

Leg. Finance - Finance Comte Files (1971-72) 8879
HB 82 cont., 83, 88, 102, 103 36



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

S E N A T E

_____ Date

Mr. President:

The Committee on FINANCE has had CS 112 83
(CS 112 - Legislation (Finance))
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____	recommends: <u>do not pass</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

_____ CHAIRMAN

STATE OF ALASKA
THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

February 3, 1971

Honorable John Butrovich
Chairman, Senate Finance Committee
Pouch V
Juneau, Alaska 99801

Dear Mr. Chairman:

In response to your request this date, the following is a breakdown of the supplemental appropriation requested by this agency:

1. \$180,000 -- This sum is needed to fund the full \$4,000 expense allowance allowed each legislator per annum. Members of the Seventh Legislature have, as of this date, each received the sum of \$1,000 and are entitled to an additional \$3,000.

2. \$901.00 -- This sum is due Wien Airlines for a 1965 bill incurred by the Legislative Council during 1965. The agency did not receive this bill until the current fiscal year and, of course, our 1965-66 appropriation has long since lapsed. (Deleted by House Finance)

3. \$10,500 -- this amount is needed because of the size of the 1970 supplements to the Alaska Statutes. The sum of \$20,000 was budgeted for the 1970 supplements and the actual cost to the agency was \$30,500.

Breakdown? →
4. \$18,000 -- This amount is needed to fund the employee benefits for legislators through the current fiscal year. When the Free Conference Committee raised the salary of legislators to \$9,000 during the last session, benefits were not figured into the amount of the appropriation.

Breakdown →
5. \$10,000 -- This amount is included to cover the purchase and rental of additional equipment, carpeting of offices, reimbursement to the Division of Buildings for various projects and other miscellaneous items of expense incurred or expected to be incurred during this session.

Total: \$220,000

Sincerely yours,

John M. Elliott
John M. Elliott
Executive Director

Original sponsor: Rules Committee by request
of the Legislative Council

Offered: 1/29/71
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the Legislative Affairs
7 Agency; and providing for an effective date."

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

9 * Section 1. The sum of \$218,500 is appropriated from the general fund
10 to the Legislative Affairs Agency for additional expenses for the fiscal
11 year ending June 30, 1971. No portion of this appropriation may be used to
12 pay any obligation dated more than two years from the requested date of
13 disbursement.

14 * Sec. 2. This Act takes effect on the day after its passage and approval
15 or on the day it becomes law without approval.

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STATE OF ALASKA
THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

February 3, 1971

Honorable John Butrovich
Chairman, Senate Finance Committee
Pouch V
Juneau, Alaska 99801

Dear Mr. Chairman:

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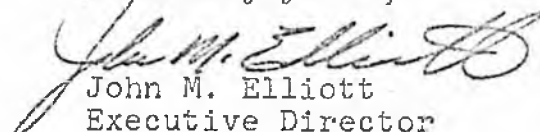
3. \$10,500 -- this amount is needed because of the size of the 1970 supplements to the Alaska Statutes. The sum of \$20,000 was budgeted for the 1970 supplements and the actual cost to the agency was \$30,500.

4. \$18,000 -- This amount is needed to fund the employee benefits for legislators through the current fiscal year. When the Free Conference Committee raised the salary of legislators to \$9,000 during the last session, benefits were not figured into the amount of the appropriation.

5. \$10,000 -- This amount is included to cover the purchase and rental of additional equipment, carpeting of offices, reimbursement to the Division of Buildings for various projects and other miscellaneous items of expense incurred or expected to be incurred during this session.

Total: \$220,000

Sincerely yours,


John M. Elliott
Executive Director



RECORDS



CERTIFICATION

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James C. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

HOUSE OF REPRESENTATIVES

12/16/71

12/17/72 Date

Mr. Speaker:

The Committee on FINANCE has had 10/17

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>[Signature]</u>	recommends: <u>[Signature]</u>
<u>[Signature]</u>	recommends: <u>[Signature]</u>
_____	recommends: _____
_____	recommends: _____
_____	recommends: _____

[Signature]
CHAIRMAN

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

TO: Legislative Finance
Room 407
State Capitol Building
Juneau

DATE: January 13, 1972

FROM: Dale Wallington *DW*
Deputy Commissioner

SUBJECT: Fiscal Note Request

We believe our budget request will be in no way affected by HB-83. The amendment as suggested in this bill will add no labor cost to our program that cannot be taken care of under our present personnel setup.

Since the legislation which became AS 38.05.035(b)(5) in Alaska Statutes was enacted in 1968, we have disposed of only two or three tracts under this provision. We do not anticipate any great number of disposals under this amendment.

Enclosures

In' duced: 1/19/71
Referred: Resources and
Finance

HUBER, BANFIELD, BARBER, BOWMAN, BRADNER,
CHANCE, FARRELL, FISCHER, HAUGEN, HOLM,
KERTTULA, MCGILL, MCVEIGH, MELAND,
E. MILLER, M. MILLER, MOORE, MOSES,
NAUGHTON, ORBECK, RANDOLPH, REED, ROSE,
SPECKING, SWANSON, AND WARWICK

1 IN THE HOUSE

2 HOUSE BILL NO. 83

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to disposition of state land in
7 certain situations of hardship or injustice; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 38.05.035(b)(5) is amended to read:

11 (5) when he determines it is in the best interest of the
12 state and will avoid injustice to a person or his heirs or devisees,
13 dispose of land, by direct negotiation to that person who presently
14 uses and who used and made improvements to that land before January 3,
15 1959 or his heirs or devisees; the amount paid for the land shall be
16 its fair market value as of that date, as determined by the director;
17 a parcel of land disposed of under this paragraph shall be of a size
18 consistent with the person's prior use, but may not exceed five acres.

