

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1169 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84



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LESS CS 2/10

Introduced: 1/27/84
Referred: Health, Education and
Social Services,
Judiciary and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO.385

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Commission on Post-
7 secondary Education; and providing for an effective
8 date."

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

10 * Section 1. AS 14.43.120(k)(2) is amended to read:

11 (2) serving an initial period of up to four years on active
12 duty as a member of the armed forces of the United States.

13 * Sec. 2. AS 14.43.125 is repealed and reenacted to read:

14 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. (a) A person may
15 apply for and obtain a scholarship loan if the person

16 (1) is

17 (A) enrolled as a full-time student in a career educa-
18 tion, associate, baccalaureate, or graduate degree program; or

19 (B) a graduate of a high school or the equivalent, or
20 scheduled for graduation from a high school within six months,
21 with sufficient credits to be admitted to a career education
22 program or to an accredited college or university;

23 (2) is not delinquent or in default on a previously awarded
24 scholarship loan; and

25 (3) is a resident of the state at the time of application
26 for the loan; for purposes of this section, a person qualifies as a
27 resident of the state if at the time of application for the loan the
28 person

29 (A) has been physically present in the state for at

1 least two years immediately before the time of application for
2 the loan;

3 (B) is dependent on a parent or guardian for care, the
4 parent or guardian has been present in the state for at least two
5 years immediately before the time of application for the loan and
6 the person has been present in the state for at least one year of
7 the immediately preceding five years; or

8 (C) has been physically present in the state, or is a
9 dependent of a parent or guardian who has been physically present
10 in the state, for at least two years immediately before being
11 absent from the state and the absence is due solely to

12 (i) military service;

13 (ii) volunteer service under the Peace Corps Act;

14 (iii) volunteer service under the Domestic Volun-
15 teer Service Act of 1973;

16 (iv) attending a school as a full-time student;

17 (v) full-time employment by the state;

18 (vi) being a member of or employed full-time by
19 the state's congressional delegation;

20 (vii) required medical care for the applicant or
21 the applicant's immediate family; or

22 (viii) being a person who otherwise qualifies as a
23 resident and is accompanying a spouse who qualifies as a
24 resident under (i) -- (vii) of this paragraph.

25 (b) A person does not qualify as a resident of the state under
26 this section if the person declares or establishes residence in another
27 state during an absence from Alaska.

28 * Sec. 3. AS 14.44.025 is amended to read:

29 Sec. 14.44.025. PROVISION [PROVISIONS] OF SERVICES. State

1 participation under Articles VIII and XIII of the Western Regional
2 Higher Education Compact shall be limited to the provision of adequate
3 services and facilities in the fields of law, dentistry, medicine,
4 osteopathy, public health, veterinary medicine, pharmacy, physical
5 therapy, occupational therapy, optometry, podiatry, forestry, archi-
6 tecture, [GRADUATE NURSING, PETROLEUM ENGINEERING,] maritime tech-
7 nology, and graduate library studies.

8 * Sec. 4. AS 14.48.190 is amended to read:

9 Sec. 14.48.190. VIOLATIONS: CIVIL PENALTY. A person who vio-
10 lates the provisions of AS 14.48.020 or 14.48.060(b), or who fails or
11 refuses to deposit with the commissioner the records required by
12 AS 14.48.150 is subject to a civil penalty of not more than \$1,000 for
13 each violation. Each day's failure to comply with the provisions of
14 AS 14.48.020, 14.48.060(b), or [AND AS] 14.48.150 constitutes a sepa-
15 rate violation. The fine may be imposed by the commission in an
16 administrative proceeding or by a court of competent jurisdiction.

17 * Sec. 5. The July 1, 1985 effective date for the amendment to AS 14.-
18 44.025, enacted in sec. 3. of this Act, is to allow students enrolled as of
19 the effective date of that amendment in graduate nursing or petroleum
20 engineering studies under the Western Interstate Compact for Higher Educa-
21 tion program to complete their course of study. Between the effective date
22 of this section and July 1, 1985, no additional students may be admitted to
23 the WICHE program in the fields of graduate nursing or petroleum engineer-
24 ing.

25 * Sec. 6. Section of this Act takes effect July 1, 1985.

26 * Sec. 7. Section 5 of this Act takes effect immediately in accordance
27 with AS 01.10.070(c).

No fiscal impact.

Both available in Alaska
Institutional Authorization
Clarified by adding reference to AS

Student Loan
Program

*JUDICIARY
version
language for
foreign exchange
students
not for
registering for
the draft.*

SENATE BILL NO. 385, by the Rules Committee by request of the Governor. Proposes several amendments to laws governing Alaska's student loan program: places a maximum four-year limit on the deferral of loan payments by a member of the armed forces; rewrites section on eligibility of students for loans; eliminates the fields of graduate nursing and petroleum engineering as eligible areas of study for the WICHE (Western Regional Higher Education Compact) program; makes it clear that there is a civil penalty for violation by an educational institution of laws governing minimum standards. Effective date for change to WICHE program is July 1, 1985 in order to allow WICHE students presently enrolled in graduate nursing or petroleum engineering to complete their studies. No additional students could be admitted to the WICHE program in those fields, effective immediately. No effective date is provided for the remaining sections of the bill. See Governor's letter, below.

Introduced January 27 and referred to Health, Education & Social Services, Judiciary and Finance.

In his message transmitting the bill to the Senate for consideration, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Commission on Postsecondary Education.

Section 1 of the bill limits to a period of up to four years the deferral of the repayment of the principal of a student loan for members of the armed forces of the United States who are on active duty.

Section 2 clarifies the eligibility requirements for students applying for a scholarship loan, especially in regard to residency. Provisions are added to make clear that a person who has not properly repaid a previous student loan is not eligible for another loan, and to set out the circumstances under which a person may be absent from the state and still qualify for a student loan.

Section 3 continues the practice of ceasing to support students under the WICHE (Western Interstate Commission for Higher Education) program when a similar program of study becomes available in the State of Alaska. Graduate nursing and petroleum engineering are now available through the University of Alaska. This section, in conjunction with the delayed effective date in sec. 6 and the provisions in sec. 5, will provide for an equitable phasing out of those two WICHE programs.

Finally, sec. 4 will make it clear that a violation of the minimum standards for postsecondary educational institutions set out in AS 14.48.060(b) may subject an institution to a civil penalty.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 681

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to student loans that are in default. These amendments seek to reduce the number of loans that go into default and to enhance collection efforts.

Section 1 of the bill allows the Commission on Post-secondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if those costs are not recovered from the student.

Section 2 broadens the class of those who forfeit their entitlement to forgiveness of a portion of their loan. Under existing law, a borrower loses forgiveness benefits only upon being named a defendant in a suit for collection brought by the state. Under the proposed amendment, a borrower would lose forgiveness benefits once the loan becomes 120 days past due.

Section 3 provides that once a loan is in default, the interest rate increases from five percent a year to 10 percent a year.

Sincerely,

A handwritten signature in cursive script, reading "Bill Sheffield".

Bill Sheffield
Governor

FISCAL NOTE FOR: HB 181, An Act relating to default on and collection of student loans.

1. The fiscal impact of this bill does not lend itself to the standard fiscal note form, so this memorandum is intended to serve as the impact statement.
2. Assumptions:
 - a. Collection fees (those charged by private collection agencies, attorneys, courts, etc.) will be charged to the loan borrower and will simply increase the total debt.
 - b. Additional interest will be generated by the new 120-day "trigger" clause, but this will not be a factor for a number of years, since it will not generate revenue until the FY85 borrowers are out of school, through their grace year, into repayment, and then in default on their repayment schedule. This will be a number of years into the future -- as many as five or six for many borrowers. Hence, it is not reflected on the normal fiscal impact projection.

3. Fiscal impact:

Fiscal Year	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Collection Costs	\$120.00	\$300.00	\$750.00	\$1,800.00	\$3,000.00
Add'l Program Receipts	<u>[120.00]</u>	<u>[300.00]</u>	<u>[750.00]</u>	<u>[1,800.00]</u>	<u>[3,000.00]</u>
Subtotal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Add'l Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>[.5]</u>	<u>[8.5]</u>
Total	\$ -0-	\$ -0-	\$ -0-	\$ [.5]	\$ [8.5]

Prepared By: Kerry D. Romesburg 
Division: Alaska Commission on Postsecondary Education

Phone: 465-2854
Date: February 10, 1984

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99801
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

Date: March 27, 1984
To: Members, Special Committee on State Loans
From: Rep. Rick Uehling, Chair
Subject: CS HB681 (Loans)

I have asked staff to prepare the following memorandum outlining changes to CS HB681 (Loans). The title has been changed to "An Act relating to certain State Loan Programs and providing for an effective date", from an Act relating to default on an collection of Student Loans. The Committee Substitute incorporates technical changes to the Student Loan Program and the Alaska Industrial Development Authority.

Section 1 and Section 2 are from the HESS Committee substitute for HB681. These are technical changes which will allow the Postsecondary Education Commission to more effectively deal with loans which are in default.

Section 3 has been added at the request of the Postsecondary Education Commission to the Loans Committee Substitute in order to clarify repayment deferment for members of the Armed Forces of the United States.

Section 4 and 5 are from the HESS Committee Substitute for HB681. These are further technical changes which will clarify the status of loans in default.

Section 6 has been added at the request of the Postsecondary Education Commission in order to clarify the eligibility of students to apply for scholarship loans. This section parallels much of the work the House Loans Committee did in this area in the last Session.

Section 7 has been added to the CS HB681 (Loans). This language is the same as SB362, which is currently in the Loans Committee. This language would allow a student to attend more than one institution simultaneously.

Section 8 is language which has been requested by the Alaska Industrial Development Authority as a technical change which would allow them to charge a lower interest rate to their borrowers.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99801
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

Date: March 27, 1984
To: Members, Special Committee on State Loans
From: Rep. Rick Uehling, *[Signature]* Chair
Subject: HB681

I have asked staff to prepare the following memorandum outlining HB681 and CS HB681 (HESS).

Section 1 of the bill allows the Commission on Postsecondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if those costs are not recovered from the student.

Section 2 broadens the class of those who forfeit their entitlement to forgiveness of a portion of their loan. Under existing law, a borrower loses forgiveness benefits only upon being named a defendant in a suit for collection brought by the state. Under the proposed amendment, a borrower would lose forgiveness benefits once the loan becomes 120 days past due.

Section 3 provides that once a loan is in default, the interest rate increases from five percent a year to 10 percent a year.

Section 4 of the CS HB681 (HESS) divides Section 3 of HB681 into two sections for clarification.

