

AMENDMENT # 2

OFFERED IN THE SENATE
TO: CSHB 273(L&C)

Senator Kiehl

1 Page 1, line 1, following "Act":

2 Insert "relating to commercial fishing loans; relating to subsidiary corporations of
3 the Alaska Housing Finance Corporation;"

4

5 Page 1, following line 3:

6 Insert new bill sections to read:

7 **** Section 1.** AS 16.10.310(a) is amended to read:

8 (a) The department may

9 (1) make loans

10 (A) to individual commercial fishermen who have been state
11 residents for a continuous period of two years immediately preceding the date
12 of application for a loan under AS 16.10.300 - 16.10.370, who have had an
13 annual crewmember or commercial fishing license under AS 16.05.480 or a
14 permit under AS 16.43 for the year immediately preceding the date of
15 application and any other two of the past five years, and who actively
16 participated in the fishery during those periods

17 (i) for the purchase of entry permits;

18 (ii) to upgrade existing vessels and gear for the purpose
19 of improving the quality of Alaska seafood products; or

20 (iii) for propulsion engine or generator engine
21 replacements on existing vessels for the purpose of improving fuel
22 efficiency;

23 (B) to an individual for the repair, restoration, or upgrading of

1 existing vessels and gear, for the purchase of entry permits and gear, and for
2 the construction and purchase of vessels, if the individual has been a state
3 resident for a continuous period of two years immediately preceding the date
4 of application for a loan under AS 16.10.300 - 16.10.370, is not eligible for
5 financing from a state financial institution as defined in AS 06.01.050, a
6 federally chartered financial institution, or the Commercial Fishing and
7 Agricultural Bank, and

8 (i) because of lack of training or lack of employment
9 opportunities in the area of residence, does not have occupational
10 opportunities available other than commercial fishing; or

11 (ii) is economically dependent on commercial fishing
12 for a livelihood and for whom commercial fishing has been a traditional
13 way of life in Alaska;

14 (C) for the purchase of quota shares for fisheries in or off the
15 state by individual commercial fishermen who

16 (i) have been state residents for a continuous period of
17 two years immediately preceding the date of application for a loan
18 under AS 16.10.300 - 16.10.370;

19 (ii) for any two of the past five years, possessed an
20 annual crewmember or commercial fishing license under AS 16.05.480
21 or a permit under AS 16.43 and actively participated in a fishery for
22 which the license or permit was issued;

23 (iii) qualify as transferees for quota shares under
24 applicable law; and

25 (iv) are not eligible for financing from other recognized
26 commercial lending institutions to purchase quota shares;

27 (D) to an individual commercial fisherman to satisfy past due
28 federal tax obligations, if the fisherman has been a state resident for a
29 continuous period of two years immediately preceding the date of application
30 for the loan, has filed past and current federal tax returns with the federal
31 government, has executed an agreement with the federal government for

1 repayment of past due federal tax obligations, and either

2 (i) because of lack of training or lack of employment
3 opportunities in the area of residence, does not have occupational
4 opportunities available other than commercial fishing; or

5 (ii) is economically dependent on commercial fishing
6 for a livelihood and for whom commercial fishing has been a traditional
7 way of life in Alaska;

8 (E) for the purchase of fishing quota shares by a community
9 quota entity eligible under federal statute or regulation to purchase the fishing
10 quota shares if the community quota entity is not eligible or qualified for
11 financing from other recognized commercial lending institutions to purchase
12 the fishing quota shares;

13 (F) to an individual for the upgrade of existing tender vessels
14 and gear to improve the quality of Alaska seafood products, if the individual
15 has been a state resident for a continuous period of two years immediately
16 preceding the date of application for a loan under AS 16.10.300 - 16.10.370;

17 (2) designate agents and delegate its powers to them as necessary;

18 (3) adopt regulations necessary to carry out the provisions of
19 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
20 services provided;

21 (4) establish amortization plans for repayment of loans, which may
22 include extensions for poor fishing seasons or for adverse market conditions for
23 Alaska products;

24 (5) enter into agreements with private lending institutions, other state
25 agencies, or agencies of the federal government to carry out the purposes of
26 AS 16.10.300 - 16.10.370;

27 (6) enter into agreements with other agencies or organizations to create
28 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
29 the state;

30 (7) allow an assumption of a loan if

31 (A) the applicant has been a state resident for a continuous

1 period of two years immediately preceding the date of the request for an
2 assumption; and

3 (B) approval of the assumption would be consistent with the
4 purposes of AS 16.10.300; an applicant for a loan assumption may not be
5 disqualified because the applicant does not meet the loan eligibility
6 requirements of (1) of this subsection;

7 (8) prequalify loan applicants for a limited entry permit loan or a quota
8 shares loan and charge a fee not to exceed \$200 for prequalification;

9 (9) charge and collect the fees established under this subsection;

10 (10) refinance a debt obligation incurred by a borrower or borrowers
11 under this section if the borrower or borrowers otherwise qualify for a loan under
12 AS 16.10.300 - 16.10.370;

13 (11) refinance debt obligations, not to exceed \$400,000 [\$200,000],
14 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
15 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
16 16.10.370; the department may collect a refinancing loan origination charge as
17 provided by regulation.

