

COMMITTEE REPORT  
SENATE

3/16/81

FURTHER: None

Date: May 1, 1981

Mr. President:

The Committee on FINANCE has had SB 140  
establishing a fishery product revolving loan fund

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 SB 140 <sup>FINANCE</sup> ~~(PASS)~~  same title
- new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature] No Pass

[Signature] No Pass

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\_\_\_\_\_

[Signature]

CHAIRMAN

[Signature]

424181  
Berry ✓

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 140 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund and providing for loans and loan guarantees for  
8 commercial fish purchasers; and providing for an  
9 effective date."

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

11 \* Section 1. AS 45 is amended by adding a new chapter to read:

12 CHAPTER 91. FISHERY PRODUCT REVOLVING LOAN FUND.

13 Sec. 45.91.010. ESTABLISHMENT OF LOAN FUND. The fishery product  
14 revolving loan fund is established in the Department of Revenue.

15 Sec. 45.91.020. FISHERY PRODUCT LOANS. The department may pur-  
16 chase participations in loans made to fish processors with facilities  
17 located in Alaska and which are used to finance those processors' in-  
18 ventories of canned, frozen, or processed products from Alaska fish-  
19 eries.

20 Sec. 45.91.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
21 commissioner may

- 22 (1) designate agents and delegate powers to them as is
- 23 necessary;
- 24 (2) adopt regulations to implement this chapter;
- 25 (3) make and execute contracts and other instruments to im-
- 26 plement this chapter;
- 27 (4) purchase participations in notes and agreements securing
- 28 loans in accordance with this chapter;
- 29 (5) require that loans in which the fund participates be

1 secured by adequate collateral;

2 (6) acquire real or personal property by purchase, transfer,  
3 or foreclosure when that acquisition is necessary to protect a note in  
4 which the fund has an interest.

5 (b) Money in the fund that is not being used for participations  
6 in fishery product loans must be invested by the department in the same  
7 manner as provided for the investment of general fund surplus under  
8 AS 37.10.070.

9 (c) Earnings and interest income from investment and fishery pro-  
10 duct loan participations must be transferred to the general fund. Re-  
11 payments of principal from investments and loan participations must be  
12 returned to the fund.

13 Sec. 45.91.040. LIMITATIONS ON LOANS. (a) Loan participations  
14 purchased under this chapter are subject to the following limitations:

15 (1) State participation in a single loan may not exceed 90  
16 percent of the total amount of the loan.

17 (2) The term of a loan may not exceed one year unless ex-  
18 tended under an arrangement made in accordance with (c) of this section.

19 (3) The loan must be secured by a pledge of the inventory  
20 being financed by the loan, by a pledge of the accounts receivable from  
21 that inventory, or by other collateral acceptable to all participants  
22 in the loan. The security interest taken by the state in the collateral  
23 must be at least equal in priority to the interests in the collateral  
24 of all other participants in the loan, and the proportion which the  
25 amount of the state's security interest bears to the total amount of  
26 collateral furnished to all participants in the loan shall at least  
27 equal the percentage of its participation in the total amount of the  
28 loan.

29 (4) The loan must be originated and serviced by either the

1 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by  
2 state or federally chartered financial institution.

3 (5) The servicing charge on the loan may not exceed one-ha  
4 of one percent of the outstanding balance of the loan.

5 (6) The rate of interest, including all service fees, on t  
6 unpaid balance of one loan fund's participation in a loan shall floa  
7 at the average rate at which six month U.S. Treasury bills are award  
8 in the weekly auction of U.S. Treasury bills, plus three and three-  
9 fourths percentage points, but may not exceed the applicable interes  
10 rate.

11 (7) Loans must be made only to fish processors with faci  
12 ities located in Alaska.

13 (8) Loans may not be made to fish processors which are 8  
14 percent or more owned or controlled by aliens.

15 (b) Money in the fund shall be used to purchase participation  
16 loans made to fish processors which are 50 percent or more owned o  
17 controlled by persons domiciled in Alaska until these processors nee  
18 for loans are met before the money in the fund may be used to purcha  
19 participation in loans made to fish processors which are less than  
20 percent owned or controlled by persons domiciled in Alaska.

21 (c) If the department is a participant in a loan to a fish  
22 processor that has not been, or appears unlikely to be, fully repa  
23 within the one-year term prescribed in (a)(2) of this section, th  
24 department may not participate in another loan to that processor un  
25 the department and the processor make reasonable and realistic arra  
26 ments for the prompt and orderly repayment of the outstanding loa

27 (d) For the purposes of this section

28 (1) "alien" means

29 (A) an individual who is not a citizen or national

1 the United States, or who is not lawfully admitted to the United  
 2 States for permanent residence, or paroled into the United States  
 3 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
 4 1503), as amended;

5 (B) a person, other than an individual, that was not  
 6 created or organized under the laws of the United States or of a  
 7 state, or whose principal place of business is not located in any  
 8 state; or

9 (C) a person, other than an individual, that was creat  
 10 or organized under the laws of the United States or of a state, o  
 11 whose principal place of business is located in a state, and whic  
 12 is controlled by a person described in (A) or (B) of this para-  
 13 graph;

14 (2) "control" means that a relationship exists between a  
 15 person and fish processor in which the person exercises control con-  
 16 sisting of

17 (A) owning directly or indirectly, or having the power  
 18 to vote, the percentage indicated of any class of voting security  
 19 of a fish processor organized as a corporation; or

20 (B) influencing or affecting in any substantive manner  
 21 the election of a majority of the directors or trustees of a fi  
 22 processor organized as a corporation;

23 (3) "person" means an individual, a corporation, a partne  
 24 ship, an association, a joint-stock company, an estate, a trust whe  
 25 the interests of the beneficiaries are evidenced by a security, an  
 26 unincorporated association, a government, a political subdivision of  
 27 government, or a combination of these entities.

28 Sec. 45.91.050. SALE OR TRANSFER OF MORTGAGES AND NOTES. The  
 29 partment may sell or transfer at par value or at a premium or disco

1 to any bank or other private purchaser for cash or other consideration  
2 the mortgages and notes held as security for loans made under this  
3 chapter. The proceeds from the sale or transfer are assets of the  
4 fund.

5 Sec. 45.91.060. DEFINITIONS. In this chapter

6 (1) "commissioner" means the commissioner of revenue;

7 (2) "department" means the Department of Revenue;

8 (3) "fish processor" means a person engaging in a business  
9 for which a license is required under AS 43.75.010 - 43.75.090;

10 (4) "facilities located in Alaska" means facilities at which  
11 fisheries products are canned, frozen, or otherwise processed for  
12 inventory, including floating facilities which are documented under the  
13 laws of the United States as defined in 46 U.S.C. 801, and operate  
14 within the three-mile limit or within historic bays and inland waters  
15 of the state;

16 (5) "fishery product" means fin fish, shellfish, and fish  
17 byproducts, including but not limited to salmon, halibut, herring,  
18 flounder, crab, clam, cod, shrimp, and pollock;

19 (6) "fund" means the fishery product revolving loan fund.

20 \* Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The  
21 Commercial Fishing and Agriculture Bank may

22 (1) make loans to provide financial assistance to commercial  
23 purchasers of the 1981 fish harvest;

24 (2) participate with commercial banks in the making of loans to  
25 provide financial assistance to commercial purchasers of the 1981 fish  
26 harvest;

27 (3) enter into agreements with the Department of Revenue to  
28 provide guarantees from the fish processing loan guarantee account for up to  
29 50 percent of the portion of a loan described in (1) and (2) of this sub-

1 section held by a commercial bank or an institution of the federal farm  
2 credit system.

3 (b) A loan may not be guaranteed under (a)(3) of this section unless  
4 20 percent or more of the loan is held by the Commercial Fishing and Agricul-  
5 ture Bank.

6 (c) The commissioner of revenue may enter into agreements with the  
7 Commercial Fishing and Agriculture Bank to use the assets of the fish pro-  
8 cessing loan guarantee account created in sec. 2(c), ch. 32, SLA 1980, to  
9 provide guarantees for loans under (a)(3) of this section. The total amount  
10 of the guaranteed portion of loans guaranteed under (a)(3) of this section  
11 may not exceed \$40,000,000.

