

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version HB 141
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Identifier (file name) HB141-CCED-DED-02-15-11 Dept. Affected DCCED
 Title Community Quota Entity Revolving Loan Fund Appropriation Economic Development
 Allocation Economic Development
 Sponsor Representative Alan Austerman
 Requester House Fisheries OMB Component Number 801

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	89.1		89.1	89.1	89.1	89.1	89.1	89.1
Travel	7.0		7.0	7.0	7.0	7.0	7.0	7.0
Services	6.5		6.5	6.5	6.5	6.5	6.5	6.5
Commodities	5.0		1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay								
Grants								
Miscellaneous (Fund Capitalization)								
TOTAL OPERATING	107.6	0.0	103.6	103.6	103.6	103.6	103.6	103.6

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (CQERLF)								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1178 Community Quota Entity RLF	107.6		103.6	103.6	103.6	103.6	103.6	103.6
TOTAL	107.6	0.0	103.6	103.6	103.6	103.6	103.6	103.6

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	1		1	1	1	1	1
Part-time							
Temporary							

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

Initial Version

Prepared by Wanetta Ayers, Director
 Division Economic Development
 Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 268-4048
 Date/Time 2/17/11 8:30 AM
 Date 2/17/2011

Analysis

Community Quota Entity Revolving Loan Fund – This fiscal note funds the Division of Economic Development (DED) operating costs associated with the CQE loan program. This program will provide long term, low interest loans to promote the development of Community Quota Entities (CQE) in small coastal communities in an effort to improve their economies by increasing fishing opportunities for residents through leased fishing rights.

The fund 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 (RFL) is anticipated to be the third largest fund in the DED portfolio. 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 ongoing servicing given the specialized features of the fund. The halibut and sablefish fisheries are federal fisheries managed through an international treaty. Although the Division finances quota for the open access fishery, 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.

Operating expenses will be paid from earnings of the fund. The cost projections provided include personal services for a Loan/Collection Officer I/II and initial program expenses for supplies, equipment, community outreach travel, and a projected per employee annual contractual services cost through FY2017. The new position is projected due to the complexity of the proposed loans and the anticipated interaction required with the Community Quota Entities to service the loans.

Revenue projections for this new program are done through FY2017. We are estimating ten loans each year for the first four years and five loans each year thereafter with repayments, fees, and earnings providing the necessary cash flow to maintain future lending.