

**HB**

**121**

<TARGET><BILL>HB 121</BILL><SUBJECT>HB  
121</SUBJECT><COMM>HRES27</COMM></TARGET>



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Office of the Commissioner

*Sean Parnell, Governor*  
*Susan K. Bell,*  
*Commissioner*

## CSHB 121 (FSH)

"An Act relating to loans...and establishing revolving loans"

### Explanation of Changes

Page 1 Line 1,

Amends AS 16.10.320 by adding a new subsection:

This section would allow the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

Page 2 Line 12; Page 6 Line 4; Page 8 Line 18;

Adds the word "grant" to allow money appropriated to, transferred to or received by gift, grant, devise, bequest, or donation to be made to the fund.

Page 8 Line 4,

Adds language allowing a loan made under the Mariculture Revolving Loan Fund to be used for the purchase of boats or vessels determined to be integral to the operation of the farm.

Page 8 Line 17,

Adds language that allows the interest on the principal of a loan made under the Mariculture Revolving Loan Fund to be deferred for no more than the first six years of the loan.

Page 10 Lines 21-26,

Adds in a provision that if a requested loan amount is \$35,000 or more the applicant shall provide to the Department a document from a state financial institute that states they have been denied a loan or that a loan is contingent on the applicant receiving a loan from the Alaska Microloan Revolving Loan Fund.

Page 12

Removed the Transitional language since there was only one effective date and the language was deemed unnecessary.

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STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Sean Parnell, Governor*  
*Susan K. Bell, Commissioner*

Office of the Commissioner

**CS for House Bill 121**  
**Sectional Analysis**

**Section 1.** Amends AS 16.10.320 by adding a new subsection:

This section would allow the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

**Section 2.** Amends AS 16.10 by adding new sections:

16.10.801 – Commercial charter fisheries revolving loan fund

This section creates a revolving loan fund for commercial charter fisheries within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or received by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

16.10.805 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the commercial charter fisheries loan fund.

16.10.810 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a commercial fisheries loan. Some of the requirements the applicant must meet are being a resident of the state; qualify for the purchase of a charter halibut permit; purchase, construct, or upgrade an existing charter halibut fishing vessel; and must not be eligible for financing or only able to obtain a portion of the total loan from a recognized commercial lending institution.

16.10.815 – Limitations on loans

This section outlines the limits on the commercial fisheries loans. Some of the limitations are that the loan may not exceed \$100,000; may not exceed a term of 15 years; may not be made to a person who has past due child support obligations.

16.10.820 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

16.10.825 – Special account established

This section establishes a special account within the commercial charter fisheries revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

16.10.830 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

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16.10.835 – Waiver of confidentiality

This section states that the commissioner of Commerce, Community and Economic Development may release information about the borrower's loan if the borrower has given authorization to do so.

16.10.890 – Definitions

This section defines commissioner and department to be from Commerce, Community and Economic Development.

16.10.900 – Mariculture revolving loan fund

This section creates a mariculture revolving loan fund within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or received by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

16.10.905 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the mariculture revolving loan fund.

16.10.910 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a mariculture revolving loan. Some of the requirements the applicant must meet are being a resident of the state; have a permitted mariculture farm location in the state; have one year of experience/training in the mariculture industry; and must not be eligible for financing or only able to obtain a portion of the total loan from a recognized commercial lending institution.

16.10.915 – Limitations on loans

This section outlines the limits on the mariculture revolving loans. Some of the limitations are that the loan may not exceed \$100,000; may not exceed a term of 20 years; and may not be made to a person who has past due child support obligations.

16.10.920 – Repayment of principal and interest on loans

This section states that the department may not require the repayment of the principal on the loan for six years from the date the loan is made.

16.10.925 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

16.10.930 – Special account established

This section establishes a special account within the mariculture revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

16.10.935 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

16.10.940 – Waiver of confidentiality

This section states that the commissioner of Commerce, Community and Economic Development may release information about the borrower's loan if the borrower has given authorization to do so.

16.10.945 – Definitions

This section defines commissioner and department to be from Commerce, Community and Economic Development and also defined mariculture as the farming of shellfish, echinoderms, seaweeds, and algae.

**Section 3.** Amends AS 44.33 by adding new sections:

44.33.950 – Alaska microloan revolving loan fund

This section creates a microloan revolving loan fund within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or received by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

44.33.955 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the microloan revolving loan fund.

44.33.960 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a microloan revolving loan. The requirements the applicant must meet are being a resident of the state and provide a reasonable amount of money from other non-state sources for use on any project the loan money will be used.

44.33.965 – Limitations on loans

This section outlines the limits on the microloan revolving loans. The department may use money from this fund to make loans of up to \$35,000 to a person, or loans of up to \$70,000 to two or more persons. The loans may not exceed a term of six years and may not be made to a person who has past due child support obligations.

44.33.970 – Special account established

This section establishes a special account within the Alaska microloan revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

44.33.975 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

44.33.980 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

44.33.990 – Definitions

This section defines commissioner and department to be Commerce, Community and Economic Development.

**Section 4.** Amends the Uncodified law of the State of Alaska

Adds a new section that states the Department of Commerce, Community and Economic Development may adopt regulations to implement this Act

**Section 5.** Effective date clause

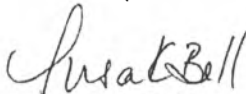
Immediate effective date

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Additionally, on January 5, 2010 the North Pacific Fisheries Management Council published a final rule implementing a halibut charter fisheries limited entry program. It is expected that 40% of those captains applying for the permit based on past fishing history will be denied under NOAA's restrictions. This has resulted in escalating permit prices while quota has been reduced making it difficult for those to remain in business. In an effort to make financing available to Alaskans for the purchase of halibut charter permits, while helping to ensure those valuable permits remain in Alaskan's hands, a new loan fund has been developed that is similar to the highly successful commercial fishing revolving loan fund (AS 16.10.340).

If you have any questions regarding this bill, please feel free to contact Curtis Thayer, Deputy Commissioner of Commerce, Community and Economic Development at 296-8100, or Wanetta Ayers, Director of Division of Economic Development at 269-4903.

Sincerely,



Susan K. Bell  
Commissioner

# Treasures of the Tidelands

## Shellfish Commerce .....

The Pacific Northwest has a bounty of natural riches that have long fueled economic trade and growth in the region. While Washington's economy boasts diversity, the value of the state's natural resource industries remain significant and indispensable. Their contribution to the base economy makes a compelling case for stewardship, innovation and sustainability to ensure broad and far-reaching returns from these natural assets for generations to come.

The commercial shellfish industry is one of these resource-based businesses that anchors the economies of many rural western Washington communities. The sale of products to buyers around the world brings in new money that provides employment and an enhanced tax base as revenues circulate and re-circulate through the communities. Recreational shellfish harvesting is structurally different from the commercial industry, yet generates comparable economic benefits.

