

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 177
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB177-DCCED-DED-03-29-13
Title: COMMERCIAL FISHING LOANS
Sponsor: EDGMON
Requester: House Fisheries

Department: Department of Commerce, Community and
Economic Development
Appropriation: Economic Development
Allocation: Economic Development
OMB Component Number: 2743

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	89.1		37.7	(11.7)	(24.6)	(74.0)	(108.1)
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/13

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Date: 03/29/2013 07:30 PM
Date: 03/29/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 177

Analysis

HB 177 will affect both the Commercial Fishing Revolving Loan Fund and the Community Quota Entity Revolving Loan Fund.

Commercial Fishing Revolving Loan Fund (CFRLF): The bill would change the current interest rates for the Engine Fuel Efficiency (EFE) and Product Quality Improvement (PQI) loans from 4.25% to 3.0%. The interest rate for these loans would be calculated and fixed at the prime interest rate minus two percentage points. This would set the interest rate for EFE and PQI at the current minimum allowable rate of 3.0%. Using estimated loan demand and considering existing loans, the proposed changes to the CFRLF are projected to decrease revenues to the fund by approximately 30.9 in FY2014, 59.8 in FY2015, 86.7 in FY2016, 104.5 in FY2017, \$124.0 in FY2018, and 138.1 in FY2019 for a total net decrease of 544.1.

Community Quota Entity Revolving Loan Fund (CQE): The bill would allow the CQE to retain investment earnings on the daily cash balance that is invested by the Department of Revenue. Using estimated loan demand and average cash balances, the proposed changes to the CQE are projected to increase revenues to the fund by approximately 120.0 in FY2014, 97.500 in FY2015, 75.0 in FY2016, 80.0 in FY2017, 50.0 in FY2018 and 30.0 in FY2019 for a total net increase of 452.5. The projected net change to these funds is shown in the Change in Revenues.

A small regulations project would be necessary to change the statutory references to the interest rates in the regulation. Based on past experience with these types of changes, the Division will be able to complete a regulations project of this nature by December 31, 2013.

There is no anticipated fiscal impact to the Division of Economic Development.