

COMMITTEE REPORT SENATE

FURTHER:

3/12/85

Date 4/20/85

Mr. President

The Committee on FINANCE considered SB 70

Miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development; 178

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 78 (Fin)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____

(Committee FN's revised w/ SFC to reflect program needs instead of CF)

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]

Chairman

Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSSB 78(Fin) Agency Affected: Commerce & Economic Dev
 Title: Miscellaneous amendments to state loan programs Program Category Affected: Development
 Sponsor: Rules/Governor BRU, Program or Subprogram(s) Affected:
 Requestor: _____ Accounting & Collections
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		8.5	8.5	8.5	8.5	8.5
200 TRAVEL						
300 CONTRACTUAL		2.3	2.3	2.3	2.3	2.3
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		10.8	10.8	10.8	10.8	10.8
CAPITAL						
REVENUE		178.0	271.0	364.0	457.0	550.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		10.8	10.8	10.8	10.8	10.8
TOTAL		10.8	10.8	10.8	10.8	10.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Jan Faiks, Co-chairman Phone: 465-4523
 Division: Senate Finance Committee Date: 4/26/85
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 24, 1985

REQUEST

Bill/Resolution No.: CSSB78 (L&C)
 Title: Technical Amendments to
DCED Loan Programs
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Dept. of Commerce & Econ. Dev.
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected:
Division of Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		8.5	8.5	8.5	8.5	8.5
200 TRAVEL						
300 CONTRACTUAL		2.3	2.3	2.3	2.3	2.3
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		10.8	10.8	10.8	10.8	10.8
CAPITAL						
REVENUE		175.5	271.0	314.0	457.0	550.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		10.8	10.8	10.8	10.8	10.8
FEDERAL FUNDS						
OTHER						
TOTAL		10.8	10.8	10.8	10.8	10.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached

Prepared By: Margaret I. Hamley *Mil*
 Division: Division of Accounting & Collections

Phone: 465-2555

Date: 4-24-85

Approved by Commissioner: Loren H. Lounsbury *Loren*
 Agency: Dept. of Commerce & Economic Development

Date: 4/25/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

TECHNICAL AMENDMENTS TO DCED LOAN PROGRAMS: FISCAL NOTE

In order for Division of Investments to administer this legislation as it relates to commercial fishing loan assumptions, the Division of Accounting & Collections must be staffed to provide minimally adequate service to Investments. While we originally estimated a need for two additional positions within the Division of Accounting & Collections, we have streamlined our operation within the past six months since the original fiscal note was drafted, and we believe we can service Division of Investments' requirements through overtime effort.

The overtime funding requested will provide for records management (filing) effort as well as accounting effort to process refinanced repossessions and assumptions through the loan accounting system.

	200 hours clerical support	\$3522.00
	200 hours accounting support	4962.00
Line 100		<u>\$8484.00</u>
Contractual Services		
	Long Distance/Postage	300.00
	Payment Coupon Printing	1000.00
	DP Chargeback	<u>1000.00</u>
Line 300		<u>\$2300.00</u>
	TOTAL	<u>\$10,784.00</u>

REVENUE ANALYSIS

1. Assumes an estimated 250 applicants and 200 approvals of assumptions per year, with an average assumed balance of \$67,500:
 - a. Nonrefundable application fee \$50 x 250 = \$12,500/year
 - b. Assumption Fee (one-time) of 1/2% of the assumed balance
\$67,500 x .005 x 200 = \$67,500/year
2. Assumes an estimated 25 prequalification applicants per year:
 - a. Nonrefundable application fee \$100 x 25 = \$2500/year
3. Assumes 90% recovery of losses on commercial fishing loans due to the ability to finance and reamortize repossessed vessels and other collateral.

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
Assumptions					
Application Fees	12.5	12.5	12.5	12.5	12.5
Assumption Fees	67.5	67.5	67.5	67.5	67.5
Prequalification Fees	⁵⁰⁰ 2.5	⁵⁰⁰ 2.5	⁵⁰⁰ 2.5	⁵⁰⁰ 2.5	⁵⁰⁰ 2.5
Additional Loss Recovery	<u>93.0</u>	<u>186.0</u>	<u>279.0</u>	<u>372.0</u>	<u>465.0</u>
	<u>\$175.5</u>	<u>\$268.5</u>	<u>\$361.5</u>	<u>\$454.5</u>	<u>\$547.5</u>
	+21.5 178.0	+21.5 271.0	+21.5 364.0	+21.5 457.0	+21.5 550.0

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 78(Fin)
 Title: Miscellaneous amendments
to state loan programs
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev
 Program Category Affected: _____
Development
 BRU, Program or Subprogram(s) Affected: _____
Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		156.7	156.7	156.7	156.7	156.7
200 TRAVEL		7.9	7.9	7.9	7.9	7.9
300 CONTRACTUAL		14.0	12.0	12.0	12.0	12.0
400 SUPPLIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		18.0	-	-	-	-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		197.8	177.8	177.8	177.8	177.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		197.8	177.8	177.8	177.8	177.8
TOTAL						

POSITIONS:

FULL-TIME		4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Jan Faiks, Co-chairman Phone: 465-4523
 Division: Senate Finance Committee Date: 4/26/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

010

SB 78

Revision Date: 11/30/84

REQUEST
Bill/Resolution No.:
Title: Miscellaneous Amendments to State loan programs admin. by DCFD
Sponsor: Rules/Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Commerce & Econ. Dev.
Program Category Affected: Development
BRU, Program or Subprogram(s) Affected: Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		156.7	156.7	156.7	156.7	156.7
200 TRAVEL		7.9	7.9	7.9	7.9	7.9
300 CONTRACTUAL		14.0	12.0	12.0	12.0	12.0
400 SUPPLIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		18.0	-	-	-	-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		197.8	177.8	177.8	177.8	177.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	197.8	177.8	177.8	177.8	177.8
FEDERAL FUNDS					
OTHER					
TOTAL					

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary

Paul B. Arnoldt

Prepared By: Paul B. Arnoldt, Director Phone: 465-2510
Division: Investments Date: 12/4/84
Approved by Commissioner: Richard A. Lyon Date: 12-5-84
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

7/1/84

FISCAL NOTE ANALYSIS

Personal Services:

Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. One time expenses would be incurred for equipment.

Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.

PERSONNEL COSTS

Two Loan Examiners II, Range 17A; one each in Anchorage and Juneau:

Salary	\$34,740	
Benefits	\$10,486	
TOTAL Personal Services		\$45,226
Travel		\$ 3,950
Contractual		\$ 3,000
Commodities		\$ 300
Equipment		\$ 4,750
Total per employee		\$57,226
Subtotal for two Loan Examiners II		\$114,452

Two Loan Closers II, Range 12A; one each in Anchorage and Juneau:

Salary	\$24,864	
Benefits	\$ 8,281	
TOTAL Personal Services		\$33,145
Travel		\$ -0-
Contractual		\$ 3,000
Commodities		\$ 300
Equipment		\$ 4,250
Total per employee		\$40,695

Subtotal for two Loan Closers II \$ 81,390

Estimates for other line items assume that the new employees required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.

Travel: To inspect collateral, interview applicants, and inform
(for Loan public on program.
Examiners)

Contractual: Space Rental: \$3,000
\$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of
Administration
One time \$2,000 modification and reprinting of the existing
loan application packets.

Commodities: General supplies.

<u>Equipment:</u>	Calculator	\$ 365
(for Loan	Typewriter	\$ 1,369
Closers)	Workstation	\$ 2,516
		\$ 4,250

<u>Equipment:</u>	Calculator	\$ 365
(for Loan	Microfiche Reader	\$ 300
Examiners)	Workstations	\$ 4,085
		\$ 4,750

TOTAL FY '86 PERSONNEL AND ASSOCIATED COSTS

\$197,842

0867Wb111984d

1.	POSITION TITLE LOAN EXAMINER II				RANGE/STEP 17A	DEPT. UNIT GGU	PAGE/LINE	COY.	APPROV.	DISAPP.				
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCH NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.						
3.	CONTINUATION LEVEL				JUSTIFICATION									
4.	TYPE OF EXPENDITURE				<p>Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.</p> <p>Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.</p> <p>Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.</p> <p><u>Travel:</u> To inspect collateral, interview applicants, and inform public on program.</p> <p><u>Contractual:</u> Space Rental: \$3,000 \$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.</p> <p><u>Commodities:</u> General supplies.</p> <p><u>Equipment:</u> Calculator \$ 365 Microfiche Reader \$ 300 Workstation \$4,085 \$4,750</p>									
5.	PERSONAL SERVICES													
6.	Salary		34,740											
7.	Benefits		5,624											
8.	Supplemental Benefits		2,130											
9.	Fixed Benefits		2,732											
10.	TOTAL PERSONAL SERVICES		01	45,226										
11.	Travel		02	3,950										
12.	Contractual		03	3,000										
13.	Commodities		04	300										
14.	Equipment		05	4,750										
15.	TOTAL COST			57,226										
16.	RECEIPT CODE	FUNDING SOURCE												
17.		Federal Receipts 1002												
18.		C.F. Hatch 1003												
19.		General Funds 1004		57,226										
20.		I-A Receipts 1005												
21.		Program Receipts 1028												
		Other												
FOR BSM USE ONLY														
KEY NUMBER														

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Economic Development
 BRU Investments
 COMPONENT Administration

Page 1 of 4
 Revised Date _____

FY 86

1.	POSITION TITLE LOAN EXAMINER II				RANGE/STEP 17A	DARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.					
	PERSONAL SERVICES									
5.	Salary		34,740							
6.	Benefits		5,624							
7.	Supplemental Benefits		2,130							
8.	Fixed Benefits		2,732							
9.	TOTAL PERSONAL SERVICES		01	45,226						
10.	Travel		02	3,950						
11.	Contractual		03	3,000						
12.	Commodities		04	300						
13.	Equipment		05	4,750						
14.	Other									
15.	TOTAL COST			57,226						
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		C.F. Match 1003								
19.		General Funds 1004		57,226						
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR BRU USE ONLY										
KEY NUMBER _____										

Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.

Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.

Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.

Travel: To inspect collateral, interview applicants, and inform public on program.

Contractual: Space Rental: \$3,000
\$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.

Commodities: General supplies.

Equipment: Calculator \$ 365
Microfiche Reader \$ 300
Workstation \$4,085
\$4,750

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Economic Development
BRU Investments
COMPONENT Administration

FY 86

Page 2 of 4
Revised Date _____

1.	POSITION TITLE LOAN CLOSER II				RANGE/STEP 12A	DARG. UNIT GGU	PAGE/LINE	COY.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.					
	PERSONAL SERVICES		AMOUNT							
5.	Salary	24,864								
6.	Benefits	4,025								
7.	Supplemental Benefits	1,524								
8.	Fixed Benefits	2,732								
9.	TOTAL PERSONAL SERVICES	01	33,145							
10.	Travel	02	-0-							
11.	Contractual	03	3,000							
12.	Commodities	04	300							
13.	Equipment	05	4,250							
14.	Other									
15.	TOTAL COST		40,695							
				Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.						
				Contractual: Space Rental: \$3,000 \$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.						
				Commodities: General supplies.						
				Equipment: Calculator \$ 365 Typewriter \$1,369 Workstation \$2,515 \$4,250						
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		C.F. Match 1003								
19.		General Funds 1004		40,695						
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR BSM USE ONLY										
KEY NUMBER										

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Administration

Page 3 of 4

Revised Date

FY 86



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

"Letter of Intent

CSSB 78 (L&C)

It is the intent of the Legislature that when implementing the Commercial Fishing Loan Act, the Department of Commerce and Economic Development shall:

- (1) utilize maximum flexibility in dealing with loan assumption requests with the understanding that the credit worthiness of the applicant shall be of paramount importance in the decision-making process.
- (2) relinquish the original borrower's obligation under the loan agreement whenever the applicant for the assumption has demonstrated credit worthiness to the satisfaction of the Department.
- (3) allow individuals to pre-qualify for a loan. This pre-qualification status would apply only to loans authorized for the purchase of limited entry permits."

*Adopted
4/26/85*

*BE. am
page 3, line 10*

Original sponsor: Rules/Governor

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 78 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making miscellaneous amendments to state loan programs; and providing for an effective date."

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

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

(a) The department may

(1) make loans to

(A) individual commercial fishermen who have been state residents for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370 and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for the year immediately preceding the date of application and any other two of the past five years, and who actively participated in the fishery during those periods, for the purchase of entry permits;

(B) an individual for the repair, restoration, or upgrading of existing vessels and gear, for the purchase of entry permits and gear, and for the construction and purchase of vessels, if the individual [AN INDIVIDUAL WHO] has been a state resident for a continuous period of two years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, and either [WHO]

(i) because of lack of training or lack of employment opportunities in the area of residence does not have occupational opportunities available other than

1 commercial fishing; or

2 (ii) is economically dependent on commercial
3 fishing for a livelihood and for whom commercial fishing has
4 been a traditional way of life [FOR THE INDIVIDUAL] in
5 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-
6 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND
7 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

8 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100
9 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO
10 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS
11 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER
12 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL
13 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR
14 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY
15 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED
16 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR
17 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,
18 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

19 (2) designate agents and delegate its powers to them as
20 necessary;

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

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

25 (5) enter into agreements with private lending intuitions,
26 other state agencies, or agencies of the federal government, to carry
27 out the purposes of AS 16.10.300 - 16.10.370;

28 (6) enter into agreements with other agencies or organiza-
29 tions to create an outreach program to make loans under AS 16.10.300 -

1 16.10.370 in rural areas of the state;

2 (7) allow an assumption of a loan if

3 (A) the applicant has been a state resident for a
4 continuous period of two years immediately preceding the date of
5 the request for an assumption; and

6 (B) approval of the assumption would be consistent
7 with the purposes of AS 16.10.300; an applicant for a loan
8 assumption may not be disqualified because the applicant does not
9 meet the loan eligibility requirements of ⁽¹⁾this subsection;

10 (8) prequalify loan applicants for a limited entry permit
11 loan and charge a fee not to exceed \$200 for prequalification.

12 * Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

13 (c) In determining whether an individual commercial fisherman is
14 reasonably likely to be able to repay a loan made under AS 16.10.300 -
15 16.10.370, the commissioner shall consider the individual commercial
16 fisherman's income from commercial fishing and from all other sources.

17 * Sec. 3. AS 16.10.315 is amended to read:

18 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall
19 allocate at least 10 percent of the money that is appropriated for a
20 state fiscal year to make loans under AS 16.10.310 for loans of
21 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-
22 cation made under this section terminates on April 15 of the state
23 fiscal year for which the allocation is made.

24 * Sec. 4. AS 16.10.320(a) is amended to read:

25 (a) Except as permitted in (h) of this section, a [A] loan
26 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

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

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

1 (3) must [SHALL] be secured by a first priority lien and
 2 appropriate security agreement; and

3 (4) may not exceed 90 percent of the appraised value of the
 4 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER
 5 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY
 6 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS
 7 SECTION].

8 * Sec. 5. AS 16.10.320(d) is amended to read:

9 (d) The total of balances outstanding on loans [LOANS] made to a
 10 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
 11 \$300,000. The total of balances outstanding on loans [LOANS] made to
 12 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A
 13 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-
 14 sidered to be a loan to the borrower. For the purposes of this sec-
 15 tion, "ASSOCIATE OF THE BORROWER" means

16 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-
 17 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-
 18 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF
 19 EQUITY SECURITIES;

20 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL
 21 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE
 22 BORROWER;

23 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A
 24 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS
 25 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

26 * Sec. 6. AS 16.10.320(e) is amended to read:

27 (e) Two or more individual commercial fishermen who each satisfy
 28 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,
 29 whether operating as a corporation, partnership, joint venture, or

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otherwise, obtain a commercial fishing loan for the repair, restoration, or upgrading of an existing vessel and gear, for the purchase of gear, and for the construction [OF A FISHING VESSEL] or the purchase of a [AN EXISTING] fishing vessel. Loans granted under this subsection

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

(2) MAY NOT EXCEED A TERM OF 15 YEARS;

(3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPROPRIATE SECURITY AGREEMENT;

(4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

AND

(5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF THE COLLATERAL USED TO SECURE THE LOAN].

* Sec. 7. AS 16.10.320(i) is amended to read:

(i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under AS 16.10.310(a)(1)(A) if the total of the balances outstanding on loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310 does not exceed \$300,000.

* Sec. 8. AS 16.10.333(a) is amended to read:

(a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to an individual commercial fisherman for the purchase of a limited entry permit upon certification by the commission that the fisherman is a person who qualifies as a transferee for the permit under AS 16.43 and

1 the regulations adopted by the commission.

2 * Sec. 9. AS 16.10.335 is amended to read:

3 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
4 defaults upon a note for which a limited entry permit has been pledged
5 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-
6 sioner shall provide the debtor, by both [REGISTERED OR] certified and
7 first class mail sent to the debtor's last known address on file with
8 the commissioner, with a notice of default that [WHICH] includes

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

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

12 (3) the amount of arrearages as of the date of the notice,
13 the total amount remain on the note less unearned interest, and the
14 amount of daily interest;

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

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

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

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

25 (8) a notice in at least 10-point bold type stating:
26 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE
27 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT
28 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."
29

(b) In each case of a limited entry permit being pledged as

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2 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on
3 file with the department an address where notice of default is to be
4 sent, if necessary, and where that notice will be timely received by
5 the debtor.

