

**SENATE BILL NO. 96****IN THE LEGISLATURE OF THE STATE OF ALASKA****EIGHTEENTH LEGISLATURE - FIRST SESSION****BY SENATORS ZHAROFF, Taylor****Introduced: 2/5/93**  
**Referred: RES, L&C, FIN****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to loans for the purchase of individual fishery quota shares;  
2 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) to 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, for the purchase of entry permits;

14 (B) to an individual for the repair, restoration, or upgrading of

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

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

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

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

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

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

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

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

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

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

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

1 Alaskan products;

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

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

8 (7) allow an assumption of a loan if

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

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

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

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

20 \* Sec. 2. AS 16.10.320(i) is amended to read:

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

27 \* Sec. 3. AS 16.10.325 is amended to read:

28 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the  
29 borrower has insufficient collateral to secure a loan for the purposes described in  
30 AS 16.10.310(a)(1)(B) or (C). The loan agreement shall specifically describe the  
31 property of the guarantor to be used as collateral by the borrower and shall be signed

1 by the guarantor and the borrower. The department shall provide the guarantor with  
2 a copy of all notices sent to the borrower by the department. If the loan is for the  
3 purchase of an entry permit or individual fishery quota shares, the guaranty by the  
4 guarantor may not constitute a lien, mortgage, or encumbrance on or pledge of the  
5 entry permit or individual fishery quota shares.

6 \* Sec. 4. AS 16.10.338 is amended by adding a new subsection to read:

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

15 \* Sec. 5. AS 16.10.360 is amended by adding a new paragraph to read:

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

20 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).