

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 181

Title: An Act relating to loans for construction of Hatchery facilities

Requested by: Jim Fennel

Date: 3-11-75

Return Date Requested: _____

Agency: _____

Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
LOAN FUNDS		100.0				
TOTAL		- 0 -				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		100.0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	0/0	/	/	/	/
MAN MONTHS (P./T.)	/	0/0	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
At this time only one corporation has been formed that would be eligible for this program. It appears that this would essentially be a pilot program and probably only one loan made during the year. The funding for these loans will not require an appropriation, but when purchased from the Division by the Department of Revenue, will reduce the General Fund.

IV. ATTACHMENTS It is assumed all technical information and feasibility of the project will be provided by the Department of Fish and Game.

V. DATE: March 11, 1975

PREPARED BY: *Jim Fennel*

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Comments of Dr. Jack Van Hyning
March 8, 1975 Fairbanks, AK

Re SB 181

William S

I would also like to comment on Senate Bills 130 and 181, relating to the private nonprofit salmon hatchery legislation passed by the 1974 session.

It may come as somewhat of a surprise to you to learn that Alaska's first private salmon hatchery corporation is headquartered here in Fairbanks. We also have the first provisional permit. Our hatchery, however, is located in Prince William Sound, on an island near Whittier, and in our group in addition to myself we have a Cordova commercial fisherman and an Anchorage businessman. Incidentally, the private hatchery concept originated in Oregon.

With reservations we endorse Senate Bill 130 which refers to the Department of Fish & Game making every effort, within the limits of time and resources, to assist and advise applicants in the planning, construction or operation of private salmon hatcheries. I find that the Department personnel are already committed to this philosophy, but submit that they will not be able to adequately carry out the mandate of such legislation without adequate funding. At the very least there should be a full-time coordinator or liason between the Department and the private hatchery operators. In the future there will be additional personnel needed to monitor the hatcheries for diseases, etc. On the other hand, I would warn against creating another empire of state government for the express purpose of assisting private industry. There are a number of consultants, advisors,

and engineering firms that specialize in this field and are available for working with the private sector in the design and operation of salmon hatcheries. These are private businessmen, taxpayers, and they should not have to compete with tax-supported government agencies. There should be a clear policy on the respective roles of the state staff and private advisors.

We strongly endorse Senate Bill 181 which extends the Commercial Fishing Loan Act to include private hatcheries. The only addition I might request to this would be a delayed payment option. Unlike a fishing boat which can start fishing immediately, private hatcheries will not receive any income for from 2 to 5 years after the beginning of operations. Therefore I suggest that a minimum 2-year delay be considered before the first repayment, as is the case with the federal farm loan program.

I would also like to ask the legislature to consider a change in the Renewable Resources Fund Act. As I understand this legislation, these funds will go to the state for projects dealing with the enhancement of renewable resources. Presumably some could be contracted to universities and other bodies for research and other work, but if Murphy's principle prevails a bureaucracy will expand to fill any vacancy in space or funds. Whether it be 5 or 50 million dollars, I am sure our state agencies will rise to the occasion. I urge that there be some mechanism set up whereby a portion of these funds can be set aside for use by qualified private concerns in research and development projects -- programs to benefit fishermen's organizations, farmers' groups, etc. For example, the Cordova fishermen's aquaculture program, under the leadership of Wally Moerenberg, with adequate funding could do great things in the rehabilitation of Prince William Sound fisheries. Persons familiar with Alaska's agricultural problems could probably cite similar examples.

Obviously there needs to be strong guidelines and control, but perhaps private industry could do a job cheaper, faster, better and more efficiently than a state agency.

Thank you.

COMMITTEE REPORT

3/4/75

SENATE

Mr. President:

Date _____

The Committee on FINANCE has had SB 181
relating to loans for the construction of hatchery facilities
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

_____ Chairman

Original sponsor: Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 181

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for the construction of
7 hatchery facilities; and providing for an effective
8 date."

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

10 * Section 1. AS 16.10.300 is amended to read:

11 Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
12 state, under secs. 300 - 370 of this chapter, to promote the rehabili-
13 tation of the state's fisheries, the development of a predominantly
14 resident fishery, and the continued maintenance of commercial fishing
15 gear and vessels throughout the state by means of long-term low
16 interest loans.

17 * Sec. 2. AS 16.10.310(a)(1) is amended to read:

18 (1) make loans to

19 (A) individual commercial fishermen who have been state
20 residents for a continuous period of five years and have had a
21 commercial fishing license for three years for the repair, restora-
22 tion or upgrading of existing vessels and gear and for the purchase
23 of entry permits and gear and the construction and purchase of
24 vessels; and

25 (B) permit holders under secs. 400 - 470 of this
26 chapter, for the construction of hatchery facilities;

27 * Sec. 3. AS 16.10.320 is amended to read:

28 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan
29 may not exceed \$100,000. A loan may not run longer than 15 year.

1 bear interest exceeding seven per cent, and it shall be secured by a
2 first lien and appropriate security agreements, except that a lien in
3 favor of the state is not required for loans guaranteed fully by the
4 federal government under the Federal Ship Financing Act of 1972 (46
5 U.S.C. secs. 1271 - 1279b; 86 Stat. 909), as amended, and loans granted
6 under sec. 310(a)(1)(B) of this chapter may be secured by other accept-
7 able collateral as determined appropriate by the department, including
8 but not limited to a pledge of assessments from fishermen to finance the
9 establishment of hatcheries under secs. 400 - 470 of this chapter. In
10 the case of a security agreement given to secure a loan made under secs.
11 300 - 370 of this chapter and covering a vessel documented under the
12 laws of the United States and so long as the Ship Mortgage Act of 1920
13 (46 U.S.C. secs. 911 - 984; 41 Stat. 1000), as amended, and the Shipping
14 Act of 1916 (46 U.S.C. secs. 801 - 842; 39 Stat. 728), as amended,
15 remain ambiguous with respect to whether or not a state or state agency
16 qualifies as a citizen of the United States for purposes of those Acts,
17 the first lien requirement of this section may be satisfied by the re-
18 cordation and endorsement of a first preferred ship mortgage under the
19 Ship Mortgage Act of 1920, and by perfection of a security interest
20 under the Uniform Commercial Code - Secured Transactions (AS 45.05.690 -
21 45.05.794), if the approval of the Secretary of Commerce is obtained
22 under 46 U.S.C. sec. 839 for the transfer to the department of the
23 interest in a vessel documented under the laws of the United States. In
24 the case of a security agreement given to secure a loan made under
25 secs. 300 - 370 of this chapter and covering a vessel documented under
26 the laws of the United States, the first lien requirement of this section
27 may also be satisfied by use of a trust deed and bond issue under it, if
28 the trustee is a citizen of the United States and obtains a first pre-
29 ferred ship mortgage on the vessel under the Ship Mortgage Act of 1920,

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and the approval of the Secretary of Commerce is obtained under 46 U.S.C. secs. 839 and 961 for the transfer of the bond or bonds to the department if the trustee is not a trustee approved by the Secretary of Commerce under 46 U.S.C. secs. 808, 835 and 961. Except for loans granted under sec. 310(a)(1)(B) of this chapter, loans [LOANS] may not exceed 75 per cent of the appraised value of the collateral used to secure the loan.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Introduced: 2/18/75
Referred: Resources and
Finance

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BY KERTTULA

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