6 (c) Upon presentation of evidence of mailing in accordance with
7 (a) of this section, the receipt of the notice of default by the
8 debtor will be presumed for all purposes. This presumption is rebut-
9 table by presentation of evidence sufficient to demonstrate lack of
10 receipt of notice through no fault of the debtor. Upon presentation
11 of evidence sufficient to prove lack of receipt of notice through no
12 fault of the debtor, the notice is a nullity.

13 (d) Upon good cause shown, the commissioner may waive any of the
14 time limits in (a) of this section, if the department receives from
15 the debtor or the debtor's representative a request for the waiver
16 before the expiration of the time limit for which the waiver is
17 sought.

18 (e) Except as otherwise provided in (c) and (d) of this section,
19 upon [UPON] the debtor's failure to satisfy the note within the time
20 specified in (a)(6) of this section, the debtor's interest in the
21 permit is terminated by operation of law without further notice. Any
22 entry permit cards issued to the debtor under the permit must [SHALL]
23 be cancelled immediately upon receipt by the commission of a certifi-
24 cate of termination containing a copy of the notice required by (a) of
25 this section issued by the commissioner.

26 * Sec. 10. AS 16.10.339 is amended to read:

27 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL
28 OF THE] department[,] shall adopt regulations to implement AS 16.10.-
29 333 - 16.10.337.

* Sec. 11. AS 16.10 is amended by adding a new section to read:

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2 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-
3 CLOSURE. The department shall dispose of property acquired through
4 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370
5 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a
6 manner that serves the best interests of the state, and may include
7 the amortization of payments over a period of years, but may not be by
8 lease.

9 * Sec. 12. AS 16.10 is amended by adding a new section to read:

10 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is
11 established as a special account within the fisheries enhancement
12 revolving loan fund the foreclosure expense account. This account is
13 established as a reserve from fund equity.

14 (b) The commissioner may expend money credited to the foreclo-
15 sure expense account when necessary to protect the state's security
16 interest in collateral on loans made under AS 16.10.520 or to defray
17 expenses incurred during foreclosure proceedings after a default by an
18 obligor.

19 * Sec. 13. AS 16.10 is amended by adding a new section to read:

20 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
21 FORECLOSURE. The Department of Commerce and Economic Development
22 shall dispose of property acquired through default or foreclosure of a
23 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a
24 manner that serves the best interests of the state, and may include
25 the amortization of payments over a period of years.

26 * Sec. 14. AS 26.15 is amended by adding a new section to read:

27 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
28 FORECLOSURE. The Department of Commerce and Economic Development
29 shall dispose of property acquired through default or foreclosure of a
loan made under this chapter. Disposal shall be made in a manner that

1 serves the best interests of the state, and may include the amortiza-
2 tion of payments over a period of years.

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4 * Sec. 15. AS 26.15 is amended by adding a new section to read:

5 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is
6 established as a special account within the Alaska World War II veter-
7 ans' revolving fund the foreclosure expense account. This account is
8 established as a reserve from fund equity.

9 (b) The commissioner of commerce and economic development may
10 expend money credited to the foreclosure expense account when neces-
11 sary to protect the state's security interest in collateral on loans
12 made under AS 26.15.040 or to defray expenses incurred during fore-
13 closure proceedings after a default by an obligor.

14 * Sec. 16. AS 27.09 is amended by adding a new section to read:

15 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
16 established as a special account within the mining loan fund the fore-
17 closure expense account. This account is established as a reserve
18 from fund equity.

19 (b) The commissioner of commerce and economic development may
20 expend money credited to the foreclosure expense account when neces-
21 sary to protect the state's security interest in collateral on loans
22 made under AS 27.09.010 or to defray expenses incurred during fore-
23 closure proceedings after a default by an obligor.

24 * Sec. 17. AS 27.09 is amended by adding a new section to read:

25 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
26 FORECLOSURE. The department shall dispose of property acquired
27 through default or foreclosure of a loan made under this chapter.
28 Disposal shall be made in a manner that serves the best interests of
29 the state, and may include the amortization of payments over a period
of years.

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2 * Sec. 18. AS 44.33 is amended by adding a new section to read:

3 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is
4 established as a special account within the child care facility re-
5 volving loan fund the foreclosure expense account. This account is
6 established as a reserve from fund equity.

7 (b) The commissioner of commerce and economic development may
8 expend money credited to the foreclosure expense account when neces-
9 sary to protect the state's security interest in collateral on loans
10 made under AS 44.33.245 or to defray expenses incurred during fore-
11 closure proceedings after a default by an obligor.

12 * Sec. 19. AS 44.33 is amended by adding a new section to read:

13 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
14 FORECLOSURE. The department shall dispose of property acquired
15 through default or foreclosure of a loan made under AS 44.33.240 -
16 44.33.275. Disposal shall be made in a manner that serves the best
17 interests of the state, and may include the amortization of payments
18 over a period of years.

19 * Sec. 20. AS 44.81.210(a) is amended by adding a new paragraph to
20 read:

21 (23) make a loan to a person, regardless of residency, if
22 the board of directors of the bank determines that the loan is
23 necessary to preserve the value of property held by the bank as
24 security for a loan that was made under (a)(1) of this section and
25 that is in default.

26 * Sec. 21. AS 45.87 is amended by adding a new section to read:

27 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
28 established as a special account within the bulk fuel revolving loan
29 fund the foreclosure expense account. This account is established as
a reserve from fund equity.

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(b) The commissioner of commerce and economic development may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under this chapter or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

* Sec. 22. AS 45.87 is amended by adding new sections to read:

Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORECLOSURE. The department shall dispose of property acquired through default or foreclosure of a loan made under this chapter. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

Sec. 45.87.060. REGULATIONS. The department shall adopt regulations to implement this chapter.

* Sec. 23. AS 45.88 is amended by adding a new section to read:

Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is established, as a special account within the revolving loan fund established under AS 45.88.010, the foreclosure expense account. This account is established as a reserve from fund equity.

(b) The commissioner of commerce and economic development may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under AS 45.88.020 or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

* Sec. 24. AS 45.88 is amended by adding a new section to read:

Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORECLOSURE. The Department of Commerce and Economic Development shall dispose of property acquired through default or foreclosure of a loan made under this chapter. Disposal shall be made in a manner that

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serves the best interests of the state, and may include the amortization of payments over a period of years.

* Sec. 25. AS 45.89 is amended by adding a new section to read:

Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is established as a special account within the residential energy conservation fund the foreclosure expense account. This account is established as a reserve from fund equity.

(b) The commissioner may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under AS 45.89.030 or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

* Sec. 26. AS 45.89 is amended by adding new sections to read:

Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORECLOSURE. The department shall dispose of property acquired through default or foreclosure of a loan made under this chapter. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

Sec. 45.89.070. REGULATIONS. The department shall adopt regulations to implement this chapter.

* Sec. 27. AS 45.90 is amended by adding a new section to read:

Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is established as a special account within the tourism revolving fund the foreclosure expense account. This account is established as a reserve from fund equity.

(b) The commissioner of commerce and economic development may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans

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2 made under AS 45.90.020 or to defray expenses incurred during fore-
3 closure proceedings after a default by an obligor.

4 * Sec. 28. AS 45.90 is amended by adding a new section to read:

5 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
6 FORECLOSURE. The Department of Commerce and Economic Development
7 shall dispose of property acquired through default or foreclosure of a
8 loan made under this chapter. Disposal shall be made in a manner that
9 serves the best interests of the state, and may include the amortiza-
10 tion of payments over a period of years.

11 * Sec. 29. AS 45.95 is amended by adding a new section to read:

12 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
13 FORECLOSURE. The Department of Commerce and Economic Development
14 shall dispose of property acquired through default or foreclosure of a
15 loan made under this chapter. Disposal shall be made in a manner that
16 serves the best interests of the state, and may include the amortiza-
17 tion of payments over a period of years.

18 * Sec. 30. AS 45.95 is amended by adding a new section to read:

19 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
20 established as a special account within the small business revolving
21 loan fund the foreclosure expense account. This account is estab-
22 lished as a reserve from fund equity.

23 (b) The commissioner may expend money credited to the foreclo-
24 sure expense account when necessary to protect the state's security
25 interest in collateral on loans made under AS 45.95.020 or to defray
26 expenses incurred during foreclosure proceedings after default by an
27 obligor.

28 * Sec. 31. AS 45.98 is amended by adding a new section to read:

29 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
established as a special account within the historical district

1 revolving loan fund the foreclosure expense account. This account is
2 established as a reserve from fund equity.

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4 (b) The commissioner of commerce and economic development may
5 expend money credited to the foreclosure expense account when neces-
6 sary to protect the state's security interest in collateral on loans
7 made under this chapter, or to defray expenses incurred during fore-
8 closure proceedings after a default by an obligor.

9 * Sec. 32. AS 45.98.020 is amended to read:

10 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
11 plan approval by a local historical district commission established
12 under AS 29.48.108 and the recommendation of a majority of the members
13 of the Historic Sites Advisory Committee, the Department of Commerce
14 and Economic Development may make loans to a person, firm, business or
15 municipality subject to applicable laws for the restoration, improve-
16 ment, rehabilitation, or maintenance of

17 (1) a structure which is [(1)] within the boundaries of a
18 historical district established under AS 29.48.110 and [;]

19 [(2)] identified as important in state or national history as
20 provided for in AS 29.48.110(b); or [AND]

21 (2) a [(3) ANOTHER] building or structure within a histor-
22 ical district, that is [AND] suitable for superficial modification so
23 that it can conform to the period or motif of the surrounding build-
24 ings or structures that are the reason for the area's designation as a
25 historical district.

26 * Sec. 33. AS 45.98 is amended by adding a new section to read:

27 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
28 FORECLOSURE. The Department of Commerce and Economic Development
29 shall dispose of property acquired through default or foreclosure of a
loan made under this chapter. Disposal shall be made in a manner that

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serves the best interests of the state, and may include the amortization of payments over a period of years.

* Sec. 34. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are repealed.

* Sec. 35. This Act takes effect July 1, 1985.

Offered: 4/26/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 78 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan
7 programs; 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 in the fishery
19 during those periods, for the purchase of entry permits;

20 (B) an individual for the repair, restoration, or up-
21 grading of existing vessels and gear, for the purchase of entry
22 permits and gear, and for the construction and purchase of ves-
23 sels, if the individual [AN INDIVIDUAL WHO] has been a state
24 resident for a continuous period of two years immediately pre-
25 ceding the date of application for a loan under AS 16.10.300 -
26 16.10.370, and either [WHO]

27 (i) because of lack of training or lack of em-
28 ployment opportunities in the area of residence does not
29 have occupational opportunities available other than

1 commercial fishing; or

2 (ii) is economically dependent on commercial
3 fishing for a livelihood and for whom commercial fishing has
4 been a traditional way of life [FOR THE INDIVIDUAL] in
5 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-
6 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND
7 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

8 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100
9 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO
10 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS
11 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER
12 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL
13 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR
14 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY
15 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED
16 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR
17 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,
18 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

19 (2) designate agents and delegate its powers to them as
20 necessary;

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

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

25 (5) enter into agreements with private lending intuitions,
26 other state agencies, or agencies of the federal government, to carry
27 out the purposes of AS 16.10.300 - 16.10.370;

28 (6) enter into agreements with other agencies or organiza-
29 tions to create an outreach program to make loans under AS 16.10.300 -

1 16.10.370 in rural areas of the state;

2 (7) allow an assumption of a loan if

3 (A) the applicant has been a state resident for a
4 continuous period of two years immediately preceding the date of
5 the request for an assumption; and

6 (B) approval of the assumption would be consistent
7 with the purposes of AS 16.10.300; an applicant for a loan
8 assumption may not be disqualified because the applicant does not
9 meet the loan eligibility requirements of (1) of this subsection;

10 (8) prequalify loan applicants for a limited entry permit
11 loan and charge a fee not to exceed \$200 for prequalification.

12 * Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

13 (c) In determining whether an individual commercial fisherman is
14 reasonably likely to be able to repay a loan made under AS 16.10.300 -
15 16.10.370, the commissioner shall consider the individual commercial
16 fisherman's income from commercial fishing and from all other sources.

17 * Sec. 3. AS 16.10.315 is amended to read:

18 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall
19 allocate at least 10 percent of the money that is appropriated for a
20 state fiscal year to make loans under AS 16.10.310 for loans of
21 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-
22 cation made under this section terminates on April 15 of the state
23 fiscal year for which the allocation is made.

24 * Sec. 4. AS 16.10.320(a) is amended to read:

25 (a) Except as permitted in (h) of this section, a [A] loan
26 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

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

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

1 (3) must [SHALL] be secured by a first priority lien and
2 appropriate security agreement; and

3 (4) may not exceed 90 percent of the appraised value of the
4 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER
5 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY
6 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS
7 SECTION].

8 * Sec. 5. AS 16.10.320(d) is amended to read:

9 (d) The total of balances outstanding on loans [LOANS] made to a
10 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
11 \$300,000. The total of balances outstanding on loans [LOANS] made to
12 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A
13 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-
14 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-
15 tion, "ASSOCIATE OF THE BORROWER" MEANS

16 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-
17 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-
18 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF
19 EQUITY SECURITIES;

20 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL
21 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE
22 BORROWER;

23 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A
24 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS
25 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

26 * Sec. 6. AS 16.10.320(e) is amended to read:

27 (e) Two or more individual commercial fishermen who each satisfy
28 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,
29 whether operating as a corporation, partnership, joint venture, or

1 otherwise, obtain a commercial fishing loan for the repair, restora-
2 tion, or upgrading of an existing vessel and gear, for the purchase of
3 gear, and for the construction [OF A FISHING VESSEL] or the purchase
4 of a [AN EXISTING] fishing vessel. Loans granted under this subsec-
5 tion

6 [(1)] may not exceed the amount specified in (d) of this
7 section multiplied by the number of qualified commercial fishermen
8 applying for the loan [;

9 (2) MAY NOT EXCEED A TERM OF 15 YEARS;

10 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-
11 PRIATE SECURITY AGREEMENT;

12 (4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

13 AND

14 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF
15 THE COLLATERAL USED TO SECURE THE LOAN].

16 * Sec. 7. AS 16.10.320(i) is amended to read:

17 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),
18 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF
19 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made
20 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan
21 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under
22 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on
23 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310
24 does not exceed \$300,000.

25 * Sec. 8. AS 16.10.333(a) is amended to read:

26 (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to
27 an individual commercial fisherman for the purchase of a limited entry
28 permit upon certification by the commission that the fisherman is a
29 person who qualifies as a transferee for the permit under AS 16.43 and

1 the regulations adopted by the commission.

2 * Sec. 9. AS 16.10.335 is amended to read:

3 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
4 defaults upon a note for which a limited entry permit has been pledged
5 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-
6 sioner shall provide the debtor, by both [REGISTERED OR] certified and
7 first class mail sent to the debtor's last known address on file with
8 the commissioner, with a notice of default that [WHICH] includes

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

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

12 (3) the amount of arrearages as of the date of the notice,
13 the total amount remaining on the note less unearned interest, and the
14 amount of daily interest;

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

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

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

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

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

29 (b) In each case of a limited entry permit being pledged as

1 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on
2 file with the department an address where notice of default is to be
3 sent, if necessary, and where that notice will be timely received by
4 the debtor.

5 (c) Upon presentation of evidence of mailing in accordance with
6 (a) of this section, the receipt of the notice of default by the
7 debtor will be presumed for all purposes. This presumption is rebut-
8 table by presentation of evidence sufficient to demonstrate lack of
9 receipt of notice through no fault of the debtor. Upon presentation
10 of evidence sufficient to prove lack of receipt of notice through no
11 fault of the debtor, the notice is a nullity.

12 (d) Upon good cause shown, the commissioner may waive any of the
13 time limits in (a) of this section, if the department receives from
14 the debtor or the debtor's representative a request for the waiver
15 before the expiration of the time limit for which the waiver is
16 sought.

17 (e) Except as otherwise provided in (c) and (d) of this section,
18 upon [UPON] the debtor's failure to satisfy the note within the time
19 specified in (a)(6) of this section, the debtor's interest in the
20 permit is terminated by operation of law without further notice. Any
21 entry permit cards issued to the debtor under the permit must [SHALL]
22 be cancelled immediately upon receipt by the commission of a certifi-
23 cate of termination containing a copy of the notice required by (a) of
24 this section issued by the commissioner.

25 * Sec. 10. AS 16.10.339 is amended to read:

26 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL
27 OF THE] department[,] shall adopt regulations to implement AS 16.10.-
28 333 - 16.10.337.

29 * Sec. 11. AS 16.10 is amended by adding a new section to read:

1 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-
2 CLOSURE. The department shall dispose of property acquired through
3 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370
4 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a
5 manner that serves the best interests of the state, and may include
6 the amortization of payments over a period of years, but may not be by
7 lease.

8 * Sec. 12. AS 16.10 is amended by adding a new section to read:

9 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is
10 established as a special account within the fisheries enhancement
11 revolving loan fund the foreclosure expense account. This account is
12 established as a reserve from fund equity.

13 (b) The commissioner may expend money credited to the foreclo-
14 sure expense account when necessary to protect the state's security
15 interest in collateral on loans made under AS 16.10.520 or to defray
16 expenses incurred during foreclosure proceedings after a default by an
17 obligor.

18 * Sec. 13. AS 16.10 is amended by adding a new section to read:

19 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
20 FORECLOSURE. The Department of Commerce and Economic Development
21 shall dispose of property acquired through default or foreclosure of a
22 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a
23 manner that serves the best interests of the state, and may include
24 the amortization of payments over a period of years.

