

HB

76

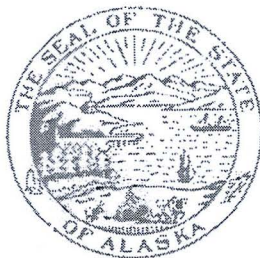
<TARGET><BILL>HB 76</BILL><SUBJECT>HB
76</SUBJECT><COMM>HFSH30</COMM></TARGET>

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature / Ketchikan, Saxman, Wrangell, Hydaburg, Metlakatla, Hyder, Loring and Meyers Chuck

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Mariculture Revolving Loan Fund Sponsor Statement

This bill amends the existing Alaska Mariculture Revolving Loan Fund to allow up to forty percent of the fund to be used for loans to permitted shellfish hatcheries for planning, construction and operation.

Alaska shellfish farms currently do not have a stable supply of seed for the propagation of oysters, and no regular, in-state source of seed for resident aquatic plants and other shellfish. A stable supply of seed is one of many hurdles the industry must overcome to grow and become a viable Alaskan industry.

This bill will amend the program to shift its focus and eligibility from individual mariculture farmers to include shellfish hatcheries that would market stock to local Alaskan mariculture farmers.

The mariculture industry in Alaska is not yet fully developed, and is extremely high risk, from a financial standpoint. These obstacles make private financing difficult to obtain, but this bill will enable Alaskans to maintain their businesses and grow Alaska's mariculture industry.

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Sectional Analysis: Mariculture Revolving Loan Fund bill

- Section 1 – Amends AS 16.10.905 to make hatcheries an eligible applicant for the program.
- Section 2 – Amends AS 16.10.910(a) to add eligibility criteria for hatcheries.
- Section 3 – Amends AS 16.10.910(c) to add residency criteria for hatcheries.
- Section 4 – Amends AS 16.10.915(a) to add \$1 million maximum loan amount for hatcheries.
- Section 5 – Amends AS 16.10.915(b) to add \$1 million maximum loan amount for hatcheries.
- Section 6 – Amends AS 16.10.915(b) to add authority to make vessel loans to hatcheries.
- Section 7 – Adds a new subsection to limit hatchery loans to 40% of the fund.
- Section 8 – Amends AS 16.10.945 to add a definition for “hatchery”.
- Section 9 - Creates an effective date.

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
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MEMORANDUM

March 6, 2017

SUBJECT: Sectional summary (CSHB 76 ()
(Work Order No. 30-LS0343\R))

TO: Representative Daniel Ortiz
Attn: Elizabeth Bolling

FROM: Alpheus Bullard *TCAB*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a declaration of policy for the state's Mariculture Revolving Loan Fund (fund) (AS 16.10.890 - 16.10.945).

Section 2. Amends a spanned statutory citation in AS 16.10.900 to conform with the provision added by section 1 of the bill.

Section 3. Authorizes the Department of Commerce, Community, and Economic Development (department) to make loans to an eligible applicant for the planning, construction, and operation of a (1) hatchery that artificially propagates marine aquatic plants or shellfish or (2) shellfish enhancement project. Permits the department to make grants for organizational and planning purposes to certain nonprofit organizations. Amends spanned statutory citations to conform with the provision added by sec. 1 of the bill.

Section 4. Expands the classes of person eligible for a loan from the fund to include state residents or entities organized under state law that (1) hold a permit to operate a hatchery or aquatic farm for the purposes of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects.

Section 5. Conforms the residency requirements for fund loan applicants to reflect that entities organized under state law are also eligible for loans from the fund.

Section 6. Establishes new loan terms for loans from the fund.

Section 7. Provides that a subsequent loan may not be made to a resident of the state or entity organized under the laws of the state that holds a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or that conducts shellfish enhancement projects if the person's outstanding balance exceeds \$1,000,000.

Section 8. Allows a loan to be made from the fund for the purchase of boats or vessels determined to be integral to the operation of a hatchery.

Section 9. Amends a spanned statutory citation in AS 16.10.915(d) to conform with the provision added by section 1 of the bill.

Section 10. Adds new subsections to AS 16.10.915. Provides that the total balance on loans made to residents of the state, or entities organized under the laws of the state, that (1) hold a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects, may not exceed 40 percent of the fund's principal. Prohibits the department from making certain loans from the fund unless the department determines that (1) a loan applicant's hatchery or enhancement project will be managed in a manner reasonably expected to result in repayment of the loan and (2) the applicant's hatchery or enhancement project is in the public interest.

Section 11. Changes when the department may require repayment of principal and interest on loans made from the fund.

Section 12. Provides authority for certain associations of limited entry permit holders to levy and collect an assessment from its members to secure or repay a loan from the fund. Allows the department to rely on certain assessments in deciding whether to make a loan from the fund.

Section 13. Amends a spanned statutory citation in AS 16.10.935 to conform with the provision added by section 1 of the bill.

Section 14. Adds new definitions for AS 16.10.890 - 16.10.945.

Section 15. Clarifies that changes made by the bill to loan terms from the fund do not apply to loans made before the bill's effective date.

Section 16. Provides the bill with an immediate effective date.

30-LS0343\R
Bullard
3/6/17

CS FOR HOUSE BILL NO. 76()
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ORTIZ, Kreiss-Tomkins

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to the mariculture revolving loan fund and loans and grants from the**
2 **fund; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 16.10 is amended by adding a new section to article 14 to read:

5 **Sec. 16.10.890. Declaration of policy.** It is the policy of the state, under
6 AS 16.10.890 - 16.10.945, to promote mariculture and the enhancement of the state's
7 shellfish fisheries by means of grants and long-term, low-interest loans.

8 *** Sec. 2.** AS 16.10.900 is amended to read:

9 **Sec. 16.10.900. Mariculture revolving loan fund.** (a) The mariculture
10 revolving loan fund is created **in** [WITHIN] the Department of Commerce,
11 Community, and Economic Development to carry out the purposes of **AS 16.10.890 -**
12 **16.10.945** [AS 16.10.900 - 16.10.945].

13 (b) The mariculture revolving loan fund consists of the following:

14 (1) money appropriated to, transferred to, or received by gift, grant,

1 devise, bequest, or donation to the fund;

2 (2) principal and interest payments or other income earned on loans or
3 investments of the fund; and

4 (3) money chargeable to principal or interest that is collected through
5 liquidation by foreclosure or other process on loans made under AS 16.10.890 -
6 16.10.945 [AS 16.10.900 - 16.10.945].

7 (c) Money in the fund may be used by the legislature to make appropriations
8 for costs of administering AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945].

9 * **Sec. 3.** AS 16.10.905 is amended to read:

10 **Sec. 16.10.905. Powers and duties of the department.** The department may

11 (1) make loans to eligible applicants under AS 16.10.890 - 16.10.945
12 [AS 16.10.900 - 16.10.945] for the planning, construction, and operation of a

13 (A) mariculture business;

14 (B) hatchery that artificially propagates marine aquatic
15 plants or shellfish; or

16 (C) a shellfish enhancement project;

17 (2) receive, take, hold, and administer any appropriation, transfer, gift,
18 grant, bequest, devise, or donation of money for the fund;

19 (3) establish amortization plans for repayment of loans, including
20 extensions of the terms of loans;

21 (4) allow an assumption of a loan if

22 (A) the applicant meets the requirements established under this
23 section; and

24 (B) approval of the assumption would be consistent with the
25 purposes of AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945];

26 (5) establish the rate of interest for loans consistent with law;

27 (6) charge and collect fees for services provided under AS 16.10.890 -
28 16.10.945 [AS 16.10.900 - 16.10.945];

29 (7) adopt regulations under AS 44.62 necessary to carry out the
30 provisions of AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945], including
31 regulations to establish reasonable fees for services provided; [AND]

(8) designate agents and delegate powers as necessary to the agents;

(9) make grants for organizational and planning purposes to nonprofit organizations eligible for loans under AS 16.10.910(a)(2) in amounts not exceeding \$100,000.

* Sec. 4. AS 16.10.910(a) is amended to read:

(a) For an applicant to be eligible for a loan under **AS 16.10.890 - 16.10.945** [AS 16.10.900 - 16.10.945], the applicant shall **be**

(1) [BE] a resident of the state **who has**

(A) [, AS DETERMINED UNDER (c) OF THIS SECTION;

(2) HAVE] a permitted mariculture farm location in this state; and

(B) [(3) HAVE] experience or training in the mariculture industry; or

(2) a resident of the state or entity organized under the laws of this state that

(A) holds a permit under AS 16.40.100 to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish; or

(B) conducts shellfish enhancement projects.

* Sec. 5. AS 16.10.910(c) is amended to read:

(c) To meet the residency requirements of (a) of this section, **an individual** [THE] applicant

(1) shall physically reside in this state and maintain a domicile in this state during the 24 consecutive months preceding the date of application for the program; and

(2) may not have

(A) declared or established residency in another state; or

(B) received residency or a benefit based on residency from another state.

