

**HOUSE BILL NO. 381**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Introduced: 2/4/98

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to loans for commercial fishermen and fish tender operators  
2 affected by certain economic disasters; and providing for an effective date."

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

4 \* **Section 1.** AS 16.10.310(a) is amended to read:

5 (a) The department may

6 (1) make loans

7 (A) to individual commercial fishermen who have been state  
8 residents for a continuous period of two years immediately preceding the date  
9 of application for a loan under AS 16.10.300 - 16.10.370 and have had a  
10 crewmember or commercial fishing license under AS 16.05.480 or a permit  
11 under AS 16.43 for the year immediately preceding the date of application and  
12 any other two of the past five years, and who actively participated in the  
13 fishery during those periods,

14 (i) for the purchase of entry permits; or

1 (ii) to upgrade existing vessels and gear for the purpose  
2 of improving the quality of Alaska seafood products;

3 (B) to an individual for the repair, restoration, or upgrading of  
4 existing vessels and gear, for the purchase of entry permits and gear, and for  
5 the construction and purchase of vessels [,] if the individual has been a state  
6 resident for a continuous period of two years immediately preceding the date  
7 of application for a loan under AS 16.10.300 - 16.10.370 [,] and either

8 (i) because of lack of training or lack of employment  
9 opportunities in the area of residence, does not have occupational  
10 opportunities available other than commercial fishing; or

11 (ii) is economically dependent on commercial fishing for  
12 a livelihood and for whom commercial fishing has been a traditional  
13 way of life in Alaska;

14 (C) for the purchase of quota shares for fisheries in or off the  
15 state by individual commercial fishermen who

16 (i) have been state residents for a continuous period of  
17 two years immediately preceding the date of application for a loan  
18 under AS 16.10.300 - 16.10.370;

19 (ii) for any two of the past five years, possessed a  
20 crewmember or commercial fishing license under AS 16.05.480 or a  
21 permit under AS 16.43 and actively participated in a fishery for which  
22 the license or permit was issued;

23 (iii) qualify as a transferee for quota shares under  
24 applicable law; and

25 (iv) are not eligible for financing from other recognized  
26 commercial lending institutions to purchase quota shares;

27 **(D) under terms set out in (e) of this section to individual**  
28 **commercial fishermen and fish tender operators who have been affected**  
29 **by an economic disaster;**

30 (2) designate agents and delegate its powers to them as necessary;

31 (3) adopt regulations necessary to carry out the provisions of

1 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for  
2 services provided;

3 (4) establish amortization plans for repayment of loans, which may  
4 include extensions for poor fishing seasons or for adverse market conditions for  
5 Alaska [ALASKAN] products;

6 (5) enter into agreements with private lending institutions, other state  
7 agencies, or agencies of the federal government, to carry out the purposes of  
8 AS 16.10.300 - 16.10.370;

9 (6) enter into agreements with other agencies or organizations to create  
10 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of  
11 the state;

12 (7) allow an assumption of a loan if

13 (A) the applicant has been a state resident for a continuous  
14 period of two years immediately preceding the date of the request for an  
15 assumption; and

16 (B) approval of the assumption would be consistent with the  
17 purposes of AS 16.10.300; an applicant for a loan assumption may not be  
18 disqualified because the applicant does not meet the loan eligibility  
19 requirements of (1) of this subsection;

20 (8) prequalify loan applicants for a limited entry permit loan or a quota  
21 shares loan and charge a fee not to exceed \$200 for prequalification;

22 (9) charge and collect the fees established under this subsection;

23 (10) refinance a debt obligation incurred by a borrower or borrowers  
24 under this section if the borrower or borrowers otherwise qualify for a loan under  
25 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination  
26 charge of one-half percent of the amount of the debt obligation that has been  
27 refinanced when the first refinancing payment is due;

28 (11) refinance debt obligations, not to exceed \$300,000, incurred by a  
29 borrower or borrowers for the purchase of a commercial fishing vessel or gear if the  
30 borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370;  
31 the department may collect a refinancing loan origination charge as provided by

1 regulation.