Introduced: 1/20/84
Referred: Health, Education and
Social Services

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 362

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the applicability of the scholar-

7

ship loan program to students attending more than one

8

postsecondary educational institution; and providing

9

for an effective date."

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

11 * Section 1. AS 14.43.160(2) is amended to read:

12

(2) "full-time student" means an undergraduate or career

13

education student who is enrolled and is in regular attendance at

14

classes for at least 12 semester hours of credit or the equivalent

15

during the semester or a graduate student who is enrolled and is in

16

regular attendance at classes for at least nine semester hours of

17

credit or the equivalent; any combination of semester hours of credit,

18

or the equivalent, aggregating to the requisite number of semester

19

hours and undertaken during a semester at two or more public or pri-

20

vate institutions of higher education [OPERATING UNDER A CONSORTIUM]

21

constitutes full-time student status;

22

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

23

10.070(c).

*3/23. Phoned request for
a work draft. combined
HB 681 and SB 362.*

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99801
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDT

House Special Committee on State Loans

Memorandum

To: Senator Jay Kertulla
From: Rep. Rick Uehling *RUH*
Subject: Changes to the Scholarship Loan Program
Date: March 23, 1984

The House Special Committee on State Loans will be considering HB 681, pertaining to default and collection on Student Loans on Tuesday, March 27, 1984.

In an effort to take a comprehensive approach with amendments to the Statutes on the Scholarship Loan Program we have drafted a committee substitute which adds the language in SB 362, relating to the applicability of the loan program to students attending more than one postsecondary institution, which you sponsored.

We have contacted Dr. Kerry Romesburg from the Alaska Commission on Postsecondary Education concerning these issues, and we would be pleased to have you or someone from your office attend our hearing on Tuesday.

Asner
3/27/84

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

IN THE HOUSE

CS FOR HOUSE BILL NO. 681 (Loans)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to certain state loan programs; and
providing an effective date."

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

* Section 1. AS 14.43.090(a) is amended to read:

(a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.090 - 14.43.160 and to pay the costs of collecting scholarship loans that are in default if those costs are not recovered from the student. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving loan fund [SHALL BE USED TO MAKE NEW SCHOLARSHIP LOANS]. If money estimated to be [FUNDS] available from scholarship loan repayments is [ARE] inadequate to fully fund estimated scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

* Sec. 2. AS 14.43.120(f) is amended to read:

(f) Interest on a loan given under AS 14.43.090 - 14.43.160 is at the rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year.

* [REDACTED] AS 14.43.120(k) is amended to read:

(k) Periodic installments of principal shall be deferred, but interest shall accrue and be paid unless the student is eligible for interest payment benefits under (l) of this section during any of the following:

1 (1) return to student status as provided in (c) of this
2 section;

3 (2) serving an initial period of up to four years on active
4 duty as a member of the armed forces of the United States;

5 (3) serving, for up to three years, as a full-time volun-
6 teer under the Peace Corps Act;

7 (4) serving, for up to three years, as a full-time volun-
8 teer under the Domestic Volunteer Service Act of 1973;

9 (5) for a one-time period up to 12 months in which the
10 borrower is seeking and unable to find employment in the United
11 States; or

12 (6) if the borrower becomes 50 percent or more disabled as
13 certified by competent medical authority.

14 * Sec. 4. AS 14.43.120(o) is amended to read:

15 (o) The provisions of (j) of this section do not apply to a loan
16 that is in default [TO A BORROWER NAMED IN A COMPLAINT AS A DEFENDANT
17 IN AN ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF
18 THE UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].

19 * Sec. 5. AS 14.43.120 is amended by adding a new subsection to read:

20 (q) For the purposes of this section a loan is in default if a
21 loan payment is 120 or more days past due.

22 * REDACTED AS 14.43.125 is repealed and reenacted to read:

23 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. (a) A person may
24 apply for and obtain a scholarship loan if the person

25 (1) is

26 (A) enrolled as a full-time student in a career educa-
27 tion, associate, baccalaureate, or graduate degree program; or

28 (B) a graduate of a high school or the equivalent, or
29 scheduled for graduation from a high school within six months,

1 with sufficient credits to be admitted to a career education
2 program or to an accredited college or university;

3 (2) is not delinquent or in default on a previously awarded
4 scholarship loan; and

5 (3) is a resident of the state at the time of application
6 for the loan; for purposes of this section, a person qualifies as a
7 resident of the state if at the time of application for the loan the
8 person

9 (A) has been physically present in the state for at
10 least two years immediately before the time of application for
11 the loan;

12 (B) is dependent on a parent or guardian for care, the
13 parent or guardian has been present in the state for at least two
14 years immediately before the time of application for the loan and
15 the person has been present in the state for at least one year of
16 the immediately preceding five years; or

17 (C) has been physically present in the state, or is a
18 dependent of a parent or guardian who has been physically present
19 in the state, for at least two years immediately before being
20 absent from the state and the absence is due solely to

21 (i) military service;

22 (ii) volunteer service under the Peace Corps Act;

23 (iii) volunteer service under the Domestic Volun-
24 teer Service Act of 1973;

25 (iv) attending a school as a full-time student;

26 (v) full-time employment by the state;

27 (vi) being a member of or employed full-time by
28 the state's congressional delegation;

29 (vii) required medical care for the applicant or

1 the applicant's immediate family; or

2 (viii) being a person who otherwise qualifies as a
3 resident and is accompanying a spouse who qualifies as a
4 resident under (i) - (vii) of this paragraph.

5 (b) A person does not qualify as a resident of the state under
6 this section if the person declares or establishes residence in another
7 state during an absence from Alaska.

8 * Sec. 7. AS 14.43.160(2) is amended to read:

9 (2) "full-time student" means an undergraduate or career
10 education student who is enrolled and is in regular attendance at
11 classes for at least 12 semester hours of credit or the equivalent
12 during the semester or a graduate student who is enrolled and is in
13 regular attendance at classes for at least nine semester hours of
14 credit or the equivalent; any combination of semester hours of credit,
15 or the equivalent, aggregating to the requisite number of semester
16 hours and undertaken during a semester at two or more public or private
17 institutions of higher education [OPERATING UNDER A CONSORTIUM]
18 constitutes full-time student status;

19 * Sec. 8. AS 44.88.159(c) is amended to read:

20 (c) The interest rate on a loan purchased by the authority with
21 money in the small enterprise loan account that is not from the proceeds
22 of the sale of a series of bonds is the lesser of (1) the prevailing
23 prime rate adopted by the United States Small Business Admin-
24 istration, or (2) [EQUAL TO] the most recent index of Aa corporate
25 bond yield averages as published by Moody's Investors Service, except
26 that if an interest rate established under this subsection would be
27 less than 10 percent, the interest rate is 10 percent.

28 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

March 16, 1984

The Honorable Mae Tischer, Chair
Health, Education, and Social
Services Committee
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Re: Draft CS for HB 681 (HESS)
-- default on and col-
lection of student loans
Our file: 377-114-84

Dear Representative Tischer:

At the request of Bill Lovell, of your staff, I have reviewed Legislative Counsel Lynn Asper's February 29, 1984 draft of a committee substitute for HB 681, which Bill delivered to me this morning. The draft CS makes no substantive change from the original HB 681, and the Department of Law has no objection to it on that basis.

The draft CS makes two minor style changes: (1) it changes the word "which" to the word "that" in two places, which is good; and (2) in the bill's sec. 2, the draft deletes our subsec. (f)'s reference to default "under (o) of this section," while adding to (f) a sentence stating that default occurs if a loan payment is 120 or more days past due. That new sentence in (f) repeats our new sentence in (o) and adds the phrase "under this subsection" in both places. Basically, that looks okay.

Regarding the latter, my only concern is that, when an identical provision is placed in two different locations in the statutes, there is always the potential for one of them to be amended in the future while the other one is overlooked; this could cause confusion and litigation. Lynn's objection to our version is based on his feeling that where our subsec. (f) refers to "default under (o) of this section" it is not really accurate since, although (o) contains what is essentially a definition of "default," default is not really occurring under that subsection. It's a fairly subtle point, but a third approach that would meet both of our concerns would be to change both (f) and (o) to refer to "default as defined in (q) of this section." Then add a new section to the bill that would add a new AS 14.43.120(q) to read "For the purposes of this section, a loan is in default if a loan

The Honorable Mae Tischer
377-114-84

March 16, 1984
Page 2

payment is 120 or more days past due." (Or perhaps this definition could be added to the definition section for AS 14.43's art. 4 -- AS 14.43.160.)

Thank you for this opportunity to comment.

Yours truly,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By:

Arthur H. Peterson
Assistant Attorney General

AHP/jb

cc: Kerry Romesburg
Executive Director
Alaska Commission on Post-
secondary Education
Department of Education

*called
11:11 a.m.*

Lynn Asper
Legislative Counsel
Legislative Affairs Agency

Linda Scoccia
Assistant Attorney General
Juneau

*Original
Picked up
by Bill Lovell
3/16/84
11: a.m.*

Offered: 3/19/84
Referred: House Special Committee
on State Loans and Finance

Original sponsor: Rules/Governor

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 681 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to default on and collection of
7 student loans."

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

9 * Section 1. AS 14.43.090(a) is amended to read:

10 (a) There is created a scholarship revolving loan fund. The
11 fund shall be used to make scholarship loans to students selected
12 under AS 14.43.090 - 14.43.160 and to pay the costs of collecting
13 student loans that are in default if those costs are not recovered
14 from the student. All repayments of principal and interest on schol-
15 arship loans shall be paid into the scholarship revolving loan fund
16 [SHALL BE USED TO MAKE NEW SCHOLARSHIP LOANS]. If money estimated to
17 be [FUNDS] available from scholarship loan repayments is [ARE] inade-
18 quate to fully fund estimated scholarship loans for any fiscal year,
19 additional funding from the general fund may be requested and appro-
20 priated for that year.

21 * Sec. 2. AS 14.43.120(f) is amended to read:

22 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
23 at the rate of five percent a year unless the loan is in default.

24 Interest on a loan that is in default is 10 percent a year. - INCREASED

25 * Sec. 3. AS 14.43.120(o) is amended to read:

26 (o) The provisions of (j) of this section do not apply to a loan
27 that is in default [TO A BORROWER NAMED IN A COMPLAINT AS A DEFENDANT
28 IN AN ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF
29 THE UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].