12 (d) In this section, "commercial bank" means a bank chartered by the  
13 United States or by a state of the United States.

14 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

6/2/81

Received after bill  
passed from Committee

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

HCS CSSB 140(Res)

I. REQUEST

Bill/Resolution No. HOUSE CS FOR SENATE BILL NO. 140(Res)  
 Title Establishing a fishery product revolving loan fund, providing for loans and loan  
Requested by guarantees; appropriations for loan guarantees. Date 5/29/81

Requested by House Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected Treasury Management  
 (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						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>8.0</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

FULL TIME						
PART TIME						
TEMPORARY						

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

The appropriations bill, CSSB 141(Fin), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commercial banks make the loans. Department of Revenue enters into agreements with CFAB or commercial bank. Above travel to review information as necessary at bank; contractual services for related professional advice (legal, etc.).

*Anselm C. Staack*

IV. DATE June 1, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Dept. of Revenue, Treasury Division  
 Original: Legislative Finance PHONE 465-2351  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

5/11/81

Received after  
bill passed from  
committee.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

CSSB 140(FIN)  
CSSB 141(FIN)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILLS 140 & 141 (FIN)  
Title Establishing a fishery product revolving loan fund, providing for loans and loan  
~~XXXXXXXXXX~~ guarantees; appropriations for loan guarantees. Date 5/1/81

Requested by Senate Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management

(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						
200 TRAVEL		3.0				
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		8.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

-0-

FULL TIME						
PART TIME						
TEMPORARY						

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

The appropriations bill, CSSB 141(FIN), appropriates \$40 million to the Department of Revenue, fish processing loan guarantee account. It does not appropriate funds for the Fishery Product Revolving Loan Fund.

CFAB and other commerical banks make the loans. Department of Revenue enters into agreements with CFAB. Above travel to review information as necessary at CFAB; contractual services for related professional advice (legal, etc.).

IV. DATE May 6, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue, Treasury Division  
Original: Legislative Finance PHONE 465-2351  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

A M E N D M E N T

TO: CSSB 140(Fin)

Page 1, lines 6 - 29 and pages 2 - 6:

Delete all material and insert the following:

For an Act entitled: "An Act establishing a production credit revolving loan fund for Alaska fishery cooperatives; and providing for an effective date."

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

\* Section 1. AS 45 is amended by adding a new chapter to read:

CHAPTER 86. ALASKA FISHERY COOPERATIVE PRODUCTION CREDIT  
REVOLVING LOAN FUND.

Sec. 45.86.010. ESTABLISHMENT OF LOAN FUND. The Alaska fishery cooperative production credit revolving loan fund is established in the Department of Revenue.

Sec. 45.86.020. PRODUCTION CREDIT REVOLVING LOANS. The department may make production credit loans to fishery cooperatives to finance inventories of fresh, canned, frozen, or processed products from Alaska fisheries.

Sec. 45.86.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The commissioner may

(1) designate agents and delegate powers to them as necessary;

(2) adopt regulations to implement and administer the fund

and fishery cooperative production credit loans under this chapter;

(3) make and execute contracts and other instruments to implement this chapter;

(4) make loans and contracts in accordance with this chapter;

(5) acquire real or personal property by purchase, transfer, or foreclosure when that acquisition is necessary to protect a loan or note in which the fund has an interest.

(b) Money in the fund that is not being used for loans to fishery cooperatives must be invested by the department in the manner provided for the investment of general fund surplus under AS 37.10.070.

(c) Earnings and interest income from investments and loans shall be transferred to the general fund. Repayments of principal from investments and loans shall be returned to the revolving fund.

Sec. 45.08.040. LIMITATIONS ON LOANS. Loans made under this chapter are subject to the following limitations:

(1) state participation in a single loan may not exceed 90 percent of the total amount of the loan;

(2) the term of a loan may not exceed one year;

(3) the loan must be secured by inventory of fishery products or accounts receivable of the fishery cooperative and may not exceed 75 percent of the collateral taken as security;

(4) the loan must be originated by the Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a state or federally chartered financial institution in the state;

(5) the servicing charge on a loan may not exceed one-half of one percent of the outstanding balance of the loan;

(6) the rate of interest, including all service fees, on the unpaid balance of a loan under the fund may not be fixed and shall be determined by the average interest rate at which six-month U.S. Treasury bills are awarded in the weekly auction of U.S. Treasury bills, plus three and three-quarters percentage points, but may not exceed the applicable interest rate;

(7) loans may be made only to fishery cooperatives.

Sec. 45.86.050. DEFINITIONS. In this chapter

(1) "commissioner" means the commissioner of revenue;

(2) "department" means the Department of Revenue;

(3) "fishery cooperative" means a cooperative organized under AS 10.15 for the purpose of engaging in a fishery business;

(4) "fishery products" means finfish, shellfish, and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp and pollock;

(5) "fund" means the Alaska fishery cooperative production credit revolving loan fund.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(a).

*from Tom Williams*  
*4/8/81*

Amendment No. 1 -- On p. 2, line 16, delete all material after "(2)" and replace it with:

"if the fund is a participant in a loan to a fish processor that has not been, or appears unlikely to be, fully repaid within a year from the time the loan was made, then the fund may not participate in a new loan to that processor unless there is in effect a reasonable and realistic agreement, acceptable to all participants in the existing loan, under which the existing loan will be repaid in a prompt and orderly fashion;"

Amendment No. 2 -- On p. 2, lines 17-18, delete all material after "(3)" and replace it with:

"the participation of the fund must be ratably secured on at least an equal basis as the participations of all other participants in the loan, and it must be secured by the a pledge of the fish processor's inventory being financed by the loan or by the accounts receivable from that inventory or by other collateral acceptable to all participants in the loan;"

Original sponsor: Rules/Governor

Offered: 3/16/81  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 140 (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 establishing a fishery product revolving loan  
7 fund; and providing for an effective date."

8

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

9

\* Section 1. AS 44.25 is amended by adding new sections to read:

10

ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11

Sec. 44.25.040. ESTABLISHMENT OF LOAN FUND. The fishery product  
12 revolving loan fund is established in the Department of Revenue.

13

Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may pur-  
14 chase participations in loans made to fish processors with facilities  
15 located in Alaska and which are used to finance those processors' in-  
16 ventories of canned, frozen, or processed products from Alaska fish-  
17 eries.

18

Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
19 commissioner may

20

(1) designate agents and delegate powers to them as is  
21 necessary;

22

(2) adopt regulations to implement AS 44.25.040 - 44.25.065;

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(3) make and execute contracts and other instruments to im-  
24 plement AS 44.25.040 - 44.25.065;

25

(4) purchase participations in notes and agreements securing  
26 loans in accordance with AS 44.25.040 - 44.25.065;

27

(5) require that loans in which the fund participates be  
28 secured by adequate collateral;

29

(6) acquire real or personal property by purchase, transfer,

1 or foreclosure when that acquisition is necessary to protect a note in  
2 which the fund has an interest.

3 (b) Money in the fund that is not being used for participations  
4 in fishery product loans must be invested by the department in the same  
5 manner as provided for the investment of general fund surplus under  
6 AS 37.10.070.

7 (c) Earnings and interest income from investment and fishery pro-  
8 duct loan participations must be transferred to the general fund. Re-  
9 payments of principal from investments and loan participations must be  
10 returned to the fund.

11 Sec. 44.25.055. LIMITATIONS ON LOANS. (a) Loan participations  
12 purchased under AS 44.25.040 - 44.25.065 are subject to the following  
13 limitations:

14 (1) state participation in a single loan may not exceed 90  
15 percent of the total amount of the loan;

16 (2) the term of a loan may not exceed one year;

17 (3) the loan must be secured by inventory or accounts re-  
18 ceivable of the fish processor and may not exceed 75 percent of the  
19 appraised value of the collateral taken as security;

20 (4) the loan must be originated and serviced by either the  
21 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
22 state or federally chartered financial institution;

23 (5) the servicing charge on the loan may not exceed one-half  
24 of one percent of the outstanding balance of the loan;

25 (6) the rate of interest, including all service fees, on the  
26 unpaid balance of one loan fund's participation in a loan shall float  
27 at the average rate at which six month U.S. Treasury bills are awarded  
28 in the weekly auction of U.S. Treasury bills, plus three and three-  
29 fourths percentage points, but may not exceed the applicable interest

1 rate;

2 (7) loans must be made only to fish processors with facil-  
3 ities located in Alaska;

4 (8) loans may not be made to fish processors which are 80  
5 percent or more owned or controlled by aliens.