* Sec. 6. AS 16.10.915(a) is amended to read:

(a) Except as provided in (b) and (c) of this section, a loan under **AS 16.10.890 - 16.10.945** [AS 16.10.900 - 16.10.945]

(1) may not exceed

(A) \$100,000 a year for an applicant under AS 16.10.910(a)(1); or

(B) \$1,000,000 a year for an applicant under AS 16.10.910(a)(2);

(2) may not, unless extended under AS 16.10.905, exceed a term of

(A) 20 years for an applicant under AS 16.10.910(a)(1); or

(B) 30 years for an applicant under AS 16.10.910(a)(2) [,

EXCEPT FOR EXTENSIONS UNDER AS 16.10.905];

(3) may not bear interest at a rate greater than the prime rate, as defined in AS 44.88.599, plus one percentage point, but which may not be less than five percent a year or more than nine percent a year;

(4) must be secured by [A FIRST PRIORITY LIEN ON] collateral acceptable to the department; and

(5) may not be made to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 - 25.27.220 at the time of application.

* **Sec. 7.** AS 16.10.915(b) is amended to read:

(b) Subsequent loans may be made to a [THE] borrower under

(1) AS 16.10.910(a)(1), [AS 16.10.910] if the total of the balances outstanding on the loans received by the borrower does not exceed \$300,000; or

(2) AS 16.10.910(a)(2), if the total of the balances outstanding on the loans received by the borrower does not exceed \$1,000,000.

* **Sec. 8.** AS 16.10.915(c) is amended to read:

(c) A loan under AS 16.10.910 may be made for the purchase of boats or vessels determined to be integral to the operation of the farm or hatchery.

* **Sec. 9.** AS 16.10.915(d) is amended to read:

(d) For a loan made under AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945], the department may provide a reduction of the interest rate of not more than two percent if at least 50 percent of the loan proceeds are used by the borrower for purchasing products manufactured or produced in the state. When the department

1 offers a reduction under this subsection, the department shall provide the reduction to
 2 all loan applicants who meet the criterion described in this subsection. In this
 3 subsection, "manufactured or produced" means processing, developing, or making an
 4 item into a new item with a distinct character and use.

5 * **Sec. 10.** AS 16.10.915 is amended by adding new subsections to read:

6 (e) The total of balances outstanding on loans made to borrowers under
 7 AS 16.10.910(a)(2) may not exceed 40 percent of the principal of the mariculture
 8 revolving loan fund.

9 (f) The department may not make a loan to an applicant under
 10 AS 16.10.910(a)(2) for a hatchery or shellfish enhancement project unless the
 11 department determines that the hatchery or enhancement project will

12 (1) be managed in a financially viable manner that is reasonably
 13 expected to result in repayment of the loan; and

14 (2) provide a significant contribution to common property fisheries, or
 15 otherwise benefit the public interest.

16 * **Sec. 11.** AS 16.10.920 is amended to read:

17 **Sec. 16.10.920. Repayment of principal of and interest on loans.** The
 18 department may not require the repayment of principal and interest on a loan made
 19 under AS 16.10.910 during the initial period [FIRST SIX YEARS] of the loan.
 20 Interest on the principal of a loan made under AS 16.10.910 does not accrue during
 21 [MAY BE DEFERRED FOR A PERIOD OF NOT MORE THAN] the initial period
 22 [FIRST SIX YEARS] of the loan determined by the department. In this section,
 23 "initial period of the loan" means a period, for a loan to an applicant under

24 (A) AS 16.10.910(a)(1), of six years or less; and

25 (B) AS 16.10.910(a)(2), of six years or more but less than 11

26 years.

27 * **Sec. 12.** AS 16.10 is amended by adding a new section to read:

28 **Sec. 16.10.923. Voluntary assessment on sale of shellfish.** (a) An association
 29 of persons who hold entry permits under AS 16.43 comprising at least 51 percent of
 30 the persons holding entry permits and actively participating in a fishery to be benefited
 31 by a hatchery program may levy and collect an assessment from among its members

1 for the purpose of securing and repaying a loan made under AS 16.10.890 - 16.10.945.

2 (b) Upon satisfactory demonstration to the department that an assessment
3 levied under this section may reasonably be relied on to secure and repay a loan to be
4 made under AS 16.10.890 - 16.10.945, the department may make the loan.

5 * **Sec. 13.** AS 16.10.935 is amended to read:

6 **Sec. 16.10.935. Disposal of property acquired after default.** The department
7 shall dispose of property acquired through default of a loan made under AS 16.10.890
8 - 16.10.945 [AS 16.10.900 - 16.10.945]. Disposal must be made in a manner that
9 serves the best interest of the state and may include the amortization of payments over
10 a period of years.

11 * **Sec. 14.** AS 16.10.945 is amended to read:

12 **Sec. 16.10.945. Definitions.** In AS 16.10.890 - 16.10.945 [AS 16.10.900 -
13 16.10.945],

14 (1) "commissioner" means the commissioner of commerce,
15 community, and economic development;

16 (2) "department" means the Department of Commerce, Community,
17 and Economic Development;

18 (3) **"hatchery" has the meaning given in AS 16.40.199;**

19 (4) "mariculture" means the farming of shellfish and aquatic plants as
20 defined in AS 16.40.199;

21 (5) **"shellfish enhancement project" means a project to**

22 **(A) augment the yield or harvest of shellfish above**
23 **naturally occurring levels using a natural, artificial, or semiartificial**
24 **production system; or**

25 **(B) rehabilitate a shellfish stock by restoring it to its**
26 **naturally occurring levels of productivity.**

27 * **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 APPLICABILITY. Changes made by this Act to the terms of loans made under
30 AS 16.10.890 - 16.10.945 do not apply to a loan made before the effective date of this Act.

31 * **Sec. 16.** This Act takes effect immediately under AS 01.10.070(c).

LEGAL SERVICES

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MEMORANDUM

March 13, 2017

SUBJECT: Sectional summary (CSHB 76 ()
(Work Order No. 30-LS0343\N))

TO: Representative Daniel Ortiz
Attn: Elizabeth Bolling

FROM: Alpheus Bullard *TRAB*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a declaration of policy for the state's Mariculture Revolving Loan Fund (fund) (AS 16.10.890 - 16.10.945).

Section 2. Amends a spanned statutory citation in AS 16.10.900 to conform with the provision added by section 1 of the bill.

Section 3. Require 40% of the money appropriated to the fund be used for (1) making loans to state residents and Alaskan organizations and businesses that operate hatcheries or aquatic farms for the purpose of producing aquatic plants or shellfish or conduct shellfish enhancement projects or (2) making grants to certain nonprofits. Requires the remaining 60% of the funds appropriated to the fund to be used for other loans from the fund.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (department) to make loans to an eligible applicant for the planning, construction, and operation of a (1) hatchery that artificially propagates marine aquatic plants or shellfish or (2) shellfish enhancement project. Permits the department to make one-time grants for organizational and planning purposes to certain nonprofit organizations. Amends spanned statutory citations to conform with the provision added by sec. 1 of the bill.

Section 5.

Limits the amount the department may make in grants to nonprofits for organizational and planning purposes.

Section 6. Expands the classes of person eligible for a loan from the fund to include state residents or entities organized under state law that (1) hold a permit to operate a hatchery or aquatic farm for the purposes of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects.

Section 7. Conforms the residency requirements for fund loan applicants to reflect that entities organized under state law are also eligible for loans from the fund.

Section 8. Establishes new loan terms for loans from the fund.

Section 9. Provides that a subsequent loan may not be made to a resident of the state or entity organized under the laws of the state that holds a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or that conducts shellfish enhancement projects if the person's outstanding balance exceeds \$1,000,000.

Section 10. Allows a loan to be made from the fund for the purchase of boats or vessels determined to be integral to the operation of a hatchery.

Section 11. Amends a spanned statutory citation in AS 16.10.915(d) to conform with the provision added by section 1 of the bill.

Section 12. Adds a new subsection to AS 16.10.915. Prohibits the department from making certain loans from the fund unless the department determines that (1) a loan applicant's hatchery or enhancement project will be managed in a manner reasonably expected to result in repayment of the loan and (2) the applicant's hatchery or enhancement project is in the public interest.

Section 13. Provides when the department may require repayment of principal and interest on loans made from the fund to residents of the state, or entities organized under the laws of the state, that (1) hold a permit to operate a hatchery or aquatic farm for the purpose of producing aquatic plants or shellfish or (2) conduct shellfish enhancement projects.

Section 14. Provides authority for certain associations of limited entry permit holders to levy and collect an assessment from its members to secure or repay a loan from the fund. Allows the department to rely on certain assessments in deciding whether to make a loan from the fund.

Section 15. Amends a spanned statutory citation in AS 16.10.935 to conform with the provision added by section 1 of the bill.

Representative Daniel Ortiz
March 13, 2017
Page 3

Section 16. Adds new definitions for AS 16.10.890 - 16.10.945.

