

SENATE BILL NO. 145

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATOR STEDMAN

Introduced: 3/16/05

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing the making of loans for upgrade of commercial fishing tender**
2 **vessels and gear."**

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

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

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

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

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

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

23 (iii) qualify as transferees for quota shares under
24 applicable law; and

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

27 (D) to an individual commercial fisherman to satisfy past due
28 federal tax obligations, if the fisherman has been a state resident for a
29 continuous period of two years immediately preceding the date of application
30 for the loan, has filed past and current federal tax returns with the federal
31 government, has executed an agreement with the federal government for

1 repayment of past due federal tax obligations, and either

2 (i) has had a crewmember or commercial fishing license
3 under AS 16.05.480 or a permit under AS 16.43 for the year
4 immediately preceding the date of application and any other two of the
5 past five years, and has actively participated in the fishery during those
6 periods;

7 (ii) because of lack of training or lack of employment
8 opportunities in the area of residence, does not have occupational
9 opportunities available other than commercial fishing; or

10 (iii) is economically dependent on commercial fishing
11 for a livelihood and for whom commercial fishing has been a traditional
12 way of life in Alaska;

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

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

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

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

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

30 (5) enter into agreements with private lending institutions, other state
31 agencies, or agencies of the federal government to carry out the purposes of

1 AS 16.10.300 - 16.10.370;

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

5 (7) allow an assumption of a loan if

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

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

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

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

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

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

24 * **Sec. 2.** AS 16.10.320(d) is amended to read:

25 (d) The total of balances outstanding on loans made to a borrower under
26 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding
27 on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
28 The total of balances outstanding on loans made to a borrower under
29 AS 16.10.310(a)(1)(C) may not exceed \$300,000. The total of balances outstanding
30 on loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal
31 tax obligations may not exceed \$30,000. The total of balances outstanding on loans

1 made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 per community
 2 eligible under federal statute or regulation to establish or participate in the
 3 establishment of a community quota entity. **The total of balances outstanding on**
 4 **loans made to a borrower under AS 16.10.310(a)(1)(F) may not exceed \$300,000.**
 5 Excluding loans made under **AS 16.10.310(a)(1)(C) - (F)** [AS 16.10.310(a)(1)(C),
 6 (D), AND (E)], the total of balances outstanding on all loans, including debt
 7 refinancing under AS 16.10.310(a), made to a borrower under AS 16.10.300 -
 8 16.10.370 may not exceed \$300,000.

9 * **Sec. 3.** AS 16.10.320(e) is amended to read:

10 (e) Two or more individual commercial fishermen who each satisfy the
 11 requirements specified in AS 16.10.310(a)(1)(B) may jointly, whether operating as a
 12 corporation, partnership, joint venture, or otherwise, obtain a commercial fishing loan
 13 for the repair, restoration, or upgrading of an existing vessel and gear, for the purchase
 14 of gear, and for the construction or the purchase of a fishing vessel. **Two or more**
 15 **individuals who each satisfy the requirement specified in AS 16.10.310(a)(1)(F)**
 16 **may jointly, whether operating as a corporation, partnership, joint venture, or**
 17 **otherwise, obtain a commercial fishing loan for the upgrade of existing tender**
 18 **vessels and gear to improve the quality of Alaska seafood products.** Loans granted
 19 under this subsection may not exceed the amount specified in (d) of this section
 20 multiplied by the number of qualified **applicants** [COMMERCIAL FISHERMEN]
 21 applying for the loan.