, upon adoption of an emergency regulation
18 under this subsection, the authority shall, within 10 days after that
19 adoption, publish notice of the adoption in accordance with the notice
20 procedures specified in (d) of this section. An emergency regulation
21 adopted under this subsection may not remain in effect for more than
22 120 days unless, before the expiration of that period, the authority
23 adopts that regulation as a permanent regulation in accordance with
24 the procedures specified in (d) of this section.

25 * Sec. 11. AS 44.88.085(f) is amended to read:

26 (f) A regulation adopted under [(b) - (e) OF] this section takes
27 effect immediately upon its adoption by the authority or at another
28 [SUCH OTHER] time [AS] specified by the authority in its order of
29 adoption.

1 * Sec. 12. AS 44.88.085 is amended by adding new subsections to read:

2 (g) The authority shall adopt regulations necessary for the
3 following purposes in connection with its programs for the financing
4 of projects under AS 44.88.155 - 44.88.159:

5 (1) determination of borrower eligibility;

6 (2) loan guidelines and terms including, but not limited
7 to, maximum loan amounts and required loan-to-value ratios, but ex-
8 cluding loan interest rates;

9 (3) characteristics of projects eligible for loans or
10 purchase of loans; and

11 (4) the qualifications of loan originators and servicers
12 and the method of allocating amounts available for the purchase of
13 loans.

14 (h) The authority shall adopt regulations necessary for the
15 following purposes in connection with its program for encouraging the
16 exportation of Alaska goods, services, and raw materials under AS 44.-
17 88.300 - 44.88.390:

18 (1) establishing criteria for the eligibility of exporters
19 and export transactions for the loan guarantees provided in AS 44.88.-
20 300;

21 (2) setting out the minimum equity interest a borrower must
22 have in the borrower's business to qualify for a loan guarantee under
23 AS 44.88.300 - 44.88.390;

24 (3) adoption of collateral or security requirements to
25 ensure the full repayment of loan guarantees and solvency of an insur-
26 ance program established under AS 44.88.300 - 44.88.390;

27 (4) providing guidelines for extension of a loan guarantee
28 under AS 44.88.300 - 44.88.390;

29 (5) setting out the maximum aggregate amount of guaranteed

1 financing available to an exporter and the maximum amount of guaran-
2 teed financing available for a transaction eligible for guaranteed
3 financing;

4 (6) establishing the limits on the interest that may be
5 charged for guaranteed financings, the maximum fees that a participat-
6 ing financial institution may charge for making a loan that will be
7 guaranteed under AS 44.88.300 - 44.88.390, and the terms of and proce-
8 dures for repayment of a guaranteed financing; and

9 (7) establishing procedures for making a claim on the
10 guarantee or insurance in the event of a default.

11 * Sec. 13. AS 44.88.090(a) is amended to read:

12 (a) Subject to (g) of this section, the authority may borrow
13 money and may issue bonds, including but not limited to bonds on which
14 the principal and interest are payable[,]

15 (1) exclusively from the income and receipts or other money
16 derived from the project or development project financed with the
17 proceeds of the bonds or derived from the exporter or exporting trans-
18 action financed, guaranteed, or insured with the proceeds of the
19 bonds; [,]

20 (2) exclusively from the income and receipts or other money
21 derived from designated projects or development projects or other
22 sources whether or not they are financed, insured, or guaranteed in
23 whole or in part with the proceeds of the bonds; [,] or

24 (3) from its income and receipts or other assets generally,
25 or a designated part or parts of them.

26 * Sec. 14. AS 44.88.090(e) is repealed and reenacted to read:

27 (e) Before issuing bonds, the authority shall provide for con-
28 sideration at least sufficient, in the judgment of the authority, to
29 pay the principal of and interest on the bonds as they become due and

1 to create and maintain the reserves for the payments that the authori-
2 ty considers necessary or desirable, and to meet all obligations in
3 connection with the lease or agreement and all costs necessary to
4 service the bonds, unless the lease or agreement provides that the
5 obligations are to be met or costs are to be paid by a party other
6 than the authority. If the bonds are being issued to finance a pro-
7 ject or projects under AS 44.88.155 - 44.88.159, then the considera-
8 tion shall be provided by lease or other agreement regarding the
9 project or projects. If the bonds are being issued to finance a
10 development project or development projects under AS 44.88.172 -
11 44.88.177, then the consideration shall be provided by lease or other
12 agreement regarding the development project or development projects.
13 If the bonds are being issued to provide money to finance, guarantee,
14 or insure an exporting transaction under AS 44.88.300 - 44.88.390,
15 then the consideration shall be provided by agreement with the ex-
16 porter.

17 * Sec. 15. AS 44.88.090(g) is amended to read:

18 (g) The authority may not

19 (1) issue bonds, other than refunding bonds, in any 12-
20 month period beginning after June 30, 1982, in an amount that exceeds
21 the amount of bonds authorized to be issued during the preceding
22 12-month period, unless a different amount is authorized by the legis-
23 lature; or

24 (2) issue revenue bonds other than refunding bonds for a
25 project under AS 44.88.155 - 44.88.159, for a development project
26 under AS 44.88.172 - 44.88.177, or to provide money to finance,
27 guarantee, or insure an exporting transaction under AS 44.88.300 -
28 44.88.390, [THIS CHAPTER] in an amount greater than \$50,000,000 during
29 any 12-month period beginning after June 30, 1981, unless the issuance

1 is included separately in the estimates required in the report of the
2 authority under AS 44.88.210(b) and unless the legislature, by law,
3 approves the issuance.

4 * Sec. 16. AS 44.88.090(h) is amended to read:

5 (h) The authority may combine, for the purposes of a single
6 offering, bonds financing more than one project or development project
7 under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and bonds
8 issued to provide money to finance, guarantee, or insure an exporting
9 transaction under AS 44.88.300 - 44.88.390 [AS 44.88.010 - 44.88.220].

