

**Effective 5/10/2016**

**53-2a-608 Purposes and criteria for loans.**

- (1) Money in the fund shall be used by the division, as prioritized by the director, only to:
  - (a) provide loans to local government entities for:
    - (i) the costs incurred by a local government entity for providing emergency disaster services as defined in Section 53-2a-602; or
    - (ii) providing any state or local matching funds to secure federal funds or grants related to a declared disaster, as defined in Section 53-2a-602;
  - (b) pay the Division of Finance for the costs of administering the fund, providing loans, and obtaining repayments of loans; and
  - (c) provide funds to state agencies for the costs of responding to a declared disaster.
- (2) The division shall establish the terms and conditions of the loans and the repayment schedule consistent with the following criteria:
  - (a) the interest rate charged and the maximum payback period on all loans shall be:
    - (i) the state's prime interest rate at the time of loan closing, plus zero percent, with a maximum payback period of 10 years if the applicant has reserved an average of 90% to 100% of the amount authorized in Section 53-2a-605 over the previous five fiscal years;
    - (ii) the state's prime interest rate at the time of loan closing, plus 2%, with a maximum payback period of five years if the applicant has reserved an average of 70% up to 90% of the amount authorized in Section 53-2a-605 over the previous five fiscal years; or
    - (iii) the state's prime interest rate at the time of loan closing, plus 4%, with a maximum payback period of three years if the applicant has reserved an average of 50% up to 70% of the amount authorized in Section 53-2a-605 over the previous five fiscal years; and
  - (b) the division may not authorize a loan from this fund on any terms or conditions to local government entities that have reserved an average of less than 50% of the amount authorized in Section 53-2a-605 over the previous five fiscal years.
- (3) If the division receives multiple loan applications concurrently, priority shall be given to applicants based on the extent of their participation in the reserve account authorized in Section 53-2a-605.

Enacted by Chapter 134, 2016 General Session