

# COMMITTEE REPORT

## SENATE

FURTHER: None

6/9/81

Date: 6/9/81

Mr. President:

The Committee on FINANCE has had CSHB 507 (Res) am relating to the fishermen's mortgage and note program

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 \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note 5/20/81
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*[Handwritten signatures]*

---

---

---

---

---

---

---

---

---

---

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten signature]*  
\_\_\_\_\_  
CHAIRMAN

Original sponsor: Resources Committee

Offered: 5/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 507 (Resources) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fishermen's mortgage and note  
7 program under AS 16.10.650 - 16.10.720; and providing  
8 for an effective date."

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

10 \* Section 1. AS 16.10.660(a) is amended by adding a new paragraph to  
11 read:

12 (7) develop procedures for precommitting to the purchase of  
13 notes and mortgages securing loans under (b) of this section;

14 \* Sec. 2. AS 16.10.680(a)(2) is amended to read:

15 (2) does not qualify for a loan for the purposes described  
16 in AS 16.10.670 under a state [OR FEDERAL] loan program;

17 \* Sec. 3. AS 16.10.680(a)(3) is amended to read:

18 (3) has not previously participated in the loan program  
19 established in AS 16.10.650 - 16.10.720 or in any other state [OR  
20 FEDERAL] loan program for the purposes described in AS 16.10.670; and

21 \* Sec. 4. AS 16,10.680(a)(4) is amended to read:

22 (4) meets the guidelines established by the commissioner to  
23 determine whether the applicant [DEMONSTRATES TO THE SATISFACTION OF THE  
24 PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN THAT HE] is reasonably  
25 likely to succeed as a commercial fisherman and [TO] be able to repay  
26 the loan.

27 \* Sec. 5. AS 16.10.680(b) is amended to read:

28 (b) In addition to the requirements of (a)(1) - (4) of this sec-  
29 tion, the commissioner may purchase a mortgage or note under AS 16.10.-

1 660(b) only if it secures a loan to an individual who demonstrates  
2 under guidelines established by the commissioner [DEMONSTRATED TO THE  
3 SATISFACTION OF THE PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN]  
4 that

5 (1) because of his lack of training or the lack of employ-  
6 ment opportunities in the area in which he resides, he does not have  
7 occupational opportunities available to him other than commercial  
8 fishing; or

9 (2) he is economically dependent on commercial fishing for a  
10 livelihood and commercial fishing has been [IS] a [CULTURAL AND]  
11 traditional way of life for him in Alaska.

12 \* Sec. 6. AS 16.10.690(a)(1) is amended to read:

13 (1) exceeds \$100,000 [\$200,000];

14 \* Sec. 7. AS 16.10.690(b) is amended to read:

15 (b) The commissioner may not purchase a mortgage or note under  
16 AS 16.10.660(b) if it secures a loan which results in an outstanding  
17 debt of the borrower in excess of \$100,000 [\$200,000]. For purposes of  
18 this subsection a loan to an associate of the borrower is considered to  
19 be a loan to the borrower. For the purposes of this subsection, "asso-  
20 ciate of the borrower" means

21 (1) a corporation or other organization of which the bor-  
22 rower is an officer, director or partner, or is, directly or indirectly,  
23 the beneficial owner of 10 percent or more of any class of equity  
24 securities;

25 (2) a person who is, directly or indirectly, the beneficial  
26 owner of 10 percent or more of any class of equity securities of the  
27 borrower;

28 (3) a trust or other estate in which the borrower has a  
29 substantial beneficial interest or as to which the borrower serves as

1 trustee or in a similar fiduciary capacity.

2 \* Sec. 8. AS 16.10.710 is repealed and reenacted to read:

3 Sec. 16.10.710. PREQUALIFICATION FOR LOANS. The commissioner may  
4 not purchase mortgages and notes under AS 16.10.660(b) unless the  
5 private financial institution agrees to make preliminary determinations  
6 of applicant eligibility for loans under AS 16.10.650 - 16.10.720. The  
7 commissioner shall develop, in cooperation with private financial  
8 institutions, guidelines and procedures for making preliminary deter-  
9 minations of eligibility.

