

Introduced: 1/9/78
Referred: Resources and
Finance

1 IN THE HOUSE

BY OSTERBACK AND SNIDER

2 CS HOUSE BILL NO. 573

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Commercial Fishing Loan Act; and
7 providing for an effective date."

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

9 * Section 1. AS 16.10.310(a)(1) is amended by adding a new subparagraph
10 to read:

11 (C) corporations, partnerships, or joint ventures 51 per
12 cent of which are owned by individual commercial fishermen who have
13 been state residents for a continuous period of five years and have
14 had a commercial fishing license for three years for the purchase,
15 construction, repair or upgrading of fishing vessels or gear;

16 * Sec. 2. AS 16.10.320 is amended to read:

17 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan
18 may not exceed \$150,000. A loan may not run longer than 15 years or
19 bear interest exceeding seven per cent, and, except as provided under
20 (b) of this section, it shall be secured by a first lien and appropriate
21 security agreements, except that a lien in favor of the state is not
22 required for loans guaranteed fully by the federal government under the
23 Federal Ship Financing Act of 1972 (46 U.S.C. secs. 1271-1279b; 86 Stat.
24 909), as amended. In the case of a security agreement given to secure a
25 loan made under secs. 300 - 370 of this chapter and covering a vessel
26 documented under the laws of the United States and so long as the Ship
27 Mortgage Act of 1920 (46 U.S.C. secs. 911-984; 41 Stat. 1000), as
28 amended, and the Shipping Act of 1916 (46 U.S.C. secs 801-842; 39 Stat.
29 728), as amended, remain ambiguous with respect to whether or not a

1 state or state agency qualifies as a citizen of the United States for
2 purposes of those Acts, the first lien requirement of this section may
3 be satisfied by the recordation and endorsement of a first preferred
4 ship mortgage under the Ship Mortgage Act of 1920, and by perfection of
5 a security interest under the Uniform Commercial Code - Secured Trans-
6 actions (AS 45.05.690 - 45.05.794), if the approval of the Secretary of
7 Commerce is obtained under 46 U.S.C. sec. 839 for the transfer to the
8 department of the interest in a vessel documented under the laws of the
9 United States. In the case of a security agreement given to secure a
10 loan made under secs. 300 - 370 of this chapter and covering a vessel
11 documented under the laws of the United States, the first lien require-
12 ment of this section may also be satisfied by use of a trust deed and
13 bond issue under it, if the trustee is a citizen of the United States
14 and obtains a first preferred ship mortgage on the vessel under the Ship
15 Mortgage Act of 1920, and the approval of the Secretary of Commerce is
16 obtained under 46 U.S.C. secs. 839 and 961 for the transfer of the bond
17 or bonds to the department if the trustee is not a trustee approved by
18 the Secretary of Commerce under 46 U.S.C. secs. 808, 835 and 961. Loans
19 granted under this subsection may not exceed 75 per cent of the ap-
20 praised value of the collateral used to secure the loan.

21 * Sec. 3. AS 16.10.320 is amended by adding a new subsection to read:

22 (b) A commercial fishing loan for the repair, restoration, or
23 upgrading of existing vessels and gear or for the purchase of gear and
24 the construction and purchase of fishing vessels may be secured by a
25 lien subordinate to a valid first lien and security agreement granted to
26 a private lending institution. A loan granted under this subsection

27 (1) shall be to an obligor approved by the commissioner as
28 responsible and possessing the ability, experience, financial resources,
29 and other qualifications necessary to the adequate operation and mainte-

1 nance of the fishing vessel;

2 (2) may not exceed \$150,000 or 15 per cent of the appraised
3 value of the fishing vessel, whichever amount is less, when a fishing
4 vessel is to be constructed or an existing fishing vessel is to be
5 purchased;

6 (3) may not exceed \$150,000 when a fishing vessel or gear is
7 to be repaired, restored, or upgraded;

8 (4) may not exceed a term of 15 years;

9 (5) may not bear interest exceeding seven per cent.

10 * Sec. 4. This Act takes effect July 1, 1978.

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