

CS FOR HOUSE BILL NO. 304(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 3/24/06

Referred: Resources, Finance

Sponsor(s): REPRESENTATIVE COGHILL

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the commercial fishing loan program; and providing for an effective**
2 **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, who have had an
10 annual 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;

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, **is not eligible for**
8 **financing from other recognized commercial lending institutions,** and
9 [EITHER]

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

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

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

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

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

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

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

29 (D) to an individual commercial fisherman to satisfy past due
30 federal tax obligations, if the fisherman has been a state resident for a
31 continuous period of two years immediately preceding the date of application

1 for the loan, has filed past and current federal tax returns with the federal
2 government, has executed an agreement with the federal government for
3 repayment of past due federal tax obligations, and either

4 (i) [HAS HAD AN ANNUAL CREWMEMBER OR
5 COMMERCIAL FISHING LICENSE UNDER AS 16.05.480 OR A
6 PERMIT UNDER AS 16.43 FOR THE YEAR IMMEDIATELY
7 PRECEDING THE DATE OF APPLICATION AND ANY OTHER
8 TWO OF THE PAST FIVE YEARS, AND HAS ACTIVELY
9 PARTICIPATED IN THE FISHERY DURING THOSE PERIODS;

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

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

16 (E) for the purchase of fishing quota shares by a community
17 quota entity eligible under federal statute or regulation to purchase the fishing
18 quota shares if the community quota entity is not eligible or qualified for
19 financing from other recognized commercial lending institutions to purchase
20 the fishing quota shares;

21 (F) to an individual for the upgrade of existing tender vessels
22 and gear to improve the quality of Alaska seafood products, if the individual
23 has been a state resident for a continuous period of two years immediately
24 preceding the date of application for a loan under AS 16.10.300 - 16.10.370;

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

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

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

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

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

7 (7) allow an assumption of a loan if

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

11 (B) approval of the assumption would be consistent with the
12 purposes of AS 16.10.300; an applicant for a loan assumption may not be
13 disqualified because the applicant does not meet the loan eligibility
14 requirements of (1) of this subsection;

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

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

18 (10) refinance a debt obligation incurred by a borrower or borrowers
19 under this section if the borrower or borrowers otherwise qualify for a loan under
20 AS 16.10.300 - 16.10.370;

21 (11) refinance debt obligations, not to exceed \$200,000 [\$300,000],
22 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
23 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
24 16.10.370; the department may collect a refinancing loan origination charge as
25 provided by regulation.

26 * **Sec. 2.** AS 16.10.320(a) is amended to read:

27 (a) Except as permitted in (h) of this section, a loan under AS 16.10.300 -
28 16.10.370

29 (1) may not exceed a term of 15 years, except for extensions under
30 AS 16.10.310(a)(4);

31 (2) may not bear interest exceeding the prime rate plus two

1 **percentage points** [10 1/2 PERCENT]; **for purposes of this paragraph, "prime**
 2 **rate" has the meaning given in AS 44.88.599;**

3 (3) must be secured by a first priority lien and appropriate security
 4 agreement;

5 (4) may not exceed **80** [90] percent of the appraised value of the
 6 collateral used to secure the loan; and

7 (5) may not be made to a person who has a past due child support
 8 obligation established by court order or by the child support services agency under
 9 AS 25.27.160 - 25.27.220 at the time of application.

10 * **Sec. 3.** AS 16.10.320(d) is amended to read:

11 (d) The total of balances outstanding on loans made to a borrower under
 12 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding on
 13 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000. The
 14 total of balances outstanding on loans made to a borrower under
 15 AS 16.10.310(a)(1)(C) may not exceed \$300,000. The total of balances outstanding on
 16 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax
 17 obligations may not exceed **\$35,000** [\$30,000]. The total of balances outstanding on
 18 loans made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 **for each** [PER]
 19 community eligible under federal statute or regulation to establish or participate in the
 20 establishment of a community quota entity. The total of balances outstanding on loans
 21 made to a borrower under AS 16.10.310(a)(1)(F) may not exceed \$300,000. Excluding
 22 loans made under **AS 16.10.310(a)(1)(E)** [AS 16.10.310(a)(1)(C) - (F)], the total of
 23 balances outstanding on all loans, including debt refinancing under AS 16.10.310(a),
 24 made to a borrower under AS 16.10.300 - 16.10.370 may not exceed **\$335,000**
 25 [\$300,000].

26 * **Sec. 4.** AS 16.10.315 is repealed.

27 * **Sec. 5.** This Act takes effect July 1, 2006.