25 * Sec. 14. AS 26.15 is amended by adding a new section to read:

26 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
27 FORECLOSURE. The Department of Commerce and Economic Development
28 shall dispose of property acquired through default or foreclosure of a
29 loan made under this chapter. Disposal shall be made in a manner that

1 serves the best interests of the state, and may include the amortiza-
2 tion of payments over a period of years.

3 * Sec. 15. AS 26.15 is amended by adding a new section to read:

4 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is
5 established as a special account within the Alaska World War II veter-
6 ans' revolving fund the foreclosure expense account. This account is
7 established as a reserve from fund equity.

8 (b) The commissioner of commerce and economic development may
9 expend money credited to the foreclosure expense account when neces-
10 sary to protect the state's security interest in collateral on loans
11 made under AS 26.15.040 or to defray expenses incurred during fore-
12 closure proceedings after a default by an obligor.

13 * Sec. 16. AS 27.09 is amended by adding a new section to read:

14 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
15 established as a special account within the mining loan fund the fore-
16 closure expense account. This account is established as a reserve
17 from fund equity.

18 (b) The commissioner of commerce and economic development may
19 expend money credited to the foreclosure expense account when neces-
20 sary to protect the state's security interest in collateral on loans
21 made under AS 27.09.010 or to defray expenses incurred during fore-
22 closure proceedings after a default by an obligor.

23 * Sec. 17. AS 27.09 is amended by adding a new section to read:

24 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
25 FORECLOSURE. The department shall dispose of property acquired
26 through default or foreclosure of a loan made under this chapter.
27 Disposal shall be made in a manner that serves the best interests of
the state, and may include the amortization of payments over a period
29 of years.

1 * Sec. 18. AS 44.33 is amended by adding a new section to read:

2 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is
3 established as a special account within the child care facility re-
4 volving loan fund the foreclosure expense account. This account is
5 established as a reserve from fund equity.

6 (b) The commissioner of commerce and economic development may
7 expend money credited to the foreclosure expense account when neces-
8 sary to protect the state's security interest in collateral on loans
9 made under AS 44.33.245 or to defray expenses incurred during fore-
10 closure proceedings after a default by an obligor.

11 * Sec. 19. AS 44.33 is amended by adding a new section to read:

12 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
13 FORECLOSURE. The department shall dispose of property acquired
14 through default or foreclosure of a loan made under AS 44.33.240 -
15 44.33.275. Disposal shall be made in a manner that serves the best
16 interests of the state, and may include the amortization of payments
17 over a period of years.

18 * Sec. 20. AS 44.81.210(a) is amended by adding a new paragraph to
19 read:

20 (23) make a loan to a person, regardless of residency, if
21 the board of directors of the bank determines that the loan is
22 necessary to preserve the value of property held by the bank as
23 security for a loan that was made under (a)(1) of this section and
24 that is in default.

25 * Sec. 21. AS 45.87 is amended by adding a new section to read:

26 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
27 established as a special account within the bulk fuel revolving loan
28 fund the foreclosure expense account. This account is established as
29 a reserve from fund equity.

1 (b) The commissioner of commerce and economic development may
2 expend money credited to the foreclosure expense account when neces-
3 sary to protect the state's security interest in collateral on loans
4 made under this chapter or to defray expenses incurred during fore-
5 closure proceedings after a default by an obligor.

6 * Sec. 22. AS 45.87 is amended by adding new sections to read:

7 Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
8 FORECLOSURE. The department shall dispose of property acquired
9 through default or foreclosure of a loan made under this chapter.
10 Disposal shall be made in a manner that serves the best interests of
11 the state, and may include the amortization of payments over a period
12 of years.

13 Sec. 45.87.060. REGULATIONS. The department shall adopt regu-
14 lations to implement this chapter.

15 * Sec. 23. AS 45.88 is amended by adding a new section to read:

16 Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
17 established, as a special account within the revolving loan fund
18 established under AS 45.88.010, the foreclosure expense account. This
19 account is established as a reserve from fund equity.

20 (b) The commissioner of commerce and economic development may
21 expend money credited to the foreclosure expense account when neces-
22 sary to protect the state's security interest in collateral on loans
23 made under AS 45.88.020 or to defray expenses incurred during fore-
24 closure proceedings after a default by an obligor.

25 * Sec. 24. AS 45.88 is amended by adding a new section to read:

26 Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
27 FORECLOSURE. The Department of Commerce and Economic Development
28 shall dispose of property acquired through default or foreclosure of a
29 loan made under this chapter. Disposal shall be made in a manner that

1 serves the best interests of the state, and may include the amortiza-
2 tion of payments over a period of years.

3 * Sec. 25. AS 45.89 is amended by adding a new section to read:

4 Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
5 established as a special account within the residential energy conser-
6 vation fund the foreclosure expense account. This account is estab-
7 lished as a reserve from fund equity.

8 (b) The commissioner may expend money credited to the foreclo-
9 sure expense account when necessary to protect the state's security
10 interest in collateral on loans made under AS 45.89.030 or to defray
11 expenses incurred during foreclosure proceedings after a default by an
12 obligor.

13 * Sec. 26. AS 45.89 is amended by adding new sections to read:

14 Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
15 FORECLOSURE. The department shall dispose of property acquired
16 through default or foreclosure of a loan made under this chapter.
17 Disposal shall be made in a manner that serves the best interests of
18 the state, and may include the amortization of payments over a period
19 of years.

20 Sec. 45.89.070. REGULATIONS. The department shall adopt regu-
21 lations to implement this chapter.

22 * Sec. 27. AS 45.90 is amended by adding a new section to read:

23 Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
24 established as a special account within the tourism revolving fund the
25 foreclosure expense account. This account is established as a reserve
26 from fund equity.

27 (b) The commissioner of commerce and economic development may
28 expend money credited to the foreclosure expense account when neces-
29 sary to protect the state's security interest in collateral on loans

1 made under AS 45.90.020 or to defray expenses incurred during fore-
2 closure proceedings after a default by an obligor.

3 * Sec. 28. AS 45.90 is amended by adding a new section to read:

4 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
5 FORECLOSURE. The Department of Commerce and Economic Development
6 shall dispose of property acquired through default or foreclosure of a
7 loan made under this chapter. Disposal shall be made in a manner that
8 serves the best interests of the state, and may include the amortiza-
9 tion of payments over a period of years.

10 * Sec. 29. AS 45.95 is amended by adding a new section to read:

11 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The Department of Commerce and Economic Development
13 shall dispose of property acquired through default or foreclosure of a
14 loan made under this chapter. Disposal shall be made in a manner that
15 serves the best interests of the state, and may include the amortiza-
16 tion of payments over a period of years.

17 * Sec. 30. AS 45.95 is amended by adding a new section to read:

18 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
19 established as a special account within the small business revolving
20 loan fund the foreclosure expense account. This account is estab-
21 lished as a reserve from fund equity.

22 (b) The commissioner may expend money credited to the foreclo-
23 sure expense account when necessary to protect the state's security
24 interest in collateral on loans made under AS 45.95.020 or to defray
25 expenses incurred during foreclosure proceedings after a default by an
26 obligor.

27 * Sec. 31. AS 45.98 is amended by adding a new section to read:

28 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
29 established as a special account within the historical district

1 revolving loan fund the foreclosure expense account. This account is
2 established as a reserve from fund equity.

3 (b) The commissioner of commerce and economic development may
4 expend money credited to the foreclosure expense account when neces-
5 sary to protect the state's security interest in collateral on loans
6 made under this chapter, or to defray expenses incurred during fore-
7 closure proceedings after a default by an obligor.

8 * Sec. 32. AS 45.98.020 is amended to read:

9 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
10 plan approval by a local historical district commission established
11 under AS 29.48.108 and the recommendation of a majority of the members
12 of the Historic Sites Advisory Committee, the Department of Commerce
13 and Economic Development may make loans to a person, firm, business or
14 municipality subject to applicable laws for the restoration, improve-
15 ment, rehabilitation, or maintenance of

16 (1) a structure which is [(1)] within the boundaries of a
17 historical district established under AS 29.48.110 and [;]

18 [(2)] identified as important in state or national history as
19 provided for in AS 29.48.110(b); or [AND]

20 (2) a [(3) ANOTHER] building or structure within a histor-
21 ical district, that is [AND] suitable for superficial modification so
22 that it can conform to the period or motif of the surrounding build-
23 ings or structures that are the reason for the area's designation as a
24 historical district.

25 * Sec. 33. AS 45.98 is amended by adding a new section to read:

26 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
27 FORECLOSURE. The Department of Commerce and Economic Development
28 shall dispose of property acquired through default or foreclosure of a
29 loan made under this chapter. Disposal shall be made in a manner that

1 serves the best interests of the state, and may include the amortiza-
2 tion of payments over a period of years.

3 * Sec. 34. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are re-
4 pealed.

5 * Sec. 35. This Act takes effect July 1, 1985.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 26, 1985

REQUEST

Bill/Resolution No.: CSSB 78 (FIN)
 Title: Technical Amendments to
DCED Loan Program
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected: _____
 Division of Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		8.5	8.5	8.5	8.5	8.5
200 TRAVEL						
300 CONTRACTUAL		2.3	2.3	2.3	2.3	2.3
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
300 MISCELLANEOUS						
TOTAL OPERATING		10.8	10.8	10.8	10.8	10.8
CAPITAL						
REVENUE		178.0	271.0	364.0	457.0	550.0

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER		10.8	10.8	10.8	10.8	10.8
TOTAL CFRLF		10.8	10.8	10.8	10.8	10.8

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: Margaret I. Hamley, Director
 Division: Accounting & Collections
 Approved by Commissioner: Loren H. Lounsbury
 Agency: Commerce and Economic Development

Phone: 465-2555
 Date: 4-26-85
 Date: 4/26/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

TECHNICAL AMENDMENTS TO DCED LOAN PROGRAMS: FISCAL NOTE

In order for the Division of Investments to administer this legislation as it relates to commercial fishing loan assumptions, the Division of Accounting & Collections must be staffed to provide minimally adequate service to Investments. While we originally estimated a need for two additional positions within the Division of Accounting & Collections, we have streamlined our operation within the past six months since the original fiscal note was drafted, and we believe we can service Division of Investments' requirements through overtime effort.

The overtime funding requested will provide for records management (filing) effort as well as accounting effort to process refinanced repossessions and assumptions through the loan accounting system.

	200 hours clerical support	\$ 3,522.00
	200 hours accounting support	<u>4,962.00</u>
Line 100		<u>\$ 8,484.00</u>
Contractual Services		
	Long Distance/Postage	\$ 300.00
	Payment Coupon Printing	1,000.00
	DP Chargeback	<u>1,000.00</u>
Line 300		<u>\$ 2,300.00</u>
	TOTAL	<u>\$10,784.00</u>

REVENUE ANALYSIS

1. Assumes an estimated 250 applicants and 200 approvals of assumptions per year, with an average assumed balance of \$67,500:
 - a. Nonrefundable application fee \$50 x 250 = \$12,500/year
 - b. Assumption fee (one-time) of 1/2% of the assumed balance
 $\$67,500 \times .005 \times 200 = \$67,500/\text{year}$
2. Assumes an estimated 25 prequalification applicants per year:
 - a. Nonrefundable application fee \$200 x 25 = \$5,000/year
3. Assumes 90% recovery of losses on commercial fishing loans due to the ability of finance and reamortize repossessed vessels and other collateral.

	<u>FY '86</u>	<u>FY '87</u>	<u>FY '88</u>	<u>FY '89</u>	<u>FY '90</u>
Assumptions					
Application Fees	12.5	12.5	12.5	12.5	12.5
Assumption Fees	67.5	67.5	67.5	67.5	67.5
Prequalification Fees	5.0	5.0	5.0	5.0	5.0
Additional Loss Recovery	<u>93.0</u>	<u>186.0</u>	<u>279.0</u>	<u>372.0</u>	<u>465.0</u>
	<u>\$178.0</u>	<u>\$271.0</u>	<u>\$364.0</u>	<u>\$457.0</u>	<u>\$550.0</u>

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 26, 1985

REQUEST

Bill/Resolution No.: CSSB 78 (FIN)
 Title: Miscellaneous Amendments to State loan programs admin. by DCED
 Sponsor: Rules/Governor
 Requestor: S. Finance
 Date of Request: 4/26/85

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected: Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		156.7	156.7	156.7	156.7	156.7
200 TRAVEL		7.9	7.9	7.9	7.9	7.9
300 CONTRACTUAL		14.0	12.0	12.0	12.0	12.0
400 SUPPLIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		18.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		197.8	177.8	177.8	177.8	177.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL (CF LOAN FUNDS)		197.8	177.8	177.8	177.8	177.8
		197.8	177.8	177.8	177.8	177.8

POSITIONS:

FULL-TIME		4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached seven pages.

Prepared By: Paul B. Arnoldt, Director Phone: 465-2510
 Division: Investments Date: 4/26/85
 Approved by Commissioner: Loren H. Lounsbury Date: 4/26/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

FISCAL NOTE ANALYSIS

Personal Services:

Processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. One time expenses would be incurred for equipment.

Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.

PERSONNEL COSTS

Two Loan Examiners II, Range 17A; one each in Anchorage and Juneau:

Salary	\$34,740	
Benefits	\$10,486	
TOTAL Personal Services		\$45,226
Travel		\$ 3,950
Contractual		\$ 3,000
Commodities		\$ 300
Equipment		\$ 4,750
Total per employee		\$57,226
Subtotal for two Loan Examiners II		\$114,452

Two Loan Closers II, Range 12A; one each in Anchorage and Juneau:

Salary	\$24,864	
Benefits	\$ 8,281	
TOTAL Personal Services		\$33,145
Travel		\$ -0-
Contractual		\$ 3,000
Commodities		\$ 300
Equipment		\$ 4,250
Total per employee		\$40,695
Subtotal for two Loan Closers II		\$ 81,390

Estimates for other line items assume that the new employees required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.

Travel: To inspect collateral, interview applicants, and inform
(for Loan public on program.
Examiners)

Contractual: Space Rental: \$3,000
\$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of
Administration
One time \$2,000 modification and reprinting of the existing
loan application packets.

Commodities: General supplies.

<u>Equipment:</u>	Calculator	\$ 365
(for Loan	Typewriter	\$ 1,369
Closers)	Workstation	\$ 2,516
		<u>\$ 4,250</u>

<u>Equipment:</u>	Calculator	\$ 365
(for Loan	Microfiche Reader	\$ 300
Examiners)	Workstations	\$ 4,085
		<u>\$ 4,750</u>

TOTAL FY '86 PERSONNEL AND ASSOCIATED COSTS

\$197,842

0867Wb111984d

TITLE OF INCREMENT/DECREMENT:	AGENCY CONTACT/PHONE NUMBER:
Technical Amendments Legislation	Paul B. Arnoldt Director
DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:	
<p>It is anticipated that the processing of an additional 600 applications for assumptions and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. One time expenses would be incurred for equipment (\$18.0), and modification and reprinting of existing loan application packets (\$2.0).</p> <p>Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.</p>	

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
100	Personal Services	156.7	
200	Travel	7.9	
300	Contractual Services	14.0	
400	Supplies	1.2	
500	Equipment	18.0	
600	Lands, Buildings, Etc.		
700	Grants, Claims, Etc.		
800	Miscellaneous		
TOTAL		197.8	
I-A Transfer (NON-ADD)		14.0	
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund		
1005	I-A Receipts		
102B	Program Receipts		
Other CERLF		197.8	
POSITION INFORMATION		PFT	4.0
		PPT	
		Non Permanent	
		Staff Months	48.0

Enhance Existing Service Compared to FY 85
 New Service Compared to FY 85
 Continuation of FY 85 Service Level

 Formula Program

IMPACT FROM CAPITAL PROJECT (NAME)

 Chapter _____ SLA _____ Page/Line _____

C5 INCREMENT/DECREMENT REQUEST

Agency Priority _____ of _____

AGENCY Commerce and Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Administration

PROJECT _____

FY 86

PAGE 1 OF 1

REVISED DATE _____

(6/84)-c5
2242W113084a

1.	POSITION TITLE LOAN EXAMINER II			RANGE/STEP 17A	BARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT	<p>Processing of an additional 600 applications for assumption and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.</p> <p>Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.</p> <p>Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.</p> <p><u>Travel:</u> To inspect collateral, interview applicants and inform public on program.</p> <p><u>Contractual:</u> Space Rental: \$3,000 \$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.</p> <p><u>Commodities:</u> General supplies.</p> <p><u>Equipment:</u> Calculator \$ 365 Microfiche Reader \$ 300 Workstation \$4,085 \$4,750</p>				
5.	PERSONAL SERVICES								
6.	Salary		34,740						
7.	Benefits		5,624						
8.	Supplemental Benefits		2,130						
9.	Fixed Benefits		2,732						
10.	TOTAL PERSONAL SERVICES	01		45,226					
11.	Travel	02		3,950					
12.	Contractual	03		3,000					
13.	Commodities	04		300					
14.	Equipment	05		4,750					
15.	Other								
	TOTAL COST			57,226					
16.	RECEIPT CODE	FUNDING SOURCE							
17.		Federal Receipts	1002						
18.		C.F. Match	1003						
19.		General Funds	1004						
20.		I-A Receipts	1005						
21.		Program Receipts	1020						
		Other							
		CFRLF		57,226					
FOR BSM USE ONLY KEY NUMBER									

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Economic Development
 BRU Investments
 COMPONENT Administration

