

Introduced: 3/1/71
Referred: Resources and
Finance

1 IN THE HOUSE

BY WHITTAKER

2 HOUSE BILL NO. 230

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Fishermen's Development
7 Assistance Corporation; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 44 is amended by adding a new chapter in part 4 to read:

11 CHAPTER 55. ALASKA FISHERMEN'S DEVELOPMENT ASSISTANCE CORPORATION.

12 ARTICLE 1. CREATION AND ORGANIZATION.

13 Sec. 44.55.010. PURPOSE. It is determined and declared as a
14 matter of legislative finding that

15 (1) the fisheries of this state are one of its greatest
16 resources, yet there continues to exist chronic poverty and unemploy-
17 ment among fishermen of this state;

18 (2) this poverty and unemployment is a serious menace to the
19 health, safety and general welfare, not only to the fishing communities
20 involved, but to the whole state;

21 (3) the state presently lacks adequate modern processing
22 facilities for the orderly harvest and processing of its marine resources;

23 (4) resident fishermen and their families presently cannot
24 make a living wage from the fishing industry, because they are unable
25 to finance the equipment necessary for efficient operation.

26 Sec. 44.55.020. ALASKA FISHERMEN'S DEVELOPMENT ASSISTANCE CORPORA-
27 TION. The Alaska Fishermen's Development Assistance Corporation is a
28 public corporation and a political subdivision of the state. The corpo-
29 ration is an instrumentality of the state within the Department of

1 Economic Development but has a legal existence independent of and
2 separate from the state.

3 Sec. 44.55.030. COMPOSITION OF BOARD OF DIRECTORS. The board of
4 directors consists of the commissioners of commerce and economic
5 development, one representative from an organization funded from non-
6 state sources primarily for the establishment of cooperatives in rural
7 areas, and one representative from each regional fishermen's organiza-
8 tion having a membership of 100 or more. The corporation's board of
9 directors shall conduct the business of the corporation.

10 Sec. 44.55.040. CHAIRMAN. The commissioner of economic develop-
11 ment shall serve as chairman of the board until a chairman is elected
12 by majority vote of the members.

13 Sec. 44.55.050. MEETINGS, COMPENSATION, OFFICERS AND EMPLOYEES.
14 (a) A majority of the members of the board constitutes a quorum for
15 the transaction of business or the exercise of a power or function at
16 a meeting of the board.

17 (b) The members of the board serve without salary but are
18 entitled to per diem and travel expenses authorized by law for other
19 boards.

20 (c) The board shall hold regularly scheduled meetings at least
21 four times a year to consider loan applications and other business as
22 may come before it. Meetings shall be open to the public and shall be
23 held in locations most convenient to members of the public concerned
24 with the subjects to be discussed.

25 (d) The board may employ a professional staff, including an
26 executive director, as it considers advisable.

ARTICLE 2. PURPOSES AND POWERS.

27 Sec. 44.55.060. PURPOSE. The purpose of the corporation is to
28 promote the general prosperity and welfare of the people of Alaska by
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1 relieving chronic poverty of resident Alaska fishermen, by means of
2 improved equipment and processing facilities to permit a greater
3 economic return to the fishermen and to the state from its marine re-
4 sources.

5 Sec. 44.55.070. POWERS. In furtherance of its corporate purposes,
6 the corporation may

7 (1) sue and be sued;

8 (2) make all necessary rules and regulations governing the
9 exercise of its corporate authority;

10 (3) accept gifts, grants, or loans from and enter into
11 contracts or other transactions regarding them, with a federal or
12 state agency or instrumentality, municipality, private organization or
13 other source;

14 (4) make loans, whether secured or unsecured, to qualified
15 persons, associations, partnerships, corporations, or other organizations,
16 for the purposes enumerated in this chapter;

17 (5) underwrite, guarantee, or secure mortgages or loans
18 executed by private lending institutions on behalf of qualified
19 borrowers, for the purposes enumerated in this chapter, which have
20 been approved in advance by the board;

21 (6) provide interest support payments, on behalf of quali-
22 fied borrowers executing approved transactions with private lending
23 institutions, to such private lending institutions in an amount not
24 to exceed the differential between the then prevailing market interest
25 rate and the interest rate to which the qualified borrower would be
26 otherwise entitled, if a transaction were executed directly with the
27 corporation;

28 (7) sell, exchange, donate, convey or encumber in any
29 manner by mortgage, or by creation of any other security interest,

1 real or personal property owned by it, or in which it has an interest,
2 when in the judgment of the corporation, the action is in furtherance
3 of its corporate powers;

4 (8) enter into contracts or agreements with respect to the
5 exercise of any of its corporate powers, and do all things necessary or
6 convenient to carry out its corporate purposes and exercise the powers
7 granted in this chapter;

8 (9) invest funds held in reserve, or not required for im-
9 mediate use, in banks having their principal place of business in
10 the state.

