

Original sponsor: Rules/Governor

Offered: 3/16/81
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 140 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a fishery product revolving loan fund; and providing for an effective date."

7

8

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

9

* Section 1. AS 44.25 is amended by adding new sections to read:

10

ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11

Sec. 44.25.040. ESTABLISHMENT OF LOAN FUND. The fishery product revolving loan fund is established in the Department of Revenue.

12

13

Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may purchase participations in loans made to fish processors with facilities located in Alaska and which are used to finance those processors' inventories of canned, frozen, or processed products from Alaska fisheries.

14

15

16

17

18

Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The commissioner may

19

20

(1) designate agents and delegate powers to them as is necessary;

21

22

(2) adopt regulations to implement AS 44.25.040 - 44.25.065;

23

(3) make and execute contracts and other instruments to implement AS 44.25.040 - 44.25.065;

24

25

(4) purchase participations in notes and agreements securing loans in accordance with AS 44.25.040 - 44.25.065;

26

27

(5) require that loans in which the fund participates be secured by adequate collateral;

28

29

(6) acquire real or personal property by purchase, transfer,

1 or foreclosure when that acquisition is necessary to protect a note in
2 which the fund has an interest.

3 (b) Money in the fund that is not being used for participations
4 in fishery product loans must be invested by the department in the same
5 manner as provided for the investment of general fund surplus under
6 AS 37.10.070.

7 (c) Earnings and interest income from investment and fishery pro-
8 duct loan participations must be transferred to the general fund. Re-
9 payments of principal from investments and loan participations must be
10 returned to the fund.

11 Sec. 44.25.055. LIMITATIONS ON LOANS. (a) Loan participations
12 purchased under AS 44.25.040 - 44.25.065 are subject to the following
13 limitations:

14 (1) state participation in a single loan may not exceed 90
15 percent of the total amount of the loan;

16 (2) the term of a loan may not exceed one year;

17 (3) the loan must be secured by inventory or accounts re-
18 ceivable of the fish processor and may not exceed 75 percent of the
19 appraised value of the collateral taken as security;

20 (4) the loan must be originated and serviced by either the
21 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a
22 state or federally chartered financial institution;

23 (5) the servicing charge on the loan may not exceed one-half
24 of one percent of the outstanding balance of the loan;

25 (6) the rate of interest, including all service fees, on the
26 unpaid balance of one loan fund's participation in a loan shall float
27 at the average rate at which six month U.S. Treasury bills are awarded
28 in the weekly auction of U.S. Treasury bills, plus three and three-
29 fourths percentage points, but may not exceed the applicable interest

1 rate;

2 (7) loans must be made only to fish processors with facil-
3 ities located in Alaska;

4 (8) loans may not be made to fish processors which are 80
5 percent or more owned or controlled by aliens.

6 (b) Money in the fund shall be used to purchase participation in
7 loans made to fish processors which are 50 percent or more owned or
8 controlled by persons domiciled in Alaska until these processors needs
9 for loans are met before the money in the fund may be used to purchase
10 participation in loans made to fish processors which are less than 50
11 percent owned or controlled by persons domiciled in Alaska.

12 (c) For the purposes of this section

13 (1) "alien" means

14 (A) an individual who is not a citizen or national of
15 the United States, or who is not lawfully admitted to the United
16 States for permanent residence, or paroled into the United States
17 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -
18 1503), as amended;

19 (B) a person, other than an individual, that was not
20 created or organized under the laws of the United States or of a
21 state, or whose principal place of business is not located in any
22 state; or

23 (C) a person, other than an individual, that was created
24 or organized under the laws of the United States or of a state, or
25 whose principal place of business is located in a state, and which
26 is controlled by a person described in (A) or (B) of this para-
27 graph;

28 (2) "control" means that a relationship exists between a
29 person and fish processor in which the person exercises control consist-

1 ing of

2 (A) owning directly or indirectly, or having the power
3 to vote, the percentage indicated of any class of voting security
4 of a fish processor organized as a corporation; or

5 (B) influencing or affecting in any substantive manner
6 the election of a majority of the directors or trustees of a fish
7 processor organized as a corporation;

8 (3) "person" means an individual, a corporation, a partner-
9 ship, an association, a joint-stock company, an estate, a trust where
10 the interests of the beneficiaries are evidenced by a security, an
11 unincorporated association, a government, a political subdivision of a
12 government, or a combination of these entities.

13 Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-
14 partment may sell or transfer at par value or at a premium or discount
15 to any bank or other private purchaser for cash or other consideration
16 the mortgages and notes held as security for loans made under AS 44.-
17 25.040 - 44.25.065. The proceeds from the sale or transfer are assets
18 of the fund.

19 Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 - 44.25.065

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "department" means the Department of Revenue;

22 (3) "fish processor" means a person engaging in a business
23 for which a license is required under AS 43.75.010 - 43.75.090;

24 (4) "facilities located in Alaska" means facilities at which
25 fisheries products are canned, frozen, or otherwise processed for
26 inventory, including floating facilities which are documented under the
27 laws of the United States as defined in 46 U.S.C. 801, and operate
28 within the three-mile limit or within historic bays and inland waters
29 of the state;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(5) "fishery product" means fin fish, shellfish, and fish byproducts, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(6) "fund" means the fishery product revolving loan fund.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).