See J.
is the frequent
Section

How much is the collection?
DEFAULT RATE

THROUGH AG'S OFFICE
CSHB 681(HESS)

R.F.P.
COLLECTION

NO - COLLECTIONS

1 * Sec. 4. AS 14.43.120 is amended by adding a new subsection to read:
2 (q) For the purposes of this section a loan is in default if a
3 loan payment is 120 or more days past due.

Introduced: 2/13/84
Referred: Health, Education and
Social Services, House Special Committee
on State Loans and Finance

IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 681

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to default on and collection of
student loans."

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

* Section 1. AS 14.43.090(a) is amended to read:

(a) There is created a scholarship revolving loan fund. The
fund shall be used to make scholarship loans to students selected
under AS 14.43.090 -- 14.43.160 and to pay the costs of collecting
student loans which are in default if those costs are not recovered
from the student. All repayments of principal and interest on schol-
arship loans shall be paid into the scholarship revolving loan fund
[SHALL BE USED TO MAKE NEW SCHOLARSHIP LOANS]. If money estimated to
be [FUNDS] available from scholarship loan repayments is [ARE] inade-
quate to fully fund estimated scholarship loans for any fiscal year,
additional funding from the general fund may be requested and appro-
priated for that year.

* Sec. 2. AS 14.43.120(f) is amended to read:

(f) Interest on a loan given under AS 14.43.090 -- 14.43.160 is
at the rate of five percent a year unless the loan is in default under
(o) of this section. Interest on a loan that is in default is 10
percent a year.

* Sec. 3. AS 14.43.120(o) is amended to read:

(o) The provisions of (j) of this section do not apply to a loan
which is in default. A loan is in default if it is 120 or more days
past due [TO A BORROWER NAMED IN A COMPLAINT AS A DEFENDANT IN AN

1 ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF THE
2 UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].
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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 12, 1984

SUBJECT: Exclusion of aliens from eligibility for
permanent fund dividends (CSHB 555 (Finance))

TO: Representative Randy Phillips

FROM: Linn H. Asper
Legislative Counsel

You have asked for an opinion on the constitutionality of excluding aliens from eligibility for permanent fund dividends.

It is my opinion that aliens who are lawfully present in the United States and who meet state residency requirements may not be excluded from programs such as the permanent fund dividend program. This result is dictated by a long line of cases that includes Takahashi v. Fish & Game Commission, 92 L. Ed. 1478 (U.S. Supreme Court, 1948).

In my opinion, although this proposition is not entirely settled, illegal aliens may be excluded from eligibility for permanent fund dividends. In Plyler v. Doe, 72 L.Ed. 2d 786, (U.S.C. Supreme Court, 1982) a 5-4 decision of the United States Supreme Court held that a state may not refuse to extend its free public education benefits to children who have not been legally admitted to the country. A first reading of this case seems to indicate that a state may not deny state benefits such as permanent fund dividends to illegal aliens if the aliens meet applicable state residence requirements. In fact, the Plyler case seems to be limited almost to the precise facts of the case, that is, to a denial of free public education to person's whose illegal immigration status is involuntary. It seems clear that in almost any other factual situation the denial of state benefits to an illegal alien would have been upheld by the court, and even in Plyler a strongly worded dissent was filed by the four justices in the minority. Given the limited extent of the holding in Plyler, and the recognition by the court that a state does not normally have to extend

AMENDMENT #2

OFFERED IN THE HOUSE:

By: Clackson

To: CS HOUSE BILL No. 681 (Fin)

SENATE BILL No. _____

PAGE: 1

LINE: 24

After "a year" insert "for the
period the loan is in default."

10%

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

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In my opinion, although this proposition is not entirely settled, illegal aliens may be excluded from eligibility for permanent fund dividends. In Plyler v. Doe, 72 L. Ed. 2d 786, (U.S.C. Supreme Court, 1982) a 5-4 decision of the United States Supreme Court held that a state may not refuse to extend its free public education benefits to children who have not been legally admitted to the country. A first reading of this case seems to indicate that a state may not deny state benefits such as permanent fund dividends to illegal aliens if the aliens meet applicable state residence requirements. In fact, the Plyler case seems to be limited almost to the precise facts of the case, that is, to a denial of free public education to person's whose illegal immigration status is involuntary. It seems clear that in almost any other factual situation the denial of state benefits to an illegal alien would have been upheld by the court, and even in Plyler a strongly worded dissent was filed by the four justices in the minority. Given the limited extent of the holding in Plyler, and the recognition by the court that a state does not normally have to extend

Representative Randy Phillips

Page 2

April 12, 1984

state benefits to persons who are illegally present in the state, the probable result is that a denial of permanent fund dividend benefits to illegal aliens would be upheld if enacted and subsequently challenged.

J6/028

LHA:ojb

AMENDMENT #2

OFFERED IN THE HOUSE:

By: Clackson

To: CS HOUSE BILL No. 681 (Fin)

SENATE BILL No. _____

PAGE: 1

LINE: 24

After "a year" insert "for the
period the loan is in default."

10%



RECORDS CERTIFICATION



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


Signature of Camera Operator


Date

SCOMM

#34:33

FISCAL NOTE

REQUEST
Bill/Resolution No: HB 685
Title: An act relating to the Alaska
Resources Corporation.
Sponsor: Governor
Requestor: _____
Date of Request: _____

Revision Date: _____
FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: _____
Alaska Resources Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	206.28	-	-	-	-
200 TRAVEL	-	50.00	-	-	-	-
300 CONTRACTUAL	-	234.00	-	-	-	-
400 SUPPLIES	-	10.00	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	500.28	-	-	-	-

CAPITAL	-	-	-	-	-	-
---------	---	---	---	---	---	---

REVENUE	-	-	-	-	-	-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	500.28	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	500.28	-	-	-	-

POSITIONS:

FULL-TIME	-	4	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

- * At this time it is difficult to determine what the costs will be to monitor and wind down ARC's current investments beyond FY 85.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Cathy Poe Phone: 465-2350
Division: Treasury Division Date: 2/10/84
Approved by Commissioner: Robert C. Leach Date: 2/14/84
Agency: DOE

Distribution (by Agency preparing fiscal note):

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

REQUEST PAGE 1 of 2 FISCAL NOTE
 Bill/Resolution No.: HB 685 Agency Affected: Commerce and Economic Dev.
 Title: Repealing statutes on the Alaska Resources Corporation Program Category Affected: Development
 Sponsor: Rules by request of Governor RU, Program or Subprogram(s) Affected:
 Requestor: _____
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Catherine Wallen Phone: 465-2504
 Division: Administrative Services Date: 12/22/83
 Approved by Commissioner: Richard A. Lyon Date: 12/28/83
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

PAGE 2 of 2

Analysis for Alaska Resources Corporation

Personal Services

1 Senior Investment Officer - Range 27 \$76,935
 1 Investment Officer - Range 23 \$62,550
 1 Accounting Technician II - Range 14 A \$30,645
 1 Secretary - Range 14 C \$36,150
 Total \$206,280

Salaries and benefits for four full-time positions. This is a reduction of 5 positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

Travel

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

Rent \$67,891
 Telephone \$17,500
 Audit and Accounting Reports \$15,000
 Legal Fees \$133,609
 Total \$234,000

Supplies

Rental of office machines and purchase of office supplies \$10,000

HB 680

title) (page 2871 of the journal) and reports it back as follows: Ringstad (Co-Chairman), Shultz, Larson, Goll, Bussell and Liska recommend do pass.

HB 680 was referred to the Finance Committee.

HB 685

The Resources Committee has had HOUSE BILL NO. 685 (Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; effective date) under consideration and reports it back as follows: Ringstad (Co-Chairman), Larson, Goll and Uehling recommend do pass; Shultz and Liska have no recommendation; Bussell signed "need changes in board sec."

HB 685 was referred to the House Special Committee on State Loans.

INTRODUCTION, FIRST READING AND REFERENCEOF HOUSE BILLSSSHB 657

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 657 by McBride, entitled:

"An Act relating to video machine lotteries conducted by municipalities."

was read the first time and referred to the State Affairs and Finance Committees.

HB 701

HOUSE BILL NO. 701 by the Resources Committee, entitled:

"An Act renaming Klutina Road as Brenwick/Craig Road."

was read the first time and referred to the Transportation Committee.

HB 588

The fiscal notes appear in House Journal Supplement No. 108.

HB 619

The State Affairs Committee has had HOUSE BILL NO. 619 (Office of Litigation Counsel in each house of the legislature; effective date) under consideration and reports it back as follows: Abood (Chairman), Ward and Cowdery recommend do pass; Lacher, Larson and Shultz have no recommendation; M. M. Miller recommends do pass if amended. A fiscal note was attached.

HB 619 was referred to the Judiciary Committee.

The fiscal note appears in House Journal Supplement No. 108.

HB 627

The Resources Committee has had HOUSE BILL NO. 627 (relating to a forest products business loan guarantee program; effective date) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 627 (Resources) (same title) and reports it back as follows: Ringstad (Co-Chairman) and Uehling recommend do pass; Shultz, Larson, Vaska, Goll, Bussell and Cowdery have no recommendation; Liska signed "No rec. this bill requires more work."

HB 627 was referred to the Finance Committee.

HB 653

The Judiciary Committee has had HOUSE BILL NO. 653 (relating to court facilities; effective date) under consideration and reports it back as follows: Bussell (Chairman), Liska, Barnes and Hayes recommend do pass; Clocksin recommends do not pass without proper fiscal note; Malone recommends do pass with proper fiscal note. A zero fiscal note was attached.

HB 653 was referred to the Finance Committee.

HB 680

The Resources Committee has had HOUSE BILL NO. 680 (recovery and production of oil and natural gas; effective date) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 680 (Labor & Commerce) (same



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

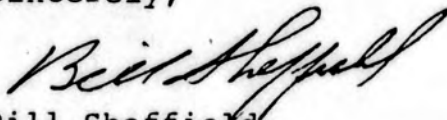
The bill retains the corporate structure of ARC for five years but amends the relevant statute to provide that the only corporate purpose is the orderly wind-up of the affairs of the corporation. This five-year period is considered necessary because ARC has substantial equity investments including capital stock investments in a number of businesses and has taken an active management role in some of the businesses. ARC also owns property as a result of foreclosure on loans against businesses in which it also has equity interests. The five-year period will give ARC sufficient time to remove itself from active management roles and then divest itself of these interests.

The corporation is transferred from the Department of Commerce and Economic Development to the Department of Revenue. The board membership is changed to provide that the commissioner of revenue and the commissioners of two other principal departments make up the board. The board is directed to contract with the Department of Revenue to manage the corporation's assets during the wind-up period. Concurrent with ARC's transfer to the Department of Revenue, all but \$500,000 of the unexpended and unobligated money in ARC's development capital fund is transferred to the general fund. The \$500,000 are to be used to cover possible costs that might arise in the course of winding up ARC's affairs.