10 * Sec. 17. AS 44.88.100 is amended to read:

11 Sec. 44.88.100. TRUST INDENTURES AND TRUST AGREEMENTS. In the
12 discretion of the authority, an issue of bonds may be secured by a
13 trust indenture or trust agreement between the authority and a corpo-
14 rate trustee (which may be a trust company, bank, or national banking
15 association, with corporate trust powers, located inside or outside
16 the state) or by a secured loan agreement or other instrument or under
17 a resolution giving powers to a corporate trustee (hereinafter in this
18 section referred to as "trust agreement") by means of which the auth-
19 ority may:

20 (1) make and enter into any and all the covenants and
21 agreements with the trustee or the holders of the bonds which the
22 authority may determine to be necessary or desirable, including,
23 without limitation, covenants, provisions, limitations and agreements
24 as to

25 (A) the application, investment, deposit, use and
26 disposition of the proceeds of bonds of the authority or of money
27 or other property of the authority or in which it has an inter-
28 est;

29 (B) the fixing and collection of rents or other

1 consideration for, and the other terms to be incorporated in, a
2 lease or contract of sale of a project or development project
3 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177,
4 or of a facility that is part of an exporting transaction fi-
5 nanced, guaranteed, or insured under AS 44.88.300 - 44.88.390;

6 (C) the assignment by the authority of its rights in
7 the lease or contract of sale of a project or development project
8 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177,
9 or of a facility that is part of an exporting transaction fi-
10 nanced, guaranteed, or insured under AS 44.88.300 - 44.88.390 or
11 in a mortgage or other security interest created with respect to
12 a project or development project financed under AS 44.88.155 -
13 44.88.159 or 44.88.172 - 44.88.177, or with respect to a facility
14 that is part of an exporting transaction financed, guaranteed, or
15 insured under AS 44.88.300 - 44.88.390 to a trustee for the
16 benefit of the bondholders;

17 (D) the terms and conditions upon which additional
18 bonds of the authority may be issued;

19 (E) the vesting in a trustee of rights, powers,
20 duties, funds or property in trust for the benefit of bond-
21 holders, including, without limitation, the right to enforce
22 payment, performance and all other rights of the authority or of
23 the bondholders [,] under a lease, contract of sale, mortgage,
24 security agreement, or trust agreement with respect to a project
25 or development project financed under AS 44.88.155 - 44.88.159 or
26 44.88.172 - 44.88.177, or with respect to a facility that is part
27 of an exporting transaction financed, guaranteed, or insured
28 under AS 44.88.300 - 44.88.390 by mandamus or other proceeding or
29 by taking possession of by agent or otherwise and operating a

1 project or facility and collecting rents or other consideration
2 and applying the same in accordance with the trust agreement;

3 (2) pledge, mortgage or assign money, leases, agreements,
4 property or other assets of the authority either presently in hand or
5 to be received in the future, or both; and

6 (3) provide for any other matters of like or different
7 character which in any way affect the security or protection of the
8 bonds.

9 * Sec. 18. AS 44.88.105(f) is amended to read:

10 (f) The authority may not establish a capital reserve fund to
11 secure an issue of bonds in an amount in excess of \$1,000,000 unless
12 at least 20 percent of the principal amount of the loan for the proj-
13 ect or development project being financed under AS 44.88.155 -
14 44.88.159 or 44.88.172 - 44.88.177, or of the loan to finance, guaran-
15 tee, or insure an exporting transaction under AS 44.88.300 - 44.88.390
16 is retained by a federal or state chartered financial institution or
17 the Alaska Commercial Fishing and Agriculture Bank.

18 * Sec. 19. AS 44.88.130 is amended to read:

19 Sec. 44.88.130. PLEDGE OF THE STATE. The state pledges to and
20 agrees with the holders of bonds issued under this chapter and with
21 the federal agency that lends [WHICH LOANS] or contributes funds in
22 respect to a project or development project financed under AS 44.88.-
23 155 - 44.88.159 or 44.88.172 - 44.88.177, or in respect to an export-
24 ing transaction financed, guaranteed, or insured under AS 44.88.300 -
25 44.88.390 [,] that the state will not limit or alter the rights and
26 powers vested in the authority by this chapter to fulfill the terms of
27 a contract made by the authority with the holders or federal agency
28 and that the state will not [, OR] in any way impair the rights and
29 remedies of the holders until the bonds, together with the interest on

1 them with interest on unpaid installments of interest, and all costs
2 and expenses in connection with an action or proceeding by or on
3 behalf of the holders [,] are fully met and discharged. The authority
4 is authorized to include this pledge and agreement of the state,
5 insofar as it refers to holders of bonds of the authority, in a con-
6 tract with the holders [,] and, insofar as it relates to a federal
7 agency, in a contract with the federal agency.

8 * Sec. 20. AS 44.88.140 is amended to read:

9 Sec. 44.88.140. EXEMPTION FROM TAXATION. (a) The real and
10 personal property of the authority and its assets, income, and re-
11 ceipts are declared to be the property of a political subdivision of
12 the state and, together with any project or development project fi-
13 nanced under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, [THIS
14 CHAPTER] and a leasehold interest created in a project or development
15 project financed [APPLICANT OR OTHER PERSON] under AS 44.88.155 -
16 44.88.159 or 44.88.172 - 44.88.177 [THIS CHAPTER], devoted to an
17 essential public and governmental function and purpose, and the
18 property, assets, income, receipts, project, development project, and
19 leasehold interests shall be exempt from all taxes and special assess-
20 ments of the state or a political subdivision of the state, including,
21 without limitation, all boroughs, cities, municipalities, school
22 districts, public utility districts and other taxing units. All bonds
23 of the authority are declared to be issued by a political subdivision
24 of the state and for an essential public and governmental purpose and
25 to be a public instrumentality, and the bonds, and the interest on
26 them, the income from them and the transfer of the bonds, and all
27 assets, income and receipts pledged to pay or secure the payments
28 [PAYMENT] of the bonds, or interest on them, shall at all times be
29 exempt from taxation by or under the authority of the state, except

1 for inheritance and estate taxes and taxes on transfers by or in
2 contemplation of death. Nothing in this section affects or limits an
3 exemption from license fees, property taxes, or excise, income or any
4 other taxes, provided under any other law, nor does it create a tax
5 exemption with respect to the interest of any business enterprise or
6 other person, other than the authority, in any property, assets,
7 income, receipts, project, development project, or lease whether or
8 not financed under this chapter. By January 10 of each year, the
9 authority shall submit to the governor and the legislature a report
10 describing the nature and extent of the tax exemption of the property,
11 assets, income, receipts, project, development project and leasehold
12 interests of the authority under this section.

