

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON FISHERIES**

February 23, 2017

10:03 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Zach Fansler  
Representative Jonathan Kreiss-Tomkins  
Representative Geran Tarr  
Representative Mike Chenault  
Representative David Eastman  
Representative Mark Neuman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 56

"An Act relating to limitations on certain commercial fishing loans made by the Department of Commerce, Community, and Economic Development."

- MOVED HB 56 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 56

SHORT TITLE: COMMERCIAL FISHING LOANS

SPONSOR(S): REPRESENTATIVE(S) ORTIZ

01/18/17	(H)	READ THE FIRST TIME - REFERRALS
01/18/17	(H)	FSH, FIN
02/02/17	(H)	FSH AT 10:00 AM GRUENBERG 120
02/02/17	(H)	Heard & Held
02/02/17	(H)	MINUTE(FSH)
02/23/17	(H)	FSH AT 10:00 AM GRUENBERG 120

**WITNESS REGISTER**

DAN ORTIZ  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 56, as sponsor.

BRITTENY CIONI-HAYWOOD

Division of Economic Development (DED)

Department of Commerce, Community & Economic Development (DCCED)

Juneau, Alaska

**POSITION STATEMENT:** Responded to questions during the hearing on HB 56.

BENJAMIN BROWN, Commissioner

Commercial Fisheries Entry Commission (CFEC)

Juneau, Alaska

**POSITION STATEMENT:** Testified with official support for HB 56.

### **ACTION NARRATIVE**

[10:03:03 AM](#)

**CHAIR LOUISE STUTES** called the House Special Committee on Fisheries meeting to order at 10:03 a.m. Representatives Stutes, Tarr, Eastman, Chenault, Fansler, and Kreiss-Tomkins were present at the call to order. Representative Neuman arrived as the meeting was in progress.

### **HB 56-COMMERCIAL FISHING LOANS**

[10:04:17 AM](#)

CHAIR STUTES announced that the only order of business would be HOUSE BILL NO. 56, "An Act relating to limitations on certain commercial fishing loans made by the Department of Commerce, Community, and Economic Development."

[10:04:25 AM](#)

DAN ORTIZ, Alaska State Legislature, said this bill is a small step in creating an avenue to assist young fishermen to enter the industry and help to alleviate the greying of the fleet. Resources will be more accessible, such as boats, repairs, permits, and other related requirements for becoming a fishing boat captain. The program is self-sustainable, he finished.

[10:06:22 AM](#)

REPRESENTATIVE EASTMAN asked about the number of outstanding loans that were made at, or have reached, the current \$300,000

cap, and whether the cap should be set higher than the proposed \$400,000.

REPRESENTATIVE ORTIZ responded that the amount being proposed is conservative to ensure that the process for opportunities is not circumvented nor will it represent competition to private commercial interests. He deferred further comment to Britteny Cioni-Haywood.

[10:08:56 AM](#)

BRITTENY CIONI-HAYWOOD, Division of Economic Development (DED), Department of Commerce, Community & Economic Development (DCCED), said no current borrow has an outstanding principle of \$400,000, and 16 borrowers have outstanding balances of \$300,000. Regarding the number of applications received for a \$300,000 loan, she offered to provide further information, and pointed out that a typical application would be for a lesser, initial amount, and other loans would be added to the balance over time, with an absolute cap of \$400,000.

[10:11:12 AM](#)

REPRESENTATIVE CHENAULT asked how the current cap of \$300,000, could result in a loan totaling \$400,000.

The committee took an at-ease from 10:11 a.m. to 10:14 a.m.

[10:14:27 AM](#)

MS. CIONI-HAYWOOD said that for the entire commercial fisheries loan program, the maximum is being raised to \$400,000; however, within the program are numerous sections [AS 16.10.310(1)(A)-(F)]. The proposed change affects the cap for Sec. (A), raising it from \$300,000 to \$400,000; Sec. (B) will be raised from \$100,000 to \$200,000, "and so forth." In response to a question from the chair she explained that Sec. (A) applies to permit purchases, engine fuel efficiency, and product quality improvements, and Sec. (B) covers permit purchases, vessel purchases, vessel upgrades, gear purchases, engine fuel efficiency and product quality improvements. She pointed out that Sec. (B) requires letters of denial from a recognized lending institution.

CHAIR STUTES opened public testimony.

[10:15:53 AM](#)

BENJAMIN BROWN, Commissioner, Commercial Fisheries Entry Commission (CFEC), stated official support for HB 56 and said this will be an important tool to assist young fishermen entering the industry and will help offset concerns for the greying of the fleet.

[10:17:27 AM](#)

REPRESENTATIVE KREISS-TOMKINS stated support for HB 56, and said this is a clear solution to a major problem.

[10:17:55 AM](#)

REPRESENTATIVE CHENAULT asked whether raising the Sec. (A) cap would allow a borrower to have an aggregate loan total exceeding \$400,000.

MS. CIONI-HAYWOOD responded no, and said a person could only have an aggregate loan total of \$400,000.

[10:19:09 AM](#)

REPRESENTATIVE FANSLER referred to the bill, page 1, lines 13 and 14 [continuing to page 2, lines 1 and 2], which reads:

The total of balances outstanding on loans made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible under federal statute or regulation to establish or participate in the establishment of a community quota entity.

REPRESENTATIVE FANSLER noted the \$2 million limit and asked for further information.

MS. CIONI-HAYWOOD said the \$2 million is in reference to the allowable loan program relating to a community quota entity (CQE), not individual fishermen.

REPRESENTATIVE FANSLER questioned the possible need of raising the limit amount above \$400,000.

MS. CIONI-HAYWOOD said the \$400,000 limit has been deemed adequate.

[10:20:25 AM](#)

REPRESENTATIVE CHENAULT expressed concern that the current \$300,000 cap appears to allow borrows to hold a \$400,000 limit. He maintained that raising the cap, given this model, would allow loans to exceed \$400,000.

MS. CIONI-HAYWOOD explained that the bill allows flexibility within the loan sections, thus it may appear that someone has exceeded the cap, but she assured the committee that the cap is firm at \$400,000.

CHAIR STUTES closed public testimony.

[10:23:21 AM](#)

REPRESENTATIVE FANSLER moved to report HB 56 out of committee with individual recommendations and the accompanying fiscal notes. Without objection, HB 56 was reported from the House Special Committee on Fisheries.

[10:23:56 AM](#)

CHAIR STUTES thanked the participants and announced the next meeting.

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries\* meeting was adjourned at 10:24 a.m.