

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: CSHB 177(FSH)  
Fiscal Note Number: 1  
(H) Publish Date: 2/5/14

Identifier: HB177-DCCED-DED-01-21-14  
Title: COMMERCIAL FISHING LOANS  
Sponsor: EDGMON  
Requester: House Fisheries

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Investments  
Allocation: Investments  
OMB Component Number: 383

**Expenditures/Revenues**

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

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</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)**

None							
<b>Total</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>	100.0		58.8	19.6	9.2	(34.9)	(67.7)
---------------------------	-------	--	------	------	-----	--------	--------

Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14

**Why this fiscal note differs from previous version:**

Updated for 2014 legislative session.

Updated 'Associated Regulations' section to reflect the new date of 12/31/2014.

Costs under the 'Change in Revenues' section are updated to reflect cash flow projections for FY2015 through FY2020.

Prepared By: <u>Joseph Jacobson, Director</u>	Phone: <u>(907)465-2625</u>
Division: <u>Economic Development</u>	Date: <u>01/08/2014 02:20 PM</u>
Approved By: <u>Jeanne Mungle, Director</u>	Date: <u>01/08/14</u>
Agency: <u>Administrative Services</u>	

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. CSHB 177(FSH)

**Analysis**

HB 177 will affect both the Commercial Fishing Revolving Loan Fund and the Community Quota Entity Revolving Loan Fund.

Commercial Fishing Revolving Loan Fund (CFRLF): The bill would change the current interest rates for the Engine Fuel Efficiency (EFE) and Product Quality Improvement (PQI) loans from 4.25% to 3.0%. The interest rate for these loans would be calculated and fixed at the prime interest rate minus two percentage points. This would set the interest rate for EFE and PQI at the current minimum allowable rate of 3.0%. Using estimated loan demand and considering existing loans, the proposed changes to the CFRLF are projected to decrease revenues to the fund by approximately \$-20.0 in FY2015, \$-38.7 in FY2016, \$-55.4 in FY2017, \$-70.8 in FY2018, \$-84.9 in FY2019, and \$ -97.7 in FY2020 for a total net decrease of \$ -367.5.

Community Quota Entity Revolving Loan Fund (CQE): The bill would allow the CQE to retain investment earnings on the daily cash balance that is invested by the Department of Revenue. Using estimated loan demand and average cash balances, the proposed changes to the CQE are projected to increase revenues to the fund by approximately \$120.0 in FY2015, \$97.5 in FY2016, \$75.0 in FY2017, \$80.0 in FY2018, \$50.0 in FY2019 and \$30.0 in FY2020 for a total net increase of \$452.5. The projected net change to these funds is shown in the Change in Revenues.

A small regulations project would be necessary to change the statutory references to the interest rates in the regulation. Based on past experience with these types of changes, the Division will be able to complete a regulations project of this nature by December 31, 2014.

There is no anticipated fiscal impact to the Division of Economic Development.