

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1295 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Fisheries Enhancement Loan Program		Statewide		2	Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	6,775.8	15,260.0	6,857.0*	6,857.0	TOTAL APPROPRIATIONS	47,500.0
TOTAL APPROPRIATIONS AND REQUESTS	6,500.0	5,000.0	-0-		TOTAL INTEREST RETAINED	-0-
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	N/A
1004 GENERAL FUNDS	6,500.0	5,000.0	2,071.7	2,071.7	BONDS AUTHORIZED BUT NOT ISSUED	N/A
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	47,500.0
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$150.2	
TOTAL OTHER PROGRAM FUNDING	15,496.9	15,045.3	4,785.3		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	15,190.9	15,045.3	4,785.3		None	
INTEREST RETAINED	56.0	-0-	-0-			
PRINCIPAL REPAYED	250.0	-0-	-0-			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

Description: This program promotes the private ownership of salmon hatcheries by qualified nonprofit corporations for the purpose of contributing to the rehabilitation of Alaska's salmon fishery. These State loans further the economic development of commercial and sportfishing industries and benefit subsistence fisheries.

AS 16.10.500-620 authorizes loans for hatchery planning, construction and operation and for enhancement and rehabilitation activities, including, but not limited to, lake fertilization and habitat improvement. The maximum loan amount is \$10,000,000 per project for a qualified regional aquaculture association and \$1,000,000 per project for a local nonprofit corporation as approved by the regional aquaculture association. The maximum loan maturity is 30 years and the interest rate is 9-1/2%. This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest does not accrue during the initial period of the loan, which is a period of time (as determined by the Commissioner), of not less than six years nor more than 10 years from the date the loan is made. In addition, repayment of principal and interest does not begin until after this initial period. Payments are generally made on an annual basis.

*Includes contingency loans (see page 6 of 8).

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**LOAN PROGRAM
DESCRIPTION**

(6/84)-11

AGENCY Commerce & Economic Development
 CATEGORY Economic Development
 PROGRAM Investments
 TITLE Fisheries Enhancement Loan
Program

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FY 86

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(Description continued)

25% Reduction: A 25% reduction in FY '86 requested general funds will result in a reduction in the number of loans that could be made. Operation loans to existing facilities would receive highest priority and would account for \$2,955,000 of the FY '86 request. This would leave \$3,384,175 available to fund capital improvement and contingency loans that are estimated to be \$3,902,000. Some capital improvement and contingency loans to existing facilities would not be funded, placing the financial feasibility of the facilities in jeopardy.

50% Reduction: A 50% reduction in FY '86 requested general funds would have a more drastic effect. Again, continuation of operating loans would account for \$2,955,000 leaving \$2,866,150 available to make capital improvement and contingency loans to existing hatchery facilities capital improvement and contingency loans again are estimated to be \$3,902,000. The shortfall would require allocation of loans for capital improvement and contingencies, most likely on a first-come-first-serve basis. This also would mean that loans to existing facilities would not be funded, placing the financial feasibility of these facilities in jeopardy.

The Governor has placed a moratorium on loans for new hatcheries in FY '85. The Governor's Mini-cabinet on Fisheries is reviewing State policy on all hatchery development in the State. The following summary indicates which projects will be funded under the moratorium in FY '85 and if continued in FY '86 as well as additional proposed projects which would not be funded under a moratorium in FY '85 or FY '86.

PROJECTS NOT SUBJECT TO MORATORIUM AND TO BE FUNDED IN FY '85

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 80,000
Armstrong-Keta, Inc. (Port Armstrong)	251,000



ADDITIONAL
EXPLANATION
FORM

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan
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<u>Facility Name</u>	<u>FY '85 Request</u>
Cook Inlet Aquaculture (Eklutna Lake)	\$ 130,000
Douglas Island Pink & Chum (Sheep Creek)	5,000
Kake Nonprofit Fishery (Gunnuk Creek)	170,000
Meyers Chuck Aquaculture Association	98,000
Nerka, Inc. (Perry Island)	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	300,000
Northern Southeast Regional Aquaculture Association (Medvejie)	210,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	500,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit Haida Fisheries (Sandy Bay)	230,000
Valdez Fisheries Development (Solomon Gulch)	450,000
Additional Requests and Increases	300,000
TOTAL Operation Loans	\$ 2,968,000

Capital Improvement Loans - These loans are to be made to existing facilities who are building in phases or purchasing capital items to bring a facility to its maximum permitted potential.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 300,000
Armstrong-Keta, Inc. (Port Armstrong)	85,000
Cook Inlet Aquaculture (Eklutna Lake)	200,000
Kake Nonprofit Fishery (Gunnuk Creek)	85,000
Meyers Chuck Aquaculture Association	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	500,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	50,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	150,000
Valdez Fisheries Development (Solomon Gulch)	300,000
TOTAL Capital Improvement Loans	\$ 1,714,000

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan Program

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Additional new construction projects to be funded in FY '85:

Prince William Sound Aquaculture Association (Ester Lake) new construction	\$10,000,000
Meyers Chuck Aquaculture Association	570,000
TOTAL	<u>\$10,578,000</u>

SUMMARY OF PROJECTS TO BE FUNDED IN FY '85:

Operations Loans	\$ 2,968,000
Capital Improvements	1,714,000
Additional New Construction Projects	<u>10,578,000</u>
TOTAL	<u>\$15,260,000</u>

PROJECTS SUBJECT TO MORATORIUM AND NOT FUNDED IN FY '85:

Preconstruction Loans - These loans are made to preliminary permit holders who need engineering work done before ADF&G will issue a final permit.

<u>Facility Name</u>	<u>FY '85 Request</u>
Douglas Island Pink & Chum (Fish Creek)	\$ 100,000
Northern Southeast Regional Aquaculture Association (Medvejie)	125,000
Projects Receiving New Permits	104,000
TOTAL, Preconstruction Loans	<u>\$ 329,000</u>

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments
Fisheries Enhancement Loan
Program

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FY 86

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(Description Continued)

New Construction Loans - for the initial phase of new facilities.

<u>Facility Name</u>	<u>FY '85 Request</u>
Douglas Island Pink & Chum (Fish Creek)	\$ 3,000,000
Nerka, Inc. (Perry Island)	861,000
Northern Southeast Regional Aquaculture Association (Medvejie)	1,500,000
Projects Not Yet Permitted	1,200,000
TOTAL, New Construction Loans	<u>\$ 6,561,000</u>

SUMMARY OF PROJECTS NOT FUNDED IN FY '85

Preconstruction Loans	\$ 329,000
New Construction Loans	6,561,000
TOTAL	<u>\$ 6,890,000</u>

PROJECTS NOT SUBJECT TO MORATORIUM AND TO BE FUNDED IN FY '86

<u>Operations Loans</u>	<u>FY '86 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 130,000
Armstrong-Keta (Port Armstrong)	250,000
Cook Inlet Aquaculture Association (Eklutna Lake)	150,000
Douglas Island Pink & Chum (Sheep Creek)	225,000
Kake Nonprofit (Gunnuck Creek)	195,000
Meyers Chuck Aquaculture Association (Meyers Chuck)	145,000

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan Program

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(Description Continued)

Northern Southeast Regional Aquaculture Association (Medvejie)	250,000
Prince William Sound Aquaculture Association (Ester Lake)	750,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit-Haida Fisheries (Sandy Bay)	410,000
Valdez Fish Development Association (Solomon Gulch)	450,000
TOTAL	<u>\$ 2,955,000</u>

Capital Improvement Loans

FY '86 Request

Alaska Aquaculture Foundation (Burnett Inlet)	\$ 50,000
Kake Nonprofit (Gunnuck Creek)	155,000
Meyers Chuck Aquaculture Association (Meyers Chuck)	75,000
Northern Southeast Regional Aquaculture Association (Medvejie)	200,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	1,000,000
Tlingit-Haida Fisheries (Sandy Bay)	272,000
Valdez Fish Development Association (Solomon Gulch)	150,000
TOTAL	<u>\$ 1,902,000</u>

Contingency

Both private nonprofit and regional aquaculture association hatcheries have experienced unscheduled shortfalls in funds due to inadequate returns on fish, natural disasters and other contingencies.

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan
Program

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(Description Continued)

Based on this experience, the department anticipates that by the end of FY '86 an additional \$2,000,000 will be necessary for these kinds of loans to assure the viability of existing hatchery operations. Management of the return of fish to the hatcheries to permit economic operation of the hatcheries is a problem that is being addressed by the Division of Commercial Fisheries, Department of Fish and Game.

TOTAL \$ 2,000,000

SUMMARY OF PROJECTS TO BE FUNDED:

Operations Loans	\$ 2,955,000
Capital Improvement Loans	1,902,000
SUBTOTAL	\$ 4,857,000
Contingency	2,000,000
TOTAL	\$ 6,857,000

PROJECTS SUBJECT TO MORATORIUM AND NOT FUNDED IN FY '86

Preconstruction Loans

Cook Inlet Aquaculture Association (Ekultna Lake)	\$ 250,000
Gro-Fish Incorporated (Santa Ana Creek)	50,000
Kodiak Regional Aquaculture Association	500,000
TOTAL	\$ 800,000

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan
Program

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(Description continued)

New Construction Loans

Douglas Island Pink and Chum (Eastern)	\$ 5,000,000
Douglas Island Pink and Chum (Fish Creek)	3,000,000
Gro-Fish Incorporated (Santa Ana Creek)	155,000
TOTAL	<u>\$ 8,155,000</u>

Operations Loans

Douglas Island Pink and Chum (Eastern)	\$ 300,000
Douglas Island Pink and Chum (Fish Creek)	250,000
Gro-Fish Incorporated (Santa Ana Creek)	182,000
Kodiak Regional Aquaculture Association	200,000
Nerka	200,000
	<u>\$ 1,132,000</u>

SUMMARY OF PROJECTS NOT FUNDED IN FY '86

Preconstruction	\$ 800,000
New Construction	8,155,000
Operations	1,132,000
TOTAL	<u>\$10,087,000</u>

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan
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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	9 1/2%		
	3,912.6	8,811.7	3,959.5	STATUTORY MAXIMUM LOAN MATURITY	30 yrs.		
	57.7	57.7	57.7	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	374.4	610.4	269.8*	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-		
	18	25	18*	ARE PRINCIPAL DEFERMENTS ALLOWED? YEARS YES NO IF YES, NUMBER OF YEARS: 6-10 ☒ ☐ ARE INTEREST DEFERMENTS ALLOWED? 6-10 ☒ ☐ IF YES, NUMBER OF YEARS: 6-10 ☒ ☐ IS LOAN FORGIVENESS ALLOWED? ☒ ☐ Interest Only - First six years			
	6,775.8	15,260.0	6,857.2				
	27,108.2	42,368.2	49,225.2				
-0-	-0-	-0-					
PROGRAM JUSTIFICATION: Long-term, low-interest loans to qualified nonprofit corporations will enhance the development of Alaska's salmon resources, increase egg production, and create additional jobs. The measure of success of the program will be increased egg capacity due to construction of new nonprofit hatcheries and funding of operational and enhancement loans for existing nonprofit facilities. Egg production should increase by 90.0 million eggs as a result of three new loans to be made in FY '86. In addition, a total of 11 operational and enhancement loans will be made. Existing facilities currently have a combined egg capacity of 633.7 million eggs. Financing for these projects is not available from the private sector because of the subsidized interest rates and liberal loan terms necessary to make the projects feasible. Private financial institutions cannot afford to forgive interest and forego principal payments for a six-to-ten year period, nor incur the high risk involved in these loans. It takes several years before revenue from the sale of returning fish is available to make payments. *Does not include contingency loans.							

