

CS FOR HOUSE BILL NO. 339(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/5/00

Referred: Rules

Sponsor(s): REPRESENTATIVES MULDER, Hudson, Austerman

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Alaska Commercial Fishing and Agriculture Bank to
2 make loans relating to tourism and development or exploitation of natural
3 resources."

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

5 * **Section 1.** AS 44.81.010(a) is amended to read:

6 (a) There is established the Alaska Commercial Fishing and Agriculture Bank.
7 The exercise by the bank of the powers conferred by this chapter is considered to be
8 for a public purpose. In the exercise of its powers under AS 44.81.215(11)
9 [AS 44.81.215(7)], the bank is acting as an agent under the express authority and
10 reservations of the state as the issuer of limited entry permits under AS 16.43. The
11 bank is exempt from the provisions of AS 06.05 (Alaska Banking Code) and AS 10.15
12 (Alaska Cooperative Corporation Act) in its structure and operations and in the
13 exercise of powers granted by this chapter.

14 * **Sec. 2.** AS 44.81.215 is amended to read:

1 **Sec. 44.81.215. Lending powers of the bank.** The bank may

2 (1) make loans to individuals, including married couples, who are
3 residents of the state and who are engaged in commercial agriculture or fishing,
4 including harvesters, processors, suppliers, and marketers, if at least one of the primary
5 obligors on the loan is a member of the bank;

6 (2) make loans to corporations, partnerships, or limited liability
7 companies engaged in commercial agriculture or fishing if the majority interest of the
8 corporation, partnership, or limited liability company is beneficially owned by residents
9 of the state and a majority of the owners are residents of the state, and if at least one
10 of the primary obligors on a loan is a member of the bank; however, the bank may not
11 make a loan under this paragraph to a corporation, partnership, or limited liability
12 company for the purchase of a new or existing fishing boat or for the repair or
13 renovation of an existing fishing boat if the primary purpose of the fishing boat is to
14 commercially harvest fishery resources, unless the corporation, partnership, or limited
15 liability company is wholly owned and controlled by residents of the state, and unless
16 at least one of the primary obligors on the loan is a member of the bank;

17 (3) make loans for limited entry permits to individuals who fish
18 commercially if the individual is a state resident; loans made under this paragraph are
19 subject to AS 44.81.231;

20 **(4) make loans not to exceed \$500,000 to individuals, including**
21 **married couples, who are residents of the state and who will use the loan proceeds**
22 **to commercially engage in tourism within the state if at least one of the primary**
23 **obligors on the loan is a member of the bank;**

24 **(5) make loans not to exceed \$1,000,000 to corporations,**
25 **partnerships, or limited liability companies that will use the loan proceeds to**
26 **commercially engage in tourism within the state if the majority interest of the**
27 **corporation, partnership, or limited liability company is beneficially owned by**
28 **residents of the state and a majority of the owners are residents of the state, and**
29 **if at least one of the primary obligors on the loan is a member of the bank;**

30 **(6) make loans not to exceed \$500,000 to individuals, including**
31 **married couples, who are residents of the state and who will use the loan proceeds**

1 to commercially engage in the development or exploitation of natural resources
 2 within the state if at least one of the primary obligors on the loan is a member of
 3 the bank;

4 (7) make loans not to exceed \$1,000,000 to corporations,
 5 partnerships, or limited liability companies that will use the loan proceeds to
 6 commercially engage in the development or exploitation of natural resources
 7 within the state if the majority interest of the corporation, partnership, or limited
 8 liability company is beneficially owned by residents of the state and a majority of
 9 the owners are residents of the state, and if at least one of the primary obligors
 10 on the loan is a member of the bank;

11 (8) [(4)] make a loan for capital investment or operating capital to a
 12 shore-based fish processor, a timber processor, or an agricultural processor or harvester
 13 who does not meet the resident ownership requirements of (1) or (2) of this section if
 14 a facility of the processor or harvester is located in the state and the majority interest
 15 in the processor or harvester is beneficially owned by residents of the United States;

16 (9) [(5)] make a loan to a person, regardless of residency, if the board
 17 determines that the loan is necessary to preserve the value of property held by the bank
 18 as security for a loan that was made under AS 44.81.210 or this section and that is in
 19 default;

20 (10) [(6)] make loans, as provided in (1), (2), or (4) - (8) [(1), (2), OR
 21 (4)] of this section, that are secured by liens subordinate to valid first liens and
 22 security agreements granted to another creditor;

23 (11) [(7)] accept the pledge of a limited entry permit as security for
 24 a loan made under this chapter subject to the conditions set out in AS 44.81.236 on
 25 pledges of limited entry permits;

26 (12) [(8)] make loans in participation with other lenders as provided
 27 in (1), (2), or (4) - (8) [(1), (2), OR (4)] of this section, whether or not an obligor is
 28 a member of the bank;

29 (13) [(9)] purchase or acquire participations in loans from other lenders
 30 if the participations conform to the provisions of (1), (2), or (4) - (8) [(1), (2), OR (4)]
 31 of this section, whether or not an obligor is a member of the bank;

1 **(14)** [(10)] issue certificates of loan participation to members and to
2 other individuals, corporations, partnerships, and limited liability companies, but the
3 bank may not issue a certificate of loan participation if the certificate would allow
4 participation by the member, individual, corporation, partnership, or limited liability
5 company in loans that individually or cumulatively involve more than 20 percent of
6 the commercial fishery entry permits issued for one type of gear in a specific fishery
7 resource administrative area.

8 * **Sec. 3.** AS 44.81.350 is amended by adding new paragraphs to read:

9 (9) "natural resources" includes water, coal or other minerals, oil or gas,
10 and geothermal systems; in this paragraph

11 (A) "coal" means all forms of coal, including lignite;

12 (B) "gas" includes all natural gas and all hydrocarbons produced
13 at the wellhead that are not oil;

14 (C) "geothermal system" means a stratum, pool, reservoir, or
15 other geologic formation containing geothermal resources;

16 (D) "oil" includes crude petroleum oil and other hydrocarbons
17 regardless of gravity that are produced at the wellhead in liquid form and the
18 liquid hydrocarbons known as distillate or condensate recovered or extracted
19 from gas, other than gas produced in association with oil and commonly known
20 as casinghead gas;

21 (E) "other minerals" means clay, stone, sand, gravel,
22 metalliferous and non-metalliferous ores, and other solid materials or
23 substances of commercial value excavated in solid form from natural deposits
24 on or in the earth; "other minerals" does not include coal or minerals that occur
25 naturally in liquid or gaseous forms;

26 (10) "tourism" means the provision or presentation of goods, supplies,
27 equipment, food and food stuffs, accommodations, entertainment, cultural practices and
28 attractions, natural resource access, or transportation for Alaska tourists;

29 (11) "water" has the meaning given in AS 46.15.260.