Section 17. Clarifies that changes made by the bill to loan terms from the fund do not apply to loans made before the bill's effective date.

Section 18. Provides the bill with an immediate effective date.

TLAB:boo
17-251.boo

30-LS0343\T
Bullard
3/14/17

CS FOR HOUSE BILL NO. 76()
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES ORTIZ, Kreiss-Tomkins, Kito

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to the mariculture revolving loan fund and loans and grants from the**
2 **fund; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 16.10 is amended by adding a new section to article 14 to read:

5 **Sec. 16.10.890. Declaration of policy.** It is the policy of the state, under
6 AS 16.10.890 - 16.10.945, to promote mariculture and the enhancement of the state's
7 shellfish fisheries by means of grants and long-term, low-interest loans.

8 * **Sec. 2.** AS 16.10.900 is amended to read:

9 **Sec. 16.10.900. Mariculture revolving loan fund.** (a) The mariculture
10 revolving loan fund is created in [WITHIN] the Department of Commerce,
11 Community, and Economic Development to carry out the purposes of AS 16.10.890 -
12 16.10.945 [AS 16.10.900 - 16.10.945].

13 (b) The mariculture revolving loan fund consists of the following:

14 (1) money appropriated to, transferred to, or received by gift, grant,

1 devise, bequest, or donation to the fund;

2 (2) principal and interest payments or other income earned on loans or
3 investments of the fund; and

4 (3) money chargeable to principal or interest that is collected through
5 liquidation by foreclosure or other process on loans made under AS 16.10.890 -
6 16.10.945 [AS 16.10.900 - 16.10.945].

7 (c) Money in the fund may be used by the legislature to make appropriations
8 for costs of administering AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945].

9 * **Sec. 3.** AS 16.10.900 is amended by adding a new subsection to read:

10 (d) Of the total amount available annually to the department to carry out the
11 purposes of AS 16.10.890 - 16.10.945, less any funds appropriated under (c) of this
12 section, 60 percent shall be available solely for making loans under
13 AS 16.10.910(a)(1) and the remainder shall be available solely for making loans under
14 AS 16.10.910(a)(2) and grants under AS 16.10.905(9).

15 * **Sec. 4.** AS 16.10.905 is amended to read:

16 **Sec. 16.10.905. Powers and duties of the department.** The department may

17 (1) make loans to eligible applicants under AS 16.10.890 - 16.10.945
18 [AS 16.10.900 - 16.10.945] for the planning, construction, and operation of a

19 (A) mariculture business;

20 (B) hatchery that artificially propagates marine aquatic
21 plants or shellfish; or

22 (C) a shellfish enhancement project;

23 (2) receive, take, hold, and administer any appropriation, transfer, gift,
24 grant, bequest, devise, or donation of money for the fund;

25 (3) establish amortization plans for repayment of loans, including
26 extensions of the terms of loans;

27 (4) allow an assumption of a loan if

28 (A) the applicant meets the requirements established under this
29 section; and

30 (B) approval of the assumption would be consistent with the
31 purposes of AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945];

(5) establish the rate of interest for loans consistent with law;

(6) charge and collect fees for services provided under AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945];

(7) adopt regulations under AS 44.62 necessary to carry out the provisions of AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945], including regulations to establish reasonable fees for services provided; [AND]

(8) designate agents and delegate powers as necessary to the agents;

(9) make one-time grants for organizational and planning purposes to nonprofit organizations eligible for loans under AS 16.10.910(a)(2) in amounts not exceeding \$100,000.

* Sec. 5. AS 16.10.905 is amended by adding a new subsection to read:

(b) The department may not make more than \$500,000 in aggregate grants under (a)(9) of this section.

* Sec. 6. AS 16.10.910(a) is amended to read:

(a) For an applicant to be eligible for a loan under AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945], the applicant shall be

(1) [BE] a resident of the state who has

(A) [, AS DETERMINED UNDER (c) OF THIS SECTION;

(2) HAVE] a permitted mariculture farm location in this state; and

(B) [(3) HAVE] experience or training in the mariculture industry; or

(2) a resident of the state or entity organized under the laws of this state that

(A) holds a permit under AS 16.40.100 to operate a hatchery for the purpose of producing aquatic plants or shellfish; or

(B) conducts shellfish enhancement projects.

* Sec. 7. AS 16.10.910(c) is amended to read:

(c) To meet the residency requirements of (a) of this section, an individual [THE] applicant

(1) shall physically reside in this state and maintain a domicile in this state during the 24 consecutive months preceding the date of application for the

1 program; and

2 (2) may not have

3 (A) declared or established residency in another state; or

4 (B) received residency or a benefit based on residency from

5 another state.

6 * **Sec. 8.** AS 16.10.915(a) is amended to read:

7 (a) Except as provided in (b) and (c) of this section, a loan under
8 AS 16.10.890 - 16.10.945 [AS 16.10.900 - 16.10.945]

9 (1) may not exceed

10 (A) \$100,000 a year for an applicant under

11 AS 16.10.910(a)(1); or

12 (B) \$1,000,000 a year for an applicant under

13 AS 16.10.910(a)(2);

14 (2) may not, unless extended under AS 16.10.905, exceed a term of

15 (A) 20 years for an applicant under AS 16.10.910(a)(1); or

16 (B) 30 years for an applicant under AS 16.10.910(a)(2) [,

17 EXCEPT FOR EXTENSIONS UNDER AS 16.10.905];

18 (3) may not bear interest at a rate greater than the prime rate, as
19 defined in AS 44.88.599, plus one percentage point, but which may not be less than
20 five percent a year or more than nine percent a year;

21 (4) must be secured by a first priority lien on collateral acceptable to
22 the department; and

23 (5) may not be made to a person who has a past due child support
24 obligation established by court order or by the child support services agency under
25 AS 25.27.160 - 25.27.220 at the time of application.

26 * **Sec. 9.** AS 16.10.915(b) is amended to read:

27 (b) Subsequent loans may be made to a [THE] borrower under

28 (1) AS 16.10.910(a)(1), [AS 16.10.910] if the total of the balances
29 outstanding on the loans received by the borrower does not exceed \$300,000; or

30 (2) AS 16.10.910(a)(2), if the total of the balances outstanding on
31 the loans received by the borrower does not exceed \$1,000,000.

1 * **Sec. 10.** AS 16.10.915(c) is amended to read:

2 (c) A loan under AS 16.10.910 may be made for the purchase of boats or
3 vessels determined to be integral to the operation of the farm or hatchery.

4 * **Sec. 11.** AS 16.10.915(d) is amended to read:

5 (d) For a loan made under AS 16.10.890 - 16.10.945 [AS 16.10.900 -
6 16.10.945], the department may provide a reduction of the interest rate of not more
7 than two percent if at least 50 percent of the loan proceeds are used by the borrower
8 for purchasing products manufactured or produced in the state. When the department
9 offers a reduction under this subsection, the department shall provide the reduction to
10 all loan applicants who meet the criterion described in this subsection. In this
11 subsection, "manufactured or produced" means processing, developing, or making an
12 item into a new item with a distinct character and use.

13 * **Sec. 12.** AS 16.10.915 is amended by adding a new subsection to read:

14 (e) The department may not make a loan to an applicant under
15 AS 16.10.910(a)(2) for a hatchery or shellfish enhancement project unless the
16 department determines that the hatchery or enhancement project will

17 (1) be managed in a financially viable manner that is reasonably
18 expected to result in repayment of the loan; and

19 (2) provide a significant contribution to common property fisheries, or
20 otherwise benefit the public interest.

21 * **Sec. 13.** AS 16.10.920 is amended to read:

22 **Sec. 16.10.920. Repayment of principal of and interest on loans.** The
23 department may not require the repayment of the principal of and interest on a loan
24 made under AS 16.10.910 during the first six years of the loan. Interest on the
25 principal of a loan made under AS 16.10.910(a)(1) [AS 16.10.910] may **not** be
26 deferred for a period of [NOT] more than the first six years of the loan. **The**
27 **department may defer principal of and interest on a loan made under**
28 **AS 16.10.910(a)(2) for a period of up to 11 years after the loan is made. The**
29 **department may provide that interest on the principal of a loan made under**
30 **AS 16.10.910(a)(2) may not accrue during a period of not less than six years and**
31 **not more than 11 years after the loan is made.**

1 * **Sec. 14.** AS 16.10 is amended by adding a new section to read:

2 **Sec. 16.10.923. Voluntary assessment on sale of shellfish.** (a) An association
3 of persons who hold entry permits under AS 16.43 comprising at least 51 percent of
4 the persons holding entry permits and actively participating in a fishery to be benefited
5 by a hatchery program may levy and collect an assessment from among its members
6 for the purpose of securing and repaying a loan made under AS 16.10.890 - 16.10.945.

7 (b) Upon satisfactory demonstration to the department that an assessment
8 levied under this section may reasonably be relied on to secure and repay a loan to be
9 made under AS 16.10.890 - 16.10.945, the department may make the loan.

