

S B

7 8



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.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
SECTIONAL ANALYSIS OF SB 78

SB 78 "An Act making miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development; and providing for an effective date."

SECTION 1

This section makes both technical and policy changes to the present AS 16.10.310.

Lines 23 through 29 on page 1 and lines 1 through 10 on page 2 make grammatical changes to the present subparagraph (B).

At line 11 of page 2, the present subparagraph (C) is repealed. In the experience of the division, loans under subparagraph (C) to corporations, partnerships and joint ventures are rarely made because the section requires applicants to meet the eligibility requirements of both subparagraphs (A) and (B). Since all applicants under subparagraph (C) would meet the requirements of subparagraphs (A) and (B) anyway, the division believes that all eligible individuals can be served under those sections and without the complexities posed in subparagraph (C).

On page 3 at lines 5 through 10, new authority is given to the department to permit assumption of loans under the program. At the present time, no express statutory authority exists to approve loan assumptions. This situation has proven to be detrimental to the best interests of the State when approval of an assumption by a defaulting loan holder is sought rather than require that a loan go through the foreclosure process. The language of the proposed addition ensures that assumptions may be approved only if consistent with the purposes of the program.

On page 3 at lines 14 through 18, the current provisions of AS 16.10.333(f) are moved to this section. This change would clarify that the total income of an applicant is used in evaluating the financial strength of all applicants and not just those applying under paragraph (A) for limited entry permits. This change would conform the statutes to current agency practice.

SECTION 2

This section deletes reference to AS 16.10.310(a)(1)(C) since that subparagraph is deleted in Section 1.

SECTION 3

This section reorganizes and clarifies AS 16.10.320. On page 3 at line 29, lead-in language makes clear that the terms that follow under subsection (a) apply to all loans except when an applicant applies for a limited entry permit loan under subsection (h) and can demonstrate that the applicant meets additional eligibility criteria.

On page 4, line 1, provision is provided for term of loan to exceed 15 years only when an extension is applied for and approved under AS 16.10.310(a)(4). The current law allows no deviation from the maximum term. If the borrower experiences a poor season or low market conditions in the final year(s) of a 15-year loan, the inability of the department to exceed the 15-year maximum can create an inequitable and unfair hardship on the borrower. If a permit is pledged as collateral and the borrower simply cannot make the scheduled payment, the permit is jeopardized. The proposed addition allows the department flexibility in a workout situation when it would benefit both the borrower and the State.

On page 4 at lines 7 through 10, redundant language is repealed. The reference to subsection (h) is moved to the beginning of subsection (a) and discussed above. Reference to subsection (f) is no longer necessary as that subsection is repealed (see below).

On page 5 at line 9, language is added to subsection (d) to clarify that loan limitations apply to the outstanding balances of loans rather than to loans under the lifetime of the program. With the rising prices of limited entry permits and the ongoing nature of the loans program, an increasing number of applicants are becoming ineligible for loans. This change will broaden the scope of the program to respond to this situation.

On page 5 at lines 13 through 25, provisions relating to loans to associates of the borrower are repealed. By the repeal of subparagraph (C) above, this language is no longer necessary as all loans will be made to individuals.

On page 5, beginning at page 28 and extending through line 7 on page 6, grammatical changes are made to current language to reflect the deletion of subparagraph (C) and the consolidation of all authority to make loans into subparagraphs (A) and (B) of AS 16.10.310. The current statutes can be interpreted to grant authority to make loans in several sections, including AS 16.10.321, AS 16.10.320 and AS 16.10.333. This change is part of that consolidation. It does not reflect a reduction in the scope of the commercial fishing loans program. Finally, the language on lines 8 through 14 on page 6 is duplicative of the language of subsection (a) of AS 16.10.320.

On page 6, lines 15 through 18, language is deleted from AS 16.10.320 as used as lead-in language of subsection (a) of this section. This change is made to improve the readability and clarity of the section.

On page 7, lines 4 through 5, changes are made to reflect the deletion of subparagraph (C) and the provisions defining "associate of the borrower."

SECTION 4

On page 7, line 13, a reference in the current AS 16.10.333 is changed to clarify, once again, that all authority to make loans is contained in AS 16.10.310.

On page 8, lines 13 through 16, language defining the scope of the department's inquiry into the financial strength of the applicant is deleted and moved to AS 16.10.310. This change will slightly broaden the authority to include consideration of applicant's ability to repay a loan to include all applicants, not just those applying for permit loans under subparagraph (A).

SECTION 5

Currently, statutes do not allow the department any flexibility once the notice of default has been mailed. The department is locked into the "countdown" as mandated by AS 16.10.335(a)(4), (5) and (6); 15 days to request a hearing, 60 days to bring the account current and 120 days to pay the note in full. The new sections will provide the borrower the means for recourse and permit the department latitude in negotiating with borrowers who sincerely want to cooperate in order to work out an alternative which is satisfactory to both the State and borrower. The sections allow borrowers who have defaulted on their loans to avoid forfeiture of their permits if exceptional circumstances warrant their retention of the permits.

The requirement of mailing the notice of default is changed from registered and certified mail to certified and first-class mail, AS 16.10.335(a). Past history indicates that many individuals receive first-class mail while refusing to accept registered or certified mail. The proposed change, in comparison to the current statute requirement, will increase the probability that the borrower will receive the notice of default. A new section, AS 16.10.335(b), requires each borrower to maintain on file with the department a current address where mail will be received timely.

Amendments to AS 16.10.335(a)(4), (5) and (6) are language revisions which make a minor clarification to the "countdown time" on notice of default for a limited entry permit. Instead of commencing as of postmark date, the time lapse will begin the day after the postmark and, in effect, allows the borrower one additional day.

AS 16.10.335(b), (c) and (d). In these new sections (b) places responsibility on the borrower to maintain on file with the department a current address where mail will be received timely; (c) assumes that the notice of default is received by the borrower unless, through no fault of the borrower, the notice is not received and such evidence is presented to the department (in such case the notice is considered void); and (d) gives the department the authority to waive the time limits imposed by mailing a notice of default.

SECTION 6

On page 10 at lines 12 through 14, the bill deletes the requirement that regulations be promulgated by the Commercial Fishing Entry Commission, with the approval of the Department of Commerce and Economic Development, to implement AS 16.10.333 - 16.10.337. Since the vast majority of responsibility for administration of these sections is carried out by the department, full authority to promulgate these regulations should rest with that agency. This change will streamline the administration of these sections.