- 2 -

The bill also repeals the statutes creating the Alaska Resources Corporation (ARC), AS 37.12; and the Alaska renewable resources development fund and Alaska renewable resources investment fund, AS 37.11. The Alaska renewable resources development fund and the Alaska renewable resources investment fund were closed out and the money returned to the general fund several years ago, after they were determined to be unconstitutional dedicated funds, but the statutes have not yet been repealed. Under this bill, the repeal of the corporation statutes will take effect July 1, 1989, and the repeal of the fund statutes will take effect immediately.

Sincerely,


Bill Sheffield
Governor

Analysis for Alaska Resources Corporation

Personal Services

1 Senior Investment Officer - Range 27	\$76,935
1 Investment Officer - Range 23	\$62,550
1 Accounting Technician II - Range 14 A	\$30,645
1 Secretary - Range 14 C	\$36,150
Total	\$206,280

Salaries and benefits for four full-time positions. This is a reduction of 5 positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

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Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

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Rent	\$67,891
Telephone	\$17,500
Audit and Accounting Reports	\$15,000
Legal Fees	\$133,609
Total	\$234,000

Supplies

Rental of office machines and purchase of office supplies	\$10,000
---	----------

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: HB 685
Title: An act relating to the Alaska Resources Corporation.
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: Alaska Resources Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	206.28	-	-	-	-
200 TRAVEL	-	50.00	-	-	-	-
300 CONTRACTUAL	-	234.00	-	-	-	-
400 SUPPLIES	-	10.00	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	500.28	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	500.28	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	500.28	-	-	-	-

POSITIONS:

FULL-TIME	-	4	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

- * At this time it is difficult to determine what the costs will be to monitor and wind down ARC's current investments beyond FY 85.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Cathy Poe
Division: Treasury Division

Phone: 465-2350
Date: 2/10/84

Approved by Commissioner: Robert C. Heath
Agency: DOR

Date: 2/10/84

Distribution (by Agency preparing fiscal note):

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

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 685
Title: Repealing statutes on the
Alaska Resources Corporation

Sponsor: Rules by request of Governor

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce and Economic Development

Program Category Affected: Development

PRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Catherine Wallen
Division: Administrative Services

Phone: 465-2504

Date: 12/22/83

Approved by Commissioner: Richard A. Lyon
Agency: Commerce and Economic Development

Date: 12/28/83

Distribution (by Agency preparing fiscal note):

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

12/1/83

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24 February 1984

Juneau, Alaska

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ALASKA RESOURCES CORPORATION

BALANCE SHEET

January 31, 1984

ASSETS

Cash	\$ (8,270)
Interest bearing deposits	4,664,700
U.S. Government Obligations	7,922,234
Purchased Interest, U.S. Government Obligations	206,366
	<u>12,785,030</u>
Loans Receivable	
Fisheries	3,716,003
Agriculture	257,644
Forest Products	1,325,174
Commercial Fish	8,213,712
Forest Assistance	5,265,066
Manufacturing	370,000
Total loans receivable	<u>19,147,599</u>
Less reserves for uncollectible loans	(3,984,717)
Loans receivable, net	<u>15,162,882</u>
Accrued interest receivable, loans	1,953,496
Less allowances for uncollected interest, loans	(1,538,349)
Accrued interest receivable loans, net	<u>415,147</u>
Assets acquired through foreclosure (Note A)	12,100,326
Less allowances for assets acquired through foreclosures	(4,973,401)
Net assets acquired through foreclosure	<u>7,126,925</u>
Miscellaneous receivables	4,780
Prepaid rent	7,752
Investment in Capital Stock	4,322,854
Less reserves for uncollectible equity	(1,041,601)
Less committed undisbursed funds equity	(17,378)
Investments in capital, net	<u>3,263,875</u>
Other Assets (Licensing Agreement)	53,250
	<u>\$ 38,819,641</u>

LIABILITIES & FUND BALANCE

Accrued Payroll	\$ 64,639
Original Contributed Surplus	42,307,047
Retained Earnings	(4,694,930)
Net Income	<u>1,142,885</u>
	<u>\$ 38,819,641</u>

*Book overdraft at all times covered under funds on deposit in repo account.

ALASKA RESOURCES CORPORATION

BALANCE SHEET

NOTE A

January 31, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

Principal of ARC loans @ 4/30/83	\$ 8,350,850.52
Accrued interest of ARC loans @ 4/30/83	1,127,097.60
Other income from assets acquired by ARC @ 6/30/83	(9,038.16)
Other expenses paid out by ARC @ 6/30/83	63,373.09
Capital expenses paid out by ARC @ 1/31/84	7,170.82
Sale of Assets acquired by ARC @ 1/31/84	(518,200.00)
Totals:	<u>\$ 9,021,253.87</u>

Alaska Bait

Principal of ARC loans @ 5/19/83	\$ 577,349.54
Accrued interest of ARC loans @ 5/19/83	96,691.43
Professional Services (legal fees) paid by ARC @ 5/19/83	4,822.15
Other expenses paid out by ARC @ 6/30/83	4,833.44
Totals:	<u>\$ 683,696.56</u>

Martins Seafoods

Principal of ARC loans @ 5/16/83	\$ 899,544.98
Accrued interest of ARC loans @ 5/16/83	127,957.81
Professional Services (legal fees) paid by ARC @ 5/16/83	30,611.23
Other income from assets acquired by ARC @ 6/30/83	(12,522.40)
Other expenses paid out by ARC @ 6/30/83	74,660.74
Capital expenses paid out by ARC @ 12/31/83	36,602.20
Totals:	<u>\$ 1,156,854.56</u>

Seafoods of Alaska

Principal of ARC loans @ 4/29/83	\$ 802,458.37
Principal of ARC loans @ 6/29/83	364,657.90
Accrued interest of ARC loans @ 4/29/83	21,701.07
Accrued interest of ARC loans @ 6/29/83	49,210.43
Professional Services (legal fees) paid by ARC @ 4/29/83	13,024.05
Other income from assets acquired by ARC @ 6/30/83	(12,531.05)
Totals:	<u>\$ 1,238,520.77</u>

Allowance for assets acquired through foreclosure breakdown:

Reserves to loans: Alaska Food Co.	\$ 3,380,000.00
Alaska Bait	154,930.00
Seafoods of Alaska	105,245.00
Reserves to accrued interest: Alaska Food Co.	1,127,097.60
Alaska Bait	85,216.40
Seafoods of Alaska	70,912.13
Provision for decline in assets acquired through foreclosure	50,000.00
Totals:	<u>\$ 4,973,401.13</u>

Recap:

Assets acquired through foreclosure	\$12,100,325.76
Less allowance for assets acquired through foreclosure	(4,973,401.13)
Total:	<u>\$ 7,126,924.63</u>

ALASKA RESOURCES CORPORATION

STATEMENT OF INCOME & EXPENSES

July 1, 1983 - January 31, 1984

INCOME

Interest Income Investments	\$ 200,094
Interest Income Loans	979,595
Interest Income U.S. Government Obligations	470,573
Miscellaneous Income	5,710
Gain or Loss on Sale of Investments	10,000
Rental Income From Assets Acquired Through Foreclosure	67,670
Other Income From Assets Acquired Through Foreclosure	126,429
Total Income	<u>\$1,860,071</u>

EXPENSES

Personal Services - Salaries & Benefits	\$ 162,672
Travel & Moving - In-State Trans	4,744
Travel & Moving - In-State Per Diem	3,961
Travel & Moving - Out-State Trans	5,269
Travel & Moving - Out-State Per Diem	2,779
Board Member Expenses	9,131
Moving & Relocation	2,875
Telephone	6,910
Postage & Mailing	343
Printing & Binding	176
Advertising	2,739
Subscriptions	394
Rents & Leases	52,496
Storage Fees	130
Professional Services	22,309
Conference Registration	140
Freight Express/Cart	810
Stationary & Supplies	1,937
Miscellaneous Expenses	409
Operating Expenses Pertaining to Assets Acquired Through Foreclosure	266,462
Total Operating Expenses	<u>546,686</u>
Provision For Uncollectible Loans	170,500
Total Expenses	<u>\$ 717,186</u>
NET INCOME	<u>\$ 1,142,885</u>

R - Restructure
E - Expansion
S - Start up
B - Investment Banking
C - Venture Capital

ALASKA RESOURCES CORPORATION
INVESTMENT RECAP

January 31, 1984

COMPANY NAME	FISHERIES	SPECIAL FISH	AGRICULTURE	FOREST PRODUCTS	SPECIAL FOREST	MANUFACTURING	COMMITTED UNDISBURSED FUNDS	MISCELLANEOUS	TOTAL DEBT	EQUITY AMOUNT	EQUITY %	TOTAL DEBT & EQUITY
T I (AK. F.I.S.H.)	125,000				1,500,000				125,000	125,000	13%	250,000
ASKA TIMBER									1,500,000			1,500,000
YESKA CANDY KITCHEN			23,654						23,654			23,654
ERICAN EAGLE	129,758	49,861							179,619			179,619
CHOR RENEWABLE FARMS			119,468						119,468			119,468
CHORAGE TANK						370,000			370,000			370,000
LL BROTHERS, INC.	807,772	2,564,950						180,000	3,552,722	500,000	40%	4,052,722
LL, ALBERT	25,000								25,000			25,000
LL, GERALD	25,000								25,000			25,000
LL, NEWTON	25,000								25,000			25,000
ICLE SEAFOODS		2,181,458					17,378		2,198,836	2,222,622	39%	4,421,458
CHEMAK	213,502								213,502			213,502
KECHIK	278,588								278,588	490	49%	279,078
ARK, INC.		395,000							395,000	25,000	1%	420,000
STERCRAFT KITCHENS				265,063					265,063			265,063
VES SAWMILL				5,111					5,111			5,111
DE FUR FARM			114,522						114,522			114,522
AMATOF		3,022,442							3,022,442	976,264	35%	3,998,706
YLES MARINE, INC.	95,126								95,126			95,126
INABEL LUMBER CO.				1,000,000	3,765,066				4,765,066			4,765,066
WARD SHIPYARD	516,274								516,274	150,000	22%	666,274
BRAGD PARTNERS	456,340								456,340			456,340
EIK ENTERPRISES				55,000					55,000			55,000
ERLING SEAFOODS	125,000								125,000	100,000	49%	225,000
UNITY RESOURCES										206,100	32%	206,100
IAN	893,642								893,642			893,642
TOTALS:	3,716,002	8,213,711	257,644	1,325,174	5,265,066	370,000	17,378	180,000	19,344,975	4,305,476		23,650,451

