

CS FOR SENATE BILL NO. 125(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/12/24

Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to commercial fishing loans; relating to subsidiary corporations of the**
2 **Alaska Housing Finance Corporation; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

5 (a) The department may

6 (1) make loans

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

14 (i) for the purchase of entry permits;

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

3 (iii) for propulsion engine or generator engine
4 replacements on existing vessels for the purpose of improving fuel
5 efficiency;

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

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

17 (ii) is economically dependent on commercial fishing
18 for a livelihood and for whom commercial fishing has been a traditional
19 way of life in Alaska;

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

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

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

29 (iii) qualify as transferees for quota shares under
30 applicable law; and

31 (iv) are not eligible for financing from other recognized

1 commercial lending institutions to purchase quota shares;

2 (D) to an individual commercial fisherman to satisfy past due
3 federal tax obligations, if the fisherman has been a state resident for a
4 continuous period of two years immediately preceding the date of application
5 for the loan, has filed past and current federal tax returns with the federal
6 government, has executed an agreement with the federal government for
7 repayment of past due federal tax obligations, and either

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

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

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

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

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

30 (5) enter into agreements with private lending institutions, other state
31 agencies, or agencies of the federal government to carry out the purposes of

1 AS 16.10.300 - 16.10.370;

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

5 (7) allow an assumption of a loan if

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

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

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

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

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

19 (11) refinance debt obligations, not to exceed \$400,000 [\$200,000],
20 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
21 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
22 16.10.370; the department may collect a refinancing loan origination charge as
23 provided by regulation.

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

25 (a) The department may

26 (1) make loans

27 (A) to individual commercial fishermen who have been state
28 residents for a continuous period of two years immediately preceding the date
29 of application for a loan under AS 16.10.300 - 16.10.370, who have had an
30 annual crewmember or commercial fishing license under AS 16.05.480 or a
31 permit under AS 16.43 for the year immediately preceding the date of

1 application and any other two of the past five years, and who actively
2 participated in the fishery during those periods

3 (i) for the purchase of entry permits;

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

6 (iii) for propulsion engine or generator engine
7 replacements on existing vessels for the purpose of improving fuel
8 efficiency;

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

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

20 (ii) is economically dependent on commercial fishing
21 for a livelihood and for whom commercial fishing has been a traditional
22 way of life in Alaska;

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

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

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

1 (iii) qualify as transferees for quota shares under
2 applicable law; and

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

5 (D) to an individual commercial fisherman to satisfy past due
6 federal tax obligations, if the fisherman has been a state resident for a
7 continuous period of two years immediately preceding the date of application
8 for the loan, has filed past and current federal tax returns with the federal
9 government, has executed an agreement with the federal government for
10 repayment of past due federal tax obligations, and either

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 (E) for the purchase of fishing quota shares by a community
18 quota entity eligible under federal statute or regulation to purchase the fishing
19 quota shares if the community quota entity is not eligible or qualified for
20 financing from other recognized commercial lending institutions to purchase
21 the fishing quota shares;

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

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

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

30 (4) establish amortization plans for repayment of loans, which may
31 include extensions for poor fishing seasons or for adverse market conditions for

1 Alaska products;

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

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

8 (7) allow an assumption of a loan if

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

12 (B) approval of the assumption would be consistent with the
13 purposes of AS 16.10.300; an applicant for a loan assumption may not be
14 disqualified because the applicant does not meet the loan eligibility
15 requirements of (1) of this subsection;

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

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

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

22 (11) refinance debt obligations, not to exceed \$200,000 [\$400,000],
23 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
24 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
25 16.10.370; the department may collect a refinancing loan origination charge as
26 provided by regulation.

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

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

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

1 (2) may not bear interest

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

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

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

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

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

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

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

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

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

19 (2) may not bear interest

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

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

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

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

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

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

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

1 (d) The total of balances outstanding on loans made to a borrower under
 2 AS 16.10.310(a)(1)(A) may not exceed \$400,000. The total of balances outstanding on
 3 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed **\$400,000**
 4 [~~\$200,000~~]. The total of balances outstanding on loans made to a borrower under
 5 AS 16.10.310(a)(1)(C) may not exceed \$400,000. The total of balances outstanding on
 6 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax
 7 obligations may not exceed \$35,000. The total of balances outstanding on loans made
 8 under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible
 9 under federal statute or regulation to establish or participate in the establishment of a
 10 community quota entity. The total of balances outstanding on loans made to a
 11 borrower under AS 16.10.310(a)(1)(F) may not exceed \$400,000. Excluding loans
 12 made under AS 16.10.310(a)(1)(E), the total of balances outstanding on all loans,
 13 including debt refinancing under AS 16.10.310(a), made to a borrower under
 14 AS 16.10.300 - 16.10.370 may not exceed \$400,000.

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

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

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

31 (h) The legislature finds that permitting the Alaska Housing Finance

1 Corporation to create a subsidiary to assist in the financing of sustainable energy
2 development serves a public purpose benefitting the people of the state. The Alaska
3 Housing Finance Corporation is empowered to act on behalf of the state and its people
4 in serving this public purpose for the benefit of the general public.

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

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

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

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

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

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

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

5 **(2) support or establish public, quasi-public, or nonprofit entities**
6 **that provide financial assistance for sustainable energy development projects in**
7 **the state or delivering energy to the state, including community and low-income**
8 **lenders and capital providers.**

9 * **Sec. 11** AS 18.56.900 is amended by adding a new paragraph to read:

10 (3) "sustainable energy development" means

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

14 (B) building energy efficiency, including switching to
15 renewable fuels and electrification;

16 (C) electrical infrastructure incorporating

17 (i) energy storage to support clean energy distribution,
18 including remote and non-remote microgrids and smart-grid
19 applications; or

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

22 (D) clean transportation, including

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

26 (ii) electric vehicle charging and fueling infrastructure;

27 or

28 (E) any greenhouse gas emissions reduction, energy efficiency,
29 or zero-emission technology approved by the corporation.

30 * **Sec. 12.** Sections 2, 4, and 6 of this Act take effect July 1, 2027.

31 * **Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect immediately under

1 AS 01.10.070(c).