

**HB**

**230**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/14/05

FURTHER:

REPORTED OUT

MAY 2 2005

SENATE FINANCE  
COMMITTEE

DATE TURNED  
IN TO OFFICE:

2 May 2005

Finance Committee considered

HOUSE BILL NO. 230

## HB 230 LOANS FOR COMMERCIAL FISHING TENDERS

"An Act authorizing the making of loans for upgrade of commercial fishing tender vessels and gear."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

CS Senate Bill:

- Same Title
- New Title

SCS House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	F#

Department	Date	Fiscal	Ind.	Zero	FN#
Commerce	3/25/05			✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
COCHAIR: <i>Gary Wells</i>			✓	
COCHAIR: <i>Lynne Green</i>	✓			

# FISCAL NOTE

REPORTED OUT

MAY 2 2005

SENATE FINANCE  
COMMITTEE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 230  
 (H) Publish Date: 4/1/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Loans for Commercial Fishing Tenders RDU: Investments (122)  
 Component: Investments  
 Sponsor: Thomas  
 Requester: House Fisheries Component No.: 383

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (1036)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would amend the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the department to make loans for the upgrade of existing tender vessels and gear to improve the quality of Alaska seafood products. The total balances outstanding to a borrower on tender vessel upgrade loans may not exceed \$300,000. The department anticipates making approximately five tender upgrade loans each year totaling \$325,000.

No additional administrative costs would be required to accommodate this amendment to the CFRLF.

Prepared by: Greg Winegar, Director Phone: (907) 465-2510  
 Division: Investments Date/Time: 3/25/05 11:36 AM  
 Approved by: Edgar Blatchford, Commissioner Date: 3/25/2005  
 Agency: Commerce, Community, and Economic Development



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: [Representative.Bill.Thomas@legis.state.ak.us](mailto:Representative.Bill.Thomas@legis.state.ak.us) webpage: [www.akrebublicans.org/thomas/](http://www.akrebublicans.org/thomas/)

State Capitol

Juneau AK, 99801-1182

907-461-3732

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### SPONSOR STATEMENT

#### HB 230

#### Loans for Commercial Fishing Tenders

**“An Act authorizing the making of loans for upgrade of commercial fishing tender vessels and gear.”**

House Bill 230 makes a small change in the Commercial Fishing Loan Act (AS 16.10.300 – 370) to allow Alaskan owners of fish tenders to be eligible for loans to improve the quality of our seafood products. Under the current law, the Division of Investments in the Department of Commerce, Community and Economic Development offers low interest loans to fishing permit holders to upgrade their equipment in order to improve the quality of the seafood product they are handling. Tenders, who buy fish on the fishing grounds from fishermen and transport the product to processing plants, are an important part of the seafood handling process. However, they are not defined as fishermen and are therefore not currently eligible for the product quality improvement loans. The state has taken some positive steps to emphasize quality improvement on fishing vessels and in processing plants, but has neglected this segment of the seafood production system. This bill will allow qualified Alaska resident tender owners to participate in the state's loan program to upgrade their equipment, encouraging another key component of the fishing industry to improve the way fish are handled and increasing the quality and value of Alaska's seafood. HB230 is supported by the Alaska Independent Tendermen's Association.

*Contact Ian Fisk in Rep. Thomas' office at 465-3732*

Companion to HB 230



## Alaska State Legislature

Senate Majority Web: [www.akrepublicans.org](http://www.akrepublicans.org)

Sponsor: Senator Bert Stedman  
Current Version: SB 145  
Contact: Tim Barry, 465-3873

### Fact Sheet for: Senate Bill 145

**Short Title:** LOANS FOR COMMERCIAL FISHING TENDERS

**Summary:**

- Amends the Alaska Commercial Fishing Act to make seafood quality improvement loans available to fish tenders.

**Benefits:**

- Creates the opportunity for another segment of the commercial fishing industry to join the effort to improve the quality of Alaskan seafood.
- Brings fairness to the loan program by making seafood quality improvement loans available to an important segment of the commercial fishing industry.

**Background:**

- Alaska's seafood industry always strives to improve the processing, handling and quality of its product. The state provides low interest loans under its Commercial Fishing Loan Act so fishermen can upgrade equipment that improves the overall quality of the seafood. SB 145 amends the loan program so owners of fish tenders can participate in the loan program. SB 145 is supported by the Alaska Tendermen's Association.

## LEGAL SERVICES

# COPY

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

### MEMORANDUM

March 17, 2005

**SUBJECT:** Sectional Summary of SB 145, an Act authorizing the making of loans for the upgrade of commercial fishing tender vessels and gear (Work Order No. 24-LS0679\F)

**TO:** Senator Bert Stedman  
Attn: Tim Barry

**FROM:** George Utermohle  
Legislative Counsel

You have requested a sectional summary of SB 145, an Act authorizing the making of loans for the upgrade of commercial fishing tender vessels and gear.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends AS 16.10.310(a) to authorize the Department of Commerce, Community, and Economic Development to make commercial fishing loans to an individual for the upgrade of existing tender vessels and gear to improve the quality of Alaska seafood products, if the individual has been a state resident for a continuous period of two years immediately preceding the date of application for the loan.