10 * **Sec. 15.** AS 16.10.935 is amended to read:

11 **Sec. 16.10.935. Disposal of property acquired after default.** The department
12 shall dispose of property acquired through default of a loan made under AS 16.10.890
13 - 16.10.945 [AS 16.10.900 - 16.10.945]. Disposal must be made in a manner that
14 serves the best interest of the state and may include the amortization of payments over
15 a period of years.

16 * **Sec. 16.** AS 16.10.945 is amended to read:

17 **Sec. 16.10.945. Definitions.** In AS 16.10.890 - 16.10.945 [AS 16.10.900 -
18 16.10.945],

19 (1) "commissioner" means the commissioner of commerce,
20 community, and economic development;

21 (2) "department" means the Department of Commerce, Community,
22 and Economic Development;

23 (3) "hatchery" has the meaning given in AS 16.40.199;

24 (4) "mariculture" means the farming of shellfish and aquatic plants as
25 defined in AS 16.40.199;

26 (5) "shellfish enhancement project" means a project to
27 (A) augment the yield or harvest of shellfish above
28 naturally occurring levels using a natural, artificial, or semiartificial
29 production system; or

30 (B) rehabilitate a shellfish stock by restoring it to its
31 naturally occurring levels of productivity.

1 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

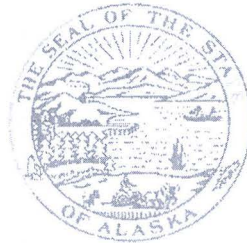
3 APPLICABILITY. Changes made by this Act to the terms of loans made under
4 AS 16.10.890 - 16.10.945 do not apply to a loan made before the effective date of this Act.

5 * **Sec. 18.** This Act takes effect immediately under AS 01.10.070(c).

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature / Ketchikan, Saxman, Wrangell, Hydaburg, Metlakatla, Hyder, Loring and Meyers Chuck

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801
Phone: 907-465-3824
Toll Free: 1-800-686-3824
Fax: 907-465-3175



INTERIM ADDRESS:
1900 First Avenue, Suite 310
Ketchikan, Alaska 99901
Phone: 907-247-4672
907-465-5269
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Explanation of Changes from HB0076 to HB0076 CS

Section 1

Amends AS 16.10 to create a Declaration of Policy for the program and fund uses. This section was added to ensure the fund promotes mariculture and gives clear direction to the department. The declaration is similar to the Fisheries Enhancement Revolving Loan Fund (AS 16.10.500). This will make clear the intent of the program and protect the department from risks in a developing industry.

Section 2

AS 16.10.900(a) (b) (3) and (c) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions in AS 16.10.945.

Section 3

AS 16.10.905 (1) (a) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions in AS 16.10.945

AS 16.10.905(1) (b) ensures the fund covers marine aquatic plants rather than all aquatic plants.

AS 16.10.905(1) (c) This change expands the eligible applicants to include organizations that are actively pursuing shellfish enhancement projects. Enhancement refers to the enhancement of resources, rather than the enhancement of individual organisms.

16.10.905 (4) (b) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions in AS 16.10.945.

16.10.905 (7) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions in AS 16.10.945.

AS 16.10.905(9) allows the Department to make grants only to nonprofit organizations eligible for loans under AS 16.10.910(a)(2) for organizational and planning purposes that will provide for public uses in this developing industry

Section 4

AS 16.10.910(a) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions in AS 16.10.945.

AS 16.10.910(a) (2) expands eligible applicants to include a resident of the state or entity organized under the laws of this state that holds a permit under AS 16.40.100 to operate a hatchery for the purpose of producing aquatic plants or shellfish for sale or is authorized to operate shellfish enhancement project.

Section 6

AS 16.10.915(a) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions AS 16.10.945.

As 16.10.915 (2) (a) and (b) clarifies the different categories of loan applicants and their terms. This gives an additional length of time to eligible loan applicants under category 2 for the same purpose of public uses, and these terms are consistent with those terms under the Fisheries Enhancement Revolving Loan Fund.

AS 16.10.915 (4) allows the department to consider additional collateral sources including voluntary assessments which may be agreed to in AS 16 10.923.

Section 7

AS 16.10.915(b) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions AS 16.10.945.

AS 16.10.915(b) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions AS 16.10.945.

Section 9

AS 16.10.915(d) will incorporate the declaration of policy, to ensure the state promotes mariculture through the fund, and links to new definitions AS 16.10.945.

Section 10

AS 16.10.915 (f) adds a new subsection to clarify that loans to a hatchery or enhancement project should contribute to common property fishery or otherwise the public interest so the program operates in a manner beneficial to the public interest and be managed in a manner that protects the fund.

Section 11

AS 16.10.920 (a) and (b) mirrors the initial loan period from the Fisheries Enhancement Revolving Loan Fund. This also allows flexibility for farmers in this developing industry.

Section 12

AS 16.10.923 (a) creates a mechanism through which organizations comprising more than one stakeholder can arrange to pay their loan through a voluntary assessment, similar to the salmon enhancement program.

AS 16.10.923 (b) protects the department by ensuring only organizations with a plan and agreement to collect an assessment to pay the loan may receive a loan.

Section 13

AS 16.10.935 to allow the department to dispose of property acquired after default.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076-DCCED-INV-03-03-17
Title: MARICULTURE REVOLVING LOAN FUND
Sponsor: ORTIZ
Requester: (H) Fisheries

Department: Department of Commerce, Community and
Economic Development
Appropriation: Investments
Allocation: Investments
OMB Component Number: 383

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 04/30/18

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Britteny Cioni-Haywood, Director</u>	Phone: (907)465-2625
Division: <u>Division of Economic Development</u>	Date: 03/03/2017 12:00 PM
Approved By: <u>Catherine Reardon, Director</u>	Date: 03/03/17
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 76

Analysis

HB76 adjusts the Mariculture Revolving Loan Fund program to authorize loans to resident individuals or entities to receive up to \$1 million for the planning, construction, and operation of a mariculture hatchery business. Hatchery loans are limited to 40% of the fund. The current maximum loan amount is \$100.0 per year with a \$300.0 overall limit, and the program is designed for individual farmers rather than hatcheries.

The bill would amend the program to change its focus and eligibility from individual mariculture farmers to include mariculture hatcheries that would market stock to local farmers. The estimated number of loans to mariculture hatcheries is expected to be small with currently only two hatcheries in the state so any revenue or expense generated by this change is expected to be within the normal operational variance of the fund resulting in no change in revenues or expenditures.

This legislation would create a new loan type and therefore require updated regulations, a new application, training of loan staff and internal policy and procedures. These adjustments will be included in planned regulations projects and updates. No fiscal impact is anticipated from this legislation.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076-DFG-CO-03-03-2017
Title: MARICULTURE REVOLVING LOAN FUND
Sponsor: ORTIZ
Requester: (H) Fisheries

Department: Department of Fish and Game
Appropriation: Statewide Support Services
Allocation: Commissioner's Office
OMB Component Number: 2175

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By: <u>Morgan Foss, Special Assistant to the Commissioner</u>	Phone: <u>(907)465-6137</u>
Division: <u>Office of the Commissioner</u>	Date: <u>03/03/2017 05:00 PM</u>
Approved By: <u>Carol Petraborg, Director of Administrative Services</u>	Date: <u>03/03/17</u>
Agency: <u>Department of Fish and Game</u>	

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2017 LEGISLATIVE SESSION**

BILL NO. HB 76

Analysis

This bill will not affect the Department of Fish and Game directly, but may provide additional operating funds for operators of hatcheries supplying aquatic plants or shellfish to an aquatic farm. The department does not anticipate any fiscal impact from this proposal.

Representative Dan Ortiz
Alaska State Legislature
State Capitol
Juneau, AK 99801
Rep.Daniel.Ortiz@akleg.gov



Re: Support for HB 76 – Mariculture Revolving Loan Fund

March 1, 2017

Dear Representative Ortiz:

The Alaska Fisheries Development Foundation (AFDF) would like to express support for HB 76 which alters the Mariculture Revolving Loan Fund (Fund) in order to more effectively and fully deploy this state asset to develop the mariculture industry by addressing bottlenecks in seed supply.

AFDF's membership is comprised of seafood harvesters, seafood processors, and support sector businesses. Founded in 1978, AFDF's mission is to identify problems common to the Alaska seafood industry and develop efficient, sustainable solutions that provide benefits to the economy, environment and communities.

In 2014, AFDF began spearheading the ***Alaska Mariculture Initiative***, which is intended to expedite the development of mariculture in Alaska with the vision to grow a \$1 billion industry in 30 years. Many organizations across the state have endorsed this initiative (i.e. Alaska Chamber, Alaska Shellfish Growers Association, Southeast Conference, SE AK Regional Dive Fisheries Association, Southwest Alaska Municipal Conference, United Fishermen of Alaska, and others).

