

HB

105

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 105
 (H) Publish Date: 3/12/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Commercial Fishing Loans BRU Investments (122)
 Component Investments
 Sponsor Representative Stevens
 Requester House Special Committee on Fisheries Component No. 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CHANGE IN REVENUES (21608)	(30.2)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Greg Winegar, Director Phone 907-465-2625
 Division Investments Date/Time 3/10/03 3:00 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/10/2003
 Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 105

ANALYSIS CONTINUATION

This legislation allows Alaska harvesters to refinance existing Commercial Fishing Revolving Loan Fund (CFRLF) loans. Current law requires the Division to charge a one-half percent fee to refinance.

Section 1 of HB 105 removes the one-half percent refinancing fee and that will result in a reduction of income to the CFRLF. Interest rates are currently at record lows and as a result, the Division anticipates that the majority of borrowers eligible to refinance will do so prior to the effective date of this legislation. We expect approximately 180 refinancing applications in FY 04 and then approximately 80 applications per year thereafter. This will result in a reduction to the fund in FY 04 of \$30,150 and a reduction of \$13,400 each year thereafter through FY 09. These reductions were calculated as follows:

180 loans x \$33,500 (average loan size) = \$6,030,000 x .005 = \$30,150
80 loans x \$33,500 = \$2,680,000 x .005 = \$13,400

These calculations are based on interest rates remaining relatively flat or increasing gradually through FY 09.

adopted N/O

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 105

- 1 Page 5, line 2:
- 2 Delete "and attorney fees"
- 3 Insert "[AND] attorney fees, and child support liens of which the department has
- 4 notice"

Joint Legislative Salmon Industry Task Force

Legislative Members

Senator Ben Stevens, Chair
Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members

Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

SPONSOR STATEMENT

House Bill 105

"An Act relating to loans to satisfy past due federal tax obligations of commercial fishermen and to the commercial fishing loan program."

House Bill 105 will reenact a provision that was in effect in fiscal years 1995-1997 and 2001-2003. This provision allowed fishermen to obtain secured loans for Internal Revenue Service (IRS) debt retirement and was widely used during the time it was in effect.

The long-term crisis facing the Alaska salmon industry due to dramatic increases in world salmon production, coupled with the equally dramatic reductions in salmon prices, makes this provision all the more important. If Alaska fishermen are forced out of the water because creditors take their limited entry fishing privileges, everyone in Alaska loses.

The genesis of the original provision was prompted by actions of the IRS to seize limited entry permits that were in federal tax arrears. The IRS, through electronic means, was able to match fish tickets with their filing data base and they moved rapidly to seize limited entry permits whose holders were in arrears. This posed a significant problem for the state's and holders' interests.

The Division of Investments, Department of Community and Economic Development, in conjunction with the IRS, developed a very successful program called the "Tax Obligation Loan Program." The Tax Obligation Loan Program aimed at assisting commercial fishermen with their tax debt to the IRS. The success of this program can be measured. In FY 95-97, the Division of Investments issued 287 tax obligation loans. The program was established and in FY 2001-2003, 20 tax obligation loans were issued. This demonstrates the effectiveness of the program. The total number of loans issued in FY 1995-1997 and FY 2001-2003 is 307 and the average tax obligation loan is \$21,095.

SPONSOR STATEMENT

If this measure were adopted, the Department of Community and Economic Development believes the number of applicants would be much smaller than in previous years. This prediction is due largely to the successes of the Tax Obligation Loan Program. In the past seven years, the program expanded from assisting 7 communities in 1996, to 56 communities in 2002.

Permit holders seeking a loan under the provision in House Bill 105 must have been a state resident for a continuous period of two years preceding application and a resident at the time of application. In addition, applicants must be current on their federal tax filings and have an agreement with the IRS for payment of past due taxes. Applicants must also have had a crewmember or commercial fishing license for the year immediately preceding the date of application and any other two of the past five years. They must have actively participated in the fishery during that period of time; not have occupational opportunities available other than commercial fishing because of lack of training or employment opportunities in the area where they live; or, be economically dependent on commercial fishing for a livelihood with commercial fishing having been a traditional way of life.

Another element of this measure is that it eliminates the one-half percent refinancing fee for debt refinanced by borrowers with state loans. These borrowers must meet the qualifications of the Division of Investments. This change was incorporated as a small means to assist fishermen who may want to take advantage of lower interest rates. The job of the Joint Legislative Salmon Industry Task Force is to seek means to alleviate, to the extent possible, some of the stresses affecting the commercial salmon industry. This change would provide some assistance.

The final provision of the measure is the elimination of the word "promptly" as it applies to the advertising and sale of repossessed permits. This provides some flexibility to the Department of Community and Economic Development and may prevent their having to sell a permit at a low price.

The Joint Legislative Salmon Industry Task Force seeks your support for this measure.

FISCAL NOTE

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TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (21608)	(30.2)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
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POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Greg Winegar, Director Phone 907-465-2625
 Division Investments Date/Time 3/10/03 3:00 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/10/2003
 Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 105

ANALYSIS CONTINUATION

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Section 1 of HB 105 removes the one-half percent refinancing fee and that will result in a reduction of income to the CFRLF. Interest rates are currently at record lows and as a result, the Division anticipates that the majority of borrowers eligible to refinance will do so prior to the effective date of this legislation. We expect approximately 180 refinancing applications in FY 04 and then approximately 80 applications per year thereafter. This will result in a reduction to the fund in FY 04 of \$30,150 and a reduction of \$13,400 each year thereafter through FY 09. These reductions were calculated as follows:

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These calculations are based on interest rates remaining relatively flat or increasing gradually through FY 09.

Joint Legislative Salmon Industry Task Force

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Representative Gary Stevens, Vice-Chair
Senator Kim Elton
Representative Bill Williams
Senator Alan Austerman, Alternate
Representative Drew Scalzi, Alternate



Public Members
Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
Robin Samuelson
Gary Slaven
Stephanie Madsen, Alternate
Chris Moss, Alternate

SECTIONAL ANALYSIS

House Bill 105

"An Act relating to loans to satisfy past due federal tax obligations of commercial fishermen and to the commercial fishing loan program."

Intent

To make available through the state's commercial fishing revolving loan fund the option of securing a loan to satisfy past due federal taxes; to eliminate the loan refinancing origination charge; and, to provide some latitude to the Division of Investments on the time frame for advertising and selling foreclosed permits.

Sectional Analysis

Section 1.

- Amends AS 16.10.310 to add a loan option to the commercial fishing revolving loan fund to satisfy past due federal tax obligations and delineates the requirements that must be met to receive a "tax" loan. (Page 2, lines 27-31; Page 3, line 1)
 1. The fisherman must be a state resident at the time of application and must also have been a state resident for a continuous period of two years immediately preceding the loan application date. (Page 2, lines 27-30)
 2. Applicants must be current on all their federal tax filings. (Page 2, lines 3-31)
 3. Applicants must have an agreement with the federal government for repayment of past due taxes. (Page 2, line 31 - page 3, line 1)

SECTIONAL ANALYSIS

- Applicants must either:
 1. Have had a crewmember or commercial fishing license for the year immediately preceding the date of application and any other two of the past five years; *and (Page 3, lines 2-5)*
 2. Have actively participated in the fishery during that period of time; *or (Page 3, lines 5-6)*
 3. Does not have occupational opportunities available other than commercial fishing because of lack of training or other employment opportunities; *or (Page 3, lines 7-9)*
 4. Is economically dependent on commercial fishing and commercial fishing has been a traditional way of life. *(Page 3, lines 2-12)*
 5. Eliminates the refinancing loan origination charge of one-half percent on loans that qualify for refinancing. *(Page 4, lines 6-11)*

Section 2.

- Amends AS 16.10.320(d) to allow a borrower to obtain a secured loan for \$30,000 to satisfy past due tax obligations and describes this loans relationship to other loans the borrower may have under this program. *(Page 4, lines 22-25)*

Section 3.

- Amends AS 16.10.337(b) by removing the word "promptly" to allow the Division of Investments more flexibility on advertising and selling foreclosed permits. *(Page 4, line 31)*
- This change would allow the Division of Investments the ability to secure a better price on repossessed permits.



UNITED FISHERMEN OF ALASKA

March 10, 2003

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Paul Seaton
Chair
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Representative Seaton,

Re: HB 105 Commercial Fishing Loans

United Fishermen of Alaska supports HB 105.

This bill allows loans to individuals to obtain a loan to satisfy past due federal tax obligations. This is important to credit worthy individuals who have sound businesses and are in a crunch because of downturns harvest or market conditions.

A second feature of this bill eliminates the 1/2% refinance charge. This will more easily allow fishermen to take advantage of low interest rates and reduce their business expenses.

We look forward to working with you on this bill and hope you will expedite passage of this bill so that its positive impacts will help fishermen this season.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Chignik Seiners Association • Concord Area Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United
Crab Rationalization and Buyback Group • Douglas Island Park and Chum • Groundfish Forum • Ketchikan Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association
Prusburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters • Western Gulf of Alaska Fishermen

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB5	Page 1 of 2
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing TAX OBLIGATION LOANS Under Sections A and B of AS 16.10.310(a)(1)		Supersedes P & P No. LB5	Dated August 1, 2000
		Approved By <i>Greg Winegar</i> Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

POLICY

Tax Obligation loans may be considered and approved under certain conditions.

CONSIDERATIONS

1. Statutory and regulatory requirements (AS 16.10.300-.370 and 3 AAC 80.010-.900);
2. Past fishing experience;
3. Financial capacity for repayment of the loan;
4. Collateral offered to secure the loan;
5. Credit history; and
6. Strengths added by addition of a guarantor (when applicable).
7. Applicable policies contained in LB1 and LB2.