19 * Sec. 2. This Act takes effect on the day after its passage and approval
20 or on the day it becomes law without approval.



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James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

HOUSE OF REPRESENTATIVES

427871

4/14/71 Date

Mr. Speaker:

The Committee on FINANCE has had HR 99 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(a)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

Introduced: 1/20/71
Referred: State Affairs,
Resources and Finance

BY HUBER, BARBER, BRADNER,
FARRELL, FERGUSON, FISCHER,
HOLM, KERTTULA, MCVEIGH,
E. MILLER, M. MILLER, ORBECK,
RANDOLPH, ROSE AND WARWICK

1 IN THE HOUSE

2 HOUSE BILL NO. 88

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to facilitate completion and maintenance of
7 federal flood control projects within the state; and
8 providing for an effective date."

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

10 * Section 1. AS 38.05 is amended by adding new sections to read:

11 Sec. 38.05.362. STATE ASSUMPTION OF NONFEDERAL FLOOD CONTROL
12 PROJECT COSTS. To the extent that funds are made available by the
13 legislature, the state shall assume ^{2570 77} nonfederal costs of planning,
14 land acquisition, construction and maintenance of flood control
15 projects authorized inside the state by the United States before or
16 after the effective date of this Act.

17 Sec. 38.05.364. DISPOSITION OF STATE LAND FOR FLOOD CONTROL
18 PROJECT. The division of lands may make conveyances of title or other
19 interests in state lands, provide for exchange of lands, or make other
20 arrangements with respect to state lands, as necessary to meet
21 federally-established requirements of flood control projects authorized
22 inside the state by the United States before or after the effective
23 date of this Act.

24 * Sec. 2. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law-without approval.

Introduced: 1/20/71
Referred: State Affairs,
Resources and Finance

BY HUBER, BARBER, BRADNER,
FARRELL, FERGUSON, FISCHER,
HOLM, KERTTULA, MCVEIGH,
E. MILLER, M. MILLER, ORBECK,
RANDOLPH, ROSE AND WARWICK

1 IN THE HOUSE

2 HOUSE BILL NO. 88

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to provide for state participation in federal
7 flood control projects; and providing for an effective
8 date."

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

10 * Section 1. AS 35 is amended by adding a new chapter to read:

11 CHAPTER 30. STATE PARTICIPATION IN FLOOD CONTROL PROJECTS.

12 Sec. 35.30.010. STATE ASSUMPTION OF NONFEDERAL FLOOD CONTROL
13 PROJECT COSTS. To the extent that funds are made available by the
14 legislature, the state shall assume 90 per cent of the nonfederal
15 costs of planning, land acquisition, construction and maintenance
16 of flood control projects authorized inside the state by the United
17 State before or after the effective date of this section. The
18 state shall participate in federal flood control projects under
19 this section only as to those projects authorized and approved by
20 the Department of Public Works.

21 * Sec. 2. AS 38.05 is amended by adding a new section to read:

22 Sec. 38.05.349. DISPOSITION OF STATE LAND FOR FLOOD CONTROL
23 PROJECT. The division of lands may make conveyances of title or other
24 interests in state lands, provide for exchange of lands, or make other
25 arrangements with respect to state lands, as necessary to meet
26 federally-established requirements of flood control projects authorized
27 inside the state by the United States before or after the effective
28 date of this Act.

29 * Sec. 3. This Act takes effect on the day after its passage and approval

1 or on the day it becomes law without approval.

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RECORDS CERTIFICATION



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James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

Ref: 5/26/71

SENATE

11

_____ Date

Mr. President:

The Committee on FINANCE has had 20 86
(Maintenance Flood Control Proj.)
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____
 _____ recommends: _____
 _____ recommends: _____
 _____ recommends: not done
 _____ recommends: No. 500

CHAIRMAN

Introduced: 1/20/71
Referred: State Affairs,
Resources and Finance

BY HUBER, BARBER, BRADNER,
FARRELL, FERGUSON, FISCHER,
HOLM, KERTTULA, MCVEIGH,
E. MILLER, M. MILLER, ORBECK,
RANDOLPH, ROSE AND WARWICK

1 IN THE HOUSE

2 HOUSE BILL NO. 88

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to facilitate completion and maintenance of
7 federal flood control projects within the state; and
8 providing for an effective date."

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

10 * Section 1. AS 38.05 is amended by adding new sections to read:

11 Sec. 38.05.362. STATE ASSUMPTION OF NONFEDERAL FLOOD CONTROL
12 PROJECT COSTS. To the extent that funds are made available by the
13 legislature, the state shall assume nonfederal costs of planning,
14 land acquisition, construction and maintenance of flood control
15 projects authorized inside the state by the United States before or
16 after the effective date of this Act.

17 Sec. 38.05.364. DISPOSITION OF STATE LAND FOR FLOOD CONTROL
18 PROJECT. The division of lands may make conveyances of title or other
19 interests in state lands, provide for exchange of lands, or make other
20 arrangements with respect to state lands, as necessary to meet
21 federally-established requirements of flood control projects authorized
22 inside the state by the United States before or after the effective
23 date of this Act.

24 * Sec. 2. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law-without approval.



RECORDS CERTIFICATION



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James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

HOUSE OF REPRESENTATIVES

1/20/71

1/20/71 Date

Mr. Speaker:

The Committee on FINANCE has had HB 112

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for 11-112 and that CS for 10-10 do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>W. A. ...</u>	<u>...</u>	<u>...</u>
<u>...</u>	<u>...</u>	<u>...</u>
<u>...</u>	<u>...</u>	<u>...</u>
<u>...</u>	<u>...</u>	<u>...</u>

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

...

