

HB

641

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

February 3, 1976

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99811

Re: House Bill No. 641

Dear Mr. Anderson:

House Bill No. 641, an Act relating to the commercial fishing loan act was introduced in the House on January 23, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum dated February 3, 1976 from Lawrence C. Eppenbach, Deputy Commissioner, Department of Revenue advising of the financial impact of the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Eppenbach for further material or testimony at a hearing.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: Honorable Hugh Malone
Chairman
House Finance Committee

Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

MEMORANDUM


State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 3, 1976

FILE NO:

TELEPHONE NO:

FROM: Lawrence C. Eppenbach 
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: Request for Fiscal Impact on
House Bill No. 641

There are several possibilities regarding House Bill 641's financial impact.

1. Should there be no expansion of the mandatory mortgage purchase ceiling of \$5 million. Because the Fishermen's loan fund today has loans and commitments for nearly \$5 million and because the Department of Revenue sees a cash crunch affecting the State through the middle of fiscal year 1978, it is unreasonable to expect the Department to purchase additional fishermen's loans. Under this circumstance HB 641 will have no affect until some time in fiscal year 1978 when the State's financial position improves to the extent that a surplus once again will exist in Treasury and the Department of Revenue purchases additional loans from the Department of Commerce and Economic Development.

2. Should there be some expansion of the \$5 million ceiling. The more likely situation is that some version of HB 571 will pass causing the ceiling to be raised. Should this occur then whatever new loans were purchased will have the same affect as an appropriation since new loans would diminish cash available. In addition, loans to assist fishermen adversely affected economically have a certain speculative character that may place them in an assistance grant category and not make them part of an otherwise reasonably secured loan program.

3. Should there be a complete removal of the loan ceiling. In this case some measure of uncertainty exists. It is entirely possible to expect a conservative interpretation of the statute to generate \$2 million of additional loan demand and for a liberal interpretation to contribute well in excess of \$100 million of additional loan demand.

There is in HB 641 the opportunity for financial actions which may act like major appropriations while at the same time there will be no record in the State's financial reports to display either their cost or the impact. At the very least this raises the question of full disclosure required by the State since our current and forecasted financial position is an important concern to buyers of State bonds.

LCE:ge