SECTION 7

Language is added to the Commercial Fishing Loan Fund to provide express authority to the department to dispose of property acquired through default and foreclosure.

SECTIONS 8 - 19

Language is added to the various Department of Commerce and Economic Development loan funds to provide express authority to the department to dispose of property acquired through default and foreclosure.

In each of the loan funds, except the Commercial Fishing Loan Fund, a special account, the foreclosure expense account is established. Currently the department is authorized to expend money to protect the State's interest in secured collateral under general powers and authority. The establishment of these accounts will promote better accounting of loans in default and ensure money spent will be reimbursed at the time of the sale of repossessed collateral. The foreclosure expense account already exists in the Commercial Fishing Loan Fund.

In Section 18 on page 6, line 21 makes minor grammatical changes to the Historical District Loan program to clarify the scope of that program. The proposed new language would make clear that the program includes buildings within historical district boundaries and important in State or national history and other buildings within historical districts which can be superficially modified to conform to the period or motif that is the reason for the designation of the area as a historical district.



UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #10
Juneau, Alaska 99801-1188
(907) 586-2820

Cass M. Parsons
Executive Director

February 5, 1985

Senator Fred Zharoff
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Zharoff:

This letter is in reference to Senate Bill 78, a bill introduced by the Governor regarding, in part, the fisheries loan program.

As you may recall, a similar bill was worked on last year by the United Fishermen of Alaska and Senate Advisory Council staff (SB 496) which would do essentially the same things this bill is concerned with. The bill would be very helpful in making our loan program more workable and we urge its speedy consideration by the Labor and Commerce Committee.

The United Fishermen of Alaska suggest also that when the Committee hears the bill, they might also wish to consider amending the legislation to allow fishermen to "pre-qualify" for a fishing loan so that the waiting period between the time one finds a permit available for sale and the time of actual loan approval is minimal. As it is now, most people prefer to sell to someone who has ready financing or cash rather than work with someone who has to go through the lengthy process of qualifying for and securing a state loan. This promotes sales to non-residents or urban residents who have better access to financing.

Thank you for your attention. I will appreciate any help you can give us in this regard.

Sincerely,

Cass M. Parsons
UFA Executive Director



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Ch 78
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, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 6, 1985

SUBJECT: Senate CS for HB 66

TO: Senator Fred Zharoff
Chair, Labor and Commerce Committee

FROM: Mike F. Ford *M.F.*
Legislative Counsel

You have asked for an explanation of the technical change made to line 19 of the above referenced bill. The bill as introduced changed the word "shall" to "must", and the CS prepared by this agency deleted that change. The reason for the deletion of the change made in the original bill is that "shall" is the correct word to use to impose a duty upon someone, as is done in line 19 and 20. See Manual of Legislative Drafting (1985) pp. 51 and 52. This office routinely makes such corrections to governor's bills when preparing committee substitutes.

The word "must" is used when describing things or criteria. For example the word "must" is correctly used in line 16 of Senate CS for HB 66, in that "must" refers to panels of the compensation board. The reason that line 19 is somewhat harder to apply these rules to, is that the sentence is written in the passive voice, rather than in the active voice as this agency usually drafts such provisions. For example the sentence would read in the active voice as, "The governor shall appoint the latter two member of each panel, subject to confirmation by a majority of the members of the legislature in joint session."

If I can be of further assistance please let me know.

MFF:ojb
J11/060



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

CS SB 78 (L&C)

"but may not be by lease" is removed
from all loan programs except commercial
fishing loans in the sections regarding
disposal of property.

Original sponsor: Rules/Governor

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

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
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(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 intuitions,
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 the 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] 16.10.338, 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.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator John Sackett
Senate Finance Committee Co-chair

Senate Jan Faiks
Senate Finance Committee Co-chair

FROM: Senator Dick Eliason
Senate Labor and Commerce Vice-chair

RE: CSSB 78

DATE: March ¹¹/₈, 1985

Today the Senate Labor and Commerce Committee passed out Committee Substitute for Senate Bill 78 - "An Act making miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development.

During the two public hearings held on this legislation, the fiscal notes submitted by the Department were discussed. It was the feeling of the committee that this legislation could adequately be implemented without the projected added costs. The increased workload which may occur upon passage of SB 78 could more than likely be absorbed by the existing personnel.

Senate Bill 78 contains several provisions which will greatly assist commercial fisherman within Alaska to achieve a healthy industry. It is important that those provisions be given adequate consideration without being encumbered with a "hefty fiscal note".

SUMMARY OF SENATE BILL 78 - AMENDMENTS TO STATE LOAN PROGRAMS

1) Repeals "Section C " (AS 16.10.310 (1)(c)) which allows the Department to authorize loans to corporations, partnerships, or joint ventures who meet Section A and B qualifications. The maximum limit of this loan is currently \$100,000. To date, a total of three loans has been issued under this section.

Adds language which allows individuals who qualify for a Section B loan to form a partnership, joint venture, or corporation to apply for a loan. The maximum limit of this loan would be \$100,000 times the number of individuals involved.

2) Adds language which would allow individuals to assume loans if the applicant has been a state resident for two years and if the approval of the assumption would be consistent with the purposes of the Commercial Fishing Loan Act.

Committee Substitute Adds language which states "that it is not necessarily inconsistent with the purposes of the Commercial Fishing Loan Act to permit assumption of a loan to an individual who does not meet the current eligibility requirement".

3) Deletes language which requests the Department of Commerce to consult with the Department of Fish and Game or the Commercial Fisheries Entry Commission when implementing regulations and procedures regarding the Commercial Fishing Loan Act.

4) Adds language which would allow the Department of Commerce to extend the term of the loan past 15 years if the individual has experienced "poor fishing seasons or adverse market conditions for Alaskan products".

5) Adds language which states that "the total of balances outstanding on loans" may not exceed the previously stated limits.

6) Adds language which changes the requirements of notification when a debtor defaults on a loan which has a permit pledged as security. Certified mail AND first class mail is used when mailing the notice of default. The borrower is responsible to keep a current address on file with the Department and upon evidence of mailing, it will be PRESUMED that the borrower received notice.

7) Adds language which allows the Department to dispose of property acquired through default in a manner that serves the best interests of the state, but may not be by lease.

8) Adds language to establish special foreclosure expense accounts within the following loan programs:

Bulk Fuel	WW II Veterans
Alternative Energy	Mining
Residential Energy Conservation	Child Care Facility
Small Business	Historical District
Tourism	

This account would provide a better audit trail for foreclosure expenses.