CHAIRMAN

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Special Session, Seventh State Legislature

Revised

I. REQUEST

Bill Identification: CSHB 102 and CSHB 103
 Title: Relating to loans for commercial fishing purposes and approval
 Requested by: Senate Finance Date: 4-2-72
 Request Date Reopened: 4-11-72
 Agency: Department of Commerce Program: _____

II. FISCAL DETAIL

Budget Report Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONNEL SERVICES	-0-	41.5	43.8	46.2	48.7	51.4
200 TRAVEL	-0-	2.4	2.5	2.6	2.7	2.8
300 EQUIPMENT	-0-	10.9	11.5	12.1	12.8	13.5
400 COMMODITIES	-0-	2.2	2.3	2.4	2.5	2.6
500 CONTRACTS	-0-	4.8	.5	.5	.6	.6
600 DEPRECIATION						
700 STATE OF ALASKA, D.U.						
900 Inter-Agency Charges	-0-	1.1	1.2	1.3	1.4	1.5
TOTAL	-0-	62.9	61.8	65.1	68.7	72.4

B. FUNDING: (Thousands of dollars)

FUND	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
MAN MONTHS (P./T.)	/	3 /	3 /	3 /	3 /	3 /
	/	36 /	36 /	36 /	36 /	36 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- (1) Basic assumption is made that the program will be initiated and sustained as a separate section within the Department. Consolidation with an existing section might effect totals.
- (2) Major equipment purchases assumed to be made in FY 73.
- (3) All salaries computed at step 5.
- (4) 5.5% inflation factor used throughout.
- (5) Inter-agency charges include central duplicating and marine transportation.

IV. ATTACHMENTS

Three (3)

V. DATE: April 10, 1972 PREPARED BY: *Sharon Hoffenberg*

original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (If not legislator listed)

The Speaker stated that without objection, the reading of the Finance Committee Chairman's report on HOUSE BILL NO. 102 and HOUSE BILL NO. 103 and any subsequent reports would be waived and that they would be printed in the Journal. There being no objection, it was so ordered. The reports appear following the bill or resolution to which each pertains.

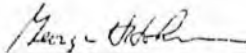
HB
102
HB
103

"FINANCE COMMITTEE REPORT
ON
COMMITTEE SUBSTITUTE FOR HOUSE BILL 102
AND
COMMITTEE SUBSTITUTE FOR HOUSE BILL 103

The Committee Substitute for House Bill No. 102 would establish a loan program for commercial fishing purposes. The Committee Substitute differs from the original bill in that it:

- (1) places the commercial fishing loan function in the Department of Commerce as opposed to the Department of Fish and Game;
- (2) adds a loan limitation to commercial fishermen who have had commercial gear licenses for three or more years;
- (3) deletes loan provisions for new vessels and gear;
- (4) provides loan extensions to accommodate poor fishing seasons;
- (5) limits loans to a maximum of \$100,000 as opposed to \$300,000, 15 as opposed to 30 years term and sets maximum interest at 7% as opposed to 6%.
- (6) total indebtedness on the vessel or gear may not exceed \$200,000 as opposed to \$300,000 and the new loan shall not exceed 75% of value; and
- (7) the Department of Revenue is required to purchase all mortgages and notes offered under the program by the Commissioner of Commerce.

Committee Substitute for House Bill No. 103 makes an initial appropriation to the commercial fishing revolving loan fund. \$1 million as opposed to \$35 million is appropriated to the Department of Commerce as opposed to the Department of Administration. The Act is to take effect on the effective date of CSHE 102.


George Hohman
Chairman"

HB 103 The Finance Committee has had HOUSE BILL NO. 103 (appropriating to the Department of Administration for the purpose of making commercial fishing loans; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 103 (appropriating to the Department of Commerce for the purpose of making commercial fishing loans; and providing for an effective date) and that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 103 do pass. The report was signed by Mr. Hohman, Chairman, and concurred in by Hohman, Warwick, Haugen, Fink, Titman, Wright and Degnan.

HOUSE BILL NO. 103 was referred to the Rules Committee for placement on the calendar.

HB 312 The Finance Committee has had HOUSE BILL NO. 312 (establishing a tourism revolving fund in the Department of Economic Development; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 312 (establishing a tourism revolving fund in the Department of Commerce; and providing for an effective date) and that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 312 do pass. The report was signed by Mr. Hohman, Chairman, and concurred in by Hohman, Warwick, Fink, Titman, Wright and Degnan.

HOUSE BILL NO. 312 was referred to the Rules Committee for placement on the calendar.

"FINANCE COMMITTEE REPORT

ON

COMMITTEE SUBSTITUTE FOR HOUSE BILL 312

AND

COMMITTEE SUBSTITUTE FOR HOUSE BILL 385

HB
385

The Committee Substitute for House Bill No. 312 would establish a tourism revolving fund in the Department of Commerce. The Committee Substitute differs from the original bill in that:

- (1) the fund would be administered by the Department of Commerce as opposed to the Department of Economic Development.
- (2) Provision for a separate Tourism Fund Board is deleted.
- (3) Amortization plans for the repayment of loans will not exceed 20 years.
- (4) Loans are limited to \$1 million as opposed to \$2 million with no minimum loan limitation.
- (5) The Department of Revenue is required to purchase all tourism loans offered for sale by the Commissioner of Commerce.

The Committee Substitute for House Bill NO. 385 provides initial funding for the tourism revolving fund. It would authorize \$1 million as opposed to \$5 million in initial authorization and make the appropriation take effect on the effective date of Committee Substitute for House Bill No. 312.

