

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

May 6, 2025  
10:00 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Bryce Edgmon, Vice Chair  
Representative Rebecca Himschoot  
Representative Chuck Kopp  
Representative Kevin McCabe  
Representative Sarah Vance  
Representative Bill Elam

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 199

"An Act relating to the Department of Commerce, Community, and Economic Development; relating to the Alaska Commercial Fishing and Agriculture Bank; relating to certain loans made by the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

- MOVED CSHB 199(FSH) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 199

SHORT TITLE: AK COMMERCIAL FISHING & AG BANK; LOANS

SPONSOR(s): FISHERIES BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY

04/16/25	(H)	READ THE FIRST TIME - REFERRALS
04/16/25	(H)	FSH, FIN
04/24/25	(H)	FSH AT 10:00 AM GRUENBERG 120
04/24/25	(H)	Heard & Held
04/24/25	(H)	MINUTE (FSH)
05/06/25	(H)	FSH AT 10:00 AM GRUENBERG 120

**WITNESS REGISTER**

KYLE NEUMANN, Staff

Representative Louise Stutes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented CSHB 199 for the House Special Committee on Fisheries at the request of the Joint Legislative Taskforce Evaluating Alaska's Seafood Industry.

STEVEN WORLEY, Senior Lender  
Alaska Commercial Fishing and Agriculture Bank (CFAB)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions about CFAB loans.

#### **ACTION NARRATIVE**

[10:00:09 AM](#)

**CHAIR LOUISE STUTES** called the House Special Committee on Fisheries meeting to order at 10:00 a.m. Representatives Edgmon, Himschoot, Kopp, Vance, and Stutes were present at the call to order. Representatives McCabe and Elam arrived as the meeting was in progress.

#### **HB 199-AK COMMERCIAL FISHING & AG BANK; LOANS**

[Contains discussion of SB 156.]

[10:01:12 AM](#)

CHAIR STUTES announced that the only order of business would be HOUSE BILL NO. 199, "An Act relating to the Department of Commerce, Community, and Economic Development; relating to the Alaska Commercial Fishing and Agriculture Bank; relating to certain loans made by the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

[10:01:43 AM](#)

CHAIR STUTES noted that a committee substitute for HB 199 was available.

[10:02:10 AM](#)

REPRESENTATIVE EDGMON moved to adopt the proposed committee substitute (CS) for HB 199, Version 34-LS0867\N, Bullard, 4/30/25, as a working document.

CHAIR STUTES objected for the purpose of discussion. She asked her staff to refresh the committee on the substance of the bill and to introduce the changes associated with Version N.

[10:02:35 AM](#)

KYLE NEUMANN, Staff, Representative Louise Stutes, Alaska State Legislature, presented HB 199, Version N, for the committee at the request of the Joint Legislative Taskforce Evaluating Alaska's Seafood Industry. He said this legislation, pending an appropriation, would provide a one-time temporary \$3.7 million investment of state money to bolster the Alaska Commercial-Fishing and Agriculture Bank (CFAB). He said that this would allow CFAB to refinance existing loans and potentially new loans at a reduced interest rate of 5.25 percent, which is the same rate provided by the commercial fishing revolving loan fund. He noted that this is a companion bill to SB 156.

MR. NEUMANN said that HB 199 would provide a one-time temporary investment to CFAB from a separate, "now-defunct" Capstone Avionics revolving loan fund. The investment would be through the purchase of Class C non-voting shares in CFAB, the same vehicle through which the state provided \$32 million in start-up funds to CFAB in 1979. He said that as prescribed, CFAB repurchased all these shares from the state by 1998. Likewise, under HB 199, CFAB would repay the state by repurchasing shares within a given timeframe. The investment provided to CFAB would be used only to refinance or issue new low-interest rate loans to Alaska residents until the Revolving Loan Fund rate returns to normal in two years. At this time CFAB would return any unused funds and would repay the state in full within 20 years.

MR. NEUMANN explained the summary of changes in the CS. He said that it makes changes to ensure a fixed interest rate; it makes other changes that were agreed upon between CFAB and the Division of Banking and Securities regarding what information is needed to determine the amount of used or unused state funds. Version N would also clarify that the Division of Banking and Securities would conduct a one-time review of loans used in the bill, not an ongoing audit. Additionally, Version N states clearly that CFAB would repay the state with a buyback of shares.