18 * Sec. 2. AS 16.10.310(a), as amended by sec. 1 of this Act, is amended to read:

19 (a) The department may

20 (1) make loans

21 (A) to individual commercial fishermen who have been state
22 residents for a continuous period of two years immediately preceding the date
23 of application for a loan under AS 16.10.300 - 16.10.370, who have had an
24 annual crewmember or commercial fishing license under AS 16.05.480 or a
25 permit under AS 16.43 for the year immediately preceding the date of
26 application and any other two of the past five years, and who actively
27 participated in the fishery during those periods

28 (i) for the purchase of entry permits;

29 (ii) to upgrade existing vessels and gear for the purpose
30 of improving the quality of Alaska seafood products; or

31 (iii) for propulsion engine or generator engine

1 replacements on existing vessels for the purpose of improving fuel
2 efficiency;

3 (B) to an individual for the repair, restoration, or upgrading of
4 existing vessels and gear, for the purchase of entry permits and gear, and for
5 the construction and purchase of vessels, if the individual has been a state
6 resident for a continuous period of two years immediately preceding the date
7 of application for a loan under AS 16.10.300 - 16.10.370, is not eligible for
8 financing from a state financial institution as defined in AS 06.01.050, a
9 federally chartered financial institution, or the Commercial Fishing and
10 Agricultural Bank, and

11 (i) because of lack of training or lack of employment
12 opportunities in the area of residence, does not have occupational
13 opportunities available other than commercial fishing; or

14 (ii) is economically dependent on commercial fishing
15 for a livelihood and for whom commercial fishing has been a traditional
16 way of life in Alaska;

17 (C) for the purchase of quota shares for fisheries in or off the
18 state by individual commercial fishermen who

19 (i) have been state residents for a continuous period of
20 two years immediately preceding the date of application for a loan
21 under AS 16.10.300 - 16.10.370;

22 (ii) for any two of the past five years, possessed an
23 annual crewmember or commercial fishing license under AS 16.05.480
24 or a permit under AS 16.43 and actively participated in a fishery for
25 which the license or permit was issued;

26 (iii) qualify as transferees for quota shares under
27 applicable law; and

28 (iv) are not eligible for financing from other recognized
29 commercial lending institutions to purchase quota shares;

30 (D) to an individual commercial fisherman to satisfy past due
31 federal tax obligations, if the fisherman has been a state resident for a

1 continuous period of two years immediately preceding the date of application
2 for the loan, has filed past and current federal tax returns with the federal
3 government, has executed an agreement with the federal government for
4 repayment of past due federal tax obligations, and either

5 (i) because of lack of training or lack of employment
6 opportunities in the area of residence, does not have occupational
7 opportunities available other than commercial fishing; or

8 (ii) is economically dependent on commercial fishing
9 for a livelihood and for whom commercial fishing has been a traditional
10 way of life in Alaska;

11 (E) for the purchase of fishing quota shares by a community
12 quota entity eligible under federal statute or regulation to purchase the fishing
13 quota shares if the community quota entity is not eligible or qualified for
14 financing from other recognized commercial lending institutions to purchase
15 the fishing quota shares;

16 (F) to an individual for the upgrade of existing tender vessels
17 and gear to improve the quality of Alaska seafood products, if the individual
18 has been a state resident for a continuous period of two years immediately
19 preceding the date of application for a loan under AS 16.10.300 - 16.10.370;

20 (2) designate agents and delegate its powers to them as necessary;

21 (3) adopt regulations necessary to carry out the provisions of
22 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
23 services provided;

24 (4) establish amortization plans for repayment of loans, which may
25 include extensions for poor fishing seasons or for adverse market conditions for
26 Alaska products;

27 (5) enter into agreements with private lending institutions, other state
28 agencies, or agencies of the federal government to carry out the purposes of
29 AS 16.10.300 - 16.10.370;

30 (6) enter into agreements with other agencies or organizations to create
31 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of

1 the state;