HOUSE JOURNAL

March 2, 1971

RESOURCES COMMITTEE REPORT ON
HOUSE BILL 102

In terms of its direct contribution to human welfare and employment, fisheries are Alaska's most important industry. At the same time it is the least efficient of any major economic activity conducted within the state. The reasons for this inefficiency are twofold. On the one hand, inappropriate institutional arrangements have created a chronic situation of too many fishermen, and on the other hand the backbone of the fishing industry--the individual fishermen--has been forced to work with outmoded, obsolescent and obsolete equipment. This bill addresses itself directly to this latter problem.

The chronic state of undercapitalization has long been recognized as one of the Alaskan fishing industry's major illnesses. Nevertheless, the state government has been unwilling and/or unable to take significant steps toward solving this problem. As a consequence, fishermen have been forced to look towards the processors for much of their financing. Financial dependence on processors has, in its turn, deprived fishermen of economic independence and the vital ability to seek the best market for their catch.

Passage of this legislation will mark the first positive effort on the part of the State of Alaska to alleviate this economically and socially undesirable situation. For the first time, Alaska's independent fishermen will be in a position to adopt the modern methods and techniques which are absolutely essential if Alaska's fisheries are to remain an important part of the state's economy. To cite just one example, the loans available under this program will make it possible for fishermen to upgrade their fish-holding facilities so as to satisfy the federal Food and Drug Administration's increasingly stringent requirements. Without this program, it is possible that many fishermen will be unable to meet these requirements and will thus be required to find a new livelihood in a region which is already noted for its chronically high unemployment rate.

The committee realizes that this legislation is only a first step, and that without other appropriate institutional changes it may even be counter productive. Nevertheless the committee believes that this is an important and essential first step.

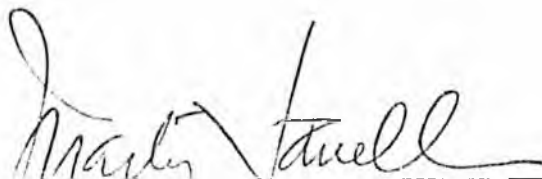
After hearing testimony from representatives of the Department of Fish and Game and the Department of Commerce the committee feels that this act would be most appropriately administered under the latter department, and has adopted an amendment to that purpose. The amendment strikes the phrase "Fish and Game" wherever it appears and substitutes the word "Commerce".

On the basis of testimony regarding the probable life of fishing vessels and fishing equipment the committee believes that the maximum term of loans allowed under the

HOUSE JOURNAL

act should be reduced from 30 to 25 years and has amended the bill accordingly. The amendment strikes the numerals "30" in line 2 and substitutes the numerals "25".

The initial sponsor of this legislation, Mr. Peratovich, has concurred in these amendments.



Marty Farrell
Chairman House Resources Committee



Alaska State Legislature
Senate

JUNEAU ALASKA

TO: Mr. George Hohman, Chairman
House Finance Committee

FROM: Rich Guthrie
Senate Fiscal Analyst

SUBJECT: Fiscal Note Request

DATE:

4/4/72

The following House bills are now in the Senate Finance Committee for consideration:

<u>Bill No.</u>	<u>Title</u>
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CSHB 102

The Senate Finance Committee would appreciate receiving eight copies of the fiscal note and other pertinent materials that will assist them as they consider these bills.

Original sponsors: Peratrovich, Meland
and Whittaker

Offered: 3/22/72
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 102

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to loans for commercial fishing
7 purposes."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10

ARTICLE 7. COMMERCIAL FISHING LOAN ACT.

11

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Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
state, under secs. 300 - 370 of this chapter, to promote the develop-
ment and continued maintenance of commercial fishing gear and vessels
throughout the state by means of long-term low interest loans.

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Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department
may

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(1) make loans to individual commercial fishermen who have
been state residents for a continuous period of five years and have had
a commercial gear license for three years for the repair, restoration
or upgrading of existing vessels and gear;

21

22

(2) designate agents and delegate its powers to them as
necessary;

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(3) adopt rules and regulations necessary to carry out its
functions;

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(4) establish amortization plans for repayment of loans,
which may include extensions for poor fishing seasons;

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(5) enter into agreements with private lending institutions,
other state agencies or agencies of the federal government, to carry
out the purposes of secs. 300 - 370 of this chapter.

1 (b) The department shall consult with the Department of Fish and
2 Game on regulations and procedures established under this chapter.

3 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan
4 may not exceed \$100,000. A loan may not run longer than 15 years or
5 bear interest exceeding seven per cent, and it shall be secured by a
6 chattel mortgage or real estate mortgage or both. The mortgage which
7 secures a loan may be of any priority if the total indebtedness on the
8 vessel or gear does not exceed \$200,000, but the loan shall not exceed
9 75 per cent of value including the value of any prior liens.

10 Sec. 16.10.330. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a)
11 The commissioner of commerce may sell or transfer at par value or at
12 a premium or discount to any bank or other private purchaser for cash
13 or other consideration the mortgages and notes held by the Department
14 of Commerce as security for loans made under this chapter.

15 (b) The commissioner of commerce may sell or transfer at par
16 value to the Department of Revenue the mortgages and notes held by the
17 Department of Commerce as security for loans made under this chapter.
18 The Department of Revenue shall purchase all such mortgages and notes
19 offered.

20 Sec. 16.10.340. CREATION OF FUND. There is a commercial fishing
21 revolving loan fund which shall not exceed \$1,000,000 to carry out the
22 purpose of secs. 300 - 370 of this chapter.

23 Sec. 16.10.350. ADMINISTRATION OF FUND. The commissioner shall
24 administer the loan fund.

25 Sec. 16.10.360. DEFINITIONS. In secs. 300 - 370 of this chapter

26 (1) "commissioner" means the commissioner of commerce;

27 (2) "department" means the Department of Commerce.