6 (b) Money in the fund shall be used to purchase participation in  
7 loans made to fish processors which are 50 percent or more owned or  
8 controlled by persons domiciled in Alaska until these processors needs  
9 for loans are met before the money in the fund may be used to purchase  
10 participation in loans made to fish processors which are less than 50  
11 percent owned or controlled by persons domiciled in Alaska.

12 (c) For the purposes of this section

13 (1) "alien" means

14 (A) an individual who is not a citizen or national of  
15 the United States, or who is not lawfully admitted to the United  
16 States for permanent residence, or paroled into the United States  
17 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
18 1503), as amended;

19 (B) a person, other than an individual, that was not  
20 created or organized under the laws of the United States or of a  
21 state, or whose principal place of business is not located in any  
22 state; or

23 (C) a person, other than an individual, that was created  
24 or organized under the laws of the United States or of a state, or  
25 whose principal place of business is located in a state, and which  
26 is controlled by a person described in (A) or (B) of this para-  
27 graph;

28 (2) "control" means that a relationship exists between a  
29 person and fish processor in which the person exercises control consist-

1 ing of

2 (A) owning directly or indirectly, or having the power  
3 to vote, the percentage indicated of any class of voting security  
4 of a fish processor organized as a corporation; or

5 (B) influencing or affecting in any substantive manner  
6 the election of a majority of the directors or trustees of a fish  
7 processor organized as a corporation;

8 (3) "person" means an individual, a corporation, a partner-  
9 ship, an association, a joint-stock company, an estate, a trust where  
10 the interests of the beneficiaries are evidenced by a security, an  
11 unincorporated association, a government, a political subdivision of a  
12 government, or a combination of these entities.

13 Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
14 partment may sell or transfer at par value or at a premium or discount  
15 to any bank or other private purchaser for cash or other consideration  
16 the mortgages and notes held as security for loans made under AS 44.-  
17 25.040 - 44.25.065. The proceeds from the sale or transfer are assets  
18 of the fund.

19 Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 - 44.25.065

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "department" means the Department of Revenue;

22 (3) "fish processor" means a person engaging in a business  
23 for which a license is required under AS 43.75.010 - 43.75.090;

24 (4) "facilities located in Alaska" means facilities at which  
25 fisheries products are canned, frozen, or otherwise processed for  
26 inventory, including floating facilities which are documented under the  
27 laws of the United States as defined in 46 U.S.C. 801, and operate  
28 within the three-mile limit or within historic bays and inland waters  
29 of the state;

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(5) "fishery product" means fin fish, shellfish, and fish byproducts, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(6) "fund" means the fishery product revolving loan fund.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Introduced: 2/3/81  
Referred: Resources and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 140

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fishery product revolving loan  
7 fund; and providing for an effective date."

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

9 \* Section 1. AS 44.25 is amended by adding new sections to read:

10 ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11 Sec. 44.25.040. CREATION OF LOAN FUND. There is created in the  
12 Department of Revenue a fishery product revolving loan fund.

13 Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may pur-  
14 chase participations in loans made to fish processors with facilities  
15 located in Alaska and which are used to finance processing of fishery  
16 products from Alaskan fisheries.

17 Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
18 commissioner may

- 19 (1) designate agents and delegate powers to them as is  
20 necessary;
- 21 (2) adopt regulations to implement AS 44.25.040 -- 44.25.065;
- 22 (3) make and execute contracts and other instruments to im-  
23 plement AS 44.25.040 -- 44.25.065;
- 24 (4) purchase participations in notes and agreements securing  
25 loans in accordance with AS 44.25.040 -- 44.25.065;
- 26 (5) require that loans in which the fishery product re-  
27 volving loan fund participates be secured by adequate collateral;
- 28 (6) acquire real or personal property by purchase, transfer,  
29 or foreclosure when that acquisition is necessary to protect a note in

1 which the fund has an interest.

2 (b) Money in the revolving loan fund that is not being used for  
3 participations in fishery product loans must be invested by the depart-  
4 ment in the same manner as provided for the investment of general fund  
5 surplus under AS 37.10.070.

6 (c) Earnings and interest income from investment and fishery pro-  
7 duct loan participations must be transferred to the general fund. Re-  
8 payments of principal from investments and loan participations must be  
9 returned to the fishery product revolving loan fund.

10 Sec. 44.25.055. LIMITATIONS ON LOANS. Loan participations pur-  
11 chased under AS 44.25.040 -- 44.25.065 are subject to the following  
12 limitations:

13 (1) state participation in a single loan may not exceed 90  
14 percent of the total amount of the loan;

15 (2) the term of a loan may not exceed one year;

16 (3) the loan must be secured by inventory or accounts re-  
17 ceivable of the fish processor and may not exceed 75 percent of the  
18 appraised value of the collateral taken as security;

19 (4) the loan must be originated and serviced by either the  
20 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
21 state or federally chartered financial institution;

22 (5) the servicing charge on the loan may not exceed one-half  
23 of one percent of the outstanding balance of the loan;

24 (6) the rate of interest, including all service fees, on the  
25 unpaid balance of one loan fund's participation in a loan shall float  
26 at the average rate at which six month U.S. Treasury bills are awarded  
27 in the weekly auction of U.S. Treasury bills, plus three and three-  
28 fourths percentage points, but may not exceed the applicable interest  
29 rate;

1 (7) loans must be made only to fish processors with facil-  
2 ities located in Alaska.

3 Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The de-  
4 partment may sell or transfer at par value or at a premium or discount  
5 to any bank or other private purchaser for cash or other consideration  
6 the mortgages and notes held as security for loans made under AS 44.-  
7 25.040 -- 44.25.065. The proceeds from such a sale or transfer are  
8 assets of the fishery product revolving loan fund.

9 Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 -- 44.25.065

10 (1) "commissioner" means the commissioner of revenue;

11 (2) "department" means the Department of Revenue;

12 (3) "fish processor" means a person engaging in a business  
13 for which a license is required under AS 43.75.010 -- 43.75.090;

14 (4) "fishery product" means fin fish, shellfish, and fish  
15 byproducts, including but not limited to salmon, halibut, herring,  
16 flounder, crab, clam, cod, shrimp, and pollock;

17 (5) "fund" means the fishery product revolving loan fund.

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).



From The  
**SENATE  
FINANCE COMMITTEE**

---

*See back-up  
in SB 141 file*

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 26, 1981

SUBJECT: Fish processors loans  
(SB 140)

TO: Senator Richard I. Eliason

FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

SB 140 and CSSB 140 (Res) both provide in sec. 44.-  
25.055(a)(4) that

(4) the loan must be originated and serviced by either the Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a state or federally chartered financial institution;

The Alaska Commercial Fishing and Agriculture Bank has a resident borrower provision in AS 44.81.210(a)(1) which provides:

"Sec. 44.81.210. POWERS OF THE BANK. (a) The bank may

(1) make variable rate or fixed rate loans to individuals who are residents and who are engaged in commercial agriculture or fishing, including harvesters, processors, suppliers and marketers, or to corporations, partnerships or joint ventures engaged in commercial agriculture or fishing, the majority interest of which is beneficially owned by residents of the state and a majority of the owners of which are residents of the state, if the recipient of the loan is a member of the bank; however, the bank may make a loan under this paragraph to a corporation, partnership, or joint venture for the purchase of a new or existing fishing vessel or for the repair or renovation of an existing fishing vessel, the primary purpose of which is to

Senator Richard I. Eliason

Page 2

March 26, 1981

commercially harvest fishery resources, only if the corporation, partnership, or joint venture is wholly owned and controlled by residents of the state and if the recipient of the loan is a member of the bank."