GUIDELINES

1. **Past due taxes:** Considered past due after January 1 of the following year.
2. **Corporate taxes** are not eligible.
3. **Spouses** that meet eligibility requirements for tax obligations loans may also obtain a loan up to the \$30,000 limit provided the applicant and spouse own at least one limited entry permit that is in jeopardy of being seized by the IRS. Proceeds from these loans may be used to satisfy a single tax bill when the taxpayers have filed a joint return. If a spouse does not meet the income criteria under AS 16.10.310(a)(1)(B)(ii) and does not have other employment, the spouse may qualify under AS 16.10.31-(a)(1)(B)(i).
4. **Credit:** Poor credit does not eliminate an applicant.
5. **Fees:** Origination fees may be included in the loan amount and subtracted from loan proceeds at closing. The application fee may be waived by the Director in extreme hardship cases.
6. **Collateral** should not exceed:
 - 80% on permits
 - 75% on documented vessels
 - 65% on AK vessels
 - 65% on Quota Shares
 - 85% on real estate
 - 25% on gear

NEED POLICY AND PROCEDURE FOR TAX OBLIGATION LOANS

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT		P & P No. LB5	Page 2 of 2
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing TAX OBLIGATION LOANS Under Sections A and B of AS 16.10.310(a)(1)		Supersedes P & P No. LB5	Dated August 1, 2000
DIVISION Investments		Approved By <i>Greg Winegar</i> Greg Winegar, Director	
		SECTION Lending	

7. **First lien requirement:**
- a. When the permit has been financed by CFAB, other collateral can be used as long as DOI is in first lien position.
 - b. When an applicant and spouse both obtain loans and the permit has been financed by CFAB, a vessel may be used to meet this requirement as long as there are no other liens against it. The note must include language that the lien placed on the vessel is of co-equal priority for both loans and that default on one constitutes default on both. (See Appendix E for examples of write-up, minutes and supporting documents).

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB 1	Page 1 Of 4
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION A of AS 16.10.310(a)(1)		Supersedes P & P No. LB 1	Dated July 30, 2000
		Approved By Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

POLICY

Commercial fishing loans and prequalifications for the purchase of limited entry permits and vessel upgrades to improve the quality of Alaska seafood product may be considered and approved under certain conditions.

CONSIDERATIONS

1. Statutory and regulatory requirements (AS 16.10.300 - .370 and 3 AAC 80.010 - .900);
2. Past fishing experience;
3. Financial capacity for repayment of the loan;
4. Collateral offered to secure the loan;
5. Credit history;
6. Strengths added by addition of a guarantor (when applicable);
7. Application of various financial ratios (see Appendix A);
8. Access to vessel and gear; and
9. Availability of down payment.

GUIDELINES

1. **Past due child support** includes payment plans for arrears even though current with those payments.
2. **Two-year residency:** use a 365-day year. See LB7.
3. **Active participation:** use a completed calendar year.
4. **Minors:** Applicants who are under 18 years of age may apply for loans if :
 - a. they meet all eligibility requirements;
 - b. a guarantor is provided;
 - c. the guarantor pledges separate collateral to fully secure the loan;
 - d. the asset being purchased is placed in the name of the applicant; and
 - e. the applicant and guarantor sign the appropriate loan documents.

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB 1	Page 2 OF 4
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION A of AS 16.10.310(a)(1)		Supersedes P & P No. LB 1	Dated July 30, 2000
		Approved By Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

5. **Deferred interest account** balances (280) do not reduce loan limit eligibility on new loans.
6. **Credit history:** a borrower should have:
 - a. no outstanding tax liens or unpaid collections or judgments;
 - b. no poor past payment record with State agencies;
 - c. no pending lawsuits that would adversely affect the borrower's ability to service the debt;
 - d. no past due credit accounts; and
 - e. no accounts that have been more than 60 days past due during the past year.
7. **Down payment:** Borrower should demonstrate availability of down payment required to finalize the transaction. If part of the down payment is borrowed, the payment amount must be included in debt-to-income calculations.
8. **Debt-to-income ratio** should not exceed 65%.
9. **Brokerage commissions** can be included in the purchase price.
10. **Collateral**
 - a. should not exceed:
 - 80% on permits
 - 75% on documented vessels
 - 65% on AK vessels
 - 65% on Quota Shares
 - 85% on real estate
 - 25% on gear
 - b. A more conservative ratio should be utilized when:
 - adding or financing permits that are declining in value
 - adding a vessel that is older than 10 years or is powered by a gasoline engine
 - part of the collateral involves a second lien position, especially if the lien that we will be subordinate to is a large dollar amount.
 - c. When determining the amount, the loan officer should use cost or appraisal, whichever is less. If the loan involves the purchase of a limited entry permit, the most current values issued by the Commercial Fisheries Entry Commission (CFEC) should be utilized; other sources of information such as the time weighted report and sales data from brokerage houses may also be used.

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB1	page 3 of 4
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION A of AS 16.10.310(a)(1)		Supersedes P & P No. LB 1	Dated July 30, 2000
		Approved By Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

- d. Valuations for vessels, skiffs, outboard motors, gear and equipment may be accepted from any qualified person not involved in the transaction.
- e. When using real estate as collateral, a tax assessment, current market appraisal or letter of opinion from a qualified individual is required to document the value of real property.
- 11. **Terms** of loan should be fixed in accordance with the collateral offered and the needs of the applicant.
- 12. **Guarantors** should be obtained when the loan needs additional strength. Guarantors, however, do not participate in the use of the loan proceeds and thus do not need to meet eligibility requirements and are not subject to the loan limits. The Promissory Note must indicate whether a signer is a co-borrower or guarantor. For the purpose of eligibility, a spouse is considered a guarantor. The guarantor should supply:
 - a. an application page;
 - b. a current financial statement;
 - c. a copy of their most recent tax return; and
 - d. if guarantor is providing additional collateral, documentation to verify the value of the collateral.
- 13. **Co-borrower, co-signer, and co-applicant** are synonymous for the purposes of eligibility. Co-borrowers assume full liability for the full value of the note and must meet the same eligibility requirements as the borrower.
- 14. **Permit purchases**
 - a. A borrower should have experience in either the gear type or area for which the loan is being made.
 - b. Vessel lease expense should not exceed 25% of projected gross income.
 - c. Permits and applicants must be cleared through the CFEC prior to the loan decision. Sellers and applicants must be checked for outstanding IRS liens that may adversely impact the collateral.
 - d. If a permit has already transferred to the applicant, obtain a copy of the transfer form from CFEC and purchase agreement.
 - e. Loans to purchase permits in areas where the fishery is closed can be made if the applicant intends to fish it when it opens.

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB1	Page 4 of 4
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION A of AS 16.10.310(a)(1)		Supersedes P & P No. LB 1	Dated July 30, 2000
		Approved By Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

15. Prequalifications

- a. More than one commitment can be issued to a borrower at the same time only if both permits can be fished during the same season.
- b. The interest rate that is approved remains the same for the entire 60-day period regardless of any interest rate changes during that period. The interest rate may be adjusted downward at the time of converting a prequalification to a new loan if the rate changed between the prequalification approval and the new loan submittal.
- c. When converting a prequalification to a new loan, the loan amount may be increased if:
 - The borrower has a signed purchase agreement for a specific permit
 - The borrower requests an increase
 - The limited entry value has gone up and the new amount meets the loan to value requirements contained in paragraph 10.

16. Vessel upgrades to improve the quality of Alaska seafood products as authorized under AS 16.10.310(a)(1)(A)(ii).

- a. Replacing or rebuilding an engine may qualify if the work is being done as a part of a vessel upgrade to improve the quality of Alaska seafood products.
- b. Refrigeration, RSW, insulating fish hold, expanding fish hold, and slider reels do qualify. (See Appendix D for description of a slider reel.)
- c. Second liens are allowed as long as the first lien requirement is met with other collateral.
- d. Vessel must be documented if possible. Only U.S. citizens may own a documented vessel.
- e. If ADI has the first on the vessel, the first lien requirement can be met by co-equaling the loan. The note must include language that the lien placed on the vessel is of co-equal priority for both loans and that default on one constitutes default on both.
- f. In cases where a portion of the interim or construction loan was not used for eligible purposes, a loan may be made if 90% or more of the remaining balance was made for eligible purposes. If more than 10% of the remaining balance was used for a non-eligible purpose, a loan may only include that portion used for an eligible purpose.
- g. In cases where the upgrade will be made to a vessel owned by a corporation the loan may only be approved under the following conditions:
 - All owners of the corporation must meet the eligibility requirements contained in AS 16.10.300 - 16.10.370.
 - The "borrower" will be all of the individuals owning the corporation.
 - The corporation must be registered as an Alaskan corporation.
 - The corporation must guarantee the loan and sign appropriate loan documents.

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB2	Page 1 of 6
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION B of AS 16.10.310(a)(1)		Supersedes P & P No. LB 2	Dated July 30, 2000
DIVISION Investments		Approved By SECTION Lending Greg Winegar, Director	

POLICY

Commercial fishing loans and prequalifications for the purchase of limited entry permits, vessels and gear, and for vessel upgrades may be considered and approved under certain conditions.

CONSIDERATIONS

1. Statutory and regulatory requirements (AS 16.10.300 - .370 and 3 AAC 80.010 - .900);
2. Past fishing experience;
3. Financial capacity for repayment of the loan;
4. Collateral offered to secure the loan;
5. Credit history;
6. Strengths added by addition of a guarantor (when applicable);
7. Application of various financial ratios (see Appendix A);
8. Access to vessel and gear
9. Availability of down payment; and
10. Whether an applicant has alternative sources of financing.