10 \* Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-  
11 070(c).

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

FISCAL NOTE

(Revised)

I. REQUEST

Bill/Resolution No. CSHB 507 (Res) am  
 Title An Act Relating to the Fishermen's Mortgage and Note Program  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Division of Business Loans  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		67.8	74.6	82.0	90.2	99.3
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		8.8	9.7	10.6	11.7	12.9
400 COMMODITIES		.1	.1	.1	.1	.1
500 EQUIPMENT		4.0	4.4	4.8	5.3	5.9
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL		80.7	88.8	97.5	107.3	118.2

FUNDING (Thousands of Dollars)

GENERAL FUND		80.7	88.8	97.5	107.3	118.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Staffing required to process loans based on the \$1,800,000 funding level of the Governor's budget request.

Fiscal Note Detail is attached.

IV. DATE May 20, 1981 PREPARED BY D. A. Hostak, Acting Director  
 AGENCY Division of Business Loans, Department of Commerce  
 Original: Legislative Finance PHONE 465-2510 Economic Development  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL  
(Revised)

100	1 Loan Examiner III @\$2,837/mo.	34.0	
	1 Documents Processing Clerk III @\$1,564/mo.	<u>18.8</u>	
	Total Wages	52.8	
	Standard Benefits (Wages x .1555)	8.2	
	Supplemental Benefits (Wages x .0613)	3.2	
	Health Insurance (Man Months x \$150)	<u>3.6</u>	
	Total Benefits	15.0	
	TOTAL PERSONAL SERVICES		67.8
200	Travel		-0-
300	Telephone & Postage	6.6	
	Printing of Applications & Advertising	<u>2.2</u>	
	TOTAL CONTRACTUAL		8.8
400	Office Supplies	.1	
	TOTAL COMMODITIES		.1
500	Equipment		
	2 Desks @\$330	.6	
	1 Credenza @\$470	.5	
	1 Typist Extension @\$455	.5	
	1 Executive Chair @\$190	.2	
	1 Secretarial Chair @\$150	.2	
	2 Side Chairs @\$100	.2	
	2 Filing Cabinets @\$200	.4	
	2 Calculators @\$200	.4	
	1 Typewriter @\$1,000	1.0	
	2 Waste Baskets @\$25	<u>.0</u>	
	TOTAL EQUIPMENT		<u>4.0</u>
			<u>80.7</u>

10% inflation for succeeding years

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSHB 507 (Res)  
 Title An Act Relating to the Fishermen's Mortgage and Note Program  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Division of Business Loans  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		253.0	278.3	306.1	336.7	370.4
200 TRAVEL		15.8	17.4	19.1	21.0	23.1
300 CONTRACTUAL		42.3	46.5	51.2	56.3	61.9
400 COMMODITIES		2.1	2.3	2.5	2.8	3.1
500 EQUIPMENT		13.6	15.0	16.5	18.1	19.9
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	326.8	359.5	404.3	434.9	478.4

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	326.8	359.5	404.3	434.9	478.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	7	7	7	7	7
PART TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

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

Staff required to process loans. Fiscal note detail attached.

IV. DATE May 7, 1981 PREPARED BY David Massey, Deputy Director  
 AGENCY Division of Business Loans, Dept. of Commerce  
 PHONE 465-2510 and Economic Develop.