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**LOAN PROGRAM
JUSTIFICATION**

(6/84)-12

AGENCY Commerce & Economic Development

CATEGORY Economic Development

PROGRAM Investments

TITLE Fisheries Enhancement Loan
Program

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FY 86

00030

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Alternative Technology and Energy Revolving Loan Fund		Statewide			Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	3,509.4	5,290.0	4,050.0	3,334.5	TOTAL APPROPRIATIONS	15,035.4
TOTAL APPROPRIATIONS AND REQUESTS	2,400.0	1,000.0	1,775.5		TOTAL INTEREST RETAINED	1,774.9
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	2,400.0	1,000.0	1,775.5	1,060.0	BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	16,810.3
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$398.5	
TOTAL OTHER PROGRAM FUNDING	4,286.4	4,714.5	2,274.5		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	1,897.7	3,053.2	424.5		None	
INTEREST RETAINED	524.9	500.0	550.0			
PRINCIPAL REPAYED	1,863.8	1,161.3	1,300.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

Description: AS 45.88.010-500 authorizes making loans for energy production utilizing energy sources other than fossil or nuclear fuel. The maximum loan amount is \$30,000; the maximum maturity is 20 years and the interest rate is 5% for the first \$15,000 of the loan and 15% for the amount of the loan that exceeds \$15,000. This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest accrues from the date of the loan and is generally payable on a monthly basis. Loan projects will emphasize the use of renewable energy resources within the State as opposed to nonrenewable resources. These loans will promote economic development in the alternative energy industry and the construction industry.

25% Reduction: A 25% reduction in FY '86 authorized funding will result in a corresponding reduction of 113 loans that could have been made. Lending priorities that emphasize wood stoves, multi-fuel furnaces, wind and hydroelectric systems as top priorities would be established. This will result in a reduction in passive energy systems such as solar heating units and solar sunspaces.

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**LOAN PROGRAM
DESCRIPTION**

AGENCY Commerce & Economic Development
Economic Development

CATEGORY _____

PROGRAM Investments
Alternative Technology and
Energy Revolving Loan Fund

TITLE _____

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FY 86

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(Description continued)

50% Reduction: A 50% reduction in FY '86 authorized funding will result in a corresponding reduction of 225 loans that could have been made. Again, woodstoves, multi-furnaces, wind and hydro-electric systems would be identified as top priorities. These loans will be in lieu of other types of energy loans.



ADDITIONAL
EXPLANATION
FORM

AGENCY	Commerce & Economic Development
PROGRAM	Economic Development
BRU	Investments
COMPONENT	Alternative Technology and Energy Revolving Loan Fund

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	5% up to \$15,000 *15% over \$15,000		
	1,361.9	2,052.8	1,571.6	STATUTORY MAXIMUM LOAN MATURITY	20		
	38.8%	38.8%	38.8%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	9.0	9.2	9.2	ESTIMATED COST OF FUNDS FOR BOND ISSUE	N/A		
	392	575	450				
	3,509.4	5,290.0	4,050.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
	11,571.2	15,699.9	18,449.9	IF YES, NUMBER OF YEARS:	_____	☐	☒
8.0	8.0	7.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	☐	☒	
			IF YES, NUMBER OF YEARS:	_____	☐	☒	
			IS LOAN FORGIVENESS ALLOWED?		☐	☒	
★							
PROGRAM JUSTIFICATION: The purpose of the loan fund is to encourage the use of renewable energy resources within Alaska and limit Alaska's dependence on nonrenewable resources. Recognizing that it takes several years to achieve substantial energy savings, a long-term, low-interest loan program was established. Although some funding is available through private lending institutions, this funding is at a higher interest rate and under stricter terms. Long-term, low-interest loans make alternative energy projects attractive to homeowners. Energy planning and development is a goal of the State; therefore, alternative energy projects should be encouraged through State loan subsidies. Expected economic benefits will be seen through a decrease in the number of power projects required to supply the State's energy needs and a decrease in the State's dependence on oil and gas. Subsidizing renewable energy projects now is money which will reduce the long-term costs of additional power projects and the dependency of the State on fossil fuel. * For purposes of subsidy calculation, a composite interest rate of 5.25 per cent is assumed. This is based upon actual data in FY '84.							

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**LOAN PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development

CATEGORY Economic Development

PROGRAM Investments

TITLE Alternative Technology and
Energy Revolving Loan Fund

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Some of the types of loans being made under this program that have shown to be cost-effective are catalytic wood-stoves, multi-fuel furnaces, wind generators and hydroelectric systems. Solar heating units and solar sunspaces are not proving to be as cost effective as these other types of energy loans.

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**ADDITIONAL
EXPLANATION
FORM**

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Alternative Technology and
Energy Revolving Loan Fund

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FY 86

00034

TITLE DeLong Mountains Regional Transportation Project		LOCATION Northwest Alaska		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Bertram Wagon 274-1651	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND			18,000.0	18,000.0	TOTAL APPROPRIATIONS	
TOTAL APPROPRIATIONS AND REQUESTS			18,000.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	
1004 GENERAL FUNDS			18,000.0		BONDS AUTHORIZED BUT NOT ISSUED	
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	0.0
OTHER						
TOTAL OTHER PROGRAM FUNDING					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	0.0
ESTIMATED CARRY FORWARD BALANCE						
INTEREST RETAINED						
PRINCIPAL REPAYED						

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

In FY '85, AIDA received a \$3,400.0 appropriation to design a 55 mile road and regional port system linking DeLong Mountains mineral resource area with the coast. This request will fund first year of estimated three to four years construction program for road, dock and port facilities. The total transportation project is estimated to cost approximately \$155 - \$160 million. A finance plan is being prepared that will outline alternative feasible sources of funding. User fees will be charged to pay operational costs and recover capital costs, including loan repayments. Since the finance plan has not been completed, the terms of the loan are not yet known. Hence, the extent of the subsidy requested, if any, is not known at this time.

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LOAN PROGRAM
DESCRIPTION

AGENCY Alaska Industrial Development Authority

CATEGORY Development

PROGRAM Economic Development Fund

TITLE DeLong Mountains Regional
Transportation Project

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE			
			**	STATUTORY MAXIMUM LOAN MATURITY			
				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
				ESTIMATED COST OF FUNDS FOR BOND ISSUE			
				ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
				IF YES, NUMBER OF YEARS:	_____	☐	☐
				ARE INTEREST DEFERMENTS ALLOWED?			
			IF YES, NUMBER OF YEARS:	_____	☐	☐	
			IS LOAN FORGIVENESS ALLOWED?		☐	☐	
PROGRAM JUSTIFICATION: **Subsidy unknown at this time, since terms of loan have not yet been decided (see L1). If completed, project will be used to open up DeLong Mountains area to major mineral development. The initial user would be Cominco Alaska, for the Red Dog mine. This project will create an estimated 350 - 400 new direct permanent jobs, with a payroll between \$11.2 to \$12.9 million. Additionally, approximately 225 secondary and indirect jobs will be created. State taxes generated from this project are estimated to range from \$9 to \$20 million annually.							

L2 LOAN PROGRAM
JUSTIFICATION

(6/84)-12

AGENCY Alaska Industrial Development Authority
CATEGORY Development
PROGRAM Economic Development Fund
TITLE DeLong Mountains Regional
Transportation Project

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00036

TITLE Bulk Fuel Revolving Loan Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	1,979.5	1,700.0	1,700.0		TOTAL APPROPRIATIONS	3,500.0
TOTAL APPROPRIATIONS AND REQUESTS	-0-	-0-	-0-		TOTAL INTEREST RETAINED	-0-
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	-0-	-0-	-0-		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	3,500.0
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$78.7	
TOTAL OTHER PROGRAM FUNDING	2,509.0	2,609.4	2,759.4		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	1,107.4	609.4	909.4		None	
INTEREST RETAINED	-0-	-0-	-0-			
PRINCIPAL REPAID	1,401.6	2,000.0	1,850.0			
DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS: The loan program provides financing for small communities to purchase bulk fuel oil. An organized municipality or unincorporated village with a population under 2,000, or an individual endorsed by the municipality may apply for a loan. Depending upon a community's needs, up to \$50,000 can be borrowed. In most cases, a community is not required to pay any interest on its first bulk fuel loan. An interest rate of 5 percent may be assessed on a community's second bulk fuel loan, and an interest rate based upon the municipal bond rate may be charged on subsequent loans. A bulk fuel loan must be repaid within one year. No general fund appropriation is requested in FY '86. Loans will be made from the existing loan fund balance and repayments of principal and interest from prior loans.						

L1	LOAN PROGRAM DESCRIPTION

(6/84)-11

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development
Bulk Fuel Revolving Loan Fund

TITLE _____

PAGE	1	OF	1
REVISED DATE			

FY 86

00037

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	*		
ESTIMATED TOTAL SUBSIDY	79.1	48.8	37.3	STATUTORY MAXIMUM LOAN MATURITY	1 year		
ESTIMATED RATE OF SUBSIDY	4.0%	2.9%	2.2%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
AVERAGE LOAN SIZE	38.8	38.8	38.8	ESTIMATED COST OF FUNDS FOR BOND ISSUE	N/A		
NUMBER OF LOANS MADE	51	44	44				
VALUE OF LOANS MADE ANNUALLY	1,979.5	1,700.0	1,700.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF OUTSTANDING LOANS AT FY END	403.9	400.0	400.0	IF YES, NUMBER OF YEARS:		☐	☒
AVERAGE DELINQUENCY RATE	12%	12%	12%	ARE INTEREST DEFERMENTS ALLOWED?		☐	☒
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:		☐	☒
				IS LOAN FORGIVENESS ALLOWED?		☐	☒

PROGRAM JUSTIFICATION:

This loan program, established in 1980, is to assist communities in purchasing bulk fuel. A community, or a private individual who has written endorsement from the governing body of the community is eligible for a loan. The program is part of the overall goal of the Investments BRU: "to promote economic development through direct State lending within those industries that are not adequately served by the private sector." The program intended to reduce the cost of energy in the State by promoting regional and local energy self-sufficiency and development of efficient methods to distribute local energy resources.