You have asked whether these limitations will apply to loans made under sec. 44.25.055(a)(4). In my opinion they would since that section does not grant additional loan power to C.F.A.B. and appears to contemplate loans made under the normal powers of the lenders.

If it were desired that these limitations not apply to loans made under SB 140 I would suggest that at the end of sec. 44.-25.055(a)(4) a specific exemption be made. Suggested language for the exemption is

. . . but loans for which participation is purchased are not subject to the residency requirement of AS 44.-81.210(a).

BGB:ljb

JB 140



# Alaska State Legislature

Senate  
Office of the Secretary

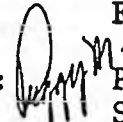
Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

## MEMORANDUM

February 10, 1981

TO: Senators Bennett and Dankworth  
Co-Chairmen  
Finances Committee

FROM:  Peggy Mulligan  
Secretary of the Senate

SUBJECT: Alaska Renewable Resources Corporation  
1980 Report

The President has referred the attached report to your committee.

Alaska  
Renewable  
Resources  
Corporation

February 9, 1981

*Box 1647, 99802*  
526 Main Street  
Juneau, Alaska  
99801  
(907) 465-4616

The Honorable Jalmar M. Kerttula  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Kerttula:

Pursuant to SB 140 "An Act relating to financial assistance for commercial purchasers of salmon. . .", the following report summarizes lending and investment activities undertaken by the Alaska Renewable Resources Corporation for the period ending December 31, 1980.

P.O. Box 828  
Anchorage, Alaska  
99510  
(907) 279-5602  
or (907) 272-2508

Investments and loans made under the Commercial Fish Purchasers Assistance Fund totaled \$12,564,425 on December 31, 1980. By the end of January 1981, the termination date of SB 140, the \$15 million fund had been fully committed. ARRC assisted fish purchasers, processed, transported and marketed over 20 million pounds of product and employed over 1,000 seasonal workers. Each investee is more fully described below.

ALASKA FOOD COMPANY. (\$500,000 in equity for 47% of outstanding stock; \$1,000,000 in subordinated convertible debt; \$2,000,000 in senior debt secured by plant and vessel) total investment: \$3,500,000.

The NEFCO bankruptcy enabled ARRC and a group of Alaskan entrepreneurs to acquire the Kodiak Gibson Cove facility. The company employs over 150 local people and purchases a broad variety of product from local fishermen. In joint-venture with Ball Brothers, Inc., Alaska Food transported Bristol Bay sockeye to Vancouver, B. C. for canned product. This experimental program was profitable.

The facility is the only one in Alaska known to be planning a whitefish (bottomfish) line in 1981. The firm is seeking additional capital from a variety of sources to finance the whitefish expansion. Cost of the expansion is budgeted at \$2.5 million. The firm has initiated a subsidiary company for seafood marketing.



The Honorable Jalmar M. Kerttula  
Page Two

BALL BROTHERS, INC. (\$500,000 in equity for 40% of outstanding stock; \$3,000,000 in senior debt secured by real property and equipment; \$840,873 in short-term revolving pack financing) total investment: \$4,340,873.

Ball Brothers, Inc., buys, processes fish in Dillingham, and transports finished and round fish product to Anchorage and Kenai processors for custom processing and/or direct sale. The company was in serious financial trouble and would not have been operational for the 1980 season without ARRC assistance. The company moved nearly 4 million pounds of product and employed over 125 seasonal workers. Product inventory is currently being liquidated. The company requires substantial managerial improvement but should break even this year. Continued dependence upon ARRC is probable. No pay down on term indebtedness is expected this year. The repayment schedule on term indebtedness has been rescheduled.

SALAMATOF SEAFOOD, INC. (\$2,034,109 debt secured by second deed of trust on Kenai main plant; \$316,111 in equity) total investment: \$2,350,220.

Salamatof is a major fresh/frozen product processor located on the Kenai River. The Kenai plant is new, well laid out, and constitutes 17% of Kenai Peninsula freezing capacity. The company processed several million pounds of product during the 1980 season but lost control of in-plant and field costs. At the close of the season, the company had trade payables of over \$1,200,000, owed funds to over 200 fishermen, and was in default on a number of provisions in ARRC's investment agreement.

In September, ARRC dispatched an audit team to the company. Upon receiving audit figures confirming the poor financial status of the company ARRC called the Waterer Loan, taking Waterer's 15 shares (42% ownership) in the company and accepted Waterer's resignation as President and Director on November 13, 1980. In December, ARRC also acquired the stock held by an Ohio investor. ARRC now owns 100% of the company.

A petition for bankruptcy under Chapter 11 (reorganization) has been filed. ARRC plans to operate the facility during the 1981 season and to submit a reorganization plan to the court in the fall. An experienced manager has been hired and negotiations are now underway with customers for custom processing.



The Honorable Jalmar M. Kerttula  
Page Three

ICICLE SEAFOODS. (\$1,950,000 short-term pack loan secured by inventory) total investment: \$1,950,000.

When final audit figures for the year ending March, 1980, revealed a loss of over \$2,500,000 on 1979 operations, several banks which had provided short-term credit to Icicle threatened to withdraw funds to continue with its 1980 salmon season. ARRC's loan enabled Rainier, the lead bank, to restructure the group of banks involved in the credit, thus reducing the risk of bank initiated foreclosure proceedings as had occurred at NEFCO. The initial participation by ARRC was at \$3 million. The amount shown above reflects pay down on the 1980 pack line.

On January 28, 1981, ARRC committed to a \$5 million investment in Icicle. Subsequently SOHIO has agreed to join ARRC with an investment of \$1.5 million. These funds, coupled with new term debt, will enable the firm to properly finance the dramatic growth which it has enjoyed over the past five years. ARRC evaluated the company carefully over a three month period and concluded that the firm's management and product markets are basically sound. Rapid growth, cost overruns on recent capital construction projects, and failure to properly capitalize the firm's growth, led to the clear need for the venture capital injection.

Of ARRC's \$5 million commitment, \$3.5 million will come from the Commercial Fish Purchasers Assistance Fund, and \$1.5 million from ARRC's regular FY 81 capital appropriation. The company will be required to undertake specific programs designed to strengthen it. When the investment is concluded, ARRC will own a substantial equity in Icicle below its 49% limitation. There will be provisions for equity repurchase by Icicle, its employees and fishermen.

MARTIN CLARK d/b/a CLARK CONSTRUCTION. (\$373,332 debt secured by equipment) total investment: \$410,000.

A smaller buyer and transhipper of high quality salmon located in Dillingham, Clark moved approximately one million pounds of product this year. ARRC's loan enabled Clark to acquire and install ice producing machinery vitally needed to improve product quality in Bristol Bay. Clark sells ice to other processors as well as engaging in fish buying and shipping. Clark is in financial difficulty. ARRC is providing technical assistance.

AMERICAN EAGLE. (\$50,000 working capital loan secured by personal guarantees) total investment: \$200,000.



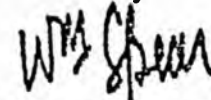
The Honorable Jalmar M. Kerttula  
Page Four

Four entrepreneur/fishermen acquired a WWII vessel and have converted it to a floating processor. ARRC made a working capital loan of \$150,000 and followed up with an additional \$50,000 out of the special fund after the season had begun. In addition to the normal difficulties of a start-up operation the business has suffered from conflict between the owners as well as mechanical problems. Operations for salmon were conducted in the False Pass area.

This venture continues in its attempts to reorganize. ARRC is currently reviewing a plan for mechanical and organizational changes.

To some extent, all of these companies, which are Alaska owned and controlled, will all require a pack line of credit for the 1981 season. Icicle alone, for instance, may need around \$35 million. For this reason, ARRC and the companies in which it has invested are watching SB 140 (pack financing) with special interest. They hope that as Alaskan companies, their credit requirements will receive priority over their non-Alaskan competitors.

