

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

Bill Version SB 204  
 Fiscal Note Number 1  
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Identifier (file name) SB204-DCCED-DED-02-25-12 Dept. Affected DCCED  
 Title LOANS TO COMMUNITY QUOTA ENTITIES/PERMITS Appropriation Investments  
 Allocation Investments  
 Sponsor Senate Community and Regional Affairs  
 Requester Senate Community and Regional Affairs 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					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services	83.7		93.8	93.8	93.8	93.8	93.8	93.8
Travel	7.0		7.0	7.0	7.0	7.0	7.0	7.0
Services	10.0		10.0	10.0	10.0	10.0	10.0	10.0
Commodities	5.0		1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>105.7</b>	<b>0.0</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	105.7						
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)		111.8	111.8	111.8	111.8	111.8	111.8
<b>TOTAL</b>		<b>105.7</b>	<b>0.0</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>	<b>111.8</b>

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

CHANGE IN REVENUES							
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**Estimated SUPPLEMENTAL (FY12) operating costs** \_\_\_\_\_ (separate supplemental appropriation required,  
 (discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY13) costs** \_\_\_\_\_ (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 is the initial fiscal note for SB204

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 Date/Time 2/25/12 4:30 PM  
 Date 2/26/2012

## FISCAL NOTE #1

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. SB 204

### Analysis

Community Quota Entity Revolving Loan Fund – This fiscal note funds the Division of Economic Development (DED) operating costs associated with the Community Quota Entities (CQE) loan program. This program will provide long term, low interest loans to promote the development of 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 the ongoing servicing, 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.

Operating expenses will be paid from earnings of the fund. The cost projections provided include personal services for a Loan/Collection Officer I for one year training then flexed to a II in succeeding years, and initial program expenses for supplies, equipment, community outreach travel, and annual contractual core services cost. The new position is needed due to the complexity of the proposed loans and the anticipated interaction required with the Community Quota Entities to service the loans.

We are estimating ten loans each year for the first four years and then five loans each year thereafter with repayments, fees, and earnings providing the necessary cash flow to maintain future lending.