9) Adds language which makes grammatical changes and defines the scope of the historical district loan program.

The number items do not correspond to section numbers.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

Senate Bill 78

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 his/her 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.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1985

SUBJECT: Commercial fishing loans (SB 78)

TO: Senator Richard I. Eliason
Vice-Chairman, Labor and Commerce Committee

FROM: Keith B. Levy ^{KBL}
Legislative Counsel

You have asked for an opinion on the significance of AS 16.10.310(a)(7), a provision of SB 78 that would allow the assumption of commercial fishing loans if enacted. Under current law, there is no direct authority for the Department of Commerce and Economic Development to allow the assumption of commercial fishing loans, although the department probably could allow an assumption by an individual who meets existing eligibility requirements.

Senate Bill 78, introduced by the governor, would add the following language to the powers of DCED with respect to commercial fishing loans under AS 16.10.310(a)(7):

The department may . . . (7) allow an assumption of a loan if (A) the applicant has been a state resident for a continuous period of two years immediately preceding the date of the request for an assumption; and (B) approval of the assumption would be consistent with the purposes of AS 16.10.300 -- 16.10.370.

Accordingly, the department would be given broad discretion to allow the assumption of a commercial fishing loan, provided the person making the assumption meets the residency requirement and the assumption is consistent with the Commercial Fishing Loan Act.

You have asked whether this provision would permit or require DCED to allow an assumption only if the applicant meets the eligibility requirements as they exist when the application for the assumption is made. The assumption

Senator Richard I. Eliason
March 5, 1985
Page 2

provision would certainly permit DCED to require the assumption applicant to meet current eligibility requirements, since such a requirement would clearly be consistent with the Commercial Fishing Loan Act. Therefore, if the Commissioner of Commerce and Economic Development were to adopt a regulation with such a requirement, the regulation would continue to be effective if SB 78 became law. However, the commissioner would not be required to adopt such a regulation if SB 78 is enacted, since it could well be argued that eligibility requirements other than those in effect at the time of the assumption are nonetheless consistent with the purposes of the Commercial Fishing Loan Act. For example, the commissioner might find that it is consistent with the Commercial Fishing Loan Act to allow an applicant for an assumption to meet the eligibility requirements as they existed when the loan was originally made rather than as they exist at the time of the application for the assumption. This is a judgement which could be made in the discretion of the commissioner under AS 16.10.310(7), as added by SB 78.

If it is your intent to permit DCED to allow the assumption of commercial fishing loans based on former eligibility requirements, SB 78 gives that discretion as long as those requirements are consistent with the Commercial Fishing Loan Act. However, if you wish to require DCED to permit the assumption of commercial fishing loans under eligibility requirements other than those in effect at the time of assumption, the bill should spell this requirement out. If that is the case, I would recommend that page 3, lines 5 - 10 of SB 78 be changed to provide that it is not necessarily inconsistent with the purposes of the Commercial Fishing Loan Act to permit assumption of a loan to an individual who does not meet the current eligibility requirements.

If I may be of further assistance, please feel free to contact me.

KBL:ojb
J12/054

statement, sources and application of all funds received and a schedule of change of owner's equity. The department may also require an audit or audits to determine whether the borrower has complied with the provisions of the loan and conduct periodic inspection of collateral securing repayment of the loan. If a vessel is used as collateral, a current marine survey must be supplied to the department at the borrower's expense upon request by the department.
(Eff. / / , Reg.)

Authority: AS 16.10.310

3 AAC 80.075. COSTS. All expenses incurred by the department in closing a loan, including the processing of the loan application, shall be paid by the applicant. These expenses include the cost of credit reports, title reports and insurance, recording fees, appraisals, surveys, out-of-state travel and other direct costs. (Eff. / / , Reg.)

Authority: AS 16.10.310

3 AAC 80.080. ASSUMPTIONS. (a) Requests for permission to assume obligations and benefits of loans granted under AS 16.10.300-16.10.370 will be processed in the same manner as a loan request.

(b) A loan committee may permit an assumption if the individual seeking to assume the loan would be eligible for a new loan of the type that is sought to be assumed, the applicant is a good financial risk, and the security of the state's investment is preserved.

(c) Eligibility standards currently in effect, rather than standards in effect at the time the original loan was made, will govern assumptions. (Eff. / / , Reg.)

Authority: AS 16.10.310

3 AAC 80.085. RECONSIDERATION. (a) If a loan request is denied or significantly modified by a loan committee, an applicant may file a written request for reconsideration with the department. The request must be filed within 30 days of receipt of the initial decision of the loan committee.

(b) The loan committee will reconsider a request only upon a showing by the applicant that

(1) there has been a substantial change in the circumstances; or

(2) additional relevant information can be provided to the loan committee that was not initially available. (Eff. / / , Reg.)

Authority: AS 16.10.310
AS 16.10.339

(8)

DRAFT

Proposed Regs.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 8, 1985

SUBJECT: Pre-qualification of commercial fishing
loan applicants

TO: Senator Richard I. Eliason
Chairman, Senate Labor and Commerce Committee

FROM: Keith B. Levy *KBL*
Legislative Counsel

You have asked whether the Commercial Fishing Loan Act (AS 16.10.300 - 16.10.370) gives the commissioner of the Department of Commerce and Economic Development the power to pre-qualify loan applicants. In my opinion it does.

There is nothing in the Commercial Fishing Loan Act to specifically prohibit DCED from pre-qualifying loan applicants. Under AS 16.10.310 DCED is given broad powers to make commercial fishing loans. That section also gives DCED the power to "adopt regulations necessary to carry out its functions." The functions of the department are summarized in AS 16.10.300, which states the policy of the state with regard to the Commercial Fishing Loan Act:

It is the policy of the state, under AS 16.10.300 - 16.10.370, to promote the rehabilitation of the state's fisheries, the development of a predominantly resident fishery, and the continued maintenance of commercial fishing gear and vessels throughout the state by means of long-term low interest loans.

Therefore, it is clear that the Commercial Fishing Loan Act was intended to give DCED the power to do whatever is necessary to make commercial fishing loans, within the specific statutory limitations. If pre-qualifying loan applicants furthers that purpose, as it appears that it would, then DCED may do so under the existing statutes.

If I may be of any further assistance, please feel free to contact me.