13 (b) The authority may enter into agreements with an applicant or
14 [A] proposed [PROJECT] applicant under this chapter [OR PROJECT APPLI-
15 CANT] providing for payments, computed on a formula basis or otherwise
16 [,] in lieu of taxes, which the authority may consider appropriate.
17 The agreement may provide that the payments be made to the political
18 subdivision of the state in which a project or development project is
19 or is to be located or to any other taxing unit of the state includ-
20 ing, without limitation, a borough, city, municipality, school dis-
21 trict or public utility district, the area of which is coterminous in
22 whole or in part with that of the political subdivision.

23 * Sec. 21. AS 44.88.155(a) is amended to read:

24 Sec. 44.88.155. ENTERPRISE DEVELOPMENT ACCOUNT [FUND]. (a) The
25 enterprise development account [FUND] is established in the revolving
26 fund [AUTHORITY]. The enterprise development account [FUND] is a
27 trust fund for the uses and purposes of this chapter [AS 44.88.010 -
28 44.88.220]. The enterprise development account [FUND] consists of
29 money or assets appropriated or transferred to the authority and other

1 money or assets deposited in it by the authority.

2 * Sec. 22. AS 44.88.155(b) is amended to read:

3 (b) The authority may establish in the enterprise development
4 account [FUND] a small enterprise loan account, a loan insurance
5 account, and other accounts it considers appropriate.

6 * Sec. 23. AS 44.88.155(c) is amended to read:

7 (c) Money and other assets of the enterprise development account
8 [FUND] may be used to secure bonds of the authority issued to finance
9 the purchase of loans for projects [,] and shall be held and invested
10 by the authority in the types of investments described in AS 37.10.-
11 070(a) and AS 39.35.110(a)(9) and (14) or shall be used to purchase
12 loans for projects [AS DEFINED IN AS 44.88.220].

13 * Sec. 24. AS 44.88.155(d) is amended to read:

14 (d) A loan purchased in whole or in part by the authority with
15 assets of the enterprise development account or with proceeds of bonds
16 secured by assets of the enterprise development account, other than a
17 loan which is financed with the proceeds of bonds of the authority and
18 secured only by a project applicant or a project,

19 (1) may not exceed

20 (A) \$10,000,000; or

21 (B) \$500,000 if the loan is purchased under AS 44.88.-

22 158;

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

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

1 (4) shall contain complete amortization provisions satis-
2 factory to the authority requiring periodic payments by the borrower;

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

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

12 (7) may not be made unless

13 (A) at least 10 percent of the principal amount of the
14 loan is retained by the originator of the loan; or

15 (B) 100 percent of the principal amount of the loan is
16 guaranteed by the United States or an agency or instrumentality
17 of the United States;

18 (8) must be

19 (A) at least partially guaranteed by the United States
20 or an agency or instrumentality of the United States, subject to
21 the provisions of AS 44.88.158; [OR]

22 (B) financed from the proceeds of bonds; or

23 (C) expected by the authority to be financed from the
24 proceeds of bonds.

25 * Sec. 25. AS 44.88.155(e) is amended to read:

26 (e) The authority may adopt regulations for the administration
27 of the enterprise development account including [FUND WHICH MAY IN-
28 CLUDE], without limitation, provisions for fees and agreements re-
29 lating to application, loan commitment, servicing, and origination of

1 loans by other lenders.

2 * Sec. 26. AS 44.88.155(f) is amended to read:

3 (f) The authority may enter into agreements as to the use of the
4 money in the enterprise development account [FUND], including without
5 limitation, trust or custody arrangements with banks or trust com-
6 panies. It may also pledge, assign, or grant the agreement, interests
7 under an agreement, or interests in the enterprise development account
8 [FUND] as may be necessary or appropriate to provide for payment and
9 security for bonds of the authority issued to finance the purchase by
10 the authority of loans for projects.

11 * Sec. 27. AS 44.88.155 is amended by adding a new subsection to read:

12 (h) The provisions of this section apply only with respect to
13 loans purchased or made by the authority for projects under AS 44.88.-
14 155 - 44.88.159.

15 * Sec. 28. AS 44.88.157(a) is amended to read:

16 (a) The loan insurance account is established in the revolving
17 fund. The purpose of the loan insurance account is to provide insur-
18 ance of mortgage loans and other loans made or purchased by the au-
19 thority under AS 44.88.155, or made by others and approved for insur-
20 ance by the authority, for a project. The authority may enter into
21 agreements as to the use of money in the loan insurance account and
22 may pledge, assign, or grant interests in the loan insurance account
23 as provided in this section. The authority may adopt regulations and
24 enter into agreements with respect to the exercise of any power or
25 approval relating to the loan insurance account under this section,
26 including, without limitation, agreements as to the use of money in
27 the loan insurance account, agreements with respect to the terms and
28 conditions upon which payments from the loan insurance account will be
29 made with respect to a loan insured under this section, agreements as

1 to separate subaccounts in the loan insurance account for different
2 categories of loans or as to loans made by the authority or any other
3 person, and agreements regarding the payment of and security for bonds
4 issued by the authority. An agreement, the rights of the authority
5 under an agreement, or payments received or to be received under an
6 agreement may be pledged or assigned by the authority for the benefit
7 of the holders of bonds issued by the authority.

8 * Sec. 29. AS 44.88.157(b) is amended to read:

9 (b) The authority may, upon application of a borrower or pro-
10 posed borrower, insure and make advance commitments to insure loan
11 repayments required under the terms of a loan made by it or by another
12 lender with respect to a project, upon the terms and conditions the
13 authority prescribes. To be eligible for insurance under this section
14 [AS 44.88.010 - 44.88.220], a loan for a project

15 (1) shall be held by the authority or by a lender approved
16 by the authority as responsible and able to service the loan;

17 (2) may not exceed \$10,000,000 for a project, or 90 percent
18 of the cost of the project or 90 percent of the appraised value of the
19 project, whichever is less;

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

23 (4) shall contain complete amortization provisions satis-
24 factory to the authority requiring periodic payments by the borrower;
25 and

26 (5) shall be in the form and contain the terms with respect
27 to insurance, repairs, alterations, payment of taxes and assessments,
28 default reserves, delinquency charges, default remedies, acceleration
29 of maturity, additional and secondary liens, and other matters that

1 the authority prescribes.