Page 1 of 4
 Revised Date

FY 86

1.	POSITION TITLE LOAN EXAMINER II				RANGE/STEP 17A	DARG UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BIRD PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>Processing of an additional 600 applications for assumption and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.</p> <p>Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.</p> <p>Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.</p> <p><u>Travel:</u> To inspect collateral, interview applicants and inform public on program.</p> <p><u>Contractual:</u> Space Rental: \$3,000 \$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.</p> <p><u>Commodities:</u> General supplies.</p> <p><u>Equipment:</u> Calculator \$ 365 Microfiche Reader \$ 300 Workstation \$4,085 \$4,750</p>					
5.	PERSONAL SERVICES									
6.	Salary		34,740							
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11.	Travel	02	3,950							
12.	Contractual	03	3,000							
13.	Commodities	04	300							
14.	Equipment	05	4,750							
15.	Other									
16.	TOTAL COST		57,226							
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts	1002							
18.		G.F. Match	1003							
19.		General Funds	1004							
20.		I-A Receipts	1005							
21.		Program Receipts	1028							
		Other		57,226						
		CFRLF								
FOR BSM USE ONLY										
KEY NUMBER										

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Economic Development
BRU Investments
COMPONENT Administration

Page 2 of 4
Revised Date _____

FY 86

1.	POSITION TITLE LOAN CLOSER II				RANGE/STEP 12A	DARG UNIT GGU	PAGE/LINE	COY.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	ADDITION				<p>Processing of an additional 600 applications for assumption and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.</p> <p>Consideration of these applications would also require significantly more meetings of the department's loan committees. This fiscal note assumes that this additional burden would be absorbed.</p> <p>Estimates for the 200-500 lines items assume that the new employee required for this new loan program will require support at levels similar to that actually being incurred by the division on other loan programs.</p> <p><u>Travel:</u> To inspect collateral, interview applicants and inform public on program.</p> <p><u>Contractual:</u> Space Rental: \$3,000 \$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.</p> <p><u>Commodities:</u> General supplies.</p> <p><u>Equipment:</u> Calculator \$ 365 Typewriter \$1,369 Workstation \$2,515 \$4,250</p>					
5.	TYPE OF EXPENDITURE		AMOUNT							
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	24,864								
6.	Benefits	4,025								
7.	Supplemental Benefits	1,524								
8.	Fixed Benefits	2,732								
9.	TOTAL PERSONAL SERVICES	01	33,145							
10.	Travel	02	-0-							
11.	Contractual	03	3,000							
12.	Commodities	04	300							
13.	Equipment	05	4,250							
14.	Other									
15.	TOTAL COST		40,695							
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Match 1003								
19.		General Funds 1004								
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
		CFRLF		40,695						

FOR BSM USE ONLY
KEY NUMBER _____

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Economic Development
BRU Investments
COMPONENT Administration

Page 3 of 4
Revised Date _____

FY 86

1.	POSITION TITLE LOAN CLOSER II				RANGE/STEP 12A	ORG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				Processing of an additional 600 applications for assumption and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.					
	PERSONAL SERVICES		AMOUNT							
5.	Salary		24,864							
6.	Benefits		4,025							
7.	Supplemental Benefits		1,524							
8.	Fixed Benefits		2,732							
9.	TOTAL PERSONAL SERVICES	01		33,145						
10.	Travel	02		-0-						
11.	Contractual	03		3,000						
12.	Commodities	04		300						
13.	Equipment	05		4,250						
14.	Other									
15.	TOTAL COST			40,695						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		C.F. Hatch 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other CERLF		40,695						

Processing of an additional 600 applications for assumption and approval of 400 of those applications per year will create a marked increase in the workload of the division's Anchorage and Juneau regional offices. Two additional loan examiners and two loan closers would be required to handle the increased load and would be spread between the two regional offices. On time expenses would be incurred for equipment.

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\$2.50 sq./ft. x 100 sq./ft. x 12 months RSA to Department of Administration.

Commodities: General supplies.

Equipment: Calculator \$ 365
Typewriter \$1,369
Workstation \$2,515
\$4,250

FOR BSM USE ONLY
KEY NUMBER _____

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Economic Development
BRU Investments
COMPONENT Administration

FY 86

Page 4 of 4

Revised Date _____

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 24, 1985

REQUEST

Bill/Resolution No.: CSSB78 (L&C)
 Title: Technical Amendments to
DCFD Loan Programs
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Dept. of Commerce & Econ. Dev.
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected:
Division of Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		8.5	8.5	8.5	8.5	8.5
200 TRAVEL						
300 CONTRACTUAL		2.3	2.3	2.3	2.3	2.3
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		10.8	10.8	10.8	10.8	10.8

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE		175.5	268.5	361.5	454.5	547.5
----------------	--	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND		10.8	10.8	10.8	10.8	10.8
FEDERAL FUNDS						
OTHER						
TOTAL		10.8	10.8	10.8	10.8	10.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached

Prepared By: Margaret I. Hamley *MH*
 Division: Division of Accounting & Collections

Phone: 465-2555

Date: 4-24-85

Approved by Commissioner: Loren H. Lounsbury *LH*
 Agency: Dept. of Commerce & Economic Development

Date: 4/25/85

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

TECHNICAL AMENDMENTS TO DCED LOAN PROGRAMS: FISCAL NOTE

In order for Division of Investments to administer this legislation as it relates to commercial fishing loan assumptions, the Division of Accounting & Collections must be staffed to provide minimally adequate service to Investments. While we originally estimated a need for two additional positions within the Division of Accounting & Collections, we have streamlined our operation within the past six months since the original fiscal note was drafted, and we believe we can service Division of Investments' requirements through overtime effort.

The overtime funding requested will provide for records management (filing) effort as well as accounting effort to process refinanced repossessions and assumptions through the loan accounting system.

	200 hours clerical support	\$3522.00
	200 hours accounting support	<u>4962.00</u>
Line 100		<u>\$8484.00</u>
Contractual Services		
	Long Distance/Postage	300.00
	Payment Coupon Printing	1000.00
	DP Chargeback	<u>1000.00</u>
Line 300		<u>\$2300.00</u>
	TOTAL	<u>\$10,784.00</u>

REVENUE ANALYSIS

1. Assumes an estimated 250 applicants and 200 approvals of assumptions per year, with an average assumed balance of \$67,500:
 - a. Nonrefundable application fee \$50 x 250 = \$12,500/year
 - b. Assumption Fee (one-time) of $\frac{1}{2}\%$ of the assumed balance
 $\$67,500 \times .005 \times 200 = \$67,500/\text{year}$
2. Assumes an estimated 25 prequalification applicants per year:
 - a. Nonrefundable application fee \$100 x 25 = \$2500/year
3. Assumes 90% recovery of losses on commercial fishing loans due to the ability to finance and reamortize repossessed vessels and other collateral.

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
Assumptions					
Application Fees	12.5	12.5	12.5	12.5	12.5
Assumption Fees	67.5	67.5	67.5	67.5	67.5
Prequalification Fees	2.5	2.5	2.5	2.5	2.5
Additional Loss Recovery	<u>93.0</u>	<u>186.0</u>	<u>279.0</u>	<u>372.0</u>	<u>465.0</u>
	<u>\$175.5</u>	<u>\$268.5</u>	<u>\$361.5</u>	<u>\$454.5</u>	<u>\$547.5</u>



2550 Denali Street, Suite 1201
P.O. Box 4-2070
Anchorage, Alaska 99509-2070
(907) 276-2007

March 12, 1985

The Honorable Richard I. Eliason
Alaska State Legislature
Pouch V (M.S. 3100)
Juneau, Alaska 99811

Dear Senator Eliason:

The Alaska Commercial Fishing & Agriculture Bank finds it necessary from time to time to repossess boats, processing plants, farm lands and other like items that it has taken as collateral for loans. The dollar amount of these items varies from \$10,000 to \$3,500,000 plus.

In the case of large dollar items, it is our experience that the market in which to sell these repossessed items is drastically limited when we cannot provide financing to good credit buyers outside of Alaska. We want to remain Alaskan, but we must also maximize the recovery on repossessed assets for the bank and equally important, recovery for our individual Alaskan borrower involved in the loan to reduce their loss. Any loss in this area is a drain on equity.

Experience has demonstrated that Alaskan buyers have been under capitalized to buy out large ticket items such as processing plants. Thus, the plant sits idle waiting for an outside cash buyer. We have a plant that could have been sold a year ago to a credit worthy buyer if we could have only financed the deal.

Therefore, we ask your help to attain legislation such as was proposed last year, i.e.:

Section 7 of AS 44.81.210(a) is amended by adding a new paragraph to read:

(23) Make a loan to a person regardless of residency if the Board of Directors of the bank determines that the loan is necessary to preserve the value of property held by the bank as security for a loan that was made under (a) (1) of this section and that is in default.

7/10
CS SB 78 (Fin)

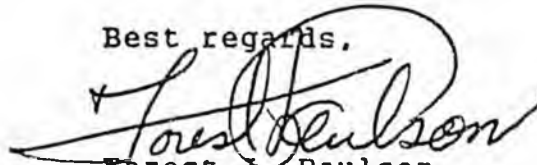
4/24/85
Senator Ferguson
moved to ADOPT
Senator Eliason's
AMENDMENT (p. 10,
Sec. 23)
Discussion
SB 78 HELD till 4/26

The Honorable Richard I. Eliason
March 12, 1985
Page 2 of 2

The above language was contained in House Committee Substitute
for Committee Substitute for Senate Bill 496 (Finance) which was
passed by the Senate last year.

Your assistance is appreciated.

Best regards,

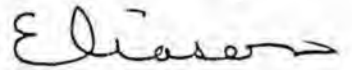


Forest J. Paulson
President/CEO

FJP:dmv
cc: Paul Huppert
Chairman of the Board
Bill Hall
0341V

CFAB Amendment is on
page 10.

Original sponsor: Rules/Governor



1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 78 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan
7 programs; 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 in the fishery
19 during those periods, for the purchase of entry permits;

20 (B) an individual for the repair, restoration, or up-
21 grading of existing vessels and gear, for the purchase of entry
22 permits and gear, and for the construction and purchase of ves-
23 sels, if the individual [AN INDIVIDUAL WHO] has been a state
24 resident for a continuous period of two years immediately pre-
25 ceding the date of application for a loan under AS 16.10.300 -
26 16.10.370, and either [WHO]

27 (i) because of lack of training or lack of em-
28 ployment opportunities in the area of residence does not
29 have occupational opportunities available other than

1 commercial fishing; or

2 (ii) is economically dependent on commercial
3 fishing for a livelihood and for whom commercial fishing has
4 been a traditional way of life [FOR THE INDIVIDUAL] in
5 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-
6 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND
7 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

8 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100
9 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO
10 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS
11 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER
12 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL
13 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR
14 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY
15 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED
16 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR
17 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,
18 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

19 (2) designate agents and delegate its powers to them as
20 necessary;

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

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

25 (5) enter into agreements with private lending institutions,
26 other state agencies, or agencies of the federal government, to carry
27 out the purposes of AS 16.10.300 - 16.10.370;

28 (6) enter into agreements with other agencies or organiza-
29 tions to create an outreach program to make loans under AS 16.10.300 -

1 16.10.370 in rural areas of the state;

2 (7) allow an assumption of a loan if

3 (A) the applicant has been a state resident for a
4 continuous period of two years immediately preceding the date of
5 the request for an assumption; and

6 (B) approval of the assumption would be consistent
7 with the purposes of AS 16.10.300 - 16.10.370; it is not neces-
8 sarily inconsistent with the purposes of AS 16.10.300 - 16.10.370
9 to approve an assumption by an applicant who does not meet the
10 loan eligibility requirements as they exist at the time of the
11 application;

12 (8) prequalify loan applicants and charge a fee not to
13 exceed \$100 for prequalification.

14 * Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

15 (c) In determining whether an individual commercial fisherman is
16 reasonably likely to be able to repay a loan made under AS 16.10.300 -
17 16.10.370, the commissioner shall consider the individual commercial
18 fisherman's income from commercial fishing and from all other sources.

19 * Sec. 3. AS 16.10.315 is amended to read:

20 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall
21 allocate at least 10 percent of the money that is appropriated for a
22 state fiscal year to make loans under AS 16.10.310 for loans of
23 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-
24 cation made under this section terminates on April 15 of the state
25 fiscal year for which the allocation is made.

26 * Sec. 4. AS 16.10.320(a) is amended to read:

27 (a) Except as permitted in (h) of this section, a [A] loan
28 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

29 (1) may not exceed a term of 15 years, except for

1 extensions under AS 16.10.310(a)(4);

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

3 (3) must [SHALL] be secured by a first priority lien and
4 appropriate security agreement; and

5 (4) may not exceed 90 percent of the appraised value of the
6 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER
7 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY
8 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS
9 SECTION].

10 * Sec. 5. AS 16.10.320(d) is amended to read:

11 (d) The total of balances outstanding on loans [LOANS] made to a
12 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
13 \$300,000. The total of balances outstanding on loans [LOANS] made to
14 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A
15 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-
16 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-
17 tion, "ASSOCIATE OF THE BORROWER" MEANS

18 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-
19 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-
20 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF
21 EQUITY SECURITIES;

22 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL
23 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE
24 BORROWER;

25 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A
26 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS
27 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

28 * Sec. 6. AS 16.10.320(e) is amended to read:

29 (e) Two or more individual commercial fishermen who each satisfy

1 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,
2 whether operating as a corporation, partnership, joint venture, or
3 otherwise, obtain a commercial fishing loan for the repair, restora-
4 tion, or upgrading of an existing vessel and gear, for the purchase of
5 gear, and for the construction [OF A FISHING VESSEL] or the purchase
6 of a [AN EXISTING] fishing vessel. Loans granted under this subsec-
7 tion

8 [(1)] may not exceed the amount specified in (d) of this
9 section multiplied by the number of qualified commercial fishermen
10 applying for the loan [;

11 (2) MAY NOT EXCEED A TERM OF 15 YEARS;

12 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-
13 PRIATE SECURITY AGREEMENT;

14 (4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

15 AND

16 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF
17 THE COLLATERAL USED TO SECURE THE LOAN].

18 * Sec. 7. AS 16.10.320(i) is amended to read:

19 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),
20 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF
21 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made
22 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan
23 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under
24 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on
25 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310
26 does not exceed \$300,000.

27 * Sec. 8. AS 16.10.333(a) is amended to read:

28 (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to
29 an individual commercial fisherman for the purchase of a limited entry

1 permit upon certification by the commission that the fisherman is a
2 person who qualifies as a transferee for the permit under AS 16.43 and
3 the regulations adopted by the commission.

4 * Sec. 9. AS 16.10.335 is amended to read:

5 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
6 defaults upon a note for which a limited entry permit has been pledged
7 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-
8 sioner shall provide the debtor, by both [REGISTERED OR] certified and
9 first class mail sent to the debtor's last known address on file with
10 the commissioner, with a notice of default that [WHICH] includes

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

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

14 (3) the amount of arrearages as of the date of the notice,
15 the total amount remaining on the note less unearned interest, and the
16 amount of daily interest;

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

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

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

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

27 (8) a notice in at least 10-point bold type stating:
28 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE
29 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT

1 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

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

7 (c) Upon presentation of evidence of mailing in accordance with
8 (a) of this section, the receipt of the notice of default by the
9 debtor will be presumed for all purposes. This presumption is rebut-
10 table by presentation of evidence sufficient to demonstrate lack of
11 receipt of notice through no fault of the debtor. Upon presentation
12 of evidence sufficient to prove lack of receipt of notice through no
13 fault of the debtor, the notice is a nullity.

14 (d) Upon good cause shown, the commissioner may waive any of the
15 time limits in (a) of this section, if the department receives from
16 the debtor or the debtor's representative a request for the waiver
17 before the expiration of the time limit for which the waiver is
18 sought.

19 (e) Except as otherwise provided in (c) and (d) of this section
20 upon [UPON] the debtor's failure to satisfy the note within the tim
21 specified in (a)(6) of this section, the debtor's interest in th
22 permit is terminated by operation of law without further notice. An
23 entry permit cards issued to the debtor under the permit must [SHALL
24 be cancelled immediately upon receipt by the commission of a certifi-
25 cate of termination containing a copy of the notice required by (a) ,
26 this section issued by the commissioner.

27 * Sec. 10. AS 16.10.339 is amended to read:

28 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APP:
29 OF THE] department[,] shall adopt regulations to impleme

1 AS 16.10.333 - 16.10.337.

2 * Sec. 11. AS 16.10 is amended by adding a new section to read:

3 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-
4 CLOSURE. The department shall dispose of property acquired through
5 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370
6 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a
7 manner that serves the best interests of the state, and may include
8 the amortization of payments over a period of years, but may not be by
9 lease.

10 * Sec. 12. AS 16.10 is amended by adding a new section to read:

11 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is
12 established as a special account within the fisheries enhancement
13 revolving loan fund the foreclosure expense account. This account is
14 established as a reserve from fund equity.

15 (b) The commissioner may expend money credited to the foreclo-
16 sure expense account when necessary to protect the state's security
17 interest in collateral on loans made under AS 16.10.520 or to defray
18 expenses incurred during foreclosure proceedings after a default by an
19 obligor.

20 * Sec. 13. AS 16.10 is amended by adding a new section to read:

21 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
22 FORECLOSURE. The Department of Commerce and Economic Development
23 shall dispose of property acquired through default or foreclosure of a
24 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a
25 manner that serves the best interests of the state, and may include
26 the amortization of payments over a period of years.

