

Fund Source Report

1051 RuralEcDev Rural Economic Development Initiative Fund

Year Authorized 1992	Year Repealed 2001	Active? No	Mental Health? No	Duplicated? No	Fund Group Designated General
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No Appropriations during last 10 years

Legal Authority

AS 44.33.765

Source of Revenue

Consists of money appropriated from the legislature and interest earned from repayment of loans. The remaining balance of this fund does not lapse.

Restrictions on Use

Fund Inactive.

Description and History

In 1989, the Department of Community and Regional Affairs (DCRA) established a pilot loan program to test the demand for and quality of loans that are sought in local communities. The spread of these loans and procedures show that a varied small portfolio can exist and, with proper safeguards, can be a profitable investment. A total of \$350,000 in loans leveraged \$700,000 in other financing and generated a total of 22 jobs.

In 1992 a bill passed that gave broad authority to the Commissioner of the DCRA to create a loan program and included a \$500,000 fiscal note as the start-up for the fund. Because of the vast demand for borrowed capital in rural Alaska, the department looked for a way to leverage the funds effectively. The Alaska Industrial Development and Export Authority (AIDEA) has a program of record named the Small Business Assistance (guarantee) program. This program underwrites up to 80% of a bank's participation in a loan. For various reasons, banks had not used the program. The passage of RDIF was viewed by the department as a means to help both the AIDEA program and the banks structure rural loans.

The legislature (ch 117, SLA 2000) renamed this account by adding to its title, the word "economic". This account was then repealed. A new account titled the "Rural Development Initiative Fund" was established in the AIDEA, and is managed by the Department of Community and Economic Development, Division of Investments.

Please refer to fund code 1164 regarding the "replacement" fund.