11 ARTICLE 3. FINANCIAL PROVISIONS.

12 Sec. 44.55.080. INITIAL CAPITAL. Appropriations and loans from the
13 state general fund necessary for the initial operation of the corporation
14 are authorized in the amount of \$25,000,000. No more than 50 per cent
15 of the initial capital shall be in the form of loans. The loans shall
16 be for a term of 20 years, and shall bear interest at the rate of two
17 per cent.

18 Sec. 44.55.090. GENERAL FUND. The corporation shall maintain a
19 general fund. Income received from loans and other investments as well
20 as grants or loans from the state shall be credited to the fund. Ex-
21 penses of the corporation, and outstanding loans shall be charged to the
22 fund.

23 Sec. 44.55.100. TAX EXEMPTION. The corporation is exempt from all
24 taxes and assessments of the state.

25 Sec. 44.55.110. LONG-TERM LOANS. (a) The corporation shall use
26 available funds, not to exceed 75 per cent, for long-term loans to
27 corporations, associations, cooperatives, partnerships, or other
28 organizations; however the controlling officers, board of directors,
29 and at least 80 per cent of the shareholders, or members shall be Alaska

1 residents.

2 (b) Long-term loans may be extended for the purposes of establish-
3 ment of fish freezing facilities and other facilities for the adequate
4 processing of fish and other marine products.

5 Sec. 44.55.120. SHORT-TERM LOANS. The corporation shall use
6 available remaining funds for short-term loans to resident persons
7 actively engaged in commercial fishing for the purposes of purchasing
8 or refinancing commercial fishing equipment, including vessels.

9 Sec. 44.55.130. RESIDENCY. For the purposes of this chapter,
10 Alaska residency shall be defined as domicile in the state during the
11 nine months preceding application for a loan under the provisions of
12 this chapter, with intent to establish or continue permanent residence
13 in Alaska. For the purpose of establishing requisite intent under this
14 provision, nine months domicile shall be evidence of that intent, but
15 not conclusive.

16 Sec. 44.55.140. INTEREST SUPPORT PAYMENTS. The corporation may
17 use funds available under secs. 110 and 120 of this chapter for
18 interest support payments to private lending institutions executing
19 approved transactions with qualified borrowers; however, the payments
20 may not exceed the differential between the then prevailing market
21 interest rates and the interest rates established in sec. 150 of this
22 chapter.

23 Sec. 44.55.150. INTEREST ON LOANS BY CORPORATION. (a) The rate
24 of interest charged by the corporation for long-term loans shall not
25 exceed three per cent.

26 (b) The rate of interest charged the corporation for short-term
27 loans shall not exceed five per cent.

28 Sec. 44.55.160. GENERAL LIMITATIONS ON LOANS. The corporation
29 shall require adequate collateral on proposed loans, as well as adequate

1 insurance coverage by the borrower of the property which is the subject
2 of the loan. However, a complete security interest in the property
3 which is the subject of a proposed loan, shall be considered adequate
4 collateral for the purposes of secs. 80 - 160 of this chapter.

5 ARTICLE 4. DEFINITIONS.

6 Sec. 44.55.170. DEFINITIONS. In this chapter

7 (1) "approved transaction" means a long- or short-term
8 financing agreement executed between a qualified borrower under this
9 chapter and a private lending institution which has been approved by
10 the corporation as consistent with the purposes and requirements of
11 this chapter;

12 (2) "corporation" means the Alaska Fishermen's Development
13 Assistance Corporation;

14 (3) "long-term loans" means loans with a maturity of no
15 more than 20 years;

16 (4) "private lending institution" means a bank or lending
17 institution, the deposits of which are insured by the Federal Deposit
18 Insurance Corporation, and which is subject to the provisions of AS 6;

19 (5) "qualified borrower" means a person, association, part-
20 nership, cooperative, corporation, or other organization qualified for
21 a loan under secs. 110 - 130 of this chapter;

22 (6) "short-term loans" means loans with a maturity of no
23 more than five years.

24 * Sec. 2. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law without approval.
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