GUIDELINES

1. **Past due child support** includes payment plans for arrears even though current with those payments.
2. **Two-year residency:** use a 365-day year. See LB7
3. **Alternative sources of financing.** Turn down letters from private lenders are not required to satisfy 3 AAC 80.055 (b) if:
 - a. the majority of the applicant's assets are already securing loans made under AS 16.10.300-.370;
 - b. the applicant has little or no past credit history with other private lenders;
 - c. the applicant's past earnings are not sufficient to service existing debt and payments on the new debt being requested; and /or
 - d. there are other factors present in the application that make it unlikely that a private lender would approve a loan to the applicant.
 If a turndown letter is not required, the Loan Officer should address the reason in the loan committee write-up.
4. **Economic dependence on fishing:** Utilize two-year period when evaluating 25% income requirement. When interpreting the phrase "total gross income" as used in 3 AAC 80.035(d), the following should be utilized:

STATE OF ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT		P & P No. LB2	Page 2 of 6
POLICY AND PROCEDURES		Effective Date January 1, 2002	
SUBJECT Processing Commercial Fishing Loans and Prequalifications Under SECTION B OF AS 16.10.310(a)(1)		Supersedes P & P No. LB2	Dated July 30, 2000
		Approved By Greg Winegar, Director	
DIVISION Investments		SECTION Lending	

- a. **RENTAL INCOME** The net profit from rentals found on Schedule E of the federal income tax return should be used. If the property is owned jointly by the applicant and a spouse, the net profit can be divided by two. If this is a negative figure, the rental income should be considered as zero.
 - b. **BUSINESS INCOME:** The business gross income listed on line 5 of Schedule C of the federal income tax return should be used for fishing. Use the net plus depreciation for other business.
 - c.. **CAPITAL GAINS:** Capital gains from the sale of assets should NOT be considered as income.
 - d. **OTHER MISCELLANEOUS INCOME:** Income from welfare, permanent fund dividends, other dividends and interest, native dividends, disability payments, social security, gambling, workers compensation, unemployment or retirement should not be considered as income.
5. **Minors:** Applicants who are under 18 years of age may apply for loans if:
- a. they meet all eligibility requirements;
 - b. a guarantor is provided;
 - c. the guarantor pledges separate collateral to fully secure the loan;
 - d. the asset being purchased is placed in the name of the applicant; and
 - e. the applicant and guarantor sign the appropriate loan documents.
6. **Deferred interest account** balances (280) do not reduce loan limit eligibility on new loans.
7. **Credit history:** a borrower should have:
- a. no outstanding tax liens or unpaid collections or judgments;
 - b. no poor past payment record with State agencies;
 - c. no pending lawsuits that would adversely affect the borrower's ability to service the debt;
 - d. no past due credit accounts; and
 - e. no accounts that have been more than 60 days past due during the past year.
8. **Down payment:** Borrower should demonstrate availability of down payment required to finalize the transaction. If part of the down payment is borrowed, the payment amount must be included in debt-to income calculations.
9. **Debt-to-income ratio** should not exceed 65%.
10. **Brokerage commission** can be included in the purchase price.

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11. **Collateral**

- a. Should not exceed:
 - 80% on permits
 - 75% on documented vessels
 - 65% on AK vessels
 - 65% on Quota Shares
 - 85% on real estate
 - 25% on gear
- b. A more conservative ratio should be utilized when:
 - adding or financing permits that are declining in value
 - adding a vessel that is older than 10 years or is powered by a gasoline engine
 - part of the collateral involves a second lien position, especially if the lien that we will be subordinate to is a large dollar amount.
- c. When determining the amount, the loan officer should use cost or appraisal, whichever is less. If the loan involves the purchase of a limited entry permit, the most current values issued by the Commercial Fisheries Entry Commission (CFEC) should be utilized; other sources of information such as the time weighted report and sales data from brokerage houses may also be used.
- d. Valuations for vessels, skiffs, outboard motors, gear and equipment may be accepted from any qualified person not involved in the transaction.
- e. When using real estate as collateral, a borough tax assessment, current market appraisal or letter of opinion from a qualified individual is required to document the value of real property.

12. **Terms** of loan should be fixed in accordance with the collateral offered and the needs of the applicant.

13. **Guarantors** should be obtained when the loan needs additional strength. Guarantors, however, do not participate in the use of the loan proceeds and thus do not need to meet eligibility requirements and are not subject to the loan limits. The Promissory Note must indicate whether a signer is a co-borrower or guarantor. For the purpose of eligibility, a spouse is considered a guarantor. The guarantor must supply:
- a. an application page;
 - b. a current financial statement;
 - c. a copy of their most recent tax return; and
 - d. additional collateral and documentation to verify the value of the collateral.

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14. **Co-borrower, co-signer and co-applicant** are synonymous for the purposes of eligibility. Co-borrowers assume full liability for the full value of the note and must meet the same eligibility requirements as the borrower.
15. **Gear** is defined to include nets, pots, trawls, long line skates, anchors, buoys, hooks, leads, corks, EPERBS, survival suits, rafts, gen-sets, knives, boots, and rain gear. Gear does not include galley supplies, fuel, insurance or other upkeep expenses, cash advances, airplane tickets, moorage or Coast Guard fees.
16. **Permit purchases**
- A borrower should have experience in either the gear type or area for which the loan is being made.
 - Vessel lease expense should not exceed 25% of projected gross income.
 - Permits and applicants must be cleared through the CFEC prior to the loan decision. Sellers and applicants must be checked for outstanding IRS liens that may adversely impact the collateral.
 - If a permit has already transferred to the applicant, obtain a copy of the transfer form and purchase agreement from CFEC.
 - Loans to purchase permits in areas where the fishery is closed can be made if the applicant intends to fish it when it opens.
17. **Prequalifications**
- More than one commitment can be issued to a borrower at the same time only if both permits can be fished during the same season.
 - The interest rate that is approved remains the same for the entire 60-day period, regardless of any interest rate changes during that period. The interest rate may be adjusted downward at the time of converting a prequalification to a new loan if the rate changed between the prequalification approval and the new loan submittal.
 - When converting a prequalification to a new loan, the loan amount may be increased if:
 - the borrower has a signed purchase agreement for a specific permit
 - the borrower requests an increase
 - the limited entry value has gone up, in which case the loan amount cannot exceed the approved loan-to-value ratio times the purchase price or appraised value, whichever is less.

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18. **Vessel purchases and upgrades**
- a. Vessel must be documented if it can be documented. Only U.S. citizens may own a documented vessel.
 - b. Items that may be included in financing as part of the cost of a vessel are:
 - origination fee
 - freight expenses
 - brokerage commissions if included in the purchase price
 - c. Items that may not be included in financing are:
 - marine survey fee
 - insurance premiums
 - inspection fees
 - d. For a vessel upgrade, if ADI has the first on the vessel, the first lien requirement can be met by co-equaling the loan. The note must include language that the lien placed on the vessel is of co-equal priority for both loans and that default on one constitutes default on both.
 - e. Applicants must have access to the fishery the vessel being purchased with loan proceeds will be used for as described in 3 AAC 80.055 (f). Possession of an Interim Use Permit may be used to satisfy this requirement.
 - f. In cases where the upgrade will be made to a vessel owned by a corporation the loan may only be approved under the following conditions:
 - All owners of the corporation must meet the eligibility requirements contained in AS 16.10.300 - 16.10.370.
 - The "borrower" will be all of the individuals owning the corporation.
 - The corporation must be registered as an Alaskan corporation.
 - The corporation must guarantee the loan and sign appropriate loan documents.
19. **Vessel upgrades to improve the quality of Alaska seafood products as authorized under AS 16.10.310(a)(1)(B).**
- a. Replacing or rebuilding an engine may qualify if the work is being done as a part of a vessel upgrade to improve the quality of Alaska seafood products.
 - b. Refrigeration, RSW, insulating fish hold, expanding fish hold, and slider reels do qualify. (See Appendix D for description of a slider reel.)
 - c. Second liens are allowed as long as the first lien requirement is met with other collateral.

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- d. Vessel must be documented if possible. Only U.S. citizens may own a documented vessel.
- e. If ADI has the first on the vessel, the first lien requirement can be met by co-equaling the loan. The note must include language that the lien placed on the vessel is of co-equal priority for both loans and that default on one constitutes default on both.
- f. In cases where a portion of the interim or construction loan was not used for eligible purposes, a loan may be made if 90% or more of the remaining balance was made for eligible purposes. If more than 10% of the remaining balance was used for a non-eligible purpose, a loan may only include that portion used for an eligible purpose.
- g. In cases where the upgrade will be made to a vessel owned by a corporation the loan may only be approved under the following conditions:
- All owners of the corporation must meet the eligibility requirements contained in AS 16.10.300 - 16.10.370.
 - The "borrower" will be all of the individuals owning the corporation.
 - The corporation must be registered as an Alaskan corporation.
 - The corporation must guarantee the loan and sign appropriate loan documents.

VOLUNTEER TAX AND LOAN PROGRAM



2002 IN REVIEW



ALASKA BUSINESS
DEVELOPMENT
CENTER, INC



**ALASKA BUSINESS
DEVELOPMENT CENTER, INC.**

Volunteer Tax and Loan Program

Annual Report

Cover photos taken by Program participants:

- ❖ Background – view from the Uyak Bay Lodge, Larsen Bay, Kodiak Island
- ❖ Inserts left to right: student volunteer from Ithaca College, NY, trying on a Native dress in Akhiok
- ❖ Program team walking to the store in Toksook Bay, Western Alaska
- ❖ Ice sculptures in Fairbanks
- ❖ Dog race witnessed by Program team in Interior
- ❖ Program volunteer riding from airstrip to village with a local resident in Western Alaska

Executive Summary

The following publication is the annual report for the Volunteer Tax and Loan Program (VTLP), organized and conducted by the Alaska Business Development Center, Inc.(ABDC), based in Anchorage, Alaska.