KBL:csh
c3/034

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 effec-
9 tive 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 intuitions,
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 ~~TA~~ 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. 911-934, 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 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] 16.10.333, 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 45.88.020 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.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/30/84

REQUEST

Bill/Resolution No.: SB 2973
 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.	177.8	177.8	177.8	177.8

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

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND		197.8	177.8	177.8	177.8	177.8
FEDERAL FUNDS						
OTHER						
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: Attach a separate page if necessary

Prepared By: Paul B. Arnoia, 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

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

1.	POSITION TITLE LOAN EXAMINER II	STAFF MONTHS 12	RP NUMBER	PCH NUMBER	BRU PRIORITY 17A	BARC. UNIT GGU	PAGE/LINE	APPROV. GOV.	DISAPP.
2.	TYPE OF POSITION PFT	ADDITION	ADDITION	ADDITION	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTRIBUTION LEVEL 1	ADDITION	ADDITION	ADDITION					
4.	TYPE OF EXPENDITURE								
5.	PERSONAL SERVICES		2						
6.	Salary	34,740							
7.	Benefits	5,624							
8.	Supplemental Benefits	2,130							
9.	Fixed Benefits	2,732							
10.	TOTAL PERSONAL SERVICES			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	1028						
		Other							
				57,226					

FOR BSM USE ONLY
KEY NUMBER

JUSTIFICATION
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

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

FY 86

Page 1 of 4
Revised Date

**REQUEST FOR
NEW POSITION**

1.	POSITION TITLE LOAN CLOSER II	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	RANGE/STEP 12A	DARG. UNIT GGU	PAGE/LINE	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	ADDITION	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	COV.	
3.	COMPARISON LEVEL 1	ADDITION	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	COV.	
4.	TYPE OF EMPLOYMENT	ADDITION	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	COV.	
5.	PERSONAL SERVICES		2						
6.	Salary		24,864						
7.	Benefits		4,025						
8.	Supplemental Benefits		1,524						
9.	Fixed Benefits		2,732						
10.	TOTAL PERSONAL SERVICES			33,145					
11.	Travel			-0-					
12.	Contractual			3,000					
13.	Commodities			300					
14.	Equipment			4,250					
15.	Other								
	TOTAL COST			40,695					
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 1028							
		Other							

JUSTIFICATION
 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.

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

FOR BSA USE ONLY
 KEY NUMBER

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

FY 86

Page 3 of 4
 Revised Date

**REQUEST FOR
 NEW POSITION**

FY 86

1. POSITION TITLE LOAN CLOSER II	STAFF MONTHS 12	RP NUMBER	PAGE/LINE	APPROV.	DISAPPR.
2. TYPE OF POSITION PFT	ADDITION			GOV.	
3. CONTRIBUTION LEVEL			ELECTION DISTRICT	LEG.	
4. TYPE OF EXPENDITURE					
5. PERSONAL SERVICES	2				
6. Salary	24,864				
7. Benefits	4,025				
8. Supplemental Benefits	1,524				
9. Fixed Benefits	2,732				
10. TOTAL PERSONAL SERVICES	01				
11. Travel	02				
12. Contractual	03				
13. Commodities	04				
14. Equipment	05				
15. Other					
TOTAL COST					

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	1028	
	Other	

FOR B24 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.

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

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

Page 4 of 4
Revised Date

REQUEST FOR NEW POSITION

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/30/84

REQUEST

Bill/Resolution No.: SB 77 78
 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						
900 MISCELLANEOUS						
TOTAL OPERATING		86.5	70.3	72.5	75.0	77.3

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

REVENUE		445.0	495.0	545.0	595.0	645.0
----------------	--	-------	-------	-------	-------	-------

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)

875W113084d

7/1/84

Accounting & Collections

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.

0875W113084d

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	STAFF MONTHS 12	RP NUMBER	PCB NUMBER
2.	TYPE OF POSITION PFT	ADDITION	X	
3.	COMPARATIVE TEST			
4.	TYPE OF EMPLOYMENT			
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.		C.F. Hatch 1003
19.		General Funds 1004
20.		I-A Receipts 1005
21.		Program Receipts 1028
		Other

JUSTIFICATION

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.

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.

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

FOR B24 USE ONLY
KEY NUMBER

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

FY 86

Page 1 of 3
Revised Date

REQUEST FOR
NEW POSITION

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 600 formal applications with approximately 400 assumptions approved per year. It is also anticipated that many additional borrowers will inquire about the assumption program.

ADDITIONAL
EXPLANATION
FORM

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

FY 86

PAGE 2 OF 3

REVISED DATE

1.	POSITION/TITLE CLERK IV	STAFF MONTHS 12	RP NUMBER	PCB NUMBER	IM/ICE/STEP 9B	BARC. UNIT GGU	PAGE/LINE ELECTION DISTRICT 4	COV. LEG.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	ADDITION	X		BRU PRIORITY	LOCATION Juneau				
3.	COMBINATION LEVEL				JUSTIFICATION					
4.	TYPE OF EMPLOYMENT									
5.	FUNDING SOURCE									
6.	Salary	21.4								
7.	Benefits	3.5								
8.	Supplemental Benefits	1.3								
9.	Fixed Benefits	2.6								
10.	TOTAL FUNDING SOURCE	28.8								
11.	Travel	-0-								
12.	Contractual	2.9								
13.	Commodities	1								
14.	Equipment	5.9								
15.	Other									
	TOTAL COST	37.7								
16.	RECEIPT CODE									
17.	FEDERAL RECEIPTS 1002									
18.	C.F. HUTCH 1003									
19.	GENERAL FUND 1004									
20.	I-A RECEIPTS 1005									
21.	PROGRAM RECEIPTS 1028									
	Other									

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, date enter and verify all entries to the subsidiary system, file items held in suspense and finally refile the loan file.

FOR B24 USE ONLY
KEY NUMBER

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

FY 86

Page 3 of 3
Revised Date

REQUEST FOR
NEW POSITION

STATUTES RELATED TO SB 78

AS 16.10.300

CHAPTER = 16.10
SECTION = 16.10.300
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.300.
CATCH LINE
DECLARATION OF POLICY.
TEXT It is the policy of the state, under AS 16.10.300 - 16.10.370, to
promote the rehabilitation of the state's fisheries, the
development of a predominantly resident fishery, and the
continued maintenance of commercial fishing gear and vessels
throughout the state by means of long-term low interest loans.
HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 1 ch 54 SLA 1973; am sec. 1 ch
128 SLA 1975)

AS16.10.310

CHAPTER = 16.10
SECTION = 16.10.310
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.

CITATION Sec. 16.10.310.

CATCH LINE

POWERS OF THE DEPARTMENT.