Economic benefits from the program consist primarily in creating economies of scale for small communities in purchasing bulk fuel and the avoidance of high cost emergency fuel shipments in the winter. Given the magnitude of the subsidy, the direct economic benefits that can accrue to a community are a highly effective way of distributing State resources.

If this program was eliminated, private financial institutions might fill the need for this assistance. However, it is unlikely that the terms of such loans would be as favorable as the loans under this program and collateral requirements might be imposed.

* The interest rate under the program varies according to the number of prior loans under the program. See 3 AAC 87.030. For purposes of subsidy calculation interest rates are assumed to be 4.5% in FY '84, 6.5% in FY '85 and 8.0% in FY '86.

L2	LOAN PROGRAM JUSTIFICATION
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(6/84)-12

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Bulk Fuel Revolving
Loan Fund

PAGE <u>1</u>	OF <u>1</u>
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FY 86

00038

TITLE Child Care Facility Revolving Loan Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	391.4	450.0	450.0		TOTAL APPROPRIATIONS	1,578.5
TOTAL APPROPRIATIONS AND REQUESTS	869.5	-0-	-0-		TOTAL INTEREST RETAINED	117.4
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	869.5	-0-	-0-		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	1,695.9
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$26.7	
TOTAL OTHER PROGRAM FUNDING	509.9	1,038.6	695.6		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	355.1	902.6	588.6		None	
INTEREST RETAINED	31.5	36.0	42.0			
PRINCIPAL REPAYED	123.3	100.0	65.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

The loan program provides financing for the construction, renovation, or purchase of equipment for the operation of child care facilities in the State. Depending upon the needs of the applicant, up to \$50,000 can be borrowed at an interest rate of 7 percent on the outstanding loan balance. Up to 20 years may be allowed to repay the loan. Collateral will be required to secure the loan.

No general fund appropriation is requested in FY '86. Loans will be made from the existing loan fund balance and repayments of principal and interest from prior loans.

L1	LOAN PROGRAM DESCRIPTION
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AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Child Care Facility Revolving
Loan Fund

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REVISED DATE	

FY 86

00039

TITLE Historical District Revolving Loan Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	100.0	150.0	150.0		TOTAL APPROPRIATIONS	1,200.0
TOTAL APPROPRIATIONS AND REQUESTS	500.0	-0-	-0-		TOTAL INTEREST RETAINED	76.9
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	500.0	-0-	-0-		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	1,276.9
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$13.4	
TOTAL OTHER PROGRAM FUNDING	496.6	1,019.7	891.9		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	475.8	997.7	869.7		None	
INTEREST RETAINED	17.4	18.0	17.7			
PRINCIPAL REPAYED	3.4	4.0	4.5			
DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS: The loan program is for the restoration, improvement, rehabilitation, or maintenance of historical buildings. Individuals 18 years old or older, firms, businesses or municipalities may apply for a loan. The building must be located in a historical district and the project must be approved by a local Historical District Commission and by the Historic Sites Advisory Committee. Up to \$250,000 can be borrowed under the loan program. An interest rate of 7 1/2 percent per year will be charged on the total amount of outstanding loan balance and up to 30 years may be allowed for repayment. Collateral is required to secure loans. No general fund appropriation is requested in FY '86. Loans will be made from the existing balance of the loan fund.						

L1	LOAN PROGRAM DESCRIPTION

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Historical District Revolving Loan Fund

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FY 86

00041

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	7-1/2%		
ESTIMATED TOTAL SUBSIDY	32.0	48.0	48.0	STATUTORY MAXIMUM LOAN MATURITY	30 years		
ESTIMATED RATE OF SUBSIDY	32.0%	32.0%	32.0%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
AVERAGE LOAN SIZE	100.0	75.0	75.0	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-		
NUMBER OF LOANS MADE	1	2	2				
VALUE OF LOANS MADE ANNUALLY	100.0	150.0	150.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF OUTSTANDING LOANS AT FY END	242.7	388.7	534.2	IF YES, NUMBER OF YEARS:	_____	☐	☒
AVERAGE DELINQUENCY RATE	-0-	-0-	-0-	ARE INTEREST DEFERMENTS ALLOWED?	_____	☐	☒
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	_____	☐	☒
				IS LOAN FORGIVENESS ALLOWED?		☐	☒
PROGRAM JUSTIFICATION: This loan program, established in 1977, is intended to make funds available to those seeking to restore or improve buildings of historic value. Accordingly, the program is part of the overall objective of the Investments BRU - "to promote economic development through direct State lending within those industries that are not adequately served by the private sector. In establishing the program, the Legislature declared: "It is the intent of the Legislature to foster an awareness of the need to preserve our historic past; to protect those visible aspects of our invaluable heritage so that present and future generations may continue to be enriched by the originality and strength of Alaska's architectural and cultural beginnings." Financing projects under the program will be of benefit to the local construction and tourism industries. Most program benefits are unquantifiable, although in the subjective view of some citizens individual projects may be of great importance and value given the modest degree of the subsidy. Absent this program, private financing for improvements to historical properties would continue to be available through traditional lending sources, although at higher interest rates. No new funds for this program are requested in FY '84. The last appropriation for the program was in FY '84. The program has little effect on private lending institutions.							

L2

**LOAN PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

Historical District

TITLE Revolving Loan Fund

PAGE 1 OF 1

REVISED DATE _____

FY 86

00042

TITLE Mining Loan Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	3,863.2	7,000.0	4,000.0		TOTAL APPROPRIATIONS	55,000.0
TOTAL APPROPRIATIONS AND REQUESTS	-0-	-0-	-0-		TOTAL INTEREST RETAINED	3,830.0
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	-0-	-0-	-0-		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	58,830.5
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$186.6	
TOTAL OTHER PROGRAM FUNDING	32,993.0	30,861.1	26,661.1		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	28,691.6	28,361.1	23,861.1		None	
INTEREST RETAINED	2,206.5	1,000.0	1,000.0			
PRINCIPAL REPAYED	2,094.9	1,500.0	1,800.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

The loan program provides funds for advanced mineral exploration, development or mining in the State. Residents with five or more years mining or prospecting experience in the State may apply for loans as may partnerships if at least half of the partners each have five years mining or prospecting experience and at least half are residents. A corporation may apply if at least 51 percent of its shares are held by persons with at least five years mining or prospecting experience and are residents.

Up to \$5,000,000 may be borrowed under the program. Interest is charged at a rate of 10 percent on the total amount of the outstanding loan. Collateral, in the form of mortgages on real property, an assignment of a leasehold interest in mining claims or a security interest in machinery or equipment, may be required to protect the investment of the State. Up to 15 years may be allowed to repay the loan.

No general fund appropriation is requested in FY '86. Loans will be made from the existing loan fund balance and repayments of principal and interest from prior loans.

L1	LOAN PROGRAM DESCRIPTION
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AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Mining Loan Fund

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REVISED DATE	

FY 86

00043

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	10 %		
				STATUTORY MAXIMUM LOAN MATURITY	15 years		
ESTIMATED TOTAL SUBSIDY	1,014.9	1,839.0	1,839.0	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
ESTIMATED RATE OF SUBSIDY	26.3	26.3	26.3	ESTIMATED COST OF FUNDS FOR BOND ISSUE	N/A		
AVERAGE LOAN SIZE	275.9	350.0	350.0				
NUMBER OF LOANS MADE	14	20	20	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF LOANS MADE ANNUALLY	3,863.2	7,000.0	7,000.0	IF YES, NUMBER OF YEARS:	up to 5 years*	☒	☐
VALUE OF OUTSTANDING LOANS AT FY END	20,811.9	26,311.9	28,511.9	ARE INTEREST DEFERMENTS ALLOWED?		☐	☒
AVERAGE DELINQUENCY RATE	40.0	40.0	40.0	IF YES, NUMBER OF YEARS:		☐	☒
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		☐	☒
				*Assumed on average to be two years for			

PROGRAM JUSTIFICATION:

This program, established in 1980, is intended to make funds available "to underwrite advanced mineral exploration, development, or mining in the State." Accordingly, it is a key part of the overall objective of the Investments BRU: "to promote economic development through direct State lending within those industries that are not adequately served by the private sector." This program represents one of the classic methods of economic development available to a State Government and should be continued.

The economic benefits that are generated from the program are directly tied to the successful development of a primary industry: mineral production. Operating mines produce economic development and benefits across a broad spectrum of the economy including construction, direct employment, processing, manufacturing, transportation, finance and service industries. The benefits of the program cannot be fully appreciated by reference to the subsidy. Mining ventures traditionally have difficulty in raising investment capital and, therefore, perhaps the primary benefit under the program is the simple availability of funds. Given the potential that exists for mineral development in the State and the permanent economic benefit that can be created through operating mines, the subsidy represents an appropriate expenditure of State funds.

Few, if any, alternatives exist that can generate the kinds of direct benefits offered by this loan program. A technical assistance program to mining enterprises would supplement but not replace the loan program. If available, private financing would only be possible at substantially higher cost.

L2

**LOAN PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Mining Loan Fund

FY 86

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REVISED DATE

00044

TITLE Residential Energy Conservation Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	1,280.0	1,500.0	1,200.0		TOTAL APPROPRIATIONS	13,330.0
TOTAL APPROPRIATIONS AND REQUESTS	3,123.4	-0-	-0-		TOTAL INTEREST RETAINED	869.9
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	3,123.4	-0-	-0-		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	14,226.9
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		\$344.9	
TOTAL OTHER PROGRAM FUNDING	5,787.4	9,057.5	8,982.5		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	4,244.3	7,707.5	7,557.5		None	
INTEREST RETAINED	268.9	250.0	225.0			
PRINCIPAL REPAID	1,274.2	1,100.0	1,200.0			
DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS: The program is for the purchase, construction or installation of energy conservation improvements in existing residential buildings. Depending upon the needs of the borrower and the potential energy benefits from the improvements, up to \$5,000 can be borrowed under the loan program. Up to 10 years may be allowed for repayment of the loan. Collateral will be required to secure the obligation to the State. The interest rate charged under the program is based upon an index of municipal bond and varies slightly from month to month. As an example, the interest rate charged in January 1984 was 10.25 percent and the rate for April 1984 was 10.05 percent. No general fund appropriation is requested in FY '86. Loans will be made from the existing loan fund balance and repayments of principal and interest from prior loans.						