ABDC 's Volunteer Tax and Loan Program is the only non-profit and non-governmental program in Alaska that travels to the remote communities of the state to provide income tax assistance to rural residents, free of charge to individuals. It has now operated for seven seasons, and has acquired a wide recognition among rural entities.

By bringing together volunteers and sponsors throughout the state, in 2002 alone ABDC's VTLP generated the following results:

- ◆ **Traveled to 56 rural communities in seven regions within Alaska**
- ◆ **Assisted 3,6. 8 individuals – within two months of the tax season**
- ◆ **Prepared and filed 1,881 current tax returns – *all free of charge to individuals***
- ◆ **Filed 83% of all current returns electronically, to ensure faster turnover and increased accuracy**
- ◆ **Prepared 89 tax returns from previous years**
- ◆ **Generated \$1,920,538 in tax refunds to the rural residents**
- ◆ **Attracted 21 student volunteers and 9 Team Supervisors; from accounting professionals in Anchorage to faculty members from the University of Alaska in Anchorage and Juneau, as well as Ithaca College in New York**

This Program is built on volunteer work and community involvement. We are proud of all the relationships the Program has developed over the years. ABDC' VTLP is supported by local banks, CDQs (Community Development Quota groups), Native entities, local IRS representatives, and other community members. The Program collaborates with different branches of the University of Alaska to give the accounting students a unique chance to travel to "bush" Alaska and use the acquired knowledge to provide assistance to rural residents. Many of our student participants come back the following years to lead the new teams back to the villages.

The Program also relies greatly on involvement of local village representatives. In the past seven years the Program has developed a wide network of contacts among multiple communities of the state.

This publication reports on Program design, resources, and results generated during the 2002 tax season, as well as Program history and implementation.

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Program Concept

Alaska Business Development Center, Inc. (ABDC) is a non-profit corporation established in 1978 for the purpose of providing business-consulting assistance to commercial harvesters and small business participants in the Alaska Seafood Industry. ABDC focuses on entities facing financial obstacles and those seeking to improve their operations by offering expanded employment in the industry, especially projects that promote value-added processing or improve product quality. ABDC assists in the survival and development of Alaskan fisheries by providing qualified business consulting, loan package preparation, customized business-related workshops and seminars, as well as low-income tax assistance to its clientele. ABDC works closely with its clients, utilizing a hands-on approach in providing personalized consulting services.

When the Volunteer Tax and Loan Program concept was developed in 1996, ABDC took on the responsibility to manage the Program. ABDC raises money to cover Program expenses in the form of grants, donations, and in-kind contributions from local banks, charitable organizations, Native entities, CDQs, and other sources. The University of Alaska perceives the Program as the unique opportunity for senior-level accounting students to volunteer their services for the community benefit, while receiving priceless hands-on experience of working in "bush" Alaska. Different branches of the University of Alaska now offer its students three upper-division credits towards a bachelor degree in accounting to volunteer their time for the Program.

The Program goal is defined as bringing together entities from all over the state to provide free tax preparation and business consulting services to Alaskan rural residents who have limited access to such services, due to geographic location, as well as income limitations. The Program teams are composed of senior level accounting student volunteers supervised by tax professionals, such as University faculty, ABDC consultants, or independent professionals from different regions of the state. The teams travel to multiple rural communities in the state and stay in each village for several days to assist taxpayers who need help preparing and filing their income tax returns, while educating village residents of their rights and responsibilities in regards to the IRS.

From the very beginning, ABDC's Volunteer Tax and Loan Program (VTLP) was created differently from common Volunteer Income Tax Assistance (VITA) IRS sites. Instead of setting up VITA sites in town for people to come to, the Program travels directly to the rural communities, bringing professional tax assistance, as well as business consulting and loan packaging services, to residents that would otherwise have limited or no access to such services. To this date, the Program continues to be the only non-IRS group who travels directly to remote villages of the state to bring free tax services to low-income clients and individuals with limited English language proficiency.

Program History

In the early nineties, the Alaska Division of Investments established the Tax Obligation Loan Program. The Tax Obligation Loan Program aimed at assisting commercial fishermen with their tax debt to the IRS. Commercial fishing is one of the primary income sources for many state residents, especially in the rural coastal communities. In order to engage in the commercial fishing industry within the state, limited entry permits are required. Such permits have a certain market value, and could be seized as assets by the IRS for back taxes owed. In such event, the permit would then be sold to the public, opening the possibility of the permit not only leaving the rural community, but the state as a whole. With each limited entry permit owned by a non-Alaskan resident, another employment opportunity for Alaska rural residents would be lost, which is why the Tax Obligation Loan Program was initiated.

To qualify for the State tax loan program, an individual had to be current on tax filing. When Division officers started working on the new Program, they became aware of alarming levels of non-compliance in rural communities. Some residents had not filed for years, many of them lacked an understanding of tax issues and their responsibilities to the IRS. The problem was aggravated by the state's unique geographic characteristics: many villages are very remote, there is no road infrastructure, and transportation options from remote villages to central cities with professional tax services are very limited. In most cases, to have a tax return prepared an individual would have to fly to a city in central parts of the state, which can be costly.

Even though some individuals in rural communities prepare their own tax returns (mainly school teachers and city administration officials), many residents find tax instructions complicated and hard to follow. In many Alaskan Native communities, residents primarily use their tribal languages and have limited English language proficiency. A significant part of the rural population is considered low-income, and many people cannot afford paying for tax services.

To deal with this grave situation, in 1996 the Director of Alaska Division of Investments, Martin Richard; President of ABDC, Gary Selk; and Head of the Accounting Department of the University of Alaska (UAA), Robert Maloney developed a concept for a program that would bring *free* professional tax preparation and business consulting services to Alaska rural residents.

During the 1996 Pilot Project, ABDC's Volunteer Tax and Loan Program served a total of seven communities, preparing roughly 185 tax returns. The project was funded through the Alaska Division of Investments and the Coastal Villages Region Fund (Western area CDQ).¹ The Pilot Project met statewide support and showed an existing demand for such services among all Alaskan rural residents, no matter what occupation.

Since 1996 the Program has continued to grow. New regions have continuously requested to be assisted by the Program. In the past seven years, the Program went from assisting seven communities in 1996 to 56 communities in 2002. The chart on the opposite page shows the Program's growth since the year of its inception.

¹ Community Development Quota groups (total of six), established to enable rural residents to participate in the groundfish fishery off their shores in a way that would bring significant economic development to the Bering Sea region.

PROGRAM YEAR	STATE REGIONS SERVICED	VILLAGES VISITED	TAXPAYERS ASSISTED
1996	Western Bristol Bay	Kodiak Aleutians	7 185
1997	Western Bristol Bay Aleutians	Kodiak Southeast	11 409
1998	Western Bristol Bay Aleutians	Kodiak Southeast	17 683
1999	Western Bristol Bay Aleutians	Kodiak Southeast	19 1,081*
2000	Western Bristol Bay Aleutians	Kodiak Southeast Yukon Delta	24 2,200
2001	Western Bristol Bay Interior	Kodiak Southeast Yukon Delta	33 2,943
2002	Western Bristol Bay Interior Pribilofs	Kodiak Southeast Yukon Delta	56 3,628

*Starting in 1999, the Taxpayers Assisted category includes children who must have their annual Alaska Permanent Fund Dividends reported for tax purposes, and who would otherwise not have to file.

2002 In Review

LOGISTICS

The main focus of the Program is bringing its services to remote villages of "bush" Alaska. One of the unique characteristics of the state of Alaska is the lack of state-wide road system. During winter, most of the state can only be accessed by flying or riding a snowmachine across the tundra. This factor not only limits access to professional tax services for rural residents, it also presents a unique challenge to the Program teams.



Program team boarding a plane in Shageluk

For all of its trips, the teams first take a jet flight to a hub town (Bethel, Juneau, Fairbanks, City of Kodiak, or King Salmon), where they switch to a smaller plane to get to a village. Very often those planes would be single-engine Sessnas or DeHavland six-sitters. These planes have weather limitations, which influences the Program schedule during frequent snow storms, as well as high winds typical for winter season in Alaska. In the Southeast area, the teams often take float planes to their final destination.

The cost of airfare for village flights presents a big challenge for the Program. For example, the regular roundtrip fare from Anchorage to St. Paul Island this winter was \$868 per person, costing the Program a total of \$3,472 for St. Paul airfare alone. The airfare cost of the village flights is the Program's largest expense. The Program usually request assistance from region CDQs or regional Native entities to cover this budget category.

Due to Program's the participants class schedules and other responsibilities, the teams are limited to travel during weekends or University Spring Break periods. On weekends, the teams leave early Friday morning, arriving in the village Friday afternoon, or later if changes occurred due to the weather. The teams usually leave the village on Sunday, arriving back home by the end of Sunday. Due to high cost of airfare, it is too costly to turn around due to weather problems and return to service the village the following weekend. Thus, there are no working hours set for Program teams – the objective is to assist all taxpayers in line before the flight back home. This season, several teams fell behind schedule due to weather delays and had to complete three days' work in a day or less when they finally got to the villages, working well into late hours of the night.

Another cost-saving strategy is grouping nearby villages into a single 10-day trip, which can be completed by a team during Spring Break periods, saving the airfare cost from the Anchorage to hub town. See the opposite page for a map of villages assisted by the Program in 2002.


PROGRAM PERSONNEL

The Program personnel consist of both year-round positions and seasonal positions. The Program is managed throughout the year by one of the ABDC's consultants, who is responsible for raising funds, promoting the Program, training the personnel, handling the logistics, and provide reports to different agencies. The Assistant Program Manager position is filled only during fall and spring university semesters,

During the tax season – mid-February through mid-April – the Program forms teams of three to five individuals to travel to rural communities to prepare income tax returns. These teams consist of senior level accounting student volunteers, mostly from the University of Alaska, accompanied by Team Supervisors. The Team Supervisors can be University faculty, ABDC representatives, or independent tax professionals. Team Supervisors manage team logistics in the field, as well as assist the students with more complicated tax returns.