2 * Sec. 30. AS 44.88.157(k) is amended to read:

3 (k) A loan may not be insured under this section [FROM A LOAN
4 INSURANCE ACCOUNT WITHIN THE ENTERPRISE DEVELOPMENT FUND] if the loan
5 is for a project the cost of which exceeds \$10,000,000.

6 * Sec. 31. AS 44.88.157(1) is amended to read:

7 (1) A loan in excess of \$1,000,000 may not be insured under this
8 section [FROM A LOAN INSURANCE ACCOUNT WITHIN THE ENTERPRISE DEVELOP-
9 MENT FUND] unless at least 20 percent of the principal amount of the
10 loan is retained by a federal or state chartered financial institution
11 or the Alaska Commercial Fishing and Agriculture Bank.

12 * Sec. 32. AS 44.88.158(a) is amended to read:

13 Sec. 44.88.158. SMALL BUSINESS ENTERPRISE LOAN ACCOUNT. (a) A
14 small business enterprise loan account is established in the revolving
15 [ENTERPRISE DEVELOPMENT] fund. The account may be composed of money
16 or assets appropriated or transferred to the authority, interest on
17 investments and loans of the small business enterprise loan account,
18 the unpledged income of the revolving [ENTERPRISE DEVELOPMENT] fund,
19 and other money or assets deposited in it by the authority.

20 * Sec. 33. AS 44.88.158(b) is amended to read:

21 (b) The authority may use money in the small business enterprise
22 loan account to purchase or participate in the purchase of loans to
23 small business enterprises and to purchase the guaranteed portion of a
24 loan made by a private financial institution after June 30, 1981, to a
25 small business enterprise to pay the cost of a project or exporting
26 transaction [, AS DEFINED IN AS 44.88.220], if the loan is guaranteed
27 by the United States or an agency or instrumentality of the United
28 States, including, but not limited to, the Small Business Adminis-
29 tration, the National Marine Fisheries Service, and the Farmers Home

1 Administration.

2 * Sec. 34. AS 44.88.159 is amended by adding a new subsection to read:

3 (d) The provisions of this section apply only to loans financed
4 under AS 44.88.155 - 44.88.159.

5 * Sec. 35. AS 44.88.172 is amended to read:

6 Sec. 44.88.172. ECONOMIC DEVELOPMENT ACCOUNT [FUND]. (a) The
7 economic development account [FUND] is established in the revolving
8 fund [AUTHORITY]. The account [FUND] consists of money or assets
9 appropriated, loaned, or transferred to the authority, and other money
10 or assets deposited in the account [FUND] by the authority. The
11 account [FUND] may [ONLY] be used only to finance, acquire, manage,
12 and operate development projects that the authority intends to own and
13 operate. The term "operate" includes operation directly by the au-
14 thority, or by an agent of the authority.

15 (b) If a development project is financed or developed through
16 use of the assets of the economic development account [FUND], the
17 authority may not pledge or use [OTHER] assets of the enterprise de-
18 velopment account established in AS 44.88.155 [AUTHORITY] to assist in
19 the financing, development, or operation of the development project.
20 However, whether or not the authority uses the economic development
21 account [FUND], it may issue bonds to finance a development project
22 and may secure the bonds with a mortgage, pledge, or assignment of the
23 development project or of revenues, money, or agreements attributable
24 to the development project or the bonds. Financing assistance pro-
25 vided with respect to a development project under this section shall,
26 to the maximum extent reasonable under the circumstances, be made in
27 the form of a loan to the project [AS PROVIDED IN SEC. 10 OF THIS
28 ACT].

29 * Sec. 36. AS 44.88.172 is amended by adding a new subsection to read:

1 (c) The authority may not issue bonds to assist in the acquisition,
2 tion, financing, or operation of a development project under this
3 section without prior legislative approval.

4 * Sec. 37. AS 44.88.190 is amended by adding a new subsection to read:

5 (c) A loan purchased or financed by the authority in whole or in
6 part is exempt from the provisions of AS 45.45.010. A guarantee
7 extended under AS 44.88.300 or insurance provided under AS 44.88.390
8 does not constitute insurance for the purposes of AS 21.03.010.

9 * Sec. 38. AS 44.88.212 is amended by adding a new subsection to read:

10 (c) The authority may not limit, or charge a fee or penalty for,
11 prepayment of a loan after five years from the inception of the loan.

12 * Sec. 39. AS 44.88.220(1) is amended to read:

13 (1) "authority" means the Alaska Industrial Development and
14 Export Authority created by AS 44.88.010 - 44.88.220;

15 * Sec. 40. AS 44.88.220(2) is amended to read:

16 (2) "business enterprise" means a single proprietorship,
17 cooperative, corporation, firm, partnership, or other association of
18 persons organized in any manner, for any credit worthy business pur-
19 pose [, OTHER THAN ON A NONPROFIT BASIS];

20 * Sec. 41. AS 44.88.220 is amended by adding new paragraphs to read:

21 (13) "development project" means a plant or facility used or
22 intended for use in connection with making, processing, preparing, or
23 producing goods, products, or substances, or in connection with de-
24 veloping or utilizing a natural resource, or extracting, smelting,
25 transporting, converting, assembling, or producing minerals, raw
26 materials, chemicals, compounds, alloys, fibers, commodities and
27 materials, products, or substances;

28 (14) "revolving fund" means the Alaska Industrial Develop-
29 ment and Export Authority revolving fund created in AS 44.88.060.

1 * Sec. 42. AS 44.88 is amended by adding new sections to read:

2 ARTICLE 5. EXPORT ASSISTANCE.

3 Sec. 44.88.300. GUARANTEED FUNDING FOR EXPORT TRANSACTIONS. The
4 authority may provide guaranteed funding, through a participating
5 banking organization, for an export transaction that the authority
6 determines is eligible under AS 44.88.310.

