

HOUSE CS FOR CS FOR SENATE BILL NO. 251(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/22/94

Referred: Rules

Sponsor(s): SENATORS JACKO, Lincoln

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;

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(ii) to upgrade existing vessels and gear for the purpose of improving the quality of Alaska seafood products; or
(iii) to satisfy past due federal tax obligations that may result in the execution upon and involuntary transfer of the individual commercial fishermen's entry permits, to the extent allowed under (d) of this section:

(B) an individual for the repair, restoration, or upgrading of existing vessels and gear, for the purchase of entry permits and gear, [AND] for the construction and purchase of vessels, or, to the extent allowed under (d) of this section, to satisfy past due federal tax obligations that may result in the execution upon and involuntary transfer of the individual's entry permits, if the individual has been a state resident 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 either

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

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

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

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

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

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

(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 16.10.310(a) is repealed and reenacted to read:

25 (a) The department may

26 (1) make loans to

27 (A) individual commercial fishermen who have been state
28 residents for a continuous period of two years immediately preceding the date
29 of application for a loan under AS 16.10.300 - 16.10.370 and have had a crew
30 member or commercial fishing license under AS 16.05.480 or a permit under
31 AS 16.43 for the year immediately preceding the date of application and any

1 other two of the past five years, and who actively participated in the fishery
2 during those periods,

3 (i) for the purchase of entry permits; or
4 (ii) to upgrade existing vessels and gear for the purpose
5 of improving the quality of Alaska seafood products;

6 (B) an individual for the repair, restoration, or upgrading of
7 existing vessels and gear, for the purchase of entry permits and gear, and for
8 the construction and purchase of vessels, if the individual has been a state
9 resident for a continuous period of two years immediately preceding the date
10 of application for a loan under AS 16.10.300 - 16.10.370, and either

11 (i) because of lack of training or lack of employment
12 opportunities in the area of residence, does not have occupational
13 opportunities available other than commercial fishing; or

14 (ii) is economically dependent on commercial fishing for
15 a livelihood and for whom commercial fishing has been a traditional
16 way of life in Alaska;

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

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

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

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

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

30 (7) allow an assumption of a loan if

31 (A) the applicant has been a state resident for a continuous

1 period of two years immediately preceding the date of the request for an
2 assumption; and

3 (B) approval of the assumption would be consistent with the
4 purposes of AS 16.10.300; an applicant for a loan assumption may not be
5 disqualified because the applicant does not meet the loan eligibility
6 requirements of (1) of this subsection;

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

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

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

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

20 * Sec. 3. AS 16.10.310 is amended by adding a new subsection to read:

21 (d) The department may not make a loan to an individual under (a)(1) of this
22 section to satisfy past due federal tax obligations unless the individual has filed past
23 and current federal tax returns with the federal government and has executed an
24 agreement with the federal government for repayment of past due federal tax
25 obligations. An individual may receive only one loan under (a)(1) of this section to
26 satisfy past due federal tax obligations during the individual's lifetime. A loan made
27 under (a)(1) of this section to satisfy past due federal tax obligations may not exceed
28 \$30,000.

29 * Sec. 4. 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

1 on loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000.
2 The total of balances outstanding on all loans, including debt refinancing under
3 AS 16.10.310(a), made to a borrower under AS 16.10.300 - 16.10.370 may not
4 exceed \$300,000.

5 * Sec. 5. AS 16.10.340 is amended by adding a new subsection to read:

6 (c) If the commissioner determines that the fund contains money that is excess
7 to that needed to carry out the purpose of AS 16.10.300 - 16.10.370, then the
8 commissioner may use the excess money to carry out the purpose of AS 16.10.500 -
9 16.10.560.

10 * Sec. 6. AS 16.10.505(a) is amended to read:

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

19 * Sec. 7. AS 16.10.505 is amended by adding a new subsection to read:

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

23 * Sec. 8. AS 16.10.520 is amended by adding a new subsection to read:

24 (f) The commissioner may not make a loan under AS 16.10.500 - 16.10.550
25 from funds available under AS 16.10.340(c), unless the commissioner determines, in
26 consultation with the appropriate regional planning team established under
27 AS 16.10.375, that the hatchery or other enhancement or rehabilitation activity for
28 which the loan is requested will provide a significant contribution to common property
29 fisheries, be operated in a manner beneficial to the public interest, and be managed in
30 a financially viable manner that is reasonably expected to result in repayment of the
31 loan.

1 * Sec. 9. AS 16.10.310(d) is repealed.

2 * Sec. 10. Sections 2 and 9 of this Act take effect three years after the effective date of
3 sec. 1 of this Act.

4 * Sec. 11. Except for secs. 2 and 9 of this Act, this Act takes effect immediately under
5 AS 01.10.070(c).