27 * Sec. 14. AS 26.15 is amended by adding a new section to read:

28 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
29 FORECLOSURE. The Department of Commerce and Economic Development

1 shall dispose of property acquired through default or foreclosure of a
2 loan made under this chapter. Disposal shall be made in a manner that
3 serves the best interests of the state, and may include the amortiza-
4 tion of payments over a period of years.

5 * Sec. 15. AS 26.15 is amended by adding a new section to read:

6 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is
7 established as a special account within the Alaska World War II veter-
8 ans' revolving fund the foreclosure expense account. This account is
9 established as a reserve from fund equity.

10 (b) The commissioner of commerce and economic development may
11 expend money credited to the foreclosure expense account when neces-
12 sary to protect the state's security interest in collateral on loans
13 made under AS 26.15.040 or to defray expenses incurred during fore-
14 closure proceedings after a default by an obligor.

15 * Sec. 16. AS 27.09 is amended by adding a new section to read:

16 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
17 established as a special account within the mining loan fund the fore-
18 closure expense account. This account is established as a reserve
19 from fund equity.

20 (b) The commissioner of commerce and economic development may
21 expend money credited to the foreclosure expense account when neces-
22 sary to protect the state's security interest in collateral on loans
23 made under AS 27.09.010 or to defray expenses incurred during fore-
24 closure proceedings after a default by an obligor.

25 * Sec. 17. AS 27.09 is amended by adding a new section to read:

26 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
27 FORECLOSURE. The department shall dispose of property acquired
28 through default or foreclosure of a loan made under this cha, r.
29 Disposal shall be made in a manner that serves the best interests of

1 the state, and may include the amortization of payments over a period
2 of years.

3 * Sec. 18. AS 44.33 is amended by adding a new section to read:

4 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is
5 established as a special account within the child care facility re-
6 volving loan fund the foreclosure expense account. This account is
7 established as a reserve from fund equity.

8 (b) The commissioner of commerce and economic development may
9 expend money credited to the foreclosure expense account when neces-
10 sary to protect the state's security interest in collateral on loans
11 made under AS 44.33.245 or to defray expenses incurred during fore-
12 closure proceedings after a default by an obligor.

13 * Sec. 19. AS 44.33 is amended by adding a new section to read:

14 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
15 FORECLOSURE. The department shall dispose of property acquired
16 through default or foreclosure of a loan made under AS 44.33.240 -
17 44.33.275. Disposal shall be made in a manner that serves the best
18 interests of the state, and may include the amortization of payments
19 over a period of years.

20 * Sec. 20. AS 44.81.210(a) is amended by adding a new paragraph to
21 read:

(23) make a loan to a person, regardless of residency, if
the board of directors of the bank determines that the loan is
necessary to preserve the value of property held by the bank as
security for a loan that was made under (a)(1) of this section and
that is in default.

Sec. 21. AS 45.87 is amended by adding a new section to read:

28 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) Ther is
29 established as a special account within the bulk fuel revolving loan

CFAB Amendment
Handwritten notes and arrows pointing to the text.

1 fund the foreclosure expense account. This account is established as
2 a reserve from fund equity.

3 (b) The commissioner of commerce and economic development may
4 expend money credited to the foreclosure expense account when neces-
5 sary to protect the state's security interest in collateral on loans
6 made under this chapter or to defray expenses incurred during fore-
7 closure proceedings after a default by an obligor.

8 * Sec. 22. AS 45.87 is amended by adding new sections to read:

9 Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
10 FORECLOSURE. The department shall dispose of property acquired
11 through default or foreclosure of a loan made under this chapter.
12 Disposal shall be made in a manner that serves the best interests of
13 the state, and may include the amortization of payments over a period
14 of years.

15 Sec. 45.87.060. REGULATIONS. The department shall adopt regu-
16 lations to implement this chapter.

17 * Sec. 23. AS 45.88 is amended by adding a new section to read:

18 Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
19 established, as a special account within the revolving loan fund
20 established under AS 45.88.010, the foreclosure expense account. This
21 account is established as a reserve from fund equity.

22 (b) The commissioner of commerce and economic development may
23 expend money credited to the foreclosure expense account when neces-
24 sary to protect the state's security interest in collateral on loans
25 made under AS 45.88.020 or to defray expenses incurred during fore-
26 closure proceedings after a default by an obligor.

27 * Sec. 24. AS 45.88 is amended by adding a new section to read:

28 Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
29 FORECLOSURE. The Department of Commerce and Economic Development

1 shall dispose of property acquired through default or foreclosure of a
2 loan made under this chapter. Disposal shall be made in a manner that
3 serves the best interests of the state, and may include the amortiza-
4 tion of payments over a period of years.

5 * Sec. 25. AS 45.89 is amended by adding a new section to read:

6 Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
7 established as a special account within the residential energy conser-
8 vation fund the foreclosure expense account. This account is estab-
9 lished as a reserve from fund equity.

10 (b) The commissioner may expend money credited to the foreclo-
11 sure expense account when necessary to protect the state's security
12 interest in collateral on loans made under AS 45.89.030 or to defray
13 expenses incurred during foreclosure proceedings after a default by an
14 obligor.

15 * Sec. 26. AS 45.89 is amended by adding new sections to read:

16 Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
17 FORECLOSURE. The department shall dispose of property acquired
18 through default or foreclosure of a loan made under this chapter.
19 Disposal shall be made in a manner that serves the best interests of
20 the state, and may include the amortization of payments over a period
21 of years.

22 Sec. 45.89.070. REGULATIONS. The department shall adopt regu-
23 lations to implement this chapter.

24 * Sec. 27. AS 45.90 is amended by adding a new section to read:

25 Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
26 established as a special account within the tourism revolving fund the
27 foreclosure expense account. This account is established as a reserve
28 from fund equity.

29 (b) The commissioner of commerce and economic development may

1 expend money credited to the foreclosure expense account when neces-
2 sary to protect the state's security interest in collateral on loans
3 made under AS 45.90.020 or to defray expenses incurred during fore-
4 closure proceedings after a default by an obligor.

5 * Sec. 28. AS 45.90 is amended by adding a new section to read:

6 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
7 FORECLOSURE. The Department of Commerce and Economic Development
8 shall dispose of property acquired through default or foreclosure of a
9 loan made under this chapter. Disposal shall be made in a manner that
10 serves the best interests of the state, and may include the amortiza-
11 tion of payments over a period of years.

12 * Sec. 29. AS 45.95 is amended by adding a new section to read:

13 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
14 FORECLOSURE. The Department of Commerce and Economic Development
15 shall dispose of property acquired through default or foreclosure of a
16 loan made under this chapter. Disposal shall be made in a manner that
17 serves the best interests of the state, and may include the amortiza-
18 tion of payments over a period of years.

19 * Sec. 30. AS 45.95 is amended by adding a new section to read:

20 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
21 established as a special account within the small business revolving
22 loan fund the foreclosure expense account. This account is estab-
23 lished as a reserve from fund equity.

24 (b) The commissioner may expend money credited to the foreclo-
25 sure expense account when necessary to protect the state's security
26 interest in collateral on loans made under AS 45.95.020 or to defray
27 expenses incurred during foreclosure proceedings after a default by an
28 obligor.

29 * Sec. 31. AS 45.98 is amended by adding a new section to read:

1 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
2 established as a special account within the historical district re-
3 volving loan fund the foreclosure expense account. This account is
4 established as a reserve from fund equity.

5 (b) The commissioner of commerce and economic development may
6 expend money credited to the foreclosure expense account when neces-
7 sary to protect the state's security interest in collateral on loans
8 made under this chapter, or to defray expenses incurred during fore-
9 closure proceedings after a default by an obligor.

10 * Sec. 32. AS 45.98.020 is amended to read:

11 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
12 plan approval by a local historical district commission established
13 under AS 29.48.108 and the recommendation of a majority of the members
14 of the Historic Sites Advisory Committee, the Department of Commerce
15 and Economic Development may make loans to a person, firm, business or
16 municipality subject to applicable laws for the restoration, improve-
17 ment, rehabilitation, or maintenance of

18 (1) a structure which is [(1)] within the boundaries of a
19 historical district established under AS 29.48.110 and [;]

20 [(2)] identified as important in state or national history as
21 provided for in AS 29.48.110(b); or [AND]

22 (2) a [(3) ANOTHER] building or structure within a histor-
23 ical district, that is [AND] suitable for superficial modification so
24 that it can conform to the period or motif of the surrounding build-
25 ings or structures that are the reason for the area's designation as a
26 historical district.

27 * Sec. 33. AS 45.98 is amended by adding a new section to read:

28 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
29 FORECLOSURE. The Department of Commerce and Economic Development

1 shall dispose of property acquired through default or foreclosure of a
2 loan made under this chapter. Disposal shall be made in a manner that
3 serves the best interests of the state, and may include the amortiza-
4 tion of payments over a period of years.

5 * Sec. 34. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are re-
6 pealed.

7 * Sec. 35. This Act takes effect July 1, 1985.
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TECHNICAL AMENDMENTS TO DCED LOAN PROGRAMS: FISCAL NOTE

In order for Division of Investments to administer this legislation as it relates to commercial fishing loan assumptions, the Division of Accounting & Collections must be staffed to provide minimally adequate service to Investments. While we originally estimated a need for two additional positions within the Division of Accounting & Collections, we have streamlined our operation within the past six months since the original fiscal note was drafted, and we believe we can service Division of Investments' requirements through overtime effort.

The overtime funding requested will provide for records management (filing) effort as well as accounting effort to process refinanced repossessions and assumptions through the loan accounting system.

	200 hours clerical support	\$3522.00
	200 hours accounting support	<u>4962.00</u>
Line 100		<u>\$8484.00</u>
Contractual Services		
	Long Distance/Postage	300.00
	Payment Coupon Printing	1000.00
	DP Chargeback	<u>1000.00</u>
Line 300		<u>\$2300.00</u>
	TOTAL	<u>\$10,784.00</u>

REVENUE ANALYSIS

1. Assumes an estimated 250 applicants and 200 approvals of assumptions per year, with an average assumed balance of \$67,500:
 - a. Nonrefundable application fee \$50 x 250 = \$12,500/year
 - b. Assumption Fee (one-time) of 1/2% of the assumed balance
\$67,500 x .005 x 200 = \$67,500/year
2. Assumes an estimated 25 prequalification applicants per year:
 - a. Nonrefundable application fee \$ x 25 = \$ /year
3. Assumes 90% recovery of losses on commercial fishing loans due to the ability to finance and reamortize repossessed vessels and other collateral.

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
Assumptions					
Application Fees	12.5	12.5	12.5	12.5	12.5
Assumption Fees	67.5	67.5	67.5	67.5	67.5
Prequalification Fees
Additional Loss Recovery	<u>93.0</u>	<u>186.0</u>	<u>279.0</u>	<u>372.0</u>	<u>465.0</u>

010 AB
SB78

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/30/84

REQUEST

Bill/Resolution No.: _____
 Title: Miscellaneous amendments to
State loan programs administered by
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
 DCED Development
 BRU, Program or Subprogram(s) Affected: _____
Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		65.9	67.8	69.9	72.0	74.2
200 TRAVEL		-	-	-	-	-
300 CONTRACTUAL		8.1	1.9	2.0	2.3	2.4
400 SUPPLIES		.7	.6	.6	.7	.7
500 EQUIPMENT		11.8	-	-	-	-
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		86.5	70.3	72.5	75.0	77.3

CAPITAL						
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REVENUE		445.0	495.0	545.0	595.0	645.0
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND		86.5	70.3	72.5	75.0	77.3
FEDERAL FUNDS						
OTHER						
TOTAL		86.5	70.3	72.5	75.0	77.3

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: Margaret I. Hamley, Director Phone: 465-2555
 Division: Accounting & Collections Date: _____

Approved by Commissioner: Richard A. Lyon Date: 12/12/84
 Agency: Department of Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

875W113084d

MISCELLANEOUS AMENDMENTS TO STATE LOAN PROGRAMS
ADMINISTERED BY DCED

In order for the Division of Investments to administer this legislation as it relates to commercial fishing loan assumptions, the Division of Accounting & Collections must be staffed to provide minimally adequate service to Investments. We estimate that a minimum of two additional permanent, full-time positions will be required to respond to this workload being generated by four additional positions in Investments.

While we estimate that approximately 600 formal assumption applications will be received by the Division of Investments, resulting in approximately 400 actual assumptions of commercial fishing loans per year, it is realistic to expect many additional borrowers will inquire about the assumption program, based on current requests for information we are presently receiving.

Because of the complexity of commercial fishing loans relative to the other 11 loan programs this division administers, allowing assumptions will impact our records management workload dramatically. Currently, C.F. filing is three times heavier than that for our other loan programs. (This division manages loan files for all regional Division of Investments' offices, as well as our own division.) The one additional records position, will also be required to assist with increased phone calls and increased insurance workload. Lack of staff to handle this workload will thwart Accounting & Collections' best efforts to provide files and requested information to Investments' four regional offices which they must have before they will be able to respond to any assumption inquiries of fishermen.

Although there is no net increase in the number of loans Accounting & Collections will service, it is important to recognize that most of the work in this division is associated with loans in transition, not with loans in a steady-state which pay as agreed each month until maturity. One Accounting Technician II is also requested, as an absolute minimum, in the Customer Service/Subsidiary Ledger Section. This position is needed in order to respond to requests for C.F. account information generated by Division of Investments (relating to assumptions), as well as to correctly process C.F. assumptions within the subsidiary accounting system. Approximately 25% of this position's time will be spent processing refinancing of repossessed collateral through the subsidiary system.

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Personal Services	FY '85	FY '86	FY '87	FY '88	FY '89	FY '90
Accounting Technician II (Range 14A) (Customer Service/ Subsidiary Ledger Assumption and Repo Accounting)						
Salary		28.2	29.0	29.9	30.8	31.8
Benefits		8.9	9.2	9.5	9.8	10.1
Clerk IV (Range 09B) Records Management/ Filing Insurance/ Phones						
Salary		21.4	22.0	22.7	23.4	24.1
Benefits		7.4	7.6	7.8	8.0	8.2
SUBTOTAL - 100		65.9	67.8	69.9	72.0	74.2
Contractual Services						
Long distance/Postage		.3	.3	.4	.4	.5
Space allocation		5.4	-0-	-0-	-0-	-0-
Printing/Payment						
Coupon Forms		1.0	.6	.6	.7	.7
DP Chargeback		1.0	1.0	1.0	1.2	1.2
Training		.4	-0-	-0-	-0-	-0-
SUBTOTAL - 300		8.1	1.9	2.0	2.3	2.4
Commodities						
Office supplies		.2	.1	.1	.1	.1
Microfiche supplies		.5	.5	.5	.6	.6
SUBTOTAL - 400		.7	.6	.6	.7	.7
Equipment						
Workstations \$4.7 x 2		9.4				
Microfiche readers \$.3 x 2		.6				
Calculators \$.4 x 2		.8				
Phone \$.5 x 2		1.0				
SUBTOTAL - 500		11.8				
TOTAL		86.5	70.3	72.5	75.0	77.3

0875W11784c

REVENUE ANALYSIS

1. Assumes an estimated 600 applicants and 400 approvals of assumptions per year, with an average assumed balance of \$67,500:
 - a. Nonrefundable application fee $\$125 \times 600 = \$75,000/\text{year}$
 - b. Assumption fee (one-time) of 1% of the assumed balance
 $\$67,500 \times .01 \times 400 = \$270,000/\text{year}$
2. Assumes 90%+ recovery of losses on commercial fishing loans due to ability to finance and reamortize repossessed vessels and other collateral.
 - a. Example: Loss of \$590.7 in FY '84
 $\$590,700 \times .90 = \$531,630$
 Reamortized over 10 years at 10.5% (est.) = \$93,000/year for 10 years.
 - b. Using this example, this analysis assumes an increase in each flow of \$93,000+ per year in loss recovery.

<u>Loss/Revenue Year/Year</u>	<u>FY '86</u>	<u>FY '87</u>	<u>FY '88</u>	<u>FY '89</u>	<u>FY '90</u>
FY '85	100.0	100.0	100.0	100.0	100.0
FY '86		100.0	100.0	100.0	100.0
FY '87			100.0	100.0	100.0
FY '88				100.0	100.0
FY '89					100.0
Assumption Application Fees	75.0	75.0	75.0	75.0	75.0
Assumption Fees	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>
Total Est. Revenue	\$445.0	\$495.0	\$545.0	\$595.0	\$645.0

1.	POSITION TITLE ACCOUNTING TECHNICIAN II				RANGE/STEP 14A	BARG. UNIT GGU	PAGE/LINE	COY.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	ADDITION <input checked="" type="checkbox"/>									
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This position will be established in the Customer Service/ Subsidiary Ledger section. The primary responsibility will be to respond to commercial fish assumption related inquiries/requests from the Division of Investments for borrower account information and process approved assumptions on the subsidiary loan accounting system. Approximately 25% of this position's time will be spent processing refinancing of repossessed collateral through the subsidiary system.</p> <p>Assumption quotes will require more than a routine analysis as many borrowers remit multiple partial payments instead of the annual payment which is usual for commercial fish loans. An assumption to cure a delinquent loan or loan in default requires additional support by the accounting and clerical staff to the collection officers. Continued contact must be maintained with the old borrower or his/her attorney, the new borrower, and the State's legal counsel to ensure that the assumption is properly completed and foreclosure proceedings held in abeyance without jeopardizing the State's pending assumption closure.</p> <p>Upon approval of an assumption and prior to closing, Customer Service will perform the following: "freeze" the loan, establish and maintain the loan on the assumption log, monitor partial payments, update final assumption figures and communicate regularly with Investments' loan closers and loan examiners regarding the assumption status. When</p>					
	PERSONAL SERVICES									
5.	Salary		28.2							
6.	Benefits		4.6							
7.	Supplemental Benefits		1.7							
8.	Fixed Benefits		2.6							
9.	TOTAL PERSONAL SERVICES	01	37.1							
10.	Travel	02	-0-							
11.	Contractual	03	3.2							
12.	Commodities	04	.1							
13.	Equipment	05	5.9							
14.	Other									
15.	TOTAL COST		46.3							
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Match 1003								
19.		General Funds 1004		46.3						
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								

FOR BSM USE ONLY
KEY NUMBER _____

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Economic Development
 BRU Accounting & Collections
 COMPONENT Administration

FY 86

Page 1 of 3
Revised Date _____

the assumption has been executed (closed) customer services must analyze and process multiple entries on the subsidiary system to delete the old borrower and establish the new one and, and apply outstanding payments according to the assumption agreement and respond to inquiries from the old and new borrowers and the Division of Investments staff regarding the assumption. Quality control on these activities is monitored to ensure timeliness and accuracy.