L1	LOAN PROGRAM DESCRIPTION
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(6/84)-11

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development
Residential Energy Conservation Fund

TITLE _____

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FY 86

00045

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	*	
ESTIMATED TOTAL SUBSIDY	281.2	88.6	62.5	STATUTORY MAXIMUM LOAN MATURITY	10 years	
ESTIMATED RATE OF SUBSIDY	26.1%/7.0%	5.9%	5.2%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	3.9	3.9	3.9	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-	
NUMBER OF LOANS MADE	322	385	308			
VALUE OF LOANS MADE ANNUALLY	1,280.0	1,500.0	1,200.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
VALUE OF OUTSTANDING LOANS AT FY END	5,352.6	5,752.6	5,752.6	IF YES, NUMBER OF YEARS:	_____	☐ ☒
AVERAGE DELINQUENCY RATE	5.9	5.0	5.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	☐ ☒
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	_____	☐ ☒
				IS LOAN FORGIVENESS ALLOWED?	_____	☐ ☒

PROGRAM JUSTIFICATION:

This loan program, established in 1980, is intended to make funds available to those seeking to make energy conservation improvements to residential buildings. As has been seen on the national level in recent years, these kinds of improvements, when taken in the aggregate, can have a significant impact on the growth of energy demand.

The program is part of the overall objective of the Investment BRU: "to promote economic development through direct State lending within those industries that are not adequately served by the private sector." The program additionally serves as an ongoing incentive to residents of the State to make energy conservation improvements. Under the terms of the program's enabling legislation, loans may not exceed the total energy savings attributable to the improvement over a 10 year period or \$5,000, whichever is less.

Economic benefits in the form of sustained demand and availability of energy saving products and energy savings to consumers accrue to local merchants and borrowers. The State, in general, benefits from reduced reliance on high cost energy sources such as oil, natural gas and electrical generation facilities. The 10 year payback calculation, expressed in terms of energy dollars, and the number of loans made, are good indicators of the success of the program.

* The interest rate for the program was changed by the Legislature on January 1, 1984. Loans made prior to that date were at 5%. Loans made after that date vary according to an average of municipal revenue bond yields. For the second half of the FY '84, the rate is assumed to 10.25%. For FY '85, 10.5% and FY '86, 10.75%.

L2

**LOAN PROGRAM
JUSTIFICATION**

(6/84)-12

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Residential Energy
Conservation Fund

FY 86

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00046

The rate of subsidy under the program has been reduced and stabilized following the implementation of a market-related interest rate in January 1984. Alternatives to the loan program include reinstitution of the grant program for energy conservation improvements which existed prior to July 1983 and elimination of the loan fund. The grant program would have a far greater impact on the State's general fund if the same improvements would be eligible for funding and the funds are made available on an equitable basis throughout the State. Elimination of the loan program would simply shift the demand for these kinds of home improvements to private financial institutions. While interest rates would be higher through private lending institutions, the lack of eligibility would ensure that the new demand would be easily absorbed. Obviously, however, an effective incentive to making energy conservation improvements would be lost.

L-2

**ADDITIONAL
EXPLANATION
FORM**

(6/84)-ae1

AGENCY Commerce & Economic Development
PROGRAM Development
BRU Economic Development
COMPONENT Residential Energy
Conservation Fund

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FY 86

00047

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
	Agricultural Revolving Loan Fund	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	15,000.0	2,540.0
			OTHER:		
			TOTAL	15,000.0	
	Grain Reserve Program	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	1,500.0	1,000.0
			OTHER:		
			TOTAL	1,500.0	
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

A3
**AGENCY LOAN
PROGRAM**

 AGENCY Natural Resources

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FY 86
00048

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Agricultural Revolving Loan Fund		Statewide			Pete Probasco, Loan Manager	745-7200
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND *	14,000.0	20,000.0	30,000.0	12,923.2	TOTAL APPROPRIATIONS	67,500.0
TOTAL APPROPRIATIONS AND REQUESTS	10,000.0	5,000.0	15,000.0		TOTAL INTEREST RETAINED	7,994.8
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	
1004 GENERAL FUNDS	10,000.0	5,000.0	15,000.0	2,500.0	BONDS AUTHORIZED BUT NOT ISSUED	
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	75,494.8
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER						691.3
TOTAL OTHER PROGRAM FUNDING	11,630.5	15,217.5	12,818.9		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	8,109.1*	10,772.2*	7,259.7*			100%
INTEREST RETAINED	1,092.1	1,329.6	1,616.5			
PRINCIPAL REPAYED	2,429.3	3,165.7	3,942.7			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

* We used this line to represent actual loan demands. It does not represent the amount of actual loans made for each fiscal year. Please see L2 for actual amounts of loans made or projected annually.

** The total amount is not available for loans since administrative costs are deducted and 67% of this is unavailable total remains in reserve per Department of Revenue categories for doubtful account reserves, loan amounts committed but not drawn, and other authorizations.

The program provides long-term, low-interest loans to qualified applicants throughout agricultural areas in Alaska for development capital and operating funds for farms and agricultural processing plants. Sources of credit generally available to farmers and related industries are limited in Alaska. Until such time as Alaska establishes sufficient acreage and production to become a viable low-risk industry, the Ag Revolving Loan Fund will continue to be the prime source of credit available, supplying an estimated 90-95% of all ag funding in the state. An example of the need for low-interest loans to provide for an increased chance for a positive cash flow as quickly as possible to allow self-sufficiency of the farming units and weaning to other financing sources is provided:

L1

LOAN PROGRAM
DESCRIPTION

AGENCY Natural Resources
CATEGORY Agricultural Management
PROGRAM Agricultural Management
TITLE Agricultural Revolving Loan Fund

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REVISED DATE 11-30-84

FY 86

00049

**Average ARLF investment for
Pt. MacKenzie dairy farm = \$900.0**

\$121.5	\$900,000 @ 13.5%
72.0	\$900,000 @ 8%
<u>\$ 49.5</u>	Average difference in Interest between Commercial & ARLF

**Average Total Investment
Pt. MacKenzie dairy farm = \$1,500.0**

\$1,500.0	total
900.0	ARLF financed
<u>\$ 600.0</u>	non-ARLF financed (private)

Full funding is needed to prevent failure in the final stages of dairy development on the Pt. MacKenzie Agricultural Project. Marketing questions with Matanuska Maid slowed the development of some of the dairy parcels. This delayed development at Pt. MacKenzie was the major reason the limited funding of FY 85 was able to meet the loan demand. The ninth Pt. MacKenzie dairy loan was closed in August 1984, leaving nine projects to be funded and completed. The full appropriation is needed to provide funding for the remaining dairy development loans, plus the increasing number of spring planting loans. A reserve of \$5 million is being designated by the ARLF Board to meet operating loan demands, which would almost eliminate making any types of loans other than operating for that year. Nine more dairy parcels at Pt. MacKenzie will need to be funded by FY 86 at approximately \$900,000 per farm. Without a \$15 million appropriation, other development loans will not be met and other agricultural-rights contract owners with development requirements would lose their parcels due to lack of financing.

Increased loan demand is expected due to increasing numbers of Alaska farms. The USDA Statistical Reporting Service estimates the number of farms in Alaska during 1984 at a record 650, up 50 farms from 1983. This is double the 320 farms reported in 1970. New loan demand also comes as more state and borough disposal agricultural lands have clearing and planting development contractual requirements that must be met or the farmers will have their properties foreclosed by the state and borough. Increased road access construction during 1984 will increase loan demand as farmers in some areas will for the first time be able to effectively execute their development programs and also realistically look at marketing farm produce. A number of development schedules have been delayed pending completion of road access. Since 1978, 440 DNR agricultural tracts, 68 project tracts, and 50 borough tracts have moved into private hands.

Growth of the red meat processing industry is expected to continue to generate demand for loans to expand existing livestock bases and increased grain production. A couple of groups have been evaluating large pork production units

AGENCY Natural Resources

PROGRAM Agricultural Management

BRU Agricultural Management

COMPONENT Agricultural Revolving Loan Fund

FY 86

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in Delta and in the Matanuska Valley. If one of these groups moves as indicated to the press and to others, a significantly increased market for Alaska barley will be available. The addition of the slaughter facility at Fairbanks will further increase loan demand for expanded red meat production. The increased barley production (6,000 acres increase in 1983) held in 1984 with a possible 1,000 to 2,000 acres above the 1983 total. The development requirements required to qualify for land and clearing loan payment moratorium under SB 45 and SB 47 will further stimulate loan demands for increased crop acreage. If 50 existing and/or new borrowers have new loan demands for expanded crops and/or increased red meat production for an average of \$150,000 each, increased loan demand in this area alone would exceed \$7 million.

Agricultural development remains in a critical stage where continued financing to meet the essential demands from existing agricultural production and from the newly developing parcels must be met. Failure to do so at this point will cripple the existing industry as well as seriously curtail the present agricultural expansion.

CARRY FORWARD CALCULATIONS:	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>
Est carryforward balance	8,109.1	10,772.2	7,259.7
x 67% to indicate reserves and funds unavailable for loans	x <u>.67</u>	x <u>.67</u>	x <u>.67</u>
Carryforward available for making loans	5,433.1	7,217.4	4,864.0
+ interest retained	+ 1,092.1	+ 1,329.6	+ 1,616.5
+ principal repaid	+ 2,429.3	+ 3,165.7	+ 3,942.7
+ appropriation	+ <u>10,000.0</u>	+ <u>5,000.0</u>	+ <u>15,000.0</u>
Available for loans	18,954.5	16,712.7	25,423.2
- loans made (from L2)	- <u>8,182.3</u>	- <u>9,453.0</u>	- <u>21,319.0</u>
Balance becomes next carryforward	10,772.2	7,259.7	4,104.2

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PROGRAM Agricultural Management
BRU Agricultural Management
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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	8%		
ESTIMATED TOTAL SUBSIDY				STATUTORY MAXIMUM LOAN MATURITY	1 to 30 years		
ESTIMATED RATE OF SUBSIDY				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
AVERAGE LOAN SIZE	46.2	47.3	96.9	ESTIMATED COST OF FUNDS FOR BOND ISSUE			
NUMBER OF LOANS MADE	177	200	220	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF LOANS MADE ANNUALLY	8,182.3	9,453.0	21,319.0	IF YES, NUMBER OF YEARS:	5	☒	☐
VALUE OF OUTSTANDING LOANS AT FY END	44,516.0	49,569.0	65,388.0	ARE INTEREST DEFERMENTS ALLOWED?		☒	☐
AVERAGE DELINQUENCY RATE	29.13	31.0	25.0	IF YES, NUMBER OF YEARS:		☒	☐
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		☐	☒

PROGRAM JUSTIFICATION:

*Principal deferments have been allowed on 9 loans (760 as of 6/30/84 in resume) which were specifically designed for periods up to 18 months only as dairy farms in order to allow time for construction and generation of cash flow-- repayments to occur as soon as milking begins with maximum of 18 months deferment.

