

HB 111

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 26, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-9-91

The FINANCE Committee considered:

HB 111

HOUSE BILL NO. 111

LOANS SECURED BY LIMITED ENTRY PERMITS

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 111 (FIN) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note FISH & GAME

zero fiscal note(s) DCED 4.5.91
CPAB 4.5.91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>EP. Machean</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>Mike Havane</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<i>[Signature]</i>		<input checked="" type="checkbox"/>	

Mike Havane EP Machean
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 111 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
 Referred:

Sponsor(s): REPRESENTATIVE NAVARRE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the lending authority and loans of the Commercial Fishing and
 2 Agriculture Bank and to the use of limited entry permits as security for those loans; and
 3 providing for an effective date."

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

5 * Section 1. AS 16.43.150(g) is amended to read:

6 (g) Except as provided in AS 16.10.333 - 16.10.337, AS 44.81.210, 44.81.225, and
 7 44.81.230 - 44.81.250, an entry permit may not be

8 (1) pledged, mortgaged, leased, or encumbered in any way;

9 (2) transferred with any retained right of repossession or foreclosure, or on any
 10 condition requiring a subsequent transfer; or

11 (3) attached, distrained, or sold on execution of judgment or under any other
 12 process or order of any court.

13 * Sec. 2. AS 44.81 is amended by adding a new section to read:

14 Sec. 44.81.225. SMALL LOANS. (a) To facilitate the development of commercial

1 fisheries in geographic areas in which factors such as geographic considerations, uncertainties of
2 communication, or limited demands do not encourage normal lending activities, the bank may
3 make small loans to qualified borrowers who are not members of the bank.

4 (b) The provisions of this chapter apply to loans authorized by this section except that

5 (1) the borrower is not required to be a member of the bank at the time the loan
6 is approved; and

7 (2) the principal amount of the portion of the loan made by the bank may not
8 exceed \$25,000.

9 (c) The total amount of money that may be loaned under this section may not exceed
10 eight percent of the total capital of the bank.

11 (d) To service loans made under this section, the bank may contract or make other
12 arrangements with a public agency or with a legal entity that the bank determines to be
13 responsible and competent to administer the loan.

14 * Sec. 3. AS 44.81.230(a) is amended to read:

15 (a) A loan under AS 44.81.210(a)(20) or 44.81.225 for the purchase of a limited entry
16 permit may be made only upon certification by the commission that the fisherman is a person
17 who qualifies as a transferee for the permit under AS 16.43 and the regulations adopted by the
18 commission.

19 * Sec. 4. AS 44.81.230(b) is amended to read:

20 (b) Upon approval by the bank, a [THE] permit [TO BE PURCHASED] may be pledged
21 as security for a loan made under (a) of this section, AS 44.81.225, or 44.81.235 [,] if

22 (1) the certificate for the pledged permit lists the bank as the legal owner of the
23 permit;

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

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

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

30 (5) co-signers or other sureties for performance under the note are not vested with
31 any rights in the pledged permit and their obligation is limited to satisfaction of the note and

1 payment of costs directly incurred by the bank in administering the loan.

2 * Sec. 5. AS 44.81.230(f) is amended to read:

3 (f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the
4 debtor may nominate a person to assume a note for a loan made [GIVEN] under
5 AS 44.81.210(a)(20), 44.81.225, or 44.81.235. If the person nominated qualifies under (a) of this
6 section at the time of the foreclosure, the person may assume all rights and liabilities of the
7 debtor in the event the bank forecloses on the entry permit.

8 * Sec. 6. AS 44.81.250(d) is amended to read:

9 (d) Nothing in this section affects the right of the bank to institute legal action for a
10 deficiency resulting from a default on a note for a loan made [GIVEN] under
11 AS 44.81.210(a)(20), 44.81.225, [OR] 44.81.230, or 44.81.235. In addition to any deficiency,
12 the debtor is liable for the costs of administering the note and for costs and attorney fees.

