

Offered: 4/21/89  
Referred: Finance

6-0312E

Original sponsors: Zharoff, Sturgulewski,  
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1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 82 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to loans and lending practices of  
7 the Alaska Commercial Fishing and Agriculture Bank;  
8 providing an exemption for the bank's membership  
9 stock and certain other securities issued by the bank  
10 from registration under the Alaska Securities Act;  
11 and providing for an effective date."

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

13 \* Section 1. PURPOSE. It is the purpose of this Act to maintain and  
14 enhance the flexibility of the Alaska Commercial Fishing and Agriculture  
15 Bank (AS 44.81) by amending applicable statutes so that the bank may

16 (1) make loans to finance the sale of a limited entry permit to  
17 a resident commercial fisherman who does not meet the bank's normal credit  
18 standards, if the permit seller is willing to participate in the loan in  
19 order to support the efforts of a resident entrant into the commercial  
20 fishery under that permit;

21 (2) improve its ability to refinance loans;

22 (3) accept as collateral pledged for security for a loan a  
23 limited entry permit in addition to the one to be purchased; and

24 (4) more readily protect the financial interests of a debtor in  
25 instances in which the limited entry permit of that debtor has been sub-  
26 jected to foreclosure under AS 44.81.

27 \* Sec. 2. AS 44.81.210(a) is amended by adding a new paragraph to read:

28 (24) issue certificates of loan participation to members and  
29 to other individuals, corporations, partnerships, and joint ventures,

1 but the bank may not issue a certificate of loan participation if the  
2 certificate would allow participation by the member, individual,  
3 corporation, partnership, or joint venture in loans that individually  
4 or cumulatively involve more than 20 percent of the commercial fishery  
5 entry permits issued for one type of gear in a specific fishery  
6 resource administrative area.

7 \* Sec. 3. AS 44.81.230 is amended by adding new subsections to read:

8 (e) In addition to the permit of the debtor pledged as security  
9 for a loan under (a) of this section, the debtor may pledge another  
10 limited entry permit as security for that loan if the bank approves  
11 and the permit to be pledged meets the requirements of (b) of this  
12 section.

13 (f) In anticipation of possible foreclosure on an entry permit  
14 under AS 44.81.250, the debtor may nominate a person to assume a note  
15 given under AS 44.81.210(a)(20). If the person nominated qualifies  
16 under (a) of this section at the time of the foreclosure, the person  
17 may assume all rights and liabilities of the debtor in the event the  
18 bank forecloses on the entry permit.

19 \* Sec. 4. AS 44.81.235(b) is amended to read:

20 (b) A limited entry permit may be used as security for more than  
21 one loan if each loan meets the requirements of AS 44.81.210(a)(20) or  
22 (a) of this section.

23 \* Sec. 5. AS 44.81.235(c) is amended to read:

24 (c) A limited entry permit may be used as security for a loan to  
25 refinance existing debts if the proceeds of each original loan were  
26 used in accordance with AS 44.81.210(a)(20) or (a) of this section.

27 \* Sec. 6. AS 44.81.250(b) is amended to read:

28 (b) If the commission does not exercise its right of first  
29 refusal within 30 days after it receives the offer, or if the permit

1 is not subject to a buy-back program under AS 16.43.290 - 16.43.330,  
2 the bank shall promptly notify the debtor of this fact. If the debtor  
3 has not previously nominated a qualified person to assume the note  
4 under AS 44.81.230(f), the [THE] debtor has 30 days from the postmark  
5 date of the notice to nominate a person qualified to assume the note.  
6 The person nominated must qualify under the requirements of AS 44.-  
7 81.230(a). If qualified, the person nominated may assume all rights  
8 and liabilities of the original debtor.

9 \* Sec. 7. AS 44.81.250(d) is amended to read:

10 (d) Nothing in this section affects the right of the bank to  
11 institute legal action for a deficiency resulting from a default on a  
12 note given under AS 44.81.210(a)(20) or 44.81.230 [AS 44.81.230]. In  
13 addition to any deficiency, the debtor is liable for the costs of  
14 administering the note and for costs and attorney fees.

15 \* Sec. 8. AS 44.81.250 is amended by adding a new subsection to read:

16 (e) If the commission is unable to provide a list of one or more  
17 qualified persons as provided in (c) of this section within 15 days,  
18 or if no person listed is determined by the bank to be qualified to  
19 assume the note, the bank may sell the permit to an individual commer-  
20 cial fisherman who has been a state resident for two years immediately  
21 preceding the date of the sale. If the proceeds of the sale of a  
22 permit exceed the amount necessary to pay the note in full, plus  
23 interest to date of sale, penalties, costs, and attorney fees, the  
24 bank shall remit the excess to the original debtor.

25 \* Sec. 9. AS 45.55.140(a) is amended by adding a new paragraph to read:

26 (12) shares of membership stock in the Alaska Commercial  
27 Fishing and Agriculture Bank, and other securities issued by that bank  
28 to members or in connection with loans to members.

29 \* Sec. 10. This Act takes effect immediately under AS 01.10.070(c).