

HOUSE BILL NO. 261

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES EDGMON, MILLETT, AND THOMPSON

Introduced: 1/17/12

Referred: House Special Committee on Fisheries, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to loans for the purchase of commercial fishing entry permits; and**
2 **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(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 \$200,000 for the purchase of an entry permit and** may not exceed \$100,000 **for all other loans under that subparagraph**. 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. The total of balances outstanding on loans made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each 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), 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.

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

(i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent loan may not be made to the borrower under AS 16.10.310(a)(1)(B), unless the loan requested under AS 16.10.310(a)(1) is for propulsion engine or generator engine replacement on an existing vessel for the purpose of improving fuel efficiency **or is for the purchase of an entry permit**. If a loan is made to a borrower under AS 16.10.310(a)(1)(B), a subsequent loan may be made to the borrower under AS 16.10.310(a)(1)(A) if the total of the balance outstanding on loans received by the borrower under AS 16.10.310(a)(1)(A) and (B) does not exceed \$400,000.

* **Sec. 4.** AS 16.10.320 is amended by adding a new subsection to read:

(l) A loan under AS 16.10.310(a)(1)(B) for the purchase of an entry permit may not bear interest exceeding the prime rate, as defined in AS 44.88.599, minus two

1 percentage points, except that the interest rate may not be more than 10 1/2 percent or
2 less than three percent.

3 * **Sec. 5.** This Act takes effect July 1, 2012.