

Financing & Taxes

Access to capital and competitive tax structures are essential for supporting investments in modernization, quality improvement, and efficiency. Simultaneously, local communities require support to maintain local services. These recommendations create targeted incentives for strategic investments while providing mechanisms to help communities weather market disruptions.

The Commercial Fishing and Agriculture Bank (CFAB) has 700+ members across 80 Alaska fishing communities. CFAB also has a unique authority to lien Limited Entry Permits, and opportunities to maintain diverse capital sources and competitive financing terms for Alaska's seafood industry. Passage of HB 273 in 2024 benefitted fishermen with changes to the state's Commercial Fishing Revolving Loan Fund (CFRL), but created an unintended negative consequence for CFAB. An opportunity exists however, to align CFAB statutes with the CFRL changes for the benefit of all parties.

Meanwhile, in 2024 there were 57 small, land-based seafood processors in Alaska coastal communities. These small processors are the primary source of product for dozens of other small fisher direct marketers. This sector faces disproportionate financial constraints for their assets being fully leveraged, leaving little to no margin for cost fluctuations or delays in cash flow. The creation of a Pack Loan Program could help mitigate some of the financial risk for small processors, local economies, and strain on the entire industry.

Near-Term (2025)

6. Review opportunities to leverage CFAB and the state revolving loan fund to assist fishermen through access to competitive interest rates and loan terms. Evaluating potential coordination between CFAB and CFRL would better align these lending sources and more effectively serve Alaska's fishing industry.
 - a. **Action Point:** Amend AS 44.81 to reduce CFAB's interest rates and matching its loan terms to those in the CFRL for a certain limited timeframe, potentially with a sunset. Establish further provisions for CFAB to annually receive financial reimbursement of its lost interest income from the CFRL, with the CFRL becoming an investor in CFAB, partnering the two in the form of an earning-asset to CFRL.
 - b. **Action Point:** Amend the Commercial Fishing Loan Program to better support new entrants seeking to acquire permits, vessels, gear, and other assets, offering favorable rates for young and rural resident fishermen, potentially with mentorship requirements.
 - c. **Action Point:** Amend the CFRL under AS 16.10.300 and CFAB under AS 44.81 to offer a low interest Pack Loan Program from the state, making capital more readily available to Alaska's small processors.