The Program attracts student volunteers by offering them three credits towards their degree in accounting for participation of the Program. In order to complete the requirements, the students have to register for the elective course in accounting, and take either three weekend trips or one Spring Break trip for the Program. The selection and grading of student volunteers is done by the Professor of Record, assigned to the course by the Accounting Department. Most of the Program years, this position has been filled by Mr. Robert Maloney, one of the Program originators. Mr. Maloney also travels to villages as a Team Supervisor.

To provide additional informational support to the teams in the field, as well as to ensure access to any specific tax law knowledge they may need, the Program has an On-Call Tax Expert - a highly qualified, knowledgeable tax professional available to the teams by phone at any time during their travel. Provided below is the list of 2002 Program participants.



2002 Program Personnel

<p style="text-align: center;">ABDC Staff</p> <ul style="list-style-type: none"> • Marie Buthorino, Program Manager • Janella Thibart, Assistant Program Manager (Fall semester) • Brenda Povonka, Assistant Program Manager (Spring semester) <p style="text-align: center;">Tax Expert On-Call</p> <ul style="list-style-type: none"> • Leslie Schmitt, CPA <p style="text-align: center;">Hilaca College, NY team</p> <ul style="list-style-type: none"> • Alan Conner, Professor • Matthew Misco, student volunteer • Shannon Mustart, student volunteer 	<p style="text-align: center;">Team Supervisors</p> <ul style="list-style-type: none"> • Robert C. Maloney, Professor of Record, UAA • Dana Ackerman, UAS • P.J. Hill, UAA • George Masak, UAS • Carmen Frisby, prior year student • Niki Little, prior year student • Rebecca Bowen, prior year student <p style="text-align: center;">Student Volunteers</p> <ul style="list-style-type: none"> • Melissa Anderson, UAA • Heather Bellis, UAA • Jackie Blom, UAS • Tamara Carlton, UAA • Melodie Jackson, UAA • Andrea Johnson, UAA • Jesse Jones, UAS • Marge Kalra, UAA • Virginia Kistrick, UAA • Seth Khemwongse, UAA • Svetlana Nink, UAA • Maxim Marmontov, UAA • Amanda Mason, UAS • Monica Mellon, UAA • Chad Montgomery, UAA • Jorge Perez-Garcia, UAA • Pia Peralta, UAS • Bill Schlegel, UAA • Matthew Wood, UAS • Neldora Yarnal, UAA
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In 2002, the Program hosted its first out-of-state team. During a professional conference in the previous year, the ABDC President Gary Selk and Program Manager Maria Bukhonina met with Professor Alan Cohen of Ithaca College, NY, who manages a VITA site for Ithaca College School of Business. Mr. Cohen showed interest in the Program, and suggested coming to Alaska during the tax season with a student team to provide assistance to the Program.

In March of 2002 the Ithaca College team arrived to Anchorage – Professor Alan Cohen, and student volunteers Matthew Misco and Shannon Mostert. They spent a day in Anchorage with ABDC staff training in Alaska-specific tax issues, such as claiming the Alaska Permanent Fund Dividend on income tax returns, filing Schedules C for commercial fishermen and other small business owners, as well as depreciation schedules for typical Alaskan assets.



ABDC President Gary Selk talking to NY team about his experiences in rural Alaska

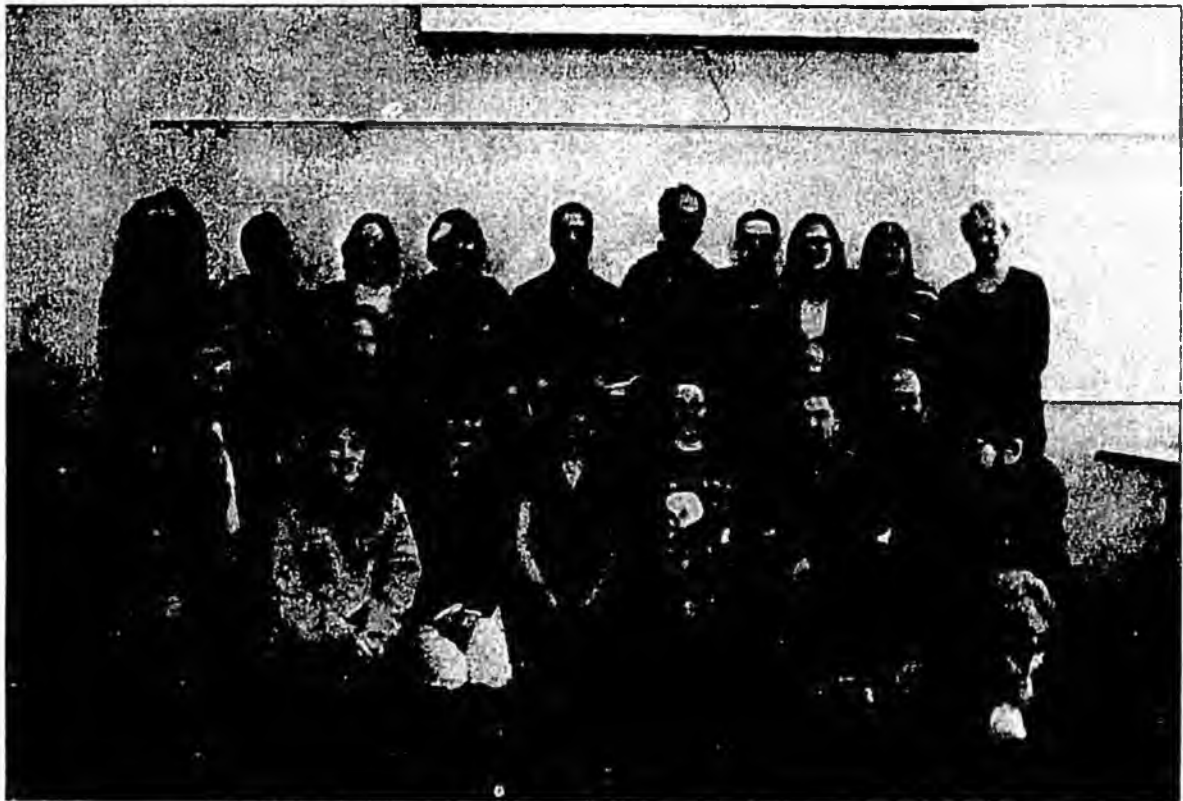
Program Manager joined the New York team for a Spring Break trip to the Island of Kodiak, where the team assisted villages of Akhiok, Karluk, Larsen Bay, Old Harbor, Ouzinkie, and Port Lions. The team greatly enjoyed their trip to one of the spectacular regions of Alaska, where they had an opportunity to assist 196 taxpayers and prepare 116 returns.

The team also got a taste of real Alaska – beautiful and unpredictable. As the Program always encounters in Kodiak during the month of March, the trip schedule had to change on the spot several times due to heavy snow storms, which make flying conditions prohibiting for small planes, which are used to relocate around the Island. However, the New York participants enjoyed their adventure and promised to come back next year. The Program hopes to sustain and develop this relationship, as well as establish partnerships with other VITA sites from all over the country.

TRAINING

The University student volunteers are selected for participation in the Program based on several factors. The candidates are required to finish the personal income tax course with a high grade, as well as have good overall academic standing. After the students request to participate in the Program, the accounting faculty reviews the list and makes recommendations to the Program Manager.

Beside the accounting background, the Program considers personal characteristics, such as ability to work as a team, responsibility for their work, good customer skills, and love for adventure. The Program has developed a strong reputation in the state in the past seven seasons, and it places a great deal of emphasis on its level of customer service.



2002 UAA student volunteers with Program Manager (top row, first on the right), Assistant Program Manager (middle row, second on the left), and Professor of Record (bottom row, second on the right)

The candidates selected for participating in the Program first have to receive IRS VITA certification before being enrolled. After finalizing the list of participants, the Program provides both its student volunteers and team supervisors with special training. In 2002, the Program participants received about 25 hours of Program training.

The participants were trained in using the TaxWise software and preparing e-file returns for a current tax year, as well as other years using previous version of the software. A great deal of time was devoted to Alaska-specific issues and how to enter them into TaxWise correctly: claiming the PFD amounts for adults and children, filing for Alaska Native dividends, Schedule C for certain types of small businesses, filing status issues, etc. The training consisted of three theory and three practice sessions, along with some homework assignments. The Program used

real-life examples for its practice returns. Actual W-2s, 1099s, cannery statements, and other tax documents were sanitized of individual information to be used in training. The students were trained to recognize the hidden problems and to deal with them.

The student volunteers also had to pass the Program test upon completing the training. The test represented a comprehensive tax return to be prepared for a couple with multiple children, Alaska Permanent Fund dividends for some members of the family, both W-2 and 1099-Miscellaneous income, unemployment compensation from the state agency, small business income, etc. The final test return included most of the topics the teams would encounter in the field, and used copies of actual tax documents.

In 2002, the Program expanded the cultural portion of the training. Russian Orthodox priest, Father Michael Oleksa, was invited to speak with the UAA student volunteers. The Russian Orthodox Church is a prevailing religion in the Western parts of the state. Father Michael has lived and worked in different villages in Alaska most of his life and dealt with the Alaska Native population on a daily basis. Being married to an Alaska Native woman, Father Michael had an opportunity to closely explore gender and generation relationships within a Native family, as well as gain better understanding of many aspects of Alaska Native culture.

