



**SENATE FINANCE COMMITTEE
SB 140 Testimony of Sarah Lukin
Pt Public Policy, LLC
March 27, 2014**

For the record my name is Sarah Lukin, Chief Operating Officer of Pt Public Policy, LLC, which is part of the Pt Capital family of companies.

Quyanaa (thank you) Chairman and Members of the Committee for allowing me to testify on SB 140. As the only Private Equity firm headquartered in Alaska focused exclusively on Arctic development, Pt Capital is a strong supporter of SB 140.

The Finance Committee's consideration of SB 140 today is certainly timely as Pt is in the mist of talking with global investors about deploying significant capital in Arctic Alaska.

I'd like to briefly explain the fisheries provision in this bill, which authorizes AIDEA to finance fisheries in the Arctic.

The fisheries provision increases local ownership of Alaska fisheries by combining the State of Alaska's strong credit rating and low cost of capital to provide Alaskan's more affordable large-scale fisheries financing.

Pt has worked jointly with the Aleutian Pribilof Island Community Development Association (APICDA), the City of Seward, and the Association of Village Council Presidents to advocate for this fisheries provision because we believe it is consistent with the broader bill and it makes it a much stronger bill.

The Alaska fishing industry is the largest employer in Alaska, and the third largest industry in the State. Nearly 60,000 Alaskan's are directly employed in commercial fishing and seafood processing. And an additional 11,000 jobs in Alaska are created through support services and spending of earned wages from fisheries.

Despite these positive numbers, most of the additional jobs created by Alaska fisheries – including small businesses that support the fishing industry like boat welders, net menders, and freight companies, and jobs like lawyers, car dealers, and the waitress at the local restaurant where the fisherman go to eat dinner – are largely *outside* of Alaska. In fact, there are *four times* as many additional jobs created *outside* of Alaska than *inside* Alaska from Alaska's fisheries. Why not try to bring some of these jobs home?

The fisheries provision will guarantee bank loans for quota and vessels used in a federally managed fishery in the Arctic, like Pollock, crab, and cod. And provide AIDEA loans for plants,

facilities, and equipment within the State of Alaska that are used in the support of state or federally managed fisheries.

Pt envisions a program that is focused on permanent Alaska ownership by making Alaska community owned non-profits, located in non-CDQ communities, eligible for the program. As non-profits focused on providing benefits to local Alaska communities in perpetuity, it makes sense they would keep their business, and the benefits they provide, in Alaska *permanently*. If, after a set amount of time, the program isn't fully utilized by local non-profits, the program could be expanded to include other Alaska businesses.

Now that I've described what the fisheries provision does, it's important to note for the Committee what it doesn't do:

- *It does not finance out of state projects.*
- *It does not provide a grant or gift.* Community non-profits would apply for a loan or loan guarantee, and would have to meet qualification requirements developed by AIDEA.
- *It does not double-dip with existing State and Federal fisheries financing programs.* Those programs finance smaller scale fisheries below the \$7 million floor in this provision.
- *It does not provide quota and vessel financing for state managed fisheries,* like salmon permits, which are covered by other State financing programs. The State of Alaska does not have a program that supports Alaska's federally managed fisheries.
- *It does not provide financing for Individual Fishing Quotas (IFQ's)* in the Gulf of Alaska. The AIDEA Fisheries program is focused on quotas, vessels, and infrastructure support of Arctic fisheries.

In short, the fisheries provision and SB 140 as a whole will spur economic development and create jobs within Alaska, and urge more of Alaska's fisheries to be owned by Alaskans.

I would be happy to answer any questions you may have and Hugh Short, CEO of Pt Capital is on the phone and available to answer questions as well.

Quyanaasinaq (thank you very much) for your time.