As a direct result of this initiative, Governor Walker established the ***Alaska Mariculture Task Force*** by Administrative Order #280, and I serve on this Task Force. The purpose of the Task Force is to provide recommendations for a comprehensive plan to develop a viable and sustainable mariculture industry producing shellfish and aquatic plants for the long-term benefit of Alaska's economy, environment, and communities.

Shellfish and seaweed hatcheries are a critical piece of infrastructure necessary for the development of mariculture in Alaska. However, the financial support of these operations is difficult during the developmental

Alaska Fisheries Development Foundation
P.O. Box 2223, Wrangell, AK 99929 - Ph: 907-276-7315
www.afdf.org

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Magic Fish Company

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Service Sector
Aleutian Pribilof Island
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Stefanie Moreland
Processor, At-large
Trident Seafoods

John Sund
Service Sector
Stellar North LLC

Mark Tupper
Processor, At-large
Triad Fisheries, LTD

stage when the industry is too small to financially support these operations entirely through seed sales. Providing access to the Mariculture Revolving Loan Fund will help to break the chicken-or-egg stage of the industry and provide the support necessary to help the industry grow past this stage.

Seed security has been identified as a top priority by aquatic farmers in Alaska for over 10 years. If farmers do not have a consistent source of seed to purchase, it is difficult to impossible for them to grow and expand their businesses, including accessing the Mariculture Revolving Loan Fund. This fund is an existing \$5 million asset of the State of Alaska that was created to help develop the mariculture industry by providing loans to aquatic farmers. Altering the fund to provide access to up to 40% of the fund to hatcheries will help to provide better seed security for farmers.

Another benefit of developing mariculture in Alaska is the important role that shellfish and seaweed hatcheries can play in adapting to ocean changes and acidification. As we develop these hatcheries and techniques, we also learn more about the effects of ocean acidification and our abilities to mitigate these effects. For example, adjusting pH levels in a shellfish hatchery during critical stages of survival may play a critical role in the future protect of Alaska's wild stocks. Seaweeds take up excess nutrients in the oceans, such as carbon and nitrogen, and can help buffer effects of ocean acidification which may provide benefits to localized wild shellfish stocks.

Thank you for sponsoring this important legislation. AFDF supports HB 76 and appreciates your proactive role in introducing the legislation. If there are any questions, I would be happy to answer them.

Sincerely,


Julie Decker, Executive Director

Cc:

Representative Stutes, Chair, House Fisheries Committee: Rep.Louise.Stutes@akleg.gov
Reid Harris, Staff, House Fisheries Committee: Reid.Harris@akleg.gov



PO Box 1758
Homer, AK 99603
907-299-3351
info@alaskashellfish.org
www.alaskashellfish.org

March 2, 2017

Representative Daniel Ortiz
State Capitol, Room 513
Juneau, Alaska 99801

RE: Support for HB 76 – Mariculture Revolving Loan Fund

Dear Representative Ortiz,

The Alaska Shellfish Growers Association (ASGA) would like to express support for HB 76. We recognize that HB 76 is part of a larger effort to develop mariculture in Alaska, and we greatly appreciate legislative actions that assist us in building a vibrant industry supporting the diversification of Alaska's economy.

HB 76 allows for shellfish and seaweed hatcheries to apply for loan funds from the Mariculture Revolving Loan Fund. This will provide an important source of support for these new hatcheries. We have expressed support in the past for fine-tuning the Mariculture loan fund to better meet the needs of industry, and making these funds available to hatcheries as well as growers is an excellent mechanism to provide capital to develop necessary infrastructure.

Additionally, we understand the Governors Mariculture Task Force would like to work with your office to make changes changes to HB 76 to more fully meet the needs of our developing industry and to accommodate provisions included with the passage of HB 128. We appreciate your consideration of their input.

Thank you for sponsoring this important legislation.

Sincerely,

A handwritten signature in cursive script that reads "Margo Reveil".

Margo Reveil, President
Alaska Shellfish Growers Association

Cc: Representative Stutes, Chair, House Fisheries Committee: Rep.Louise.Stutes@akleg.gov
Reid Harris, Staff, House Fisheries Committee: Reid.Harris@akleg.gov



CITY AND BOROUGH OF WRANGELL
INCORPORATED MAY 30, 2008

Office of the Borough Mayor

P.O. Box 531
Wrangell, AK 99929

907-874-2381
907-874-3952

March 1, 2017

Representative Dan Ortiz
Alaska State Legislature
State Capitol
Juneau, AK 99801
Rep.Daniel.Ortiz@akleg.gov

Re: Support for HB 76 – Mariculture Revolving Loan Fund

Dear Representative Ortiz:

On behalf of the City and Borough of Wrangell, I would like to express support for HB 76 which alters the Mariculture Revolving Loan Fund (Fund) in order to more effectively and fully deploy this state asset to develop the mariculture industry by addressing bottlenecks in seed supply.

In 2015, the Wrangell Assembly adopted Resolution No. 10-15-1333. With that Resolution, the assembly urged the State of Alaska to amend the statutory requirements for the mariculture revolving loan fund. I have attached that Resolution to this letter for you.


Shellfish and seaweed hatcheries are critical pieces of infrastructure necessary for the development of mariculture in Alaska. However, the financial support of these operations is difficult during the developmental stage when the industry is too small to financially support these operations entirely through seed sales. Providing access to the Mariculture Revolving Loan Fund will help to break the chicken-or-egg stage of the industry and provide the support necessary to help the industry grow past this stage.

Seed security has been identified as a top priority by aquatic farmers in Alaska for over 10 years. If farmers do not have a consistent source of seed to purchase, it is difficult to impossible for them to grow and expand their businesses. Altering the fund to provide access to 40% of the fund to hatcheries will help to provide better seed security for farmers.

Another benefit of developing mariculture in Alaska is the important role that shellfish and seaweed hatcheries can play in adapting to ocean changes and acidification, and the ecosystem services that shellfish and seaweed provide to our marine environments.

Thank you for sponsoring this important legislation. The City and Borough of Wrangell Assembly supports HB 76 and appreciates your work to bring economic opportunities to Alaska.

Sincerely,


Dave Jack
Mayor

Attachments: Resolution No. 10-15-1333

cc: Governor Bill Walker
NRC Alaska
Alaska Fisheries Development Foundation, Inc. (AFDF)
Alaska Maritime Task Force (AMTF)
Representative Louise Stutes, Chair, House Fisheries Committee

CITY AND BOROUGH OF WRANGELL

RESOLUTION No. 10-15-1333

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, URGING THE STATE OF ALASKA TO AMEND THE STATUTORY REQUIREMENTS FOR THE MARICULTURE REVOLVING LOAN FUND

- A. **WHEREAS**, the Mariculture Revolving Loan Fund was established by AS 16.10.900-945 and 3 AAC 80.410-480 to make loans for the purpose of planning, construction , and operation of a mariculture business; and
- B. **WHEREAS**, under AS 16.10.910 eligible applicants for a loan must have a permitted mariculture farm located within the State of Alaska; and
- C. **WHEREAS**, AS 16.10.915 limits the loan amount to \$100,000 a year, not to exceed a total loan of \$300,000; and
- D. **WHEREAS**, shellfish and aquatic plant seed (i.e. oyster and geoduck) are needed for mariculture farms to succeed and therefore, hatcheries are vital component for the industry to succeed within the State of Alaska; and
- E. **WHEREAS**, per Alaska Department of Fish and Game, all species of native shellfish and aquatic plant seed are required to be produced within the State of Alaska (oyster is the only exception to this requirement); and
- F. **WHEREAS**, the Assembly believes that the State of Alaska Mariculture Revolving Loan Fund is an appropriate mechanism for funding mariculture hatcheries as well as farms within the state; and
- G. **WHEREAS**, the current revolving loan fund needs to be amended to allow non-profit shellfish hatcheries to apply for loans with the state following a similar administrative model as Alaska's salmon hatcheries which utilize the Fisheries Enhancement Revolving Loan Fund; and
- H. **WHEREAS**, the Assembly believes that it is in the best interest of the State of Alaska and the mariculture industry that non-profit shellfish hatcheries be eligible to utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund as an efficient and effective way to encourage economic development in communities.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL that:

Section 1. The Assembly supports, and urges AML to support, a change to Alaska law that would statutorily amend the existing Mariculture Revolving Loan Fund to allow for non-profit shellfish hatcheries to also utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund.

Section 2. The Borough Clerk is directed to forward this resolution to the AML with the request that the draft AML Resolution which is included, to be considered at the 2015 AML Annual Local Government Conference.

Effective Date. This resolution shall be effective upon adoption.

