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RULES COMMITTEE MEETING

TUESDAY MAY 29, 1984

1. Call to order
2. Date and Time
3. Note members in attendance. (Hayes, Barnes, Liska, Miller, Phillips, Tischer)
4. The only item on today's agenda is a proposed Rules Committee CS for CSSB 496(Fin) - "An Act relating to loans for commercial fishing and agriculture; and providing for an effective date." The Rules CS makes several technical changes to ensure that provisions relating to Yukon-Kuskokwim fisheries fall under the existing funding and loan guarantee provisions found in other statutes. The Rules CS is identical to the House Fin CS except that:
 - Subparagraph (D) of the House Finance version, page 2, lines 14-28, is deleted, and the provisions contained in (D) are incorporated into existing Subparagraphs (A)-(C) in the House Rules CS. This language is incorporated in the Rules CS on page 1, lines 16, 20, and 23-28, and on page 2, lines 5-8, 11-12 and 22-24.
5. Request a motion to adopt HCS CSSB 496(Rules) in place of the original bill, to bring the subject before the Committee for discussion.
6. Anyone from Sen Mulcahy's or Rep. Herrmann's office?
Public comment? Committee debate?
7. Place the question - "Shall the Rules Committee adopt HCS CSSB 496(Rules) with individual recommendations" - before the Committee for a vote.
8. Adjourn



Official Business

Alaska State Legislature

House of Representatives

Committee on Rules

Juneau, Alaska 99811

Phone:
(907) 465-3764
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RULES COMMITTEE MEETING

MAY 29, 1984

-AGENDA-

HCS CSSB 96(Finance)

"An Act relating to loans for commercial fishing and agriculture; and providing for an effective date."



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RULES COMMITTEE MEETING

MAY 29, 1984

-AGENDA-

HCS CSSB 496(Finance)

"An Act relating to loans for commercial fishing and agriculture; and providing for an effective date."

Hein
5/28/84 ✓

Original sponsor: Rules/Governor

Fuller

1 IN THE SENATE

BY THE RULES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 496 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for commercial fishing and
7 agriculture; and providing for an effective date."

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

9 * Section 1. AS 16.10.310(a) is amended to read:

10 (a) The department may

11 (1) make loans to

12 (A) individual commercial fishermen who have been

13 state residents for a continuous period of two years immediately

14 preceding the date of application for a loan under AS 16.10.300 -

15 16.10.370 and have had a crewmember or commercial fishing license

16 under AS 16.05.480 or a permit under AS 16.43 for the year imme-

17 diately preceding the date of application and any other two of

18 the past five years, and who actively participated (i) in commer-

19 cial fishing in the fishery during those periods or (ii) in

20 subsistence fishing in a fishery in the drainage system of the

21 Yukon and Kuskokwim Rivers during those periods, for the purchase

22 of entry permits;

23 (B) an individual who has been a state resident for a

24 continuous period of two years immediately preceding the date of

25 application for a loan under AS 16.10.300 - 16.10.370, who (i)

26 because of lack of training or lack of employment opportunities

27 in the area of residence does not have occupational opportunities

28 available other than commercial fishing; or (ii) is economically

29 dependent on subsistence fishing in the drainage system of the

A-C
D Deleted in
H Fin version

1 Yukon and Kuskokwim Rivers or on commercial fishing for a liveli-
2 hood and for whom subsistence fishing in the drainage system of
3 the Yukon and Kuskokwim Rivers or commercial fishing has been a
4 traditional way of life for the individual in Alaska; [,] for the
5 repair, restoration or upgrading of existing vessels and gear,
6 for the purchase of entry permits and gear, for the purchase of
7 shore fisheries leases, and for the construction and purchase of
8 vessels;

9 (C) corporations, partnerships, or joint ventures, 100
10 percent of which are owned by individual commercial fishermen who
11 have been state residents for a continuous period of two years
12 immediately preceding the date of application for a loan under
13 AS 16.10.310(a)(1)(B) and have had a crewmember or commercial
14 fishing license under AS 16.05.480 or a permit under AS 16.43 for
15 the year immediately preceding the date of application and any
16 other two of the past five years, and who actively participated
17 (i) in commercial fishing in the fishery during that period or
18 (ii) in subsistence fishing in a fishery in the drainage system
19 of the Yukon and Kuskokwim Rivers during that period, for the
20 repair, restoration or upgrading of existing vessels and gear,
21 for the purchase of gear, and for the construction and purchase
22 of vessels;

23 (2) designate agents and delegate its powers to them as
24 necessary;

25 (3) adopt regulations necessary to carry out its functions;

26 (4) establish amortization plans for repayment of loans,
27 which may include extensions for poor fishing seasons or for adverse
28 market conditions for Alaskan products;

29 (5) enter into agreements with private lending

1 institutions, other state agencies, or agencies of the federal govern-
2 ment, to carry out the purposes of AS 16.10.300 - 16.10.370;

3 (6) enter into agreements with other agencies or organiza-
4 tions to create an outreach program to make loans under AS 16.10.300 -
5 16.10.370 in rural areas of the state;

6 (7) allow an assumption of a loan if the applicant has been
7 a state resident for a continuous period of two years immediately
8 preceding the date of the request for an assumption.

