

HB

581



## STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D - JUNEAU 99811

January 25, 1978

The Honorable Aivin Osterback  
Chairman  
House Resources Committee  
Alaska State Legislature  
Juneau, Alaska 99811

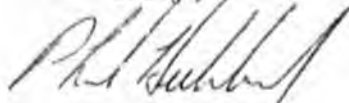
Dear Mr. Chairman:

Thank you for your letter of January 19 requesting our position on several bills which will be considered by your committee.

At this time, we will confine our comments to HB 581 (commercial fishing loans), as the other bills mentioned do not fall within our jurisdiction as presently written.

House Bill 581 will enable this department to make loans on limited entry permits and accept the permit as collateral. At the present time, we are receiving loan applications for permits. However, most fishermen do not have the collateral required to secure the loan. The proposed legislation will simplify this process. As evidenced by the fiscal note accompanying this bill at the time of introduction, we expect any fiscal impact to be minimal.

Yours truly,



H. Phillip Hubbard  
Commissioner

cc: Pete Jeans, Director  
Division of Business Loans

*gent in  
to files*



# Alaska State Legislature

## House

### HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3715

26 January 1978

### MINUTES

The meeting was called to order at 1:30 p.m. in Room 118 of the Capitol Building by Rep. Alvin Osterback, Chairman.

#### Members Present

Rep. Osterback, Chairman  
Rep. Snider, Vice Chairman  
Rep. Malone  
Rep. Miller  
Rep. Smith  
Rep. Akers  
Rep. Bennett  
Rep. Urion

#### Absent

Rep. Eliason

CSHB 573 Amending Commercial Fishing Loan Act.

Testimony: Pete Jeans, Director, Division of Business Loans, testified that in the first section the requirements on residency for loan applicants should be increased to 75% or 100%. He pointed out an ambiguity concerning the language on residency which should be clarified. On the fourth section of the bill he testified that the division favored the change. He also indicated that the increased expenditures set out in the fiscal note resulted from general increase in loan activity and did not derive directly from this particular proposed change in the loan program.

Billy Perrier, Director, Division of Legal Services, testified that there may be constitutional problems with requiring that loan applicants be Alaskan residents but that under the Higland case these requirements should be able to withstand challenge. Increasing the requirement from 51% to 100% should make no difference on the constitutionality question.

David George, attorney from Limited Entry Commission, pointed out that the Committee Substitute refers only to fishing licenses and that under current law there are only limited entry permits, interim-use permits and crew member licenses.

The committee asked that a second Committee Substitute be prepared to specify that 100% of the loan participants be Alaskan residents, to clarify the ambiguous language, and to correct the language on commercial fishing licenses. No other

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26 January 1978

action was taken on CSHB 573.

HB 569 Appropriation to transplant caribou to Aleutian  
and Shumagin Islands

Testimony: George Utermohle, Research Analyst, Division of  
Research Services, explained the substance of the bill.

Bob Hinman, Deputy Director, Division of Game, stated that  
the department supports the concept of this bill. Careful  
watch should be kept to insure adequate control on the size  
of the herd. Akutan and Unga Islands are the two islands  
best suited to a transplant of caribou.

Discussion followed on the past experiences of the Division  
of Game in other wild game transplants. Questions were  
raised about future access to some of the islands which are  
owned by the federal government or by Native Corporations.

MOTIONS

Rep. Urion moved that HB 569 be amended to (1) change the amount  
of the appropriation from \$352,000 to \$116,000 and to (2) limit  
the transplants to Akutan, Deer Island and Unga Island.

A vote was taken:

In favor: Bennett, Malone, Miller, Snider, Urion

Opposed: Akers, Osterback

Absent: Eliason, Smith

The motion carries.

Rep. Urion moved that his amendment be considered a committee  
substitute to HB 569. The vote was identical to the vote on  
the previous amendment.

Rep. Miller moved that CSHB 569 be passed out of committee.

A vote was taken:

In favor: Akers, Bennett, Malone, Miller, Osterback, Snider

Absent: Eliason, Smith

The motion carries.

The meeting adjourned at 2:45 p.m.

by: Teresa B. Cramer, A.A.  
House Resources



STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 18, 1978

SUBJECT: Commercial Fishing Loan Bills  
(Work Order No. 4657)

TO: Diann Nelson  
House Resources Committee

FROM: Kenneth E. Vassar  
Legislative Counsel *KEV*

You have requested a brief summary of the bills currently in the House Resources Committee which relate to the commercial fishing loan act. Those bills are HB 573, HB 574 and HB 581.

