

CS FOR SENATE BILL NO. 168(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/25/01

Referred: Resources, Finance

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to loans made by the commercial fishing loan program."**

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

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

4 (a) The department may

5 (1) make loans

6 (A) to individual commercial fishermen who have been state
7 residents for a continuous period of two years immediately preceding the date
8 of application for a loan under AS 16.10.300 - 16.10.370, who have had a
9 crewmember or commercial fishing license under AS 16.05.480 or a permit
10 under AS 16.43 for the year immediately preceding the date of application and
11 any other two of the past five years, [AND] who actively participated in the
12 fishery during those periods, **and whose application for similar financing**
13 **has been declined by the Alaska Commercial Fishing and Agriculture**
14 **Bank**

15 (i) for the purchase of entry permits;

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 may
4 result in the execution on and involuntary transfer of the individual
5 commercial fishermen's entry permits, to the extent allowed under (e)
6 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, for the
9 construction and purchase of vessels, or, to the extent allowed under (e) of this
10 section, to satisfy past due federal tax obligations that may result in the
11 execution on and involuntary transfer of the individual's entry permits, if the
12 individual has been a state resident for a continuous period of two years
13 immediately preceding the date of application for a loan under AS 16.10.300 -
14 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
19 for 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) who have been state residents for a continuous
24 period of two years immediately preceding the date of application for a
25 loan under AS 16.10.300 - 16.10.370;

26 (ii) who 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) who qualify as transferees for quota shares under
31 applicable law; and

1 (iv) **whose application** [ARE NOT ELIGIBLE] for
2 **similar** financing [FROM OTHER RECOGNIZED COMMERCIAL
3 LENDING INSTITUTIONS] to purchase quota shares **has been**
4 **declined by a private commercial lending institution**;

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

6 (3) adopt regulations necessary to carry out the provisions of
7 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
8 services provided;

9 (4) establish amortization plans for repayment of loans, which may
10 include extensions for poor fishing seasons or for adverse market conditions for
11 Alaska products;

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

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

18 (7) allow an assumption of a loan if

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

22 (B) approval of the assumption would be consistent with the
23 purposes of AS 16.10.300; an applicant for a loan assumption may not be
24 disqualified because the applicant does not meet the loan eligibility
25 requirements of (1) of this subsection;

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

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

29 (10) refinance a debt obligation incurred by a borrower or borrowers
30 under this section if the borrower or borrowers otherwise qualify for a loan under
31 AS 16.10.300 - 16.10.370 **and if the borrower's or borrowers' application for**

1 **similar refinancing of the debt obligation has been declined by a private**
 2 **commercial lending institution**; the department shall collect a refinancing loan
 3 origination charge of one-half percent of the amount of the debt obligation that has
 4 been refinanced when the first refinancing payment is due;

5 (11) refinance debt obligations, not to exceed \$300,000, incurred by a
 6 borrower or borrowers for the purchase of a commercial fishing vessel or gear if the
 7 borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370
 8 **and if the borrower's or borrowers' application for similar refinancing of the**
 9 **debt obligations has been declined by a private commercial lending institution**;
 10 the department may collect a refinancing loan origination charge as provided by
 11 regulation.

12 * **Sec. 2.** The uncodified law of the State of Alaska enacted in sec. 3, ch. 127, SLA 2000, is
 13 repealed and reenacted to read:

14 Sec. 3. AS 16.10.310(a) is amended to read:

15 (a) The department may

16 (1) make loans

17 (A) to individual commercial fishermen who have been state
 18 residents for a continuous period of two years immediately preceding the date
 19 of application for a loan under AS 16.10.300 - 16.10.370, who have had a
 20 crewmember or commercial fishing license under AS 16.05.480 or a permit
 21 under AS 16.43 for the year immediately preceding the date of application and
 22 any other two of the past five years, who actively participated in the fishery
 23 during those periods, and whose application for similar financing has been
 24 declined by the Alaska Commercial Fishing and Agriculture Bank

25 (i) for the purchase of entry permits; **or**

26 (ii) to upgrade existing vessels and gear for the purpose
 27 of improving the quality of Alaska seafood products; [OR

28 (iii) TO SATISFY PAST DUE FEDERAL TAX
 29 OBLIGATIONS THAT MAY RESULT IN THE EXECUTION ON
 30 AND INVOLUNTARY TRANSFER OF THE INDIVIDUAL
 31 COMMERCIAL FISHERMEN'S ENTRY PERMITS, TO THE

1 EXTENT ALLOWED UNDER (e) OF THIS SECTION;]

2 (B) to an individual for the repair, restoration, or upgrading of
 3 existing vessels and gear, for the purchase of entry permits and gear, **and** for
 4 the construction and purchase of vessels [, OR, TO THE EXTENT
 5 ALLOWED UNDER (e) OF THIS SECTION, TO SATISFY PAST DUE
 6 FEDERAL TAX OBLIGATIONS THAT MAY RESULT IN THE
 7 EXECUTION ON AND INVOLUNTARY TRANSFER OF THE
 8 INDIVIDUAL'S ENTRY PERMITS], if the individual has been a state
 9 resident for a continuous period of two years immediately preceding the date
 10 of application for a loan under AS 16.10.300 - 16.10.370, and either

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

14 (ii) is economically dependent on commercial fishing
 15 for a livelihood and for whom commercial fishing has been a traditional
 16 way of life in Alaska;

17 (C) for the purchase of quota shares for fisheries in or off the
 18 state by individual commercial fishermen

19 (i) who have been state residents for a continuous
 20 period of two years immediately preceding the date of application for a
 21 loan under AS 16.10.300 - 16.10.370;

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

26 (iii) who qualify as transferees for quota shares under
 27 applicable law; and

28 (iv) whose application for similar financing to purchase
 29 quota shares has been declined by a private commercial lending
 30 institution;

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

1 (3) adopt regulations necessary to carry out the provisions of
2 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
3 services provided;

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

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

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

13 (7) allow an assumption of a loan if

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

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

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

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

24 (10) refinance a debt obligation incurred by a borrower or borrowers
25 under this section if the borrower or borrowers otherwise qualify for a loan under
26 AS 16.10.300 - 16.10.370 and if the borrower's or borrowers' application for similar
27 refinancing of the debt obligation has been declined by a private commercial lending
28 institution; the department shall collect a refinancing loan origination charge of one-
29 half percent of the amount of the debt obligation that has been refinanced when the
30 first refinancing payment is due;

31 (11) refinance debt obligations, not to exceed \$300,000, incurred by a

1 borrower or borrowers for the purchase of a commercial fishing vessel or gear if the
2 borrower or borrowers otherwise qualify for a loan under AS 16.10.300 - 16.10.370
3 and if the borrower's or borrowers' application for similar refinancing of the debt
4 obligations has been declined by a private commercial lending institution; the
5 department may collect a refinancing loan origination charge as provided by
6 regulation.

7 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **APPLICABILITY.** AS 16.10.310(a), as amended by sec. 1 of this Act, applies to
10 persons who apply for a loan or for debt refinancing under the Commercial Fishing Loan Act
11 on or after the effective date of this Act.