[10:05:56 AM](#)

REPRESENTATIVE VANCE requested a point of clarification on the nature of unobligated funds such as the one associated with HB 199.

[10:06:40 AM](#)

CHAIR STUTES removed her objection to the motion to adopt the proposed CS for HB 199, Version 34-LS0867\N, Bullard, 4/30/25, as a working document. There being no further objection, Version N was before the committee.

[10:06:56 AM](#)

REPRESENTATIVE VANCE asked at which point unobligated funds get deposited into the capital budget reserve (CBR).

MR. NEUMANN responded that he did not believe that he could answer with great detail but to his understanding the Capstone Avionics revolving loan fund was unobligated and reappropriated, and the reappropriation did not utilize the funds. He was unsure why the reappropriated funds were unused. He said that it was not specified in statute that the funds return to the general fund and future attempts to reallocate those funds had been unsuccessful.

MR. NEUMANN opined that the issue with the Capstone Avionics revolving loan fund is that it does not explicitly say in the statute that created it what happens to the funds following the sunset date.

REPRESENTATIVE VANCE remarked that given this understanding, the statute means that this fund is expired, and given this bill proposal, it would terminate the program.

MR. NEUMANN responded that the program had ended, but it does not specify what would happen to remaining funds.

REPRESENTATIVE VANCE asked whether this particular fund would [be discontinued].

[10:09:46 AM](#)

CHAIR STUTES remarked that July 1, 2027, is when the Act would be repealed.

MR. NEUMAN asked Representative Vance to clarify if she was speaking to the end of the program associated with the Capstone Avionics revolving loan fund.

REPRESENTATIVE VANCE confirmed she was.

MR. NEUMANN responded that the program Representative Vance was referring to was terminated and his understanding was that the funds would be reappropriated through the capital budget. With the new program and investment with CFAB, HB 199, Version N, explicitly states how the funds would be repaid and how the program would conclude with a sunset date.

REPRESENTATIVE VANCE explained that she was seeking clarification as to whether the previous Capstone Avionics revolving loan fund would end. She said that she does not want to have a remaining fund with a \$0 balance. She said that the legislature has been working on transparency with the public to close accounts that get modified.

[10:11:42 AM](#)

REPRESENTATIVE MCCABE said that he wished he knew more about CFAB since it was capitalized in the late 1970s with \$30 million dollars and now, in a "seeming act of desperation," the legislature is appropriating it with \$3.7 million because it is down significantly from the loans. He said that he heard that CFAB had issued \$10 million in loans prior to COVID-19 and now it is down to currently managing \$2 million in loans. He said that CFAB is not making the money it should make and asked whether this was appropriate.

REPRESENTATIVE MCCABE said that the fishing industry is an \$8 billion a year industry and the state gets a small chunk of it to add to the state coffers. He said that he is wondering what the plan is for the fishing industry; he noted that a good chunk of Alaska fish that come out of the state's rivers go to Seattle, Washington.

CHAIR STUTES told Representative McCabe that he was veering off topic.

REPRESENTATIVE MCCABE responded that these were his reservations regarding bill adoption. He said that he does not think Alaska should be capitalizing an industry that is doing nothing for the state. He said that he understands the fisheries and why the

committee would want to do this, but the more he gets into these issues, the more disappointed he is.

CHAIR STUTES told Representative McCabe that she takes issue with his comments. She noted that the industry was the largest private employer in the state. She said that the issue at hand was that last year the legislature reduced the interest rate on the commercial fishing revolving loan fund and consequently CFAB cannot compete against the lower interest rates. She said that many people with pre-existing loans with CFAB are refinancing with the revolving loan fund. She said that the interest rate changes would "level the playing field between the two lenders."

REPRESENTATIVE MCCABE responded that he understands this and appreciates the information. He said that he has been on the House Special Committee on Fisheries for four years, and he appreciated the "latitude to digress." He asked how many proportions of fishermen that work in Alaska but live elsewhere.

CHAIR STUTES told Representative McCabe that this was not the purpose of the discussion for the committee.