7 Sec. 44.88.310. ELIGIBILITY OF EXPORT TRANSACTIONS. An export-
8 ing contract is a transaction eligible for guaranteed funding under
9 AS 44.88.300 - 44.88.390 if, in the judgment of the authority, it will
10 create or maintain employment in the state and it

11 (1) promotes the sale abroad of raw materials extracted in
12 the state, or goods whose final stage of production occurs in the
13 state, that constitutes 25 percent or more of the contract price;

14 (2) provides for the rendering of services abroad by a
15 business located in the state if 25 percent or more of the contract
16 price consists of wages or other payments made to persons normally
17 residing in the state;

18 (3) promotes the sale abroad of raw materials or goods
19 distributed by a business located in the state if

20 (A) 25 percent or more of the contract price consists
21 of wages or other payments made to persons or businesses normally
22 residing or located in the state; or

23 (B) the business has a significant relationship with
24 the state based upon

25 (i) the amount of capital investments it has that
26 are located in the state;

27 (ii) the number of state residents employed by the
28 business;

29 (iii) the amount of business transacted in the

1 state; or

2 (iv) a combination of (i) - (iii); or

3 (4) provides both for the sale abroad of raw materials
4 extracted in the state or goods whose final stage of production occurs
5 in the state, and for the rendering of services abroad by state resi-
6 dents, the aggregate value of which is 25 percent or more of the
7 contract price.

8 Sec. 44.88.320. LIMITATIONS ON GUARANTEES. (a) The authority
9 may not guarantee more than 90 percent of a loan under AS 44.88.300.

10 (b) The authority may not guarantee a loan under AS 44.88.300
11 unless the authority finds that the guarantee is reasonably necessary
12 to stimulate or facilitate the making of a loan for an eligible ex-
13 porting transaction.

14 Sec. 44.88.330. CREDIT OF EXPORTER. Before the authority may
15 guarantee a loan under AS 44.88.300, the participating financial
16 institution shall investigate the credit or sources of credit avail-
17 able to the exporter to determine the economic benefits to be derived
18 from the guarantee, the prospects of repayment, and other factors
19 necessary to determine that the guaranteed funding is consistent with
20 the purposes of AS 44.88.300 - 44.88.390.

21 Sec. 44.88.340. CONFIDENTIALITY OF INFORMATION. Information
22 submitted to or compiled by the authority regarding the identity,
23 background, finances, marketing plans, trade secrets, or other commer-
24 cially sensitive affairs of the exporter is confidential, unless the
25 exporter consents to its disclosure.

26 Sec. 44.88.350. FEES CHARGED. The authority shall, by regula-
27 tion, establish fees to be charged to a participating financial insti-
28 tution for providing a guarantee under AS 44.88.300. The fees must be
29 sufficient to cover the costs of administering the guarantee program

1 under AS 44.88.300 - 44.88.390 and any premium the authority pays for
2 insuring its risks.

3 Sec. 44.88.360. EFFECT OF GUARANTEE. (a) A guarantee under
4 AS 44.88.300 shall guarantee against political or commercial loss, in
5 whole or in part, of principal and interest on an eligible export
6 transaction. The guarantee may include, without limitation, insurance
7 against loss up to a stated amount. A guarantee under AS 44.88.300
8 may not be terminated, canceled, or revoked, except under its terms.
9 A guarantee held by a participating financial institution is presumed
10 to be valid.

11 (b) In this section, "political loss" means a loss incurred as a
12 result of a political risk insured under an export credit insurance
13 umbrella policy, or a comparable policy or agreement, issued by the
14 Export-Import Bank of the United States.

15 Sec. 44.88.370. GUARANTEE NOT A GENERAL OBLIGATION OF THE STATE.
16 A guarantee under AS 44.88.300 is not a general obligation of the
17 state.

18 Sec. 44.88.380. PERSONAL LIABILITY. An officer, employee, or
19 agent of the authority may not be held personally liable in a civil
20 action for damages for an act done or omitted in good faith while
21 performing the functions of office, employment, or agency under this
22 chapter.

23 Sec. 44.88.390. EXPORT INSURANCE ACCOUNT. (a) The export
24 insurance account is established in the revolving fund. The account
25 consists of money appropriated to it by the legislature and other
26 money and assets, including bond proceeds, deposited in it by the
27 authority. The account shall be held as security for the holders of
28 bonds issued by the authority for the purposes of AS 44.88.300 -
29 44.88.390. The authority may enter into trust agreements with respect

1 to the use of money in the account, including the use of that money to
2 discharge a guarantee obligation of the authority. The trust agree-
3 ments may contain provisions and limitations concerning the investment
4 and disbursement of money in the account, the payment of expenses of
5 the account, the appointment, resignation and discharge of trustees,
6 the delegation of enforcement and collection powers under the insur-
7 ance agreements to the trustee, the duties of the trustees, amendments
8 of the trust agreements, and other lawful provisions and limitations
9 the authority considers appropriate. The trust agreements may pledge
10 premiums and other money that may be deposited in the account. The
11 pledge shall be valid and binding from the time the pledge is made.
12 The premiums and other money pledged and thereafter received by the
13 account, or by the trustees in its behalf, shall immediately be sub-
14 ject to the lien of the pledge. The pledge shall be valid and binding
15 against parties having claims against the account, irrespective of
16 whether the parties have notice of the pledge.

17 (b) The authority may use proceeds of bonds issued for the
18 purposes of AS 44.88.300 - 44.88.390 to purchase insurance, which may
19 be pledged for the security of the holders of the bonds. If insurance
20 is pledged as security, whether obtained through the export insurance
21 account or purchased with bond proceeds, a description of the insur-
22 ance shall expressly indicate the limitation of the liability of the
23 authority and that neither the credit nor the taxing power of the
24 state or a political subdivision of the state is available to satisfy
25 obligations with respect to the insurance.

26 * Sec. 43. To be consistent with the change made by this Act, wherever
27 in the Alaska Statutes and in regulations adopted under those statutes
28 "Alaska Industrial Development Authority" is used, it shall be read as
29 referring to the Alaska Industrial Development and Export Authority. Under

1 AS 01.05.031 the revisor of statutes shall implement this section in the
2 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall
3 implement this section in the administrative regulations.