Section 2 of the bill amends AS 16.10.320(d) to provide that the maximum amount of the outstanding balance of a loan made to an individual for upgrade of existing tender vessels and gear is \$300,000.

Section 3 of the bill amends AS 16.10.320(e) to provide that two or more qualified individuals may jointly obtain a commercial fishing loan for upgrade of existing tender vessels and gear. The maximum amount of the loan made to qualified individuals who jointly apply for the loan is equal to \$300,000 times the number of qualified applicants for the loan.

GU:jad  
05-162.jad

THE  
FOLLOWING  
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*Copy to HRS 230*

# F/V Kupreanof



P.O. Box 2983  
Sitka, AK 99835

(907)747-2137 boat/mail

To Whom it may Concern,

Reference: SB 145

This is a letter of testimony in case I am out of town doing the Herring fishery here in Sitka when the bill comes up. This bill corrects an oversight in the Vessel Quality Improvement Program.

The State has grant and loan programs for processors and a loan program for fisherman however Tenders don't qualify for either. Tenders are where most of the refrigeration of product takes place. Tenders transport fish from the fishing grounds to the processors all over the state. Most Tenders these days are individually owned and operated, NOT company owned. I consider myself to be a normal tender. I own the boat and my wife and kids are the crew. I hire crewmembers as necessary when the kids are in school. We as Tender operators have suffered the same downtrend in the industry just like everyone else. Costs go up and income goes down. For me I consider it a "good year" if I can gross two thirds of what I did ten years ago.

This bill gives access to the Vessel Quality Improvement Program to Alaskans who own and operate tenders in the State of Alaska. Tenders are an integral part of the fishing industry. The ASMI saying "Keep it fresh, keep it cold, keep it moving".....We DO that! We need help to improve our refrigeration and product handling, too. I had to upgrade my refrigeration last spring after a breakdown. I was told by Arne Fugulvog F/V Mitkof to use the program because he just had and it was an excellent program. When I tried to apply I was told I couldn't qualify because I was just a tender. Well, the Mitkof was a Tender, too. It didn't fish, it just tendered! The only difference was that Arne held a permit.

This bill corrects that. I don't know anyone who is opposed to it. It WILL help improve fish quality in the State of Alaska. Thank you.

Sincerely,

James M. Edson

Companion to HB 230

Apr-7-05 8:22AM;

Page 1/1

Sent By: UFA;  
To: Sen. Stedman

907 463 2545;

At: 465-3922



# Cordova District Fishermen United

P.O. Box 938  
Cordova, Alaska 99574  
(907) 424-3447 FAX (907) 424-3430

April 7, 2005

Senate Labor & Commerce  
Senator Con Bunde, Chair  
State Capitol Building

RE: Support SB 145 – Loan for Commercial Tenderman

Dear Senator Bunde

Cordova District Fishermen United (CDFU) supports SB 145 that allows qualifying Alaska tendermen the ability to obtain state loans from the Division of Investments.

Tenders are an important part of the commercial fishing industry and help to maintain high quality of our salmon from the fishing grounds to our processors. These loans will be available to existing tender owners that are Alaska residents. As the need to improve quality in Alaska's seafood product continues to rise, the ability for existing tender owners to obtain state loans for the purpose of upgrading their equipment & gear is critical.

Respectfully,

*Diane Platt*  
Diane Platt  
Executive Director

COPY

**Southeast Alaska Fishermen's Alliance**

9369 North Douglas Highway  
Juneau, AK 99801



Phone 907-586-6652

Fax 907-523-1168

E-mail: seaafa@gci.net

April 7, 2005

Senate Labor & Commerce  
Senator Con Bunde, Chair  
Alaska State Legislature  
Juneau, AK 99801

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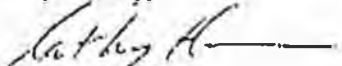
RE: Support SB 145 - Loans for Commercial Tendermen

Dear Senator Bunde and Committee members,

The Southeast Alaska Fishermen's Alliance (SEAFA) supports SB 145 that allows Alaskan tendermen the ability to get loans from the Division of Investments if they meet all the requirements. Tenders are an important part of the commercial fishing industry. As the Alaskan fishing industry works to increase the quality of our fishery resources, it is important that the tenders we use in the fishery have the ability to also upgrade. Without this ability we create a weak link in the handling of our product in trying to increase the quality of our products. We consider it only fair that they are allowed access to funds to upgrade their operations.

Southeast Alaska Fishermen's Alliance (SEAFA) is a multi-gear non-profit membership fishing organization that represents our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska.