REPRESENTATIVE MCCABE responded that the committee is talking about CFAB, which was an Alaska corporation asking for recapitalization. He inquired whether it was appropriate to focus on this lender rather than focusing on getting fishermen back into Alaska.

CHAIR STUTES asked whether Representative McCabe had a question.

REPRESENTATIVE MCCABE clarified that that was his question.

CHAIR STUTES said that HB 199, Version N, would focus on Alaskans and Mr. Neumann's staff had mentioned during his bill briefing that the loans, with dollars that come from the fund, were available only to Alaska residents. She asked Mr. Neumann if her understanding was correct.

MR. NEUMANN responded that this was a correct understanding.

[10:15:35 AM](#)

REPRESENTATIVE MCCABE asked whether the bill specified "Alaska residents" or "Alaska businesses and boats that are based in Alaska."

CHAIR STUTES answered that it was for Alaska residents, and that this had been confirmed.

REPRESENTATIVE MCCABE asked whether an Alaska resident could own a boat and a business based in Seattle, and it could be a catcher-processing boat that never touches Alaska and takes all the money out of the state.

CHAIR STUTES said that she was not in a position to say whether this could be true or not.

10:16:09 AM

REPRESENTATIVE EDGMON commented that both Representative McCabe and Chair Stutes were talking "apples and oranges." He said that catcher/processor boats were investments with "magnitudes of orders beyond what CFAB does." He said that CFAB normally works with smaller Alaska fishermen to purchase vessels and do things that the commercial fishing revolving loan fund would not do. He said that the bill would give temporary assistance to CFAB to "catch-up" to the commercial revolving loan fund. He said that the commercial fishing revolving loan fund may have gotten recapitalization with House Bill 273 during the Thirty-Third Alaska State Legislature.

REPRESENTATIVE EDGMON emphasized that there was a "big difference between what CFAB does and the big boats." He said that there are huge investments with the big boats and the smaller boats in Alaska can apply through CFAB and the commercial fishing revolving loan fund.

CHAIR STUTES noted that before any additional discussion would be held, the committee would hear from CFAB to provide any clarification to the nature of these types of loans.

10:17:30 AM

STEVEN WORLEY, Senior Lender, Alaska Commercial Fishing and Agriculture Bank (CFAB), confirmed that CFAB lends only to Alaska residents. He said that while some Alaska residents fish outside of the state, CFAB finances only their Alaska operations. He reemphasized that CFAB only lends to Alaska residents.

10:18:04 AM

REPRESENTATIVE MCCABE asked whether the owner of a big boat could take the entire portfolio of the CFAB loan bank if they were an Alaska resident but own a boat that is based in Seattle. He said that a catcher/processor vessel that fishes extensively in Alaska waters but is technically in federal waters would afford the state no landing tax and a small amount of corporate tax. He asked whether anything would stop CFAB from loaning to these types of entities.

MR. WORLEY responded that if the owner was a resident in Alaska and the business was an Alaska Corporation, CFAB would not be able to control where they spend their money when they make it. He said that he may be misunderstanding the question, and he did not understand the exact wording in HB 199, [Version N]. He said that there are some questions that he would need to answer later. He said that currently the largest loan on the CFAB books was about \$1.5 million, and he thought the size of operation that Representative McCabe was referring to would probably not be the type of operation CFAB could lend to because the dollar amount would exceed what the bank could handle. He mentioned that the largest fund on the books right now is about \$1.5 million.

REPRESENTATIVE MCCABE said his point is that he wants the focus on Alaska, and while he appreciated that the bill specifies Alaska residents, he wanted to ensure that CFAB would support the aim of the bill.

MR. WORLEY said that CFAB would focus on this but reiterated that it cannot control whether its lending recipients fish outside of Alaska in addition to their in-state operations.

[10:20:32 AM](#)

REPRESENTATIVE VANCE asked Mr. Worley whether the additional funding from the proposed bill would give CFAB additional flexibility to offer agriculture loans.

MR. WORLEY said that he was not familiar with the exact wording in HB 199, [Version N], but his understanding was that the proposed bill would allow CFAB only to lend lower rate loans to eligible program participants. He noted that it would mirror the intentions of House Bill 273 from the Thirty-Third Legislative Session.

REPRESENTATIVE VANCE asked whether agriculture loans would still be maintained under the proposed legislation.

