



LAWS OF ALASKA

1984

Source

CSSB 479(Fin)

Chapter No.

83

AN ACT

Relating to a forest products business loan guarantee program;
and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

Approved by Governor: June 4, 1984
Actual Effective Date: June 5, 1984

AN ACT

Relating to a forest products business loan guarantee program; and providing for an effective date.

* Section 1. AS 45 is amended by adding a new chapter to read:

CHAPTER 94. FOREST PRODUCTS BUSINESS LOAN GUARANTEE PROGRAM.

Sec. 45.94.010. ESTABLISHMENT OF LOAN GUARANTEE FUND. The forest products business loan guarantee fund is established in the Department of Revenue.

Sec. 45.94.020. FOREST PRODUCTS BUSINESS LOAN GUARANTEE PROGRAM. The department may use money in the fund to guarantee a loan for the purpose of financing the purchase of 35 percent or more of the stock or assets of a forest products business by, on behalf of, or for the benefit of the employees of that business, as provided in AS 45.94.-050.

Sec. 45.94.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The commissioner may

(1) designate agents and delegate powers necessary to implement this chapter;

(2) adopt regulations to implement this chapter;

(3) make and execute contracts and other instruments to implement this chapter;

(4) acquire real or personal property by purchase, transfer, or foreclosure when the acquisition is necessary to protect an

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1 interest in the fund.

2 (b) The commissioner shall require that a loan guaranteed by the
3 fund be secured by adequate collateral, and that the net cash flow
4 from the forest products business provides adequate coverage for the
5 debt service on the loan. The applicant shall provide an economic and
6 financial feasibility analysis prepared by a firm acceptable to the
7 department.

8 Sec. 45.94.040. INVESTMENT OF THE FUND. Money in the fund that
9 is not being used for loan guarantees under this chapter shall be
10 invested as provided for the investment of state treasury surplus
11 under AS 37.10.070. Income from investment shall be transferred to
12 the general fund.

13 Sec. 45.94.050. CONDITIONS OF LOAN GUARANTEES. (a) The depart-
14 ment may guarantee a loan under this chapter if

- 15 (1) the term of the loan does not exceed 10 years;
- 16 (2) the loan is secured by the real or personal property,
17 inventory or accounts receivable of the forest products business, or
18 by other collateral acceptable to the department;
- 19 (3) the loan is originated with and serviced by a state or
20 federally chartered financial institution; and
- 21 (4) the loan is made to the employees of the forest pro-
22 ducts business, to an employee stock ownership trust, or to one or
23 more corporations or other business associations or entities in which
24 the controlling interest is held by state residents who are employees
25 of the forest products business.

26 (b) The department may provide a guarantee from the fund for up
27 to 50 percent of a loan, but may not guarantee less than \$5,000,000 or
28 more than \$30,000,000 per borrower. The department may not guarantee
29 the payment of annual interest on the guaranteed portion of a loan.

1 (c) After a default by a borrower, the maximum liability of the
2 fund for a loan guarantee under this chapter is equal to the amount
3 then in default multiplied by a percentage equal to the guaranteed
4 percentage of the loan. Payments received toward satisfaction of a
5 default shall be allocated between the lender and the fund according
6 to the guaranteed percentage of the loan until the principal balance
7 has been repaid.

8 Sec. 45.94.060. DEFINITIONS. In this chapter

9 (1) "commissioner" means the commissioner of revenue;

10 (2) "department" means the Department of Revenue;

11 (3) "forest products business" means a sole proprietorship,
12 partnership, corporation or other business organization formed for the
13 purpose of harvesting or processing timber or other forest resources;

14 (4) "fund" means the forest products business loan guaran-
15 tee fund.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).