2 (7) allow an assumption of a loan if

3 (A) the applicant has been a state resident for a continuous
4 period of two years immediately preceding the date of the request for an
5 assumption; and

6 (B) approval of the assumption would be consistent with the
7 purposes of AS 16.10.300; an applicant for a loan assumption may not be
8 disqualified because the applicant does not meet the loan eligibility
9 requirements of (1) of this subsection;

10 (8) prequalify loan applicants for a limited entry permit loan or a quota
11 shares loan and charge a fee not to exceed \$200 for prequalification;

12 (9) charge and collect the fees established under this subsection;

13 (10) refinance a debt obligation incurred by a borrower or borrowers
14 under this section if the borrower or borrowers otherwise qualify for a loan under
15 AS 16.10.300 - 16.10.370;

16 (11) refinance debt obligations, not to exceed \$200,000 [\$400,000],
17 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
18 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
19 16.10.370; the department may collect a refinancing loan origination charge as
20 provided by regulation.

21 * **Sec. 3.** AS 16.10.320(a) is amended to read:

22 (a) Except as permitted in (h) and (l) of this section, a loan under
23 AS 16.10.300 - 16.10.370

24 (1) may not exceed a term of 15 years, except for extensions under
25 AS 16.10.310(a)(4);

26 (2) may not bear interest

27 (A) exceeding the prime rate, as defined by AS 44.88.599, plus
28 two percentage points; **or**

29 (B) at a rate of more than 5.25 [10 1/2] percent a year; [OR

30 (C) AT A RATE THAT IS LESS THAN THE COST OF
31 FUNDS TO THE STATE;]

1 (3) must be secured by a first priority lien and appropriate security
2 agreement;

3 (4) may not exceed 80 percent of the appraised value of the collateral
4 used to secure the loan; and

5 (5) may not be made to a person who has a past due child support
6 obligation established by court order or by the child support services agency under
7 AS 25.27.160 - 25.27.220 at the time of application.

8 * **Sec. 4.** AS 16.10.320(a), as amended by sec. 3 of this Act, is amended to read:

9 (a) Except as permitted in (h) and (i) of this section, a loan under
10 AS 16.10.300 - 16.10.370

11 (1) may not exceed a term of 15 years, except for extensions under
12 AS 16.10.310(a)(4);

13 (2) may not bear interest

14 (A) exceeding the prime rate, as defined by AS 44.88.599, plus
15 two percentage points; [OR]

16 (B) at a rate of more than 10 1/2 [5.25] percent a year; **or**

17 **(C) at a rate that is less than the cost of funds to the state;**

18 (3) must be secured by a first priority lien and appropriate security
19 agreement;

20 (4) may not exceed 80 percent of the appraised value of the collateral
21 used to secure the loan; and

22 (5) may not be made to a person who has a past due child support
23 obligation established by court order or by the child support services agency under
24 AS 25.27.160 - 25.27.220 at the time of application.

25 * **Sec. 5.** AS 16.10.320(d) is amended to read:

26 (d) The total of balances outstanding on loans made to a borrower under
27 AS 16.10.310(a)(1)(A) may not exceed \$400,000. The total of balances outstanding on
28 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed **\$400,000**
29 [\$200,000]. The total of balances outstanding on loans made to a borrower under
30 AS 16.10.310(a)(1)(C) may not exceed \$400,000. The total of balances outstanding on
31 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax

1 obligations may not exceed \$35,000. The total of balances outstanding on loans made
2 under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible
3 under federal statute or regulation to establish or participate in the establishment of a
4 community quota entity. The total of balances outstanding on loans made to a
5 borrower under AS 16.10.310(a)(1)(F) may not exceed \$400,000. Excluding loans
6 made under AS 16.10.310(a)(1)(E), the total of balances outstanding on all loans,
7 including debt refinancing under AS 16.10.310(a), made to a borrower under
8 AS 16.10.300 - 16.10.370 may not exceed \$400,000.

9 * **Sec. 6.** AS 16.10.320(d), as amended by sec. 5 of this Act, is amended to read:

10 (d) The total of balances outstanding on loans made to a borrower under
11 AS 16.10.310(a)(1)(A) may not exceed \$400,000. The total of balances outstanding on
12 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed **\$200,000**
13 **[\$400,000]**. The total of balances outstanding on loans made to a borrower under
14 AS 16.10.310(a)(1)(C) may not exceed \$400,000. The total of balances outstanding on
15 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax
16 obligations may not exceed \$35,000. The total of balances outstanding on loans made
17 under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible
18 under federal statute or regulation to establish or participate in the establishment of a
19 community quota entity. The total of balances outstanding on loans made to a
20 borrower under AS 16.10.310(a)(1)(F) may not exceed \$400,000. Excluding loans
21 made under AS 16.10.310(a)(1)(E), the total of balances outstanding on all loans,
22 including debt refinancing under AS 16.10.310(a), made to a borrower under
23 AS 16.10.300 - 16.10.370 may not exceed \$400,000.