4 * Sec. 44. AS 44.88.156, 44.88.158(c), and secs. 10 and 11, ch. 162,
5 SLA 1984, are repealed.

6 * Sec. 45. This Act takes effect immediately under AS 01.10.070(c).

Original sponsors: Kelly, Kerttula,
Faiks, et al.

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 64 (Rules) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 and Export Authority; and providing for an effective
8 date."

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

10 * Section 1. AS 44.88.010 is amended to read:

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

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

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

18 (3) the state lacks the basic manufacturing, industrial,
19 export, small business, and business enterprises and the other facili-
20 ties referred to in [(5) OF] this subsection necessary to permit
21 adequate development of its natural resources and the balanced growth
22 of its economy;

23 (4) the establishment and expansion of industrial, manu-
24 facturing, export, small business, and business enterprises in Alaska
25 and the other facilities referred to in [(5) OF] this subsection are
26 essential to the development of the natural resources and the long-
27 term economic growth of the state, and will directly and indirectly
28 alleviate unemployment in the state;

29 (5) the expansion of export trade is vital to the health

1 and growth of the state's economy;

2 (6) many Alaska businesses could benefit from additional
3 financial and technical assistance with respect to the exportation of
4 their products and services;

5 (7) the United States Export-Import Bank has been mandated
6 by the Export-Import Bank Act Amendments of 1983 to provide technical
7 assistance and export financing support to small businesses in coop-
8 eration with state export finance agencies;

9 (8) Alaska-based exporters can be effectively assisted
10 through the establishment, as part of the Alaska Industrial Develop-
11 ment Authority, of an export financing program designed to work with
12 the U.S. Export-Import Bank and other federal, state, and private
13 institutions;

14 (9) the achievement of the goal of full employment, and of
15 establishment and continuing operation and development of industrial,
16 manufacturing, export, small business, and business enterprises in the
17 state, including, without limitation, facilities for transportation,
18 facilities for pollution control and waste disposal, facilities for
19 the local furnishing of gas, facilities for water, facilities for
20 industrial parks, mass commuting vehicles, facilities for local dis-
21 trict heating or cooling, parking facilities, or a storage or training
22 facility relating to a plant or facility, will be accelerated and
23 facilitated by the creation of an instrumentality of the state with
24 powers to incur debt, to own and operate facilities, to make and
25 insure loans to finance, and to assist private lenders to make loans
26 to finance, the establishment, operation, and development of indus-
27 trial, manufacturing, export, small business, and business enter-
28 prises, including, without limitation, facilities for transportation,
29 facilities for pollution control and waste disposal, facilities for

1 the local furnishing of gas, facilities for water, facilities for
2 industrial parks, mass commuting vehicles, facilities for local dis-
3 trict heating or cooling, parking facilities, or a storage or training
4 facility relating to a plant or facility;

5 (10) [(6)] it is in the public interest to promote the
6 prosperity and general welfare of all citizens of the state by

7 (A) stimulating commercial and industrial growth and
8 expansion by encouraging an increase of private investment by
9 banks, investment houses, insurance companies, and other finan-
10 cial institutions, including pension and retirement funds, to
11 help satisfy the need for economic expansion;

12 (B) encouraging the production of raw materials and
13 goods for export, the expansion of exports of raw materials and
14 goods, and the rendering of services abroad by residents of the
15 state through the establishment of a program that provides finan-
16 cial assistance in cooperation with federal, state, and private
17 institutions for these purposes in the form provided in this
18 chapter;

19 (C) creating the Alaska Industrial Development and
20 Export Authority with the powers necessary to accomplish the
21 objectives stated in this paragraph, including the power to issue
22 taxable and tax-exempt bonds and to acquire ownership interests
23 in projects as provided in this chapter;

24 (11) [(7)] it is in the state's interest to import private
25 capital to create new economic activity which would not otherwise take
26 place in the state.

27 (b) It is declared to be the policy of the state, in the inter-
28 ests of promoting the health, security, and general welfare of all the
29 people of the state, and a public purpose, to increase job

1 opportunities and otherwise to encourage the economic growth of the
2 state, including the development of its natural resources, through the
3 establishment and expansion of manufacturing, industrial, export,
4 small business, and business enterprises and the other facilities
5 referred to in (a) [(a)(5)] of this section by creating the Alaska
6 Industrial Development and Export Authority [PUBLIC CORPORATION] with
7 the powers [POWER], duties, and functions [AS] provided in this chap-
8 ter [AS 44.88.010 - 44.88.220].

9 * Sec. 2. AS 44.88.010 is amended by adding a new subsection to read:

10 (c) It is further declared to be the policy of the state, in the
11 interests of promoting the health, security, and general welfare of
12 all the people of the state, and a public purpose of the state, to
13 accomplish the objectives set out in (b) of this section through the
14 provision of financial support in cooperation with federal, state, and
15 private institutions for the purpose of increasing the export of
16 Alaska goods, talent, raw materials, and services.

17 * Sec. 3. AS 44.88 is amended by adding a new section to article 1 to
18 read:

19 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-
20 THORITY REVOLVING FUND. The Alaska Industrial Development and Export
21 Authority revolving fund is established in the authority. The re-
22 volving fund consists of appropriations made to the revolving fund by
23 the legislature, money or other assets transferred to the revolving
24 fund by the authority, and unrestricted payments on loans made or
25 purchased by the authority. Amounts deposited in the revolving fund
26 may be pledged to the payment of bonds of the authority or expended
27 for the purposes of the authority under this chapter.