Respectfully,

  
Kathy Hansen  
Executive Director

cc: Senator Steinhilber, DFA

**COPY**

March 30, 2005

Time

\*FAX MESSAGE\*

PAGE 1 of 1

TO: REPRESENTATIVE RALPH SAMUELS  
CO-CHAIR HOUSE RESOURCES COMMITTEE

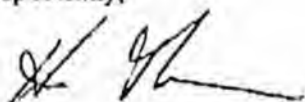
FROM: HAROLD THOMPSON  
BOARD MEMBER  
ALASKA INDEPENDENT TENDERMAN'S ASSOCIATION

On behalf of the Board of Directors, I would like to express our whole-hearted support for HB 230 as written. Tenders are a vital link in the quality chain from fishermen to processors and access to loans already available to fishermen and tendermen with commercial fishing licenses would be most helpful for those of us that operate solely as tenders.

The economics of tendering are difficult at best for those of us that have no fishing permits. Access to these loans would help us upgrade or maintain the systems we need to maintain optimum quality, for the benefit of the entire industry.

~~Thank you for the opportunity to testify by fax~~

Respectfully,



Harold Thompson for  
Alaska Independent Tenderman's Association

cc: Senator Bert Stedman



APR 15 2005

Lela F. Klingert  
*President*

April 12, 2005

VIA Telefax—Hard Copy to follow by U.S. Mail

Senator Lyda Green  
Senate Finance Committee  
Alaska State Legislature  
Juneau, AK

Dear Senator Green,

Please consider the following commentary regarding SL 145, which is currently awaiting disposition in the Senate Finance Committee.

Alaska Commercial Fishing and Agriculture Bank (CFAB) is cooperatively-structured, privately-owned, financing institution. As its name implies, one of CFAB's primary missions is to provide financing to resident Alaska participants in the commercial fishing business. In practice, and although CFAB has broader missions and authorities, commercial fishing interests have been the dominant focus of its lending activities for over 25 years.

CFAB was created through actions of the 1978 and 1979 Legislatures, whose relevant acts became what is today AS44.81. The State of Alaska provided an initial \$32 million of capital, with the statutory requirement that it be repaid to the State no later than July 2000. In actuality, return of the State's capital was completed in 1998. CFAB today is owned totally and exclusively by Alaska residents and resident-owned entities, whose equity interest totals about \$19 million. Its governance is by a seven-person Board of Directors, five of whom are elected by its owners ("members" in cooperative parlance); two Directors are appointed by the Governor of Alaska. CFAB is subject to annual and professional audits; in its operations it is subject not only to AS44.81 but to commercial lending laws, employment laws, and other laws affecting private corporations generally. Its annual reports are furnished not only to its members but to the Legislature, the Governor, and to the public. CFAB each year pays income taxes to the State of Alaska in addition to Federal income taxes.

CFAB is an uncommon success story for the Alaska State Legislature, for the resident commercial fishing community, and for its many Directors and employees who have served for over 25 years. Few of the many enterprises, agencies, and projects that were fueled by large infusions of State funding - in various forms - during the late 1970's and early 1980's remain in existence today, let alone able to point to the record such as CFAB has compiled.

*Alaska Commercial Fishing and Agriculture Bank*

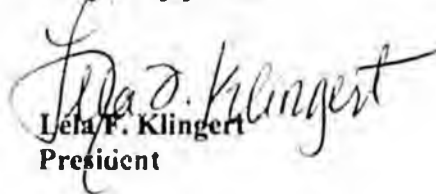
Senator Lyda Green  
April 12, 2005  
Page 2

CFAB makes loans to Alaska residents for the purpose of acquiring or improving tender boats. There is no statutory or regulatory limit on the amounts of such loans, nor has CFAB yet encountered a practical limit. CFAB currently has, and has consistently had, funds available for such loans. There is not, in our view, great demand for such loans; that is consistent with what appears to be a long-term industry trend away from tendering operations. The only constraint we have, on occasion, encountered appears to be a lack of creditworthiness among some applicants.

We cannot understand the rationale, or public good to be served, in support of legislative action which would place the State of Alaska in further direct competition - and, moreover, put public funds at risk in an extremely challenging environment - with a privately-owned and tax-paying institution ordained by the Legislature, and whose existence represents the sacrifices and investments of thousands of Alaska residents! How can such an action be justified? In what other area of commercial activity would the Legislature consider introducing the State of Alaska as a direct competitor? We at CFAB believe neither SB145 nor its intent is worthy of your consideration, unless you are in a position to realistically and adequately address these questions of principle.

We would very much appreciate any comment you might offer on the foregoing. In addition, we would be happy to respond to requests for further information or insight concerning CFAB or SB145.

Very truly yours,

  
Lela F. Klingert  
President

Cc: Senator Dyson  
Senator Stedman  
Senator Hoffman  
Senator Olson  
Senator Bunde  
Senator Wilken