ADOPTED: October 13, 2015



David L. Jack, Mayor

ATTEST:



Kim Lane, MMC, Borough Clerk



Alaska Mariculture Task Force

Representative Daniel Ortiz
State Capitol, Room 513
Juneau, Alaska 99801
Ph: 907-465-3824
Representative.Dan.Ortiz@akleg.gov

RE: Support for HB 76 – Mariculture Revolving Loan Fund

Dear Representative Ortiz,

February 24, 2017

The Alaska Mariculture Task Force (Task Force) would like to express support for HB 76. *The Task Force recognizes that HB 76 is part of a larger effort to develop mariculture in Alaska.*

At the request of industry and communities, Governor Walker established the Task Force by Administrative Order #280. The Governor recognized that a developed mariculture industry will have economic, environmental, cultural, industrial and food security benefits to Alaskans. Members of the Task Force were appointed in May, 2016. The Governor's directive to the Task Force is to provide recommendations for a comprehensive plan to develop a viable and sustainable mariculture industry producing shellfish and aquatic plants for the long-term benefit of Alaska's economy, environment, and communities. The Task Force must complete its work by March 1, 2018.

The Task Force would like to highlight that we are using the following guiding principles in our work to develop the mariculture industry:

- 1) Mariculture is defined as enhancement of wild fisheries and aquatic farming of shellfish and aquatic plants. Mariculture does not include finfish farming, which is not allowed in Alaska.
- 2) The development of the mariculture industry will be compatible with Alaska's reputation as a world leader in responsible and sustainable management of its seafood resources.
- 3) The development of the mariculture industry will be stakeholder-driven.
- 4) The development of the mariculture industry will coordinate and integrate with those entities conducting ocean monitoring in order to inform research and management of changing ocean conditions.

HB 76 plays an important role in the development of mariculture in Alaska. HB 76 allows for shellfish and seaweed hatcheries to apply for loans funds from the Mariculture Revolving Loan Fund. This will provide an important source of support for these new hatcheries. Additionally, the Task Force would like to work with your office to make changes to HB 76 to more fully meet the needs of this developing industry and to accommodate provisions included with the passage of HB 128.

The Task Force has identified shellfish and seaweed hatcheries as a critical piece of infrastructure that is necessary for the development of mariculture in Alaska. However, the financial support of these operations is difficult during the developmental stage of the industry when the industry is too small to financially support these operations entirely through seed sales. This type of support will help to break the chicken-or-egg stage of the industry and provide the support to help the industry to grow past this stage.

The Mariculture Revolving Loan Fund is an existing \$5 million asset of the State of Alaska that was created to help develop the mariculture industry by providing loans to aquatic farmers. However, if farmers do not have a consistent source of seed to purchase, it is difficult for them to grow and expand their businesses, including accessing this loan fund. **HB 76 will amend the Mariculture Revolving Loan Fund to more effectively and fully deploy this asset to develop the mariculture industry.**

Thank you for sponsoring this important legislation. ***The Task Force supports HB 76 and appreciates your proactive role in introducing the legislation.*** If there are any questions, you may contact members of the Task Force.

Sincerely,

Alaska Mariculture Task Force

Cc:

Representative Stutes, Chair, House Fisheries Committee: Rep.Louise.Stutes@akleg.gov

Reid Harris, Staff, House Fisheries Committee: Reid.Harris@akleg.gov

Seafood & Ocean Products Industry

Goal Statement:

Create jobs and wealth by advocating for a well-managed, sustainable and resilient Seafood sector, and develop higher-value ocean products that reach more markets.

Seafood Priority Objective

★ Priority Objective #1: Mariculture Development.

Project Description:

Grow a \$1 billion industry in 30 years

Outline of steps required for project to be completed

- 1) Support an economic analysis of successful mariculture industries in other regions, how they relate to Alaska, and the impact of a fully developed mariculture industry in Alaska 2016-17
- 2) **Support and participate in a strategic planning process** inclusive of a broad spectrum of stakeholders and agencies (including coastal communities, industry, the State of Alaska, federal agencies, and interested conservation groups) with the directive to create a coordinated, deliberate and solutions-oriented plan to developing the industry 2016-2018

Examples of issues to be addressed:

- Legal authority to enable invertebrate enhancement and restoration
- Stabilize funding for shellfish hatcheries through existing loan funds
- Adjust Mariculture Revolving Loan Fund for increased utilization by farmers
- Long-term funding mechanisms (e.g. salmon enhancement public/private model)

- 3) **Help to engage federal agencies and private investors with interest and resources** (e.g. CODEL, NOAA, USDA, EDA, NPRB, Native corporations, CDQ groups, Rasmuson Foundation, seafood processors, etc.) 2016-2020

Support integration of development efforts with national initiatives and strategies, such as:

USDA Investment Strategy in support of rural communities in Southeast Alaska 2011-2013
National Shellfish Initiative (NOAA)
National Strategic Plan for Federal Aquaculture Research (2014-2019)

- 4) **Support increased capacity for shellfish safety testing in the SE region.**

People/Organizations responsible for completing these steps

Southeast Conference, Alaska Fisheries Development Foundation, Alaska Shellfish Growers Association, OceansAlaska, SE AK municipalities, State of Alaska through Governor's Mariculture Task Force

Cost Estimates

How much will this cost, and who will pay these costs?

\$500,000

AFDF is currently working under a \$200,000 NOAA grant; private interests have donated approximately \$20,000 additional funds; EDA is interested in an approximately \$45,000 grant for economics; private industry may contribute additional matching funds; other interested funders may include: Rasmuson Foundation, USDA, NOAA, AIDEA, Alaska Growth Capital, and Alaska Dept. of Commerce loan funds.

Evaluation Measures

- Number of stakeholders involved in planning process
- Annual aquatic farm production (value, poundage and species)
- Annual shellfish hatchery production (value, quantity and species)
- Number of businesses working either in aquatic farms or enhanced fisheries (non-salmon)
- Number of employees working either in aquatic farms or enhanced fisheries (non-salmon)
- Number of loan sources available for farmers, hatcheries, etc.
- Number of research projects funded for mariculture
- Completed economic analysis
- Completed strategic plan
- Number of action items completed which were identified in the strategic plan

Key Project Contact

Name: Julie Decker
Title: Executive Director
Organization: Alaska Fisheries Development Foundation



Objective 2: Full Resource Utilization & Ocean Product Development.

Project Description:

350 million pounds of seafood are harvested in Southeast Alaska each year, but most of that product leaves the region with only primary processing (heading, gutting, and freezing) and the secondary processing is conducted in other states or countries. Additionally, a portion (5-40% depending upon the species) of the harvested resource is not utilized and instead is disposed of as waste in local waters. The objective of this initiative is to increase total revenue from existing commercial fisheries in the region by developing new, higher value products and markets from parts of the fish that are currently either thrown away or that go to lower relative value markets. In some cases this means working with seafood processors to develop new products, but we also need to identify businesses or entrepreneurs not currently in the seafood industry who can contribute to this effort. Collaboration with private, state, federal and university researchers needs to be encouraged to identify and accelerate opportunities for commercialization of improved or new products. Support the development of new specialty products that utilize 100% of harvested seafood resources in order to create value-added products with the same resource, reduce discharge into waterways, and provide additional economic benefits to local economies. Examples include pet food, clothing and accessories, pharmaceuticals, nutraceuticals and health food products. Support growth of new businesses to develop these new products.

Outline of steps required for project to be completed

Support identification of raw materials available for product development
Work with seafood processors and entrepreneurs to develop new seafood products by connecting them with other necessary expertise (ongoing 2016-2020)
Support development of incentives to increase secondary processing in the region (ongoing 2016-2020)
Support "proof of concept" for new products by connecting businesses and entrepreneurs with resources
Work to get current processors to "think outside the can" through events like the annual Innovation Summit with a portion of the event targeted to new ocean products (ongoing 2016-2020) and in local events/festivals that celebrate the seafood industry in the region.

Encourage and promote value-added products made from Alaska seafood by hosting an annual competition for new products (ongoing 2016-2020)
Learn from other regions and countries through research and visits.

People/Organizations responsible for completing these steps

Julie Decker, Alaska Fisheries Development Foundation.
Brian Holst, Juneau Economic Development Council.
Southeast Conference

Cost Estimates

How much will this cost, and who will pay these costs?

\$17,000

Costs (direct and in kind) will be paid by AFDF, JEDC, SEC and State of Alaska activities.

Evaluation Measures

- Total pounds of seafood processed (explore tracking total pounds of seafood waste reported through DEC)
- Count of Shorebased seafood processors
- Business licenses for seafood products
- Number of new products entered into the Alaska Symphony of Seafood each year
- Number of attendees & presenters at the annual Innovation Summit
- Number of firms with expanded product offerings each year
- Number of R&D collaborations between private sector and a research entity
- Commercialization: Number of new markets reached

Key Project Contact

Name: Julie Decker & Brian Holst

Title: Executive Director

Organization: Alaska Fisheries Development Foundation and the Juneau Economic Development Council

Other Seafood Objectives:

Objective 3: Increase Energy Efficiency and Reduce Energy Costs.

Support programs that aim to increase energy efficiency of vessels and processing plants.

Encourage reduction of reliance on diesel for both boats and processing plants.

Move commercial fishing fleet away from diesel dependency using concepts such as diesel/electric hybrid vessels, hydrogen, or other energy alternatives.

