

ALASKA STATE LEGISLATURE



House District 6
Co-Chair House Resources Committee
Transportation Committee
Fisheries Committee
Joint Armed Services Committee

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REPRESENTATIVE ERIC A. FEIGE

SPONSOR STATEMENT – HB 121

"An Act relating to the examinations, board, loans, records, and lobbying contracts of the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

House Bill 121 will strengthen the Alaska Commercial Fishing and Agriculture Bank's (CFAB) ability to serve its member-owners.

CFAB was created by the legislature in 1980 with \$32 million in seed money to fulfill a need for financing the commercial agricultural and fishing industries. For a variety of reasons, including the state's financial investment in CFAB, certain restrictions were put on the practices of the bank. They included limits on the size of loans and the prohibition of the hiring of a lobbyist. In accordance with the founding of the bank, CFAB has since paid back the state's investment and is now 100% privately owned. CFAB is financially healthy and has been operating independently for several years. It is now appropriate that these restrictions be reduced.

HB 121 seeks to improve the operating position of CFAB by expanding the types of loans given by the bank to commercial tourism and natural resource industries. The bill removes maximum loan amounts for loans made to individuals or businesses seeking tourism and natural resource loans. HB 121 also expands the category of borrower to include non-resident owned businesses whose facilities are located in Alaska and employ Alaskans.

HB 121 expands the eligibility of the small loan program to include loans made for commercial agriculture. The bill increases the maximum size of these small loans and increases the amount of total capital CFAB can allocate to this program. HB121 also deletes the provision relating to board compensation, given that CFAB is now a privately owned company, such activities should be addressed through the company bylaws.

To provide CFAB with additional resources to capitalize its ability to provide loans to its members and to assure proper operation of the bank, CFAB is requesting to be placed on the audit schedule of the Alaska Banking Commission. The cost of the audits will be borne by the bank.