ALASKA RESOURCES CORPORATION

INVESTMENT ANALYSIS

@ January 31, 1984

Date Made	Project	Bank	Type of Account	Balance @ 1-31-84	Interest Yield Rate	Date Interest Paid	Maturity Date
MONEY MARKET ACCOUNTS:							
1-10-83	Funds held for investment	ANB of North	Money Market - checking	100,654.29	8.50	1-31-84	End of ea. mont
1-12-83	Ball Brothers (pledged) 180,000	APB	Cash Investment - checking	181,357.44	8.875	1-31-84	End of ea. mont
1-13-83	Funds held for investment	ABC	Cash Investment - savings	100,888.27	9.50	1-31-84	End of ea. mont
1-13-83	" " " "	PBT	Investor Fund - checking	100,697.59	8.75	1-31-84	Weekly
1-13-83	" " " "	Ak. Mutual	Money Market - checking	100,790.70	9.00	1-31-84	End of ea. mont
1-13-83	" " " "	Ak. State	Money Market - checking	100,761.87	8.75	1-31-84	End of ea. mont
1-13-83	" " " "	Dean Witter	Liquid Asset Fund	281,553.10	9.00	Compounds daily	End of ea. mont
2-11-83	" " " "	UBA	Money Market - checking	100,729.23	9.50	2-01-84	1st. of ea. mon
3-07-83	" " " "	SNB	Hi Fi Plus - checking	100,766.79	9.00	1-31-84	End of ea. mont
3-14-83	" " " "	1st. Bk. Ketch.	Money Market - savings	100,749.25	8.701	1-31-84	End of ea. mont
5-31-83	" " " "	B.N. Behrends	Money Market - checking	100,750.90	8.50	1-15-84	15th of ea. mon
	Totals:			1,369,699.43			
CERTIFICATES OF DEPOSIT:							
9-13-83	Funds held for investment	NBA	Time Certificate Deposit	100,000.00	9.60		3-12-84
9-15-83	" " " "	UBA	" " "	250,000.00	10.00		3-13-84
10-5-83	" " " "	AK. MUTUAL	" " "	500,000.00	9.875		4-02-84
1-23-84	" " " "	AK. MUTUAL	" " "	300,000.00	9.00		4-23-84
1-20-84	" " " "	1st. NAT OF ANCH	" " "	100,000.00	9.25		4-30-84
12-6-83	" " " "	AK. MUTUAL	" " "	600,000.00	9.625		6-04-84
12-12-83	" " " "	AK. CONTINENTAL	" " "	100,000.00	10.00		6-08-84
1-04-84	Kodiak Elect. (pledged)	ANB of NORTH	" " "	40,000.00	9.45		7-05-84
12-15-83	Schnabel (pledged)	B.M.BEHRENDS	" " "	1,000,000.00	10.324		5-31-84
	Totals:			2,990,000.00			
TREASURY NOTES & BONDS:							
12-8-82	Funds held for investment	DEAN WITTER	Fed. Home Loan Bond	2,000,000.00	9.44	April & Oct.	4-25-84
9-30-83	" " " "	" "	U.S. Treasury Note	1,250,000.00	10.41	March & Sept.	9-30-84
1-03-84	" " " "	" "	Fanny Maye	1,500,000.00	10.86	May & Nov.	11-12-85
12-1-83	" " " "	" "	U.S. Treasury Note	1,000,000.00	10.60	May & Nov.	11-30-85
7-08-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,100,000.00	11.375	June & Dec.	6-28-2013
7-28-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,000,000.00	12.375	Jan. & July	7-28-2013
	Totals:			7,850,000.00			
REPURCHASE AGREEMENT:							
		UBA	Repurchase Agreement	305,000.00	9.00		

ALASKA RESOURCES CORPORATIC

CASH RECEIPTS

for January 1984

Loans Receivable:

Date	Investee	Principal Payment	Interest Payment	Total Paid
1-03-84	Mastercraft Kitchens	3,060.28	2,539.72	5,600.00
1-03-84	Icicle Seafoods	7,408.87	18,626.49	26,035.36
1-06-84	SeaWard Shipyard	6,589.76	3,270.74	9,860.50
1-09-84	Alaska Timber	-0-	15,489.81	15,489.81
1-10-84	Smaragd Partners	-0-	10,093.16	10,093.16
1-17-84	Anchorage Tank	-0-	2,906.25	2,906.25
	Totals	17,058.91	52,926.17	69,985.08

Income From Sale of Owned Assets:

Date	Investee	Description	Amount
1-18-84	Gibson Cove	Alaska Fresh purchase of equip.	6,200.00

Income From Owned Assets:

Date	Investee	Description	Amount
1-10-84	Sterling Plant	Schwanke lease payment	540.00
1-25-84	Gibson Cove	American Seafood pymt.	2,000.00
1-25-84	Sterling Plant	Schwanke lease payment	1,140.00
1-30-84	Martins	Tesoro Pipeline (84 right of way)	250.00
		Total	3,930.00

Other Revenue:

Date	Description	Amount
1-10-84	Photo copies	2.00
1-10-84	Reimbursed for Ak.Fish Ucc filings	27.00
1-17-84	Partial recovery (Woodyard debt)	33,000.00
1-31-84	Mike Kiech - Alternative Energy	650.59
	Total	33,679.59

Total Interest on Cash Investments:

85,079.68

Grand Total 198,874.35

ALASKA RESOURCES CORPORATION

EXPENSES

Re: OWNED ASSETS

for January 1984

Date:	Who To:	What For:	Amount:
<u>Alaska Bait #1</u>			
1-12-84	City of Hoonah	Harbor Electricity	322.80
	Hoonah Seafoods	Fuel	1,270.00
1-25-84	Payroll & Taxes	Jan. Payroll & Fed. + Fica Tax	2,128.00
		Total	<u>3,720.80</u>
<u>Gibson Cove</u>			
1-12-84	City of Kodiak	Water, sewer, garbage	49.00
	Glacier State Tele.	Plant phone chgs.	130.35
	Kodiak Elec. Assoc.	Electricity	1,204.25
	Union Tire	Tires for truck	200.00
1-25-84	Payroll & Taxes	Jan. Payroll Fed, Fica, Futa, Esc. Tax	5,715.76
		Total	<u>7,299.36</u>
<u>Martins Plant</u>			
1-04-84	The Woods Hotel	Room rent (Gil)	1,554.20
1-12-84	Anchorage Tank	Materials	168.00
	Central Storage	Storage of Equipment	70.00
	W.E. Stone	Materials	546.81
	Arctic Welding	Materials	8.25
	Gil Reel	Expenses & Per Diem	1,478.10
1-18-84	Stephans Tool	Pipe vise & cutter rental	93.00
1-19-84	Dept. of Labor	Boiler inspection	80.00
1-25-84	H.C. Industries	Materials	62.00
	Don Norton	Reimbursed (car rental for Gil Reel)	268.33
1-27-84	Casual Labor	Sam & George	4,896.00
		Total	<u>9,224.69</u>
<u>Sterling Plant</u>			
1-12-84	Enstar Nat. Gas	December chgs.	191.57*
1-25-84	Homer Electric	12/8/83 to 1/9/84 Service	1,646.35*
		Total	<u>1,837.92</u>

*Enstar 191.57 billed to Schwanke

*Homer Electric 1,646.35 less 569.52 = 1,076.83 billed to Schwanke

ALASKA RESOURCES CORPORATION

Report Date: February 21, 1984
 Period Ending: January 31, 1984
 Reported by: Donald L. Norton

LOANS RECEIVABLE MONITORING REPORT

Project & Resource Sector	Next Pay- ment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
BALL BROTHERS, INC. (Fish)		150,000.00 600,000.00 157,771.94	150,000.00 500,000.00 157,771.94	5/01/81 6/19/81 8/17/82	5/01/82 7/31/81 Demand	Real Estate and Equipment Value at \$425,000.00.	Ball Bros., Inc. prevailed at trial, against Mark Antonsen and Mark II Sea Products in amount of \$952,000.00 and with setting aside transfer of their interest in the Nefco Law suit. Offer for sale of remaining physical assets of BBI proposed for considera- and acceptance at January 24 AF Board meeting would net approx. \$320,000 for debt reduction.
(Emergency Fish)		1,000,000.00 2,000,000.00	564,950.00 2,000,000.00	5/29/80 5/29/80	10/31/81 10/31/86		
BALL, ALBERT (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
BALL, GERALD (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
BALL, NEWTON (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
ICICLE SEAFOODS (Emergency Fish)	6/01/85 2/01/84	400,000.00 1,900,000.00	400,000.00 1,781,458.08	6/12/81 9/29/82	6/12/91 9/01/87	Convertible Debenture. Preferred Marine Mortgage on Floating Processor & Equipment.	Participation with Rainier Bank. Continues to perform.
SMARAGD PARTNERS (Fish)	4/10/84	498,000.00	456,340.48	6/18/83	6/18/98	FV Smaragd \$500,000.00	Performing and current.
Investment Officer: <u>D. L. Norton</u>							

LOANS RECEIVABLE MONITORING REPORT

Report Date: February 21, 1984
 Period Ending: January 31, 1984
 Reported by: Donald L. Norton

Project & Resource Sector	Next Pay- ment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
ACT I (AK. FISH)	9/30/82	125,000.00	125,000.00	6/30/80	9/30/82	A/R - \$151,305.67 Inv. 150,000.00 \$301,305.67 Max.	Alaska Fish, Inc. filed for Chapter XI relief on February 8, 1984. Cash flow continues to be impaired. Closing Sitka location.
ALASKA TIMBER (Emerg. Timber)	2/01/84	1,500,000.00	1,500,000.00	5/04/81	7/30/89	Loan participation w/bank of Calif. Power plant val. at \$4.0 million.	Performing & current.
MASTERCRAFT (Forest Products)	2/01/84	315,000.00	265,062.54	8/08/80	10/01/87	R/E, plant & equipment val. at \$1.0 million.	Performing & current.
PINES SAWMILL (Forest Products)	2/01/84	30,000.00	5,111.37	4/02/80	4/01/85	Logging & milling equip. valued @ cost of \$60k.	Performing & current.
SAYLES MARINE, INC. (Fish)	12/31/82 10/01/84	86,126.00 70,000.00	25,126.00 70,000.00	4/29/82 12/20/83	12/31/82 7/01/98	Aluminum estimated @ \$15,000 Vessel - PMM \$85,000.	Original note - bal. \$25,126. Secured by aluminum inventory. Will need to modify terms of repayment. Documentation of vessel complete with ARC as preferred mortgage holder. Note \$70,000 secured by vessel.
SCHNABEL LUMBER CO. (Forest Products)	12/31/86 1/02/87 " " " " " " " "	100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00	100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00	12/13/83 " " " " " " " "	12/31/86 12/31/87 12/31/88 12/31/89 12/31/90 12/31/91 12/31/92 12/31/93 12/31/94 12/31/95	Property, plant, equipment & certain inventories estimated at net book value of \$6.0 mil. Realistic current market value 3.5 mil.	Name of company changed to Pacific Forrest Products, Inc. Modification to the mill and planer underway. Considerable log inventory on site and sorted for mill processing. Logging commenced in December by contractor, Northern Timber, Co. 1st draw under City Bank line anticipated for late March against log inventory. Expect start up in early March.