The Division of Investments estimates 500 formal applications with approximately 400 assumptions approved per year. It is also anticipated that many additional borrowers will inquire about the assumption program.

<input type="checkbox"/>	ADDITIONAL EXPLANATION FORM
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AGENCY Commerce & Economic Development
PROGRAM Economic Development
BRU Accounting & Collections
COMPONENT Administration

PAGE	<u>2</u>	OF	<u>3</u>
REVISED DATE			

FY 86

1.	POSITION TITLE CLERK IV				RANGE/STEP 9B	DEPT. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	ADDITION <input checked="" type="checkbox"/>									
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This position will be established in the Daily Operations Section. The primary responsibilities will be records management, commercial fish insurance tracking and back-up receptionist. The Division of Investments estimates 600 formal commercial fish assumption applications and approximately 400 approved assumptions per year. It is anticipated that many additional borrowers may inquire about the assumption program. The Division of Accounting and Collections provides centralized records management for the loan files. Inquiries to Investments will, in turn, create additional work in Accounting & Collections; pulling files, logging out-cards, sending files to regional offices, follow up on files slow to return. Once the assumption has been approved, Daily Operations must process the application fee, set up cross reference between the old and new borrower, create and maintain a suspense for documents pending return of the loan file from Investments. When the assumption has been executed (closed), vessel insurance tracking for the old borrower must be deleted, verify that the new borrowers coverage conforms to contract and is adequate, establish the new borrower on the tracking system, prepare and mail payment cards, data enter and verify all entries to the subsidiary system, file items held in suspense and finally refile the loan file.</p>					
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	21.4								
6.	Benefits	3.5								
7.	Supplemental Benefits	1.3								
8.	Fixed Benefits	2.6								
9.	TOTAL PERSONAL SERVICES	01	28.8							
10.	Travel	02	-0-							
11.	Contractual	03	2.9							
12.	Commodities	04	.1							
13.	Equipment	05	5.9							
14.	Other									
15.	TOTAL COST		37.7							
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts	1002							
18.		C.F. Hatch	1003							
19.		General Funds	1004	37.7						
20.		I-A Receipts	1005							
21.		Program Receipts	1028							
22.		Other								
FOR BSM USE ONLY										
KEY NUMBER										

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Economic Development
 BRU Accounting & Collections
 COMPONENT Administration

Page 3 of 3
 Revised Date _____

FY 86

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

1/22/85

Date 3/11/85

Mr. President

The Committee on L&C considered SB 78
miscellaneous amendments to state loan programs administered by the
Department of Commerce and Economic Development; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 78 (Ldc)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
Bill Ray

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
 Vice-Chairman
[Signature]
 Chairman recommendation

Offered: 3/12/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR SENATE BILL NO. 78 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development; and providing for an effective date."

7

8

9

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

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

12

(a) The department may

13

(1) make loans to

14

(A) individual commercial fishermen who have been

15

state residents for a continuous period of two years immediately

16

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

17

16.10.370 and have had a crewmember or commercial fishing license

18

under AS 16.05.480 or a permit under AS 16.43 for the year immediately

19

preceding the date of application and any other two of

20

the past five years, and who actively participated in the fishery

21

during those periods, for the purchase of entry permits;

22

(B) an individual for the repair, restoration, or up-

23

grading of existing vessels and gear, for the purchase of entry

24

permits and gear, and for the construction and purchase of ves-

25

sels, if the individual [AN INDIVIDUAL WHO] has been a state

26

resident for a continuous period of two years immediately pre-

27

ceding the date of application for a loan under AS 16.10.300 -

28

16.10.370, and either [WHO]

29

(i) because of lack of training or lack of

1 employment opportunities in the area of residence does not
2 have occupational opportunities available other than commer-
3 cial fishing; or

4 (ii) is economically dependent on commercial
5 fishing for a livelihood and for whom commercial fishing has
6 been a traditional way of life [FOR THE INDIVIDUAL] in
7 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-
8 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND
9 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

10 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100
11 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO
12 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS
13 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER
14 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL
15 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR
16 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY
17 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED
18 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR
19 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,
20 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

21 (2) designate agents and delegate its powers to them as
22 necessary;

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

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

27 (5) enter into agreements with private lending institutions,
28 other state agencies, or agencies of the federal government, to carry
29 out the purposes of AS 16.10.300 - 16.10.370;

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

4 (7) allow an assumption of a loan if

5 (A) the applicant has been a state resident for a
6 continuous period of two years immediately preceding the date of
7 the request for an assumption; and

8 (B) approval of the assumption would be consistent
9 with the purposes of AS 16.10.300 - 16.10.370; it is not neces-
10 sarily inconsistent with the purposes of AS 16.10.300 - 16.10.370
11 to approve an assumption by an applicant who does not meet the
12 loan eligibility requirements as they exist at the time of the
13 application;

14 (8) prequalify loan applicants and charge a fee not to
15 exceed \$100 for prequalification.

16 * Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

17 (c) In determining whether an individual commercial fisherman is
18 reasonably likely to be able to repay a loan made under AS 16.10.300 -
19 16.10.370, the commissioner shall consider the individual commercial
20 fisherman's income from commercial fishing and from all other sources.

21 * Sec. 3. AS 16.10.315 is amended to read:

22 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall
23 allocate at least 10 percent of the money that is appropriated for a
24 state fiscal year to make loans under AS 16.10.310 for loans of
25 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-
26 cation made under this section terminates on April 15 of the state
27 fiscal year for which the allocation is made.

28 * Sec. 4. AS 16.10.320(a) is amended to read:

29 (a) Except as permitted in (h) of this section, a [A] loan

1 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

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

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

5 (3) must [SHALL] be secured by a first priority lien and
6 appropriate security agreement; and

7 (4) may not exceed 90 percent of the appraised value of the
8 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER
9 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY
10 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS
11 SECTION].

12 * Sec. 5. AS 16.10.320(d) is amended to read:

13 (d) The total of balances outstanding on loans [LOANS] made to a
14 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
15 \$300,000. The total of balances outstanding on loans [LOANS] made to
16 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A
17 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-
18 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-
19 tion, "ASSOCIATE OF THE BORROWER" MEANS

20 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-
21 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-
22 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF
23 EQUITY SECURITIES;

24 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL
25 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE
26 BORROWER;

27 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A
28 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS
29 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

1 * Sec. 6. AS 16.10.320(e) is amended to read:

2 (e) Two or more individual commercial fishermen who each satisfy
3 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,
4 whether operating as a corporation, partnership, joint venture, or
5 otherwise, obtain a commercial fishing loan for the repair, restora-
6 tion, or upgrading of an existing vessel and gear, for the purchase of
7 gear, and for the construction [OF A FISHING VESSEL] or the purchase
8 of a [AN EXISTING] fishing vessel. Loans granted under this subsec-
9 tion

10 [(1)] may not exceed the amount specified in (d) of this
11 section multiplied by the number of qualified commercial fishermen
12 applying for the loan [;

13 (2) MAY NOT EXCEED A TERM OF 15 YEARS;

14 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-
15 PRIATE SECURITY AGREEMENT;

16 (4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

17 AND

18 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF
19 THE COLLATERAL USED TO SECURE THE LOAN].

20 * Sec. 7. AS 16.10.320(i) is amended to read:

21 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),
22 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF
23 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made
24 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan
25 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under
26 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on
27 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310
28 does not exceed \$300,000.

29 * Sec. 8. AS 16.10.333(a) is amended to read:

1 (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to
2 an individual commercial fisherman for the purchase of a limited entry
3 permit upon certification by the commission that the fisherman is a
4 person who qualifies as a transferee for a permit under AS 16.43 and
5 the regulations adopted by the commission.

6 * Sec. 9. AS 16.10.335 is amended to read:

7 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
8 defaults upon a note for which a limited entry permit has been pledged
9 as security under AS 16.10.333 or [UNDER AS] 16.10.333, the commis-
10 sioner shall provide the debtor, by both [REGISTERED OR] certified and
11 first class mail sent to the debtor's last known address on file with
12 the commissioner, with a notice of default that [WHICH] includes

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

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

16 (3) the amount of arrearages as of the date of the notice,
17 the total amount remaining on the note less unearned interest, and the
18 amount of daily interest;

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

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

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

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

29 (8) a notice in at least 10-point bold type stating:

1 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE
2 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT
3 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

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

9 (c) Upon presentation of evidence of mailing in accordance with
10 (a) of this section, the receipt of the notice of default by the
11 debtor will be presumed for all purposes. This presumption is rebut-
12 table by presentation of evidence sufficient to demonstrate lack of
13 receipt of notice through no fault of the debtor. Upon presentation
14 of evidence sufficient to prove lack of receipt of notice through no
15 fault of the debtor, the notice is a nullity.

16 (d) Upon good cause shown, the commissioner may waive any of the
17 time limits in (a) of this section, if the department receives from
18 the debtor or the debtor's representative a request for the waiver
19 before the expiration of the time limit for which the waiver is
20 sought.

21 (e) Except as otherwise provided in (c) and (d) of this section,
22 upon [UPON] the debtor's failure to satisfy the note within the time
23 specified in (a)(6) of this section, the debtor's interest in the
24 permit is terminated by operation of law without further notice. Any
25 entry permit cards issued to the debtor under the permit must [SHALL]
26 be cancelled immediately upon receipt by the commission of a certifi-
27 cate of termination containing a copy of the notice required by (a) of
28 this section issued by the commissioner.

29 * Sec. 10. AS 16.10.339 is amended to read:

1 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL
2 OF THE] department[,] shall adopt regulations to implement AS 16.10.-
3 333 - 16.10.337.

4 * Sec. 11. AS 16.10 is amended by adding a new section to read:

5 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-
6 CLOSURE. The department shall dispose of property acquired through
7 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370
8 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a
9 manner that serves the best interests of the state, and may include
10 the amortization of payments over a period of years, but may not be by
11 lease.

12 * Sec. 12. AS 16.10 is amended by adding a new section to read:

13 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is
14 established as a special account within the fisheries enhancement
15 revolving loan fund the foreclosure expense account. This account is
16 established as a reserve from fund equity.

17 (b) The commissioner may expend money credited to the foreclo-
18 sure expense account when necessary to protect the state's security
19 interest in collateral on loans made under AS 16.10.520 or to defray
20 expenses incurred during foreclosure proceedings after a default by an
21 obligor.

22 * Sec. 13. AS 16.10 is amended by adding a new section to read:

23 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
24 FORECLOSURE. The Department of Commerce and Economic Development
25 shall dispose of property acquired through default or foreclosure of a
26 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a
27 manner that serves the best interests of the state, and may include
28 the amortization of payments over a period of years.

29 * Sec. 14. AS 26.15 is amended by adding a new section to read:

1 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
2 FORECLOSURE. The Department of Commerce and Economic Development
3 shall dispose of property acquired through default or foreclosure of a
4 loan made under this chapter. Disposal shall be made in a manner that
5 serves the best interests of the state, and may include the amortiza-
6 tion of payments over a period of years.

7 * Sec. 15. AS 26.15 is amended by adding a new section to read:

8 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is
9 established as a special account within the Alaska World War II veter-
10 ans' revolving fund the foreclosure expense account. This account is
11 established as a reserve from fund equity.

12 (b) The commissioner of commerce and economic development may
13 expend money credited to the foreclosure expense account when neces-
14 sary to protect the state's security interest in collateral on loans
15 made under AS 26.15.040 or to defray expenses incurred during fore-
16 closure proceedings after a default by an obligor.

17 * Sec. 16. AS 27.09 is amended by adding a new section to read:

18 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
19 established as a special account within the mining loan fund the fore-
20 closure expense account. This account is established as a reserve
21 from fund equity.

22 (b) The commissioner of commerce and economic development may
23 expend money credited to the foreclosure expense account when neces-
24 sary to protect the state's security interest in collateral on loans
25 made under AS 27.09.010 or to defray expenses incurred during fore-
26 closure proceedings after a default by an obligor.

27 * Sec. 17. AS 27.09 is amended by adding a new section to read:

28 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
29 FORECLOSURE. The department shall dispose of property acquired

1 through default or foreclosure of a loan made under this chapter.
2 Disposal shall be made in a manner that serves the best interests of
3 the state, and may include the amortization of payments over a period
4 of years.

5 * Sec. 18. AS 44.33 is amended by adding a new section to read:

6 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is
7 established as a special account within the child care facility re-
8 volving loan fund the foreclosure expense account. This account is
9 established as a reserve from fund equity.

10 (b) The commissioner of commerce and economic development may
11 expend money credited to the foreclosure expense account when neces-
12 sary to protect the state's security interest in collateral on loans
13 made under AS 44.33.245 or to defray expenses incurred during fore-
14 closure proceedings after a default by an obligor.

15 * Sec. 19. AS 44.33 is amended by adding a new section to read:

16 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
17 FORECLOSURE. The department shall dispose of property acquired
18 through default or foreclosure of a loan made under AS 44.33.240 -
19 44.33.275. Disposal shall be made in a manner that serves the best
20 interests of the state, and may include the amortization of payments
21 over a period of years.

22 * Sec. 20. AS 45.87 is amended by adding a new section to read:

23 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
24 established as a special account within the bulk fuel revolving loan
25 fund the foreclosure expense account. This account is established as
26 a reserve from fund equity.

27 (b) The commissioner of commerce and economic development may
28 expend money credited to the foreclosure expense account when neces-
29 sary to protect the state's security interest in collateral on loans

1 made under this chapter or to defray expenses incurred during fore-
2 closure proceedings after a default by an obligor.

3 * Sec. 21. AS 45.87 is amended by adding new sections to read:

4 Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
5 FORECLOSURE. The department shall dispose of property acquired
6 through default or foreclosure of a loan made under this chapter.
7 Disposal shall be made in a manner that serves the best interests of
8 the state, and may include the amortization of payments over a period
9 of years.

10 Sec. 45.87.060. REGULATIONS. The department shall adopt regu-
11 lations to implement this chapter.

12 * Sec. 22. AS 45.88 is amended by adding a new section to read:

13 Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
14 established, as a special account within the revolving loan fund
15 established under AS 45.88.010, the foreclosure expense account. This
16 account is established as a reserve from fund equity.

17 (b) The commissioner of commerce and economic development may
18 expend money credited to the foreclosure expense account when neces-
19 sary to protect the state's security interest in collateral on loans
20 made under AS 45.88.020 or to defray expenses incurred during fore-
21 closure proceedings after a default by an obligor.

22 * Sec. 23. AS 45.88 is amended by adding a new section to read:

23 Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
24 FORECLOSURE. The Department of Commerce and Economic Development
25 shall dispose of property acquired through default or foreclosure of a
26 loan made under this chapter. Disposal shall be made in a manner that
27 serves the best interests of the state, and may include the amortiza-
28 tion of payments over a period of years.

29 * Sec. 24. AS 45.89 is amended by adding a new section to read:

1 Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
2 established as a special account within the residential energy conser-
3 vation fund the foreclosure expense account. This account is estab-
4 lished as a reserve from fund equity.

5 (b) The commissioner may expend money credited to the foreclo-
6 sure expense account when necessary to protect the state's security
7 interest in collateral on loans made under AS 45.89.030 or to defray
8 expenses incurred during foreclosure proceedings after a default by an
9 obligor.

10 * Sec. 25. AS 45.89 is amended by adding new sections to read:

11 Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The department shall dispose of property acquired
13 through default or foreclosure of a loan made under this chapter.
14 Disposal shall be made in a manner that serves the best interests of
15 the state, and may include the amortization of payments over a period
16 of years.

17 Sec. 45.89.070. REGULATIONS. The department shall adopt regu-
18 lations to implement this chapter.

19 * Sec. 26. AS 45.90 is amended by adding a new section to read:

20 Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
21 established as a special account within the tourism revolving fund the
22 foreclosure expense account. This account is established as a reserve
23 from fund equity.

24 (b) The commissioner of commerce and economic development may
25 expend money credited to the foreclosure expense account when neces-
26 sary to protect the state's security interest in collateral on loans
27 made under AS 45.90.020 or to defray expenses incurred during fore-
28 closure proceedings after a default by an obligor.

29 * Sec. 27. AS 45.90 is amended by adding a new section to read:

1 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
2 FORECLOSURE. The Department of Commerce and Economic Development
3 shall dispose of property acquired through default or foreclosure of a
4 loan made under this chapter. Disposal shall be made in a manner that
5 serves the best interests of the state, and may include the amortiza-
6 tion of payments over a period of years.