28 Sec. 16.10.370. SHORT TITLE. Secs. 300 - 370 of this chapter may
29 be cited as the Commercial Fishing Loan Act.

Zero of 10 ep

Introduced: 1/26/71
Referred: Resources and
Finance

1 IN THE HOUSE

BY PERATROVICH, MELAND
AND WHITTAKER

2 HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for commercial fishing
7 purposes."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 ARTICLE 7. COMMERCIAL FISHING LOAN ACT.

11 Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
12 state, under secs. 300 - 370 of this chapter, to promote the develop-
13 ment and continued maintenance of commercial fishing gear and vessels
14 throughout the state by means of long-term low interest loans.

15 Sec. 16.10.310. POWERS OF THE DEPARTMENT. The department may

16 (1) make loans to individual commercial fishermen who have
17 been state residents for a continuous period of five years for the
18 purchase of new vessels and gear or the repair, restoration or upgrading
19 of existing vessels and gear;

20 (2) designate agents and delegate its powers to them as
21 necessary;

22 (3) adopt rules and regulations necessary to carry out its
23 functions;

24 (4) establish amortization plans for repayment of loans,
25 which may include delayed payments of principal and interest for not
26 to exceed five years;

27 (5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of secs. 300 - 370 of this chapter.

1 Sec. 16.10.320. LIMITATIONS ON LOANS. (a) A commercial fishing
2 loan may not exceed \$300,000. A loan may not run longer than 30 years
3 or bear interest exceeding six per cent, and it shall be secured by
4 a chattel mortgage. The chattel mortgage which secures a loan may
5 be of any priority if the total indebtedness on the vessel or gear
6 does not exceed \$300,000.

7 (b) A short-term loan, to be amortized within three years and
8 not to exceed \$25,000 to any one borrower, may be made for emergency
9 purposes.

10 Sec. 16.10.330. SALE OR TRANSFER OF NOTES. The commissioner may
11 sell or transfer at par value or at a premium or discount to the
12 Department of Revenue or a bank or other private purchaser for cash
13 or other consideration the notes held by the Department of Fish and
14 Game as security for loans made under secs. 300 - 370 of this chapter.

15 Sec. 16.10.340. CREATION OF FUND. There is a commercial fishing
16 revolving loan fund which shall not exceed \$35,000,000 to carry out
17 the purpose of secs. 300 - 370 of this chapter.

18 Sec. 16.10.350. ADMINISTRATION OF FUND. The commissioner shall
19 administer the loan fund.

20 Sec. 16.10.360. DEFINITIONS. In secs. 300 - 370 of this chapter

21 (1) "commissioner" means the commissioner of fish and game;

22 (2) "department" means the Department of Fish and Game.

23 Sec. 16.10.370. SHORT TITLE. Secs. 300 - 370 of this chapter may
24 be cited as the Commercial Fishing Loan Act.
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27
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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

Ref: 1/3/72

SENATE

5/17/72

Date

Mr. President:

The Committee on Finance has had CS 102
(loans for commercial fishing)
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for CS 48712 and that
CS for CS 48712 do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

McCray CR

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

John Sulzberger
CHAIRMAN

Original sponsors: Peratrovich, Meland
and Whittaker

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for commercial fishing
7 purposes."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 ARTICLE 7. COMMERCIAL FISHING LOAN ACT.

11 Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
12 state, under secs. 300 - 370 of this chapter, to promote the develop-
13 ment and continued maintenance of commercial fishing gear and vessels
14 throughout the state by means of long-term low interest loans.

15 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department
16 may

17 (1) make loans to individual commercial fishermen who have
18 been state residents for a continuous period of five years and have had
19 a commercial gear license for three years for the repair, restoration
20 or upgrading of existing vessels and gear;

21 (2) designate agents and delegate its powers to them as
22 necessary;

23 (3) adopt rules and regulations necessary to carry out its
24 functions;

25 (4) establish amortization plans for repayment of loans,
26 which may include extensions for poor fishing seasons;

27 (5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of secs. 300 - 370 of this chapter.

1 (b) The department shall consult with the Department of Fish and
2 Game on regulations and procedures established under this chapter.

3 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan
4 may not exceed \$100,000. A loan may not run longer than 15 years or
5 bear interest exceeding eight per cent, and it shall be secured by a
6 first lien and appropriate security agreements. Loans may not exceed
7 75 per cent of the appraised value of the collateral used to secure
8 the loan. All loans granted under secs. 300 - 370 of this chapter must
9 be participated in by private financial institutions in an amount
10 equivalent to 25 per cent of the total loan value and the participating
11 private financial institution must administer and service all loans
12 for a reasonable service fee not exceeding one-half of one per cent of
13 the total loan value.

14 Sec. 16.10.330. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a)
15 The commissioner of commerce may sell or transfer at par value or at
16 a premium or discount to any bank or other private purchaser for cash
17 or other consideration the mortgages and notes held by the Department
18 of Commerce as security for loans made under this chapter.

19 (b) The commissioner of commerce may sell or transfer at par
20 value to the Department of Revenue the mortgages and notes held by the
21 Department of Commerce as security for loans made under this chapter.
22 The Department of Revenue shall purchase all such mortgages and notes
23 offered.

24 Sec. 16.10.340. CREATION OF FUND. There is a commercial fishing
25 revolving loan fund which shall not exceed \$1,000,000 to carry out the
26 purpose of secs. 300 - 370 of this chapter.

27 Sec. 16.10.350. ADMINISTRATION OF FUND. The commissioner shall
28 administer the loan fund.

29 Sec. 16.10.360. DEFINITIONS. In secs. 300 - 370 of this chapter

1 (1) "commissioner" means the commissioner of commerce;

2 (2) "department" means the Department of Commerce.

