

HOUSE BILL NO. 238

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KAPSNER, Smalley

Introduced: 5/14/99

Referred: House Special Committee on Fisheries, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a federal tax obligation loan program under the commercial
2 fishing loan program."

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, who [AND] have
10 had a crewmember or commercial fishing license under AS 16.05.480 or a
11 permit under AS 16.43 for the year immediately preceding the date of
12 application and any other two of the past five years, and who actively
13 participated in the 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; **or**

3 **(iii) to satisfy past due federal tax obligations that**
4 **may result in the execution on and involuntary transfer of the**
5 **individual commercial fishermen's entry permits, to the extent**
6 **allowed under (e) of this section;**

7 (B) to an individual for the repair, restoration, or upgrading of
8 existing vessels and gear, for the purchase of entry permits and gear, [AND]
9 for the construction and purchase of vessels, **or, to the extent allowed under**
10 **(e) of this section, to satisfy past due federal tax obligations that may result**
11 **in the execution on and involuntary transfer of the individual's entry**
12 **permits**, if the individual has been a state resident for a continuous period of
13 two years immediately preceding the date of application for a loan under
14 AS 16.10.300 - 16.10.370, and either

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

18 (ii) is economically dependent on commercial fishing for
19 a livelihood and for whom commercial fishing has been a traditional
20 way of life in Alaska;

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

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

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

30 (iii) qualify as **transferees** [A TRANSFEREE] for quota
31 shares under applicable law; and

- 1 (iv) are not eligible for financing from other recognized
2 commercial lending institutions to purchase quota shares;
- 3 (2) designate agents and delegate its powers to them as necessary;
- 4 (3) adopt regulations necessary to carry out the provisions of
5 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
6 services provided;
- 7 (4) establish amortization plans for repayment of loans, which may
8 include extensions for poor fishing seasons or for adverse market conditions for
9 Alaska [ALASKAN] products;
- 10 (5) enter into agreements with private lending institutions, other state
11 agencies, or agencies of the federal government [,] to carry out the purposes of
12 AS 16.10.300 - 16.10.370;
- 13 (6) enter into agreements with other agencies or organizations to create
14 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
15 the state;
- 16 (7) allow an assumption of a loan if
- 17 (A) the applicant has been a state resident for a continuous
18 period of two years immediately preceding the date of the request for an
19 assumption; and
- 20 (B) approval of the assumption would be consistent with the
21 purposes of AS 16.10.300; an applicant for a loan assumption may not be
22 disqualified because the applicant does not meet the loan eligibility
23 requirements of (1) of this subsection;
- 24 (8) prequalify loan applicants for a limited entry permit loan or a quota
25 shares loan and charge a fee not to exceed \$200 for prequalification;
- 26 (9) charge and collect the fees established under this subsection;
- 27 (10) refinance a debt obligation incurred by a borrower or borrowers
28 under this section if the borrower or borrowers otherwise qualify for a loan under
29 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination
30 charge of one-half percent of the amount of the debt obligation that has been
31 refinanced when the first refinancing payment is due;

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

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

7 (e) The department may not make a loan to an individual under (a)(1) of this
8 section to satisfy past due federal tax obligations unless the individual has filed past
9 and current federal tax returns with the federal government and has executed an
10 agreement with the federal government for repayment of past due federal tax
11 obligations. An individual may receive only one loan to satisfy past due federal tax
12 obligations during the individual's lifetime under (a)(1) of this section, including
13 former versions of (a)(1) of this section. A loan made under (a)(1) of this section to
14 satisfy past due federal tax obligations may not exceed \$30,000.