7 * Sec. 28. AS 45.95 is amended by adding a new section to read:

8 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
9 FORECLOSURE. The Department of Commerce and Economic Development
10 shall dispose of property acquired through default or foreclosure of a
11 loan made under this chapter. Disposal shall be made in a manner that
12 serves the best interests of the state, and may include the amortiza-
13 tion of payments over a period of years.

14 * Sec. 29. AS 45.95 is amended by adding a new section to read:

15 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
16 established as a special account within the small business revolving
17 loan fund the foreclosure expense account. This account is estab-
18 lished as a reserve from fund equity.

19 (b) The commissioner may expend money credited to the foreclo-
20 sure expense account when necessary to protect the state's security
21 interest in collateral on loans made under AS 45.95.020 or to defray
22 expenses incurred during foreclosure proceedings after a default by an
23 obligor.

24 * Sec. 30. AS 45.98 is amended by adding a new section to read:

25 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
26 established as a special account within the historical district re-
27 volving loan fund the foreclosure expense account. This account is
28 established as a reserve from fund equity.

29 (b) The commissioner of commerce and economic development may

1 expend money credited to the foreclosure expense account when neces-
2 sary to protect the state's security interest in collateral on loans
3 made under this chapter, or to defray expenses incurred during fore-
4 closure proceedings after a default by an obligor.

5 * Sec. 31. AS 45.98.020 is amended to read:

6 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
7 plan approval by a local historical district commission established
8 under AS 29.48.108 and the recommendation of a majority of the members
9 of the Historic Sites Advisory Committee, the Department of Commerce
10 and Economic Development may make loans to a person, firm, business or
11 municipality subject to applicable laws for the restoration, improve-
12 ment, rehabilitation, or maintenance of

13 (1) a structure which is [(1)] within the boundaries of a
14 historical district established under AS 29.48.110 and [;]

15 [(2)] identified as important in state or national history as
16 provided for in AS 29.48.110(b); or [AND]

17 (2) a [(3) ANOTHER] building or structure within a histor-
18 ical district, that is [AND] suitable for superficial modification so
19 that it can conform to the period or motif of the surrounding build-
20 ings or structures that are the reason for the area's designation as a
21 historical district.

22 * Sec. 32. AS 45.98 is amended by adding a new section to read:

23 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
24 FORECLOSURE. The Department of Commerce and Economic Development
25 shall dispose of property acquired through default or foreclosure of a
26 loan made under this chapter. Disposal shall be made in a manner that
27 serves the best interests of the state, and may include the amortiza-
28 tion of payments over a period of years.

29 * Sec. 33. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are

1 repealed.

2 * Sec. 34. This Act takes effect July 1, 1985.

Introduced: 1/22/85
Referred: Labor and Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 78

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan
7 programs administered by the Department of Commerce
8 and Economic Development; and providing for an effective
9 date."

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

11 * Section 1. AS 16.10.310 is amended to read:

12 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department
13 may

14 (1) make loans to

15 (A) individual commercial fishermen who have been
16 state residents for a continuous period of two years immediately
17 preceding the date of application for a loan under AS 16.10.300
18 -- 16.10.370 and have had a crewmember or commercial fishing
19 license under AS 16.05.480 or a permit under AS 16.43 for the
20 year immediately preceding the date of application and any other
21 two of the past five years, and who actively participated in the
22 fishery during those periods, for the purchase of entry permits;

23 (B) individuals for the repair, restoration, or up-
24 grading of existing vessels and gear, for the purchase of entry
25 permits and gear, and for the construction and purchase of ves-
26 sels, if the individuals have [AN INDIVIDUAL WHO HAS] been [A]
27 state residents [RESIDENT] for a continuous period of two years
28 immediately preceding the date of application for a loan under
29 AS 16.10.300 -- 16.10.370, and either [WHO]

1 (i) because of lack of training or lack of em-
2 ployment opportunities in the area of residence do [DOES]
3 not have occupational opportunities available other than
4 commercial fishing; or

5 (ii) are [IS] economically dependent on commer-
6 cial fishing for a livelihood and for whom commercial fish-
7 ing has been a traditional way of life [FOR THE INDIVIDUAL]
8 in Alaska[, FOR THE REPAIR, RESTORATION OR UPGRADING OF
9 EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS
10 AND GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

11 (C) [CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES,
12 100 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN
13 WHO HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO
14 YEARS IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN
15 UNDER AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMER-
16 CIAL FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.-
17 43 FOR THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND
18 ANY OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICI-
19 PATED IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORA-
20 TION OR UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE
21 OF GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;]

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

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

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

28 (5) enter into agreements with private lending institutions,
29 other state agencies, or agencies of the federal government, to carry

1 out the purposes of AS 16.10.300 -- 16.10.370;

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

5 (7) allow an assumption of a loan if

6 (A) the applicant has been a state resident for a
7 continuous period of two years immediately preceding the date of
8 the request for an assumption; and

9 (B) approval of the assumption would be consistent
10 with the purposes of AS 16.10.300 -- 16.10.370.

11 (b) [THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF FISH
12 AND GAME ON REGULATIONS AND PROCEDURES ESTABLISHED UNDER THIS CHAP-
13 TER.]

14 (c) In determining whether an individual commercial fisherman is
15 reasonably likely to be able to repay a loan made under AS 16.10.300
16 -- 16.10.370, the commissioner shall consider the individual commer-
17 cial fisherman's income from commercial fishing and from all other
18 sources.

19 * Sec. 2. AS 16.10.315 is amended to read:

20 Sec. 16.10.315. ALLOCATIONS OF LOANS. The department shall
21 allocate at least 10 percent of the money that is appropriated for a
22 state fiscal year to make loans under AS 16.10.310 for loans of
23 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-
24 cation made under this section terminates on April 15 of the state
25 fiscal year for which the allocation is made.

26 * Sec. 3. AS 16.10.320 is amended to read:

27 Sec. 16.10.320. LIMITATIONS ON LOANS. (a) Except as permitted
28 in (h) of this section, a [A] loan under AS 16.10.300 [16.10.310] --
29 16.10.370

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

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

4 (3) must [SHALL] be secured by a first priority lien and
5 appropriate security agreement; and

6 (4) may not exceed 90 percent of the appraised value of the
7 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER
8 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY
9 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS
10 SECTION].

11 (b) A lien in favor of the state is not required for loans
12 guaranteed fully by the federal government under 46 U.S.C. 1271 --
13 1279b (Federal Ship Financing Act of 1972), as amended. In the case
14 of a security agreement given to secure a loan made under AS 16.10.300
15 -- 16.10.370 and covering a vessel documented under the laws of the
16 United States and so long as 46 U.S.C. 911-948 (Ship Mortgage Act,
17 1920) as amended, and so long as 46 U.S.C. 801-842 (Shipping Act,
18 1916), as amended, remain ambiguous with respect to whether or not a
19 state or state agency qualifies as a citizen of the United States for
20 purposes of those Acts, the first lien requirement of this section may
21 be satisfied by the recordation and endorsement of a first preferred
22 ship mortgage under 46 U.S.C. 911-984, and by perfection of a security
23 interest under the Uniform Commercial Code - Secured Transactions
24 (AS 45.09), if the approval of the Secretary of Commerce is obtained
25 under 46 U.S.C. 839 for the transfer to the department of the interest
26 in a vessel documented under the laws of the United States. In the
27 case of a security agreement given to secure a loan made under AS 16.-
28 10.300 -- 16.10.370 and covering a vessel documented under the laws of
29 the United States, the first lien requirement of this section may also

1 be satisfied by use of a trust deed and bond issued under it, if the
2 trustee is a citizen of the United States and obtains a first pre-
3 ferred ship mortgage on the vessel under 46 U.S.C. 911-984, and the
4 approval of the Secretary of Commerce is obtained under 46 U.S.C. 839
5 and 961 for the transfer of the bond or bonds to the department if the
6 trustee is not a trustee approved by the Secretary of Commerce under
7 46 U.S.C. 808, 835 and 961.

8 (c) [Repealed by sec. 72, ch. 113, SLA 1982.]

9 (d) The total of balances outstanding on loans [LOANS] made to a
10 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]
11 \$300,000. The total of balances outstanding on loans [LOANS] made to
12 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A
13 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-
14 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-
15 tion, "ASSOCIATE OF THE BORROWER" MEANS

16 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-
17 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-
18 RECTLY THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF
19 EQUITY SECURITIES;

20 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL
21 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE
22 BORROWER;

23 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A
24 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS
25 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

26 (e) Two or more individual commercial fishermen who each satisfy
27 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,
28 whether operating as a corporation, partnership, joint venture, or
29 otherwise, obtain a commercial fishing loan for the repair,

1 restoration, or upgrading of an existing vessel and gear, for the
2 purchase of gear, and for the construction [OF A FISHING VESSEL] or
3 the purchase of a [AN EXISTING] fishing vessel. Loans granted under
4 this subsection

5 [(1)] may not exceed the amount specified in (d) of this
6 section multiplied by the number of qualified commercial fishermen
7 applying for the loan. [;]

8 [(2) MAY NOT EXCEED A TERM OF 15 YEARS;

9 [(3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-
10 PRIATE SECURITY AGREEMENT;

11 [(4) MAY NOT BEAR INTEREST EXCEEDING 10 1/2 PERCENT;

12 AND

13 [(5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF
14 THE COLLATERAL USED TO SECURE THE LOAN.]

15 (f) [EXCEPT AS PERMITTED IN (h) OF THIS SECTION, A LOAN MADE
16 UNDER AS 16.10.310(a)(1)(A) AND (B) FOR THE PURCHASE OF AN ALASKA
17 LIMITED ENTRY PERMIT MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE
18 OF THE COLLATERAL USED TO SECURE THE LOAN.]

19 (g) [Repealed by sec. 72, ch. 113, SLA 1982.]

20 (h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may
21 be made for up to 100 percent of the appraised value of the collateral
22 used to secure the loan if the borrower demonstrates that (1) the
23 borrower has at least three years of experience as a commercial fish-
24 erman in the fishery to which the entry permit applies; and (2) the
25 borrower has not owned an Alaska limited entry permit in the year
26 immediately preceding the application for the loan. In this subsec-
27 tion "three years of experience as a commercial fishermen in the
28 fishery" means that for an accumulated total of three fishing seasons
29 in the same fishery the borrower has actively participated in the

1 commercial harvest of fish under the direction of a limited entry
2 permit holder.

3 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),
4 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF
5 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made
6 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan
7 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under
8 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on
9 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310
10 does not exceed \$300,000.

11 * Sec. 4. AS 16.10.333 is amended to read:

12 Sec. 16.10.333. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY
13 PERMITS. (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be
14 made to an individual commercial fisherman for the purchase of a
15 limited entry permit upon certification by the commission that the
16 fisherman is a person who qualifies as a transferee for the permit
17 under AS 16.43 and the regulations adopted by the commission.

18 (b) Upon approval by the commissioner, the permit to be pur-
19 chased may be pledged as security for a loan under (a) of this sec-
20 tion, if

21 (1) the certificate for the pledged permit lists the com-
22 missioner as the equitable owner of the permit;

23 (2) the certificate for the pledged permit lists the debtor
24 as the equitable owner of the permit;

25 (3) all annual permit cards issued under the pledged permit
26 list the name of the debtor;

27 (4) all obligations and responsibilities of a permit owner
28 are assumed by the debtor;

29 (5) co-signers or other sureties for performance under the

1 note are not vested with any rights in the pledged permit and their
2 obligation is limited to satisfaction of the note and payment of costs
3 directly incurred by the department in administering the loan.

4 (c) The commissioner is not liable for any act or omission
5 resulting from permit ownership nor will that act or omission affect
6 the commissioner's title to the permit or the commissioner's rights
7 under it.

8 (d) Upon satisfaction of the note by the debtor, the commission-
9 er shall certify to the commission that the note has been satisfied.

10 (e) Upon certification as provided in (d) of this section, the
11 commission shall amend the permit certificate to list the debtor as
12 the legal owner.

13 (f) [IN DETERMINING WHETHER AN INDIVIDUAL COMMERCIAL FISHERMAN
14 IS REASONABLY LIKELY TO BE ABLE TO REPAY A LOAN MADE UNDER THIS SEC-
15 TION, THE COMMISSIONER SHALL CONSIDER THE INDIVIDUAL COMMERCIAL FISH-
16 ERMAN'S INCOME FROM COMMERCIAL FISHING AND FROM ALL OTHER SOURCES.]

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

18 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor
19 defaults upon a note for which a limited entry permit has been pledged
20 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-
21 sioner shall provide the debtor, by both [REGISTERED OR] certified and
22 first class mail sent to the debtor's last known address on file with
23 the commissioner, with a notice of default that [WHICH] includes

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

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

27 (3) the amount of arrearages as of the date of the notice,
28 the total amount remaining on the note less unearned interest, and the
29 amount of daily interest;

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

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

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

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

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

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

20 (c) Upon presentation of evidence of mailing in accordance with
21 (a) of this section, the receipt of the notice of default by the
22 debtor will be presumed for all purposes. This presumption is rebut-
23 table by presentation of evidence sufficient to demonstrate lack of
24 receipt of notice through no fault of the debtor. Upon presentation
25 of evidence sufficient to prove lack of receipt of notice through no
26 fault of the debtor, the notice is a nullity.

27 (d) Upon good cause shown, the commissioner may waive any of the
28 time limits in (a) of this section, if the department receives from
29 the debtor or the debtor's representative a request for the waiver

1 before the expiration of the time limit for which the waiver is
2 sought.

3 (e) Except as otherwise provided in (c) and (d) of this section,
4 upon [UPON] the debtor's failure to satisfy the note within the time
5 specified in (a)(6) of this section, the debtor's interest in the
6 permit is terminated by operation of law without further notice. Any
7 entry permit card issued to the debtor under the permit must [SHALL]
8 be cancelled immediately upon receipt by the commission of a certifi-
9 cate of termination containing a copy of the notice required by (a) of
10 this section issued by the commissioner.

11 * Sec. 6. AS 16.10.339 is amended to read:

12 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL
13 OF THE] department[,] shall adopt regulations to implement AS 16.10.-
14 333 -- 16.10.337.

15 * Sec. 7. AS 16.10 is amended by adding a new section to read:

16 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-
17 CLOSURE. The department shall dispose of property acquired through
18 default or foreclosure of a loan made under AS 16.10.300 -- 16.10.370
19 or the former AS 16.10.650 -- 16.10.720. Disposal must be made in a
20 manner that serves the best interests of the state, and may include
21 the amortization of payments over a period of years, but may not be by
22 lease.

23 * Sec. 8. AS 16.10 is amended by adding new sections to read:

24 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is
25 established as a special account within the fisheries enhancement
26 revolving loan fund the foreclosure expense account. This account is
27 established as a reserve from fund equity.

28 (b) The commissioner may expend money credited to the foreclo-
29 sure expense account when necessary to protect the state's security

1 interest in collateral on loans granted under AS 16.10.520 or to
2 defray expenses incurred during foreclosure proceedings after a de-
3 fault by an obligor.

4 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
5 FORECLOSURE. The Department of Commerce and Economic Development
6 shall dispose of property acquired through default or foreclosure of a
7 loan made under AS 16.10.500 -- 16.10.620. Disposal must be made in a
8 manner that serves the best interests of the state, and may include
9 the amortization of payments over a period of years, but may not be by
10 lease.

11 * Sec. 9. AS 26.15 is amended by adding new sections to read:

12 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
13 FORECLOSURE. The Department of Commerce and Economic Development
14 shall dispose of property acquired through default or foreclosure of a
15 loan made under this chapter. Disposal must be made in a manner that
16 serves the best interests of the state, and may include the amortiza-
17 tion of payments over a period of years, but may not be by lease.

18 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is
19 established as a special account within the Alaska World War II veter-
20 ans' revolving fund the foreclosure expense account. This account is
21 established as a reserve from fund equity.

22 (b) The commissioner of commerce and economic development may
23 expend money credited to the foreclosure expense account when neces-
24 sary to protect the state's security interest in collateral on loans
25 granted under AS 26.15.040 or to defray expenses incurred during
26 foreclosure proceedings after a default by an obligor.

27 * Sec. 10. AS 27.09 is amended by adding new sections to read:

28 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
29 established as a special account within the mining loan fund the

1 foreclosure expense account. This account is established as a reserve
2 from fund equity.

3 (b) The commissioner of commerce and economic development may
4 expend money credited to the foreclosure expense account when neces-
5 sary to protect the state's security interest in collateral on loans
6 granted under AS 27.09.010 or to defray expenses incurred during
7 foreclosure proceedings after a default by an obligor.

8 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
9 FORECLOSURE. The department shall dispose of property acquired
10 through default or foreclosure of a loan made under this chapter.
11 Disposal must be made in a manner that serves the best interests of
12 the state, and may include the amortization of payments over a period
13 of years, but may not be by lease.

14 * Sec. 11. AS 44.33 is amended by adding new sections to read:

15 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is
16 established as a special account within the child care facility re-
17 volving loan fund the foreclosure expense account. This account is
18 established as a reserve from fund equity.

19 (b) The commissioner of commerce and economic development may
20 expend money credited to the foreclosure expense account when neces-
21 sary to protect the state's security interest in collateral on loans
22 granted under AS 44.33.245 or to defray expenses incurred during
23 foreclosure proceedings after a default by an obligor.

24 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
25 FORECLOSURE. The department shall dispose of property acquired
26 through default or foreclosure of a loan made under AS 44.33.240 --
27 44.33.275. Disposal must be made in a manner that serves the best
28 interests of the state, and may include the amortization of payments
29 over a period of years, but may not be by lease.