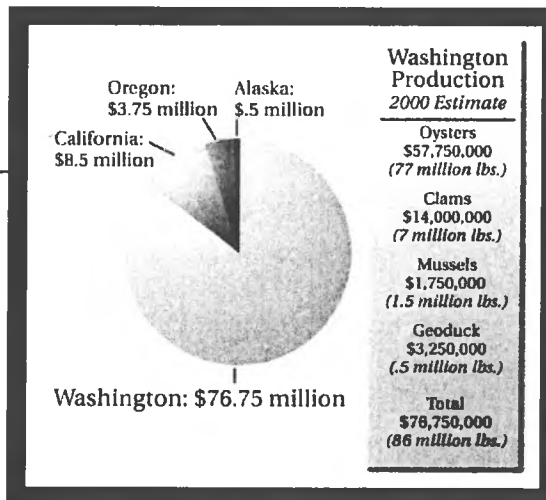
Commercial and recreational shellfish production is big business in the coastal areas of western Washington where the shorelines are still healthy enough to support productive harvests. For instance, the commercial shellfish industry is the second largest private-sector employer in both Mason and Pacific counties, supporting more than 1,200 jobs and an estimated total annual payroll that exceeds \$27 million. Another example is the coastal razor clam fishery, which generates an estimated \$7 million annually in commercial sales and injects an additional \$12 million annually into local economies from the sport fishery. In short, shellfish harvesting provides a strong and steady employment base and possesses two highly coveted economic attributes—sustainability and potential for growth.

## World-Class Foods .....

Washington is the leading producer of farmed bivalve shellfish in the United States, generating an estimated \$77 million in sales and accounting for 86 percent of the West Coast's production in the year 2000.

Washington growers sell a variety of live and processed products that include Pacific, Kumamoto, Tasmanian, Eastern, European flat and Olympia oysters; Manila, littleneck, razor and geoduck clams; and blue and Mediterranean mussels. Pacific oysters, Manila clams and blue mussels are the leading commercial species in their respective categories. Puget Sound accounts for most of the clam and mussel sales while Willapa Bay leads in oyster sales.

The commercial harvest of geoduck is a unique story and an increasingly lucrative component of the state's molluscan shellfish industry. Starting with the discovery of enormous populations of geoduck in Puget Sound in the 1950s and the first commercial harvests in 1970, the portly clam has emerged as the Microsoft of the shellfish industry. Wholesale prices typically range between \$5 and \$10 per pound, and restaurant prices can run as high as \$100 per pound in prime Asian markets. The total biomass of Puget



*Pacific Coast Shellfish Growers Association*

**Estimated West Coast production of farmed oysters, clams, mussels and geoduck, 2000**

Sound's geoduck population is estimated at 674 million pounds, of which approximately 163 million pounds is available for commercial harvest to depths of 70 feet. The estimated, harvestable biomass is significant because the annual harvest limit of 2.7 percent, set by the Washington State Department of Natural Resources, is pegged to this value. The harvest of wild geoduck is now complemented by significant investments and advances in intertidal geoduck aquaculture by Washington shellfish growers. One farming approach involves hand planting nursery seed in mesh-covered tubes to protect the ducks until they are mature enough to burrow more deeply into the sediments and avoid predators.

**Fascinating Facts** .....

- Washington is the leading producer of farmed bivalve shellfish in the U.S.
- The state's production of farmed oysters, mussels, clams and geoduck generates approximately \$77 million in sales annually.
- Commercial shellfish production is the second largest private-sector employer in Pacific and Mason counties.
- Oakland Bay in Mason County yields more than three million pounds of clams annually.
- The annual value of the coastal razor clam fishery is estimated at \$12 million recreationally and another \$7 million commercially.
- Puget Sound's commercial geoduck fishery represents the most valuable clam fishery on the west coast of North America.
- The total biomass of Puget Sound's geoduck population is estimated at 674 million pounds, approximately a quarter of which is considered available for commercial harvest.

**Economic Prospects** .....

In purely economic terms, shellfish harvesting faces a rosy future in Washington. The state's coastal areas are attractive destinations for residents and tourists alike, highly prized for beachcombing, recreational harvesting and other activities that generate needed revenues for local communities. On the commercial front, with ongoing improvements in hatchery methods and other aquaculture techniques, the shellfish industry is poised for significant growth, ready to capitalize on swelling worldwide demand for high quality seafoods.

But things are not that simple. A number of factors influence shoreline uses. For shellfish harvesting, the most significant limiting factor is the condition of the shoreline environment and the availability of clean, unpolluted marine water.

Water quality can be affected by pollution from human activities and other sources as well as naturally occurring harmful algal blooms, mainly paralytic shellfish poison (PSP) and domoic acid (also known as amnesic shellfish poison or ASP). Harvest restrictions caused by these problems take away sales, jobs, recreational opportunities and harvest rights. Shellfish closures caused by harmful algal blooms need to run their course before shellfish can be harvested. In 1991, the closure of coastal crab and razor clam fisheries caused by high levels of domoic acid cost an estimated \$15 to \$20 million.

The economic and environmental harm caused by pollution, mainly fecal pollution, can be even more devastating and long lasting because of the difficulty in finding and fixing the potential pollution sources. Large stretches of the state's shorelines have been rendered



Photo courtesy Taylor Shellfish Farms

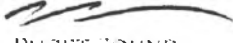
**Farmed geoduck beds in Samish Bay, Skagit County**

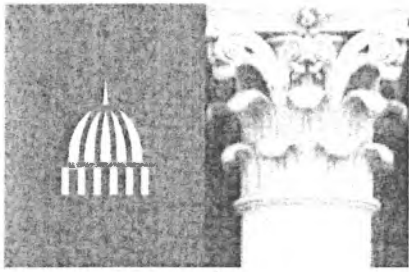
unsuitable for shellfish harvesting because adjacent shorelines and watersheds have been developed with marinas, homes, roads, shopping centers and other urban land uses. Many of these areas cannot be recovered for shellfish harvesting, but some areas can be restored, and those that remain open and suitable for harvesting need to be preserved. In 1999, the Washington State Department of Natural Resources estimated that 22 percent of the state's surveyed geoduck biomass was unharvestable because of pollution.

The economic value of healthy shorelines isn't limited to growing and harvesting shellfish, but instead is defined by a broader set of measures that includes long-term property values and other financial and quality-of-life measures. People want to visit and live in places where shoreline waters are safe to use and the seafoods they nurture are safe to eat. Clean water for shellfish harvesting brings together the complementary interests of good business, strong communities and a healthy environment.