9 * Sec. 2. AS 16.10.320(a) is amended to read:

10 (a) A loan under AS 16.10.310 - 16.10.370

11 (1) may not exceed a term of 15 years, except for exten-
12 sions granted under AS 16.10.310(a)(4);

13 (2) may not bear interest exceeding 10-1/2 percent;

14 (3) shall be secured by a first priority lien and appropri-
15 ate security agreement; and

16 (4) may not exceed 90 percent of the appraised value of the
17 collateral used to secure the loan, except that a loan granted under
18 AS 16.10.333 for the purchase of an Alaska limited entry permit may
19 not exceed an amount determined in accordance with (f) or (h) of this
20 section.

21 * Sec. 3. AS 16.10.320(d) is amended to read:

22 (d) The total of balances outstanding on loans [LOANS] made to a
23 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
24 \$300,000. Loans made to a borrower under AS 16.10.310(a)(1)(B) or (C)
25 may not exceed a total of \$100,000. A loan to an associate of the
26 borrower is considered to be a loan to the borrower. For the purposes
27 of this section, "associate of the borrower" means

28 (1) a corporation or other organization of which the bor-
29 rower is an officer, director or partner, or is, directly or in-

1 directly, the beneficial owner of 10 percent or more of any class of
2 equity securities;

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

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

9 * Sec. 4. AS 16.10.320(e) is amended to read:

10 (e) Two or more individual commercial fishermen who each satisfy
11 the requirements specified in AS 16.10.310(a)(1)(B) may jointly obtain
12 a commercial fishing loan for the construction of a fishing vessel or
13 the purchase of an existing fishing vessel. Loans granted under this
14 subsection

15 (1) may not exceed the amount specified in (d) of this
16 section multiplied by the number of qualified commercial fishermen
17 applying for the loan;

18 (2) may not exceed a term of 15 years, except for exten-
19 sions granted under AS 16.10.310(a)(4);

20 (3) shall be secured by a first priority lien and appropri-
21 ate security agreement;

22 (4) may not bear interest exceeding 10-1/2 percent; and

23 (5) may not exceed 90 percent of the appraised value of the
24 collateral used to secure the loan.

25 * Sec. 5. AS 16.10.335 is amended to read:

26 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
27 defaults upon a note for which a limited entry permit has been pledged
28 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-
29 sioner shall provide the debtor, by both [REGISTERED OR] certified and

1 first class mail sent to the debtor's last known address on file with
2 the commissioner, with a notice of default that [WHICH] includes

3 (1) a description of the security given for the note in-
4 cluding the number assigned to the pledged permit by the commission;

5 (2) the date upon which the default occurred;

6 (3) the amount of arrearages as of the date of the notice,
7 the total amount remaining on the note less unearned interest, and the
8 amount of daily interest;

9 (4) a statement that the debtor may, within 15 days after
10 [OF] the postmark date of the notice, request a hearing to submit
11 evidence showing the debtor has not defaulted;

12 (5) a statement that the note may be reinstated if brought
13 current within 60 days after [FROM] the postmark date of the notice;

14 (6) a statement that the note may be paid in full less
15 unearned interest within 120 days after [FROM] the postmark date of
16 the notice;

17 (7) the place where reinstatement or payment in full may be
18 made; and

19 (8) a notice in at least 10-point bold type stating:
20 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE
21 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT
22 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

23 (b) In each case of a limited entry permit being pledged as
24 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on
25 file with the department an address where notice of default is to be
26 sent, if necessary, and where that notice will be timely received by
27 the debtor.

28 (c) Upon presentation of evidence of mailing in accordance with
29 (a) of this section, the receipt of the notice of default by the

1 debtor will be presumed for all purposes. This presumption is re-
2 buttable by presentation of evidence sufficient to demonstrate lack of
3 receipt of notice through no fault of the debtor. Upon presentation
4 of evidence sufficient to prove lack of receipt of notice through no
5 fault of the debtor, the notice is a nullity.

6 (d) Upon good cause shown, the commissioner may waive any of the
7 time limits in (a) of this section, if the department receives from
8 the debtor or the debtor's representative a request for the waiver
9 before the expiration of the time limit for which the waiver is
10 sought.

11 (e) Except as otherwise provided in (c) and (d) of this section,
12 upon [UPON] the debtor's failure to satisfy the note within the time
13 specified in (a)(6) of this section, the debtor's interest in the
14 permit is terminated by operation of law without further notice. Any
15 entry permit cards issued to the debtor under the permit shall be
16 cancelled immediately upon receipt by the commission of a certificate
17 of termination containing a copy of the notice required by (a) of this
18 section issued by the commissioner.

19 * Sec. 6. AS 16.10 is amended by adding a new section to read:

20 Sec. 16.10.336. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
21 FORECLOSURE. The department shall dispose of property acquired
22 through default or foreclosure of a loan made under AS 16.10.300 -
23 16.10.370. Disposal shall be made in a manner that serves the best
24 interests of the state and may include the amortization of payments
25 over a period of years, but may not be by lease.

26 * Sec. 7. AS 44.81.210(a) is amended by adding a new paragraph to read:

27 (23) make a loan to a person, regardless of residency, if
28 the board of directors of the bank determines that the loan is neces-
29 sary to preserve the value of property held by the bank as security

1 for a loan that was made under (a)(1) of this section and that is in
2 default.

3 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).
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