28 * Sec. 4. AS 44.88.070 is amended to read:

29 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the

1 authority is to promote, develop, and advance the general prosperity
2 and economic welfare of the people of Alaska, to relieve problems of
3 unemployment, and to create additional employment by

4 (1) providing various means of financing and means of
5 facilitating the financing, in cooperation with federal, state, and
6 private institutions, of industrial, manufacturing, export, small
7 business, and business enterprises and the other facilities referred
8 to in AS 44.88.010(a) in [AS 44.88.010(a)(5) WITHIN] the state;

9 (2) [, AND BY] owning and operating the enterprises and
10 other facilities described in AS 44.88.172;

11 (3) fostering the expansion of exports of Alaska goods,
12 services, and raw materials;

13 (4) cooperating and acting in conjunction with other orga-
14 nizations, public and private, the objects of which are the promotion
15 and advancement of export trade activities in the state;

16 (5) establishing a source of funding credit guarantees and
17 insurance, not otherwise available, to support export development;

18 (6) providing and cooperating or participating with feder-
19 al, state, and private institutions to provide actual and potential
20 Alaska exporters, particularly small- and medium-sized exporters, with
21 financial assistance in support of export transactions.

22 * Sec. 5. AS 44.88.080(7) is amended to read:

23 (7) to issue bonds and otherwise to incur indebtedness, in
24 accordance with AS 44.88.090, in order to pay the cost of a project or
25 development projects or in order to provide money for the authority's
26 purposes under this chapter; the authority may also [AND TO] secure
27 payment of the bonds or other indebtedness as provided in this chap-
28 ter;

29 * Sec. 6. AS 44.88.080 is amended by adding new paragraphs to read:

1 (20) to participate with government or private industry in
2 programs for technical assistance, loans, technology, transfer, or
3 other programs related to the exportation of Alaska goods, services,
4 or raw materials with respect to its financing activities;

5 (21) to provide export finance training for office staff and
6 other individuals involved in export finance assistance, including the
7 training sessions that may be provided by the United States Export-
8 Import Bank or other organizations;

9 (22) to coordinate to the maximum extent possible its
10 efforts to promote the export of Alaska goods, services, and raw
11 materials with programs and goals of the United States Export-Import
12 Bank, the International Trade Administration of the United States
13 Department of Commerce, the Foreign Credit Insurance Association, and
14 other private and public programs designed to provide export assis-
15 tance and export-related financing;

16 (23) to guarantee loans related to qualified export trans-
17 actions under regulations adopted by the authority;

18 (24) to provide financing assistance, in cooperation with
19 federal, state, and private institutions, as provided in this chapter
20 for small business enterprises.

21 * Sec. 7. AS 44.88.085(a) is amended to read:

22 (a) Except for AS 44.62.310 and 44.62.312 regarding public
23 meetings, and except for AS 44.62.320(a) regarding legislative review
24 of regulations, the provisions of the Administrative Procedure Act
25 regarding the adoption of regulations (AS 44.62.040 - 44.62.320) do
26 not apply to the authority. The authority shall make available to
27 members of the public copies of the regulations adopted under [(b) -
28 (e) OF] this section. Within 45 days after adoption of a regulation
29 under [(b) - (e) OF] this section, the chairman of the authority shall

1 submit the regulation adopted to the chairman of the Administrative
2 Regulation Review Committee under AS 24.20.400 - 24.20.460.

3 * Sec. 8. AS 44.88.085(c) is repealed and reenacted to read:

4 (c) The authority may adopt regulations to carry out the pur-
5 poses of this chapter and shall adopt regulations as provided in (g)
6 and (h) of this section.

7 * Sec. 9. AS 44.88.085(d) is amended to read:

8 (d) Except as provided in (e) of this section, at least 15 days
9 before the adoption, amendment, or repeal of a regulation [ON A SUB-
10 JECT SPECIFIED IN (c) OF THIS SECTION], the authority shall give
11 public notice of the proposed action by publishing the notice in at
12 least three newspapers of general circulation in the state and by
13 mailing a copy of the notice to every person who has filed a request
14 for notice of proposed regulations with the authority. The public
15 notice must include a statement of the time, place, and nature of the
16 proceedings for the adoption, amendment, or repeal of the regulation
17 and must include an informative summary of the subject of the proposed
18 action. On the date and at the time and place designated in the
19 notice, the authority shall give each interested person or an autho-
20 rized representative of the person, or both, the opportunity to pre-
21 sent statements, arguments, or contentions orally or in writing and
22 shall give members of the public an opportunity to present oral state-
23 ments, arguments, or contentions for a total period of at least one
24 hour. The authority shall consider all relevant matter presented to
25 it before taking the proposed action on the regulation. At a hearing
26 under this subsection, the authority may continue or postpone the
27 hearing to a time and place determined by the authority and announced
28 at the hearing before taking the action to continue or postpone the
29 hearing. A regulation adopted, amended, or repealed by the authority

1 may vary from the informative summary specified in this subsection if
2 the subject matter of the action taken on the regulation remains the
3 same and if the original notice of the proposed action was written so
4 as to assure that members of the public are reasonably notified of the
5 subject matter of the proposed action in order for them to determine
6 whether their interests could be affected by the authority's proposed
7 action on that subject.

8 * Sec. 10. AS 44.88.085(e) is amended to read:

9 (e) The adoption, amendment, or repeal of a regulation [ON A
10 SUBJECT SPECIFIED IN (c) OF THIS SECTION] may be made as an emergency
11 regulation if, in the order of adoption, the authority states the
12 facts constituting the emergency and makes a finding that the adoption
13 of the regulation is necessary for the immediate preservation of the
14 orderly operation of the authority's [LOAN AND BONDING] programs. The
15 requirements of (d) of this section do not apply to the initial adop-
16 tion of an emergency regulation [COVERING A SUBJECT SPECIFIED IN (c)
17 OF THIS SECTION]; however, upon adoption of an emergency regulation
18 under this subsection, the authority shall, within 10 days after that
19 adoption, publish notice of the adoption in accordance with the notice
20 procedures specified in (d) of this section. An emergency regulation
21 adopted under this subsection may not remain in effect for more than
22 120 days unless, before the expiration of that period, the authority
23 adopts that regulation as a permanent regulation in accordance with
24 the procedures specified in (d) of this section.

25 * Sec. 11. AS 44.88.085(f) is amended to read:

26 (f) A regulation adopted under [(b) - (e) OF] this section takes
27 effect immediately upon its adoption by the authority or at another
28 [SUCH OTHER] time [AS] specified by the authority in its order of
29 adoption.