**Sources** .....

Olympic Region Harmful Algal Blooms (ORHAB) Partnership, undated, ORHAB newsletter. Washington Department of Natural Resources, 2000, *Puget Sound Commercial Geoduck Fishery Management Plan* and 2002, *The Geoduck Program: Managing a Valuable Natural Resource for all Washington Citizens*. People for Puget Sound, 1996, *Shellfish and the Sound Economy*. Economic Development Council of Mason County, 2002, *Mason County Shellfish Industry Update*. Pacific Coast Shellfish Growers Association website at [www.pcsga.org](http://www.pcsga.org). R. Horner, 1998, *Harmful Algal Blooms in Puget Sound: General Perspective*.

  
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# National Conference of State Legislatures

# LEGISBRIEF

BRIEFING PAPERS ON THE IMPORTANT ISSUES OF THE DAY

JANUARY 2006

VOL. 14, No. 1

## Revolving Loan Funds for Small Business Development

*By Ian Pulsipher*

*Revolving loan fund programs can be particularly important to inner-city and rural areas..*

*Entrepreneurs who seek loans may face stringent income, asset and collateral requirements.*

*RLF programs provide financing of \$35,000 or less for small companies.*

*RLFs are supported by both federal and state governments.*

Revolving loan fund (RLF) programs are designed to contribute to the economic development of communities and states by supporting the start-up and expansion of small businesses that are not served by traditional lending sources. These funds provide loans to small business owners—often low- to middle-income entrepreneurs located in distressed urban or rural communities—at fixed rates and terms more favorable to businesses than those offered in commercial lending markets. Once the program is under way, the original capital base is designed to be replenished by the principal payments, interest and fee payments of previous loan recipients. This money is then to be lent back for further investment into entrepreneurial activity. Programs can be particularly important to inner-city and rural areas that may be underserved by commercial lending institutions.

**Gap Financing.** RLF programs are often described as providing “gap financing” for small businesses. Entrepreneurs served by these loans may be unable to secure capital from banks or commercial lenders because of stringent income, asset and collateral requirements. The programs allow greater weight to be given to the potential success of small businesses and their ability to repay in the future rather than to current financial conditions. RLFs are not meant to be permanent substitutes for commercial lenders but, rather, to serve as an alternative source of financing for small businesses until they are able to fund their capital needs from traditional sources.

RLF programs are also described as the middle section of the “lending continuum” because they provide financing between microenterprise borrowing—designed for companies of five or fewer employees with financing needs of less than \$35,000—and purely commercial borrowing that they cannot yet receive. Before small businesses have matured to the point of full commercial borrowing, RLF financing often is used as a supplement to funds that can be obtained from traditional lenders.

**Census of Federally Funded RLF Activity.** RLFs receive support from both federal and state governments. The Corporation for Enterprise Development conducted a survey of federal involvement in the industry in 1997 that provides insights into both the role of federal government support for the program and the effects of these programs in the development of small businesses.

The study examined financial support provided to 603 RLFs from six different federal agencies. Major findings from the study include the verification of a general occurrence of growth in the overall number of these loan funds in the industry and expansion in the scope of the programs’ missions and focus. The study also produces important findings regarding performance. On average, it took a loan of only \$5,338 to save or create one job, and default rates were only slightly higher than those from private sector banks.

National Conference  
of State Legislatures

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## State Action

At least 19 states operate RLF financing programs for small business development, in some cases supported by federal community development block grant funds. Of these states, nine directly operate RLF programs, and 10 provide funds to such programs operated by organizations other than state governments.

Nevada and North Dakota directly fund and operate state RLF programs, both of which target rural entrepreneurs. Both also maintain a strong focus on job creation. The loan amount in North Dakota's program—up to \$300,000—is directly proportional to the number of jobs to be created. Nevada's program focuses on employment for low- to middle-income residents. Participating firms are required to document that they have provided opportunities to obtain newly created jobs first to applicants from this group.

Other state programs—such as those in Maine and Ohio—involve funding RLFs operated by other organizations. In Maine, funding from the state allows regional development organizations to provide up to \$200,000 to businesses of up to 50 employees. The program, designed to create good jobs in the state with RLF capital subordinate to that from other lending sources, is for small business creation in either urban or rural areas. Ohio's Economic Development Program, run by the Office of Housing and Community Partnership, provides funding to local governments to provide gap financing for small businesses in their communities. With the exception of loans for public infrastructure projects, loan repayments go back to the local RLF to be redistributed as small business loans.

**Benefits and Challenges.** The U.S. Small Business Administration reports that small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private workforce. Thus, the anticipated contribution that RLFs can make to the overall economic development of communities and states is visible in the role that small businesses play in the U.S. economy, especially in employment. RLF programs are designed to increase the positive effects of small business activity by helping to create and expand more small businesses.

Challenges to RLF success, however, are inherent in their design. The conciliatory terms of loans—especially repayment—may not allow sufficient operational income compared to operational costs. Easier access to credit also might shelter firms from appropriate competition or allow them to undertake growth strategies that will be unsustainable under future commercial borrowing.

## Selected References

- Levere, Andrea; Daphne Clones; and Kent Marcoux. *Counting on Local Capital: A Research Project on Revolving Loan Funds*. Washington, D.C.: Corporation for Enterprise Development, 1997.
- U.S. Department of Agriculture. *Are Revolving Loan Funds a Better Way to Finance Rural Development?* Washington, D.C.: USDA, 1996.
- U.S. Small Business Administration, Office of Advocacy. *2003 State Small Business Profiles*. Washington, D.C.: U.S. Small Business Administration, 2003.

## Contact for More Information

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*Some state RLF financing programs are supported by federal community development block grant funds.*

*Small businesses provide approximately 75 percent of net new jobs and employ 50.1 percent of the private workforce.*

**PACIFIC COAST SHELLFISH GROWERS ASSOCIATION  
SHELLFISH PRODUCTION ON THE WEST COAST**

		<b>Oysters</b>	<b>Clams</b>	<b>Mussels</b>	<b>Geoduck</b>	<b>All Shellfish Larvae and Seed</b>	<b>Total</b>
		<b><u>Current*</u></b>	<b><u>Current*</u></b>	<b><u>Current*</u></b>	<b><u>Current*</u></b>		<b><u>Current</u></b>
Washington	<i>Pounds</i>	61,000,000	9,520,000	2,750,000	1,650,000		74,920,000
	<i>Sales</i>	\$ 57,750,000	\$19,550,000	\$3,162,500	\$20,100,00	\$7,000,000	107,562,500
California	<i>Pounds</i>	9,270,995	741,463	315,000			10,327,458
	<i>Sales</i>	\$ 12,361,326	\$830,000	\$945,000		\$2,300,000	16,436,326
Oregon	<i>Pounds</i>	2,379,988					2,379,988
	<i>Sales</i>	\$ 2,253,135				\$750,000	3,003,135
Alaska	<i>Pounds</i>	206,709	7,839	1,988			216,536
	<i>Sales</i>	\$ 441,781	\$24,841	\$6,610		\$126,000	599,232
<b>Total</b>	<i>Pounds</i>	<b>72,857,692</b>	<b>10,269,302</b>	<b>3,066,988</b>	<b>1,650,000</b>		<b>87,843,982</b>
<b>Total</b>	<i>Sales</i>	<b>\$ 72,806,242</b>	<b>\$ 20,404,841</b>	<b>\$ 4,114,110</b>	<b>\$20,100,000</b>		<b>\$ 117,425,193</b>