3 Sec. 16.10.370. SHORT TITLE. Secs. 300 - 370 of this chapter may
4 be cited as the Commercial Fishing Loan Act.
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THIS BILL RESOLUTION

has been prepared by the staff of the Legislative Council in response to the request and at the direction of the sponsor. The staff has attempted to place it in proper legal and clerical form subject to any special limitations or instructions of the sponsor. Member requests are kept confidential by the staff and any announcement of intent to have a document drafted or introduced remains the prerogative and responsibility of the sponsoring member in dealing with colleagues and other persons. The Council or its staff may not endorse or comment on policy matters involved in a bill or resolution. The substance and merits of a bill or resolution are the responsibility of the sponsor.

Delivered to sponsor: 5-16-72

5/11

Jen Ray + 2

Comm. Sub.

York to prepare

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 — JUNEAU 99801

April 21, 1972

The Honorable John Butrovich, Chairman
Senate Finance Committee
Alaska State Senate
Juneau, Alaska 99801

Re: CSHB No. 102 - Commercial
Fishing Loan Act

Dear Senator Butrovich:

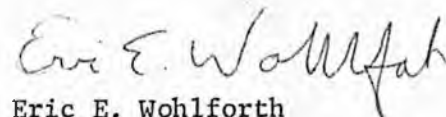
As a follow up to our response to your fiscal note request on CSHB No. 102 I am requesting that the language under Section 16.10.330 Sale or Transfer of Mortgages and Notes be changed to read as follows:

"(b) The Commissioner of Commerce may sell or transfer at par value to the Department of Revenue the mortgages and notes held by the Department of Commerce as security for loans made under this chapter. The Department of Revenue may purchase all the mortgages and notes offered and shall purchase the mortgages and notes offered until the current principal amount of all the mortgages and notes purchased and held by the Department of Revenue equals one per cent of the unencumbered general fund balance for the preceding fiscal year as shown by the annual financial report of the State for the year."

I have attached a copy of CSHB No. 312, Tourism Revolving Loan Fund, which contains the above language under Section 45.90.040.

I also request that consideration be given to the establishment of a loan board, whereby a majority of the board must approve all loans before they are made by the Department. This is contained under Section 45.90.050 of the attached.

Very truly yours,



Eric E. Wohlforth
Commissioner

EEW:ge
Enclosure

Original sponsors: Warwick, Meland
and M. Miller

Offered: 4/19/72
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 312

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a tourism revolving fund in the
7 Department of Commerce; and providing for an effective
8 date."

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

10 * Section 1. AS 45 is amended by adding a new chapter to read:

11 CHAPTER 90. TOURISM REVOLVING FUND.

12 Sec. 45.90.010. CREATION OF A TOURISM REVOLVING FUND. There
13 is created in the Department of Commerce a tourism revolving fund.

14 Sec. 45.90.020. POWERS OF THE DEPARTMENT. (a) The department
15 may

16 (1) make loans to a business directly involved in the
17 tourist industry;

18 (2) designate agents and delegate powers to them as neces-
19 sary;

20 (3) promulgate rules and regulations necessary to carry
21 out its functions;

22 (4) establish amortization plans for the repayment of loans
23 not to exceed 20 years.

24 (b) The Department of Commerce shall consult with the state
25 division or department having jurisdiction over tourism on regulations
26 and procedures established under this chapter.

27 Sec. 45.90.030. LIMITATIONS ON LOANS. No loan to a business may
28 be more than \$1,000,000. The loan shall be secured by acceptable
29 collateral and may not exceed 75 per cent of the appraised value of

1 the collateral offered as security. The rate of interest may not
2 exceed eight per cent a year on the unpaid balance.

3 Sec. 45.90.040. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a)
4 The commissioner of commerce may sell or transfer at par value or
5 at a premium or discount to any bank or other private purchaser for
6 cash or other consideration the mortgages and notes held by the
7 Department of Commerce as security for loans made under this chapter.

8 (b) The commissioner of commerce may sell or transfer at par
9 value to the Department of Revenue the mortgages and notes held by
10 the Department of Commerce as security for loans made under this
11 chapter. The Department of Revenue may purchase all the mortgages
12 and notes offered and shall purchase the mortgages and notes offered
13 until the current principal amount of all the mortgages and notes
14 purchased and held by the Department of Revenue equals one per cent
15 of the unencumbered general fund balance for the preceding fiscal
16 year as shown by the annual financial report of the state for the
17 year.

18 Sec. 45.90.050. TOURISM LOAN BOARD. There is created the
19 tourism loan board consisting of the commissioners of commerce, economic
20 development and revenue. A majority of the board must approve all
21 loans before they are made by the department.

22 * Sec. 2. This Act takes effect on the day after its passage and approval
23 or on the day it becomes law without approval.

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Seventh State Legislature

I. REQUEST

Bill Identification: CSHB 102 + CSHB 103
 Title: Relating to loans for commercial fishing purposes - Approp. for loan fund
 Requested by: Senate Finance Date: 4/4/72
 Return Date Requested: 4/11/72
 Agency: Dept. of Revenue Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-					

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

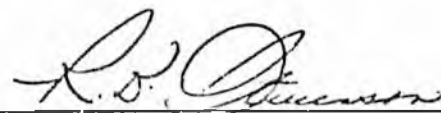
III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandums from Lawrence C. Eppenbach, Deputy Commissioner of Treasury; Richard E. Alexander, State Investment Officer and Ralph Kimlinger, Manager, Juneau Field Office of the Department of Revenue who is in charge of commercial fishing licensing.

IV. ATTACHMENTS

V. DATE: 4-12-72

PREPARED BY: _____


 R. D. Stevenson
 Deputy Commissioner

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE.