Find alternatives to reduce use of diesel for fish plants and cold storage facilities that could include increased energy efficiency or hydropower.

Objective 4: Regional Seafood Processing.

Support continued and increased processing / manufacturing within region. Increase the number of firms producing high-value products. Increase value-added activities in the region and to improve product quality. Support development of necessary infrastructure for these activities. Update processing plants and update/improve transportation routes to get products to market. Make it cheaper, faster, and fresher.

Objective 5: Seafood Markets.

Support ASMI's work to market Alaska Seafood. Support the expansion of markets both domestically and worldwide. Support integration of industry's efforts to develop new products and ASMI's efforts to develop new markets. Support diversification of roe markets.

Objective 6: Sea Otter Utilization & Sustainable Shellfish.

Support development of new products and markets for otter products. Support sea otter garment making businesses and strategies for increasing value of these products.

Objective 7: Maintain Stable Regulatory Regime.

Support state regulatory stability. Protect commercial fisheries by advocating for stable regulatory regimes at state and federal levels and educating policy makers. Retain access to resources.

Objective 8: Seafood Workforce Development.

Engage in workforce development efforts to attract young Southeast Alaskans to participate in the seafood economy. The absence of young Southeast Alaskan fishermen is compounded by the rise in nonresident permit ownership in local fisheries.



OceansAlaska

MARINE SCIENCE CENTER

March 1, 2017

OceansAlaska
PO Box 6383
Ketchikan, AK 99901

Representative Daniel Ortiz
State Capitol, Room 513
Juneau, AK 99801

Dear Representative Ortiz,

I am President of the Board of Directors of OceansAlaska which is a non-profit shellfish hatchery located in Ketchikan. OceansAlaska supports HB 76 as it will:

1. Allow shellfish and seaweed hatcheries to access loan funds to support operations and production costs for seed to mariculture farmers.
2. Put shellfish and seaweed hatcheries on a path to financial stability.
3. Enable the mariculture industry to grow past the constraint of limited seed supply, because without a consistent, healthy source of seed, the industry cannot expand.

Thank you for your support of HB 76 and the mariculture industry.

Best regards,

Tomi Marsh
tomimarsh@mindspring.com
206-972-8217



612 W. Willoughby Ave., Suite B
P.O. Box 21989, Juneau, AK 99802
Phone (907) 586-4360
www.seconference.org
Email info@seconference.org

SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

March 1, 2017

Representative Dan Ortiz
Alaska State Legislature
State Capitol
Juneau, AK 99801
Rep.Daniel.Ortiz@akleg.gov

Re: Support for HB 76 – Mariculture Revolving Loan Fund

Dear Representative Ortiz:

On behalf of the Southeast Conference, I would like to express support for HB 76 which alters the Mariculture Revolving Loan Fund (Fund) in order to more effectively and fully deploy this state asset to develop the mariculture industry by addressing bottlenecks in seed supply.

Southeast Conference is a state and federally designated regional economic development organization for Southeast Alaska. For nearly 60 years, Southeast Conference has served as the collective voice for advancing the region's economy. Southeast Conference has 180 member organizations representing people from 32 regional communities. The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska.

In 2016, the Southeast Conference adopted Resolution No. 17-03. With that Resolution, the assembly urged the State of Alaska to amend the statutory requirements for the mariculture revolving loan fund. I have attached that Resolution to this letter for you.

Shellfish and seaweed hatcheries are critical pieces of infrastructure necessary for the development of mariculture in Alaska. However, the financial support of these operations is difficult during the developmental stage when the industry is too small to financially support these operations entirely through seed sales. Providing access to the Mariculture Revolving Loan Fund will help to break the chicken-or-egg stage of the industry and provide the support necessary to help the industry grow past this stage.

Seed security has been identified as a top priority by aquatic farmers in Alaska for over 10 years. If farmers do not have a consistent source of seed to purchase, it is difficult and often impossible for them to grow and expand their businesses. Altering the fund to provide access to 40% of the fund to hatcheries will help provide better seed security for farmers.

Another benefit of developing mariculture in Alaska is the important role that shellfish and seaweed hatcheries can play in adapting to ocean changes and acidification, and the Eco services that shellfish and seaweed provide to our marine environments.

Thank you for sponsoring this important legislation. Southeast Conference supports HB 76 and appreciates your work to bring economic opportunities to Alaska.

Sincerely,

Shelly Wright, Executive Director
Southeast Conference

A handwritten signature in cursive script that reads "Shelly Wright".

Attachments: Resolution No. 17-03

cc: Rep. Louise Stutes, Chair, House Fisheries Committee: Rep.Louise.Stutes@akleg.gov
Reid Harris, Staff, House Fisheries Committee: Reid.Harris@akleg.gov
Elizabeth Bolling, Staff, Rep. Ortiz: Elizabeth.Bolling@akleg.gov

Southeast Conference

Resolution 17-03

A RESOLUTION OF THE SOUTHEAST CONFERENCE, URGING THE STATE OF ALASKA TO STATUTORILY AMEND THE EXISTING MARICULTURE REVOLVING LOAN FUND TO ALLOW FOR NON-PROFIT SHELLFISH HATCHERIES TO ALSO UTILIZE THE FUND IN AN AMOUNT NOT TO EXCEED UP TO \$2 MILLION OF THE PRINCIPLE OF THE FUND

WHEREAS, the Mariculture Revolving Loan Fund was established by AS 16.10.900-945 and 3 AAC 80.410-480 to make loans for the purpose of planning, construction , and operation of a mariculture business; and

WHEREAS, under AS 16.10.910 eligible applicants for a loan must have a permitted mariculture farm located within the State of Alaska; and

WHEREAS, AS 16.10.915 limits the loan amount to \$100,000 a year, not to exceed a total loan of \$300,000; and

WHEREAS, shellfish and aquatic plant seed (i.e. oyster and geoduck) are needed for mariculture farms to succeed and therefore, hatcheries are vital component for the industry to succeed within the State of Alaska; and

WHEREAS, per Alaska Department of Fish and Game, all species of native shellfish and aquatic plant seed are required to be produced within the State of Alaska (oyster is the only exception to this requirement); and

WHEREAS, certain local governments, such as the Ketchikan Gateway Borough, understand the need for hatcheries and have provided a loan to a local non-profit agency for the purpose of a shellfish hatchery to fill this void; and

WHEREAS, Southeast Conference finds that the State of Alaska Mariculture Revolving Loan Fund is the appropriate mechanism for funding mariculture hatcheries as well as farms within the state; and

WHEREAS, Southeast Conference finds that the current revolving loan fund needs to be amended to allow non-profit shellfish hatcheries to apply for loans with the state following a similar administrative model as Alaska's salmon hatcheries which utilize the Fisheries Enhancement Revolving Loan Fund; and

WHEREAS, it is in the best interest of Southeast Conference and the communities and businesses it serves that non-profit shellfish hatcheries be eligible to utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund as an efficient and effective way to encourage economic development in communities.

NOW, THEREFORE BE IT RESOLVED THAT the Southeast Conference urges the Governor and the Legislature to statutorily amend the existing Mariculture Revolving Loan Fund to allow for non-profit shellfish hatcheries to also utilize the fund in an amount not to exceed up to \$2 million of the principal of the fund.

ADOPTED BY THE SOUTHEAST CONFERENCE BOARD OF DIRECTORS ON DECEMBER 14, 2016 AND RESOLUTION WILL SUNSET ON DECEMBER 14, 2017.

Witness by:



Chelsea Goucher
President

Attest:



Shelly Wright
Executive Director

Southeast Conference

Resolution 17-03

A RESOLUTION OF THE SOUTHEAST CONFERENCE, URGING THE STATE OF ALASKA TO STATUTORILY AMEND THE EXISTING MARICULTURE REVOLVING LOAN FUND TO ALLOW FOR NON-PROFIT SHELLFISH HATCHERIES TO ALSO UTILIZE THE FUND IN AN AMOUNT NOT TO EXCEED UP TO \$2 MILLION OF THE PRINCIPLE OF THE FUND

WHEREAS, the Mariculture Revolving Loan Fund was established by AS 16.10.900-945 and 3 AAC 80.410-480 to make loans for the purpose of planning, construction , and operation of a mariculture business; and

WHEREAS, under AS 16.10.910 eligible applicants for a loan must have a permitted mariculture farm located within the State of Alaska; and

WHEREAS, AS 16.10.915 limits the loan amount to \$100,000 a year, not to exceed a total loan of \$300,000; and

WHEREAS, shellfish and aquatic plant seed (i.e. oyster and geoduck) are needed for mariculture farms to succeed and therefore, hatcheries are vital component for the industry to succeed within the State of Alaska; and

WHEREAS, per Alaska Department of Fish and Game, all species of native shellfish and aquatic plant seed are required to be produced within the State of Alaska (oyster is the only exception to this requirement); and

WHEREAS, certain local governments, such as the Ketchikan Gateway Borough, understand the need for hatcheries and have provided a loan to a local non-profit agency for the purpose of a shellfish hatchery to fill this void; and

WHEREAS, Southeast Conference finds that the State of Alaska Mariculture Revolving Loan Fund is the appropriate mechanism for funding mariculture hatcheries as well as farms within the state; and

WHEREAS, Southeast Conference finds that the current revolving loan fund needs to be amended to allow non-profit shellfish hatcheries to apply for loans with the state following a similar administrative model as Alaska's salmon hatcheries which utilize the Fisheries Enhancement Revolving Loan Fund; and

WHEREAS, it is in the best interest of Southeast Conference and the communities and businesses it serves that non-profit shellfish hatcheries be eligible to utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund as an efficient and effective way to encourage economic development in communities.