*\*All pounds converted to live weight/in the shell*

*Compiled by the Pacific Coast Shellfish Growers Association.*

*All production data represents most recent info available:*

Sources of information:

Alaska Dept of Fish and Game, (2009)

Oregon Dept of Agriculture (2009)

Powell, Seiler and Co, Certified Public Accountants for Willapa (2008)

Shellfish companies in California (2008) and Washington (2008, 2009)

*Thanks to Jim Gibbons and Ted Kuiper for assistance in compiling data*

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 5  
Bill Version CSHB 121(FSH)  
(H) Publish Date 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11 Dept. Affected Fund Transfer  
Title Economic Development Loans Appropriation Op Sys DGF Transfers  
Allocation Shellfish Mariculture (RLF)  
Sponsor Rules Committee  
Requester House Fisheries OMB Component Number \_\_\_\_\_

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
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>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	3,000.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>	<b>3,000.0</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>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Wanetta Ayers, Division Director  
Division Economic Development  
Approved by Susan K. Bell, Commissioner  
Commerce, Community and Economic Development

Phone 269-4048  
Date/Time 2/8/11 8:30 AM  
Date 2/8/2011

FISCAL NOTE #5

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

**Analysis**

Shellfish Mariculture Revolving Loan Fund - This loan fund will assist shellfish mariculture businesses in purchasing equipment and seed necessary to develop and grow. Initial capitalization would be \$3 million. There are no anticipated additional operating costs for this loan fund.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 4  
 Bill Version CSHB 121(FSH)  
 (H) Publish Date 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11 Dept. Affected Fund Transfer  
 Title Economic Development Loans Appropriation Op Sys DGF Transfers  
 Allocation Com Charter Fisheries (RLF)  
 Sponsor Rules Committee  
 Requester House Fisheries OMB Component Number \_\_\_\_\_

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
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>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	5,000.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>	<b>5,000.0</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>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Wanetta Ayers, Division Director  
 Division Economic Development  
 Approved by Susan K. Bell, Commissioner  
Commerce, Community and Economic Development

Phone 269-4048  
 Date/Time 2/8/11 8:35 AM  
 Date 2/8/2011

FISCAL NOTE #4

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

**Analysis**

Commercial Charter Fisheries Revolving Loan Fund - Administered by the Division of Economic Development, this loan fund would be substantially similar to the Commercial Fishing Loan Fund. Initial capitalization would be \$5 million.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 3  
Bill Version CSHB 121(FSH)  
(H) Publish Date 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11 Dept. Affected Fund Transfer  
Title Economic Development Loans Appropriation Op Sys DGF Transfers  
Sponsor Rules Committee Allocation Micro-Loan Fund (RLF)  
Requester House Fisheries OMB Component Number \_\_\_\_\_

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
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>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
-----------------------------	--	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES</b>								
---------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	3,500.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>	<b>3,500.0</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>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Wanetta Ayers, Division Director  
Division Economic Development  
Approved by Susan K. Bell, Commissioner  
Commerce, Community and Economic Development

Phone 269-4048  
Date/Time 2/3/11 1:45 PM  
Date 2/4/2011

FISCAL NOTE #3

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

**Analysis**

Alaska Micro-loan Revolving Loan Fund - This loan program would provide short term, low interest loans to Alaska small businesses to be used for typical business purposes such as working capital, purchasing machinery, equipment and inventory and leasehold improvements. The initial capitalization would be \$3.5 million.

# FISCAL NOTE

**STATE OF ALASKA  
2011 LEGISLATIVE SESSION**

Fiscal Note Number 2  
 Bill Version CSHB 121(FSH)  
 (H) Publish Date 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11 Dept. Affected DCCED  
 Title Economic Development Loans Appropriation Economic Development  
 Allocation Economic Development  
 Sponsor Rules Committee  
 Requester House Fisheries OMB Component Number 801

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

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

	Appropriation Required		Information				
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services	124.8		124.8	124.8	124.8	124.8	124.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Services	28.4		28.4	28.4	28.4	28.4	28.4
Commodities	1.0		1.0	1.0	1.0	1.0	1.0
Capital Outlay	4.8		0.5	0.5	0.5	0.5	0.5
Grants							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>169.0</b>	<b>0.0</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1178 Micro-Loan Fund (RLF) (New)	84.5						
1178 Com Charter Fisheries Fund RLF (I	84.5						
Other (please identify)							
<b>TOTAL</b>	<b>169.0</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 (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	2.0		2	2	2	2	2
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Wanetta Ayers, Division Director  
 Division Economic Development  
 Approved by Susan K. Bell, Commissioner  
Commerce, Community and Economic Development


Phone 269-4048  
 Date/Time 2/8/11 8:30 AM  
 Date 2/8/2011

FISCAL NOTE #2

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

**Analysis**



Commercial Charter Fisheries Revolving Loan Fund - Operating expenses would be paid by the earnings of the fund, as is the case with other existing division loan funds. The cost projections that are provided include personal services for an Accounting Technician I position, with initial first year set-up expenses (supplies and equipment, a projected "per employee" annual contractual services cost with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the loan fund and prepare the necessary regulations.