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

HB 507

FISCAL NOTE DETAIL

CSHB 507 -- An Act Relating to the Fishermen's Mortgage and Note Program

100 -	2 Loan Examiner III's @\$2,837/mo. each (Anchorage)	68.0	
	1 Loan Examiner III @ \$3,260/mo. (Fairbanks)	39.1	
	1 Loan Examiner I/II @ \$2,455/mo. (Juneau)	29.5	
	1 Loan Closer I @ \$1,564/mo. (Anchorage)	18.8	
	1 Documents Processing Clerk III @ \$1,761/mo. (Fairbanks)	21.1	
	1 Accounting Technician I @ \$1,761/mo. (Juneau)	<u>21.1</u>	
	Total Wages	197.6	
	Standard Benefits (Wages x .1555)	30.7	
	Supplemental Benefits (Wages x .0513)	12.1	
	Health Insurance (Man Months x \$150)	<u>12.6</u>	
	TOTAL PERSONAL SERVICES		<u>253.0</u>
200 -	Travel to Close Loans:		
	36 Trips @ \$300	10.8	
	72 Days @ \$70/day	5.0	
			<u>15.8</u>
300 -	Telephone and Postage	23.1	
	Printing of Applications and Advertising	7.7	
	Office Space, Anchorage (2 x \$2,700)	5.4	
	Office Space, Fairbanks (2 x \$3,067)	<u>6.1</u>	
			<u>42.3</u>
400 -	Office Supplies		<u>2.1</u>
500 -	Equipment		
	7 Desks @ \$330	2.3	
	5 Credenzas @ \$470	2.4	
	2 Typists Extension @ \$455	.9	
	4 Executive Chairs @ \$190	.8	
	3 Secretarial Chairs @ \$150	.5	
	7 Side chairs @ \$100	.7	
	7 File Cabinets @ \$325	2.3	
	7 Calculators @ \$200	1.4	
	2 Typewriters @ \$1,000	2.0	
	7 Wastebaskets @ \$25	.2	
	1 Coat Rack @ \$70	<u>.1</u>	
			<u>13.6</u>
			<u>\$326.8</u>

10% inflation for Succeeding Years

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BUSINESS LOANS

JAY S. HAMMOND, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: 465-2510

June 12, 1981

Honorable Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

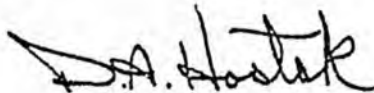
RE: CSHB 507 am

The Fishermen's Mortgage and Note Program has been law for approximately one year. The program utilizes private financial institutions to make the original loans with the Department of Commerce and Economic Development purchasing the loan from these financial institutions.

The program has not purchased a loan. The State's financial institutions could not work within the statute and stated changes must be made. United Bank Alaska and the Alaska Commercial Fishing and Agriculture Bank have stated with the amendments in HB 507 they can make this program work.

The Department of Commerce and Economic Development can only make these loans through financial institutions. With the bank's support of this bill, the department can work within the established guidelines.

Sincerely,



D. A. Hostak  
Acting Director

DAH/kkk5/4

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

(Revised)

I. REQUEST

Bill/Resolution No. CSHB 507 (Res) am  
 Title An Act Relating to the Fishermen's Mortgage and Note Program  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Division of Business Loans  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		67.8	74.6	82.0	90.2	99.3
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		8.8	9.7	10.6	11.7	12.9
400 COMMODITIES		.1	.1	.1	.1	.1
500 EQUIPMENT		4.0	4.4	4.8	5.3	5.9
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>		<b>80.7</b>	<b>88.8</b>	<b>97.5</b>	<b>107.3</b>	<b>118.2</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		80.7	88.8	97.5	107.3	118.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Staffing required to process loans based on the \$1,800,000 funding level of the Governor's budget request.

Fiscal Note Detail is attached.

*Referral on bill waived 5/8/81*

*D. A. Hostak*

IV. DATE May 20, 1981 PREPARED BY D. A. Hostak, Acting Director  
 AGENCY Division of Business Loans, Department of Commerce & Economic Development  
 Original: Legislative Finance PHONE 465-2510  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL  
(Revised)