2 \* **Sec. 2.** AS 16.10.310 is amended by adding a new subsection to read:

3 (e) The department may make loans for payment of annual start-up and  
4 operating costs, including payment of cannery accounts, of a commercial fishing  
5 operation or a fish tender operation. The amount of a loan may not exceed either the  
6 amount of the start-up and operating costs usually incurred by the commercial fishing  
7 operation or fish tender operation that can be documented by the applicant or the  
8 amount of \$20,000 for a drift gillnet commercial fishing operation or \$10,000 for  
9 another commercial fishing operation or a fish tender operation. Loans made under  
10 this subsection bear no interest. Notwithstanding AS 16.10.300 - 16.10.370, a loan  
11 made under this subsection shall be secured only by a lien against one-half of the  
12 individual's annual permanent fund dividend. Up to 50 percent of the annual  
13 permanent fund dividend of an individual may be taken under AS 43.23.065(b)(6) and  
14 43.23.072 to satisfy the balance due on a loan under this subsection. The department  
15 may make loans under this subsection to individual commercial fishermen and fish  
16 tender operators who

17 (1) have been state residents for a continuous period of two years  
18 immediately preceding the date of application for a loan under this subsection;

19 (2) either

20 (A) held a permit under AS 16.43 for a commercial fishery that  
21 experienced a fishery disaster that was the basis for an economic disaster  
22 declaration by the governor, currently hold a permit under AS 16.43 for that  
23 fishery, and currently intend to participate in that fishery during the fishing  
24 season immediately following the declaration of the economic disaster by the  
25 governor; or

26 (B) provide documentation of

27 (i) contemporaneous authority to conduct, and of a  
28 history of participation as, a fish tender operation for a commercial  
29 fishery that experienced a fishery disaster that was the basis for an  
30 economic disaster declaration by the governor; and

31 (ii) current authority to conduct a fish tender operation

1 in that fishery during the fishing season immediately following the  
 2 declaration of the economic disaster by the governor; and  
 3 (3) have a household income, as documented by income tax returns, of  
 4 less than \$25,000 for the calendar year preceding the fishing season for which the loan  
 5 is requested.

6 \* **Sec. 3.** AS 43.23 is amended by adding a new section to read:

7 **Sec. 43.23.072. Claims on defaulted commercial fishing loans.** (a)  
 8 AS 09.38 does not apply to a permanent fund dividend taken under AS 16.10.310(e).  
 9 Notwithstanding AS 09.35, the Department of Commerce and Economic Development  
 10 may take up to 50 percent of a permanent fund dividend under AS 16.10.310(e) by  
 11 delivering a claim to the department certifying the following information:

12 (1) the name and social security number of the individual whose  
 13 dividend is being claimed;

14 (2) the amount the individual owes on a loan awarded under  
 15 AS 16.10.310(a)(1)(D) and (e); and

16 (3) a statement that

17 (A) the debt has not been contested, or, if contested, that the  
 18 issue has been resolved in the favor of the Department of Commerce and  
 19 Economic Development; and

20 (B) if the debt has been contested and resolved in the favor of  
 21 the Department of Commerce and Economic Development, no appeal is  
 22 pending, the time limit for filing an appeal has expired, or the appeal has been  
 23 resolved in favor of the Department of Commerce and Economic Development.

24 (b) The Department of Commerce and Economic Development shall notify the  
 25 individual of a claim under (a) of this section. The notice shall be sent to the address  
 26 provided in the individual's permanent fund dividend application and must provide the  
 27 following information:

28 (1) the amount of the claim;

29 (2) notice that the amount of the permanent fund dividend up to the  
 30 amount of the claim shall be paid to the Department of Commerce and Economic  
 31 Development to be credited against the individual's loan balance; and

1 (3) the individual's right to a hearing under (c) of this section.

2 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an individual  
3 under (b) of this section.

4 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).