

# Fiscal Note

Fiscal Note Number: 17  
 Bill Version: SCS CSHB 121(FIN)  
 (H) Publish Date: 4/30/12

State of Alaska  
 2012 Legislative Session

Identifier:  
 Title: LOAN  
 FUNDS:CHARTERS/MARICULTURE/MICROLOA  
 N

Department: Fund Transfers  
 Appropriation: OpSys DGF Transfers (non-add)  
 Allocation: Community Quota Entity RLF  
 OMB Component Number:

Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Senate Finance

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2013 Appropriation Requested	Included in Governor's FY2013 Request	Out-Year Cost Estimates					
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	10,000.0							
<b>Total Operating</b>	<b>10,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

1004 Gen Fund	10,000.0							
<b>Total</b>	<b>10,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2012) cost: 0.0

Estimated CAPITAL (FY2013) cost:

## Reason For Change:

This fiscal note capitalizes the Community Quota Entity Revolving Loan Fund which is to be managed by the Department of Commerce, Community and Economic Development. All earnings and loan payments would be retained by the fund for future loans. All operating expenses would be paid from earnings of the fund. Separate fiscal notes are attached to this bill to capitalize the Alaska Microloan Revolving Loan Fund, the Mariculture Revolving Loan Fund, and the Commercial Charter Fisheries Revolving Loan Fund.

## Analysis:

The Community Quota Entity RLF will be set up as a revolving loan fund with all principal and interest loan repayments, fees, and investment earnings returned and retained by the fund to ensure growth that would provide for future lending and administrative expenses. Based on capitalization, CQE Revolving Loan Fund (RLF) is anticipated to be the third largest fund in the DED portfolio. Initial capitalization will be \$45 million.

The fund will serve a borrower population of 42 eligible CQE organizations. CQE RLF will most closely parallel the Fisheries Enhancement fund. Based on many years of experience in this lending area, the Division bases its projections on each loan taking a full month to process. A substantial level of advance work and due diligence will be required for each loan, and the ongoing servicing,

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given the specialized features of the fund.

These loans will be to newly formed non profits rather than to individuals. In addition, the halibut and sablefish fisheries are federal fisheries managed through an international treaty. And, although the Division finances quota for the open access fishery under the Commercial Fisheries program, the CQE program is managed under the Restricted Access Management program and this structure is likely to introduce additional complexity to the lending and servicing process.