Long-term, low-interest loans for farming and farm processing operations has been the purpose of ARLF since its formation in 1953. Growth of the fund from \$7.0 in 1978 to \$68.0 in FY 85 has been a result of the major commitment made to agriculture by the state in disposal of ag lands and in major Ag Projects such as Pt. MacKenzie and Delta I & II. ARLF is the major source of funding for agriculture in the state, supplying 90-95% of all ag funding, in spite of attempts by the state to encourage other ag funding participation such as CFAB (which has less than 1% of its portfolio in ag loans, and they include all timber loans under that category). Long established existing farmers depend annually on ARLF for operating funds and equipment replacement monies as well as the new farms being developed. More than 163,000 acres of ag rights land has been disposed of and is in various stages of development required by land purchase contracts which must be financed in order to fulfill their contractual obligations. Those, plus the ag project developments in grains and dairy, are at a critical stage. Ag processing facilities for these products have been financed by either ARLF or Ag Action Council and are depending on the expanding production capacities from these developing farms. Because of the fact that both infrastructure and ag production are interdependent and being financed simultaneously, any decrease in funding at this point could create a devastating collapse of the existing ag production and marketing structure, including those well established farms.

AGENCY Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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**LOAN PROGRAM
JUSTIFICATION**

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ARLF

FY 86

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Until such time as Alaska has established sufficient acreage in production to become a low-risk industry, financing participation from the private section will occur only for the blue-chip farmers, who when they are forced to pay the higher interest rates may well become non-competitive with neighboring farmers. Sources of such credit are quite limited to even well established farmers, although ARLF encourages joint participation in funding with private financing institutions.

Present capitalization of \$68.5 million into the revolving fund and a projected demand for \$20.0 during FY 85 indicates continued need to increase the funding available. Detailed justification based on types of production, known production costs, geographic differences, and known loan demands from development schedules will be supplied during the budget process.

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**ADDITIONAL
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AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Grain Reserve Program		Statewide			Pete Probasco, Loan Manager	745-7200
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	218.0	1,800.0	1,800.0	1,299.4	TOTAL APPROPRIATIONS	2,082.4
TOTAL APPROPRIATIONS AND REQUESTS	1,582.4	500.0	1,500.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	
1004 GENERAL FUNDS	1,582.4	500.0	1,500.0	1,000.0	BONDS AUTHORIZED BUT NOT ISSUED	
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	2,082.4
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER					68.0	
TOTAL OTHER PROGRAM FUNDING	104.4	1,364.4	299.4		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	104.4	1,364.4	64.0		none	
INTEREST RETAINED			17.4			
PRINCIPAL REPAYED			218.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

The loan program is designed to allow farmers to handle grain that is not marketable at harvest time by placing it in the grain reserve program. They are able to borrow money to cover crop expenses for that season and then market the grain in response to demand during the course of the year. The program allows the farmers to realize short term cash flow through the loan and then sell by orderly marketing. Grain quality standards, which parallel the USDA program, determine eligibility for loans. Periodic inspections insure conformance of quantity and quality and secure the state's collateral.

The effect of reduced funding in FY 86 should be viewed with knowledge of the constraints that limited loans in FY84. Since loan qualification is entirely dependent upon grain that meets a specified grade and moisture content, the effect of the weather at harvest time creating high moisture content in the grain and additional storage problems due to wet grain resulted in several farmers who were interested in the program not qualifying. At this date, the Delta grain harvest is underway with good weather conditions which will minimize grain drying costs and maximize the number

L1	LOAN PROGRAM DESCRIPTION
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AGENCY Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Grain Reserve Project

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of farmers who can qualify with good grain for the program. We anticipate significantly increased participation in the program for both this reason and the fact that farmers have experienced positive results from the program which has mitigated initial skepticism and reticence to participate.

The grain reserve program was passed by legislation in 1984 and had \$1.6 million appropriated. The current acreage planted could utilize the entire amount of carryover FY 84 and additional FY 85 funding. We realistically project that 20,000 acres will be planted in FY 86 which could qualify for this loan program. This year's acreage is between 16,000-18,000 planted in barley; the exact numbers will be known after harvest. The FY 84 carryover funds and the FY 85 appropriation of \$.5 million will adequately provide funding through FY 85. Cutting the FY 86 request to either 75% or 50% of the FY 85 request would severely effect the program at a time when the loan demand is increasing. The Governor's request for FY 85 was \$3 million and the appropriation was \$.5 million. The projected loan demand indicates that any decrease in funding below the \$.5 million could mean that insufficient loan funds were available

The Governor's plan for agriculture was to have \$1.0 appropriated annually for three years. Since only \$.5 million was appropriated for FY 85, and projected demand justifies it, the FY 86 request is for \$1.5 million.

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Grain Reserve Project

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	8%		
				STATUTORY MAXIMUM LOAN MATURITY	3 years		
				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
				ESTIMATED COST OF FUNDS FOR BOND ISSUE			
	36.3	99.4	78.3				
	6	15	23	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
	218.0	1,500.0	1,800.0	IF YES, NUMBER OF YEARS:	_____	☐	☒
	218.0	1,718.0	3,518.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	☐	☒
	-0-	-0-	-0-	IF YES, NUMBER OF YEARS:	_____	☐	☒
				IS LOAN FORGIVENESS ALLOWED?		☐	☒
PROGRAM JUSTIFICATION: This loan program was established by HB 309 in the 1983 legislature. The first loan in FY 84 in this program was closed in March 1984 and the last loans approved in June 1984. Difficult harvest due to rain, high moisture grain and storage problems reduced grain quality which limited the FY 84 participation. Crop and harvest conditions appear to be considerably different in early September 1984, participation in FY 85 could result in 14,000 to 16,000 tons requiring loans under the grain reserve program. Since the loan program requirements can allow up to three years for storage before repayment, operation funding to continue moisture testing, and fulfilling USDA grain grading requirements must be funded for three successive years, as must be administration of the loans themselves which will occur through the Agricultural Revolving Loan Fund staff and the governor appointed Agricultural Revolving Loan Fund Board.							

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**LOAN PROGRAM
JUSTIFICATION**

(6/84)-12
Grain Reserve

AGENCY Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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FY 86

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Alaska HOUSING FINANCE CORPORATION

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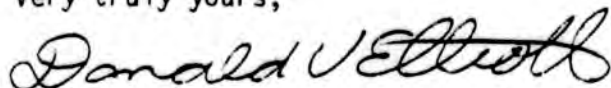
October 17, 1984

Mr. Guy Bell
Division of Budget Review
Pouch AM
Juneau, AK 99811

Dear Guy:

Find attached a copy of a memo presented to our Board of Directors at the September 18, 1984 Board meeting. It provides the justification for not requesting a general fund appropriation for FY86. If you should need more information or an update, please contact Mark or myself.

Very truly yours,



Donald V. Elliott
Controller

DVE:lmg

Attachment

TO: The Board of Directors

DATE: September 5, 1984

FROM: Mark K. Cameron *mkc*
Finance Director

RE: FY 86 CAPITAL BUDGET

The mortgage demand and subsidy requirements for FY 85 have been revised to reflect the balances available as of July 1, 1984, and current projections. An analysis for FY 86 has also been prepared in connection with the State capital budget submission process. Based upon these projections assets available in the Alaska Housing Finance Corporation Revolving Fund as of July 1, 1985, combined with those estimated to be made available, are sufficient to operate the mortgage purchase activities of the Corporation through FY 86.

Mortgage demand for FY 85 was estimated to decrease 11% from that of the previous year followed by a 10% increase in FY 86. These are felt to be conservative in light of the current activity in the mortgage market. The portion of first mortgage loan activity in the Veterans Mortgage Program was dropped almost 24% in response to the change in the Federally defined eligibility requirements of qualified veterans.

As of June 30, 1983, the Corporation owned in the Alaska Housing Finance Revolving Fund \$93,254,000 of mortgage loans originated by Commerce and Economic Development, Division of Veteran's Affairs, bearing interest rates of 7% and 7 1/2%. The attached schedules reflect these loans in the "non conforming" column of the Revolving Fund since the loans were closed on non uniform documents. Staff is exploring the possibility of converting these loans to a security form guaranteed by FNMA or FHLMC enabling them to become "conforming" and available to collateralize subsequent bond issues.

The increase in amounts available for future subsidy requirements as of July 1, 1985 is a result of:

- 1) Utilization of July 1, 1984, actual balances.
- 2) Decrease in estimated FY 85 mortgage demand.
- 3) Increase in projected investment earnings.

The Board of Directors
September 5, 1984
Page 2

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- 4) Re-implementation of the tax exempt bond funded First Time Homebuyers Program pursuant to extension of the "sunset provisions" of the Mortgage Subsidy Bond Tax Act of 1980.
- 5) Decreases in the level of subsidy required reflecting more efficient methods of raising mortgage capital.

Based upon the current projections it is not anticipated that an appropriation to the Alaska Housing Finance Corporation Revolving Fund is necessary for FY 86. Accordingly, submission of a capital budget will not be required.

su

ALASKA HOUSING FINANCE CORPORATION
SUMMARY OF MORTGAGE DEMAND AND PROPOSED FINANCING

Revised 9-1-84

EXHIBIT A

Fiscal Year 1985
(In Millions)

09600

	REVOLVING FUND					
	HOF Acct		Loans		Investments	Total
	Loans	Investments	Conforming	Non-Conforming		
Balance: July 1, 1984	\$103		\$100	\$153	\$135	\$491
Funding of currently warehoused mortgages into Euro issue			(77)		77	
Loan transfers to IMB & HMB			(23)		23	
Non-bonded mortgage programs						
Second mortgages				13	(13)	
Mobile home loans	17	\$(17)		33	(33)	
Prepayments and principal reduction	(12)	12		(22)	22	
Earnings		11			35	46
Equity returned from N.V. Subsidiary					33	33
Return of Series G Subsidy					25	25
IMB earnings released from indenture					44	44
FY 85 Legislative appropriation					16	16
Home Ownership Assistance Program-Subsidy		(6)				(6)
Withdrawal of SMIF Contributions					12	12
FY 85 Subsidy utilization					(200)	(200)
Balance: June 30, 1985	<u>\$108</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$177</u>	<u>\$176</u>	<u>\$461</u>

sb:fd/24

Revised 9-1-84

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
Fiscal Year 1985

EXHIBIT B

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program	\$ 93 (1)	57 (5)	\$ 350 (3)	\$ (6)	\$ 80	\$ 65	\$ 100	\$ 539
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	58		400	(10)	44	(34)	160	298
Home Mortgage Bond Program			200	(6)	22	(16)	20	180
Taxable Second Mortgage Program - Second Mortgage Bonds		\$ 13 (4)					-0-	13
Mobile Home Loan Program		50 (4)					-0-	50
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
TOTAL	<u>\$ 151</u>	<u>\$ 120</u>	<u>\$ 950</u>	<u>\$ (22)</u>	<u>\$ 161</u>	<u>\$ -0-</u>	<u>\$ 280</u>	<u>\$ 1080</u>
Deferred FNMA Note Closings			175		39 (2)			
			<u>\$1,125</u>		<u>\$ 200</u>			

(1) Includes amounts related to subsequent issuance of \$175 million collateral notes to be sold directly to FNMA.

