SENATE BILL NO. 132

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR JACKO

Introduced: 2/24/93
Referred: RES, FIN

A BILL

FOR AN ACT ENTITLED

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

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

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

(a) The department may

(1) make loans [TO]

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

(B) <u>to</u> an individual for the repair, restoration, or upgrading of 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 off the state by individual commercial fishermen**
12 **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) for the year immediately preceding the date of**
17 **application for the loan and any other two of the past five years,**
18 **had a crewmember or commercial fishing license under**
19 **AS 16.05.480 or a permit under AS 16.43 and actively participated**
20 **in a fishery for which the license or permit was issued; and**
21 **(iii) qualify as a transferee for individual fishery**
22 **quota shares under applicable law;**
23 **(D) for the purchase of individual fishery quota shares in a**
24 **fishery occurring in or off the state by individual commercial fishermen**
25 **who**
26 **(i) have been state residents for a continuous period**
27 **of two years immediately preceding the date of application for a**
28 **loan under AS 16.10.300 - 16.10.370;**
29 **(ii) received a loan for the purchase of individual**
30 **fishery quota shares, from a recipient of a community development**
31 **quota, that equals or exceeds the amount of the loan made by the**

1 **department under this subparagraph; and**
2 **(iii) qualify as a transferee for individual fishery**
3 **quota shares under applicable law;**
4 (2) designate agents and delegate its powers to them as necessary;
5 (3) adopt regulations necessary to carry out the provisions of
6 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for
7 services provided;
8 (4) establish amortization plans for repayment of loans, which may
9 include extensions for poor fishing seasons or for adverse market conditions for
10 Alaskan products;
11 (5) enter into agreements with private lending institutions, other state
12 agencies, or agencies of the federal government, to carry out the purposes of
13 AS 16.10.300 - 16.10.370;
14 (6) enter into agreements with other agencies or organizations to create
15 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of
16 the state;
17 (7) allow an assumption of a loan if
18 (A) the applicant has been a state resident for a continuous
19 period of two years immediately preceding the date of the request for an
20 assumption; and
21 (B) approval of the assumption would be consistent with the
22 purposes of AS 16.10.300; an applicant for a loan assumption may not be
23 disqualified because the applicant does not meet the loan eligibility
24 requirements of (1) of this subsection;
25 (8) prequalify loan applicants for a limited entry permit loan **or an**
26 **individual fishery quota shares loan** and charge a fee not to exceed $200 for
27 prequalification;
28 (9) charge and collect the fees established under this subsection.
29 * Sec. 2. AS 16.10.320(d) is amended to read:
30 (d) The total of balances outstanding on loans made to a borrower under
31 AS 16.10.310(a)(1)(A) may not exceed $300,000. The total of balances outstanding

on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed $100,000. **The total balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(C) may not exceed $300,000. The total balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(D) may not exceed either $300,000 or the amount received by the borrower as loans for the purchase of individual fishery quota shares from a recipient of a community development quota.**

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

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

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

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

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

(c) If a limited entry permit is pledged for security for a loan made under AS 16.10.310(a)(1)(C) or (D) for the purchase of individual fishery quota shares and the borrower thereafter fails to make a payment or defaults, the commissioner shall, in addition to the notice provided under AS 16.10.335(a), notify the borrower that subject to the commissioner's acceptance the borrower may sell the individual fishery quota shares, apply the sales proceeds to the debt, and renegotiate payment of the

1 balance due on the loan to avoid the immediate loss of the limited entry permit that
2 has been pledged for security for the loan.
3 * Sec. 6. AS 16.10.360 is amended by adding new paragraphs to read:
4 (5) "individual fishery quota share" means a transferrable license,
5 permit, or right issued by the federal government that conveys a right to engage in a
6 fishery in or off the state and to take a specified portion of the annual harvest quota
7 for that fishery;
8 (6) "recipient of a community development quota" means a community,
9 local fishermen's organization, or local economic development organization that has
10 received a community development quota allocation to take a fishery resource in or
11 off the state from the United States Secretary of Commerce.