63.

Project & Resource Sector	Next Pay- ment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
SCHNABEL (Cont'd) (Emergency Forest)	1/01/86	1,800,000.00	1,800,000.00	4/08/81	1/01/93		
	1/01/86	165,065.83	165,065.83	12/13/83	12/31/93		
	1/02/88	200,000.00	200,000.00	12/13/83	12/31/93		
	"	200,000.00	200,000.00	"	12/31/94		
	"	200,000.00	200,000.00	"	12/31/95		
	"	200,000.00	200,000.00	"	12/31/96		
	"	200,000.00	200,000.00	"	12/31/97		
	"	200,000.00	200,000.00	"	12/31/98		
	"	200,000.00	200,000.00	"	12/31/99		
	"	200,000.00	200,000.00	"	12/31/2000		
	"	200,000.00	200,000.00	"	12/31/2001		
SEAWARD SHIPYARD (Fish)	2/01/84	350,000.00	321,187.77	4/02/80	5/02/90	R/E, plant & equipment val.	Performing & current. See recommenda- tion of staff.
	2/01/84	210,000.00	179,273.80	3/05/81	6/01/84	at \$1.1 mil. subject to	
	2/01/84	20,000.00	15,812.48	3/05/81	6/01/84	first D/T \$140k.	
STEIK ENTERPRISES (Forest)	11/01/83	55,000.00	55,000.00	1/20/81	1/01/86	R/E & milling equipment estimated at \$97k.	Awaiting year end statements for review and loan modification consideration.
TRINITY RESOURCES							Principal Delaney preparing break down and distribution of \$280,000 - at settlement. Potential ARC recapture of portion of equity \$60,000. See staff recommendation for authorization for write down of additional equity after final distribution of approx. \$60,000.
WOODYARD/GOWDY							ARC received \$33,000.00 settlement of judgement.
Investment Officer: <u>D. A. [Signature]</u>							

ALASKA RESOURCES CORPORATION

LOANS RECEIVABLE MONITORING REPORT

Report Date: February 17, 1984
 Period Ending: January 31, 1984
 Reported by: Calvin L. Keff

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
ALYESKA CANDY KITCHEN (Agriculture)	1/01/84	37,600.00	23,653.99	3/18/80	1/01/86	Candy making equipment \$37,000.00.	Seeking additional equity investors. submitted legal documents to State Banking & Securities in January.
AMERICAN EAGLE (Fish & Emergency Fish)	9/01/81 9/01/81	150,000.00 50,000.00	129,758.23 49,861.43	3/26/80 5/29/80	9/01/81 9/01/81	2nd PMM Vessel "Aluetian Dragon" \$943,000.00. 1st Rainier - \$535,000.00.	Financial statements received. Board recommendation in preparation.
ANCHOR RENEWABLE FARMS (Agriculture)	10/01/82	120,000.00	119,468.15	8/04/80	7/01/87	R/E, controlled environment greenhouse, greenhouse & equipment - 3rd total value \$240,000.00. 1st \$78,000 Parkinson. 2nd \$95,000 - ARLF.	Financial statements past due; Discussions with Ag. Revolving Loan Fund re: subordination & loans reveals lack of compliance. Homer Electric discussing power disconnect.
ANCHORAGE TANK (Manufacturing)	2/15/84 2/15/84	270,000.00 100,000.00	270,000.00 100,000.00	6/06/83 6/06/83	7/31/93 6/01/90	Equipment - \$489,099.	No change. Requesting F/S.
KACHEMAK SEAFOODS (Fish)	7/01/82 Demand	250,000.00 1,092.10	212,410.20 1,092.10	8/28/81 3/18/83	10/01/82 Demand	2nd inventory, receivables 1981 - 1st 1982 \$1.0 mil. (1st in question) 1st '81 - VHW, Co. unknown amount.	Still attempting to collect pension funds due to Birdie of approximately \$16,000 and to locate other assets. Suit has been filed against VHW regarding inventory and their a er received. Negotiation meeting proposed.
KOKECHIK (Fish)	7/01/84	300,000.00	278,587.91	5/15/80	7/01/87	Boats & motors, original value \$300,000.	Debt modification proposed.
CLARK, INC. (Emergency Fish)	9/30/82	395,000.00	395,000.00	11/13/81	9/30/96	Plant, equipment, R/E \$3,900,000 (participation with CFAB)	Have been informed by AG's office that ARC has no legal remedies under participation agreement. Letter from CFAB attorney requested per agreement.

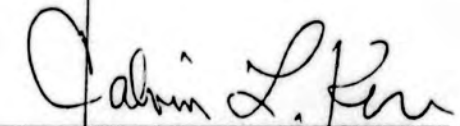
ALASKA RESOURCES CORPORATION

LOANS RECEIVABLE MONITORING REPORT

Report Date: February 17, 1984
 Period Ending: January 31, 1984
 Reported by: Calvin L. Kerr

Project & Resource Sector	Next Pay- ment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
RICE FUR FARM (Agriculture)	3/31/84	115,000.00	114,521.68	11/23/81	12/02/92	Foxes, cages, equipment and R/E \$184,000.00. Subordinate to \$25,000.00 CFAB.	Sales planned for Spring 84.
SALAMATOF SEAFOODS (Emergency Fish)	9/01/84	3,065,349.93	3,022,441.99	1/01/82	8/01/92	Plant & Equipment \$4.5 mil. 2nd, 1st APB - \$900,000.	Requested additional F/S. and support of material; normal ac ity noted.
STERLING SEAFOODS (Fish)	9/31/82	125,000.00	125,000.00	2/12/81	10/01/87	Equipment, supplies and inventory \$104,789 value.	Plans to custom process crab are being finalized. Other options for the remainder of the year are being explored. Lease checks put on weekl payment schedule. Porposal for long term lease discussed.
WYMAN (Fish)	10/26/83	1,000,000.00	893,641.93	1/26/81	7/26/93	1st PMM Vessel "Alaska Star" \$1,700,000.00.	Letter received from Ed Wyman propos purchase of all ARC equity. Staff reviewing per terms of shareholders agreement.

Investment Officer:



Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDT

House Special Committee on State Loans

MEMORANDUM

Date: March 27, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling, Chair
Subject: CS HB 685

HB 685, relating to the Alaska Resources Corporation, would make significant changes in its structure, preparatory to winding down its operations. The bill would retain the corporate structure, for a period of 5 years, within the Department of Revenue.

The bill was originally introduced at the request of the Governor, and would have changed the composition of the Board of Directors to eliminate the public members. However, the Loans CS retains 3 of the public members and also names the Commissioner of Commerce and Economic Development to serve with the Commissioner of Revenue who is designated as the Chairman.

This version also adds amendments to existing statutes which will make technical changes to delete references to the Alaska Renewable Resources Development Fund and to repeal certain other sections.

WE BETTER HAVE THE
BACK UP TO SUPPORT
THIS

M E M O R A N D U M

DATE: 7 March 1984
TO: Representative Rick Uehling
FROM: John Geary
RE: HB 685 (ARC)

You requested that I research HB 685, a bill introduced by the Governor to wind-up the operations and and eventual dissolution of the Alaska Resources Corporation (ARC).

This bill would allow the corporation to exist for the next five years with the only purpose of business being to the orderly wind-up of affairs of the said corporation. Five years is claimed to be needed as ARC owns substantial equity investments including capital stock investments in a number of businesses and has taken an active role in management in others.

The bill would transfer the corporation from the Dept. of Commerce and Economic Development to the Dept of Revenue. And finally the Bill would repeal the statutes that created ARC in the first place, AS 37.11. & AS 37.12.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

MEMORANDUM

To: Rep. Rick Uehling, Chairman
From: Alaire Stanton, Committee Aide *AS*
Subject: HB 685, The Alaska Resources Corp.
Date: March 19, 1984

HB 685, relating to the Alaska Resources Corporation, would make significant changes in its structure, preparatory to winding down its operation. The Bill would retain the corporate structure, for a period of 5 years, within the Department of Revenue. It would give the new Board and the Department of Revenue the authorization to sell assets, pay liabilities, and manage loans as necessary.

The Board of Directors would change from its present four members with business, lending, or investment experience; to three Commissioners of Executive departments with the Commissioner of Revenue designated as the Chairman. Two members (ie: 2 Commissioners) would constitute a quorum.

The development capital fund, consisting of money appropriated (in the past) will be used to pay for liabilities which may arise during the wind-up of its affairs. Repayments of principal, and interest payments, dividends received and money from the sale of assets must be deposited in the general fund.

The fiscal note for the Bill is intended to reflect the staff needed by the Dept. of Revenue.

Questions which may need to be addressed include the following:

What would be the dollar amount of the assets which would remain with the shell corporation on the effective date?

Which companies would be needing active management by the ARC Board, and is it in the best interest of the State to have two Commissioners managing them?

Is there a current timeline for disposing of the remaining assets?

/as

DRAFT

Memorandum

Date: April 2, 1984
To: Rep. Rick Uehling, Chairman
From: Alaire Stanton, Committee Aide
Subject: HB 689, Rural Electrification Loans

Mr. George Matts of the Dept. of Commerce & Economic Development has brought in a proposal for suggested changes in the legislation pertaining to the Rural Electrification Loan program. It differs from the Labor & Commerce Committee Substitute (with which you are already familiar) in several substantive ways, which are outlined below.

The Labor & Commerce version contains intent language which states that "the state will undertake the risk of loss if the expected development does not occur" (for loan repayment). The agency version does not have any intent language.

