

HOUSE BILL NO. 123

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ULMER, Grussendorf, Navarre, Sitton, Mackie, Davies, Davidson

Introduced: 2/3/93

Referred: House Special Committee on Fisheries, Resources, Labor & Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to loans for the purchase of individual fishery quota shares."

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

3 * **Section 1.** AS 16.10.310(a) is amended to read:

4 (a) The department may

5 (1) make loans [TO]

6 (A) to individual commercial fishermen who have been state
7 residents for a continuous period of two years immediately preceding the date
8 of application for a loan under AS 16.10.300 - 16.10.370 and have had a
9 crewmember or commercial fishing license under AS 16.05.480 or a permit
10 under AS 16.43 for the year immediately preceding the date of application and
11 any other two of the past five years, and who actively participated in the
12 fishery during those periods, for the purchase of entry permits;

13 (B) to an individual for the repair, restoration, or upgrading of
14 existing vessels and gear, for the purchase of entry permits and gear, and for

1 the construction and purchase of vessels, if the individual has been a state
2 resident for a continuous period of two years immediately preceding the date
3 of application for a loan under AS 16.10.300 - 16.10.370, and either

4 (i) because of lack of training or lack of employment
5 opportunities in the area of residence does not have occupational
6 opportunities available other than commercial fishing; or

7 (ii) is economically dependent on commercial fishing for
8 a livelihood and for whom commercial fishing has been a traditional
9 way of life in Alaska;

10 (C) for the purchase of individual fishery quota shares in a
11 fishery occurring in or adjacent to the state by individual commercial
12 fishermen who

13 (i) have been state residents for a continuous period
14 of two years immediately preceding the date of application for a
15 loan under AS 16.10.300 - 16.10.370;

16 (ii) had a crewmember or commercial fishing license
17 under AS 16.05.480 or a permit under AS 16.43 for the year
18 immediately preceding the date of application and any other two of
19 the past five years;

20 (iii) have actively participated, as defined by the
21 department, in the fishery for which the individual fishery quota
22 shares are issued during three of the last five years; and

23 (iv) qualify as a transferee for individual fishery
24 quota shares under applicable law;

25 (2) designate agents and delegate its powers to them as necessary;

26 (3) adopt regulations necessary to carry out the provisions of
27 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
28 services provided;

29 (4) establish amortization plans for repayment of loans, which may
30 include extensions for poor fishing seasons or for adverse market conditions for
31 Alaskan products;

1 (5) enter into agreements with private lending institutions, other state
2 agencies, or agencies of the federal government, to carry out the purposes of
3 AS 16.10.300 - 16.10.370;

4 (6) enter into agreements with other agencies or organizations to create
5 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
6 the state;

7 (7) allow an assumption of a loan if

8 (A) the applicant has been a state resident for a continuous
9 period of two years immediately preceding the date of the request for an
10 assumption; and

11 (B) approval of the assumption would be consistent with the
12 purposes of AS 16.10.300; an applicant for a loan assumption may not be
13 disqualified because the applicant does not meet the loan eligibility
14 requirements of (1) of this subsection;

15 (8) prequalify loan applicants for a limited entry permit loan or an
16 individual fishery quota shares loan and charge a fee not to exceed \$200 for
17 prequalification;

18 (9) charge and collect the fees established under this subsection.

19 * Sec. 2. AS 16.10.320(d) is amended to read:

20 (d) The total of balances outstanding on loans made to a borrower under
21 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding
22 on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
23 The total balances outstanding on loans made to a borrower under
24 AS 16.10.310(a)(1)(C) may not exceed \$300,000.

25 * Sec. 3. AS 16.10.320(i) is amended to read:

26 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent
27 loan may not be made to the borrower under AS 16.10.310(a)(1)(B). If a loan is made
28 to a borrower under AS 16.10.310(a)(1)(B), a subsequent loan may be made to the
29 borrower under AS 16.10.310(a)(1)(A) if the total of the balance outstanding on loans
30 received by the borrower under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.310] does
31 not exceed \$300,000.

1 * Sec. 4. AS 16.10.325 is amended to read:

2 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
3 borrower has insufficient collateral to secure a loan for the purposes described in
4 AS 16.10.310(a)(1)(B) or (C). The loan agreement shall specifically describe the
5 property of the guarantor to be used as collateral by the borrower and shall be signed
6 by the guarantor and the borrower. The department shall provide the guarantor with
7 a copy of all notices sent to the borrower by the department. If the loan is for the
8 purchase of an entry permit or individual fishery quota shares, the guaranty by the
9 guarantor may not constitute a lien, mortgage, or encumbrance on or pledge of the
10 entry permit or individual fishery quota shares.

11 * Sec. 5. AS 16.10.338 is amended by adding a new subsection to read:

12 (c) If a limited entry permit is pledged for security for a loan made under
13 AS 16.10.310(a)(1)(C) for the purchase of individual fishery quota shares and the
14 borrower thereafter fails to make a payment or defaults, the commissioner shall, in
15 addition to the notice provided under AS 16.10.335(a), notify the borrower that subject
16 to the commissioner's acceptance the borrower may sell the individual fishery quota
17 shares, apply the sales proceeds to the debt, and renegotiate payment of the balance
18 due on the loan to avoid the immediate loss of the limited entry permit that has been
19 pledged for security for the loan.

20 * Sec. 6. AS 16.10.360 is amended by adding a new paragraph to read:

21 (5) "individual fishery quota share" means a transferrable license,
22 permit, or right issued by the federal government that conveys a right to engage in a
23 fishery in or off Alaska and to take a specified portion of the annual harvest quota for
24 that fishery.