TEXT (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 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, 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 commercial fishing; or
(ii) is economically dependent on commercial fishing for a livelihood and for whom commercial

AS16.10.310 (cont.)

fishing has been a traditional way of life for the individual in Alaska, 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;

(C) corporations, partnerships, or joint ventures, 100 percent of which are owned by 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 16.10.310(a)(1)(B) 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 that period, for the repair, restoration or upgrading of existing vessels and gear, for the purchase of gear, and for the construction and purchase of vessels;

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

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

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

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

(6) enter into agreements with other agencies or organizations to create an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of the state.

(b) The department shall consult with the Department of Fish and Game on regulations and procedures established under this chapter.

AS16.10.310 (cont.)

HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 3 ch 54 SLA 1973; am sec. 3 ch 128 SLA 1975; am sec. 1 ch 154 SLA 1977; am sec. 3 ch 83 SLA 1978; am secs. 2 - 7 ch 72 SLA 1979; am sec. 7 ch 113 SLA 1982; am sec. 1 ch 7 SLA 1983)

AS16.10.315

CHAPTER = 16.10

SECTION = 16.10.315

TITLE = 16

HEADINGS TITLE 16.

Fish and Game.

CHAPTER 10.

Fisheries and Fishing Regulations.

ARTICLE 7.

Commercial Fishing Loan Act.

CITATION Sec. 16.10.315.

CATCH LINE

ALLOCATION OF LOANS.

TEXT The department shall allocate at least 10 percent of the money that is appropriated for a state fiscal year to make loans under AS 16.10.310 for loans of \$35,000 or less made under AS 16.10.310(a)(1)(B) and

(C). An allocation made under this section terminates on April 15 of the state fiscal year for which the allocation is made.

HISTORY (Sec. 2 ch 7 SLA 1983)

AS16.10.320

CHAPTER = 16.10
SECTION = 16.10.320
TITLE = 16
HEADINGS TITLE 16.

Fish and Game.

CHAPTER 10.

Fisheries and Fishing Regulations.

ARTICLE 7.

Commercial Fishing Loan Act.

CITATION Sec. 16.10.320.

CATCH LINE

LIMITATIONS ON LOANS.

TEXT (a) A loan under AS 16.10.310 - 16.10.370

- (1) may not exceed a term of 15 years;
- (2) may not bear interest exceeding 10-1/2 percent;
- (3) shall be secured by a first priority lien and appropriate security agreement; and
- (4) may not exceed 90 percent of the appraised value of the collateral used to secure the loan, except that a loan granted under AS 16.10.333 for the purchase of an Alaska limited entry permit may not exceed an amount determined in accordance with (f) or (h) of this section.

(b) A lien in favor of the state is not required for loans guaranteed fully by the federal government under 46 U.S.C. 1271 - 1279b (Federal Ship Financing Act of 1972), as amended. In the case of a security agreement given to secure a loan made under AS 16.10.300 - 16.10.370 and covering a vessel documented under the laws of the United States and so long as 46 U.S.C. 911-948 (Ship Mortgage Act, 1920) as amended, and 46 U.S.C. 801-842 (Shipping Act, 1916), as amended, remain ambiguous with respect to whether or not a state or state agency qualifies as a citizen of the United States for purposes of those Acts, the first lien requirement of this section may be satisfied by the recordation

AS16.10.320 (cont.)

and endorsement of a first preferred ship mortgage under 46 U.S.C. 911-984, and by perfection of a security interest under the Uniform Commercial Code - Secured Transactions (AS 45.09), if the approval of the Secretary of Commerce is obtained under 46 U.S.C. 839 for the transfer to the department of the interest in a vessel documented under the laws of the United States. In the case of a security agreement given to secure a loan made under AS 16.10.300 - 16.10.370 and covering a vessel documented under the laws of the United States, the first lien requirement of this section may also be satisfied by use of a trust deed and bond issued under it, if the trustee is a citizen of the United States and obtains a first preferred ship mortgage on the vessel under 46 U.S.C. 911-984, and the approval of the Secretary of Commerce is obtained under 46 U.S.C. 839 and 961 for the transfer of the bond or bonds to the department if the trustee is not a trustee approved by the Secretary of Commerce under 46 U.S.C. 808, 835 and 961.

(c) Repealed, sec. 72 ch 113 SLA 1982.

(d) Loans made to a borrower under AS 16.10.310(a)(1)(A) may not exceed a total of \$300,000. Loans made to a borrower under AS 16.10.310(a)(1)(B) or (C) may not exceed a total of \$100,000. A loan to an associate of the borrower is considered to be a loan to the borrower. For the purposes of this section, "associate of the borrower" means

(1) a corporation or other organization of which the borrower is an officer, director or partner, or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities;

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

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

AS16.10.320 (cont.)

(e) Two or more individual commercial fishermen who each satisfy the requirements specified in AS 16.10.310(a)(1)(B) may jointly obtain a commercial fishing loan for the construction of a fishing vessel or the purchase of 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.

(f) Except as permitted in (h) of this section, a loan made under AS 16.10.310(a)(1)(A) and (B) for the purchase of an Alaska limited entry permit may not exceed 90 percent of the appraised value of the collateral used to secure the loan.

(g) Repealed, sec. 72 ch 113 SLA 1982.

(h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may be made for up to 100 percent of the appraised value of the collateral used to secure the loan if the borrower demonstrates that (1) the borrower has at least three years of experience as a commercial fisherman in the fishery to which the entry permit applies; and (2) the borrower has not owned an Alaska limited entry permit in the year immediately preceding the application for the loan. In this subsection "three years of experience as a commercial fisherman in the fishery" means that for an accumulated total of three fishing seasons in the same fishery the borrower has actively participated in the commercial harvest of fish under the direction of a limited entry permit holder.

(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

AS16.10.320 (cont.)

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 loans received by the borrower or the associate under AS 16.10.310 does not exceed \$300,000.

HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 3 ch 54 SLA 1973; am sec. 3 ch 128 SLA 1975; am sec. 1 ch 154 SLA 1977; am sec. 3 ch 83 SLA 1978; am secs. 2 - 7 ch 72 SLA 1979; am secs. 8 - 12, 72 ch 113 SLA 1982)

AS16.10.325

CHAPTER = 16.10
SECTION = 16.10.325
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.

CITATION Sec. 16.10.325.

CATCH LINE

GUARANTORS.