Father Michael talked to the UAA team about Alaska Native culture, its traditional values and centuries-old world perception, and how all that creates difficulties in cross-cultural communication. He talked to the students about linguistic differences, such as how the speech tempo and voice pitch used by non-Native individuals disagree with Alaska Native perception levels. He also explained how priorities differ between the two population groups, as well as how environment influences daily life of an Alaskan Native village resident. This part of the training was very unique and useful to the Program participants, and will be included in future years.

Throughout training sessions, emphasized to the Program participants was the Program priority – educating Alaska bush residents of their rights and responsibilities in regards to the IRS, as well as providing quality assistance to the taxpayers who would otherwise have no or limited access to income tax services. They are taught to be respectful and understanding, as it is a cornerstone of forming a trustful relationship with the clients.

One of the Program objectives is to bring out people who have fallen out of the system and are afraid to come back in. In the past seven years, the Program has brought many taxpayers back into compliance with the IRS, which shows the level of trust village residents have in the Program. Such trust is only gained after taxpayers realize that the Program teams are not IRS collection officers, and are there to help them.

IN THE VILLAGES



*Katag team riding to the village
from the airstrip*

Upon landing at the village airstrip, the team is met by a local representative and transported to the village. Due to absence of paved roads in most of Western and Interior villages, the team is usually taken to a village in a wooden sled pulled by a snowmachine.

The teams usually work out of the village's Community Hall or Tribal Council office. Program teams bring with them laptops with TaxWise software, as well as printers. Upon completing a return, team participants print out a copy for the taxpayer, and then collect the taxpayers' signatures to accompany the electronic files they bring back to Anchorage. In Anchorage, the qualifying returns are filed electronically (e-filed) which increases return accuracy and provides faster turnover. In case of problems with SSN or other information, the Program contacts the taxpayer, corrects the return, and re-files it again.

While some villages are big enough to have a guest house or rooms for rent, most villages do not offer such services. In many cases, the teams are accommodated overnight in village schools or clinics. More often than not, teams bring along sleeping bags and other camping gear and sleep on the floor in school libraries or similar places. The meals are sometimes limited. Bigger villages have groceries stores that offer small selections of food and have limited working hours. Smaller villages sometimes do not have groceries stores, as their residents hunt and fish for food, and order other foods in bulk from Anchorage. Thus, the teams often bring their own food for the duration of the trip. This presents another logistic challenge – the small planes have weight limitations, yet team members have to bring their own camping gear, warm clothes, food, as well laptops and printers.



Tribal Council office in Venetie

The teams sometimes get weathered in the village. This means that the work is done, but the weather prohibits flying back to hub town to take a jet flight to Anchorage. At least once every season a team returns back to Anchorage late Monday night instead of Sunday, which causes team members to miss a day of work or school. However, the Program participants see all these factors as an interesting challenge, rather than an obstacle. Most people living in Alaska are familiar with the concept of "bush" travel, and appreciate the opportunity to experience rural Alaska in this unique way. Many of the Program teams go places in rural Alaska where they would never get to visit on their own.

PROGRAM RESULTS

The Program's results for tax year 2002 are provided on the following pages. The categories listed are *Returns Prepared*, *People Assisted*, *Multiple Years*, *Tax Owed*, *Refund Due*, and *Commercial Fisherman*.

Returns Prepared represents the actual number of returns that were prepared. This does not account for the number of family members on each return. For example, a joint return prepared for a couple with four children counts as one return.

The *People Assisted* category accounts for each individual assisted by the Program. For example, the return mentioned above would count as six people assisted. Each spouse on the return is counted as one person, as well as each child for whom their parents had to file Form 8814. As every Alaskan resident (with few exemptions) receives the annual Alaska Permanent Fund Dividend (PFD), there are two ways in which that amount can be reflected on income tax return. Residents over the age of fourteen simply add their PFD as other income on their returns. Parents of residents under the age of fourteen must include their children's income on their own return. To do so, they fill out form 8814, which taxes child's income at a lower rate. As children with PFD as their only income would otherwise not have to file, they are accounted by the Program as People Assisted.

The *Multiple Years* category represents tax returns prepared for years other than 2001. For different reasons, some residents do not submit their tax returns when due. Since the residents are now familiar with the Program and place their trust in Program staff, they use this opportunity to catch up on their filing. Returns prepared by the Program teams can go as far back as 1997.

The *Taxes Owed* and *Refund Due* columns are simply the amounts each village owes in taxes and expects to receive as refunds. The amounts of the Refund Due column are higher than Taxes Owed because most of the Program clientele are the low-income population and qualify for the Earned Income Tax Credit (EITC), which often constitutes the larger portion of the refund.

The Program also keeps track of *Commercial Fishermen* assisted. Commercial fishing is one of the primary income sources in many rural villages in Alaska. Being up-to-date on their filing is required for commercial fishermen to qualify for state loan funds, as well as allows them to keep their fishing permits from being seized for tax delinquency.

We are proud to report that due to increased participation in the villages and by adding new communities to the Program scope, the overall number of returns prepared in the year 2002 exceeds that of the year 2001 by 70%.

ABDC Volunteer Tax and Loan Program - 2002

Village Name	Returns Prepared	People Assisted	Multiple Years	Tax Owed	Refund Due	Commercial Fisherman Permit Holder	Fisherman Crew
WESTERN							
Chevak	193	376	10	\$32,908	\$165,590	2	1
Hooper Bay	273	525	0	\$19,584	\$242,880	0	0
Kwigillingok	37	96	0	\$3,308	\$49,602	2	0
Mekoryuk	35	69	1	\$6,641	\$24,395	16	1
Napaskiak	73	170	3	\$8,429	\$79,273	8	0
Quinhagak	90	159	2	\$18,344	\$89,054	7	2
Toksook Bay	157	398	7	\$6,306	\$219,831	33	46
Kipnuk	37	87	7	\$3,661	\$28,791	2	2
Chefornak	33	79	0	\$1,911	\$44,065	0	0
TOTAL WESTERN	928	1,959	30	\$101,092	\$943,481	70	52
YUKON DELTA							
Alakanuk	85	201	3	\$3,229	\$130,393	3	0
Emmonak	62	125	3	\$4,537	\$77,546	0	0
Kotlik	36	87	0	\$1,052	\$29,327	1	2
Nunam Iqua	25	71	2	\$2,842	\$31,848	0	0
TOTAL YUKON	208	484	8	\$11,660	\$269,114	4	2
KODIAK							
Akhiok	17	28	3	\$584	\$20,105	0	1
Karluk	13	25	2	\$821	\$17,494	0	0
Larsen Bay	11	19	3	\$111	\$7,443	1	0
Old Harbor	40	67	1	\$16,316	\$37,705	0	4
Ouzinkie	20	30	0	\$845	\$38,028	0	1
Port Lions	15	27	1	\$6,919	\$13,732	0	5
TOTAL KODIAK	116	196	10	\$25,596	\$134,507	1	11
BRISTOL BAY							
Chignik Lagoon	10	15	0	\$7,888	\$3,596	2	6
Chignik Lake	15	22	0	\$1,866	\$15,316	0	1
Naknek	14	20	4	\$3,921	\$8,246	1	1
Pilot Point	12	25	0	\$5,610	\$11,744	2	3
Port Heiden	6	11	0	\$644	\$7,229	1	1
TOTAL BRISTOL BAY	57	93	4	\$19,929	\$46,131	6	12
SOUTHEAST							
Angoon	94	156	5	\$6,785	\$57,685	7	3
Hoonah	35	60	6	\$7,487	\$27,058	0	0
Kake	56	82	1	\$8,366	\$36,114	1	2
TOTAL SOUTHEAST	185	298	12	\$22,638	\$120,857	8	5

ABDC Volunteer Tax and Loan Program - 2002

Village Name	Returns Prepared	People Assisted	Multiple Years	Tax Owed	Refund Due	Commercial Permit Holder	Fisherman Crew
TCC							
Allakaket	13	26	0	\$5,247	\$12,832	0	0
Anvik	7	15	2	\$2,889	\$6,236	0	0
Arctic Village	11	15	0	\$19	\$12,418	0	0
Beaver	20	28	2	\$10,106	\$14,045	0	0
Bettles	2	2	0	\$0	\$836	0	0
Birch Creek	7	8	1	\$1,784	\$1,015	0	0
Chalkyitsik	2	2	0	\$339	\$375	0	0
Circle	23	37	1	\$342	\$23,251	0	0
Eagle	16	35	0	\$941	\$12,209	0	0
Fort Yukon	13	22	0	\$2,753	\$13,113	0	0
Galena	26	32	0	\$3,888	\$16,073	0	1
Grayling	18	38	2	\$1,883	\$11,569	0	0
Healy Lake	1	1	0	\$0	\$452	0	0
Holy Cross	19	33	1	\$5,395	\$17,993	0	0
Hughes	18	25	0	\$3,620	\$16,399	0	0
Kaltag	13	20	0	\$243	\$8,489	0	0
McGrath	19	30	2	\$3,950	\$12,057	0	0
Minto	17	21	0	\$2,488	\$7,890	0	0
Nenana	7	10	0	\$1,700	\$11,298	0	0
Northway	5	9	4	\$268	\$3,377	0	0
Nikolai	2	2	0	\$0	\$525	0	0
Nulato	20	25	0	\$1,342	\$12,329	0	0
Ruby	11	16	0	\$1,171	\$10,230	0	0
Shageluk	24	41	0	\$1,620	\$19,290	0	0
Tanacross	4	6	0	\$121	\$1,903	0	0
Tetlin	4	5	0	\$0	\$3,407	0	0
Tok	2	2	0	\$503	\$0	0	0
Venetie	24	28	0	\$2,186	\$21,346	0	0
TOTAL TCC	348	534	15	\$54,798	\$270,957	0	1
PRIBILOFS							
St. Paul Island	43	64	10	\$5,385	\$35,491	0	4
TOTAL PRIBILOFS	43	64	10	\$5,385	\$35,491	0	4
TOTAL PROGRAM	1,881	3,628	89	\$241,098	\$1,820,538	0	94

INDIVIDUAL AREAS

Western. Western Alaska is where it all began. The Program first brought its services to residents of Western Alaska during the Pilot Project in 1996. The Program visited two villages in the area then, assisting over a hundred people. The Program proved to be so needed and helpful to area residents, it has been asked to return every year since then. It is also an area with very remote villages, where the closest tax preparation services are located in Bethel, hundreds of miles away.