(2) \$35 million of overcollateralization and 2% commitment fee to FNMA.

(3) Allocated as follows: \$125 million FNMA collateral notes; \$275 million publicly sold Bonds.

(4) Earnings and prepayments of Revolving Fund including HOF Account.

(5) Housing and Insured Mortgage Bond prepayments.

ALASKA HOUSING FINANCE CORPORATION
SUMMARY OF MORTGAGE DEMAND AND PROPOSED FINANCING

9-1-84
EXHIBIT C

Fiscal Year 1986
(In Millions)

	HOF Account		REVOLVING FUND		Total
	Loans	Investments	Non-Conforming Loans	Investment	
Balance: July 1, 1985	\$108		\$177	\$176	\$461
Earnings		\$ 12		27	39
Prepayments and principal reduction	(13)	13	(23)	23	
Non-bonded mortgage programs:					
Second Mortgages			13	(13)	
Mobile home loans	18	(18)	32	(32)	
IMB earnings released				10	10
Home Ownership Assistance Program Subsidy		(7)			(7)
FY 86 Subsidy utilization				(162)	(162)
	<u>\$113</u>	<u>\$-0-</u>	<u>\$199</u>	<u>\$ 29</u>	<u>\$341</u>

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Revised 9-1-84

EXHIBIT D

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
Fiscal Year 1986

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program	\$100	\$ 80 (1)	\$ 400	\$ (7)	\$ 92	\$ 57	\$ 95	\$ 627
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	160		300	(7)	33	(26)	150	310
Home Mortgage Bond Program	20		200	(6)	22	(16)	30	190
Second Mortgage Bonds		13 (2)					-0-	13
Mobile Home Loan Program		50 (2)					-0-	50
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
TOTAL	\$ 280	\$143	\$ 900	\$(20)	\$ 162		\$ 275	\$1,190

*Anticipates existing mortgages held by the Corporation utilized for subsidy overcollateralization requirements.

(1) Housing and Insured Mortgage Bond prepayments

(2) Earnings and prepayments in Revolving Fund (Including HOF Account).

sb-fd/22

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MEMORANDUM

State of Alaska

Community and Regional Affairs

TO: Jay Hogan
Associate Director
Division of Budget Review
Office of Management & Budget

FROM: *Emil Notti*
Emil Notti
Commissioner

DATE: October 3, 1984

FILE NO:

TELEPHONE NO: 465-4700

SUBJECT: FY 86 Loan Budget

00064

Attached is the official FY 86 Loan Budget submission for the Department of Community and Regional Affairs.

Attachment

cc: Jeff Smith
Remond Henderson
Marge Listberger
Sana Efird

RECEIVED
OCT 10 1984

BUDGET REVIEW

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
1	Housing Assistance Development	Statewide	FEDERAL RECEIPTS	-0-	
			GENERAL FUNDS	45,000.0	37,000.0
			OTHER: Prg Rcpts	8,000.0	8,000.0
			Carry Forward	9,000.0	4,000.0
			TOTAL	62,900.0	54,000.0
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

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**AGENCY LOAN
PROGRAM**

AGENCY Community & Regional Affairs

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FY 86

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Housing Assistance Loan Fund		Statewide		86-1	Barbara Morse-Quinn - 561-0900	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	55,400.0	62,400.0	65,000.0	54,000.0	TOTAL APPROPRIATIONS	185,000.0
TOTAL APPROPRIATIONS AND REQUESTS	45,000.0	45,000.0	45,000.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	45,000.0	45,000.0	45,000.0	37,000.0	BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	185,000.0
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER					2703.5	
TOTAL OTHER PROGRAM FUNDING					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	12,000.0	15,300.0	9,900.0		829.9	
INTEREST RETAINED						
PRINCIPAL REPAYED	3,900.0	6,000.0	8,000.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

The Housing Assistance Loan Fund was created to provide money to originate, purchase or participate in the purchase of loans for rural housing and nonconforming urban housing. Approximately 97% of all loans have been made through a private financial institution and purchased by the Division. The remaining 3% are loans made directly to borrowers by the Division because no private financial institution was willing to service the borrowers' area. The Division has total loans in excess of 1,900 which require computerized accounting. Payments are collected for 30 years and are received for principal and interest. Section 12, Chapter 102, SLA 1983 changed the fund to a revolving loan fund and allows the Division to retain loan principal payments. In FY 86, approximately 14% of the total funds available are from principal payments.

L1	LOAN PROGRAM DESCRIPTION
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(6/84)-11

AGENCY Community & Regional Affairs

CATEGORY Economic Development

PROGRAM Development

TITLE Housing Assistance

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BUDGET REVIEW

Based on past fiscal years' activities, the Division projects financing in FY'86 approximately 643 new loans with \$45.0 million in new appropriations, \$9.9 million in carryover funds, and \$8 million in repaid principal and payoffs. By statute a minimum of 80% of the funds will be utilized in rural Alaska with the remainder available for urban nonconforming properties. The Division is projecting 505 loans for rural housing and 138 loans for nonconforming housing in urban areas. The \$50.0 million allocated to rural Alaskan properties represents in most cases the only available source of mortgage funds. These rural funds will construct approximately 231 new dwellings, finance the sale of 208 existing structures, renovate 60 existing structures and finance 160 rental units. It should be noted that in addition to benefits for individual property investors, the expenditure of these loan funds translates into direct employment opportunities for primary consumers in construction labor, materials suppliers, freight companies, and banks. Funds also indirectly affect the local economy when homeowners purchase goods and services in the community.

The analysis of the programmatic effect of receiving 75% of FY 85 general funds in FY 86 must also discuss the overall impact based on the other funds available during FY 85. The FY 85 general fund allocation of \$45 million, \$15.3 in carry forward funds, and \$6.0 in principal repayments will finance 543 loans for rural housing and 128 loans for nonconforming in urban areas. At 75%, the FY 86 general fund allocation would be \$33.75 million plus \$8 million in principal repayments, and \$9.9 million in carryover funds. At 75%, the net dollar effect is a drop from \$62.4 million in FY 85 to \$47.75 million in FY 86 or about a 24% decrease in the total funding scope of the program. At this level it is estimated that the Division can finance approximately 520 loans, of which about 416 loans would be for rural housing and 104 loans for urban nonconforming housing. This drop in funding would depress economic activity in the regional centers, primarily through a substantial reduction in the number of new housing starts.

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

FY 86

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**ADDITIONAL
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The impact on the FY 86 program of receiving only 50% of the FY 85 general funds is even more drastic. At 50% of the FY 85 general fund allocation, \$22.5 million from the general fund, \$9.9 million in carryover funds, and \$8 million from principal repayments would be available in FY 86. At the 50% level, the net dollar effect is a drop from \$62.4 million in FY 85 to \$36.5 million in FY 86, or a decrease of about 47% of the FY 85 total funds available. The results would be a dramatic decrease in the number of total loans made through the program, from 671 in FY 85 to about 400 in FY 86. This decrease would have its greatest impact on the rural regional centers, and a secondary impact on the Anchorage and Fairbanks economies since most of the supplies flow through those cities. It should be noted that the Division projects a demand for financing in FY 86 of \$65.0 million and at this level, the Division would only meet about 50% of that demand. With very little other secondary financing available, many Alaskans could not enjoy the safety and affordability of housing now provided.

L1

**ADDITIONAL
EXPLANATION
FORM**

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

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FY 86

00068

The improvement of rural housing stock is a major factor in stabilizing growth of both regional and remote sites through the enhanced quality of life that it provides. Attractive, affordable housing is a catalyst in encouraging the private investment necessary to develop a healthy diversified economic base and a high standard of living.

As the loan portfolio increases, staff travel needs grow. Current staff activities include assistance with applications, housing inspections, loan closings, and construction management assistance to grant recipients. Further travel funds requested will provide for development of education and information outreach programs within the Division. Such programs will focus on basic mortgage lending information, collection of housing need data and general assistance functions by field staff.

The Division believes that the successful transition to healthy self-sufficient economies in rural communities of Alaska is affected by two factors: (1) loan fund delivery, and (2) an accompanying understanding by potential borrowers of the role such funds play in general economic development of their region. The request for loan funds supports the plans of this division to contribute to the growth and development of rural Alaska.

The Home Ownership Assistance Fund (HOAF) consists of money appropriated to it by the legislature. Money in the fund is used solely to assist persons of lower and moderate income to purchase single-family homes financed under AS 44.47.460 - 44.47.560 by providing a subsidy to those persons in the amount that is necessary to reduce the annual interest rate paid on the mortgage loan to a minimum of six percent.

Approximately 36% of the Housing Assistance Loan Fund BRU request and other available funds will be used to fund 251 loans under the HOAF program. The amount required in subsidy funds for FY 86 is \$630,000.

A major benefit of the HOAF subsidy is to increase the number of rural residents served by the housing program. The only positive alternative to a HOAF subsidy would be to lower interest rates for all Housing Assistance loan programs to six percent.

L2

ADDITIONAL
EXPLANATION
FORM

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

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STATUTORY LOAN RATE

Nonconforming Housing: The interest rate on a mortgage loan for nonconforming housing that is not defined as rural, and which is originated or purchased in whole or in part under AS 44.47.380, is one-quarter percent more than the interest rate, as determined under AS 18.56.098(g)(1)-(4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the nonconforming housing mortgage loan.

Rural Owner Occupied Housing: The interest rate on a mortgage loan for rural housing originated or purchased in whole or in part under AS 44.47.380 is one percent less than the interest rate, as determined under AS 18.56.098(g)(1)-(4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the rural housing mortgage loan.

Nonowner Occupied Housing: The interest rate on a mortgage loan for non-owner occupied housing, currently 10.5%, is established in AS 44.47.520(b).