In Section 1 the agency proposal provides that the authority may make loans only for the purpose of extending new service into an area of the state that an electric utility may serve under certification from the APUC, and if the utility invests the money as outlined in the present law. The (L & C) CS changes the present AS 44.83.361(b) to read ... the authority may make "a loan" to "a public utility for construction of an electric distribution line in a rural area of the state that is not receiving central station electric service."

The agency proposal removes the Loan Advisory Committee² which has a role under both the present Statute and the (L & C) CS, and then gives the authority for approval of loans solely to the APA.

Present statutes provide for 2% annual interest rates on the unpaid balance. The (L & C) CS retains the 2% rate but changes the formula for repayment of principal. The agency proposal provides for the interest rate to be based on a fixed market-tied rate based on the US Treasury rate, with a floor of 2%. Both proposals authorize charging the consumers for the cost of the interest on the loan. (Technically, the agency proposal has a problem, in that it doesn't remove AS 44.83.361(c) which sets the 2% rate, though it has new language for AS 44.83.365 which changes the interest rate.)

The (L & C) CS changes the deadline for the report to the Legislature and adds definitions of "rural" and the "unit cost of the line" and an additional section on a complicated formula for figuring the maximum loan amount. The agency proposal sets a maximum of \$3 million, with the term not to exceed 20 years. The L & C version also sets the term at 20 years.

The new proposal would retain the language presently in Statute on the criteria used for approval of a loan. The (L & C) version changes that language to consider "use" of the premises along with the permanence; land "availability" along with land use patterns; availability of right away rather than "access"; and it deletes the criteria for economic feasibility of the project.

In summary, the agency proposal is shorter and less complicated than the Labor & Commerce CS, particularly in the formula for repayment. The (L & C) CS is based on the growth rate (new customers). Mr. Matts interpretation is that there would be no repayment of principal if there were no new customers after the distribution line was completed. The loan program thus becomes a grant program.

The agency proposal also bases the interest on the Treasury rate, rather than just a straight 2% rate, and proposes a conventional method of repayment of the principal, to amortize the loan over 20 years. The (L & C) CS has a definition of "rural" which says that the number of customers cannot exceed 5 per mile of line.

Asper
3/27/84

Original sponsor: Rules/Governor

Placed 3/28
1:15 pm

IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON STATE LOANS

CS FOR HOUSE BILL NO. 685 (Loans)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; and providing for an effective date."

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

* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

(1) it is in the best interests of the state to terminate the operations of the Alaska Resources Corporation; and

(2) the Alaska Resources Corporation has made substantial loans and equity investments in certain businesses as part of the performance of its duties.

(b) It is the purpose of this Act to effect an orderly wind-up of the affairs of the Alaska Resources Corporation.

* Sec. 2. AS 37.12.010 is amended to read:

Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is created the Alaska Resources Corporation to carry out the purposes of this chapter. The corporation is a public corporation of the state and an instrumentality of the state within the Department of Revenue [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential function of the state.

* Sec. 3. AS 37.12.015 is repealed and reenacted to read:

Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 * Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development
4 capital fund is established in the corporation, consisting of money
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [, AND
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS
7 MADE BY THE CORPORATION]. The development capital fund shall be used
8 to pay for liabilities of the corporation that might arise during the
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(a)].

15 * Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and
17 payments of interest and other income from loans of the corporation,
18 dividends received from capital stock investments, and money received
19 from the sale of equity investments or other assets of the corporation
20 must be deposited in the general fund.

21 * Sec. 6. AS 37.12.030 is amended to read:

22 *Return to orig*
23 *AB*
24 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The
25 board consists of three [FOUR] members with business, lending, or
26 investment experience appointed by the governor, [AND] the commis-
27 sioner of commerce and economic development, and the commissioner of
28 revenue, who shall serve as chairman [OR THE COMMISSIONER'S DESIGNEE.
29 THE BOARD SHALL ANNUALLY ELECT A CHAIRMAN FROM AMONG ITS MEMBERS].

* Sec. 7. AS 37.12.055 is amended to read:

Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the

1 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE
2 CORPORATION, AND] are entitled to per diem and travel expenses au-
3 thorized by law for state boards and commissions under AS 39.20.180.

4 * Sec. 8. AS 37.12 is amended by adding a new section to read:

5 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-
6 visions of law governing disposal of state property, the board may, at
7 either public or private sale, dispose of the assets of the corpo-
8 ration as required in AS 37.12.075. In addition, the corporation may
9 spend money to protect the assets of the corporation.

10 * Sec. 9. AS 37.12.075 is repealed and reenacted to read:

11 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
12 chapter the board shall

13 (1) contract with the Department of Revenue to manage the
14 assets of the corporation;

15 (2) divest the corporation of all equity investments by
16 July 1, 1989; and

17 (3) divest the corporation of all other remaining assets,
18 with the exception of the outstanding loan portfolio, by July 1, 1989.

19 * Sec. 10. AS 38.05.180(g) is amended to read:

20 (g) The share of the net profit derived from a lease reserved to
21 the state under (f) of this section is royalty sale proceeds for the
22 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE
23 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

24 * Sec. 11. AS 38.05.180(i) is amended to read:

25 (i) The commissioner may provide for the establishment of an
26 exploration incentive credit system under that [WHICH] a lessee of
27 state land drilling an exploratory well on that land may earn credits
28 based upon the footage drilled and the region in which the well is
29 situated. The commissioner may also provide for credits to be earned

1 by persons performing geophysical work on state land, if that work is
2 performed during the two seasons immediately preceding an announced
3 lease sale and on land included within the sale area and the geo-
4 physical information is made public following the sale. Credits may
5 not exceed 50 percent of the cost of the drilling or geophysical work.
6 Credits may be used during a limited period established by the commis-
7 sioner and may be assigned during that period. Credits may be applied
8 against (1) oil and gas royalty and rental payments payable to the
9 state or (2) taxes payable under AS 43.55. A [NO] credit may not
10 exceed 50 percent of the payment toward which it is being applied.
11 Amounts due the Alaska permanent fund (AS 37.10.065) [AND THE ALASKA
12 RENEWABLE RESOURCES DEVELOPMENT FUND (AS 37.11.020)] shall be cal-
13 culated before the application of credits under this subsection.

14 * Sec. 12. AS 43.05.010 is amended by adding a new paragraph to read:

15 (17) contract to manage the assets of the Alaska Resources
16 Corporation as provided in AS 37.12.075, and administer the outstand-
17 ing loan portfolio upon dissolution of the corporation.

18 * Sec. 13. AS 44.83.181(c) is amended to read:

19 (c) The plan of finance shall include recommendations of the
20 most appropriate means to finance a project, including, but not
21 limited to,

22 (1) the issuance of revenue bonds of the authority;

23 (2) the issuance of

24 (A) general obligation bonds of the state; or

25 (B) revenue bonds of the authority that [WHICH] are
26 guaranteed or partially guaranteed by the state;

27 (3) an appropriation from the general fund

28 (A) to pay debt service on bonds or for other project
29 purposes; or

1 (B) to reduce the amount of debt financing for the
2 project;

3 (4) a loan from the general fund;

4 (5) financing arrangements with other entities using le-
5 veraged leases or other financing methods;

6 (6) assistance from any federal agency, including, but not
7 limited to, the Rural Electrification Administration;

8 (7) a loan from the power project fund (AS 44.83.170(a)) [,
9 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or

10 (8) any combination of financing arrangements listed in
11 this subsection.

12 * Sec. 14. All but \$500,000 of the unexpended and unobligated money in
13 the development capital fund is transferred to the general fund.

14 * Sec. 15. AS 37.11.010 - 37.11.090, AS 37.12.035, 37.12.045, 37.12.-
15 060, 37.12.070(5), 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085,
16 37.12.125(1), 37.12.125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7),
17 AS 44.66.010(a)(7), and AS 44.83.080(16)(E) are repealed.

18 * Sec. 16. The Alaska Resources Corporation is dissolved. As of the
19 date of dissolution, administration of the outstanding loan portfolio along
20 with all attendant rights and obligations of the corporation is transferred
21 to the Department of Revenue.

22 * Sec. 17. AS 37.12.010 - 37.12.125 are repealed.

23 * Sec. 18. Sections 1 - 15 of this Act take effect immediately in
24 accordance with AS 01.10.070(c).

25 * Sec. 19. Sections 16 and 17 of this Act take effect July 1, 1989.
26
27
28
29

HB 588

The fiscal notes appear in House Journal Supplement No. 108.

HB 619

The State Affairs Committee has had HOUSE BILL NO. 619 (Office of Litigation Counsel in each house of the legislature; effective date) under consideration and reports it back as follows: Abood (Chairman), Ward and Cowdery recommend do pass; Lacher, Larson and Shultz have no recommendation; M. M. Miller recommends do pass if amended. A fiscal note was attached.

HB 619 was referred to the Judiciary Committee.

The fiscal note appears in House Journal Supplement No. 108.

HB 627

The Resources Committee has had HOUSE BILL NO. 627 (relating to a forest products business loan guarantee program; effective date) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 627 (Resources) (same title) and reports it back as follows: Ringstad (Co-Chairman) and Uehling recommend do pass; Shultz, Larson, Vaska, Goll, Bussell and Cowdery have no recommendation; Liska signed "No rec. this bill requires more work."

HB 653

The Judiciary Committee has had HOUSE BILL NO. 653 (relating to court facilities; effective date) under consideration and reports it back as follows: Bussell (Chairman), Liska, Barnes and Hayes recommend do pass; Clocksin recommends do not pass without proper fiscal note; Malone recommends do pass with proper fiscal note. A zero fiscal note was attached.

HB 653 was referred to the Finance Committee.

HB 680

The Resources Committee has had HOUSE BILL NO. 680 (recovery and production of oil and natural gas; effective date) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 680 (Labor & Commerce) (same

HB 680

title) (page 2871 of the journal) and reports it back as follows: Ringstad (Co-Chairman), Shultz, Larson, Goll, Bussell and Liska recommend do pass.

HB 680 was referred to the Finance Committee.

The Resources Committee has had HOUSE BILL NO. 685 (Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; effective date) under consideration and reports it back as follows: Ringstad (Co-Chairman), Larson, Goll and Uehling recommend do pass; Shultz and Liska have no recommendation; Bussell signed "need changes in board sec."

HB 685 was referred to the House Special Committee on State Loans.

INTRODUCTION, FIRST READING AND REFERENCEOF HOUSE BILLSSSHB 657

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 657 by McBride, entitled:

"An Act relating to video machine lotteries conducted by municipalities."

was read the first time and referred to the State Affairs and Finance Committees.

HB 701

HOUSE BILL NO. 701 by the Resources Committee, entitled:

"An Act renaming Klutina Road as
Brenwick/Craig Road."

was read the first time and referred to the Transportation Committee.