[10:22:20 AM](#)

MR. NEUMANN responded that the proposed bill explicitly states that this funding can be used only for commercial fishing loans. His understanding of CFAB operations was that agriculture loans are a small part of the portfolio, as are tourism loans. He said that CFAB's primary loans are commercial fishing focused. He reiterated that HB 199 would "level the playing field" with the commercial fishing revolving loan fund.

REPRESENTATIVE VANCE asked whether there would be any implications if the legislature did not pass HB 199 and recapitalize CFAB.

[10:23:28 AM](#)

MR. WORLEY responded that the concern would be "keeping the doors open" and not being able to compete with the state's loan program; CFAB is losing dollars from its portfolio. He said that a concern is the ability to fund enough new loans each year to allow for continued operations and support of the commercial fishing industry. He echoed the comment of Mr. Neumann that while CFAB is invested primarily in commercial fishing activities, it also invests in other operations like agriculture and tourism.

[10:25:12 AM](#)

REPRESENTATIVE ELAM said that he was curious as to the scope of commercial operations that would be supported with CFAB loans. He noted that in his community there are a lot of driftnet and setnet fishermen, but there are also six-pack operators that are commercial focused but operate as sportfishing guides. He asked where CFAB draws the line and whether charter operators could qualify for loans.

MR. NEUMANN noted that this may be a question for Mr. Worley.

MR. WORLEY responded that six-pack fishing boats would be a charter operation and classify as tourism, which is a separate industry not required to acquire a limited entry permit.

REPRESENTATIVE ELAM asked about situations that involve a setnet site or a driftnet operation. He asked what type of operations on Cook Inlet CFAB loans would support.

MR. WORLEY responded that either of these two instances could qualify for loans. He said that with this particular type of funding, the intent is to support the commercial fishing industry; however, there are no limitations regarding the area in which they operate.

REPRESENTATIVE ELAM said that he was looking to define whether there are any fisheries within Cook Inlet that would benefit from this type of loan. He asked whether it would apply to people in the driftnet fleet.

MR. WORLEY responded that loans could cover the drift fleet, setnetters, halibut fishermen, and really any commercial fishery in every area throughout the state.

[10:28:27 AM](#)

REPRESENTATIVE KOPP commented that CFAB is a member-based cooperative, he said that someone must be an Alaska resident, they must pay a \$100 membership fee, and sometimes CFAB requires member investment in stock in order to qualify for a loan. He said that the focus is not only on the fishing industry but also agriculture, livestock, tourism, and other industries in the state. He noted Representative McCabe had questioned what commercial fishing does for Alaska, and Representative Kopp reflected on the seafood industry's role in Alaska and how it supports both communities and government. He said that the seafood industry was also the state's largest manufacturing sector. He said that he appreciates the bill sponsor's intent, and he said that it is reallocating some money that was left over. He said that the legislature is doing what it can with limited funds.

[10:30:43 AM](#)

REPRESENTATIVE MCCABE said that he does not disagree with Representative Kopp at all. He said that it is less about CFAB and more about a platform to say that there needs to be something done about the 78 percent of money from fisheries that leaves the state. He said that he understood that there were jobs and money associated with the industry but the problem is that again, 78 percent of the money from an Alaska resource leaves the state. He said that he wants CFAB to ensure that this money is for Alaska residents and Alaska fishing boats and not "a big [Seattle] trawler that is never going to touch our shores."

CHAIR STUTES said that she appreciates this comment. She said that unfortunately there are constitutional complications with what constitutes "Alaska fish."

[10:32:38 AM](#)

REPRESENTATIVE HIMSCHOOT commented that her brother has a CFAB loan and his kids put themselves through college because of their family set-net site. He said that what commercial fishing does for Alaskans may not be easily measured. She said that she thinks it is a great bill and she supports commercial fishing.

[10:33:26 AM](#)

CHAIR STUTES, after ascertaining that there was no additional discussion, entertained a motion.

[10:33:38 AM](#)

REPRESENTATIVE EDGMON moved to report CSHB 199, Version 34-LS087\N, Bullard, 4/30/25, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 199(FSH) was reported out of the House Special Committee on Fisheries.

[10:34:27 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 10:34 a.m.