L2

ADDITIONAL
EXPLANATION
FORM

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

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00071

Original sponsor: Rules/Governor

1
2 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

3 CS FOR HOUSE BILL NO. 105 (Loans)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

7 For an Act entitled: "An Act relating to the authorization of bonds or
8 notes, establishing conditions under which the bonds
9 or notes for the DeLong Mountain transportation
10 project may be issued; and providing for an effective
11 date."

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

13 * Section 1. AS 37.15.410 is amended to read:

14 Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that [WHICH] may become available, the issuance and sale
17 of revenue bonds of the state in the total principal sum of not to
18 exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip,
19 construct, and install the additions, improvements, extensions, and
20 facilities authorized in AS 37.15.510. The principal of and interest
21 on these bonds shall be paid out of and secured by the gross revenues
22 derived by the state from the ownership, lease, use, and operation of
23 the airports, and of all the facilities of them and out of any other
24 revenues or money that [WHICH] the state legislature may provide
25 exclusive of any state tax or license.

26 * Sec. 2. The Alaska Industrial Development Authority is authorized to
27 issue bonds or notes in a principal amount not to exceed \$175,000,000 to
28 provide financing for the DeLong Mountain transportation project.

29 * Sec. 3. Before bonds or notes authorized under sec. 2 of this Act may
be issued the Alaska Industrial Development Authority shall comply with

1 AS 44.88.173 and, to the extent feasible, shall incorporate into the final
2 finance plan for the DeLong Mountain transportation project the following
3 terms and conditions:
4

5 (1) Cominco, Ltd. is required to agree in writing that

6 (A) Cominco, Ltd. will pay for all or a portion of the
7 operation and maintenance of facilities constructed as part of the
8 project based on the use Cominco Alaska makes of the facilities com-
9 pared to the use made by others;

10 (B) if Cominco Alaska ceases to develop the Red Dog Mine
11 after costs or debts have been incurred for the project, Cominco, Ltd.
12 will repay the Alaska Industrial Development Authority for those costs
13 and debts;

14 (C) toll fees paid by Cominco Alaska for the use of facil-
15 ities constructed as part of the project to the Alaska Industrial
16 Development Authority may be periodically adjusted if the price of
17 zinc rises above a level that yields a return on investment commen-
18 surate with risk;

19 (2) land in the Cape Krusenstern National Monument is conveyed
20 to NANA Regional Corporation by the United States Department of the In-
21 terior;

22 (3) NANA Regional Corporation is required to agree in writing to
23 make available to the Alaska Industrial Development Authority, at no more
24 than fair market value, land needed for the port and road constructed as
25 part of the project and land needed for future expansion of the road and
26 port;

27 (4) tax exempt financing for the project is used to the maximum
28 extent possible;

29 (5) a toll schedule, that may be periodically adjusted, is
established for use of facilities constructed as part of the project that

1
2 (A) ensures a reasonable return on the state's investment
3 in the project; and

4 (B) guarantees equitable access to the facilities by all
5 users.

6 * Sec. 4. Before bonds or notes authorized under sec. 2 of this Act may
7 be issued the Alaska Industrial Development Authority shall

8 (1) report in writing to the legislative budget and audit
9 committee that the conditions under sec. 3 of this Act have been met; and

10 (2) agree with the Department of Revenue in writing to deliver
11 all money generated by the DeLong Mountain transportation project, other
12 than money necessary for payment of the principal and interest on bonds or
13 notes issued under sec. 2 of this Act, to the Department of Revenue for
14 deposit in the general fund.

15 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).
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Department of Commerce & Economic Development
Division of Accounting and Collections
Loan Program Funding Summary

(In thousands of dollars)

October 28, 1985

			WWII Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Historical District	Mining	Alternative Technology & Energy	Residential Energy	Fisheries Enhance.	Water Resources	Residential Care	Fisherman's Mtg & Note	Power Develop.	Line Total
Established			SLA 1946 Ch 27	SLA 1971 Ch 108 § 1	SLA 1972 Ch 134 § 1	SLA 1972 Ch 171 § 1	SLA 1980 Ch 83 § 41	SLA 1976 Ch 253 § 9	SLA 1977 Ch 139 § 3	SLA 1980 Ch 106 § 35	SLA 1980 Ch 29 § 1	SLA 1980 Ch 83 § 35	SLA 1976 Ch 190 § 1	SLA 1975 Ch 218 § 1	SLA 1978 Ch 153 § 6	SLA 1980 Ch 106 § 9	SLA 1984 Ch 169	
Repealed				SLA 1980 Ch 106 § 71		SLA 1980 Ch 106 § 71								SLA 1980 Ch 83	SLA 1982 Ch 113 § 72	SLA 1982 Ch 113 § 72		
SLA 55	Ch 5		1,000.0															1,000.0
SLA 80	Ch 136		1,200.0															1,200.0
SLA 72	Ch 109				1,000.0													1,000.0
SLA 72	Ch 158					1,000.0												1,000.0
SLA 72	Ch 34			135.4														135.4
SLA 76	Ch 237													2,500.0				2,500.0
SLA 77	Ch 153	Vetoed																
SLA 80	Ch 120	Sec 6		36,500.0	24,000.0	6,500.0		300.0			600.0		6,000.0		400.0	6,500.0		80,800.0
SLA 80	Ch 120	Sec 7								10,000.0								10,000.0
SLA 80	Ch 120	Sec 52					1,500.0					1,600.0						3,100.0
SLA 80	Ch 120	Sec 52 Lapsed 6-30-81					[1,450.0]					[995.0]						[2,445.0]
RP 08-81-	258X	(JV 81-2222)		11,000.0	[3,000.0]	[5,000.0]										[3,000.0]		0.0
RP 08-81-	292X	(JV 81-2436)									1,000.0					[1,000.0]		0.0
RP 08-81-	486X	(JV 81-13626)		[1,700.0]							1,700.0							0.0
SLA 81	Ch 82	Sec 13			4,500.0		1,000.0	180.0	200.0	20,000.0	500.0	500.0	8,000.0		120.0	1,800.0		36,800.0
SLA 81	Ch 72	Sec 1 (FY 82 only)								10,000.0								10,000.0
SLA 81	Ch 90	Sec 36									3,750.0	3,750.0						7,500.0
SLA 81	Ch 90	Sec 37									1,250.0	1,250.0						2,500.0
RP 08-81-	635X	(JV 81-14253)				1,739.0										[1,739.0]		0.0
RP 08-81-	664X	(JV 82-0062)		886.8		1,079.8		[291.0]			[914.6]		354.1		[354.1]	[761.0]		0.0
SLA 82	Ch 141	Sec 257 Repealed Ch 90 Sec 37 SLA 81									[1,250.0]	[1,250.0]						[2,500.0]
SLA 82	Ch 114	Sec 5			9,400.0		1,000.0	400.0	500.0	15,000.0	4,000.0	4,500.0	17,000.0					51,800.0
SLA 82	Ch 141	Sec 242											6,350.0					6,350.0
RP 08-82-	472X	(JV 82-4742)			5,000.0					[5,000.0]								0.0
RP 08-82-	524X	(JV 82-4836)						120.0								[120.0]		0.0
RP 08-82-	634X	(JV 82-5378)									1,000.0	[1,000.0]						0.0
SLA 83	Ch 107	Sec 22			9,091.0			869.5	500.0		2,400.0	3,123.4	6,500.0					22,483.9
SLA 83	Ch 106	Sec 11 (See Ch 141 Sec 242 SLA 82)											[1,350.0]					[1,350.0]
SLA 83	Ch 107	Sec 17 and 18		[16,800.0]		[2,700.0]												[19,500.0]
SLA 83	Ch 106	Sec 265		[1,000.0]														[1,000.0]
SLA 84	Ch 171	Sec 306			3,500.0						1,000.0		5,000.0					9,500.0
SLA 84	Ch 171	Sec 313															210,000.0	210,000.0
SLA 84	Ch 156	Sec 3 and 4		[Annual Receipts]		[Annual Receipts]												[Annual Receipts]
SLA 85	Ch 98	Sec 20			3,710.0						845.0		812.0					5,367.0
SLA 85	Ch 105	Sec 118	[8,824.9]						[500.0]	[19,931.1]		[7,312.5]					[14,000.0]	[50,568.5]

October 31, 1985

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF ACCOUNTING AND COLLECTIONS
CASH AVAILABLE SUMMARY BY FUND
(in thousands of dollars)

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Hist Dist	Mining	Alternate Energy	Resid Energy	Fish Enhance	Power Dev	Water Resource	Total
CASH WITH TREASURY POOL	9,924.4	7,487.3	12,245.3	1,117.8	753.4	911.1	937.0	33,361.4	4,706.3	9,051.8	7,341.5	17,071.5	-0-	104,908.8
Current Period Adjustments	595.4	497.2	2,660.3	33.9	170.1	8.0	.5	15.5	113.5	67.4	-0-	-0-	-0-	4,161.8
Unredeemed Warrants	(172.0)	(27.1)	(844.0)	(.6)	(293.2)	-0-	(.4)	(22.2)	(132.1)	(5.4)	(289.0)	-0-	-0-	(1,786.0)
OTHER CURRENT LIABILITIES														
Unapplied Suspense	(220.8)	(83.8)	(707.6)	(2.6)	(9.4)	-0-	-0-	(35.2)	(20.7)	(11.9)	-0-	-0-	-0-	(1,092.0)
Undistributed Suspense	-0-	(14.1)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(5,084.4)	-0-	(5,098.5)
Unposted Suspense	(.5)	(5.0)	(41.9)	-0-	-0-	-0-	-0-	-0-	(.3)	(.5)	-0-	-0-	-0-	(48.2)
Escrow	(40.8)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(40.8)
RESTRICTED FUNDS														
Foreclosure Reserve	(200.0)	(200.0)	(250.0)	(150.0)	(25.0)	(75.0)	(25.0)	(500.0)	(150.0)	(150.0)	(200.0)	-0-	-0-	(1,925.0)
Operating Budget	(498.0) ¹	-0-	(440.6) ¹	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(938.6)
Appropriation														
Other Reappropriations	(8,824.9) ²	(5,447.4) ³	-0-	(568.5) ³	-0-	-0-	(500.0) ²	(19,931.0) ²	-0-	(7,312.5) ²	-0-	(2,000.0) ²	-0-	(44,584.3)
CASH AVAILABLE SUB-TOTAL	562.8	2,207.1	12,621.5	430.0	595.9	844.1	412.1	12,888.5	4,516.7	1,638.9	6,852.5	9,987.1	-0-	53,557.2
LESS COMMITMENTS⁴	-0-	~~(118.7)~~	(2,359.1)	-0-	(47.1)	(314.7)	-0-	-0-	(131.5)	(3.2)	(175.0)	-0-	-0-	(3,149.3)
TOTAL CASH AVAILABLE	562.8	~~2,088.4~~	10,262.4	430.0	548.8	529.4	412.1	12,888.5	4,385.2	1,635.7	6,677.5	9,987.1	-0-	50,407.9

