



ALASKA STATE LEGISLATURE

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SB 68 Alaska Commercial Fishing and Agriculture Bank SPONSOR STATEMENT

Senate Bill 68 will strengthen the Commercial Fishing and Agriculture Bank (CFAB) and its ability to serve member-owners. CFAB was created by the legislature to fulfill a need for financing the agricultural and fishing permit industries.

Because it has been difficult to keep a resident farmer on the board of directors filled, SB 68 removes mandatory requirements to have a seat on the board designated for a resident farmer.

The bill removes dollar limitations for co-op members seeking loans for tourism-related activities and the development or exploitation of natural resources.

SB 68 will also allow CFAB to make loans for capital investment or operating capital to a shore-based fish processor, a timber processor, or an agricultural processor or harvester with facilities located in Alaska. This bill extends this allowance to tourism-related activities and the development or exploitation of natural resources as outlined in subsections (15) and (16).

The legislature supplied \$32 million in seed money to CFAB to kick start the cooperative and since the coop was using dollars borrowed from the general fund, CFAB was prohibited by law from hiring a lobbyist because it was thought of as a quasi-governmental entity until it had paid the State back the full amount of the loan with interest. Now that CFAB has fulfilled that obligation and is now an independent business, there is no need to prohibit them from having a lobbyist.

The bill also requires CFAB's financial records to be examined by the Department of Commerce Division of Banking at 36 month intervals and requires CFAB to reimburse the state for the cost of the audit.