100	1 Loan Examiner III @\$2,837/mo.	34.0	
	1 Documents Processing Clerk III @\$1,564/mo.	<u>18.8</u>	
	Total Wages	52.8	
	Standard Benefits (Wages x .1555)	8.2	
	Supplemental Benefits (Wages x .0613)	3.2	
	Health Insurance (Man Months x \$150)	<u>3.6</u>	
	Total Benefits	15.0	
	TOTAL PERSONAL SERVICES		67.8
200	Travel		-0-
300	Telephone & Postage	6.6	
	Printing of Applications & Advertising	<u>2.2</u>	
	TOTAL CONTRACTUAL		8.8
400	Office Supplies	.1	
	TOTAL COMMODITIES		.1
500	Equipment		
	2 Desks @\$330	.6	
	1 Credenza @\$470	.5	
	1 Typist Extension @\$455	.5	
	1 Executive Chair @\$190	.2	
	1 Secretarial Chair @\$150	.2	
	2 Side Chairs @\$100	.2	
	2 Filing Cabinets @\$200	.4	
	2 Calculators @\$200	.4	
	1 Typewriter @\$1,000	1.0	
	2 Waste Baskets @\$25	<u>.0</u>	
	TOTAL EQUIPMENT		<u>4.0</u>
			<u><u>80.7</u></u>

10% inflation for succeeding years

## STATE OF ALASKA

## Interdepartmental Route Slip

TO: Mail Station 5100	Department Legislature
Attention House Finance	
<input type="checkbox"/> Approval <input type="checkbox"/> Signature <input type="checkbox"/> Comment <input type="checkbox"/> Contact Me <input type="checkbox"/> Prepare Reply <input type="checkbox"/> For Your File	
<input type="checkbox"/> Note & Return <input type="checkbox"/> Initial & Return <input type="checkbox"/> Return as Requested <input type="checkbox"/> Return for Approval <input type="checkbox"/> Necessary Action <input type="checkbox"/> For Your Information	
Remarks Rec'd 5/13/81 Finance Referral on HB 507 waived 5/8/81	
FROM: Mail Station 1800	Department Commerce
By Walker	Date 5/11

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST CSHB 507 (Res)  
 Bill/Resolution No. \_\_\_\_\_  
 Title An Act Relating to the Fishermen's Mortgage and Note Program  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Division of Business Loans  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		253.0	278.3	306.1	336.7	370.4
200 TRAVEL		15.8	17.4	19.1	21.0	23.1
300 CONTRACTUAL		42.3	46.5	51.2	56.3	61.9
400 COMMODITIES		2.1	2.3	2.5	2.8	3.1
500 EQUIPMENT		13.6	15.0	16.5	18.1	19.9
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>326.8</b>	<b>359.5</b>	<b>404.3</b>	<b>434.9</b>	<b>478.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	326.8	359.5	404.3	434.9	478.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	7	7	7	7	7
PART TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

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

Staff required to process loans. Fiscal note detail attached.

IV. DATE May 7, 1981 PREPARED BY David Massey, Deputy Director  
 AGENCY Division of Business Loans, Dept. of Commerce  
 PHONE 465-2511 and Economic Develop.  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL

CSHB 507 -- An Act Relating to the Fishermen's Mortgage and Note Program

100 -	2 Loan Examiner III's @ \$2,837/mo. each (Anchorage)	68.0	
	1 Loan Examiner III @ \$3,260/mo. (Fairbanks)	39.1	
	1 Loan Examiner I/II @ \$2,455/mo. (Juneau)	29.5	
	1 Loan Closer I @ \$1,564/mo. (Anchorage)	18.8	
	1 Documents Processing Clerk III @ \$1,761/mo. (Fairbanks)	21.1	
	1 Accounting Technician I @ \$1,761/mo. (Juneau)	<u>21.1</u>	
	Total Wages	197.6	
	Standard Benefits (Wages x .1555)	30.7	
	Supplemental Benefits (Wages x .0613)	12.1	
	Health Insurance (Man Months x \$150)	<u>12.6</u>	
	TOTAL PERSONAL SERVICES		<u>253.0</u>
200 -	Travel to Close Loans:		
	36 Trips @ \$300	10.8	
	72 Days @ \$70/day	5.0	
			<u>15.8</u>
300 -	Telephone and Postage	23.1	
	Printing of Applications and Advertising	7.7	
	Office Space, Anchorage (2 x \$2,700)	5.4	
	Office Space, Fairbanks (2 x \$3,067)	<u>6.1</u>	
			<u>42.3</u>
400 -	Office Supplies		<u>2.1</u>
500 -	Equipment		
	7 Desks @ \$330	2.3	
	5 Credenzas @ \$470	2.4	
	2 Typists Extension @ \$455	.9	
	4 Executive Chairs @ \$190	.8	
	3 Secretarial Chairs @ \$150	.5	
	7 Side chairs @ \$100	.7	
	7 File Cabinets @ \$325	2.3	
	7 Calculators @ \$200	1.4	
	2 Typewriters @ \$1,000	2.0	
	7 Wastebaskets @ \$25	.2	
	1 Coat Rack @ \$70	<u>.1</u>	
			<u>13.6</u>
			<u>\$326.8</u>