13 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

No. 1
 Bill Version CSKB 111(L&C)
 (H) Publish Date: 4/5/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act relating to the lending BRU: Banking, Securities & Corporations
authority and loans of CFAB Component: Banking & Securities
 Sponsor: Rep. Navarre
 Requestor: _____ COMPONENT SERIAL NO.

1	2	3	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: William F. Kirkpatrick, Director Phone: 465-2521
 Division: Banking, Securities & Corporations Date: 2/28/91
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds* Spec. Asst. IT
 Agency: Department of Commerce & Economic Development Date: 2-28-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 2
Bill Version: CSHB 111(L&C)
(H) Publish Date: 4/5/91

Revision Date: _____ Department Affiliations: _____
Title: LEADING AUTHORITY + LOANS BRU: _____
OF CPAB Component: _____
Sponsor: REP. NAVARRE
Requestor: HOUSE LABOR + COMMERCE COMPONENT SERIAL NO.

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Expenditures/Revenue: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.) HB 111 AFFECTS THE ALASKA COMMERCIAL FISHING + AGRICULTURE BANK ONLY. NO FISCAL IMPACT TO ANY STATE AGENCY IS EXPECTED.

Prepared By: BILL HALL, BUSINESS DEVL. SERVICES Phone: 276-2007
Division: CPAB Date: 2-25-91

Approved by Commissioner: D.J. Hall
Agency: ALASKA COMMERCIAL FISHING + AG. BANK Date: 2-25-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 111

Revision Date: 3/13/91 Department Affected: Fish and Game
 Title: CFAB Loans Secured by BRU: Commercial Fisheries
Limited Entry Permits Component: Commercial Fisheries
 Sponsor: Rep. Navarre
 Requestor: Governor COMPONENT SERIAL NO.

	4	5	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Bob Clasby Phone: 465-4210
 Division: Commercial Fisheries Date: 3/13/90
 Approved by ^{DEPUTY} Commissioner: RON SEMORVILLE by [Signature]
 Agency: A D F + G Date: 3/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

7-LS0637J :
Chenoweth
5/2/91

CS FOR HOUSE BILL NO. 111 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE NAVARRE

A BILL

FOR AN ACT ENTITLED

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12 the debtor is liable for the costs of administering the note and for costs and attorney fees.

13 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

HB 111: "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

The department encourages the intent to foster further development of our commercial fisheries industry, especially geographic areas which may discourage normal lending sources. It is our understanding that this type of development activity is the foundation upon which CFAB was built.

We do question, but are not opposed to, the exemption provisions of membership to be qualified for a loan. One of the fundamental elements in the well-being of any cooperative is the support of its members and, in turn, the coop's membership service. It may be in the best interest of not only the success of CFAB but fisheries development to expand membership rather than dilute it.

The department encourages passage of HB 111.

Glenn A. Olds Spec. Asst. #1

Glenn A. Olds, Commissioner

Date: 2-28-91

May 9, 1991

SPONSOR STATEMENT

SUBJECT: CSHB111(L&C) An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date.

.....

The first subject I would like to address is a CS that I had drafted. In the CS the only change is a new section (1) that was inserted to correct a technical drafting error. In the original bill, section 1 amended AS 44.81 by adding Sec. 44.81.225 and this number did not coincide with Fish & Game statutes under title 16. The new CS amends AS 16.43.150(g) to incorporate 44.81.225.

Under current statute CFAB can only extend loans to its members. This change in statute will allow CFAB to make small loans (under \$25,000) to non-members.

This bill will allow CFAB to serve the financial needs of Alaska commercial fisherman in Western Alaska and in fisheries such as Aluetian-Yukon-Kuskokwim fisheries.

Membership in CFAB involves the purchase of capital stock, extensive documentation, and a recordkeeping and communications burden which are costly to all involved. This bill reduces this dramatically.

This bill also expands the ability to use entry permits as collateral to proposed small loans. This has been a longstanding practice with CFAB.

DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



PRINTED ON RECYCLED PAPER



UNITED FISHERMEN OF ALASKA

211 4th Street, Suit 112
Juneau, AK 99801
907-586-2820
Fax# 907-463-2545

February 26, 1991

POSITION PAPER IN SUPPORT OF HOUSE BILL 111

MEMBER ASSOCIATIONS

Alaska Crab Coalition
Alaska Independent Fishermen's
Marketing Association
Alaska Longline Fisherman's
Association
Alaska Trollers Association
Bering Sea Fishermen's Association
Bristol Bay Driftnetters Association
Concerned Area 'M' Fishermen
Cook Inlet Aquaculture Association
Copper River Fishermen's Cooperative
Cordova District Fishermen United
Kenai Peninsula Fishermen's Association
North Pacific Fisheries Association
Northern Southeast Regional
Aquaculture Association
Peninsula Marketing Association
Petersburg Vessel Owners Association
Prince William Sound
Aquaculture Association
Prince William Sound Seiners Association
Seafood Producers Cooperative
Southeast Alaska Seiners
Southern Southeast Regional
Aquaculture Association
United Cook Inlet Drift Association
United Southeast Alaska Gillnetters
Western Alaska Cooperative
Marketing Association

The United Fishermen of Alaska
wholeheartedly supports House Bill 111.

This proposed legislation would broaden the
lending capabilities of the commercial
Fishing and Agriculture Bank, from the
standpoint that for loans under \$25,000, the
small borrower would not have to become a
member of this cooperative bank.

The simplification of the lending procedure
would be particularly beneficial to the
fishing industry in Western Alaska where the
potential borrower might be intimidated by
the involved concept and paper work involved
in becoming a member of the bank. It would
also provide a needed service to the fishing
industry where loans are not always readily
available for necessary improvements.

The eight percent cap provided in the
legislation would prevent CFAB from adverse-
ly affecting the other commercial lending
institutions while providing a needed
service to Alaskan commercial fishermen.

The United Fishermen of Alaska urge you to
support this needed service to the commer-
cial fishing industry.

March 22, 1991

FOR COMPANION BILL 10. TWR
SENATE

Senator Fred Zharoff
Post Office Box V
Juneau, Alaska 99811

Dear Senator Zharoff,

For the Community Enterprise Development Corporation of Alaska and its members, I wish to voice our support for Senate Bill No. 92. This Bill, if passed, would allow the Alaska Commercial Fishing & Agriculture Bank to make \$25,000 commercial fishing loans.

Please allow me to tell you something about Community Enterprise Development Corporation of Alaska (CEDC). CEDC, formed by the Federal Government in 1968, is a non-profit organization designed to promote economic development in rural Alaska. We have 168 rural organizations who are members of CEDC, and the geographic areas which our members come from range from Sitka to Barrow.

One of the programs which we have, and is perhaps the most visible one in rural Alaska is our EDA Boat Loan Program. CEDC inherited this program from the Alaska Native Foundation in 1983. It is now the most creditable Federal Loan Program in rural Alaska. This program gives Western Alaska Fishermen, who otherwise could not qualify for a commercial bank loan, alternative financing for their boats. Since 1983, ninety four fishermen received financing worth \$1,123,973 for boats and gear from CEDC.

Our program has, and will continue to have a positive economic impact in Western Alaska. However, we do have restrictions with this program, and this is why we support Senate Bill No.92.

Our loan fund is small, and on an average we can only make 10 new boat loans per year. We cannot make loans outside of Western Alaska. Also, because we can not take fishing permits as collateral, we do not make permit loans. Within our service area the average fishing permit is worth from \$12,000-\$25,000.



CEDC


Community Enterprise Development Corporation of Alaska

Based on the number of inquiries that we get from fishermen outside of our service area. And due to limitations in our program. We can see there is adequate need for small fishing boats, and fishing permit financing in and outside of our service area.

CEDC and CFAB share a common interest with commercial fishermen. We both would like to see fishermen meet their goal of self-sufficiency. If this bill passes, this goal will be more attainable for the small boat fishermen.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA



Perry R. Eaton
President & CEO