Sincerely,



William E. Spear  
Chairman



WOULD YOU TAKE THIS TO THE SENATE HEARINGS THIS MORNING AND READ IT FOR ME CONCERNING ~~SB~~ <sup>HB</sup> 140.

STATEMENT

~~SB~~ <sup>HB</sup> 140

GENTLEMEN:

MY NAME IS THOMAS THOMPSONUND I AM PRESIDENT AND SOLE OWNER OF SITKA SOUND SEAFOODS, INC., LOCATED IN SITKA, ALASKA, AND INCORPORATED IN THE STATE OF ALASKA. I EMPLOY FROM 25 TO 100 WORKERS IN A NORMAL YEAR, AND THE MAJORITY LIVE IN SITKA. I PURCHASE SEAFOOD PRODUCTS FROM WASHINGTON AND ALASKAN FISHERMEN AND DEAL IN CRAB, HERRING, HALIBUT, SABLEFISH, MISCELLANEOUS BOTTOM FISH, TROLL SALMON, SEA URCHINS, ABALONE AND SALMON.

MY PLANT PRODUCED APPROXIMATELY 4,700,000 POUNDS OF PRODUCT DURING 1980 WITH A VALUE OF \$4,229,378. ~~UNDEVELOPED SPECIES: 667,814 UNDEVELOPED SPECIES.~~ <sup>SEAS</sup> THE VALUE STATED IS TO THE FISHERMEN. THE VOLUME OF FISH PRODUCTS LANDED AT THIS PLANT WAS FROM THE FOLLOWING:

TROLLERS	585
HALIBUT/SABLE	165
SALMON SEINED	18
ROE/BAIT HERRING	6
BOTTOM FISH	231
OTHER	7
	781 TOTAL

THIS MEANS THAT WITH AN AVERAGE OF TWO PERSONS PER BOAT WE HAD 1,700 INDIVIDUALS INVOLVED FISHING OUT OF SITKA.

I URGE PASSAGE OF HB 140, FOR IT IS GETTING INCREASINGLY DIFFICULT FOR SEAFOOD COMPANIES TO OBTAIN BANK FINANCING, CAUSED BY THE RATHER POOR PERFORMANCE OF MANY DURING THE PAST TWO YEARS. THE REASON FOR THE POOR PERFORMANCE WAS SOME WHAT CAUSED BY MANAGEMENT, BUT MAINLY BECAUSE OF THE HIGH COST OF ENERGY WHICH HAS TRIPLED IN THE PAST FEW YEARS PER POUND, THE HIGH INTEREST FORCED ON THEM, SOMETIMES REACHING 24 PERCENT, WHICH MAKES THE INVESTMENT IN FISHERIES PRODUCTS ALMOST PROHIBITIVE IF AN INVENTORY HAS TO BE HELD FOR ANY LENGTH OF TIME. THE GENERAL ECONOMY OF THE U.S. AND MOST OF THE WORLD HAS BEEN BAD AND WE HAVE EXPERIENCED A SEVERE RELUCTANCE ON THE PART OF OUR CUSTOMERS TO STOCK ANY LARGE AMOUNT OF PRODUCT. I AM SURE THE HIGH INTEREST RATE THEY MUST PAY IS THE MAIN REASON FOR SLOW SALES.

I FEEL THAT COMPANIES SUCH AS MINE MUST STRIVE TO OPERATE IN A MANNER SO WE CAN ENSURE THE JOBS OF OUR EMPLOYEES, AND ALSO TO MAKE CERTAIN THAT THE MANY PEOPLE MAKING THEIR LIVING FROM THE SEA CAN CONTINUE TO HAVE A REALISTIC INCOME TO COVER THE HIGH INVESTMENTS MADE.

I AM CERTAIN THAT THE PASSAGE OF THIS BILL WILL BE OF BENEFIT TO ALL OF US IN FISHERIES, BOTH PROCESSOR AND FISHERMAN, AND ASK THAT IT BE GIVEN YOUR SERIOUS CONSIDERATION AS SOON AS POSSIBLE. WE ARE ALREADY INTO THE RECEIVING SEASON IN MANY AREAS, AND MANY ARE HAVING DIFFICULTIES IN OBTAINING PACK FINANCE.

IF PASSED, I ENCOURAGE THE LANGUAGE OF THE BILL WILL PROVIDE FOR SERIOUS POLICING OF THE FUNDS, AND THAT CAN BE BEST EFFECTED BY THE LEGITIMATE BANKS HANDLING THE COLLATERAL TRANSACTIONS.

THANK YOU FOR YOUR TIME AND ATTENTION, AND FEEL FREE TO CALL ON ME IF THERE IS FURTHER INFORMATION THAT MAY BE OF ASSISTANCE IN MAKING THIS IMPORTANT DECISION.

T. E. THOMPSON, PRESIDENT  
SITKA SOUND SEAFOODS, INC.

IN THE SECOND PARAGRAPH THE VALUE FOR 1980 SHOULD READ \$4,299,378, AND THE POUNDS TERMED DEVELOPED SHOULD READ 4,073,000.

THANKS

SB 140

February 3, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would establish the fishery product revolving loan fund in the Department of Revenue. This bill is designed to provide short-term financing to fish processors with facilities located in Alaska. The Department of Revenue would be authorized under the bill to purchase participation interests in loans made by banks to fish processors. These loans would provide needed funds to fish processors to cover operating costs before the fishery products are sold.

I am also transmitting a bill appropriating money to the fund.

Sincerely,

*S/SSH*

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
Title An Act establishing a fish pack revolving loan fund.  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management

(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	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	2.0	2.2	2.4	2.7	2.9
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>20.3</b>	<b>66.5</b>	<b>73.1</b>	<b>80.5</b>	<b>88.6</b>	<b>97.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	20.3	66.5	73.1	80.5	88.6	97.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

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

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures for advertising for regulations, etc. Equipment for State Investment Officer.

Costs shown in FY 81 are for a three month period assuming the bill would pass by March 31. If not effective until new fiscal year, equipment costs should be moved to FY 82.

Above is predicated on use of Alaska financial institutions as seller-servicer.

*Anselm C. Staack*

IV. DATE January 26, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury Division  
PHONE 465-2351

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

1	POSITION TITLE State Investment Officer II				RANGE/STEP 22A	BARG. UNIT. X	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT	JUSTIFICATION:  Necessary to implement and monitor new Fish Pack Revolving Loan Fund.  Investment Officer will review and screen loan applications. Analyzes overall value and security and approves loan for purchase/participation. Confer with affected agencies and institutions to maintain smooth revolving loan program. Works with Alaska financial institutions for participations.					
	1	2	3							
4	PERSONAL SERVICES: SALARY 3,494 x 12		41,928							
5	BENEFITS 41,928 x .1533		6,428							
6	FICA SBP		2,004							
7	HEALTH INS. Mo. Fix. 12x150		1,800							
8	TOTAL PERSONAL SERVICES 01		52,160							
9	TRAVEL 02		12,000							
10	CONTRACTUAL 03		2,000							
11	COMMODITIES 04		300							
12	EQUIPMENT 05		2,000							
13	OTHER									
14	TOTAL COST		68,460							
	CODE	FUNDING SOURCE								
15		FED RCPTS. 1002								
16		GF MATCH. 1003								
17		GEN. FUND 1004		68,460						
18		I-A RCPTS. 1005								
19		PGM RCPTS 1028								
20		OTHER								
21	CONTINUATION									
22	ADDITION	XX	FOR B&M USE ONLY							
AA KEY NUMBER _____				COLUMN NO. _____						

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

COMPONENT \_\_\_\_\_

**13 REQUEST FOR NEW POSITION**

Page 1 of 1

REVISED DATE 1/26/81

**FY 82**

# Alaska State Legislature



SENATOR  
BOB MULCAHY  
REPRESENTING  
THE ALEUTIAN CHAIN,  
KODIAK ISLAND  
AND THE Pribilof Islands

HOME ADDRESS  
P.O. BOX 246  
KODIAK, ALASKA 99615  
(907) 486-3561

DURING SESSION  
POUCH V  
JUNEAU, ALASKA 99811

## State Senate

March 16, 1981

TO: Senators Don Bennett and Ed Dankworth, Co-Chairmen  
Senate Finance Committee

FROM: Senator Bob Mulcahy

SUBJ: CSSB 140 and SB 141

Enclosed is the back-up material for the above bills.

