

HOUSE BILL NO. 381

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES MOSES, Olberg, Grussendorf

Introduced: 1/18/94

Referred: Labor & Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the commercial fishing revolving loan fund and the fisheries
2 enhancement revolving loan fund; and providing for an effective date."

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

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

5 (a) The department may

6 (1) make loans to

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

14 (i) for the purchase of entry permits;

1 (ii) to upgrade existing vessels and gear for the
2 purpose of improving the quality of Alaska seafood products: or

3 (iii) to satisfy past due child support obligations or
4 federal tax obligations that may result in the execution upon and
5 involuntary transfer of the individual commercial fishermen's entry
6 permits:

7 (B) an individual for the repair, restoration, or upgrading of
8 existing vessels and gear, for the purchase of entry permits and gear, [AND]
9 for the construction and purchase of vessels, or to satisfy past due child
10 support obligations or federal tax obligations that may result in the
11 execution upon and involuntary transfer of the individual's entry permits.
12 if the individual has been a state resident for a continuous period of two years
13 immediately preceding the date of application for a loan under AS 16.10.300
14 - 16.10.370, and either

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

18 (ii) is economically dependent on commercial fishing for
19 a livelihood and for whom commercial fishing has been a traditional
20 way of life in Alaska;

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

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

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

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

31 (6) enter into agreements with other agencies or organizations to create

1 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
2 the state;

3 (7) allow an assumption of a loan if

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

7 (B) approval of the assumption would be consistent with the
8 purposes of AS 16.10.300; an applicant for a loan assumption may not be
9 disqualified because the applicant does not meet the loan eligibility
10 requirements of (1) of this subsection;

11 (8) prequalify loan applicants for a limited entry permit loan and charge
12 a fee not to exceed \$200 for prequalification;

13 (9) charge and collect the fees established under this subsection;

14 (10) refinance a debt obligation incurred by a borrower or borrowers
15 under this section if the borrower or borrowers otherwise qualify for a loan under
16 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination
17 charge of one-half percent of the amount of the debt obligation that has been
18 refinanced when the first refinancing payment is due;

19 (11) refinance debt obligations, not to exceed \$300,000, incurred by
20 a borrower or borrowers for the purchase of a commercial fishing vessel or gear
21 if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
22 16.10.370; the department may collect a refinancing loan origination charge as
23 provided by regulation.

24 * Sec. 2. AS 16.10.320(a) is amended to read:

25 (a) Except as permitted in (h) of this section, a loan under AS 16.10.300 -
26 16.10.370

27 (1) may not exceed a term of 15 years, except for extensions under
28 AS 16.10.310(a)(4);

29 (2) may not bear interest exceeding 10 1/2 percent;

30 (3) must be secured by a first priority lien and appropriate security
31 agreement;

1 (4) may not exceed 90 percent of the appraised value of the collateral
2 used to secure the loan; and

3 (5) may not be made to a person who has a past due child support
4 obligation established by court order or by the child support enforcement division
5 under AS 25.27.160 - 25.27.220 at the time of application. unless the loan is made
6 to satisfy past due child support obligations that may result in the execution upon
7 and involuntary transfer of the person's entry permit.

8 * Sec. 3. AS 16.10.320(d) is amended to read:

9 (d) The total of balances outstanding on loans made to a borrower under
10 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding on
11 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
12 The total of balances outstanding on all loans, including debt refinancing under
13 AS 16.10.310(a), made to a borrower under AS 16.10.300 - 16.10.370 may not
14 exceed \$300,000.

15 * Sec. 4. AS 16.10.340 is amended by adding a new subsection to read:

16 (c) Money in the fund that the commissioner determines to be excess to that
17 needed to carry out the purpose of AS 16.10.300 - 16.10.370 may be used to carry out
18 the purpose of AS 16.10.500 - 16.10.560.

19 * Sec. 5. AS 16.10.505(a) is amended to read:

20 (a) There is created within the Department of Commerce and Economic
21 Development a revolving fund to be known as the fisheries enhancement revolving
22 loan fund. Except as provided in (b) and (c) of this section, the fund shall be used to
23 carry out the purposes of AS 16.10.500 - 16.10.560 and for no other purpose. All
24 principal and interest payments, and money chargeable to principal or interest that is
25 collected through liquidation by foreclosure or other process on loans made under
26 AS 16.10.500 - 16.10.560, shall be paid into the fisheries enhancement revolving loan
27 fund.

28 * Sec. 6. AS 16.10.505 is amended by adding a new subsection to read:

29 (c) Money in the fund that the commissioner determines to be excess to that
30 needed to carry out the purpose of AS 16.10.500 - 16.10.560 may be used to carry out
31 the purpose of AS 16.10.300 - 16.10.370.

1 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).