TEXT A person may act as guarantor if the borrower has insufficient collateral to secure a loan for the purposes described in AS 16.10.310(a)(1)(B). The loan agreement shall specifically describe the property of the guarantor to be used as collateral by the borrower and shall be signed by the guarantor and the borrower. The department shall provide the guarantor with a copy of all notices sent to the borrower by the department. If the loan is for the purchase of an entry permit, the guaranty by the

AS16.10.325 (cont.)

guarantor may not constitute a lien, mortgage, or encumbrance on
or pledge of the entry permit.

HISTORY (Sec. 13 ch 113 SLA 1982)

AS16.10.330

CHAPTER = 16.10

SECTION = 16.10.330

TITLE = 16

HEADINGS TITLE 16.

Fish and Game.

CHAPTER 10.

Fisheries and Fishing Regulations.

ARTICLE 7.

Commercial Fishing Loan Act.

CITATION Sec. 16.10.330.

CATCH LINE

SALE OR TRANSFER OF MORTGAGES, BONDS AND NOTES.

TEXT Repealed, sec. 14 ch 122 SLA 1980.

AS16.10.333

CHAPTER = 16.10
SECTION = 16.10.333
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.

CITATION Sec. 16.10.333.

CATCH LINE

LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY PERMITS.

TEXT (a) Loans under 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 the regulations adopted by the commission.

(b) Upon approval by the commissioner, the permit to be purchased may be pledged as security for a loan under (a) of this section, if

(1) the certificate for the pledged permit lists the commissioner as the legal owner of the permit;

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

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

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

(5) co-signers or other sureties for performance under the note are not vested with any rights in the pledged permit and their obligation is limited to satisfaction of the note and payment of costs directly incurred by the department in administering the loan.

AS16.10.333 (cont.)

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

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

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

(f) In determining whether an individual commercial fisherman is reasonably likely to be able to repay a loan made under this section, the commissioner shall consider the individual commercial fisherman's income from commercial fishing and from all other sources.

HISTORY (Sec. 4 ch 83 SLA 1978; am sec. 1 ch 106 SLA 1980)

AS16.10.335

CHAPTER = 16.10
SECTION = 16.10.335
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.

CITATION Sec. 16.10.335.

CATCH LINE

DEFAULT AND FORECLOSURE.

TEXT (a) If the debtor defaults upon a note for which a limited entry permit has been pledged as security under AS 16.10.333 or under AS 16.10.338, the commissioner shall provide the debtor, by

AS16.10.335 (cont.)

registered or certified mail sent to the debtor's last known address on file with the commissioner, with a notice of default which includes

- (1) a description of the security given for the note including the number assigned to the pledged permit by the commission;
- (2) the date upon which the default occurred;
- (3) the amount of arrearages as of the date of the notice, the total amount remaining on the note less unearned interest, and the amount of daily interest;
- (4) a statement that the debtor may, within 15 days of the postmark date of the notice, request a hearing to submit evidence showing the debtor has not defaulted;
- (5) a statement that the note may be reinstated if brought current within 60 days from the postmark date of the notice;
- (6) a statement that the note may be paid in full less unearned interest within 120 days from the postmark date of the notice;
- (7) the place where reinstatement or payment in full may be made; and
- (8) a notice in at least 10-point bold type stating:
"IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

(b) Upon the debtor's failure to satisfy the note within the time specified in (a)(6) of this section, the debtor's interest in the permit is terminated by operation of law without further notice. Any entry permit cards issued to the debtor under the permit shall be cancelled immediately upon receipt by the commission of a certificate of termination containing a copy of the notice required by (a) of this section issued by the commissioner.

AS16.10.337

CHAPTER = 16.10
SECTION = 16.10.337
TITLE = 16
HEADINGS TITLE 16.

Fish and Game.

CHAPTER 10.

Fisheries and Fishing Regulations.

ARTICLE 7.

Commercial Fishing Loan Act.

CITATION Sec. 16.10.337.

CATCH LINE

DEFICIENCIES AND TRANSFER OF ENTRY PERMITS AFTER FORECLOSURE.

TEXT (a) Upon a foreclosure on an entry permit as provided in AS 16.10.335, the commissioner shall offer the commission a right of first refusal if the permit is subject to a buy-back program under AS 16.43.290 16.43.330 at a price equal to the amount outstanding on the note plus any costs the department directly incurred in administering the loan.

(b) If the commission does not exercise its right of first refusal within 30 days after it receives the offer, or if the permit is not subject to a buy-back program under AS 16.43.290 - 16.43.330, the department shall promptly advertise and sell the permit. If the proceeds of the sale of a permit exceed the amount necessary to pay the note in full, plus penalties, costs of administration of the note, and attorney fees, the excess will be transferred by the commissioner to the debtor. At any time until the permit has been sold under this subsection the debtor may repurchase the permit by paying the department the amount necessary to pay the note in full, plus penalties, costs of administration of the note, and attorney fees, as determined by the commissioner.

(c) Repealed, sec. 72 ch 113 SLA 1982.

AS16.10.337 (cont.)

(d) Nothing in this section affects the right of the commissioner to institute legal action for a deficiency resulting from a default on a note given under AS 16.10.333. In addition to any deficiency, the debtor is liable for the costs of administering the note and for costs and attorney fees.

HISTORY (Sec. 4 ch 83 SLA 1978; am sec. 72 ch 113 SLA 1982; am sec. 5 ch 7 SLA 1983)

AS16.10.338

CHAPTER = 16.10
SECTION = 16.10.338
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.338.
CATCH LINE
ENTRY PERMITS AS COLLATERAL.
TEXT Alaska limited entry permits may be used as security for loans under AS 16.10.310(a). The provisions of AS 16.10.335 and 16.10.337 apply to Alaska limited entry permits pledged as security for loans in accordance with this section.
HISTORY (Sec. 10 ch 72 SLA 1979)

AS16.10.339

CHAPTER = 16.10
SECTION = 16.10.339
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.339.
CATCH LINE
REGULATIONS.
TEXT The commission, with the approval of the department, shall adopt
regulations to implement AS 16.10.333 - 16.10.337.
HISTORY (Sec. 4 ch 83 SLA 1978)

AS16.10.340

CHAPTER = 16.10
SECTION = 16.10.340
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.340.
CATCH LINE
CREATION OF FUND.
TEXT There is a commercial fishing revolving loan fund to carry out
the purpose of AS 16.10.300 - 16.10.370.
HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 2 ch 177 SLA 1976)

AS16.10.342

CHAPTER = 16.10

SECTION = 16.10.342

TITLE = 16

HEADINGS TITLE 16.

Fish and Game.

CHAPTER 10.

Fisheries and Fishing Regulations.

