

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 59(FIN)
 Fiscal Note Number 1
 (H) Publish Date 3/29/12

Identifier (file name) HB059-DCCED-DED-03-28-12 Dept. Affected DCCED
 Title COMMERCIAL FISHING LOAN ACT Appropriation Investments
 Allocation Investments
 Sponsor Representative Seaton
 Requester House Finance OMB Component Number 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1036	Cm Fish Ln (DGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES				(2.9)	(3.7)	(4.6)	(5.3)
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Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required,
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required,
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note has been updated to reflect the change in revenues to the Commercial Fishing Revolving Loan Fund.

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 Date 3/28/2012

FISCAL NOTE #1

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BILL NO. CSHB 59(FIN)

Analysis

HB 59 would amend the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the Department of Commerce, Community, and Economic Development (DCCED) the discretion to provide an interest rate reduction of up to 2 percent to applicants obtaining loans for energy efficiency upgrades or product quality improvements that use products manufactured in Alaska.

If the department approves this reduction, it would be calculated and fixed at the time the loan is granted. Under current interest rates this would set the loan's interest rate at the statutory floor of 3 percent. Due to historic lows in the prime interest rate, this would result in no change to the interest rate currently offered for this type of loan.

The estimates in this fiscal note takes into consideration three to five loans made per year that meet specific criteria of the bill. Total demand of these loans will be about \$200,000 per year. During FY2013 and 2014 interest rates will remain constant at 3 percent floor and may begin to increase slightly over the remaining four fiscal years.

This impact would be minimal to the CFRLF, but would result in a loss of revenue to the fund. DED anticipates the proposed changes will decrease revenue by approximately \$0 in FY2013 through FY2014 (due to estimated interest rates remaining at historical lows with a 3 percent floor for next two years), \$2.9 in FY2015, \$3.7 in FY2016, \$4.6 in FY2017 and \$5.3 in FY2018. This would result in total losses to CFRLF in the amount of \$16.5 over the first six years.

These changes may cause a very small change in revenues as a result of this legislation.