

2018 Session Operating Budget Amendment

Offered In: The House Finance Committee
To: HB 285/HB 286
Offered By: Representative Seaton

Agency: Fish and Game
Appropriation: Wildlife Conservation
Allocation: Wildlife Conservation

Transaction Details

Title: Add one-time increment to reduce the chance of lapsing federal Pittman-Robertson funding in FY19
Section: Section 1
Type: IncOTI

Line Items

| | |
|--------------------|---------|
| Personal Services: | 0.0 |
| Travel: | 0.0 |
| Services: | 1,000.0 |
| Commodities: | 0.0 |
| Capital Outlay: | 0.0 |
| Grants: | 0.0 |
| Miscellaneous: | 0.0 |
| | 1,000.0 |

Positions

| | |
|----------------------|---|
| Permanent Full-Time: | 0 |
| Permanent Part-Time: | 0 |
| Temporary: | 0 |

Funding

| | |
|-----------------|---------|
| 1223 CharterRLF | 1,000.0 |
|-----------------|---------|

Explanation

Federal Pittman-Robertson (P/R) Funds are derived from an 11 percent federal excise tax on sporting arms, ammunition, and archery equipment, and a 10 percent tax on handguns. These funds are apportioned each year to the states. The funding is to be used for restoration of wild birds and mammals and to acquire, develop and manage wildlife

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habitats, hunter training programs and the development, operation and maintenance of public shooting ranges.

A surge in the sale of firearms and ammunition has significantly increased the amount of Pittman-Robertson funding allocated to the Division of Wildlife in Alaska's Department of Fish and Game. Although there is a 3:1 match, given the state's fiscal situation, meeting this match has been challenging. In fact, the state match shortfall has resulted in Alaska reverting a total of \$3.3 million of P/R funding (\$1.9 in FY17 and \$1.4 in FY18). If other sources of match are not identified or appropriated, another \$3.9 million is expected to revert on September 30, 2018, and another \$6 million in FY19.

The fund source is the Commercial Charter Fisheries Revolving Loan Fund. The fund has nearly \$5 million in cash, only one \$28.1 outstanding loan, projected loan demand of just \$45.0 per year, and a current loan to asset ratio of 1%.

This funding will be used to match available Pittman-Robertson Funding in FY19.

Department of Commerce, Community, and Economic Development
Investments Revolving Loan Fund Analysis

Commercial Charter Fisheries Revolving Loan Fund (CCFRLF) Fund-1223

Program Summary: The CCFRLF was passed by the Legislature in 2012 and regulations for the fund were effective October 2012, under AS 16.10.801-890. This legislation established the public policy goal of increasing ownership of Charter Halibut Permits by Alaskans that may not be able to get financing elsewhere, and facilitating growth of Alaskan ownership of Charter Halibut Permits under the new limited entry permit system instituted by the National Marine Fisheries Service (NMFS). This new program may take some time to develop as the NMFS permit program matures.

At the end of FY2017 there was 1 outstanding loan totaling \$28.1, 1 new loan application received, \$0 new loans made, and the average loan amount was \$28.1.

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Loans Outstanding | \$28,050 | \$62,100 | \$105,151 | \$142,014 | \$172,690 |
| Cash with Treasury | \$5,046,861 | \$4,994,750 | \$4,933,639 | \$4,878,715 | \$4,829,978 |
| Projected Principal Repayment | \$1,950 | \$1,950 | \$8,137 | \$14,324 | \$20,511 |
| Projected Interest & Fees Repayment | \$1,139 | \$1,139 | \$1,139 | \$1,139 | \$1,139 |
| Projected Loan Demand | \$36,000 | \$45,000 | \$45,000 | \$45,000 | \$45,000 |
| Operating Appropriation | \$19,200 | \$19,200 | \$19,200 | \$19,200 | \$19,200 |
| Foreclosure Reserve | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Cash Available to Lend | \$4,994,750 | \$4,933,639 | \$4,878,715 | \$4,829,978 | \$4,787,428 |
| Total Assets | \$5,074,911 | \$5,056,850 | \$5,038,789 | \$5,020,729 | \$5,002,668 |
| Liquidity Ratio | 1% | 1% | 2% | 3% | 3% |

Cash with Treasury: The cash with treasury represented in FY2018 is the amount of cash at the end of FY2017. Cash Available to Lend plus Foreclosure Reserve constitutes Cash with Treasury the following year.

Repayments: FY2018 is based on FY2017 payments. FY2019 through FY2022 is based on average over life of the fund and includes projected loans. Repayments are separated into the Principal and Interest and Fees components of loan repayments.

Loan Demand: FY2018 is based on demand from FY2017. FY2019 through FY2022 is based on average over life of the fund.

Foreclosure Reserve: The CCFRLF reserve rate is a static \$100,000. This reserve adjustment is currently based on the age of the fund and the high amount of liquidity. However, this reserve will be adjusted as more loans are granted.

Total Assets: Loans Outstanding plus Cash with Treasury.

Liquidity Ratio: The ratio is the percentage of cash to outstanding loans, and is a measure of how loaned out the fund is. Once a fund reaches 80% loaned out, DED monitors incoming loan demand to ensure the fund is not over extended and remains solvent.