ARTICLE 7.

Commercial Fishing Loan Act.

CITATION Sec. 16.10.342.

CATCH LINE

SPECIAL ACCOUNT ESTABLISHED.

TEXT

(a) There is established as a special account within the commercial fishing revolving loan fund the foreclosure expense account.

(b) Repealed, sec. 72 ch 113 SLA 1982.

(c) The commissioner may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans granted under AS 16.10.300 - 16.10.370 or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

HISTORY (Sec. 4 ch 83 SLA 1978; am sec. 72 ch 113 SLA 1982)

AS16.10.350

CHAPTER = 16.10
SECTION = 16.10.350
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.350.
CATCH LINE
ADMINISTRATION OF FUND.
TEXT The commissioner shall administer the loan fund.
HISTORY (Sec. 1 ch 134 SLA 1972)

AS16.10.360

CHAPTER = 16.10
SECTION = 16.10.360
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.360.
CATCH LINE
DEFINITIONS.
TEXT In AS 16.10.300 - 16.10.370
(1) "commission" means the Alaska Commercial Fisheries
Entry Commission;

AS16.10.360 (cont.)

(2) "commissioner" means the commissioner of commerce and economic development;

(3) "debtor" means an individual commercial fisherman who either initially contracts for a loan under AS 16.10.333 - 16.10.337 or assumes a loan as provided in those sections;

(4) "department" means the Department of Commerce and Economic Development.

HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 5 ch 83 SLA 1978)

AS16.10.370

CHAPTER = 16.10
SECTION = 16.10.370
TITLE = 16
HEADINGS TITLE 16.
Fish and Game.
CHAPTER 10.
Fisheries and Fishing Regulations.
ARTICLE 7.
Commercial Fishing Loan Act.
CITATION Sec. 16.10.370.
CATCH LINE
SHORT TITLE.
TEXT AS 16.10.300 - 16.10.370 may be cited as the Commercial Fishing Loan Act.
HISTORY (Sec. 1 ch 134 SLA 1972)

AS16.05.480

CHAPTER = 16.05

SECTION = 16.05.480

TITLE = 16

HEADINGS TITLE 16.

Fish and Game.

CHAPTER 05.

Fish and Game Code.

ARTICLE 4.

Licensing of Commercial Fishing Crewmembers and Vessels.

CITATION Sec. 16.05.480.

CATCH LJNE

COMMERCIAL FISHING LICENSE.

TEXT

(a) A person engaged in commercial fishing shall obtain a commercial fishing license. The fee for the license is \$30 for residents, and \$90 for nonresidents. Except for those which are also entry or interim-use permits, all commercial fishing licenses are nontransferable. The commercial fishing license shall be retained in the possession of the licensee, readily accessible for inspection at all times. No more than one fee may be charged annually against a person. For the purposes of this section, "commercial fishing license" includes entry permits and interim-use permits issued under AS 16.43 and crewmember fishing licenses.

(b) A person applying for a resident commercial license under this section shall provide the proof of residence which the department requires by regulation.

(c) Repealed, sec. 12 ch 123 SLA 1978.

HISTORY

(Sec. 6 art III ch 94 SLA 1959; am sec. 19 ch 131 SLA 1960; am sec. 1 ch 93 SLA 1966; am sec. 2 ch 42 SLA 1968; am sec. 3 ch 105 SLA 1977; am secs. 1, 2, 12 ch 123 SLA 1978; am sec. 1 ch 79 SLA 1982)

AS27.09.010

CHAPTER = 27.09
SECTION = 27.09.010
TITLE = 27
HEADINGS TITLE 27.
Mining.
CHAPTER 09.
Mining Loan Fund.
CITATION Sec. 27.09.010.
CATCH LINE

MINING LOAN FUND.

TEXT (a) There is established in the Department of Commerce and Economic Development the mining loan fund. The department may make loans from the fund to underwrite advanced mineral exploration, development, or mining in the state.

(b) The mining loan fund is a revolving fund consisting of appropriations made to the fund by the legislature and repayments of principal and interest on loans made from the fund. Money appropriated to or repaid into the fund does not lapse under AS 37.25.010.

HISTORY (Sec. 35 ch 106 SLA 1980; am sec. 32 ch 113 SLA 1982)

AS44.33.240

CHAPTER = 44.33
SECTION = 44.33.240
TITLE = 44
HEADINGS TITLE 44.
State Government.
CHAPTER 33.
Department of Commerce and Economic Development.
ARTICLE 4.
Child Care Facility Revolving Loan Fund.

CITATION Sec. 44.33.240.

CATCH LINE

CHILD CARE FACILITY REVOLVING LOAN FUND.

TEXT There is in the Department of Commerce and Economic Development the child care facility revolving loan fund to carry out the purposes of AS 44.33.240 44.33.275. The fund may not be used for any other purpose.

HISTORY (Sec. 9 ch 253 SLA 1976)

AS44.33.245

CHAPTER = 44.33
SECTION = 44.33.245
TITLE = 44
HEADINGS TITLE 44.
State Government.
CHAPTER 33.
Department of Commerce and Economic Development.
ARTICLE 4.
Child Care Facility Revolving Loan Fund.

CITATION Sec. 44.33.245.

CATCH LINE

POWERS AND DUTIES OF THE DEPARTMENT IN ADMINISTERING THE FUND.

AS44.33.245 (cont.)

TEXT (a) The department may
(1) make loans for the construction, renovation, and equipping of child care facilities, including private nonprofit child care facilities;
(2) adopt regulations necessary to carry out the provisions of AS 44.33.240 - 44.33.275.
(b) The department shall
(1) develop eligibility standards for loans to child care facilities;
(2) adopt guidelines for the determination of loan terms.

HISTORY (Sec. 9 ch 253 SLA 1976; am sec. 1 ch 112 SLA 1981)

AS44.33.250

CHAPTER = 44.33
SECTION = 44.33.250
TITLE = 44
HEADINGS TITLE 44.
State Government.
CHAPTER 33.
Department of Commerce and Economic Development.
ARTICLE 4.
Child Care Facility Revolving Loan Fund.
CITATION Sec. 44.33.250.
CATCH LINE
CONDITIONS OF LOANS.
TEXT Repealed, sec. 9 ch 112 SLA 1981.

AS44.33.255

CHAPTER = 44.33

SECTION = 44.33.255

TITLE = 44

HEADINGS TITLE 44.

State Government.

CHAPTER 33.

Department of Commerce and Economic Development.

ARTICLE 4.