10% inflation for Succeeding Years

Original sponsor: Resources Committee

Offered: 5/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

CS FOR HOUSE BILL NO. 507 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the fishermen's mortgage and note

7

program under AS 16.10.650 - 16.10.720; and providing

8

for an effective date."

9

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

10

\* Section 1. AS 16.10.660(a) is amended by adding a new paragraph to

11

read:

12

(7) develop procedures for precommitting to the purchase of

13

notes and mortgages securing loans under (b) of this section;

14

\* Sec. 2. AS 16.10.680(a)(2) is amended to read:

15

(2) does not qualify for a loan for the purposes described

16

in AS 16.10.670 under a state [OR FEDERAL] loan program;

17

\* Sec. 3. AS 16.10.680(a)(3) is amended to read:

18

(3) has not previously participated in the loan program

19

established in AS 16.10.650 - 16.10.720 or in any other state [OR

20

FEDERAL] loan program for the purposes described in AS 16.10.670; and

21

\* Sec. 4. AS 16.10.680(a)(4) is amended to read:

22

(4) meets the guidelines established by the commissioner to

23

determine whether the applicant [DEMONSTRATES TO THE SATISFACTION OF THE

24

PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN THAT HE] is reasonably

25

likely to succeed as a commercial fisherman and [TO] be able to repay

26

the loan.

27

\* Sec. 5. AS 16.10.680(b) is amended to read:

28

(b) In addition to the requirements of (a)(1) - (4) of this sec-

29

tion, the commissioner may purchase a mortgage or note under AS 16.10.-

1 660(b) only if it secures a loan to an individual who demonstrates  
2 under guidelines established by the commissioner [DEMONSTRATEL TO THE  
3 SATISFACTION OF THE PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN]  
4 that

5 (1) because of his lack of training or the lack of employ-  
6 ment opportunities in the area in which he resides, he does not have  
7 occupational opportunities available to him other than commercial  
8 fishing; or

9 (2) he is economically dependent on commercial fishing for a  
10 livelihood or [AND] commercial fishing is a cultural and traditional way  
11 of life for him.

12 \* Sec. 6. AS 16.10.690(a)(1) is amended to read:

13 (1) exceeds \$100,000 [\$200,000];

14 \* Sec. 7. AS 16.10.690(b) is amended to read:

15 (b) The commissioner may not purchase a mortgage or note under  
16 AS 16.10.660(b) if it secures a loan which results in an outstanding  
17 debt of the borrower in excess of \$100,000 [\$200,000]. For purposes of  
18 this subsection a loan to an associate of the borrower is considered to  
19 be a loan to the borrower. For the purposes of this subsection, "asso-  
20 ciate of the borrower" means

21 (1) a corporation or other organization of which the borrower  
22 is an officer, director or partner, or is, directly or indirectly, the  
23 beneficial owner of 10 percent or more of any class of equity securi-  
24 ties;

25 (2) a person who is, directly or indirectly, the beneficial  
26 owner of 10 percent or more of any class of equity securities of the  
27 borrower;

28 (3) a trust or other estate in which the borrower has a  
29 substantial beneficial interest or as to which the borrower serves as

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

trustee or in a similar fiduciary capacity.