NOW, THEREFORE BE IT RESOLVED THAT the Southeast Conference urges the Governor and the Legislature to statutorily amend the existing Mariculture Revolving Loan Fund to allow for non-profit shellfish hatcheries to also utilize the fund in an amount not to exceed up to \$2 million of the principal of the fund.

ADOPTED BY THE SOUTHEAST CONFERENCE BOARD OF DIRECTORS ON DECEMBER 14, 2016 AND RESOLUTION WILL SUNSET ON DECEMBER 14, 2017.

Witness by:



Chelsea Goucher
President

Attest:



Shelly Wright
Executive Director



UNITED FISHERMEN OF ALASKA

Mailing Address: PO Box 20229, Juneau AK 99802-0229
Physical Address: 410 Calhoun Ave Ste 101, Juneau AK 99801
Phone: (907) 586-2820 Fax: (907) 463-2545
Email: ufa@ufafish.org Website: www.ufafish.org

March 3, 2017

Representative Louise Stutes, Chairman
House Special Committee on Fisheries
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

RE: Support for HB 76 – Mariculture Revolving Loan Fund

Dear Chairman Stutes and Committee Members,

United Fishermen of Alaska is the statewide commercial fishing trade association, representing 34 commercial fishing organizations participating in fisheries throughout the state, and the federal fisheries off Alaska's coast.

UFA supports House Bill 76, which makes a change to the existing mariculture revolving loan fund within the Division of Economic Development to allow loans to hatcheries that artificially propagate aquatic plants and shellfish for sale to aquatic farms.

UFA strongly supports the division's commercial fishing and fisheries enhancement revolving loan funds. These funds have been successful in helping Alaska resident fishermen enter the fishing industry as vessel owners and skippers, and to develop hatcheries to provide common property fishing opportunity for all users. The success of these funds has spurred creation of similar programs for charter fisheries and mariculture businesses in 2012. Mariculture development has been hindered by a shortage of shellfish and aquatic plant seed consequently, there is a need for shellfish and aquatic plant hatcheries to have access to the Mariculture Revolving Loan Fund.

UFA supports the Mariculture Initiative of the Alaska Fisheries Development Foundation, and we see the expansion of the mariculture loan fund to include hatcheries as key to increasing the opportunity for rural and coastal residents in their communities. Passage of HB 76 will help rural and coastal residents pursue mariculture development by increasing the supply of shellfish and aquatic plant seed stock, to help secure the economic diversification and the economic viability of their communities.

Thank you for your consideration.

Sincerely,

Jerry McCune
President

Mark Vinsel
Executive Administrator

CC: Representative Daniel Ortiz

**ALASKA MUNICIPAL LEAGUE
RESOLUTION #2016-____**

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE, URGING THE STATE OF ALASKA TO STATUTORILY AMEND THE EXISTING MARICULTURE REVOLVING LOAN FUND TO ALLOW FOR NON-PROFIT SHELLFISH HATCHERIES TO ALSO UTILIZE THE FUND IN AN AMOUNT NOT TO EXCEED UP TO \$2 MILLION OF THE PRINCIPLE OF THE FUND

WHEREAS, the Mariculture Revolving Loan Fund was established by AS 16.10.900-945 and 3 AAC 80.410-480 to make loans for the purpose of planning, construction , and operation of a mariculture business; and

WHEREAS, under AS 16.10.910 eligible applicants for a loan must have a permitted mariculture farm located within the State of Alaska; and

WHEREAS, AS 16.10.915 limits the loan amount to \$100,000 a year, not to exceed a total loan of \$300,000; and

WHEREAS, shellfish and aquatic plant seed (i.e. oyster and geoduck) are needed for mariculture farms to succeed and therefore, hatcheries are vital component for the industry to succeed within the State of Alaska; and

WHEREAS, per Alaska Department of Fish and Game, all species of native shellfish and aquatic plant seed are required to be produced within the State of Alaska (oyster is the only exception to this requirement); and

WHEREAS, certain local governments, such as the Ketchikan Gateway Borough, understand the need for hatcheries and have provided a loan to a local non-profit agency for the purpose of a shellfish hatchery to fill this void; and

WHEREAS, Alaska municipalities find that the State of Alaska Mariculture Revolving Loan Fund is the appropriate mechanism for funding mariculture hatcheries as well as farms within the state; and

WHEREAS, the Alaska municipalities find that the current revolving loan fund needs to be amended to allow non-profit shellfish hatcheries to apply for loans with the state following a similar administrative model as Alaska's salmon hatcheries which utilize the

Fisheries Enhancement Revolving Loan Fund; and

WHEREAS, it is in the best interest of Alaska municipalities and the communities they serve that non-profit shellfish hatcheries be eligible to utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund as an efficient and effective way to encourage economic development in communities.

NOW, THEREFORE BE IT RESOLVED THAT the Alaska Municipal League urges the Governor and the Legislature to statutorily amend the existing Mariculture Revolving Loan Fund to allow for non-profit shellfish hatcheries to also utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund.

PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE ON THE ___ DAY OF _____, 2015.

Signed: _____
President, Alaska Municipal League

Attest: _____
Executive Director, Alaska Municipal League

Submitted By:	Date Submitted:
Contact Name:	Contact Phone #:
Implementation Recommended:	
Agencies to Contact:	
Funding Required:	
Staff/Board Member Action:	

This resolution was approved for submission to the Alaska Municipal League membership by the Ketchikan Gateway Borough Assembly on October 5, 2015.

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 2621

A Resolution of the Assembly of the Ketchikan Gateway Borough, Urging the State of Alaska to Amend the Statutory Requirements for the Mariculture Revolving Loan Fund and Submitting a Resolution for Adoption by the Alaska Municipal League (AML)

RECITALS

- A. **WHEREAS**, the Mariculture Revolving Loan Fund was established by AS 16.10.900-945 and 3 AAC 80.410-480 to make loans for the purpose of planning, construction, and operation of a mariculture business; and,
- B. **WHEREAS**, under AS 16.10.910 eligible applicants for a loan must have a permitted mariculture farm located within the State of Alaska; and
- C. **WHEREAS**, AS 16.10.915 limits the loan amount to \$100,000 a year, not to exceed a total loan of \$300,000; and
- D. **WHEREAS**, shellfish and aquatic plant seed (i.e. oyster and geoduck) are needed for mariculture farms to succeed and therefore, hatcheries are vital component for the industry to succeed within the State of Alaska; and
- E. **WHEREAS**, per Alaska Department of Fish and Game, all species of native shellfish and aquatic plant seed are required to be produced within the State of Alaska (oyster is the only exception to this requirement); and
- F. **WHEREAS**, the Ketchikan Gateway Borough understands the need for hatcheries and has provided a loan to OceansAlaska for the purpose of a shellfish hatchery to fill this void; and
- G. **WHEREAS**, the Assembly believes that the State of Alaska Mariculture Revolving Loan Fund is an appropriate mechanism for funding mariculture hatcheries as well as farms within the state; and
- H. **WHEREAS**, the current revolving loan fund needs to be amended to allow non-profit shellfish hatcheries to apply for loans with the state following a similar administrative model as Alaska's salmon hatcheries which utilize the Fisheries Enhancement Revolving Loan Fund; and
- I. **WHEREAS**, the Assembly believes that it is in the best interest of the State of Alaska and the mariculture industry that non-profit shellfish hatcheries be eligible to utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund as an efficient and effective way to encourage economic

development in communities.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH as follows:

Section 1. The Assembly supports, and urges AML to support, a change to Alaska law that would statutorily amend the existing Mariculture Revolving Loan Fund to allow for non-profit shellfish hatcheries to also utilize the fund in an amount not to exceed up to \$2 million of the principle of the fund.

Section 2. The Borough Clerk is directed to forward this resolution to the AML with the request that the draft AML Resolution included as Exhibit A be considered at the 2015 AML Annual Local Government Conference.


Effective Date. This resolution shall be effective upon adoption.

ADOPTED this 5th day of October, 2015.



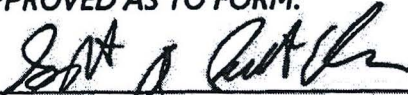
David Landis, Borough Mayor

ATTEST:



Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:



Scott A. Brandt-Erichsen, Borough Attorney