Child Care Facility Revolving Loan Fund.

CITATION Sec. 44.33.255.

CATCH LINE

LOAN TERMS.

TEXT (a) A loan to a child care facility under AS 44.33.240 - 44.33.275 may not exceed \$50,000.

(b) The rate of interest charged shall be seven per cent a year on the unpaid balance of the loan.

(c) The duration for repayment of a loan may not exceed 20 years.

(d) All principal and interest payments on loans under AS 44.33.240 - 44.33.275 shall be paid into the child care facility revolving loan fund.

(e) If a child care facility ceases operation, any loan to the facility from the fund is due on the date the facility ceases operation.

HISTORY (Sec. 9 ch 253 SLA 1976; am sec. 3 ch 153 SLA 1978; am sec. 18 ch 72 SLA 1979; am sec. 2 ch 112 SLA 1981; am sec. 34 ch 113 SLA 1982)

AS44.33.260

CHAPTER = 44.33

SECTION = 44.33.260

TITLE = 44

HEADINGS TITLE 44.

State Government.

CHAPTER 33.

Department of Commerce and Economic Development.

ARTICLE 4.

Child Care Facility Revolving Loan Fund.

CITATION Sec. 44.33.260.

CATCH LINE

ELIGIBILITY FOR LOANS.

TEXT A child care facility is eligible for a loan under AS 44.33.240 -
44.33.275 if

(1) the applicant submits to the department a plan for
the use of the loan funds that is approved by the
commissioner;

(2) Repealed, sec. 9 ch 112 SLA 1981.

(3) Repealed, sec. 7 ch 153 SLA 1978.

(4) Repealed, sec. 7 ch 153 SLA 1978.

(5) the applicant meets additional eligibility
standards established by the department under AS
44.33.245(b)(1).

HISTORY (Sec. 9 ch 253 SLA 1976; am secs. 4, 7 ch 153 SLA 1978; am sec.
9 ch 112 SLA 1981)

AS44.33.265

CHAPTER = 44.33
SECTION = 44.33.265
TITLE = 44
HEADINGS TITLE 44.
State Government.
CHAPTER 33.
Department of Commerce and Economic Development.
ARTICLE 4.
Child Care Facility Revolving Loan Fund.
CITATION Sec. 44.33.265.
CATCH LINE
CERTIFICATE OF NEED.
TEXT Repealed, sec. 7 ch 153 SLA 1978.

AS44.33.270

CHAPTER = 44.33
SECTION = 44.33.270
TITLE = 44
HEADINGS TITLE 44.
State Government.
CHAPTER 33.
Department of Commerce and Economic Development.
ARTICLE 4.
Child Care Facility Revolving Loan Fund.
CITATION Sec. 44.33.270.
CATCH LINE
SALE OR TRANSFER OF MORTGAGES AND NOTES.
TEXT (a) The commissioner of commerce and economic development may sell or transfer at par value or at a premium to a bank or other private purchaser for cash or other consideration the mortgages and notes held by the department as security for loans made under this chapter.

AS44.33.270 (cont.)

(b) Repealed, sec. 14 ch 122 SLA 1980.

HISTORY (Sec. 9 ch 253 SLA 1976; am sec. 5 ch 153 SLA 1978; am sec. 19 ch 72 SLA 1979; am sec. 14 ch 122 SLA 1980)

AS44.33.275

CHAPTER = 44.33

SECTION = 44.33.275

TITLE = 44

HEADINGS TITLE 44.

State Government.

CHAPTER 33.

Department of Commerce and Economic Development.

ARTICLE 4.

Child Care Facility Revolving Loan Fund.

CITATION Sec. 44.33.275.

CATCH LINE

DEFINITIONS.

TEXT In AS 44.33.240 - 44.33.275

(1) "child care facility" means an establishment the principal purpose of which is to provide care for children not related by blood, marriage, or legal adoption, including but not limited to day care centers, family day care homes, and schools for preschool age children;

(2) "department" means the Department of Commerce and Economic Development.

HISTORY (Sec. 9 ch 253 SLA 1976)

AS45.98.020

CHAPTER = 45.98
SECTION = 45.98.020
TITLE = 45

HEADINGS TITLE 45.

Trade and Commerce.

CHAPTER 98.

Historical District Revolving Loan Fund.

CITATION Sec. 45.98.020.

CATCH LINE

HISTORICAL DISTRICT LOANS.

TEXT Upon endorsement and plan approval by a local historical district commission established under AS 29.48.108 and the recommendation of a majority of the members of the Historic Sites Advisory Committee, the Department of Commerce and Economic Development may make loans to a person, firm, business or municipality subject to applicable laws for the restoration, improvement, rehabilitation, or maintenance of a structure which is

(1) within the boundaries of a historical district established under AS 29.48.110;

(2) identified as important in state or national history as provided for in AS 29.48.110(b); and

(3) another building or structure within a historical district, and suitable for superficial modification so that it can conform to the period or motif of the surrounding buildings or structures that are the reason for the area's designation as a historical district.

HISTORY (Sec. 3 ch 139 SLA 1977)

AS29.48.110

CHAPTER = 29.48
SECTION = 29.48.110
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 48.
Powers Applicable to All Municipalities.
ARTICLE 2.
Facilities, Services and Regulation.

CITATION Sec. 29.48.110.

CATCH LINE

ESTABLISHMENT OF HISTORICAL DISTRICTS.

TEXT (a) In addition to existing municipal authority providing for the preservation, protection, and maintenance of historic sites, the local historical district commission established under AS 29.48.108, in consultation with the Historic Sites Advisory Committee within the Department of Natural Resources, may establish historical districts within the boundaries of the municipality.

(b) A historical district shall be a reasonably compact area of historical significance in which two or more structures important in state or national history, and related by physical proximity or historical association, are located. For purposes of this section, "structures important in state or national history" means properties recommended by historical district commissions, which are listed in the National Register of Historic Places or are characteristic of the Russian-American period before October 18, 1867, the early territorial period before 1930, or early Native heritage, reflecting the indigenous characteristics of Native culture in Alaska. Upon recommendation of the governing body of a general law or home rule municipality and the Historic Sites Advisory Committee, the Department of Natural Resources may by regulation formulate additional criteria for the establishment of historical districts not inconsistent with this subsection.

AS29.48.110 (cont.)

(c) The establishment of a historical district under this section shall be consistent with any applicable comprehensive plan for the municipality.

HISTORY (Sec. 2 ch 139 SLA 1977; am sec. 33 ch 113 SLA 1982)