

Introduced: 3/12/80
Referred: State Affairs
and Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Commercial Fishing and
7 Agriculture Bank; and providing for an effective date."

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

9 * Section 1. AS 44.54.070 is repealed and re-enacted to read:

10 Sec. 44.54.070. PRESIDENT; OFFICERS AND EMPLOYEES. (a) The board
11 of directors shall employ a president. The president may not be a
12 member of the board of directors. The president serves at the pleasure
13 of the board of directors. The president is the chief executive officer
14 of the bank.

15 (b) The board of directors shall appoint one or more vice-presi-
16 dents, as prescribed in the bylaws of the bank, a secretary, a treasurer
17 and other officers as the board of directors considers necessary. The
18 board of directors may appoint one person to more than one of the posi-
19 tions described in this subsection.

20 (c) The president may hire employees of the bank reasonably neces-
21 sary for the efficient performance of the functions of the bank. Sub-
22 ject to the approval of the board of directors, the president may also
23 contract for and engage the services of professional and technical
24 advisors. The board of directors shall prescribe the duties and com-
25 pensation of employees of the bank.

26 * Sec. 2. AS 44.54.150(a) is amended to read:

27 (a) Neither the members of the board of directors, the president
28 [EXECUTIVE DIRECTOR], staff, nor a person executing the bonds is liable
29 personally on the bonds or subject to personal liability or account-

1 ability by reason of the issuance of the bonds.

2 * Sec. 3. AS 44.54.210(1) is amended to read:

3 (1) make variable rate or fixed rate loans to individuals who
4 are residents and who are engaged in commercial agriculture or fishing,
5 including harvesters, processors, suppliers and marketers, or to cor-
6 porations, partnerships or joint ventures [PRIMARILY] engaged in com-
7 mercial agriculture or fishing, the majority interest of which is bene-
8 ficially owned by residents of the state and a majority of the owners of
9 which are residents of the state, if the recipient of the loan is a
10 shareholder of the bank; however, the bank may make a loan under this
11 paragraph to a corporation, partnership, or joint venture for the pur-
12 chase of a new or existing fishing vessel or for the repair or renova-
13 tion of an existing fishing vessel, the primary purpose of which is to
14 commercially harvest fishery resources, only if the corporation, partner-
15 ship, or joint venture is wholly owned and controlled by residents of
16 the state and if the recipient of the loan is a shareholder of the bank.

17 * Sec. 4. AS 44.54.210 is amended by adding a new paragraph to read:

18 (21) indemnify a director, officer or employee of the bank and
19 his heirs, executors and administrators against all liabilities and
20 related expenses including, but not limited to, court costs and attorney
21 fees, judgments, and the cost of reasonable settlements, incurred by him
22 in connection with or arising out of an action or proceeding brought
23 against him because of an act or omission in the performance of his
24 official duties as director, officer or employee of the bank regardless
25 of whether he is a director, officer or employee at the time the ex-
26 penses or liabilities are incurred.

27 * Sec. 5. AS 44.54.210 is amended by adding a new subsection to read:

28 (b) The provisions of (a)(21) of this section do not authorize the
29 bank to indemnify a director, officer or employee of the bank who is

1 adjudged liable for negligence or misconduct in the performance of his
2 official duties.

3 * Sec. 6. AS 44.54.230(a) is amended to read:

4 (a) A loan under AS 44.54.210(20) for the purchase of a limited
5 entry permit may be made only upon certification by the commission
6 [ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION (AS 16.43.020)] that the
7 fisherman is a person who qualifies as a transferee for the permit under
8 AS 16.43 and the regulations adopted by the commission.

9 * Sec. 7. AS 44.54.230(b) is amended to read:

10 (b) Upon approval by the bank, the permit to be purchased may be
11 pledged as security for a loan under (a) of this section, if

12 (1) the certificate for the pledged permit lists [THE EXECU-
13 TIVE DIRECTOR OF] the bank as the legal owner of the permit;

14 (2) the certificate for the pledged permit lists the debtor
15 as the equitable owner of the permit;

16 (3) all annual permit cards issued under the pledged permit
17 list the name of the debtor;

18 (4) all obligations and responsibilities of a permit owner
19 are assumed by the debtor;

20 (5) co-signers or other sureties for performance under the
21 note are not vested with any rights in the pledged permit and their
22 obligation is limited to satisfaction of the note and payment of costs
23 directly incurred by the bank in administering the loan.

