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Senator Gary Stevens

Senate Bill 71 - Commercial Fishery Loans Sponsor Statement

Senate Bill 71 raises the maximum balance of sub-category loans an Alaskan resident may borrow from the state to support their activities in commercial fishing in Alaska.

The total balance allowed to be borrowed remains at \$400,000, but the bill allows borrowers more flexible options to reach the \$400,000 capped balance within the various loan sub-categories for which they qualify.

To clarify the effect of this bill, we must look to the loan categories described in a previous section of Alaska law, AS 16.10.310(a)(1)(a) through (a)(1)(f). The changes are summarized as follows:

Subsection A loans are intended for more experienced fishermen who hold current crewmember or commercial fishing permits, and who wish to purchase entry permits, upgrade existing vessels or gear to improve seafood product quality, or to improve fuel efficiency. The current Subsection A loan balance is capped at \$300,000. This bill raises that cap to \$400,000.

Subsection B loans are intended for repairing, upgrading, or purchasing vessels, and buying entry permits. Applicants must have been denied other financing options and demonstrate a local economic dependence on commercial fishing for their livelihood. Subsection B loan balances are currently capped at \$200,000 for buying permits or gear, and \$100,000 for vessel purchase, repair, etc. This bill caps all Subsection B loans to \$200,000.

Subsection C loans are intended for those wishing to buy Individual Fishing Quotas (IFQs) for halibut or sablefish. Applicants must have been denied other financing options. Subsection C loan balances are currently capped at \$300,000. SB 71 raises Subsection C loans maximum to \$400,000.

Subsection F loans are for Alaska residents wishing upgrade existing tender vessels and gear in order to improve the quality of Alaska seafood products. Section F loans are currently capped at \$300,000. SB 71 raises Subsection F loans maximum to \$400,000.

To reiterate, currently the most any Alaskan can borrow from the Alaska Commercial Fishing Loan Fund is \$400,000. SB 71 does not change that policy, but rather only changes how a person may reach the \$400,000 cap. It allows Alaskans to borrow more for an individual permit, engine, boat, gear, IFQ, etc, but still never more than \$400,000 total.

It is the policy of the state, under AS 16.10.300 – 16.10.370, to promote the rehabilitation of the state's fisheries, the development of a predominantly resident fishery, and the continued maintenance of commercial fishing gear and vessels throughout the state by means of long-term low interest loans. Senate Bill 71 is an effort to modernize that policy. Thank you for your consideration.

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