Quinhagak team leaving the village



Chefornak team preparing for rest

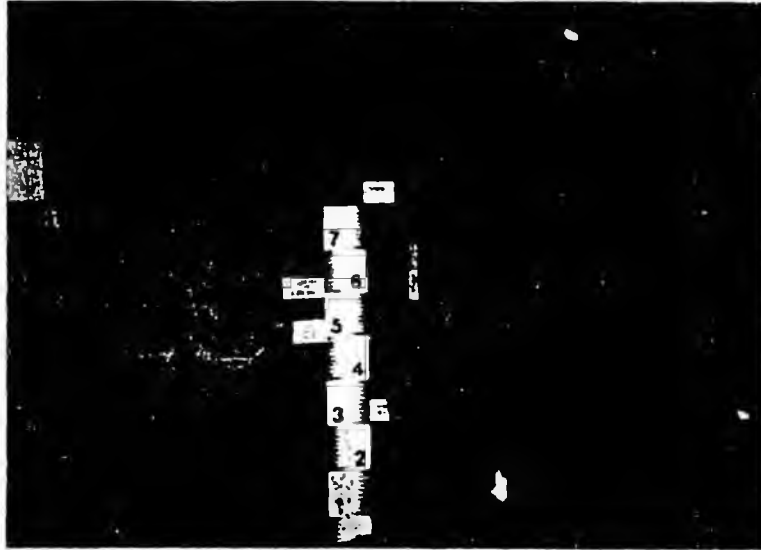
One of the reasons for the Program's success in the area is a major involvement by the area CDQ, Coastal Villages Region Fund (CVRF). This entity consistently helps the Program to cover the airfare cost to all seven communities in the region. The Program is working closely with CVRF representative, Mr. Moses Tulim in Chevak. Due to Mr. Tulim's efforts and participation, last year the Program had all accommodation costs in the area donated by local Tribal Councils and Native Villages.

Since the Program has provided services to this area for seven years now, local residents are now very familiar with the Program personnel on a first name basis. This makes it easier for delinquent individuals to trust the teams and bring their tax problems to the Program. A lot of local entities are also involved in bringing the Program to the area. The following is the complete list of local supporters.

COASTAL VILLAGES REGION FUND (CVRF)

- Chevak Traditional Council
- Chefornak Traditional Council
- Sea Lion Corporation
- Kipnuk Traditional Council
- Native Village of Kwigillingok
- Native Village of Kwinhagak
- City of Mekoryuk
- Napaskiak Tribal Council
- Napaskiak School
- Toksook Bay School

Yukon Delta. The Yukon Delta area joined the Program two years ago, due to interest shown by the area CDQ – Yukon Delta Fisheries Development Association (YDFDA). After YDFDA representative, Mr. Doug Redfox, had met with Program Manager at the annual Fish Expo in Seattle, the Association offered to provide support to the Program in the area. The Program assisted villages of Emmonak, Kotlik, and Alakanuk in 2000, and proved to be a very needed service. In 2001, a village of Nunam Iqua (former Sheldon Point) was added to the list. In 2002, the Program assisted all four of the villages.



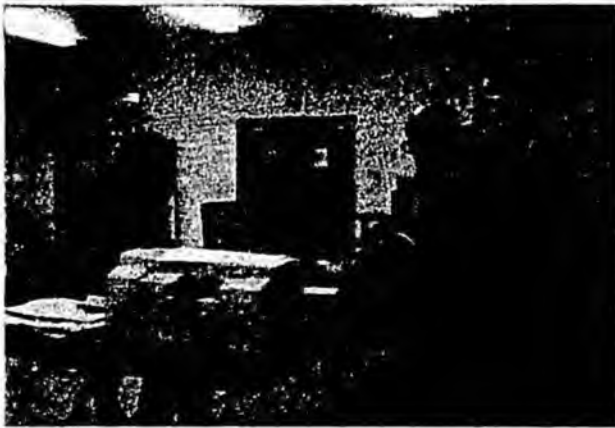
Alakanuk team outside after a long day of work

Once again, the area CDQ plays the important role in Program's success in the area. The Association covers the airfare expenses associated with the travel to the area, and provides a network of contacts for the teams in each village, since many officials in the assisted communities are shareholders and employees of the Association. One of the most influential contacts in the area is Mr. Douglas Redfox, who has been continuously working with the Program on behalf of the Association. See the full list of local contributors below.

YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION (YDFDA)

- Grant Aviation
- Alakanuk Native Corporation
- City of Alakanuk
- City of Emmonak
- Emmonak Native Corp.
- City of Kotlik
- Kotlik Native Corporation
- Native Village of Nunam Iqua

Kodiak Island. The residents of Kodiak Island are very familiar with Alaska Business Development Center's staff due to multiple projects carried out by ABDC in the area. In 2002, the Island was assisted by a team from Ithaca College, NY.



Kodiak team at work in Port Lions



Approaching Akhiok, view from the plane

Kodiak Island is one of the areas where the Program schedule is greatly affected by ever-changing weather. Since the only transportation mode between the villages on the Island is by small planes, their flights are often re-scheduled due to difficult flying conditions. To be able to work around the weather and still service all the scheduled villages, the Program traditionally schedules a week-long trip to the Island during the University Spring Break period. This gives a team enough time to adjust the trip's schedule, if necessary, for the weather to change and a flight to the next village to become feasible.

The airfare from Anchorage to the City of Kodiak, as well as flights between villages, were covered by contribution from Kodiak Area Native Association, which has become the Program's largest partner in the area. Below is the complete list of local contributors in the area:

KODIAK AREA NATIVE ASSOCIATION (KANA)

- *Island Air*
- *City of Akhiok*
- *City of Karluk*
- *City of Larsen Bay*

- *City of Ouzinkie*
- *City of Port Lions*
- *Uyak Bay Lodge*
- *Old Harbor Native Corporation*

Bristol Bay. Bristol Bay is another area where ABDC's involvement expands beyond the Volunteer Tax and Loan Program. ABDC's Michelle Kern travels to the area on a regular basis to assist residents with various business projects, as well as a Team Supervisor during tax season. The Program has provided services to this area for seven years now, and many of its clients receive other kinds of assistance from ABDC staff. In 2002, the Program added a community of Naknek to the list its villages. Residents of nearby King Salmon were invited to come to Naknek to use Program's services, as well.



Program clients in Pilot Point



The beach view

Bristol Bay region also features notorious weather conditions. Based on previous experience with travel in this area, the Program makes a flexible schedule for assisting villages in Bristol Bay. These are combined into one Spring Break trip, where a team first travels by a jet from Anchorage to King Salmon. The order of trips and length of stay in each community is further decided based on weather conditions.

Bristol Bay residents are very involved with commercial fishing, which has been problematic in recent years. This makes area residents highly appreciate the Program's free tax services. In Bristol Bay, the Program is supported by many local entities, as well as the local CDQ, the Bristol Bay Economic Development Council. The Council covers airfare to some villages in the area. Due to many personal connections ABDC staff has made in the area over the years, and because area residents believe the Program provides a very valuable service, they frequently help the teams with their logistics and accommodations. Below is the list of local contributors in the Bristol Bay area.

BRISTOL BAY ECONOMIC DEVELOPMENT COUNCIL (BBEDC)

- *Chignik Lagoon Native Corporation*
- *Native Village of Chignik Lagoon*
- *Native Village of Chignik Lake*
- *City of Pilot Point*
- *Native Council of Port Heiden*
- *City of Naknek*

Southeast. The Southeast area of Alaska has been assisted by Program teams for the past six years. The Program recruits students and faculty from the Southeast branch of the University of Alaska in Juneau to travel to Southeast villages, to decrease the airfare cost. In 2002, all three of Southeast participating villages were assisted by UAS students. The UAS volunteers also participated in assisting multiple villages in the Interior area.



Program team working in Kake

The list of participating villages in Southeast keeps changing due to Program's impact in the area. After the Program showed substantial demand, two individuals in the community of Hydaburg are now offering tax preparation services to village residents. The Program can now change its schedule to include new villages with no professional tax preparation services available.

The Program is supported by Native Councils and City offices in every community in Southeast. However, the Program lacks support of large Native entities. In 2001, the Program received a one-time assistance with the airfare cost from the largest Native entity in the region – the Sealaska corporation. The Program did not receive similar support from the Corporation in 2002, but it's hoping to build this relationship in future years. The 2002 Program contributors in the area are listed below.

- City of Angoon
- Chatnam School District
- City of Hoonah

- Huna Totem Corporation
- Kake Tribal Corporation
- Organized village of Kake

Interior. In 2001, the Program expanded into a whole new area – Interior Alaska. The Program was approached by the area’s largest Native organization – Tanana Chiefs Conference (TCC). Most of TCC’s 33 villages are very small and remote, which makes professional tax assistance to be scarce, if available at all. The Program conducted its Pilot Project in the area in 2001, assisting a total of eight villages. The results showed a definite need of the Program services in the area, so the Program expanded significantly within the area in 2002.