1 * Sec. 12. AS 44.88.085 is amended by adding new subsections to read:

2 (g) The authority shall adopt regulations necessary for the
3 following purposes in connection with its programs for the financing
4 of projects under AS 44.88.155 - 44.88.159:

5 (1) determination of borrower eligibility;

6 (2) loan guidelines and terms including, but not limited
7 to, maximum loan amounts and required loan-to-value ratios, but ex-
8 cluding loan interest rates;

9 (3) characteristics of projects eligible for loans or
10 purchase of loans; and

11 (4) the qualifications of loan originators and servicers
12 and the method of allocating amounts available for the purchase of
13 loans.

14 (h) The authority shall adopt regulations necessary for the
15 following purposes in connection with its program for encouraging the
16 exportation of Alaska goods, services, and raw materials under AS 44.-
17 88.300 - 44.88.390:

18 (1) establishing criteria for the eligibility of exporters
19 and export transactions for the loan guarantees provided in AS 44.88.-
20 300;

21 (2) setting out the minimum equity interest a borrower must
22 have in the borrower's business to qualify for a loan guarantee under
23 AS 44.88.300 - 44.88.390;

24 (3) adoption of collateral or security requirements to
25 ensure the full repayment of loan guarantees and solvency of an insur-
26 ance program established under AS 44.88.300 - 44.88.390;

27 (4) providing guidelines for extension of a loan guarantee
28 under AS 44.88.300 - 44.88.390;

29 (5) setting out the maximum aggregate amount of guaranteed

1 financing available to an exporter and the maximum amount of guaran-
2 teed financing available for a transaction eligible for guaranteed
3 financing;

4 (6) establishing the limits on the interest that may be
5 charged for guaranteed financings, the maximum fees that a participat-
6 ing financial institution may charge for making a loan that will be
7 guaranteed under AS 44.88.300 - 44.88.390, and the terms of and proce-
8 dures for repayment of a guaranteed financing; and

9 (7) establishing procedures for making a claim on the
10 guarantee or insurance in the event of a default.

11 * Sec. 13. AS 44.88.090(a) is amended to read:

12 (a) Subject to (g) of this section, the authority may borrow
13 money and may issue bonds, including but not limited to bonds on which
14 the principal and interest are payable[,]

15 (1) exclusively from the income and receipts or other money
16 derived from the project or development project financed with the
17 proceeds of the bonds or derived from the exporter or exporting trans-
18 action financed, guaranteed, or insured with the proceeds of the
19 bonds; [,]

20 (2) exclusively from the income and receipts or other money
21 derived from designated projects or development projects or other
22 sources whether or not they are financed, insured, or guaranteed in
23 whole or in part with the proceeds of the bonds; [,] or

24 (3) from its income and receipts or other assets generally,
25 or a designated part or parts of them.

26 * Sec. 14. AS 44.88.090(e) is repealed and reenacted to read:

27 (e) Before issuing bonds, the authority shall provide for con-
28 sideration at least sufficient, in the judgment of the authority, to
29 pay the principal of and interest on the bonds as they become due and

1 to create and maintain the reserves for the payments that the authori-
2 ty considers necessary or desirable, and to meet all obligations in
3 connection with the lease or agreement and all costs necessary to
4 service the bonds, unless the lease or agreement provides that the
5 obligations are to be met or costs are to be paid by a party other
6 than the authority. If the bonds are being issued to finance a pro-
7 ject or projects under AS 44.88.155 - 44.88.159, then the considera-
8 tion shall be provided by lease or other agreement regarding the
9 project or projects. If the bonds are being issued to finance a
10 development project or development projects under AS 44.88.172 -
11 44.88.177, then the consideration shall be provided by lease or other
12 agreement regarding the development project or development projects.
13 If the bonds are being issued to provide money to finance, guarantee,
14 or insure an exporting transaction under AS 44.88.300 - 44.88.390,
15 then the consideration shall be provided by agreement with the ex-
16 porter.

17 * Sec. 15. AS 44.88.090(g) is amended to read:

18 (g) The authority may not

19 (1) issue bonds, other than refunding bonds, in any 12-
20 month period beginning after June 30, 1982, in an amount that exceeds
21 the amount of bonds authorized to be issued during the preceding
22 12-month period, unless a different amount is authorized by the legis-
23 lature; or

24 (2) issue revenue bonds other than refunding bonds for a
25 project under AS 44.88.155 - 44.88.159, for a development project
26 under AS 44.88.172 - 44.88.177, or to provide money to finance,
27 guarantee, or insure an exporting transaction under AS 44.88.300 -
28 44.88.390, [THIS CHAPTER] in an amount greater than \$50,000,000 during
29 any 12-month period beginning after June 30, 1981, unless the issuance

1 is included separately in the estimates required in the report of the
2 authority under AS 44.88.210(b) and unless the legislature, by law,
3 approves the issuance.

4 * Sec. 16. AS 44.88.090(h) is amended to read:

5 (h) The authority may combine, for the purposes of a single
6 offering, bonds financing more than one project or development project
7 under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and bonds
8 issued to provide money to finance, guarantee, or insure an exporting
9 transaction under AS 44.88.300 - 44.88.390 [AS 44.88.010 - 44.88.220].

10 * Sec. 17. AS 44.88.100 is amended to read:

11 Sec. 44.88.100. TRUST INDENTURES AND TRUST AGREEMENTS. In the
12 discretion of the authority, an issue of bonds may be secured by a
13 trust indenture or trust agreement between the authority and a corpo-
14 rate trustee (which may be a trust company, bank, or national banking
15 association, with corporate trust powers, located inside or outside
16 the state) or by a secured loan agreement or other instrument or under
17 a resolution giving power to a corporate trustee (hereinafter in this
18 section referred to as "trust agreement") by means of which the auth-
19 ority may:

20 (1) make and enter into any and all the covenants and
21 agreements with the trustee or the holders of the bonds which the
22 authority may determine to be necessary or desirable, including,
23 without limitation, covenants, provisions, limitations and agreements
24 as to

25 (A) the application, investment, deposit, use and
26 disposition of the proceeds of bonds of the authority or of money
27 or other property of the authority or in which it has an inter-
28 est;

29 (B) the fixing and collection of rents or other