

# ALASKA STATE LEGISLATURE



## House Fisheries Committee

### HB 199: Sponsor Statement

#### *Version A*

*"An Act relating to the Department of Commerce, Community, and Economic Development; relating to the Alaska Commercial Fishing and Agriculture Bank; relating to certain loans made by the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."*

Alaska's commercial fishing industry faces a financial crisis. To aid the industry, the legislature passed HB273 in 2024 allowing the Commercial Fishing Revolving Loan Fund to lend at a much-reduced interest rate of 5.25 percent. Unable to match the lower interest rates, the Alaska Commercial Fishing and Agriculture Bank (CFAB) is losing significant loan volume. The problem is exacerbated by recent low ex-vessel returns and high overhead costs. CFAB has already expended the tools at their disposal to avoid defaults including revised payment plans and loan restructuring for many borrowers.

CFAB is chartered in state law and serves an important public purpose through the ability to use Limited Entry Permits as collateral, as well as provide potentially larger loans. Recognizing that it is in the interest of the State and our seafood industry to keep CFAB operational, the Joint Legislative Task Force Evaluating Alaska's Seafood Industry recommended that the State enact policy to temporarily lower CFAB's interest rates.

HB 199 addresses the problem described above with a one-time, temporary investment of approximately \$3.7 million of state money from a separate now-defunct Capstone Avionics revolving loan fund. The investment will be through the purchase of Class C, non-voting, shares in CFAB, the same vehicle through which the State provided startup funds to the bank in 1979. The money will only be used to refinance and/or issue comparable low-interest rate loans until the revolving loan fund's rates return to normal in two years. At that time, CFAB will return any un-lent state funds. CFAB will repay in full within 20 years by purchasing back the stock held by the State.

Supporting Alaska's fishermen, especially in this time of crisis, is vital. HB 199 does that by bolstering an important financial resource for Alaska's private sector economy into the future.

If you have any questions, please contact Fisheries Committee staff, Kyle Neumann at 465-3017 or [kyle.neumann@akleg.gov](mailto:kyle.neumann@akleg.gov).

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