PROPOSED AMENDMENTS TO CSSB 140 THAT  
WERE NOT ADOPTED

Proposed amendment to CSSB 140.

Page 2, line 15.

The maximum term of a commitment to loan may not exceed 18 months. The renewal of a commitment to loan is at the discretion of the Commissioner of Revenue.

Proposed amendment by Commissioner Williams.

Page 2, line 15.

delete the entire line and replace it with the following:

(2) if the fund is a participant in a loan to a fish processor that has not been, or appears unlikely to be, fully repaid within a year from the time the loan was made, then the fund may not participate in a new loan to that processor unless there is in effect a reasonable and realistic agreement, acceptable to all participants in the existing loan, under which the existing loan will be repaid in a prompt and orderly fashion.

Proposed amendment by the governor.

Page 2, lines 15-18

delete the following lines:

(2) the term of a loan may not exceed one year;

(3) the loan must be secured by inventory or accounts receivable of the fish processor and may not exceed 75 percent of the appraised value of the collateral taken as security;

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 140 (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 establishing a fishery product revolving loan  
7 fund; and providing for an effective date."

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

9 \* Section 1. AS 44.25 is amended by adding new sections to read:

10 ARTICLE 3. FISHERY PRODUCT REVOLVING LOAN FUND.

11 Sec. 44.25.040. ESTABLISHMENT OF LOAN FUND. The fishery product  
12 revolving loan fund is established in the Department of Revenue.

13 Sec. 44.25.045. FISHERY PRODUCT LOANS. The department may pur-  
14 chase participations in loans made to fish processors with facilities  
15 located in Alaska and which are used to finance those processors' in-  
16 ventories of canned, frozen, or processed products from Alaska fish-  
17 eries. *fishery*

18 Sec. 44.25.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
19 commissioner may

20 (1) designate agents and delegate powers to them as is  
21 necessary;

22 (2) adopt regulations to implement AS 44.25.040 - 44.25.065;

23 (3) make and execute contracts and other instruments to im-  
24 plement AS 44.25.040 - 44.25.065;

25 (4) purchase participations in notes and agreements securing  
26 loans in accordance with AS 44.25.040 - 44.25.065;

27 (5) require that loans in which the fund participates be  
28 secured by adequate collateral;

29 (6) acquire real or personal property by purchase, transfer,

1 or foreclosure when that acquisition is necessary to protect a note in  
2 which the fund has an interest.

3 (b) Money in the fund that is not being used for participations  
4 in fishery product loans must be invested by the department in the same  
5 manner as provided for the investment of general fund surplus under  
6 AS 37.10.070.

7 (c) Earnings and interest income from investment and fishery pro-  
8 duct loan participations must be transferred to the general fund. Re-  
9 payments of principal from investments and loan participations must be  
10 returned to the fund.

11 Sec. 44.25.035. LIMITATIONS ON LOANS. (a) Loan participations  
12 purchased under AS 44.25.040 - 44.25.065 are subject to the following  
13 limitations:

14 (1) state participation in a single loan may not exceed 90  
15 percent of the total amount of the loan;

16 (2) the term of a loan may not exceed one year;

17 (3) the loan must be secured by inventory or accounts re-  
18 ceivable of the fish processor and may not exceed 75 percent of the  
19 appraised value of the collateral taken as security;

20 (4) the loan must be originated and serviced by either the  
21 Alaska Commercial Fishing and Agriculture Bank (AS 44.81.010) or by a  
22 state or federally chartered financial institution;

23 (5) the servicing charge on the loan may not exceed one-half  
24 of one percent of the outstanding balance of the loan;

25 (6) the rate of interest, including all service fees, on the  
26 unpaid balance of one loan fund's participation in a loan shall float  
27 at the average rate at which six month U.S. Treasury bills are awarded  
28 in the weekly auction of U.S. Treasury bills, plus three and three-  
29 fourths percentage points, but may not exceed the applicable interest

rate;

(7) loans must be made only to fish processors with facilities located in Alaska;

(8) loans may not be made to fish processors which are 80 percent or more owned or controlled by aliens.

(b) Money in the fund shall be used to purchase participation in loans made to fish processors which are 50 percent or more owned or controlled by persons domiciled in Alaska until these processors needs for loans are met before the money in the fund may be used to purchase participation in loans made to fish processors which are less than 50 percent owned or controlled by persons domiciled in Alaska.

(c) For the purposes of this section

(1) "alien" means

(A) an individual who is not a citizen or national of the United States, or who is not lawfully admitted to the United States for permanent residence, or paroled into the United States under the Immigration and Nationality Act (8 U.S.C. secs. 1101 - 1503), as amended;

(B) a person, other than an individual, that was not created or organized under the laws of the United States or of a state, or whose principal place of business is not located in any state; or

(C) a person, other than an individual, that was created or organized under the laws of the United States or of a state, or whose principal place of business is located in a state, and which is controlled by a person described in (A) or (B) of this paragraph;

(2) "control" means that a relationship exists between a person and fish processor in which the person exercises control consist-

ing of

(A) owning directly or indirectly, or having the power to vote, the percentage indicated of any class of voting security of a fish processor organized as a corporation; or

(B) influencing or affecting in any substantive manner the election of a majority of the directors or trustees of a fish processor organized as a corporation;

(3) "person" means an individual, a corporation, a partnership, an association, a joint-stock company, an estate, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated association, a government, a political subdivision of a government, or a combination of these entities.

Sec. 44.25.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The department may sell or transfer at par value or at a premium or discount to any bank or other private purchaser for cash or other consideration the mortgages and notes held as security for loans made under AS 44.-25.040 - 44.25.065. The proceeds from the sale or transfer are assets of the fund.

Sec. 44.25.065. DEFINITIONS. In AS 44.25.040 - 44.25.065

(1) "commissioner" means the commissioner of revenue;

(2) "department" means the Department of Revenue;

(3) "fish processor" means a person engaging in a business for which a license is required under AS 43.75.010 - 43.75.090;

(4) "facilities located in Alaska" means facilities at which fisheries products are canned, frozen, or otherwise processed for inventory, including floating facilities which are documented under the laws of the United States as defined in 46 U.S.C. 801, and operate within the three-mile limit or within historic bays and inland waters of the state;

1 (5) "fishery product" means fin fish, shellfish, and fish  
2 byproducts, including but not limited to salmon, halibut, herring,  
3 flounder, crab, clam, cod, shrimp, and pollock;

4 (6) "fund" means the fishery product revolving loan fund.

5 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.  
6 070(c).



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

RESOURCES SUBCOMMITTEE ON FISHERIES

March 4, 1981

TO: Senator Bettye Fahrenkamp, Chairman  
Senate Resources Committee

FROM: Senate Resources Subcommittee on Fisheries

SUBJ: SB 141 "An Act making a special appropriation to  
the Fishery Product Revolving Loan Fund"

The subcommittee has taken testimony and reports SB 141 back to the committee as a whole with the following recommendations.

Members		Recommendation
Senator Mulcahy	<u>Bob Mulcahy</u>	<u>No Pass</u>
Senator Eliason	<u>Don Eliason</u>	<u>u u</u>
Senator Gilman	<u>Don Gilman</u>	<u>No Pass</u>



# Alaska State Legislature

## Senate

### RESOURCES SUBCOMMITTEE ON FISHERIES

JUNEAU, ALASKA

March 4, 1981

TO: Senator Bettye Fahrenkamp, Chairman  
Senate Resources Committee

FROM: Senate Resources Subcommittee on Fisheries

SUBJ: SB 140 "An Act creating a Fishery Product Revolving  
Loan Fund"

The subcommittee has taken testimony and replaced SB 140 with CSSB 140 and reports CSSB 140 back to the committee as a whole with the following recommendations.

