

HB

159

DO PASS 2/20

with CSHRB159 changing \$20,000,000 to \$5,000,000
and adding section asking that a progress report
from the bank's bd. of directors be submitted to
the legislature by Feb. 1, 1980

COMMITTEE REPORT

HOUSE

February 8, 1979

FURTHER: FINANCE

File = 01979

Date: _____

Mr. Speaker:

The Committee on RESOURCES has had HB 159

"An Act making a special appropriation to the Dept. of Revenue for the purchase of shares of the Commercial Fishing & Agriculture Bank; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for ~~XXXXX~~ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Handwritten signatures and scribbles]

(Let's Vote - 4 - Pass)

[Handwritten signatures]

[Handwritten signatures and scribbles]

CHAIRMAN

HB 159

Board of Directors of
Commercial Fishing and Ag. Bank:

Bob Thorstenson
Dale Pullman
Paul Huppert
Byron Mallet
Frank Homan

STATE OF ALASKA
THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 6, 1979

SUBJECT: Commercial Fisheries and Agriculture Bank (CFAB)
(Work Order # 6338)

TO: Representative Al Osterback

FROM: John Williams, Policy Analyst

HB
159

You have asked that we briefly explain the intended functions of the Commercial Fisheries and Agriculture Bank (ch. 159, SLA 1978). The bank is fashioned after the federal farm credit system, in that it is a member owned and operated financial intermediary initially capitalized via governmental purchase of preferred stock (in this case, the State of Alaska.)

The bank is empowered to make loans for activities involving any aspect of Alaska's commercial fishing or agricultural industries. The law specifically mentions harvesting, processing, and marketing. To be eligible for a loan from the bank, the applicant must be a resident Alaskan (if a business, the majority of the owners and a majority of the voting stock) and involved in commercial fishing or agriculture. All loan recipients are required to participate in the bank, e.g., a minimum amount of stock must be held, usually expressed as a percentage of the loan principal. The initial preferred stock purchase by the state is to be repaid within 20 years.

CFAB is classified as a cooperative for purposes of the Bank for Cooperatives (a part of the farm credit system) and as an "other financial institution" for purposes of the Federal Intermediate Credit Bank (another portion of the farm credit system). Thus, the bank is eligible to sell its debt instruments to the farm credit system through either of these institutions. Additionally, it is expected that the bank will participate with the lending programs of the National Marine Fisheries Service, the state loan programs, and private financial institutions.

The Commissioner of Revenue is empowered to purchase \$2 million of preferred stock in the bank during FY 79 (the funds will come from the renewable resources fund account). Presently, the Department of Commerce and Economic Development is contracting with Earl Coombs, Inc., to complete a financial needs analysis of the bank. That study is scheduled to be completed in May, 1979. Additionally, the firm of Wohlforth and

Representative Al Osterback

-2-

February 6, 1979

Flint has completed a set of bylaws and Articles of Incorporation for the bank (under contract from the Department of Commerce & Economic Development).

Please let us know if we may be of further assistance.

JW:lmk

by the Department of Community and Regional Affairs as security for loans made under this chapter.

(b) The commissioner of community and regional affairs may sell or transfer at par value to the Department of Revenue the mortgages and notes held by the Department of Community and Regional Affairs as security for loans made under this chapter. The Department of Revenue shall purchase all of these mortgages and notes offered, allowing the Department of Community and Regional Affairs a one-half of one per cent service fee. (§ 5 ch 152 SLA 1978)

Part 4. Independent State Boards, Associations, Commissions, and Corporations.

Chapter

- 54. Commercial Fishing and Agriculture Bank (§§ 44.54.010 — 44.54.220)
- 55. Alaska Gas Pipeline Financing Authority (§§ 44.55.010 — 44.55.200)

Chapter 54. Commercial Fishing and Agriculture Bank.

Section	Section
10. Commercial Fishing and Agriculture Bank	130. Trust indentures and trust agreements
20. Board of directors	140. Validity of pledge
30. Articles of incorporation	150. Nonliability on bonds
40. Bylaws	160. Pledge of the state
50. Membership meetings	170. Exemption from taxation
60. Membership stock	180. Bonds legal investments for fiduciaries
70. Executive director, staff	190. Conflicts of interest
80. Exempt status	200. Reports and publications
90. Term of office	210. Powers of the bank
100. Quorum	220. Transition
110. Compensation of board members	
120. Bonds of the bank	

Editor's note. — As to legislative findings and the purposes of the enabling act, see §§ 1 and 2, ch. 159, SLA 1978, respectively, in the 1978 Temporary and Special Acts and Resolutions in Binder 9.

