

HOUSE BILL NO. 141

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES AUSTERMAN, Peggy Wilson

Introduced: 2/4/11

Referred: House Special Committee on Fisheries, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to loans for the purchase of fishing quota shares by certain community**
2 **quota entities; and providing for an effective date."**

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

4 * **Section 1.** AS 16.10.320(a) is amended to read:

5 (a) Except as permitted in (h) **and (l)** of this section, a loan under
6 AS 16.10.300 - 16.10.370

7 (1) may not exceed a term of 15 years, except for extensions under
8 AS 16.10.310(a)(4);

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

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

13 (4) may not exceed 80 percent of the appraised value of the collateral
14 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. 2.** AS 16.10.320(j) is amended to read:

(j) All principal and interest payments, and any money chargeable to principal or interest that is collected through liquidation by foreclosure or other process, on loans made under AS 16.10.300 - 16.10.370, except loans made under AS 16.10.310(a)(1)(E) after June 30, 2011, shall be paid into the commercial fishing revolving loan fund. All principal and interest payments, and any money chargeable to principal or interest that is collected through liquidation by foreclosure or other process, on loans made under AS 16.10.310(a)(1)(E) after June 30, 2011, shall be paid into the community quota entity revolving loan fund.

* **Sec. 3.** AS 16.10.320 is amended by adding a new subsection to read:

(l) Until a community quota entity has used loans under this subsection to purchase fishing quota shares cumulatively authorizing a total take of 50,000 pounds, a loan or a portion of a loan made to that community quota entity under AS 16.10.310(a)(1)(E) may not exceed 95 percent of the appraised value of the collateral used to secure the loan or a portion of the loan. A loan to a community quota entity under AS 16.10.310(a)(1)(E)

(1) may not exceed a term of 25 years, except for extensions under AS 16.10.310(a)(4);

(2) may not, alone or in combination with other loans to the community quota entity under AS 16.10.310(a)(4), exceed \$1,000,000 in loans to one community quota entity; and

(3) may have terms that allow for a community quota entity to defer interest payments for up to 10 years.

* **Sec. 4.** AS 16.10.340 is amended to read:

Sec. 16.10.340. Creation of fund. (a) There is a commercial fishing revolving loan fund to carry out the purpose of AS 16.10.300 - 16.10.370, except that the fund may not be used to make loans under AS 16.10.310(a)(1)(E).

(b) Money in the fund may be used by the legislature to make appropriations

1 for costs of administering AS 16.10.300 - 16.10.370, **except for costs associated with**
 2 **loans under AS 16.10.310(a)(1)(E).**

3 (c) If the commissioner determines that the fund contains money that is excess
 4 to that needed **under (a) and (b) of this section** to carry out the purpose of
 5 AS 16.10.300 - 16.10.370, then the commissioner may use the excess money to carry
 6 out the purpose of AS 16.10.500 - 16.10.560.

7 * **Sec. 5.** AS 16.10.342(c) is amended to read:

8 (c) The commissioner may expend money credited to the foreclosure expense
 9 account when necessary to protect the state's security interest in collateral on loans
 10 granted under AS 16.10.300 - 16.10.370, **except loans under AS 16.10.310(a)(1)(E),**
 11 or to defray expenses incurred during foreclosure proceedings after a default by an
 12 obligor.

13 * **Sec. 6.** AS 16.10 is amended by adding a new section to read:

14 **Sec. 16.10.345. Community quota entity revolving loan fund.** (a) The
 15 community quota entity revolving loan fund is created. The commissioner may use the
 16 fund for loans made under AS 16.10.310(a)(1)(E) after June 30, 2011, and for
 17 administrative and other costs associated with those loans.

18 (b) The foreclosure expense account is established as a special account in the
 19 community quota entity revolving loan fund. The commissioner may expend money
 20 credited to the foreclosure expense account when necessary to protect the state's
 21 security interest in collateral on loans made under AS 16.10.310(a)(1)(E) after
 22 June 30, 2011, or to defray expenses incurred during foreclosure proceedings after a
 23 default by an obligor.

24 * **Sec. 7.** AS 16.10.350(a) is amended to read:

25 (a) The commissioner shall administer the **commercial fishing revolving**
 26 **loan fund and the community quota entity revolving** loan fund.

27 * **Sec. 8.** This Act takes effect July 1, 2011.