\* Sec. 8. AS 16.01.710 is repealed and reenacted to read:

Sec. 16.10.710. PREQUALIFICATION FOR LOANS. The commissioner may not purchase mortgages and notes under AS 16.10.660(b) unless the private financial institution agrees to make preliminary determinations of applicant eligibility for loans under AS 16.10.650 - 16.10.720. The commissioner shall develop, in cooperation with private financial institutions, guidelines and procedures for making preliminary determinations of eligibility.

\* Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Introduced: 4/16/81  
Referred: Resources and Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 HOUSE BILL NO. 507

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fishermen's mortgage and note  
7 program under AS 16.10.650 - 16.10.720; and providing  
8 for an effective date."

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

10 \* Section 1. AS 16.10.660(a) is amended by adding a new paragraph to  
11 read:

12 (7) develop procedures for precommitting to the purchase of  
13 notes and mortgages securing loans under with (b) of this section;

14 \* Sec. 2. AS 16.10.680(a)(2) is amended to read:

15 (2) does not qualify for a loan for the purposes described  
16 in AS 16.10.670 under a state [OR FEDERAL] loan program;

17 \* Sec. 3. AS 16.10.680(a)(3) is amended to read:

18 (3) has not previously participated in the loan program  
19 established in AS 16.10.650 - 16.10.720 or in any other state [OR  
20 FEDERAL] loan program for the purposes described in AS 16.10.670; and

21 \* Sec. 4. AS 16.10.680(a)(4) is amended to read:

22 (4) meets the guidelines established by the commissioner as  
23 being [DEMONSTRATES TO THE SATISFACTION OF THE PRIVATE FINANCIAL INSTI-  
24 TUTION WHICH MADE THE LOAN THAT HE IS] reasonably likely to succeed as  
25 a commercial fisherman and to be able to repay the loan.

26 \* Sec. 5. AS 16.10.680(b) is amended to read:

27 (b) In addition to the requirements of (a)(1) - (4) of this sec-  
28 tion, the commissioner may purchase a mortgage or note under AS 16.10.-  
29 660(b) only if it secures a loan to an individual who demonstrates

1 under guidelines established by the commissioner [DEMONSTRATED TO THE  
2 SATISFACTION OF THE PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN]  
3 that

4 (1) because of his lack of training or the lack of employ-  
5 ment opportunities in the area in which he resides, he does not have  
6 occupational opportunities available to him other than commercial  
7 fishing; or

8 (2) he is economically dependent on commercial fishing for a  
9 livelihood and commercial fishing is a cultural and traditional way of  
10 life for him.

11 \* Sec. 6. AS 16.10.690(a)(1) is amended to read:

12 (1) exceeds \$100,000 [\$200,000];

13 \* Sec. 7. AS 16.10.690(b) is amended to read:

14 (b) The commissioner may not purchase a mortgage or note under  
15 AS 16.10.660(b) if it secures a loan which results in an outstanding  
16 debt of the borrower in excess of \$100,000 [\$200,000]. For purposes of  
17 this subsection a loan to an associate of the borrower is considered to  
18 be a loan to the borrower. For the purposes of this subsection, "asso-  
19 ciate of the borrower" means

20 (1) a corporation or other organization of which the borrower  
21 is an officer, director or partner, or is, directly or indirectly, the  
22 beneficial owner of 10 percent or more of any class of equity securi-  
23 ties;

24 (2) a person who is, directly or indirectly, the beneficial  
25 owner of 10 percent or more of any class of equity securities of the  
26 borrower;

27 (3) a trust or other estate in which the borrower has a  
28 substantial beneficial interest or as to which the borrower serves as  
29 trustee or in a similar fiduciary capacity.

1 \* Sec. 8. AS 16.01.710 is repealed and reenacted to read:

2           Sec. 16.10.710. PREQUALIFICATION FOR LOANS. The commissioner may  
3 not purchase mortgages and notes under AS 16.10.660(b) unless the  
4 private financial institution agrees to make preliminary determinations  
5 of applicant eligibility for loans under AS 16.10.650 - 16.10.720. The  
6 commissioner shall develop, in cooperation with private financial  
7 institutions, guidelines and procedures for making preliminary deter-  
8 minations of eligibility.

9 \* Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-  
10 070(c).

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29