Members	Recommendation
Senator Mulcahy <u>Bob Mulcahy</u>	<u>Do Pass</u>
Senator Eliason <u>Phil Eliason</u>	<u>" "</u>
Senator Gilman <u>Don Gilman</u>	<u>NO Rec</u>

STATE OF ALASKA  
THE LEGISLATURE

OFFICE OF THE CLERK  
ALASKA LEGISLATURE  
607-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1981

SUBJECT:           Constitutionality of giving first priority in  
                  the award of fishery loans to Alaskans.  
                  (CSSB 140)

TO:                 Senator Bob Mulcahy

THROUGH:          Joseph A. Guthrie  
                  Legislative Counsel

FROM:             Bernie M. Tuggle '87  
                  Legislative Legal Extern

You have asked whether first priority in the award of fishery loans under CSSB 140 could be given to companies which are owned 50 percent or more by Alaska residents. Your proposal would be subject to attack under the privileges and immunities clause by individuals and to equal protection attack by corporations.

The privileges and immunities clause, Article IV, section 2 says that:

The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States.

Corporations, however, are not protected under this clause, since they are not citizens. Lynden Transport, Inc. v. State, 532 P.2d 700 (Alaska 1975). Therefore, only individuals could pursue a privileges and immunities challenge against your proposal.

The purpose of the clause is:

To place the citizens of each state upon the same footing with citizens of other states, so far as the advantages resulting from citizenship in those states are concerned.

Paul v. Virginia, 19 L.Ed. 357 (1869). However the clause does not preclude disparity of treatment in situations where there are perfectly valid independent reasons for it. What the clause does bar is discrimination against citizens of other states where there is no substantial reason for the discrimination beyond the mere fact that they are citizens of other states. A substantial reason for the discrimination would not exist unless there is something to indicate that non-citizens constitute a "peculiar source of evil" at which the discriminatory statute is aimed. Toomer v. Witsell, 92 L.Ed. 1460, 1472 (1948). Moreover, even where the presence or activity of non-residents causes or exacerbates the problem the state seeks to remedy, there must be a "reasonable relationship" between the danger posed by noncitizens, as a class, and the discrimination practiced upon them. Id., at 1473. Therefore, the privileges and immunities clause demands a two-step analysis.

First, do non-residents constitute a peculiar source of evil at which your proposal is aimed? I believe that a reasonable and persuasive argument could be made that they do. Alaska has a strong interest in regulating and controlling those things it claims to "own" (the funds for which the fishery loans would derive). Yet while this interest is by no means absolute, Baldwin v. Montana Fish & Game Comm'n, 56 L.Ed.2d 354 (1978), Alaska's ownership of the funds is a crucial factor. Hicklin v. Orbeck, 57 L.Ed.2d 397, 406 (1978). In Hicklin, the Court found that Alaska had "little or no" proprietary interest in much of the activity swept within the ambit of Alaska Hire. Id. On the other hand, under your proposal Alaska does have a significant proprietary interest, e.g., management of loan funds, and development of the fishing industry. Given this state interest in the funds which would be the source of fishery loans, non-Alaskans could be a "peculiar source of evil" if the loan funds were limited, non-Alaskans flocked to the state to get the loans, etc.

Second, is there a reasonable relationship between your proposal and the class at which your proposal is aimed. Again, I would say "yes". Non-Alaskans are not absolutely barred from receiving a loan; they must simply wait in line. I would conclude that your proposal is constitutionally valid as applied to non-Alaskan individuals.

Senator Bob Mulcahy  
Page 3  
March 4, 1981

Corporations, meanwhile, could mount a Fourteenth Amendment equal protection attack. However your proposal seems valid since it involves no suspect classes and no fundamental rights. Instead, it is an example of the type of socio-economic legislation that warrants a low level rational basis test. Usually, such a test amounts to the judiciary deferring to the legislative judgment.

While the Alaska Supreme Court no longer applies a two-tiered approach to equal protection cases, State v. Erickson, 574 P.2d 1 (Alaska 1978), the result would be the same since there are no fundamental rights or suspect classes involved with your proposal.

In summary, your proposal seems constitutionally valid both in regards to individuals and to corporations.

BMT:JAG:ljb

Enclosures

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3511

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1981

SUBJECT:           Constitutionality of precluding fish processors  
                    who are 80 percent or more owned by foreign  
                    nationals from obtaining fishery product loans  
                    under SB 140.

TO:                 Senator Bob Mulcahy

FROM:              Joseph A. Guthrie     *JAG*  
                    Legislative Counsel

Attached is a memorandum prepared by Bernie M. Tuggle, a  
legal extern serving with the Division of Legal Services. I  
have reviewed his memorandum and agree with the conclusions  
and advice given in it.

JAG:ljb

Attachment

# STATE OF ALASKA THE LEGISLATURE

PO. CHY. STATE DEPT. 101  
...LEAU ALASKA DEPT 1  
907-465-3211

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1981

SUBJECT:            Constitutionality of precluding fish processors who are 80 percent or more owned by foreign nationals from obtaining fishery product loans under SB 140.

TO:                 Senator Bob Mulcahy

FROM:              Bernie M. Tuggle 67  
                    Legislative Legal Extern

You have asked me to explore the constitutionality of precluding fish processors who are 80 percent or more owned by foreign nationals from obtaining loans from the fishery product revolving loan fund which would be created by SB 140. This issue raises Fourteenth Amendment equal protection problems because your proposal would discriminate against persons on the basis of alienage.

As a practical matter, many fish processors would be organized under the corporate form of business. This raises the initial question whether corporations are protected under the equal protection clause. The answer is an unequivocal "yes". Grosjean v. American Press Co., 80 L.Ed. 660 (1936). Therefore, corporations and other types of business organizations receive the same amount of equal protection as individuals.

Traditionally, classifications based on alienage, like those based on nationality, or race, are inherently suspect and subject to the highest judicial scrutiny. Graham v. Richardson, 29 L.Ed.2d 534 (1971). However it is unclear whether strict scrutiny applies to non-resident aliens as well as resident aliens. While the numerous cases which have struck down alienage classifications have all involved resident aliens, Truax v. Raich, 60 L.Ed. 131 (1951); Takahashi v. Fish and Game Comm'n, 92 L.Ed. 1478 (1948); Graham v. Richardson, supra; Sugarman v. Dougall, 37 L.Ed.2d

853 (1973); In re Griffiths, 37 L.Ed.2d 910 (1973); Hampton v. Mow Sun Wong, 48 L.Ed. 495 (1976); Examining Board v. Otero, 49 L.Ed.2d 63 (1977); Nyquist v. Mauclet, 53 L.Ed.2d 63 (1977); the Court has never directly addressed this issue. The lower courts, meanwhile, have split on whether strict scrutiny is the appropriate level of judicial review for laws which discriminate against non-resident aliens. Compare Moreno v. Toll, 489 F.Supp. 658 (D. Mc. 1980) with United States v. Tsuda Maru, 429 F.Supp. 519 (D. Alaska 1979).

Matthews v. Diaz, 48 L.Ed.2d 478 (1976) suggests that classifications which discriminate against non-resident aliens are not as suspect as classifications discriminating against resident aliens.

Neither the overnight visitor, the unfriendly agent of a hostile foreign power, the resident diplomat, nor the illegal entrant, can advance even a colorable constitutional claim to a share in the bounty that a conscientious sovereign makes available to its own citizens and some of its guests. (Emphasis in original)

Id. at 490. This possible difference in levels of judicial scrutiny will prove important as discussed below.

Another factor as to whether your proposal would pass constitutional muster would be the characterization of the benefit sought. Here, that benefit would be a fishery product loan. As a general rule, the strict scrutiny approach is applicable to state classifications based on alienage, excepting those dealing with governmental functions, in which case the less stringent rational basis test will be applied. For example in Foley v. Connelie, 55 L.Ed.2d 287 (1978), the Court upheld a New York statute limiting appointment to the state police force to United States citizens by applying a rational basis, rather than a strict scrutiny test. The application of this less demanding standard, however, was clearly limited to alienage classifications in matters involving the state's historical power to exclude aliens from participation in its political institutions. As the Court stated:

The essence of our holdings to date is that although we extend to aliens the right to education and public wel-

Senator Bob Mulcahy  
Page 4  
March 3, 1981

In summary then, if your proposal includes resident aliens, it probably would be struck down. If your proposal includes only non-resident aliens, then most likely it would survive an equal protection attack.