1 * Sec. 12. AS 45.87 is amended by adding new sections to read:

2 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
3 established as a special account within the bulk fuel revolving loan
4 fund the foreclosure expense account. This account is established as
5 a reserve from fund equity.

6 (b) The commissioner of commerce and economic development may
7 expend money credited to the foreclosure expense account when neces-
8 sary to protect the state's security interest in collateral on loans
9 granted under this chapter or to defray expenses incurred during
10 foreclosure proceedings after a default by an obligor.

11 Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The department shall dispose of property acquired
13 through default or foreclosure of a loan made under this chapter.
14 Disposal must be made in a manner that serves the best interests of
15 the state, and may include the amortization of payments over a period
16 of years, but may not be by lease.

17 Sec. 45.87.060. REGULATIONS. The department shall adopt regu-
18 lations to implement this chapter.

19 * Sec. 13. AS 45.88 is amended by adding new sections to read:

20 Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
21 established, as a special account within the revolving loan fund
22 established under AS 45.88.010, the foreclosure expense account. This
23 account is established as a reserve from fund equity.

24 (b) The commissioner of commerce and economic development may
25 expend money credited to the foreclosure expense account when neces-
26 sary to protect the state's security interest in collateral on loans
27 granted under AS 45.88 or to defray expenses incurred during
28 foreclosure proceedings after a default by an obligor.

29 Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR

1 FORECLOSURE. The Department of Commerce and Economic Development
2 shall dispose of property acquired through default or foreclosure of a
3 loan made under this chapter. Disposal must be made in a manner that
4 serves the best interests of the state, and may include the amortiza-
5 tion of payments over a period of years, but may not be by lease.

6 Sec. 14. AS 45.89 is amended by adding new sections to read:

7 Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
8 established as a special account within the residential energy conser-
9 vation fund the foreclosure expense account. This account is estab-
10 lished as a reserve from fund equity.

11 (b) The commissioner may expend money credited to the foreclo-
12 sure expense account when necessary to protect the state's security
13 interest in collateral on loans granted under AS 45.89.030 or to
14 defray expenses incurred during foreclosure proceedings after a de-
15 fault by an obligor.

16 Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
17 FORECLOSURE. The department shall dispose of property acquired
18 through default or foreclosure of a loan made under this chapter.
19 Disposal must be made in a manner that serves the best interests of
20 the state, and may include the amortization of payments over a period
21 of years, but may not be by lease.

22 Sec. 45.89.070. REGULATIONS. The department shall adopt regu-
23 lations to implement this chapter.

24 * Sec. 15. AS 45.90 is amended by adding new sections to read:

25 Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
26 established as a special account within the tourism revolving fund the
27 foreclosure expense account. This account is established as a reserve
28 from fund equity.

29 (b) The commissioner of commerce and economic development may

1 expend money credited to the foreclosure expense account when neces-
2 sary to protect the state's security interest in collateral on loans
3 granted under AS 45.90.020 or to defray expenses incurred during
4 foreclosure proceedings after a default by an obligor.

5 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
6 FORECLOSURE. The Department of Commerce and Economic Development
7 shall dispose of property acquired through default or foreclosure of a
8 loan made under this chapter. Disposal must be made in a manner that
9 serves the best interests of the state, and may include the amortiza-
10 tion of payments over a period of years, but may not be by lease.

11 * Sec. 16. AS 45.95 is amended by adding new sections to read:

12 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
13 FORECLOSURE. The Department of Commerce and Economic Development
14 shall dispose of property acquired through default or foreclosure of a
15 loan made under this chapter. Disposal must be made in a manner that
16 serves the best interests of the state, and may include the amortiza-
17 tion of payments over a period of years, but may not be by lease.

18 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is
19 established as a special account within the small business revolving
20 loan fund the foreclosure expense account. This account is estab-
21 lished as a reserve from fund equity.

22 (b) The commissioner may expend money credited to the foreclo-
23 sure expense account when necessary to protect the state's security
24 interest in collateral on loans granted under AS 45.95.020 or to
25 defray expenses incurred during foreclosure proceedings after a de-
26 fault by an obligor.

27 * Sec. 17. AS 45.98 is amended by adding a new section to read:

28 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is
29 established as a special account within the historical district

1 revolving loan fund the foreclosure expense account. This account is
2 established as a reserve from fund equity.

3 (b) The commissioner of commerce and economic development may
4 expend money credited to the foreclosure expense account when neces-
5 sary to protect the state's security interest in collateral on loans
6 granted under this chapter, or to defray expenses incurred during
7 foreclosure proceedings after a default by an obligor.

8 * Sec. 18. AS 45.98.020 is amended to read:

9 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
10 plan approval by a local historical district commission established
11 under AS 29.48.108 and the recommendation of a majority of the members
12 of the Historic Sites Advisory Committee, the Department of Commerce
13 and Economic Development may make loans to a person, firm, business or
14 municipality subject to applicable laws for the restoration, improve-
15 ment, rehabilitation, or maintenance of

16 (1) a structure which is [(1)] within the boundaries of a
17 historical district established under AS 29.48.110 and [;]

18 [(2)] identified as important in state or national history as
19 provided for in AS 29.48.110(b); or [AND]

20 (2) a [(3) ANOTHER] building or structure within a histor-
21 ical district which is [AND] suitable for superficial modification so
22 that it can conform to the period or motif of the surrounding build-
23 ings or structures that are the reason for the area's designation as a
24 historical district.

25 * Sec. 19. AS 45.98 is amended by adding a new section to read:

26 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
27 FORECLOSURE. The Department of Commerce and Economic Development
28 shall dispose of property acquired through default or foreclosure of a
29 loan made under this chapter. Disposal must be made in a manner that

1 serves the best interests of the state, and may include the amortiza-
2 tion of payments over a period of years, but may not be by lease.

3 * Sec. 20. This Act takes effect July 1, 1985.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Sh-74
78

January 22, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends or supplements various state loan programs. The bill performs a number of different functions.

In sec. 1, the bill deletes AS 16.10.310(a)(1)(C), which provides that commercial fishing loans can be made to fisherman-owned corporations, partnerships, or joint ventures for vessels and gear. However, under both the current AS 16.10.320(e) and as that subsection is amended in sec. 3 of the bill, loans may be made to commercial fishermen who join together in a joint operation; these loans can be in the amount of the standard loan limits for an individual multiplied by the number of fishermen applying. Thus the individuals operating as corporations, partnerships and joint ventures will all be treated in the same manner as individual fishermen.

The bill also deletes AS 16.10.310(b) (sec. 1 of the bill) and amends AS 16.10.339 (sec. 6 of the bill), relating to the adoption of regulations for the commercial fishing loan program. Under this bill, the Department of Commerce and Economic Development will be given the authority to adopt regulations necessary to implement its own loan programs. Under existing statutes, the department is required to consult with the Department of Fish and Game for all commercial fishing loan regulations, and the Commercial Fisheries Entry Commission must adopt any regulations which affect loans secured by limited entry permits. These particular amendments recognize that these programs are loan programs, and the expertise required for implementation of the programs lies with the Department of Commerce and Economic Development, which must be given the authority to control its own functions.

In sec. 1, the bill also provides that the Department of Commerce and Economic Development may take a more flexible and creative approach to protecting the state's security interests and to financing and disposing of repossessed collateral. It will permit commercial fishing loans to be assumed if the applicant meets the two-year residency requirement and assumption of the loan is determined to be consistent with the purposes of the commercial fishing loan program. In addition, for all of the department's loan programs, the bill provides, in secs. 7 -- 16 and 19, that the department may offer alternative financing, including amortized payments, whenever it disposes of property acquired through default proceedings. Under existing law, the department is frequently required to offer repossessed collateral for sale only for cash, which results in the state taking a large loss. If alternative financing could be offered, a much higher sales price often could be obtained. The bill amends 11 state loan programs (commercial fishing, fisheries enhancement, veterans, mining, child care facilities, bulk fuel, alternative energy, residential energy conservation, tourism, small businesses, and historical districts) to permit this flexible disposal of repossessed collateral if the disposal method selected is in the best interests of the state.

The last amendment made by sec. 1 is to relocate to a new subsec. (c) in AS 16.10.310 language that is now in AS 16.10.333(f) (deleted by sec. 4 of the bill), dealing with consideration of an individual's ability to repay a loan. The current provision is applicable only to loans made for purchase of a limited entry permit. As relocated, that language will apply to all commercial fishing loans made under AS 16.10.300 -- 16.10.370.

Section 3 of this bill amends AS 16.10.320(a)(1) to clarify that the department may extend the term of a commercial fishing loan beyond 15 years if the extension is necessary due to poor fishing seasons or adverse market conditions for fishing products.

AS 16.10.320(d) is also clarified in sec. 3. Under existing language, it is unclear whether an individual borrower who has repaid a commercial fishing loan may be granted a new loan. This bill amends that subsection to clarify that new or additional loans may be made to a fisherman, as long as the total outstanding balance of all commercial fishing loans to that individual does not exceed the statutory limit.

Section 5 of the bill will permit the Department of Commerce and Economic Development to take a more flexible approach in dealing with persons who are technically in default on their commercial fishing loans in specific cases where the forfeiture of an individual's limited entry permit is neither desirable nor advantageous to the state. If a commercial fisherman is able to show that he or she never received notice of default under the loan, that person would be able to present evidence to the department that he or she failed to receive the notice and the department would then dismiss the default proceedings. Also, if an individual fisherman contacts the department to state that he or she is unable, for financial or other reasons, to make payment in accordance with the default statute, but does not wish to sacrifice his permit and truly wants to cooperate with the department, the department would be able to negotiate with the individual to attempt to work out some alternative satisfactory to both the fisherman and the state.

The amendment to AS 16.10.335(a) requires the notice of the default to be sent to the debtor by both certified and first class mail, rather than by just registered or certified mail. The new language in AS 16.10.335(b) requires each fisherman to keep a current address on file with the department.

New AS 16.10.335(c) provides that if the department follows the procedures of (a) of that section, the department and, after that, the courts will presume that the debtor received the default notice, and it will be the debtor's responsibility to prove otherwise. Absent evidence that the debtor did not receive the notice, the department would still be able to continue with its default proceedings. However, if such evidence is presented, the default proceedings could be terminated.

New AS 16.10.335(d) gives the department the right to waive the time limits provided in AS 16.10.335(a) (15 days to request a hearing, 60 days to bring the note current, and 120 days to pay the note in full), if a request for a waiver is made by the debtor to the department before the expiration of the relevant time limit. Thus, this bill will allow fishermen who have defaulted on their loans to avoid forfeiture of their permits if exceptional circumstances warrant their retention of the permit.

The bill also makes technical changes to the historical district loan program to clarify its scope. Section 18 of

the bill.

For each loan program administered by the Department of Commerce and Economic Development, the bill establishes a special account, entitled the foreclosure expense account (secs. 8 -- 17 of the bill). Money in this account may be used to pay expenses incurred in protecting the state's security interest in collateral for loans made under the particular loan program. The language for these sections is taken from AS 16.10.342, which already provides for a foreclosure expense account for the commercial fishing loan program.

In addition, the bill fills an apparent statutory omission regarding the bulk fuel revolving fund and the residential energy conservation loan fund programs, by granting statutory authority to the Department of Commerce and Economic Development to adopt regulations necessary for these programs (secs. 12 and 14 of the bill, respectively).

This bill makes a number of significant improvements to the state loan programs, particularly the state commercial fishing loan program. I urge your support of and prompt action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Bill Sheffield".

Bill Sheffield
Governor

SENATE
JOURNAL SUPPLEMENT

4/29/85

FISCAL NOTE

No. 33

CSSB
78
(FIN)

REQUEST

Bill/Resolution No.: CSSB 78(Fin)
 Title: Miscellaneous amendments
to state loan programs
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic
 Program Category Affected: _____
Development
 BRU, Program or Subprogram(s) Affected:
Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		156.7	156.7	156.7	156.7	156.7
200 TRAVEL		7.9	7.9	7.9	7.9	7.9
300 CONTRACTUAL		14.0	12.0	12.0	12.0	12.0
400 SUPPLIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		18.0	-	-	-	-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
900 MISCELLANEOUS						
TOTAL OPERATING		197.8	177.8	177.8	177.8	177.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FEDERAL FUNDS						
OTHER		197.8	177.8	177.8	177.8	177.8
TOTAL						

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS:

INVESTMENTS
CORRECTION FUNDING
FROM SS#6

Prepared By: Ear Faiks, Co-chairman Phone: 465-4523
 DIVISION: Senate Finance Committee Date: 4/26/85

No. 33

SENATE JOURNAL SUPPLEMENT
FISCAL NOTE

4/29/85

CSSB
78
(FIN)

REQUEST FISCAL DETAIL
 Bill/Resolution No.: CSSB 78(Fin) Agency Affected: Commerce & Economic
 Title: Miscellaneous amendment to state loan programs Program Category Affected: Development
 Sponsor: Rules/Governor BRU, Program or Subprogram(s) Affected:
 Requestor: Accounting & Collections
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		8.5	8.5	8.5	8.5	8.5
200 TRAVEL						
300 CONTRACTUAL		2.3	2.3	2.3	2.3	2.3
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		10.8	10.8	10.8	10.8	10.8
CAPITAL						
REVENUE		178.0	271.0	364.0	457.0	550.0

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FEDERAL FUNDS						
OTHER		10.8	10.8	10.8	10.8	10.8
TOTAL		10.8	10.8	10.8	10.8	10.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS:

Prepared By: Jan Paiks, Co-chairman Phone: 465-4523
 Division: Senate Finance Committee Date: 4/26/85



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SB 78: Sectional Analysis

Section 1) Makes both technical and policy changes to the present Commercial Fisheries Loan Program. The first substantive change occurs on line 11 of page 2 which repeals subsection pertaining to loans made to "corporations, partnerships, and joint venturers". Section 3 would allow individual fisherman who qualify for loans under 16.10.310 (a) (1) (B) to obtain loans jointly "whether operating as a corporation, partnership, joint venture, or otherwise"

Section also provides statutory authority to permit assumption of loans and repeals language which required consultation between the Dept of F&G and the DCED for all commercial fishing loan regulations.

Also adds language which grants the commissioner authority to consider all sources of a fisherman's income when determining a fisherman's ability to repay a loan. Currently the commissioner has that authority only with respect to loans for entry permits.

Section 2) Deletes references to "corporations, partnerships, or joint ventures (16.10.310 (a) (1) (C))" consistent with that deletion in section 1).

Section 3) Changes the "Limitations on Loans" section and provides for extensions on the term of loans because of a poor fishing season or adverse market conditions.

Language is also added which changes the loan limits from a "total dollar amount" to a borrower to the total "balances outstanding" to a borrower.

Further, deletes language regarding loans to "associates of the borrower" as all loans will be made to individuals.

Section 4) Currently, the department is able to consider fishing and all other sources of income of an applicant who applies for an entry permit loan under 16.10.310 (a) (1) (A). This bill would extend that authority to "consider all sources of income" for Commercial Fishing Loans

Section 5) Changes the requirements of notification when a debtor defaults on a note which has a permit pledged as security for the note. The mailing notice of default is changed from registered and certified mail to certified and first class mail. Changes the "countdown" provisions for notice of default and adds an additional day for each notice.

Requires that when a permit is pledged to secure a loan the borrower must maintain a current mailing address on file with the Department. Further states that upon evidence of mailing, the receipt of the notice of default by the debtor will be "presumed". This presumption is rebuttable by presentation of evidence by the debtor that the notice was not received and proof of lack of receipt nullifies the notice.

Section also grants the commissioner authority to waive any of the time limits if the department receives a request from the borrower or his representative before the expiration of the time limit for which the waiver is sought.

Section 6) Deletes the provision that the Commercial Fisheries Entry Commission, with the approval of the Department, adopt regulations for the limited entry permit sections of this bill.

Section 7) Provides statutory authority for the department to dispose of property acquired after default or foreclosure of a Comm Fish Loan.

Section 8) Establishes a special "foreclosure" expense account within the fisheries enhancement revolving loan fund. The account is established as a reserve from fund equity and this section also allows the department to dispose of property acquired thru default.

Section 9) Establishes a special foreclosure account for the Alaska WW II veterans revolving loan fund, and allows the department to dispose of property acquired thru default.

Section 10) Establishes a special foreclosure account for the mining loan fund, and allows the department to dispose of property acquired thru default.

Section 11) Establishes a special foreclosure account for the childcare facility revolving loan fund, and allows the department to dispose of property acquired thru default.

Section 12) Establishes a special foreclosure account for the bulk fuel revolving loan fund, and allows the department to dispose of property acquired thru default. Also permits the department to adopt regs to implement this chapter.

- Section 13) Establishes the special foreclosure account for the Alternative Energy Revolving Loan Fund, and allows the department to dispose of property acquired thru default.
- Section 14) Establishes the special foreclosure account for the Residential Energy Conservation Fund, and allows the department to dispose of property acquired thru default. Also allows the department to adopt regs to implement this program.
- Section 15) Establishes a special foreclosure account for the tourism revolving fund, and allows the department to dispose of property acquired thru default.
- Section 16) Establishes a special foreclosure account for the small business revolving loan fund, and allows the department to dispose of property acquired thru default.
- Section 17) Establishes a special foreclosure account for the historical district revolving loan fund.
- Section 18) Makes grammatical changes and defines the scope of the historical district loan program.
- Section 19) Provides the state with authority to dispose of property acquired thru default or foreclosure from the historical district loan program.
- Section 20) July 1, 1985 effective date.