¹Sec. 26, Ch 98, SLA 85, Pg. 6 - Operating Budget & Sec. 16, Ch 98, SLA 85, Pg. 3 & Sec. 27, Ch 98 SLA 85 (HB 243) Pg. 122 - Salary Increase²Sec. 118, Ch 105, SLA 85 -³Sec. 3 and 4, Ch 156, SLA 84⁴Funds committed but not yet requested

STATISTICS ON DCED LOAN PROGRAMS
(Thousands of Dollars)

October 31, 1985

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Hist Dist	Mining	Alternate Energy	Resid. Energy	Fish Enhance	Power Dev.	Water Resource	Total
COMMITMENTS														
Total No. Loans														
Committed FY 72-86	7,718	1,338	2,852 ⁵	59	188	51	9	70	2,846	2,218	111	4	5	17,469
Total Dollar Amount														
Committed FY 72-86	371,795.2	202,529.3	166,088.2 ⁵	29,874.7	6,942.1	1,697.7	667.7	28,326.4	18,483.8	8,296.7	47,694.3	192,847.0	2,500.0	1,077,743.1
Total No. Loans														
Committed FY 86	-0-	-0-	~~34~~ ⁵	-0-	14	5	-0-	1	80	29	9	-0-	-0-	172
Total Dollar Amount														
Committed FY 86	-0-	-0-	2,179.3 ⁵	-0-	456.6	214.8	-0-	22.3	694.7	92.4	1,652.8	-0-	-0-	5,312.9
APPROPRIATIONS														
FY 83	-0-	-0-	9,400.0	-0-	1,000.0	400.0	500.0	15,000.0	4,000.0	4,500.0	22,000.0 ¹	N/A	-0-	56,800.0
FY 84	-0-	-0-	9,091.0	-0-	-0-	869.5	500.0	-0-	2,400.0	3,123.4	6,500.0	N/A	-0-	22,483.9
FY 85	-0-	-0-	3,500.0	-0-	-0-	-0-	-0-	-0-	1,000.0	-0-	5,000.0	210,000.0	-0-	219,500.0
FY 86	-0-	-0-	3,710.0	-0-	-0-	-0-	-0-	-0-	845.0	-0-	812.0	-0-	-0-	5,367.0
LOANS OUTSTANDING														
Owned by Fund														
Number of Loans														
Outstanding	128	263	1,333	5	47	25	3	54	1,882	1,455	91	4	1	5,291
Principal Amount														
Outstanding	5,662.7	27,381.8	59,943.7	2,932.8	1,199.0	843.4	336.2	19,535.8	12,033.6	4,245.3	40,425.6	189,321.4	897.8	364,759.1
Average Loan Amount														
Outstanding	44.2	104.1	45.0	586.7	25.5	33.7	112.1	361.8	6.4	2.9	444.2	47,330.4	897.8	68.9
Serviced for AIDA²														
Number of Loans														
Outstanding	1,729	94	405	8	N/A	2	3	N/A	N/A	N/A	13	N/A	N/A	2,254
Principal Amount														
Outstanding	77,545.9	7,626.9	15,438.7	1,037.4		11.0	113.0				6,368.7			108,141.6
Average Loan Amount														
Outstanding	44.8	81.1	38.1	129.7		5.5	37.7				489.9			48.0
Summary														
Total No. of Loans														
Outstanding	1,857	357	1,738	13	47	27	6	54	1,882	1,455	104	4	1	7,545
Total Principal														
Amount Outstanding	83,208.6	35,008.7	75,382.4	3,970.2	1,199.0	854.4	449.2	19,535.8	12,033.6	4,245.3	46,794.3	189,321.4	897.8	472,900.7
DELINQUENCY RATES AND DEFAULT STATISTICS														
Statistics Based on Balances Outstanding														
% Delinquent ³	4.0%	6.4%	7.3%	2.9%	21.3%	7.2%	-0-	8.9%	4.2%	5.3%	-0-	-0-	-0-	2.9%
% in Default ⁴	1.7%	9.8%	3.1%	2.1%	-0-	-0-	-0-	36.4%	0.4%	0.5%	-0-	-0-	-0-	3.1%
Statistics Based on Number of Loans														
% Delinquent ³	3.2%	9.0%	5.2%	7.8%	25.5%	7.4%	-0-	5.6%	5.2%	4.8%	-0-	-0-	-0-	4.9%
% in Default ⁴	1.6%	6.1%	2.0%	7.6%	-0-	-0-	-0-	29.6%	0.5%	0.3%	-0-	-0-	-0-	1.6%

¹ See Sec 5, Ch 114, SLA 1982; Sec 242, Ch 141, SLA 1982 and Sec 11, Ch 106, SLA 1983

² Ch 67, SLA 1985

³ Delinquent is defined as 60 days or more past due, not in litigation.

⁴ Default is defined as in litigation.

⁵ Includes Prequalifications

LOAN PROGRAM ESTIMATED CASH FLOW ANALYSIS
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
(in thousands of dollars)

AKSAS Fund	Fund Name	Adj. Cash Balance 7-1-85	FY 86 Loan Demand	Subtotal	FY 86 Loan Repayment	FY 86 YE Balance	FY 87 Requested Appro./ [Transfer]	Adjusted Cash Balance 7-1-86	FY 87 Transfer to Oper. Budgets	Subtotal	FY 87 Loan Demand	Subtotal + Repayment FY 87	FY 87 YE Balance
21605	Veterans	51.9	Inactive	51.9	1,275.7	1,327.6	[829.6]	498.0	[498.0]	-0-	Inactive	-0-	1,302.4
21607	Small Business	-0-	Inactive	---	6,085.5	<u>6,085.5</u>	---	to GF	---	-0-	Inactive	---	6,200.4 to GF ✓
21608	Commercial Fish	9,973.5	[17,400.0]	[7,426.5]	9,468.5	2,042.0	6,400.0	8,442.0	[422.3]	8,019.7	[17,400.0]	[9,380.3]	9,461.5 81.2
21609	Tourism	-0-	Inactive	---	536.4	536.4	---	to GF	---	-0-	Inactive	---	511.2 511.2 to GF ✓
21612	Child Care	637.5	[479.6]	157.9	125.8	283.7	100.0	383.7	---	383.7	[519.6]	[135.9]	136.9 1.0
21614	Historical District	401.2	[150.0]	251.2	28.1	279.3	[130.0]	149.3	---	149.3	[150.0]	[0.7]	30.6 29.9
21625	Mining	11,292.7	[4,000.0]	7,292.7	2,917.1	(10,209.8)	[7,000.0]	3,209.8	---	3,209.8	[3,999.6]	[789.8]	2,996.6 2,206.8
21619	Alternate Energy	4,851.2	[2,200.0]	2,651.2	1,928.0	(4,579.2)	[4,000.0]	579.2	---	579.2	[2,200.0]	[1,620.8]	2,082.4 461.6
21623	Resid. Energy Con.	1,199.0	[577.5]	621.5	1,292.3	1,913.8	[1,500.0]	413.8	---	413.8	[577.5]	[163.7]	1,392.2 1,228.5
21622	Bulk Fuel		[1,886.5]		1,900.0	revolves through more than once every year					[1,886.5]		1,859.0
21615	Fish Enhancement	8,863.1	[3,764.8]	5,098.3	-0-	<u>5,098.3</u>	---	5,098.3	---	5,098.3	[3,275.2]	1,823.1	54.2 1,877.3
11100	Water Resources	-0-	Inactive	-0-	75.0	75.0	---	to GF	---	-0-	Inactive	-0-	75.0 75.0 to GF ✓
21626	(Power Develop.)	4,620.3 *	Unknown		7,735.0				---		Unknown		10,594.0

* Investment Income of \$10,969.1 is due the PDRLF from the GF; actual cash on hand as of 7-1-85 is \$4,620.3.

Prepared by Division of Accounting and Collections, 465-2555. 9-13-85

DRAFT

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ACTIVE LOAN PROGRAM LOAN DEMAND ANALYSIS
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
FY 86 and FY 87
(in thousands of dollars)

AKSAS Fund#	Fund Name	FY 86 Loan Demand ×	Est. Ave. Loan Size =	Est. Cash Required to 6-30-86	FY 87 Loan Demand ×	Est. Ave. Loan Size =	Est. Cash Required FY 87
21608	Commercial Fishing	300	58.0	17,400.0	300	58.0	17,400.0
21612	Child Care	11	43.6	479.6	12	43.3	519.6
21614	Historical Districts	2	75.0	150.0	2	75.0	150.0
21622	Bulk Fuel	49	38.5	1,886.5	49	38.5	1,886.5
21625	Mining	<u>8</u>	<u>500.0</u>	4,000.0	9	444.4	3,999.6
21619	Alternate Energy	275	8.0	2,200.0	275	8.0	2,200.0
21623	Residential Energy Conserv.	175	3.3	577.5	175	3.3	577.5
21615	Fish Enhancement	13	289.6	3,764.8	16	204.7	3,275.2
21626	Power Development	Unknown			Unknown		

Estimated loan demand and average loan size obtained from Division of Investments FY 87 Loan Budget as of 9-12-85.

Prepared by Division of Accounting and Collections, 465-2555. 9-13-85

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LOAN PROGRAM REVENUE ANALYSIS FOR FY 86 AND FY 87
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
(in thousands of dollars)

AKSAS Fund #	Fund Name	FY 86 Estimated Cash Flow	FY 87 Estimated Cash Flow	FY 88 Estimated Cash Flow
21605	Veterans	1,275.7	1,302.4	1,334.1
21607	Small Business	6,085.5	6,200.4	6,326.4
21608	Commercial Fish	9,468.5	9,461.5	9,390.6
21609	Tourism	536.4	511.2	508.9
21612	Child Care	125.8	136.9	136.9
21614	Historical Districts	28.1	30.6	30.7
21625	Mining	2,917.1	2,996.6	2,651.3
21619	Alternate Energy	1,928.0	2,082.4	2,186.7
21623	Residential Energy Conser.	1,292.3	1,392.2	1,463.9
21622	Bulk Fuel	1,900.0	1,859.0	1,818.0
21615	Fish Enhancement	—0—	54.2	4,414.8
11100	Water Resources	75.0	75.0	75.0
21626	Power Development	7,735.0	10,594.0	12,844.0

Source: FY 87 revenue budget pages. Revenue estimates arrived at from forecast report net delinquency factor plus principal recovery adjusted for estimated early payoffs based on FY 85 actuals.