AN ACT

Relating to the commercial fishing loan program; and providing for an effective date.

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

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AN ACT

Relating to the commercial fishing loan program; and providing for an effective date.

*Section 1.* AS 16.10.310(a) is amended to read:

(a) The department may

(1) make loans

(A) to individual commercial fishermen who have been state residents for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, who have had an annual crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for the year immediately preceding the date of application and any other two of the past five years, and who actively participated in the fishery during those periods

(i) for the purchase of entry permits; or
(ii) to upgrade existing vessels and gear for the purpose
of improving the quality of Alaska seafood products;

(B) to an individual for the repair, restoration, or upgrading of
existing vessels and gear, for the purchase of entry permits and gear, and for
the construction and purchase of vessels, if the individual has been a state
resident for a continuous period of two years immediately preceding the date
of application for a loan under AS 16.10.300 - 16.10.370, is not eligible for
financing from a state financial institution as defined in AS 06.01.050, a
federally chartered financial institution, or the Commercial Fishing and
Agricultural Bank, and [EITHER]

(i) because of lack of training or lack of employment
opportunities in the area of residence, does not have occupational
opportunities available other than commercial fishing; or

(ii) is economically dependent on commercial fishing
for a livelihood and for whom commercial fishing has been a traditional
way of life in Alaska;

(C) for the purchase of quota shares for fisheries in or off the
state by individual commercial fishermen who

(i) have been state residents for a continuous period of
two years immediately preceding the date of application for a loan
under AS 16.10.300 - 16.10.370;

(ii) for any two of the past five years, possessed an
annual crewmember or commercial fishing license under AS 16.05.480
or a permit under AS 16.43 and actively participated in a fishery for
which the license or permit was issued;

(iii) qualify as transferees for quota shares under
applicable law; and

(iv) are not eligible for financing from other recognized
commercial lending institutions to purchase quota shares;

(D) to an individual commercial fisherman to satisfy past due
federal tax obligations, if the fisherman has been a state resident for a
continuous period of two years immediately preceding the date of application for the loan, has filed past and current federal tax returns with the federal government, has executed an agreement with the federal government for repayment of past due federal tax obligations, and either

(\text{i}) \text{[HAS HAD AN ANNUAL CREWMEMBER OR COMMERCIAL FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY OTHER TWO OF THE PAST FIVE YEARS, AND HAS ACTIVELY PARTICIPATED IN THE FISHERY DURING THOSE PERIODS;]}

(\text{ii}) because of lack of training or lack of employment opportunities in the area of residence, does not have occupational opportunities available other than commercial fishing; or

(\text{iii}) \text{[is economically dependent on commercial fishing for a livelihood and for whom commercial fishing has been a traditional way of life in Alaska;]}

\text{(E) for the purchase of fishing quota shares by a community quota entity eligible under federal statute or regulation to purchase the fishing quota shares if the community quota entity is not eligible or qualified for financing from other recognized commercial lending institutions to purchase the fishing quota shares;]}

\text{(F) to an individual for the upgrade of existing tender vessels and gear to improve the quality of Alaska seafood products, if the individual has been a state resident for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370;]}

\begin{enumerate}
\item designate agents and delegate its powers to them as necessary;
\item adopt regulations necessary to carry out the provisions of AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for services provided;
\item establish amortization plans for repayment of loans, which may include extensions for poor fishing seasons or for adverse market conditions for
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Alaska products;

(5) enter into agreements with private lending institutions, other state
agencies, or agencies of the federal government to carry out the purposes of
AS 16.10.300 - 16.10.370;

(6) enter into agreements with other agencies or organizations to create
an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
the state;

(7) allow an assumption of a loan if

(A) the applicant has been a state resident for a continuous
period of two years immediately preceding the date of the request for an
assumption; and

(B) approval of the assumption would be consistent with the
purposes of AS 16.10.300; an applicant for a loan assumption may not be
disqualified because the applicant does not meet the loan eligibility
requirements of (1) of this subsection;

(8) prequalify loan applicants for a limited entry permit loan or a quota
shares loan and charge a fee not to exceed $200 for prequalification;

(9) charge and collect the fees established under this subsection;

(10) refinance a debt obligation incurred by a borrower or borrowers
under this section if the borrower or borrowers otherwise qualify for a loan under
AS 16.10.300 - 16.10.370;

(11) refinance debt obligations, not to exceed $200,000 [$300,000],
incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
16.10.370; the department may collect a refinancing loan origination charge as
provided by regulation.

* Sec. 2. AS 16.10.320(a) is amended to read:

(a) Except as permitted in (h) of this section, a loan under AS 16.10.300 -

16.10.370

(1) may not exceed a term of 15 years, except for extensions under

AS 16.10.310(a)(4);
(2) may not bear interest exceeding the prime rate, as defined by AS 44.88.599, plus two percentage points, but not more than 10 1/2 percent;

(3) must be secured by a first priority lien and appropriate security agreement;

(4) may not exceed 80 [90] percent of the appraised value of the collateral used to secure the loan; and

(5) may not be made to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 - 25.27.220 at the time of application.

* Sec. 3. AS 16.10.320(d) is amended to read:

(d) The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(A) may not exceed $300,000. The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed $100,000. The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(C) may not exceed $300,000. The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax obligations may not exceed $35,000 [$30,000]. The total of balances outstanding on loans made under AS 16.10.310(a)(1)(E) may not exceed $2,000,000 for each [PER] community eligible under federal statute or regulation to establish or participate in the establishment of a community quota entity. The total of balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(F) may not exceed $300,000. Excluding loans made under AS 16.10.310(a)(1)(E) [AS 16.10.310(a)(1)(C) - (F)], the total of balances outstanding on all loans, including debt refinancing under AS 16.10.310(a), made to a borrower under AS 16.10.300 - 16.10.370 may not exceed $400,000 [$300,000].

* Sec. 4. AS 16.10.315 is repealed.

* Sec. 5. This Act takes effect July 1, 2006.