Sec. 44.54.010. Commercial Fishing and Agriculture Bank. (a) There is established the Commercial Fishing and Agriculture Bank. The bank is a public corporation and government instrumentality in the Department of Commerce and Economic Development but has a legal existence independent of and separate from the state. The exercise by the bank of the powers conferred by this chapter is considered an essential governmental function of the state. Except as otherwise provided in this chapter, the bank is subject to the provisions of AS 10.15.005 — 10.15.600.

(b) For the board of directors of the bank and shares initially issued through approval of the board of directors shall be repurchased by the bank if the bank fails to do so within 90 days of the date of the meeting of the board of directors.

(c) After the expiration of the term of office of the commissioner of community and regional affairs, the commissioner shall fund up to \$200,000 of the fund established in AS 10.15.005 in 1979 at such rate as determined by the board. (§

Sec. 44.54.020. The board of directors of the bank shall be elected by the board of directors to elect a chairman and a vice chairman to manage the bank.

Sec. 44.54.020. 1, 1978, the provisions of AS 10.15.005 provided in this chapter shall be waived.

Sec. 44.54.020. The bylaws of the bank shall be filed with the commissioner of community and regional affairs and shall be subject to the provisions of AS 10.15.005 (SLA 1978).

Sec. 44.54.020. The commissioner of community and regional affairs may hold public hearings explaining the functions of the bank. (ch 159 SLA 1978)

Sec. 44.54.020. The issue shares of the bank shall be valued at the value of the shares at the time of incorporation. (b) Loans

For
HB 159

(b) For the purpose of the initial funding of the bank's operations, the board of directors shall issue nonvoting, preferred shares of stock in the bank and shall determine the value of each share. The State of Alaska, through appropriate agencies, shall purchase the nonvoting, preferred shares initially issued by the bank. Shares purchased by the state shall be repurchased by the bank within 20 years after their purchase. If the bank fails to repurchase the shares within 20 years, the commissioner of commerce and economic development may dissolve the bank.

(c) After the board of directors has completed the necessary organizational matters described in §§ 30 and 40 of this chapter, the commissioner of revenue may purchase with funds from the general fund up to \$2,000,000 of preferred stock of the bank during fiscal year 1979 at such time and with terms agreed upon by the commissioner and the board. (§ 3 ch 159 SLA 1978)

Sec. 44.54.020. Board of directors. The bank shall be managed by a board of directors consisting of five members. Initial appointments to the board shall be made by the governor. Thereafter, board members shall be elected by the shareholders. The board members shall annually elect a chairman from among themselves. The purpose of the board is to manage the assets of the bank. (§ 3 ch 159 SLA 1978)

Sec. 44.54.030. Articles of incorporation. Not later than November 1, 1978, the board of directors shall file with the commissioner of commerce and economic development articles of incorporation as provided in AS 10.15.340 — 10.15.355 except that any filing fees shall be waived. (§ 3 ch 159 SLA 1978)

Sec. 44.54.040. Bylaws. The board of directors shall adopt the initial bylaws of the bank. The power to alter, amend or repeal the bylaws is vested in the board of directors. The bylaws may contain provisions for the regulation and management of the affairs of the bank not inconsistent with this chapter or other provisions of law. (§ 3 ch 159 SLA 1978)

Sec. 44.54.050. Membership meetings. Upon filing the articles of incorporation, the board of directors, with the assistance of the commissioner of commerce and economic development or his designee, may hold public meetings throughout the state for the purpose of explaining to members of the commercial fishing and farming industries the functions of the bank and to encourage membership in the bank. (§ 3 ch 159 SLA 1978)

Sec. 44.54.060. Membership stock. (a) The board of directors shall issue shares of membership stock in the bank in the amounts and with the value determined by the board and state in the articles of incorporation.

(b) Loans made to shareholders of the bank under the provisions of

Agenda - Tues. Feb. 20

Call to Order

HB 49 Fishermen's Fund

Refer to new things in all folders:

- 1) Back-up information from Labor Dept.
- 2) Suggested re-wording of retroactive clause.

(In Alvin and Chat's folders - Workmen's Comp. statutes which may be useful in finding new wording if other suggested CS HB 49 is not satisfactory).

To testify: Grace Wilson, Admin. of Fishermen's Fund

HB 229 King Salmon & Trout sport fishing fee

In all folders: Fiscal note provided by Fish and Game
(In Alvin's file: Copies of statutes referred to in bill)

To testify: Fish and Game Dept.

HB 159 Fishing and Ag. Bank

In all folders: Analysis of bill by John Williams
(In Alvin's file - Copy of statute referred to in bill)

To testify:

~~Pete Bushery, Dept. of Revenue, Deputy
Commissioner in Charge of Treasury~~

Dick Eakins, Commerce Dept. Director
of Div. of Economic Enterprise