24 * Sec. 8. AS 44.54.230(c) is amended to read:

25 (c) Upon satisfaction of the note by the debtor, the bank [EXECU-
26 TIVE DIRECTOR] shall certify to the commission that the note has been
27 satisfied.

28 * Sec. 9. AS 44.54.240 is amended to read:

29 Sec. 44.54.240. DEFAULT AND FORECLOSURE OF LOANS FOR LIMITED ENTRY

1 PERMITS. (a) If the debtor defaults upon a note for which a limited
2 entry permit has been pledged as security under AS 44.54.230, [THE
3 EXECUTIVE DIRECTOR OF] the bank shall provide the debtor, by registered
4 or certified mail sent to his last known address on file with the bank,
5 with a notice of default which includes

6 (1) a description of the security given for the note including
7 the number assigned to the pledged permit by the commission [ALASKA
8 COMMERCIAL FISHERIES ENTRY COMMISSION,;

9 (2) the date upon which the default occurred;

10 (3) the amount of arrearages as of the date of the notice,
11 the total amount remaining on the note less unearned interest, and the
12 amount of daily interest;

13 (4) a statement that the debtor may, within 15 days of the
14 postmark date of the notice, request a hearing at which he may submit
15 evidence showing he has not defaulted;

16 (5) a statement that the note may be reinstated if brought
17 current within 60 days from the postmark date of the notice;

18 (6) a statement that the note may be paid in full less un-
19 earned interest within 90 days from the postmark date of the notice;

20 (7) the place where reinstatement or payment in full may be
21 made; and

22 (8) a notice in at least 10-point bold type stating: "IMPOR-
23 TANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE
24 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND
25 THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

26 (b) Upon the debtor's failure to reinstate or satisfy the note
27 within the time specified in (a) of this section, his equitable interest
28 is terminated by operation of law without further notice. Any entry
29 permit cards issued to him under the permit shall be cancelled immedi-

1 ately upon receipt by the commission of a certificate of termination
2 containing a copy of the notice required by (a) of this section issued
3 by [THE EXECUTIVE DIRECTOR OF] the bank.

4 * Sec. 10. AS 44.54.250(a) is amended to read:

5 (a) Upon a foreclosure on an entry permit as provided in AS 44.54.-
6 240, [THE EXECUTIVE DIRECTOR OF] the bank shall offer the commission
7 [ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION] a right of first refusal
8 if the permit is subject to a buy-back program under AS 16.43.290 -
9 16.43.330 at a price equal to the amount outstanding on the note plus
10 any costs the bank directly incurred in administering the loan.

11 * Sec. 11. AS 44.54.250(c) is amended to read:

12 (c) If the debtor is unable to nominate a qualified person to
13 assume the note under (b) of this section, the permit must be made
14 available to a qualified person, chosen as provided in this section, who
15 shall assume the note subject to all rights and liabilities of the
16 original debtor. The commission [ALASKA COMMERCIAL FISHERIES ENTRY
17 COMMISSION] shall provide the bank with a list of persons chosen by
18 lottery who qualify as transferees of entry permits under AS 16.43 and
19 regulations adopted by the commission and who have met the residency and
20 commercial fishing participation requirements of AS 44.54.210(20). The
21 [EXECUTIVE DIRECTOR OF THE] bank shall then determine, in order of
22 presentation, any remaining qualifications. The bank [EXECUTIVE DIREC-
23 TOR] shall allow the first applicant meeting all qualifications to
24 assume the note.

25 * Sec. 12. AS 44.54.250(d) is amended to read:

26 (d) Nothing in this section affects the right of [THE EXECUTIVE
27 DIRECTOR OF] the bank to institute legal action for a deficiency result-
28 ing from a default on a note given under AS 44.54.230. In addition to
29 any deficiency, the debtor is liable for the costs of administering the

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note and for costs and attorney fees.

* Sec. 13. AS 44.54 is amended by adding a new section to read:

Sec. 44.54.260. DEFINITIONS. In this chapter

(1) "bank" means the Alaska Commercial Fishing and Agriculture Bank;

(2) "commission" means the Alaska Commercial Fisheries Entry Commission (AS 16.43.020);

(3) "shareholder" includes a holder of a share of membership stock of the bank, a holder of a share of capital stock of the bank, or a patron of the bank with retained patronage earnings of \$2,500 or more to his credit.

* Sec. 14. This Act takes effect immediately in accordance with AS 01.10.070(c).