Alaska Micro-loan Revolving Loan Fund - All operating expenses would be paid from earnings of the fund. Projected operating expenses are: personal services for one flexed Loan Closer I/II, with initial first year set-up expenses (supplies and equipment), a projected "per employee" annual contractual services cost, with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the loan fund and prepare the necessary regulations.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 1  
 Bill Version HB 121  
 (H) Publish Date 1/24/11

Identifier (file name) 1728-CCED-DED-01-13-11  
 Title Economic Development Loans  
 Sponsor Rules Committee  
 Requester Request of the Governor

Dept. Affected DCCED  
 Appropriation Division of Economic Development  
 Allocation Division of Economic Development  
 OMB Component Number 801

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services	124.8		124.8	124.8	124.8	124.8	124.8	124.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0	10.0
Contractual	28.4		28.4	28.4	28.4	28.4	28.4	28.4
Supplies	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Equipment	4.8		0.5	0.5	0.5	0.5	0.5	0.5
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>169.0</b>	<b>0.0</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>	<b>164.7</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	11,669.0							
Micro-Loan Fund (RLF) (New)	(3,500.0)							
Com Charter Fisheries Fund RLF (New)	(5,000.0)							
Shellfish Mariculture RLF (New)	(3,000.0)							
<b>TOTAL</b>	<b>169.0</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>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	2.0		2	2	2	2	2
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Wanetta Ayers, Division Director  
 Division Economic Development

Approved by Susan K. Bell, Commissioner  
Commerce, Community & Economic Development

Phone 269-4048  
 Date/Time 1/21/11 12:20 PM  
 Date 1/21/2011

FISCAL NOTE #1

STATE OF ALASKA  
2011 LEGISLATIVE SESSION


BILL NO. HB 121

**Analysis**

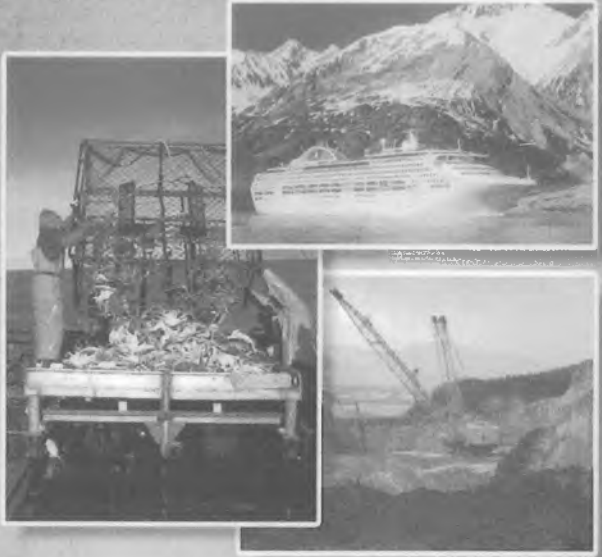
Commercial Charter Fisheries Revolving Loan Fund - Administered by the Division of Economic Development, this loan fund and program would be substantially similar to the Commercial Fishing Loan Fund. Initial capitalization would be \$5 million. Operating expenses would be paid by the earnings of the fund, as is the case with other existing division loan funds. The cost projections that are provided include personal services for an Accounting Technician I position, located in Juneau, with initial first year set-up expenses (supplies and equipment, a projected "per employee" annual contractual services cost with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the program and prepare the necessary regulations.

Shellfish Mariculture Revolving Loan Fund - This loan program will assist shellfish mariculture businesses in purchasing equipment and seed necessary to develop and grow. Initial capitalization would be \$3 million. There are no anticipated additional operating costs for this loan fund.

Alaska Micro-loan Revolving Loan Fund - This loan program would provide short term, low interest loans to Alaska small businesses to be used for typical business purposes such as working capital, purchasing machinery, equipment and inventory and leasehold improvements. The initial capitalization would be \$3.5 million. All operating expenses would be paid from earnings of the fund. Projected operating expenses are: personal services for one flexed Loan Closer I/II, located in Juneau, with initial first year set-up expenses (supplies and equipment), a projected "per employee" annual contractual services cost, with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the program and prepare the necessary regulations.

  
**ALASKA**  
DEPARTMENT OF  
COMMERCE,  
COMMUNITY,  
AND ECONOMIC  
DEVELOPMENT

**DIVISION OF  
ECONOMIC  
DEVELOPMENT**



**PROMOTING  
ECONOMIC  
OPPORTUNITIES**

<http://commerce.alaska.gov/ded>

# HB 121

**COMMERCIAL CHARTER FISHERIES  
REVOLVING LOAN FUND**

**MARICULTURE  
REVOLVING LOAN FUND**

**ALASKA MICROLOAN  
REVOLVING LOAN FUND**

**HOUSE RESOURCES  
COMMITTEE**

**WEDNESDAY, MARCH 16, 2011**

# HB 121 – REVOLVING LOAN FUNDS

- A Suite of Three Revolving Loan Funds

	Commercial Charter Fisheries	Mariculture	Microloans
Capitalization	\$5,000.0	\$3,000.0	\$3,500.0
Loan Limit	\$100.0	\$100.0	\$35.0/\$70.0
Term	15 years	20 years	6 years
Interest	may not exceed Prime + 2	may not exceed Prime + 1	may not exceed Prime + 1
Floor/Ceiling	3 – 10.5%	5 – 9 %	6 – 8%

Delayed  
Repayment &  
Accrual

# HB 121 – REVOLVING LOAN FUNDS

## Background

- All three funds are set up as revolving loan funds
- All earnings, loan repayments and fees would be retained by the fund for future loans.
- All operating expenses would also be paid from earnings of the fund

# HB 121 – REVOLVING LOAN FUNDS

## Background

### Input from:

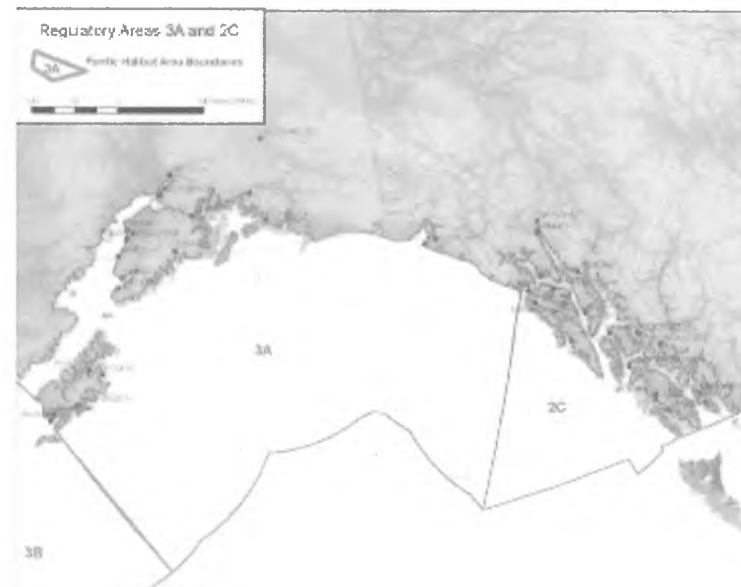
- ADEPT/Legacy Working Groups
- Non-Governmental Organizations and Trade Associations
- Commissioner's Economic Advisors Council
- ARDORs
- CDQs
- ANCSA Corporations

# HB 121 – REVOLVING LOAN FUNDS

- Commercial Charter Fisheries Revolving Loan Fund

## Current Halibut Charter Activity

Effective February 1, 2011 all vessel operators in Areas 2C and 3A with charter anglers onboard catching and retaining Pacific halibut must have an original, valid Charter Halibut Permit (CHP).