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

M E M O R A N D U M

TO: Bob Stevenson
Deputy Commissioner
Department of Revenue

DATE: April 4, 1972

FROM: LEGISLATIVE FINANCE
ROOM 407
CAPITOL BUILDING

SUBJ: FISCAL NOTE REQUEST

PLEASE COMPLETE THE ATTACHED FISCAL NOTE FOR CSHB 102 & CSHB 103,
AND RETURN IT TO OUR OFFICE BY 4/11/72.

IN ADDITION TO THE GENERAL INSTRUCTIONS REGARDING FISCAL NOTE PREPARATION (REFERENCE OUR MEMO OF _____), PLEASE OBSERVE THE FOLLOWING:

1. Comment on Sec. 16.10.330 of CSHB 102
2. Report on all state loan programs for which the Dept. of Revenue is obligated to purchase mortgages or notes. Information which shows the present Dept. of Revenue total purchases, anticipated purchases through FY 77, effect upon the unobligated general fund balance, etc. is requested.
3. Other comments or recommendations will be appreciated.

TIMELY RETURN OF THIS INFORMATION IS REQUESTED. HOWEVER, IF ADDITIONAL PREPARATION TIME IS REQUIRED, NOTIFY OUR OFFICE AS SOON AS POSSIBLE IN ORDER THAT DISCUSSION OF THE PROPOSED LEGISLATION MAY BE RESCHEDULED TO A LATER DATE.

ATTACHMENTS: (1) FISCAL NOTE
(2) COPY OF BILL VERSION

CC: BUDGET & MANAGEMENT

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Deputy Commissioner
Department of Revenue

DATE: April 11, 1972

FROM: Lawrence C. Eppenbach
Deputy Commissioner of Treasury
Department of Revenue

SUBJECT: Fiscal Note Request

This memo is in response to a fiscal note request on CSHB 102 and CSHB 103. These bills relate to proposed commercial fishing loans for the continued maintenance of commercial fishing gear and vessels. This memorandum and its attachments will cover items 1, 2 and 3 in the fiscal note request.

1. Comment on Section 16.10.330 of CSHB 102. This section provides the Commissioner of Commerce the option of:

a. Selling or transferring at par value or at a premium or discount to any private purchaser the mortgage and note held by the Department of Commerce as security for the fishing loans, or

b. Selling or transferring at par value to the Department of Revenue these mortgages and notes with the requirement that the Department of Revenue purchase all such mortgages and notes offered. The notes are of 15 year maximum term with a 7% interest rate limit.

Paragraph (a) implies that the Commissioner of Commerce may sell or transfer these mortgages and notes to private purchasers and that a ready and available market exists. At the present time, however, and for the foreseeable future, no such resale market exists. Further, very few of these commercial fishing loans have been made in the past by any financial institution in the State because the risk nature of the loans makes them unprofitable at the current 8% interest rate ceiling. It is difficult to estimate the effective market rate for these loans, as so few are made. However, rates at the 9% level appear reasonable. For a ten year average life loan to be resold at a 9% rate would represent a discount of 13% from par value. Therefore, the effective market for private purchase is non-existent and only paragraph (b) of Section 16.10.330, which obligates the Department of Revenue to purchase such mortgages and notes at par, provides the only, and artificial, resale market.

Comments on paragraph (b) will be in two parts. First will be general comments relating to the term and yield value of such mortgages and notes. The yield to the State of Alaska of these notes and mortgages transferred to the Department of Revenue will not exceed 6-1/2% after servicing expense, whereas the loan term may be up to 15 years. Needless to say it is in the interest to the borrower of funds to make the term ceiling the effective term at purchase. These notes and mortgages will provide returns below the market yields available in alternative investments. Indeed, marketable investments in the general fund of like term can be purchased at a 7% yield at the present time. More importantly,

because they are marketable, active management of these investments has provided annual returns of 10%. In summary, mortgages and notes cannot be treated as investment instruments but rather as special purpose development loans. The critical variable then becomes the amount of liquidity remaining in the general fund in the future and the size of the loan commitment.

The second comment on paragraph (b) focuses on the question of the size of the expected commitment. Clearly paragraph (b) in itself contradicts the essential "revolving" nature of the commercial fishing funds by directing the Commissioner of Revenue to purchase any such mortgages offered.

In estimating the potential demand for commercial fishing loans we began with the estimate of qualifying vessels, (reference memorandum dated April 7, 1972 from Ralph Kimlinger, Manager, Juneau Field Office regarding an estimate of qualifying Alaska fishing vessels). At the present time about 5,058 Alaska fishing vessels are owned by Alaska residents ranging from skiffs to large crab and sein boats. It is estimated that at least 90% of these vessels do qualify under Section 16.10.310 for the five year residency and three year commercial gear license requirement. As an approximation then, about 4,500 vessels are presently capable of securing mortgages and notes for commercial fishing licenses.

There is no way of estimating what the effected average loan will be or its timing. However, the initial appropriation of CSHB 103 will provide for only 50 loans at an average value of \$20,000 each. Clearly, more than 50 loans will be requested of the Department of Commerce. If half of the present qualifying boats request an average of \$10,000 each the value of the loan program will approach \$22,500,000. If only 1/3 of the present qualifying boats request only an average of \$10,000 in loans, the value of the program will approach \$15,000,000. In any case, there will be established a loan program considerably larger than the appropriation in CSHB 103. These loans, of course, will not be made immediately, however it is expected that first and second year loan activities will be a high percentage of the qualifying vessels with a lower effective average per year thereafter.

2. Report on Present and Anticipated Mortgage Commitments. The attached memorandum from Richard Alexander, State Investment Officer, presents in detail the Department of Revenue's mortgage commitments and I shall only summarize that information here.

