

**SENATE CS FOR HOUSE BILL NO. 238(RLS)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE SENATE RULES COMMITTEE**

**Offered: 5/2/00**

**Referred: Today's First Supplemental Calendar**

**Sponsor(s): REPRESENTATIVES KAPSNER, Smalley, Phillips**

**SENATORS Halford, Hoffman, Ward, Elton, Lincoln, Mackie, Taylor**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing a federal tax obligation loan program under the commercial**  
2 **fishing loan program; and providing for an effective date."**

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

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

5 (a) The department may

6 (1) make loans

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

14 (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; or

(iii) to satisfy past due federal tax obligations that may result in the execution on and involuntary transfer of the individual commercial fishermen's entry permits, to the extent allowed under (e) of this section;

(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, or, to the extent allowed under (e) of this section, to satisfy past due federal tax obligations that may result in the execution on and involuntary transfer of the individual's entry permits, 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, 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 a 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 [A TRANSFEREE] for quota shares under applicable law; and

1 (iv) are not eligible for financing from other recognized  
 2 commercial lending institutions to purchase quota shares;  
 3 (2) designate agents and delegate its powers to them as necessary;  
 4 (3) adopt regulations necessary to carry out the provisions of  
 5 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for  
 6 services provided;  
 7 (4) establish amortization plans for repayment of loans, which may  
 8 include extensions for poor fishing seasons or for adverse market conditions for  
 9 Alaska [ALASKAN] products;  
 10 (5) enter into agreements with private lending institutions, other state  
 11 agencies, or agencies of the federal government [,] to carry out the purposes of  
 12 AS 16.10.300 - 16.10.370;  
 13 (6) enter into agreements with other agencies or organizations to create  
 14 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of  
 15 the state;  
 16 (7) allow an assumption of a loan if  
 17 (A) the applicant has been a state resident for a continuous  
 18 period of two years immediately preceding the date of the request for an  
 19 assumption; and  
 20 (B) approval of the assumption would be consistent with the  
 21 purposes of AS 16.10.300; an applicant for a loan assumption may not be  
 22 disqualified because the applicant does not meet the loan eligibility  
 23 requirements of (1) of this subsection;  
 24 (8) prequalify loan applicants for a limited entry permit loan or a quota  
 25 shares loan and charge a fee not to exceed \$200 for prequalification;  
 26 (9) charge and collect the fees established under this subsection;  
 27 (10) refinance a debt obligation incurred by a borrower or borrowers  
 28 under this section if the borrower or borrowers otherwise qualify for a loan under  
 29 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination  
 30 charge of one-half percent of the amount of the debt obligation that has been  
 31 refinanced when the first refinancing payment is due;

(11) refinance debt obligations, not to exceed \$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 16.10.310 is amended by adding a new subsection to read:

(e) The department may not make a loan to an individual under (a)(1) of this section to satisfy past due federal tax obligations unless the individual has filed past and current federal tax returns with the federal government and has executed an agreement with the federal government for repayment of past due federal tax obligations. During an individual's lifetime, the individual may receive only one loan to satisfy past due federal tax obligations under (a)(1) of this section, whether under (a)(1) of this section as it now reads or under any other former version of (a)(1) of this section. A loan made under (a)(1) of this section to satisfy past due federal tax obligations may not exceed \$30,000.

\* **Sec. 3.** 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 and [, WHO] have had a 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; [OR

(iii) TO SATISFY PAST DUE FEDERAL TAX OBLIGATIONS THAT MAY RESULT IN THE EXECUTION ON AND INVOLUNTARY TRANSFER OF THE INDIVIDUAL

1 COMMERCIAL FISHERMEN'S ENTRY PERMITS, TO THE  
 2 EXTENT ALLOWED UNDER (e) OF THIS SECTION;]

3 (B) to an individual for the repair, restoration, or upgrading of  
 4 existing vessels and gear, for the purchase of entry permits and gear, **and** for  
 5 the construction and purchase of vessels [, OR, TO THE EXTENT ALLOWED  
 6 UNDER (e) OF THIS SECTION, TO SATISFY PAST DUE FEDERAL TAX  
 7 OBLIGATIONS THAT MAY RESULT IN THE EXECUTION ON AND  
 8 INVOLUNTARY TRANSFER OF THE INDIVIDUAL'S ENTRY PERMITS],  
 9 if the individual has been a state resident for a continuous period of two years  
 10 immediately preceding the date of application for a loan under AS 16.10.300 -  
 11 16.10.370, and either

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

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

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

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

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

27 (iii) qualify as a transferee for quota shares under  
 28 applicable law; and

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

31 (2) designate agents and delegate its powers to them as necessary;

1                   (3) adopt regulations necessary to carry out the provisions of  
2 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for  
3 services provided;

4                   (4) establish amortization plans for repayment of loans, which may  
5 include extensions for poor fishing seasons or for adverse market conditions for Alaska  
6 products;

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

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

13                  (7) allow an assumption of a loan if

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

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

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

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

24                  (10) refinance a debt obligation incurred by a borrower or borrowers  
25 under this section if the borrower or borrowers otherwise qualify for a loan under  
26 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination  
27 charge of one-half percent of the amount of the debt obligation that has been  
28 refinanced when the first refinancing payment is due;

29                  (11) refinance debt obligations, not to exceed \$300,000, incurred by a  
30 borrower or borrowers for the purchase of a commercial fishing vessel or gear if the  
31 borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370;

1       the department may collect a refinancing loan origination charge as provided by  
2       regulation.

3       \* **Sec. 4.** AS 16.10.310(e) is repealed.

4       \* **Sec. 5.** Sections 1 and 2 of this Act take effect August 1, 2000.

5       \* **Sec. 6.** Sections 3 and 4 of this Act take effect August 1, 2002.