BMT:ljb

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

February 27, 1981

The Honorable Bob Mulcahy  
Senate Resources Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: SB 140 and 141 (fish pack loans)

Dear Senator Mulcahy:

This is in response to the questions that came up during my testimony on these bills before your subcommittee.

1. Loans for inventory, not working capital. It is definitely the Governor's intent that these loans would be made to finance fish pack inventories and not to provide processors with working capital loans. As an artifact of being transformed to proper legal style, my draft references to "fish pack loans" were deleted and the present ambiguity as to intent resulted. To restore clarity, I would suggest the following amendments to the version of the bill as introduced:

p. 1, lines 15-16: "located in Alaska and which are used to finance such processors' inventories of canned, frozen or processed [PROCESSING OF] fishery products from Alaskan fisheries."

2. When loans are to be made and funded. It is our intent to use the contractual power proposed in AS 44.25.050(3) to make commitments to participate in pack financings before the fish are bought and processed. However, since the financing would be to finance only the pack or inventory (see comment 1), the execution of such commitments and the actual funding would take place only after the inventory is in existence. Funds for starting up at the beginning of the season would be from a processor's working capital and, hence, could not be advanced under this loan program.

3. Term of the loans. The Committee expressed concern that if there is no clear statutory limit to the term of the loans, processors may attempt to sell last the inventory collateralizing the loan fund's participation in order to prolong or take advantage of the lower interest rate. This

concern will be taken care of by the fact that a participation in a loan will be purchased, rather than a separate loan be made from the loan fund. The fund will be a partner in a fish pack loan, together with the banks or other financial institutions that are participating in the loan. All participants in the loan would have pro-rata, undivided interests in the collateral, and therefore, it would not be possible for a processor to pay off his higher-interest bank participations in the loan while stretching out the State's lower-interest participation.

As I testified, rigidly limiting the term of a loan to one year is unrealistic. True, in good years all the processors can work down their inventories and pay off the loan within 12 months, but good years don't come every year and it is not uncommon for a processor to need more time than that to get squared away. Our leverage over the processor is not so much that we can declare him in default and jerk the loan out from under him, as it is that we can refuse to help finance the current year's pack for him until the last year's pack loan is all cleaned up. This is much more meaningful economic power than the threat of foreclosing on an inventory that the processor would probably have been having trouble with.

I therefore recommend that line 15 on page 2 of the original bill be deleted and the following subsections renumbered accordingly.

4. Collateral. The loans will be for fish pack and will be secured by the pack and the receivables arising from the pack. Fluctuations in the market price for fish products might suddenly lower the value of the pack so that the loan it secures then represents more than 75 percent of the pack's value. What happens then? Literally under the statute, the loan would no longer be one in which we could legally participate. We would be forced to declare a default and foreclose on the loan, thereby acquiring a lot of fish products in the middle of a bad market for fish product.

The large banks that will be originating and participating in many of these loans -- the Rainiers, the Sea Firsts and the like -- know all about this business and aren't about to let themselves lose a lot of money at it. It seems to me, then, that it would be wise to share ratably in the collateral that they themselves are willing to accept, instead of hoping to protect ourselves by a fixed loan-to-value ratio that may quickly become unrealistic as the market changes. Accordingly, I suggest the following amendment to the original bill:

p. 2 lines 16-18: "(3) the state participation must be ratably secured on at least an equal basis as the participations of all other participants in the loan, which must be secured by a pledge of the fish processor's inventory being financed by the loan or the accounts receivable arising from that inventory [OF THE FISH PROCESSOR] or by other collateral acceptable to all participants in the loan [AND MAY NOT EXCEED 75 PERCENT OF THE APPRAISED VALUE OF THE COLLATERAL TAKEN AS SECURITY];"

5. Definition of "facilities located in Alaska", which determines eligibility. The committee expressed concern about the meaning of this term, particularly whether floating processors in the three-mile limit would qualify. Certainly under the present wording of the bill they could be construed as being facilities located in Alaska, and we would adopt a regulation to that effect unless the Legislature shows an intent to the contrary. However, it would be a matter of administrative discretion, and the policy taken now could be reversed in the future. Thus, if you wish to ensure that floating processors will qualify for these fish pack loans, you might add the following definition to proposed AS 44.25.065 on page 3 of the bill:

"facilities located in Alaska" means facilities at which fisheries products are canned, frozen or otherwise processed for inventory and includes such facilities both onshore and offshore, provided that the floating facilities are registered with the State of Alaska or the U.S. Coast Guard and operate within the three-mile limit or within historic bays and inland waters of the State of Alaska.

Let me conclude this letter by assuring you that I do not intend to set up a poorly run loan program if this bill passes. Safeguarding the integrity of the program while meeting the public need is the goal. This will not mean that every processor gets financing under this program, but at the same time no processor with facilities in Alaska will automatically

The Honorable Bob Mulcahy

February 27, 1981  
Page Four

be excluded. Decisions will be made on a case-by-case basis. The processor will first go to a financial institution or CFAB, which will originate and participate in the loan. The originator will be free to agree to commit to a participation or to decline it. If it agrees, the originator will invite us to participate, and we will in turn apply our independent judgment in deciding whether or not to make a commitment. The terms and conditions, the safeguards and protections, the duties and obligations will all be spelled out in great detail in the loan agreements, which we can and will insist on being to our satisfaction before we agree to participate. It is important that the statute preserve administrative flexibility to adapt, if appropriate, to the particular circumstances of the individual borrower. This bill, with the changes I have suggested, would provide a skeleton to support the program, and we will do our best to flesh it out into a healthy program.

Very truly yours,



Thomas K. Williams  
Commissioner of Revenue

TKa:mll

cc: Senator Eliason  
Senator Gilman

REQUEST

Bill/Resolution No. \_\_\_\_\_

Title An Act establishing a fish pack revolving loan fund.

Requested by \_\_\_\_\_

Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(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	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	2.0	2.2	2.4	2.7	2.9
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>20.3</b>	<b>66.5</b>	<b>73.1</b>	<b>80.5</b>	<b>88.6</b>	<b>97.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	20.3	66.5	73.1	80.5	88.6	97.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

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

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures for advertising for regulations, etc. Equipment for State Investment Officer.

Costs shown in FY 81 are for a three month period assuming the bill would pass by March 31. If not effective until new fiscal year, equipment costs should be moved to FY 82.

Above is predicated on use of Alaska financial institutions as seller-servicer.

*Anselm C. Staack*

IV. DATE January 26, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

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

1	POSITION TITLE State Investment Officer II	RANGE/STEP 22A	BARG. UNIT. X	LOCATION Juneau	APV	APPROV	DIVISION
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 3,494 x 12	41,928
5	BENEFITS 41,928 x .1533	6,428
6	FICA SBP	2,004
7	HEALTH INS. Mo. Fix. 12x150	1,800
8	TOTAL PERSONAL SERVICES 01	52,160
9	TRAVEL 02	12,000
10	CONTRACTUAL 03	2,000
11	COMMODITIES 04	300
12	EQUIPMENT 05	2,000
13	OTHER	
14	TOTAL COST	68,460

JUSTIFICATION:

Necessary to implement and monitor new Fish Pack Revolving Loan Fund.

Investment Officer will review and screen loan applications. Analyzes overall value and security and approves loan for purchase/participation. Confer with affected agencies and institutions to maintain smooth revolving loan program. Works with Alaska financial institutions for participations.

	CODE	FUNDING SOURCE
16		FED HCPTS. 1002
16		GF MATCH. 1001
17		GEN. FUND 1004 68,460
18		I-A HCPTS. 1005
19		PGM HCPTS 1021
20		OTHER

21	CONTINUATION	
22	ADDITION	XX FOR B&M USE ONLY

AA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

COMPONENT \_\_\_\_\_

**13 REQUEST FOR NEW POSITION.**

**FY 82**