

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

March 30, 2005

8:36 a.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Bill Thomas, Co-Chair
Representative Jim Elkins
Representative Woodie Salmon
Representative Peggy Wilson

MEMBERS ABSENT

Representative John Harris
Representative Mary Kapsner

COMMITTEE CALENDAR

HOUSE BILL NO. 230

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

- MOVED HB 230 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 230

SHORT TITLE: LOANS FOR COMMERCIAL FISHING TENDERS

SPONSOR(S): REPRESENTATIVE(S) THOMAS

03/22/05	(H)	READ THE FIRST TIME - REFERRALS
03/22/05	(H)	FSH, RES
03/30/05	(H)	FSH AT 8:30 AM CAPITOL 124

WITNESS REGISTER

IAN FISK, Staff
to Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 230 on behalf of Representative Thomas, sponsor.

JASON KOONTZ
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 230.

JERRY McCUNE
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 230.

KELLEY SHARP, Lending Branch Manager
Division of Investments
Alaska Department of Commerce, Community, and Economic
Development
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 230.

ACTION NARRATIVE

CO-CHAIR BILL THOMAS called the House Special Committee on Fisheries meeting to order at [8:36:51 AM](#). Representatives LeDoux, Thomas, Wilson, Salmon, and Elkins were present at the call to order.

HB 230-LOANS FOR COMMERCIAL FISHING TENDERS

CO-CHAIR THOMAS announced that the only order of business would be HOUSE BILL NO. 230, "An Act authorizing the making of loans for upgrade of commercial fishing tender vessels and gear."

[8:37:10 AM](#)

IAN FISK, Staff to Representative Bill Thomas, Alaska State Legislature, presented HB 230 on behalf of Representative Thomas, sponsor. He noted that this bill is a companion bill to SB 145, sponsored by Senator Bert Stedman, regarding the Commercial Fishing Revolving Loan Fund. He explained that this loan fund is managed by the Division of Investments in the Alaska Department of Commerce, Community, and Economic Development. The loans are given to individual fishermen and communities for vessels, gear, limited entry permits, individual fishing quotas (IFQs), and product quality improvement. He clarified that product quality improvement loans are for [upgrading or purchasing] freezing systems, Refrigerated Sea Water (RSW) systems, and any other equipment that can be used to improve the quality of the fish. Currently, he said, "Tenders, who are not considered fishermen specifically in law, are not eligible for these loans. So this bill simply makes them eligible." He pointed out that in addition to individual tenders, companies would also be eligible for the loans under HB 230.

[8:39:47 AM](#)

JASON KOONTZ testified as a commercial fisherman and a tender owner in support of HB 230. He commented that currently it is very difficult for tender operators to obtain loans. He stated that he has used the Commercial Fishing Revolving Loan Fund to obtain fishing permits and IFQs, and he feels that it is a great program. He opined that the \$300,000 loan limit is fairly low for most tenders; most tenders sell for about \$350,000-\$400,000.

[8:41:38 AM](#)

JERRY McCUNE testified in support of HB 230. He stated that the bill was designed so that tendermen could get a \$300,000 loan to upgrade an existing vessel. He commented, "There's a lot of [Alaska] residents that are just tendermen; they don't do anything else but tender all around the state all year. So I think this [bill] will be a great thing to be able to ... upgrade their existing vessels."

[8:42:51 AM](#)

REPRESENTATIVE WILSON asked if \$300,000 would be a large enough loan for a tenderman.

MR. McCUNE replied that it is set in regulation that there is a \$300,000 loan cap for upgrades on existing vessels. He said, "You can't buy a vessel with \$300,000."

[8:44:39 AM](#)

CO-CHAIR LEDOUX asked if a commercial fisherman can purchase a fishing vessel under this loan.

MR. McCUNE responded negatively, and pointed out that [the bill] says that the loan is for existing vessels.

CO-CHAIR LEDOUX clarified that the tenders can only get loans for upgrades, but commented, "It looks like ... you could actually purchase a fishing vessel." She asked what the rationale was for limiting the loan for upgrade use rather than for tender vessel purchase.

MR. McCUNE replied that the tendermen he spoke with wanted to have access to the loan in order to upgrade their vessels, and,

he said, "Nobody talked to me about purchasing a vessel, and that would take a whole lot more money."

[8:46:41 AM](#)

CO-CHAIR LEDOUX reiterated that under the original statute, there is a \$300,000 cap. She asked if an amendment could be made to HB 230 to allow for the purchase of a tender as long as it remains under the \$300,000 cap.

MR. McCUNE stated that if a person has a limited entry permit, he/she is eligible for any category of the loan. However, he said, "A lot of tendermen that I talk to don't own permits ... or have any way to get into the loan program, so what we did was create this category where they could come in and ... upgrade their vessels...."

CO-CHAIR THOMAS, in response to Co-Chair LeDoux's question, replied, "If you have the collateral, that's the main thing. ... If you have collateral you can buy a vessel.... I don't think there's restrictions if you can afford to buy a vessel."

[8:48:32 AM](#)

KELLEY SHARP, Lending Branch Manager, Division of Investments, Alaska Department of Commerce, Community, and Economic Development, clarified that the loan limit under [AS 16.10.310(a)(1)(B)], for the purchase of vessels, is currently \$100,000, and the loan limit under [AS 16.10.310(a)(1)(A)], for product quality improvements to a vessel, is \$300,000.

REPRESENTATIVE WILSON remarked that on page 2, lines 3-4, of the bill, there is reference to, "for the repair, restoration, or upgrading of existing vessels".

CO-CHAIR LEDOUX pointed out that on page 2, line 5, the bill also states that the loans are for the "purchase of vessels".

MR. SHARP reiterated that [subparagraph (B) on page 2, lines 3-7] is the part that authorizes the purchase of vessels and is capped at \$100,000.

[8:50:36 AM](#)

REPRESENTATIVE SALMON asked where the loan money originates.

MR. SHARP replied that the money would come out of the Commercial Fishing Revolving Loan Fund. He noted that the fund is completely self-supporting, and there haven't been any general fund appropriations to the fund since 1985.

[8:51:03 AM](#)

REPRESENTATIVE WILSON pointed out, "Last year we took money from the fund and put it in the general fund, and I was concerned that they were going to be taking too much and it would deplete the fund. ... Did they do that again this year?"

MR. SHARP responded that there was about \$2 million taken out last year, but he does not know what the plan is for this year. He noted, "At some point, if that continues, it will obviously eat into the fund. I certainly wouldn't characterize that as being right around the corner, but eventually that would become an issue."

MR. McCUNE commented that he hadn't seen any plans for [the removal of funds from the Commercial Fishing Revolving Loan Fund] this year. He stated, "This fund paid for itself a long time ago, and we want to make sure there's enough existing money in there for fishermen to be able to use it."

[8:52:13 AM](#)

REPRESENTATIVE WILSON moved to report HB 230 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 230 was reported from the House Special Committee on Fisheries.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at [8:52:39 AM](#).