

CS FOR HOUSE BILL NO. 304(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/21/06

Referred: Rules

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 a state financial institution as defined in AS 06.01.050, a**
9 **federally chartered financial institution, or the Commercial Fishing and**
10 **Agricultural Bank,** 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 who

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

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

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

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

30 (D) to an individual commercial fisherman to satisfy past due
31 federal tax obligations, if the fisherman has been a state resident for a

1 continuous period of two years immediately preceding the date of application
2 for the loan, has filed past and current federal tax returns with the federal
3 government, has executed an agreement with the federal government for
4 repayment of past due federal tax obligations, and either

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

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

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

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

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

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

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

1 Alaska products;

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

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

8 (7) allow an assumption of a loan if

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

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

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

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

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

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

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

28 (a) Except as permitted in (h) of this section, a loan under AS 16.10.300 -
29 16.10.370

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

1 (2) may not bear interest exceeding **the prime rate, as defined by**
 2 **AS 44.88.599, plus two percentage points** [10 1/2 PERCENT];

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 **\$400,000**
 25 [\$300,000].

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

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