

Original sponsor: Ray

Offered: 4/15/82
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 768 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for fishery product loan guarantees;
7 and providing for an effective date."

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

9 * Section 1. AS 45 is amended by adding a new chapter to read:

10 CHAPTER 92. FISHERY PRODUCT REVOLVING LOAN GUARANTEE FUND.

11 Sec. 45.92.010. ESTABLISHMENT OF FUND. The fishery product revolv-
12 ing loan guarantee fund is established in the Department of Revenue.

13 Sec. 45.92.020. FISHERY PRODUCT GUARANTEES. The department may
14 use money in the fund to guarantee a loan made to a fish processor with
15 facilities in Alaska to

16 (1) finance the purchase and processing of fishery products
17 from Alaska fisheries; or

18 (2) pay the costs associated with the recall of Alaska fishery
19 products processed in 1981.

20 Sec. 45.92.030. POWERS AND DUTIES OF THE DEPARTMENT. The commis-
21 sioner may

22 (1) designate agents and delegate powers necessary to imple-
23 ment this chapter;

24 (2) adopt regulations to implement this chapter;

25 (3) make and execute contracts and other instruments to
26 implement this chapter;

27 (4) require that a loan guaranteed by the fund be secured by
28 collateral;

29 (5) acquire real or personal property by purchase, transfer,

1 or foreclosure when the acquisition is necessary to protect an interest
2 of the fund.

3 Sec. 45.92.040. INVESTMENT OF THE FUND. Money in the fund that is
4 not being used for loan guarantees under this chapter shall be invested
5 as provided for the investment of state treasury surplus under AS 37.-
6 10.070. Income from investment shall be transferred to the general
7 fund.

8 Sec. 45.92.050. CONDITIONS OF LOAN GUARANTEES. (a) The depart-
9 ment may guarantee a loan under this chapter if

10 (1) the term of the loan does not exceed one year;

11 (2) the loan is secured by inventory or accounts receivable
12 of the fish processor, or by other collateral acceptable to the depart-
13 ment;

14 (3) the loan is originated with and serviced by the Alaska
15 Commercial Fishing and Agriculture Bank, or by a state or federally
16 chartered financial institution.

17 (b) The department may provide a guarantee from the fund for up to
18 50 percent of a loan, but may not guarantee more than \$10,000,000 per
19 borrower. Upon default by the borrower, the amount of the maximum lia-
20 bility of the fund for a loan guarantee under this chapter shall be the
21 percentage of the sum in default specified by the department in the
22 guarantee agreement.

23 Sec. 45.92.055. GUARANTEES OF LOANS OF ALASKA FINANCIAL INSTITU-
24 TIONS. Until July 1, 1982, not less than 20 percent of the money in the
25 fund shall be allocated for guarantees of loans

26 (1) originating with and serviced by the Commercial Fishing
27 and Agriculture Bank (AS 44.81), or a state or federally chartered
28 financial institution located in Alaska; and

29 (2) made to fish processors, the majority interest of each of

1 which is beneficially owned by residents of the state and a majority of
2 the owners of each of which are residents of the state.

3 Sec. 45.92.060. DEFINITIONS. In this chapter

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

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

6 (3) "facilities located in Alaska" means facilities at which
7 fisheries products are canned, frozen, or otherwise processed for inven-
8 tory, including floating facilities that are documented under the laws
9 of the United States as defined in 46 U.S.C. sec. 801, and operated in
10 waters of the state;

11 (4) "fish processor" means a person engaging in a business
12 for which a license is required under AS 43.75.010 - 43.75.090;

13 (5) "fishery product" means salmon;

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

16 * Sec. 2. AS 45.92.050(a) is amended to read:

17 (a) The department may guarantee a loan under this chapter if

18 (1) the term of the loan does not exceed one year;

19 (2) the loan is secured by inventory or accounts receivable
20 of the fish processor, or by other collateral acceptable to the depart-
21 ment;

22 (3) the loan is originated with and serviced by the Alaska
23 Commercial Fishing and Agriculture Bank, or by a state or federally
24 chartered financial institution located in the state; and

25 (4) the majority interest in the fish processor is benefi-
26 cially owned by residents of the state and the majority of owners of the
27 fish processor are residents of the state.

28 * Sec. 3. AS 45.91 is repealed.

29 * Sec. 4. AS 45.92.055 is repealed.

1 * Sec. 5. Section 2(b), ch. 41, SLA 1981, is amended to read:

2 (b) A loan may not be guaranteed under (a)(3) or (e) of this
3 section unless 20 percent or more of the loan is held by the Alaska
4 Commercial Fishing and Agriculture Bank.

5 * Sec. 6. Section 2, ch. 41, SLA 1981, is amended by adding a new sub-
6 section to read:

7 (e) An agreement between the Alaska Commercial Fishing and Agri-
8 culture Bank and the Department of Revenue under (a)(3) and (c) of this
9 section to guarantee a portion of a loan made under (a)(1) or (2) of
10 this section may be amended with the consent of all parties to the loan
11 if (1) the loan is secured by the borrower's 1981 canned salmon inven-
12 tory; (2) the borrower has applied for a loan from the Commercial Fishing
13 and Agriculture Bank (AS 44.81) or a state or federally chartered finan-
14 cial institution for the commercial purchase of the 1982 Alaska salmon
15 harvest; and (3) the financial institution to which the borrower has
16 applied under (2) of this subsection certifies to the department that
17 the borrower will participate in the commercial purchase of the 1982
18 Alaska salmon harvest. An agreement amended under this subsection shall
19 provide that a guarantee of up to 70 percent of the loan, including the
20 portion of the loan held by the Alaska Commercial Fishing and Agriculture
21 Bank, shall be provided from the fish processing loan guarantee account.
22 An agreement amended under this subsection is void if the borrower fails
23 to participate in the commercial purchase of the 1982 Alaska salmon
24 harvest.

25 * Sec. 7. Sections 2 and 4 of this Act take effect January 1, 1983.

26 * Sec. 8. Sections 1, 3, 5, and 6 of this Act takes effect immediately in
27 accordance with AS 01.10.070(c).

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