The Bill would retain the Corp structure,
for a period of 5 years, within the Dept of
Revenue. This would give ^{the new Board & the Dept of Rev.} ~~them~~ the authorization
& function as Board members, ^{, sell assets, pay liability,} ~~etc.~~ ^{and manage the} ~~which~~ ^{asset}
~~would not otherwise be permitted.~~ ^{bars, etc.}

The Board of Directors would change from
its present 4 members with business,
lending or investment experience & 3
Commissioners of Executive Departments with
the Commissioner of Revenue designated as the
Chairman. Two members (ie: 2 Commissioners)
would constitute a quorum.

Div. capital fund
fixed rate.

Questions which ~~should~~^{may} be addressed
by the Committee include the following:

What would be the ~~amount~~^{dollar} of ^{the} assets
which would remain with the shell corp
~~at the time of~~ on the effective date.?

~~How many companies presently~~
Which companies would be needing active
management ~~from~~ by the ARC Board?

Is it in the best interest of the State
to have ~~2~~ 2 Dept. Commissioners managing
these assets? ~~and~~

HB 685.

The bill retains the corporate structure of A.R.C. for 5 years -

a 2.5%
yearly
oil & gas
royalty

The development capital fund, consisting of money appropriated (in the past.) will be used to pay for liabilities which may arise during the wind-up of its affairs.

Repayments of principal & interest payments, dividends received & money from sale of assets must be deposited in the general fund.

The Sec. 13 ^{37.11} repealed statutes are the old A.R. Renewable Resource Dev. Fund. authorizations -

And Sec. on Board terms, qualification
Exec Dir; staff some of the powers
Financial assistance - eligibility and
some definitions

last repealer AS44. 66. 010 (?) is for the Termination date for the Board.

HB 685

Commerce (phoned) (Spec. Asst. & Comm.)
Revenue X Norm Staton both suggested.
Jury Elden 2502
(yes)

ARC shell will maintain the assets.

Revenue doesn't have the ability to function as
Board members etc. without the authorization
of the ARC Corp.

Fiscal note is intended to reflect the
staff needed for D. of Revenue. There
will be a

The Board would change from 4 members
with business, lending or investment experience
to the Comm of Commerce & E.D.

To 3 Commissioners. (chaired by Comm of Revenue).
2 members would constitute a quorum.

COMMITTEE REPORT
HOUSE

(6)

FURTHER: FINANCE

3/15/84

Date: 3/28/04

The Committee on HOUSE SPECIAL COMMITTEE
ON STATE LOANS has had HR 685

"An Act relating to the Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; and providing for an effective date."

under consideration and recommends:

- ☒ do pass ☐ do not pass
- ☐ do pass with attached amendments(s)
- ☒ replace with CS for HB 685 / LOANS ☐ same title
☐ new title
- and recommends _____
- ☐ AND attaches a "Letter of Intent" ☐ New Fiscal Note
- ☐ reports it back without recommendation ☐ Zero Fiscal Note Attached
- ☐ referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Phil Veltman

Liam Pestinger

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tommy Mackinnon
Walt Funnell NO rec.
Steve Rogers NO rec.

Phil Veltman
CHAIRMAN

Asper
3/28/84

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 685 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Resources Corporation
7 and repealing the Alaska renewable resources develop-
8 ment fund and the Alaska renewable resources invest-
9 ment fund; and providing for an effective date."

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

11 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12 (1) it is in the best interests of the state to terminate the
13 operations of the Alaska Resources Corporation; and

14 (2) the Alaska Resources Corporation has made substantial loans
15 and equity investments in certain businesses as part of the performance of
16 its duties.

17 (b) It is the purpose of this Act to effect an orderly wind-up of
18 the affairs of the Alaska Resources Corporation.

19 * Sec. 2. AS 37.12.010 is amended to read:

20 Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is
21 created the Alaska Resources Corporation to carry out the purposes of
22 this chapter. The corporation is a public corporation of the state
23 and an instrumentality of the state within the Department of Revenue
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-
25 dependent of and separate from the state. The exercise by the corpo-
26 ration of the powers conferred by this chapter is considered an essen-
27 tial function of the state.

28 * Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29 Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 * Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development
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6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS
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10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-
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15 * Sec. 5. AS 37.12 is amended by adding a new section to read:

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17 payments of interest and other income from loans of the corporation,
18 dividends received from capital stock investments, and money received
19 from the sale of equity investments or other assets of the corporation
20 must be deposited in the general fund.

21 * Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The
23 board consists of the commissioner of revenue, who shall serve as
24 chairman, and the commissioners of two other principal executive de-
25 partments designated by the governor. The term of office of these
26 board members continues until the corporation is dissolved.

27 * Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the
29 transaction of business and the exercise of the powers and duties of

1 the board.

- 2 * Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE
5 CORPORATION, AND] are entitled to per diem and travel expenses au-
6 thorized by law for state boards and commissions under AS 39.20.180.

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10 either public or private sale, dispose of the assets of the corpo-
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12 spend money to protect the assets of the corporation.

- 13 * Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

- 22 * Sec. 11. AS 38.05.180(g) is amended to read:

23 (g) The share of the net profit derived from a lease reserved to
24 the state under (f) of this section is royalty sale proceeds for the
25 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE
26 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

- 27 * Sec. 12. AS 38.05.180(i) is amended to read:

28 (i) The commissioner may provide for the establishment of an
29 exploration incentive credit system under that [WHICH] a lessee of

1 state land drilling an exploratory well on that land may earn credits
2 based upon the footage drilled and the region in which the well is
3 situated. The commissioner may also provide for credits to be earned
4 by persons performing geophysical work on state land, if that work is
5 performed during the two seasons immediately preceding an announced
6 lease sale and on land included within the sale area and the geo-
7 physical information is made public following the sale. Credits may
8 not exceed 50 percent of the cost of the drilling or geophysical work.
9 Credits may be used during a limited period established by the commis-
10 sioner and may be assigned during that period. Credits may be applied
11 against (1) oil and gas royalty and rental payments payable to the
12 state or (2) taxes payable under AS 43.55. A [NO] credit may not
13 exceed 50 percent of the payment toward which it is being applied.
14 Amounts due the Alaska permanent fund (AS 37.10.065) (AND THE ALASKA
15 RENEWABLE RESOURCES DEVELOPMENT FUND (AS 37.11.020)) shall be cal-
16 culated before the application of credits under this subsection.

17 * Sec. 13. AS 43.05.010 is amended by adding a new paragraph to read:

18 (17) contract to manage the assets of the Alaska Resources
19 Corporation as provided in AS 37.12.075, and administer the outstand-
20 ing loan portfolio upon dissolution of the corporation.

21 * Sec. 14. AS 44.83.181(c) is amended to read:

22 (c) The plan of finance shall include recommendations of the
23 most appropriate means to finance a project, including, but not
24 limited to,

25 (1) the issuance of revenue bonds of the authority;

26 (2) the issuance of

27 (A) general obligation bonds of the state; or

28 (B) revenue bonds of the authority that [WHICH] are

29 guaranteed or partially guaranteed by the state;

- 1 (3) an appropriation from the general fund
2 (A) to pay debt service on bonds or for other project
3 purposes; or
4 (B) to reduce the amount of debt financing for the
5 project;
6 (4) a loan from the general fund;
7 (5) financing arrangements with other entities using le-
8 veraged leases or other financing methods;
9 (6) assistance from any federal agency, including, but not
10 limited to, the Rural Electrification Administration;
11 (7) a loan from the power project fund (AS 44.83.170(a)) [,
12 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or
13 (8) any combination of financing arrangements listed in
14 this subsection.

15 * Sec. 15. All but \$500,000 of the unexpended and unobligated money in
16 the development capital fund is transferred to the general fund.

17 * Sec. 16. AS 37.11; AS 37.12.035, 37.12.045, 37.12.060, 37.12.070(5),
18 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085, 37.12.125(1), 37.12.-
19 125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7); AS 44.66.010(a)(7), and
20 AS 44.83.080(16)(E) are repealed.

21 * Sec. 17. The Alaska Resources Corporation is dissolved. As of the
22 date of dissolution, administration of the outstanding loan portfolio along
23 with all attendant rights and obligations of the corporation is transferred
24 to the Department of Revenue.

25 * Sec. 18. AS 37.12.010 - 37.12.125 are repealed.

26 * Sec. 19. Sections 1 - 16 of this Act take effect immediately in
27 accordance with AS 01.10.070(c).

28 * Sec. 20. Sections 17 and 18 of this Act take effect July 1, 1989.
29

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 685 (Loans)

Page 2, lines 21 - 26, delete all material and insert the following:

"* Sec. 6. AS 37.12.030 is amended to read:

Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board consists of one member [FOUR MEMBERS] with business, lending, or investment experience appointed by the governor, a [AND THE] commissioner of a principal executive department designated by the governor, and the commissioner of revenue, who shall serve as chairman [COMMERCE AND ECONOMIC DEVELOPMENT OR THE COMMISSIONER'S DESIGNEE. THE BOARD SHALL ANNUALLY ELECT A CHAIRMAN FROM AMONG ITS MEMBERS]."

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MAR 7 1984

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL

JUNEAU, ALASKA 99811

907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 7, 1984

SUBJECT: Sectional Analysis of HB 689
(Rural Electrification Loan Fund)

TO: Representative Rick Uehling
Chairman, House Special
Committee on Loans

FROM: *LA* Linn H. Asper
Legislative Counsel

You have asked for a sectional analysis of HB 689, relating to the rural electrification loan fund.

Section 1 states the legislative findings and intent for the amendments to the rural electrification loan fund. The emphasis in the legislation is on financing rural electrification in areas where rapid economic development can be expected when the electrical transmission lines are extended.

Section 2 deletes the minimum investment requirement for a public utility that seeks a loan to extend electric service to a rural area of the state.

Section 3 changes the repayment requirements for a rural electrification loan, based on the number of new consumers served each year by the utility and the "unit cost" of the transmission line.

Section 4 changes the timing for the annual report that must be submitted to the legislature by the Alaska Power Authority on the rural electrification loan fund.

Section 5 adds a definition of "unit cost of the line" to mean the cost of 350 feet of a transmission line, or 350 feet of an equivalent overhead transmission line if the actual transmission line is buried or under water.

Representative Rick Uehling
Page 2
March 7, 1984

Section 6 bases the maximum loan amount on the cost of an overhead transmission line, even if the actual line is buried or under water.

Section 7 makes technical changes in the statutory section dealing with the loan advisory committee.

LHA:ojb
J4/051