Based on log books NOAA estimates 532 Eligible Permittees; some 800 applications were received.

Permit prices are still being established in the marketplace. Current asking prices range from \$40,000 to over \$100,000 depending on the number of fishermen the permit allows.

# HB 121 – REVOLVING LOAN FUNDS

- Commercial Charter Fisheries Revolving Loan Fund
  - Provide access to capital for Alaskan-owned Charters
  - Repatriate permits to Alaska
  - Increase economic benefits from this sector

By offering a loan program to Alaska residents, business owners will have greater access to capital when purchasing permits over non-residents. This in turn should allow Alaska business owners to repatriate more permits than otherwise using traditional financing. Additionally, with Alaska's year-round residents owning permits, Alaska's economy will realize more of the benefits associated with the sport/charter industry. Resident's contribution to the local economy will be greater than non-resident permit holders as they circulate funds in the economy year round.

# HB 121 – REVOLVING LOAN FUNDS

- Commercial Charter Fisheries Revolving Loan Fund

Loan Fund Features

	Commercial Charter Fisheries
Capitalization	\$5,000.0
Loan Limit	\$100.0
Term	15 years
Interest	may not exceed Prime + 2
Floor/Ceiling	3 – 10.5%

# HB 121 – REVOLVING LOAN FUNDS

- Mariculture Revolving Loan Fund

## Current Mariculture Activity

- 67 permitted farms
- 25 producing farms
  - Ten farms in Southeast Alaska
  - 15 farms in Southcentral Alaska

# HB 121 – REVOLVING LOAN FUNDS

- Mariculture Revolving Loan Fund

## Current Mariculture Activity

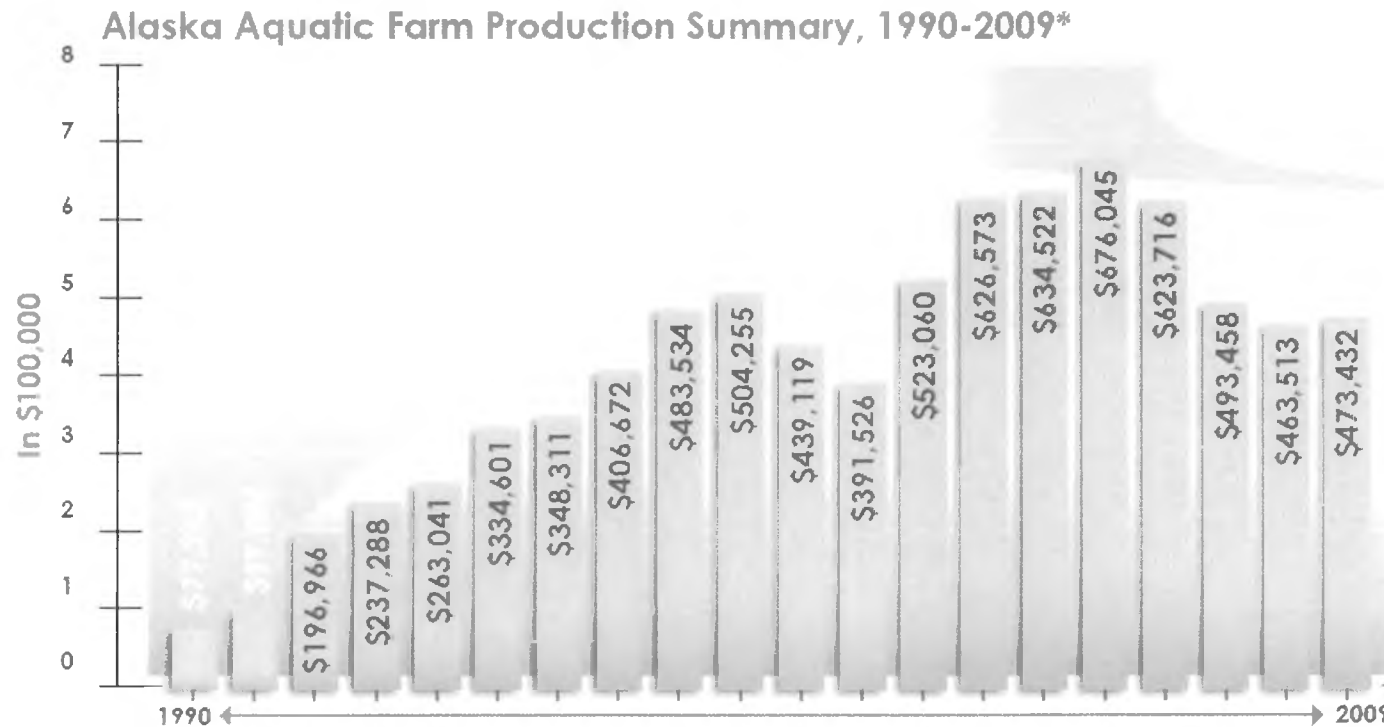
### Regulated By

- Department of Fish & Game
  - Commercial Fisheries Division/Mariculture Program
- Department of Natural Resources
  - Aquatic Farm Lease Program
- Department of Environmental Conservation
  - Food Safety and Sanitation Program/Shellfish Section
- Alaska Coastal Management Program

# HB 121 – REVOLVING LOAN FUNDS

- Mariculture Revolving Loan Fund

## Current Mariculture Activity



\*Numbers generated from the Mariculture Information Database.  
Production was taken directly from the Aquatic Farm Operation Permit Annual Reports.  
Production numbers listed here do not include hatchery or flupsy (nursery) sales.

Prepared by the Department of Commerce, Community and Economic Development

# HB 121 – REVOLVING LOAN FUNDS

- Mariculture Revolving Loan Fund

## Current Mariculture Activity

### Training Resources

Alaska Sea Grant/Marine Advisory Program  
Mariculture research education and extension  
NOAA Mariculture Initiative

### Collaborative Research

Alaska Shellfish Growers Association  
EDA grant to write best management practices  
for the industry

# HB 121 – REVOLVING LOAN FUNDS

- Mariculture Revolving Loan Fund

## Loan Fund Features

	Mariculture
Capitalization	\$3,000.0
Loan Limit	\$100.0
Term	20 years
Interest	may not exceed Prime + 1
Floor/Ceiling	5 – 9 %

Delayed  
Repayment &  
Accrual

# HB 121 – REVOLVING LOAN FUNDS

- Alaska Microloan Revolving Loan Fund

26th Legislature (2009-2010)