House Bill 573 would amend the commercial fishing loan act in two ways. First, it would allow the Department of Fish and Game to make loans to corporations, partnerships, or joint ventures. Under current law, the department may only make loans to individual fishermen. Second, it would allow loans made for the repair, restoration, or upgrading of existing vessels and gear or for the purchase of gear and the construction and purchase of fishing vessels to be secured by a second mortgage. Presently, the law requires a first mortgage as security for any commercial fishing loan.

House Bill 574 makes the following four changes in the present act:

- (1) it raises the maximum allowable loan from \$150,000 to \$300,000;
- (2) it increases the maximum term of a loan from 15 years to 20 years;
- (3) it lowers the interest charged from 7 percent to 5 percent;
- (4) it allows loans to be made for up to 90 percent of the appraised value of the collateral used to secure the loan; loans currently are limited to 75 percent.

Diann Nelson  
Page 2  
January 18, 1978

House Bill 581 adds sections to the loan act which would allow the department to make loans to individual commerical fishermen for the purchase of limited entry permits.

In summary, while each bill is related to the commercial fishing loan act, each addresses separate and independent issues. If I can provide any further assistance, please let me know.

KEV:jpd

January 10, 1978

The Honorable Hugh Malone  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill authorizing the Department of Commerce and Economic Development to accept a limited entry permit as collateral for a commercial fishing loan used to purchase that permit. Under existing law, a limited entry permit may not be mortgaged or otherwise encumbered, transferred with any retention of rights thereunder, or executed on for satisfaction of any debt.

Experience has shown that otherwise qualified commercial fishermen are unable to obtain commercial fishing loans to join the commercial fishing fleet through purchase of both a boat and limited entry permit. To use a commercial fishing loan to purchase a limited entry permit, an otherwise qualified commercial fisherman must supply as collateral for the loan either an unencumbered boat or other unencumbered property. This bill will permit the limited entry permit purchased with the loan proceeds to serve as collateral for that loan. However, as under existing law, it could not be used for any other purpose.

Sincerely,

S/JSH

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE NO. 1

I. REQUEST

Bill/Resolution No. Law 109 5 HOUSE BILL NO. 581  
 Title See attached "Subject of Proposed Bill"  
 Requested by Commercial Fisheries Entry Commission Date 12-9-77

II. FISCAL DETAIL

Governor's Office, Dept. of Commerce,  
 Agency Affected Alaska Commercial Fisheries Entry Commission  
 Program Category Affected NRMEC  
 Budget Request Unit(s) Affected Alaska Commercial Fisheries Entry Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1.1	2.3	3.0	3.2	3.4
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>1.1</b>	<b>2.3</b>	<b>3.0</b>	<b>3.2</b>	<b>3.4</b>

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	0	1.1	2.3	3.0	3.2	3.4
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The projected costs cover additional expenses that the Commercial Fisheries Entry Commission will incur providing legislation is enacted. These costs include data processing, RSA agreements with the Department of Revenue, postage and advertising. Because only one-half of the year remains in FY 78, its figures reflect only half the amount of money requested. The data processing costs will be for semi-annual and annual updates and to provide programming support to generate printouts (e.g., qualified buyers, market surveys on price printouts and verification of costs of permits sold through income tax records). Postage is for computer printout listings provided to various outside user groups. Advertising will also be necessary in conjunction with any necessary regulatory proposals. RSA agreements will be necessary as much of the data base necessary to determine the fair market value of permits will be contained in income tax returns which, due to confidentiality, are accessible only by Department of Revenue personnel.

IV. DATE 12-8-77 PREPARED BY Derrill L. Johnson Derrill L. Johnson  
 AGENCY Commercial Fisheries Entry Commission  
 Original: Legislative Finance PHONE 586-3456  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE No. 2.

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 581  
 Title "An Act relating to Commercial Fishing Loans"  
 Requested by Office of the Governor Date 12-12-77

II. FISCAL DETAIL

Agency Affected Division of Business Loans, Dept. of Commerce & Econ. Devel.  
 Program Category Affected Development  
 Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		NONE				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)		NONE				

POSITIONS

FULL TIME						
PART TIME		NONE				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Volume should not increase in an amount sufficient to justify additional cost.

IV. DATE 12-12-77 PREPARED BY *[Signature]*  
 AGENCY DIVISION OF BUSINESS LOANS  
 PHONE 465-2510  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)