24 * **Sec. 7.** AS 18.56.010 is amended by adding a new subsection to read:

25 (h) The legislature finds that permitting the Alaska Housing Finance
26 Corporation to create a subsidiary to assist in the financing of sustainable energy
27 development serves a public purpose benefitting the people of the state. The Alaska
28 Housing Finance Corporation is empowered to act on behalf of the state and its people
29 in serving this public purpose for the benefit of the general public.

30 * **Sec. 8.** AS 18.56.086(a) is amended to read:

31 (a) The corporation may create subsidiary corporations for the purpose of

1 financing or facilitating the financing of school construction, facilities for the
 2 University of Alaska, facilities for ports and harbors, the acquisition, development,
 3 management, or operation of [AFFORDABLE] housing, prepayment of all or a
 4 portion of a governmental employer's share of unfunded accrued actuarial liability of
 5 retirement systems, **sustainable energy development**, or other capital projects. A
 6 subsidiary corporation created under this section may be incorporated under
 7 AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a
 8 subsidiary created under this section. A subsidiary created under this section may
 9 borrow money and issue bonds as evidence of that borrowing, and has all the powers
 10 of the corporation that the corporation grants to it. However, a subsidiary created for
 11 the purpose of financing or facilitating the financing of prepayment of a governmental
 12 employer's share of unfunded accrued actuarial liability of retirement systems may
 13 borrow money and issue bonds only after submitting a proposal to the Legislative
 14 Budget and Audit Committee under (b) of this section, if the state bond rating is the
 15 equivalent of AA- or better, and subject to AS 37.15.903. Unless otherwise provided
 16 by the corporation, the debts, liabilities, and obligations of a subsidiary corporation
 17 created under this section are not the debts, liabilities, or obligations of the
 18 corporation.

19 * **Sec. 9.** AS 18.56.086 is amended by adding a new subsection to read:

20 (c) In managing a subsidiary created for the purpose of financing or
 21 facilitating the financing of sustainable energy development, the corporation shall
 22 consider the state energy policy described in AS 44.99.115 and shall prioritize
 23 sustainable energy development that supports energy efficiency and renewable energy
 24 for residential buildings, commercial buildings, and community facilities.

25 * **Sec. 10.** AS 18.56.090(e) is amended to read:

26 (e) In furtherance of its corporate purpose, the corporation may, in cooperation
 27 with the Alaska Energy Authority, provide technical assistance to

28 (1) municipalities **that is** related to residential and commercial
 29 building energy codes and energy efficiency standards; **and**

30 (2) **support or establish public, quasi-public, or nonprofit entities**
 31 **that provide financial assistance for sustainable energy development projects in**

1 the state or delivering energy to the state, including community and low-income
2 lenders and capital providers."

3

4 Page 1, line 4:

5 Delete "Section 1"

6 Insert "Sec. 11"

7

8 Renumber the following bill sections accordingly.

9

10 Page 3, line 4:

11 Delete all material and insert:

12 **"* Sec. 12 AS 18.56.900 is amended by adding a new paragraph to read:**

13 (3) "sustainable energy development" means

14 (A) renewable energy generation from sources that are
15 continually replenished by nature, such as the sun, wind, water, or biological
16 processes;

17 (B) building energy efficiency, including switching to
18 renewable fuels and electrification;

19 (C) electrical infrastructure incorporating

20 (i) energy storage to support clean energy distribution,
21 including remote and non-remote microgrids and smart-grid
22 applications; or

23 (ii) sustainable technologies, including distributed
24 generation, advanced battery, and combined heat and power;

25 (D) clean transportation, including

26 (i) electric vehicles powered by batteries, hydrogen
27 vehicles, plug-in hybrid electric vehicles, and other zero-emissions
28 vehicles for consumers, businesses, government, and public transit; and

29 (ii) electric vehicle charging and fueling infrastructure;

30 or

31 (E) any greenhouse gas emissions reduction, energy efficiency,

1 or zero-emission technology approved by the corporation.

2 * **Sec. 13.** Sections 2, 4, and 6 of this Act take effect July 1, 2027.

3 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect immediately under

4 AS 01.10.070(c)."