**Bill History/Action for 26 Legislature**

**BILL: HB 412 SHORT TITLE: MICROLOAN REVOLVING FUND**

04/13/10 - PASSED Y40

# HB 121 – REVOLVING LOAN FUNDS

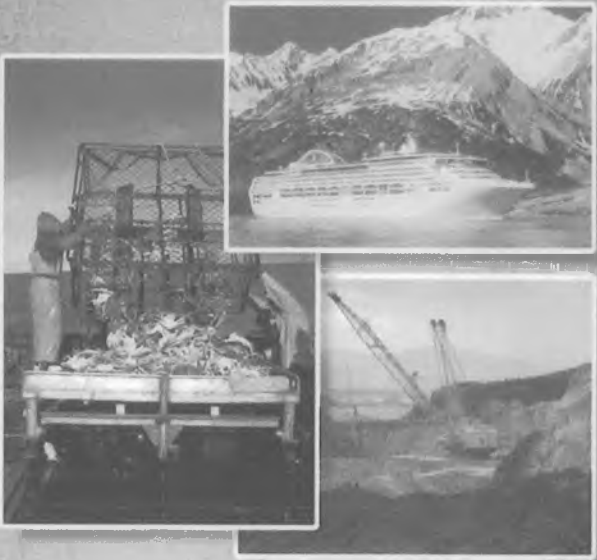
- Alaska Microloan Revolving Loan Fund

## Loan Fund Features

	Microloans
Capitalization	\$3,500.0
Loan Limit	\$35.0/\$70.0
Term	6 years
Interest	Prime + 1
Floor/Ceiling	6 – 8%

ALASKA  
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DIVISION OF  
ECONOMIC  
DEVELOPMENT



PROMOTING  
ECONOMIC  
OPPORTUNITIES

<http://commerce.alaska.gov/ded>

# HB 121

## COMMERCIAL CHARTER FISHERIES REVOLVING LOAN FUND

## MARICULTURE REVOLVING LOAN FUND

## ALASKA MICROLOAN REVOLVING LOAN FUND

## HOUSE RESOURCES COMMITTEE

WEDNESDAY, MARCH 16, 2011

WANETTA AYERS, DIRECTOR  
DIVISION OF ECONOMIC DEVELOPMENT  
(907) 269-4048

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STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Office of the Commissioner

*Sean Parnell, Governor*  
*Susan K. Bell, Commissioner*

February 16, 2011

Representative Paul Seaton, Co-Chair  
House Resources Committee  
State Capitol, Room 102  
Juneau, Alaska 99801

Representative Eric Feige, Co-Chair  
House Resources Committee  
State Capitol, Room 126  
Juneau, Alaska 99801

Re: House Bill 121 – Loan Funds: Charter/Mariculture/Microloan

Dear Representatives Seaton and Feige,

Please accept this request for your consideration to schedule CSHB 121 (FSH) before the House Resources Committee at your earliest convenience.

This bill would create the Alaska microloan revolving loan program, the mariculture revolving loan fund, and the commercial charter fisheries revolving loan fund, within the Department of Commerce, Community, and Economic Development. The programs would be set up as revolving loan funds so that all earnings and loan payments would be retained by the funds for future loans. All operating expenses would also be paid from earnings of the fund. This bill also allows the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

This legislation will promote economic development in Alaska by helping small businesses access critically needed capital, a new loan program has been developed that is modeled after a program currently operated through the federal Small Business Administration (SBA) and available in every other state. The SBA program, known as the Microloan Program, provides small, short-term loans to small businesses. This federal program, however, is not currently available in Alaska because an intermediary lender is required and to date no lenders meeting the SBA's qualifications have been identified in Alaska.

This legislation will promote economic development by providing Alaska's mariculture industry with critically needed access to capital allowing the industry to expand and successfully compete in world seafood markets. Currently access to start-up capital by Alaska's mariculturists is very limited due to the time needed for crop development and market readiness. It has been determined that due to the unique cash flow characteristics inherent in the industry access to capital with flexible terms is essential.

P.O. Box 110800, Juneau, Alaska 99811-0800  
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437  
Email: [questions@alaska.gov](mailto:questions@alaska.gov) Website: <http://www.commerce.alaska.gov/>



February 4, 2011

**Representative Steve Thompson, chair  
House Special Committee on Fisheries  
Room 428 State Capitol  
Juneau, AK 99801**

**Dear Representative Thompson:**

Governor Sean Parnell's legislation to establish a mariculture revolving loan program (HB 121) will help provide a needed boost to one of the most promising small business opportunities in economically distressed communities from the Panhandle to Kodiak. The Alaskan Shellfish Grower's Association (ASGA) urges you to hear the legislation as soon as possible and pass it on to the Resources with unanimous "do pass" recommendations.

The loan fund is patterned after the state's salmon hatchery loan program, a key component of what might be the most successful economic development initiatives by the State of Alaska. The long-term loans allowed private nonprofit hatcheries to cover construction and front-end operating costs while they undertook cooperative planning efforts with ADF&G and built cost recovery programs to repay the loans. The result is one of the most successful salmon enhancement programs in the world and huge economic contributions to the economies of coastal communities from Kodiak to Ketchikan.

Those Gulf of Alaska communities certainly need an economic boost now as outmigration of residents is startling. Consider the population projections by state economists for two census areas in the region: (1) Prince of Wales had 6,995 residents in 1996, but may drop to 3,894 in 2030, or a 56.6 percent decrease; and (2) Skagway-Hoonah-Angoon, 3,823-1,945, 62.2 percent decrease.

A broad coalition of community leaders, Native organizations, university, state and federal officials have identified shellfish farming as one of the top economic development opportunities in efforts to rebuild the economy of the Tongass National Forest. Overcoming high front-end costs and a long lag in revenues has been identified as the biggest obstacle to development of more shellfish farms.

HB 121 tackles that issue head-on with terms of up to 20 years and the ability to avoid interest accrual up to the first six years of a loan. The kind of terms provide the farmer with the ability of getting the farming operation going and build sales revenues before interest begins accruing and have to be made. To create a business with enough sales revenues to support a living wage, cover operating expenses, pay state lease and permit fees, and meet loan payments, a new oyster farmer might have to invest \$150,000 in

capital and forego salary for 3-4 years. Another \$10,000 will be spent paying tidelands lease fees and meeting DEC harvesting and processing requirements before revenues begin flowing.

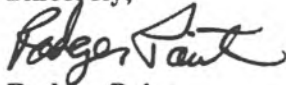
It takes 3-4 years to move a crop of oysters through a farm and geoduck clams might take 8 years. Once yearly crops begin rotating through the farm a steady income flow is created.

Numerous new shellfish farms are developing in Southeast as two unique mariculture "incubator" projects produce their first crop of "graduates." Five new farmers recently completed Naukati's "Weekend Warrior" program and Sealaska has created joint ventures in Kake and Yakutat that are supporting eight shellfish farming apprentices in four new small businesses. The loan fund would be a tremendous help to these new small business operators.

