

LEGAL SERVICES

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MEMORANDUM

March 6, 2017

SUBJECT: Sectional summary (CSHB 76 ())
(Work Order No. 30-LS0343\R))

TO: Representative Daniel Ortiz
Attn: Elizabeth Bolling

FROM: Alpheus Bullard *AB*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a declaration of policy for the state's Mariculture Revolving Loan Fund (fund) (AS 16.10.890 - 16.10.945).

Section 2. Amends a spanned statutory citation in AS 16.10.900 to conform with the provision added by section 1 of the bill.

Section 3. Authorizes the Department of Commerce, Community, and Economic Development (department) to make loans to an eligible applicant for the planning, construction, and operation of a (1) hatchery that artificially propagates marine aquatic plants or shellfish or (2) shellfish enhancement project. Permits the department to make grants for organizational and planning purposes to certain nonprofit organizations. Amends spanned statutory citations to conform with the provision added by sec. 1 of the bill.

Section 4. Expands the classes of person eligible for a loan from the fund to include state residents or entities organized under state law that (1) hold a permit to operate a hatchery or aquatic farm for the purposes of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects.

Section 5. Conforms the residency requirements for fund loan applicants to reflect that entities organized under state law are also eligible for loans from the fund.

Section 6. Establishes new loan terms for loans from the fund.

Section 7. Provides that a subsequent loan may not be made to a resident of the state or entity organized under the laws of the state that holds a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or that conducts shellfish enhancement projects if the person's outstanding balance exceeds \$1,000,000.

Section 8. Allows a loan to be made from the fund for the purchase of boats or vessels determined to be integral to the operation of a hatchery.

Section 9. Amends a spanned statutory citation in AS 16.10.915(d) to conform with the provision added by section 1 of the bill.

Section 10. Adds new subsections to AS 16.10.915. Provides that the total balance on loans made to residents of the state, or entities organized under the laws of the state, that (1) hold a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects, may not exceed 40 percent of the fund's principal. Prohibits the department from making certain loans from the fund unless the department determines that (1) a loan applicant's hatchery or enhancement project will be managed in a manner reasonably expected to result in repayment of the loan and (2) the applicant's hatchery or enhancement project is in the public interest.

Section 11. Changes when the department may require repayment of principal and interest on loans made from the fund.

Section 12. Provides authority for certain associations of limited entry permit holders to levy and collect an assessment from its members to secure or repay a loan from the fund. Allows the department to rely on certain assessments in deciding whether to make a loan from the fund.

Section 13. Amends a spanned statutory citation in AS 16.10.935 to conform with the provision added by section 1 of the bill.

Section 14. Adds new definitions for AS 16.10.890 - 16.10.945.

Section 15. Clarifies that changes made by the bill to loan terms from the fund do not apply to loans made before the bill's effective date.

Section 16. Provides the bill with an immediate effective date.