

HOUSE BILL NO. 419

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 3/19/10

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the board, investigations, and examinations of the Alaska**
2 **Commercial Fishing and Agriculture Bank; and providing for an effective date."**

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

4 * **Section 1.** AS 06.01.010(b) is amended to read:

5 (b) Except for deposit institutions, the commissioner shall assess every
6 financial institution and every applicant to establish a financial institution a fee for the
7 actual expenses necessarily incurred by the department in connection with any
8 examination or investigation, whether regular or special. The commissioner shall
9 assess every deposit institution and every applicant to establish a deposit institution a
10 fee for the actual expenses necessarily incurred by the department in connection with
11 any special examination or investigation. A fee assessed under this subsection must
12 include the proportionate part of the salaries and cost of employee benefits of the
13 examiners while conducting examinations or investigations and while preparing
14 reports of them, and transportation costs and per diem of each examiner while away

1 from the examiner's duty station. The cost to the financial institution in connection
 2 with an examination may not exceed the actual cost to the department of the
 3 examination. The assessment shall be made by the commissioner as soon as feasible
 4 after the examination or investigation has been completed. The assessment must be
 5 received by the department within 30 days after receipt of notice of the assessment by
 6 the institution. **In this subsection, "financial institution" includes the Alaska**
 7 **Commercial Fishing and Agriculture Bank under AS 44.81.275.**

8 * **Sec. 2.** AS 44.81.020(a) is amended to read:

9 (a) The bank shall be governed by a board of directors consisting of seven to
 10 nine natural persons. The number is determined by the bank's bylaws. Two board
 11 members shall be appointed by the governor of the state. The other board members
 12 shall be elected by the members of the bank as provided in the bank's bylaws [,
 13 EXCEPT THAT AT LEAST ONE OF THE ELECTED BOARD MEMBERS MUST
 14 BE A RESIDENT FARMER].

15 * **Sec. 3.** AS 44.81.260(a) is amended to read:

16 (a) The records of the bank that are identified with, or identifiable as being
 17 derived from the records of, a specific borrower, member of the bank, or applicant for
 18 a loan are confidential and may not be disclosed by the bank or by its directors,
 19 officers, employees, or agents to a person other than the directors, officers, employees,
 20 or agents of the bank, except

21 (1) when required by a federal or state statute;

22 (2) under AS 44.81.270 **and 44.81.275**;

23 (3) under a search warrant issued under federal law or the law of this
 24 state;

25 (4) under a subpoena or court order issued in a civil action under
 26 federal law or the law of this state;

27 (5) under a subpoena or court order issued in connection with a
 28 proceeding before a federal grand jury or grand jury of this state;

29 (6) under a summons or subpoena issued by an agency or a department
 30 of the United States or this state, or an officer, employee, or agent of the agency or
 31 department;

(7) under a request by a financial institution, if the request is solely for the stated written purpose of determining the credit worthiness of a member or borrower as an applicant for credit, and if the information disclosed by the bank pertains only to the payment history of the member or borrower;

(8) under a request by a lender that has extended or is considering extending credit to the bank if the credit is or may be secured by the pledge of a loan by the bank;

(9) when disclosed to the attorney general of the United States or to a law enforcement agency of this state if the records may be relevant to a report or investigation of a possible violation of federal law or a law of this state.

* **Sec. 4.** AS 44.81 is amended by adding a new section to read:

Sec. 44.81.275. Examinations. (a) At intervals that are not greater than 36 months, an examiner from the department shall perform an examination of the bank. Each interval shall be determined by the commissioner. During the examination, the examiner shall evaluate the bank's loan portfolio quality on a statistical basis and on the appropriateness and effectiveness of the bank's policies, practices, and management to carry out the bank's statutory purposes.

(b) The examiner shall prepare a summary report of the examiner's findings and conclusions. The department shall distribute a copy of the report to the bank and to the legislative auditor, but the records, information, and findings of the department related to the examination are otherwise confidential under AS 06.01.025.

(c) In this section,

(1) "commissioner" means the commissioner of commerce, community, and economic development;

(2) "department" means the Department of Commerce, Community, and Economic Development.

* **Sec. 5.** AS 44.81.350(7) is repealed.

* **Sec. 6.** Sections 2 and 5 of this Act take effect immediately under AS 01.10.070(c).

* **Sec. 7.** Except as provided in sec. 6 of this Act, this Act takes effect July 1, 2011.