Governor Parnell's legislation is the best solution to the major roadblock to creation of an industry composed of independent small businesses located in rural Alaska. That's why the legislation also is supported by the Southeast Conference (a unique coalition of communities and businesses) and the Southeast Shellfish Mariculture Coalition (Sealaska, Yak-Tat Kwaan, Organized Village of Kake, Shaan-Seet, Organized Village of Kasaan, Alaska Oyster Cooperative, OceansAlaska and ASGA).

I'd be pleased to provide any additional information you may require. Thank you for considering our request.

Sincerely,



**Rodger Painter**  
**ASGA President**

c.c.                    Representative Craig Johnson  
                          Representative Alan Austerman  
                          Representative Bob Herron  
                          Representative Lance Pruitt  
                          Representative Scott Kawasaki  
                          Representative Bob Miller



**Southwest Alaska Municipal Conference**

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 888.356.1206 www.swamc.org

Alaska Peninsula  
Aleutian Chain  
Bristol Bay  
Kodiak Island  
Pribilof Islands

February 8, 2011

Dear Governor Parnell,

This letter is written in support of SB 67 and HB 121, two bills aimed at creating a micro revolving loan fund for the State of Alaska. Access to startup and working capital is a key component of starting new enterprises and creating jobs in Alaska, and many rural Alaskans do not have access to this type of capital.

In Southwest Alaska, a revolving loan fund could help boat owners or smaller fish processors with equipment purchases. It could assist bed and breakfast owners with upgrades to their homes and business. Or it could provide much-needed construction capital to mechanics, service providers, and a host of other small business startups and entrepreneurs.

Alaska is one of only four states in the nation that do not have a microloan program and this bill would resolve that and fill an unmet need that would help small businesses, which is why SWAMC supports it. This is especially true in the more remote and rural regions of Alaska, where traditional financial institutions may not be familiar with local economic conditions and are sometimes more reluctant to invest.

Our organization believes SB 67 and HB 121 are valuable bills with great potential. I hope it can help add to Alaska's efforts to support our small businesses and entrepreneurs.

Sincerely,  
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

Executive Director



**Voting Members**

*Anand Vadapalli* Alaska Communications  
*Bill O'Leary* Alaska Railroad Corporation  
*Bob Heinrich* CanocoPhillips  
*Bruce Bustamante* Princess Tours  
*Bruce Lamoureux* Providence Alaska Medical Center  
*Chris Brown* AT&T Alaska  
*Chris Stephens* Bond Stephens & Johnson, Inc.  
*Claire Fitzpatrick* BP Exploration Alaska, Inc.  
*Connie Carter* FedEx Express  
*Dale Pitman* ExxonMobil Corporation  
*David Hamilton* Alaska USA Federal Credit Union  
*Dennis Mitchell* Lynden International  
*Ed Herndon* Chugach Alaska Corporation  
*Greg Kessler* Totem Ocean Trailer Express  
*Greg Pearce* GCI  
*Joseph Everhart* Wells Fargo Bank N.A.  
*Lan Wilson* The Wilson Agency, LLC  
*Lynn Rust Henderson* Blue Cross Blue Shield of Alaska  
*Mark Liland* Northern Air Cargo  
*Marla Wellington* Continental Airlines  
*Michael Martin* First National Bank Alaska  
*Michael Prozerdik* kpb architects  
*Mike Devlin* Evergreen Films, Inc.  
*Pat Walsh* Walsh|Sheppard  
*Scott Hansen* Alaska Regional Council of Carpenters  
*Sophie Minich* CIRI  
*Stephanie Holthaus* Alta Air Logistics  
*Stewart Osgood* DOWL HKM  
*Suzanne Cherot* Birch, Horton Bittner & Cherot  
*Terry Bailey* CH2M Hill  
*Tim Vig* USKH, Inc.

**Ex-Officio Members – Legislators**

*Rep. Craig Johnson* Alaska State Legislature  
*Rep. Lindsey Holmes* Alaska State Legislature  
*Sen. Johnny Ellis* Alaska State Legislature  
*Sen. Lesil McGuire* Alaska State Legislature

**Ex-Officio Members – Municipality**

*Mayor Dan Sullivan* Municipality of Anchorage  
*Assemb. Bill Star* Municipality of Anchorage  
*Assemb. Ernie Hall* Municipality of Anchorage

**Ex-Officio Members –  
Appointed by the Board**

*Bill Evans* Anchorage Chamber of Commerce  
*Brian Nerland* KeyBank Alaska  
*Carol Comeau* Anchorage School District  
*Chris Anderson* AIDEA  
*Chris Schutte* Anchorage Downtown Partnership  
*Dr. Don Bantz* Alaska Pacific University  
*Elisha Baker* University of Alaska Anchorage  
*George Vakalis* AWWLU  
*Jim Posey* Municipal Light & Power  
*John Parrott* Ted Stevens Anchorage International Airport  
*Julie Saube* Anchorage Convention & Visitors Bureau  
*Larry Cash* RIM Architects  
*Mary K. Hughes* Past Chairman of the AEDC Board  
*Susie Gorski* Chugiak-Eagle River Chamber of Commerce  
*Tennys Owens* Artique, Ltd  
*Wanetta Ayers* Office of Econ. Dev., State of Alaska  
*William Dann* Professional Growth Systems

Representative Seaton, Co-Chair  
Representative Feige, Co-Chair  
House Resources  
State Capitol Room 102  
Juneau AK, 99801

March 9, 2011

Dear Representatives Seaton & Feige:

I write to you today to offer the strong support of the Anchorage Economic Development Corporation for passage of legislation enacting the Alaska Micro Loan Program. The passage of this legislation, important to small businesses across Alaska, will provide a key source of needed capital that is vital to health and growth of our economy.

In reviewing the specifics of the proposed micro loan program, it is apparent that this modest investment by the state of Alaska could yield significant benefits for communities in every region of the state. The sizes of the loans offered are quite modest, as are the corresponding fees and interest rates charged. In conversations with many commercial banks, this program will target an aspect of business financing that most commercial lenders consider uneconomic to service because of the small loan values versus the expenses incurred to approve and manage such small loans.

The infusion of capital this program offers will help both existing businesses and start-up businesses to bridge short-term funding gaps, purchase new equipment, expand services and employ more Alaska citizens. Alaska is one of only four states in the nation that do not have such a program. I encourage you and your colleagues to remedy this situation by passing legislation this session enabling the Alaska Micro Loan Program.

Thank you for introducing this important legislation. AEDC supports the passage of this legislation as an important step to grow and diversify the economy of Alaska.

Sincerely,

Bill Popp  
President & CEO  
Anchorage Economic Development Corporation