In 2002, all 38 TCC villages were offered Program service, however only 28 communities requested and received Program services. The Program worked closely with Ms. Debra McCarter and Mr. Greg Dotzenko of the Tanana Chiefs Conference to coordinate the Program’s effort in the selected villages. The organization’s representatives in each community assisted with the team’s transportation within the villages, as well as setting up at the local offices.



Interior team on a Spring Break trip



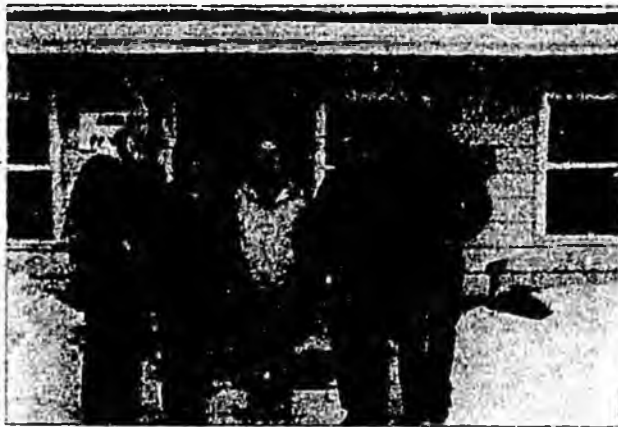
Program volunteer catching up on her studies while on a flight to a village

One of the challenges for the Program in the area is the transportation. Since Program teams mostly travel on weekends, regularly scheduled flights often do not satisfy the Program’s schedule. For that reason, the Program in the area mostly uses charter flights which explains the high airfare expense in the area. However, the Program is completely supported by TCC – besides airfare, the entity offered to cover other Program expenses in the area. Such active participation in the Program by the area’s largest Native entity ensures the Program’s further development and success in the Interior Alaska.

TANANA CHIEFS CONFERENCE (TCC)

St. Paul Island. In 2002, the Program expanded into another new area of Alaska – Pribilofs, the Island of St. Paul. This is one of the most beautiful places in Alaska, a world-famous habitat of many species of sea life, as well as bird species. The Island of St. Paul encompasses slightly over 40 sq miles of land, and lies about 750 air miles from Anchorage. There are many commercial fishermen, both permit holders and crew members, living on the Island.

Due to its geographic location, the only means of transportation to and from the Island during winter is by plane. There is only one airline currently servicing the Island, and flights are sometimes limited to 3 times a week. In order to be able to assist the Island residents within Program scheduling limits, in 2002 the Program team had to travel to St. Paul Island on Saturday and stay through Monday.



*St. Paul team with local contact Debbie Lestenko;
(second from the right)*



St. Paul Russian Orthodox Church

The community of St. Paul was added to Program list after Aleut Community Tribal Government representative, Debbie Lestenkof, approached ABDC and requested the Program's assistance. The Program trip proved to be a success, with 64 people assisted and 43 returns prepared on the Island, including 10 past-due returns. The logistics of the Program trip to the Island were greatly facilitated by attention and efforts of Debbie Lestenkof and Faith Rukovishnikoff of the Tribal Government of Aleut Community of St. Paul Island.

In future years, the Program hopes to receive support from the area's CDQ – Central Bering Sea Fishermen's Association (CBSFA), especially in covering the airfare to the Island, which equaled a total of \$3,472 in year 2002. The 2002 Program contributors are listed below:

- *St. Paul Aleut Community Tribal Government*
- *Tanadgusix Corporation*

Conclusion

Year 2002 was another successful year for ABDC Volunteer Tax and Loan Program. In spite of logistical difficulties, the Program managed to expand again – by about 70% in returns prepared comparing to year 2001. Aside from adding 23 new villages, the Program assisted more taxpayers in villages serviced by the Program for several years now.

The Program expanded its staff by attracting its first volunteers from out of state – a team of three from Ithaca College, NY came to Alaska in mid-March to service six villages on Kodiak Island during their week-long stay in the state. The Ithaca College team helped the Program solve its staffing problem, while providing hands-on assistance to low income “bush” Alaskan residents, as well as experiencing the beauty and unpredictability of Alaska.

The Program staff is extremely proud of its results: increased awareness among Alaskan rural residents of their rights and responsibilities in regards to tax issues; amount of money returning to villages in the form of tax refunds; as well as number of University of Alaska graduates who will return next year to act as Team Supervisors to new teams, and hopefully join the Program’s volunteer staff for many years to come.

The Program is planning to expand even more – until all villages in Alaska are assisted with their tax problems one way or another. Every year, the Program continues to look for assistance of volunteer students, tax professionals, regional corporations, banks, granting organizations, tribal councils, and other entities to help realize the Program’s goals. The Program is also looking to establish collaboration with local legal firms to be able to provide pro bono legal representation in tax matters to low-income taxpayers.

Please join the Program’s staff in our efforts, whether you would like to support the Program generally, contribute financially, volunteer your time, share your knowledge, or provide an in-kind donation.

The next tax season is approaching, and ABDC’s Volunteer Tax and Loan Program is preparing for another great year. The Program staff would like to congratulate all the partners and contributors with the success of the Program in 2002, and welcome them to join ABDC’s VTLP for its next season.

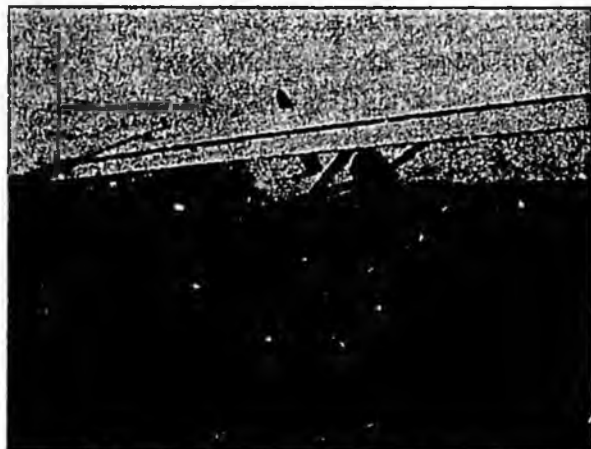
More pictures from the field...



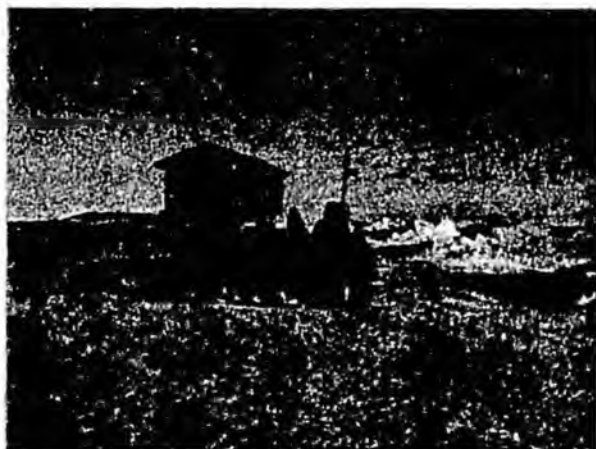
Program volunteer (third in the back) with local kids in Western village



Team's roommate in Kipnuk



Pilot tying volunteer's luggage onto a plane's wing



Village delegation meeting team at the Kwiqillinqok airstrip



End of March in the village of Grayling



NY volunteer riding to Old Harbor airstrip in the back of the truck

Subject:

Re: FW: Task Force: On-line submission form

Date:

Tue, 11 Mar 2003 13:55:02 -0800 (PST)

From:

Bill Crump <bscrump@yahoo.com>

To:

ufa1@ufa-fish.org

CC:

Representative John Harris <representative_john_harris@legis.state.ak.us>,
Representative Paul Seaton <Representative_Paul_Seaton@legis.state.ak.us>, Jerry

McCune <ufa2@ufa-fish.org>,
Cheryl Sutton <cheryl_sutton@legis.state.ak.us>, Phelan Straube

<phelan_straube@legis.state.ak.us>,
Sue Aspelund <cdfu@ptialaska.net>

Tom,

HB 105 is a misguided attempt to help the Salmon industry. Loaning State money to fishermen (to pay back federal taxes) whom will have almost no chance in paying back the money is of little help to the industry and probably hurts it in the long run. The DOI already has many loans that are delinquent to the point that they will have to be written off. To continue to artificially inflate this already overcapitalized industry is the wrong approach. It will also be very unfair to the few fishermen who have been keeping up on their payments. How would you feel if you sacrificed to make your payment every year only to find that the State forgave everyone who made no payments in recent years?

There is no one Silver bullet that I know of that will save the Salmon Industry. It will no doubt take many changes, that when taken as a whole, will be enough to save the industry.

There is one small thing in this Section that if changed would help a little. Eliminating the refinance charge of .5% would be of some small help.

In general the Legislature must think in terms of legislating out inefficiencies and legislating in efficiencies. They must come to the realization that the industry will and must have fewer participants. The new Alaska Salmon industry will have fewer fishermen.

Regards, Bill

Subject:
HB 105
Date:
Tue, 11 Mar 2003 13:43:25 -0900
From:
"Gordon Jackson" <gjackson@ccthita.org>
To:
<Cheryl_Sutton@Legis.state.ak.us>

I just wanted to add our name for supporting HB 105. Several years ago, I worked with a committee of the Alaska Federation of Natives seeking a solution to the increasing problem of the State and Federal government seizing Limited Entry Permits to satisfy their Federal Income Tax liability. Many permits were seized and auctioned and many fishermen were left on the beach without work because they no longer have their permit to fish. The opportunity to apply for and use the loans and pay off the IRS liens stopped a lot of this activity. In Southeastern Alaska I know of at least four of my family and friends who have made good use of this law and satisfied their tax obligation. If it were not for this law, more rural Alaskans would be without their permits and would not have a way to make their living. We fully support this piece of legislation and urge its passage as soon as possible.

Thank you and if you need more information, please let us know.