The Department of Revenue owns at the present time a total of \$18.8 million in mortgage loans with an additional commitment of \$8 million expected by the end of fiscal year 1972, bringing the total to \$26.8 million. Of this amount \$11.4 million is in veterans loans which represent a continuing obligation to purchase loans submitted by the Department of Commerce. The balance of these veterans loans in the general fund are expected to increase to \$54.6 million in 1977 and \$91.1 million in 1982.

3. Other Comments or Recommendations. The critical issue is the liquidity balance in the general fund. Projections of oil and gas revenue from the North Slope have varied greatly over the past year. The expected revenue from the

North Slope with our current regulatory and tax system now provides for an increase in operating expenditures of only 1% annually. More importantly, the timing of North Slope revenues are still indefinite with the start up expected sometime in fiscal year 1977.

Any moderation in expenditures to maintain solvency will nevertheless bring the general fund balance to a critically low level during FY 1977-78. For example, a 5% increase in operating expenses (below maintenance) will provide for only a \$157 million general fund at the end of FY 1977 and a deficit of \$19.6 million the following year.

The loan purchases authorized under CSHB 102 may total approximately \$20 million by 1977 together with the estimated \$54.6 million in VA loans and \$25 million in long term C.D.'s in Alaska banks. This adds up to a liquidity crunch of serious proportions. The initiation of other programs, particularly those in CSSB 211 (SB 392), HB 312, and HB 49 would make the liquidity crunch unmanageable.

Therefore, we recommend that the Department of Revenue be granted discretionary authority as to the purchase of loans under CSHB 102.

Fiscal Note Detail. We estimate that the purchase of loans under CSHB 102 will not require additional budget expense to the Department of Revenue. Accordingly, the fiscal note detail has been left blank.

LGE:ge

MEMORANDUM

State of Alaska

TO: Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

DATE : April 7, 1972

FROM: Richard E. Alexander *REA*
State Investment Officer
Department of Revenue

SUBJECT: CSHB 102 and 103 -
Loans for Commercial Fishing

In response to R. D. Stevenson's memo to you dated April 5, 1972 I am submitting the following information regarding all State loan programs.

The following tabulation indicates present as well as an estimate of the commitment of the general fund to mortgage loan purposes by June 30, 1972:

	Ending Balance FY 1971	Purchases to Date FY 1972	Total to Date	Estimated Further Submissions	Estimated Total Ending FY 1972
Veterans Loans	\$1,613,982.81	\$ 6,861,944.24	\$ 8,475,927.05	\$3,000,000.00	\$11,475,927.05
Loan Incentive Program	3,775,908.53		3,775,908.53		3,775,908.53
GNMA		6,088,705.44	6,088,705.44		6,088,705.44
Alaska Housing Finance Corp.				5,000,000.00	5,000,000.00
Agricultural		529,825.01	529,825.01		529,825.01
Total	<u>\$5,389,891.34</u>	<u>\$13,480,474.69</u>	<u>\$18,870,366.03</u>	<u>\$8,000,000.00</u>	<u>\$26,870,366.03</u>

The Department of Revenue is obligated to purchase all veterans loans submitted, and comprises the principal portion of loans purchased. You will note that further submissions are expected during the current fiscal year of \$3,000,000 which will result in approximately \$11,500,000 in veterans loans held by the general fund by June 30, 1972.

The Division of Veterans Affairs advises that they will be submitting a minimum of \$10,000,000 for purchase each year through FY 1977. The following amortization schedule indicates that we will have over \$54,000,000 in veterans loans held by the general fund by June 30, 1977.

Fiscal Year	Beginning Balance	Loan Purchases	Principal Payments	Loan Payoffs	Ending Balance
1972	1,613,000	10,000,000	288,000	120,000	11,205,000
1973	11,205,000	10,000,000	504,000	210,000	20,491,000
1974	20,491,000	10,000,000	720,000	300,000	29,471,000
1975	29,471,000	10,000,000	936,000	390,000	38,145,000

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Loan Purchases</u>	<u>Principal Payments</u>	<u>Loan Payoffs</u>	<u>Ending Balance</u>
1976	38,145,000	10,000,000	1,152,000	480,000	46,513,000
1977	46,513,000	10,000,000	1,344,000	560,000	54,609,000
1978	54,609,000	10,000,000	1,536,000	640,000	62,433,000
1979	62,433,000	10,000,000	1,728,000	720,000	69,985,000
1980	69,985,000	10,000,000	1,920,000	800,000	77,285,000
1981	77,285,000	10,000,000	2,088,000	870,000	84,327,000
1982	84,327,000	10,000,000	2,256,000	940,000	<u>91,131,000</u>

Principal payments average \$24,000 per year for each \$1 million in mortgages.

Payoffs average \$10,000 per year for each \$1 million in mortgages (Payoffs are low due to attractive interest rates).

Schedule assumes \$10 million in loan purchases each year.

Although at the present time our obligated loan purchases consist only of veterans loans, indications are that in the near future we will be purchasing loans of the Small Business Loan Program and the Alaska Rural Rehabilitation Corporation.

Of primary significance, in my view, is the fact that there is no secondary market for resale of these loans. This would include commercial fishing loans and tourist industry loans. In other words, these loans become a permanent investment of the general fund and will remain held by the fund until paid down by the respective mortgages. You must evaluate the capacity of the general fund to acquire unmarketable securities in the long term spending plan and projected fund balances in future years.

Given the uncertainties of revenue forecasting, date of oil flow, etc., it would be prudent to retain discretionary authority as to the purchase of loans. I say this in view of the rapid expansion of the veterans loan program and imminent initiation of other programs.

REA:ge

STATE
of ALASKA

MEMORANDUM

TO: Larry Eppenbach
Deputy Commissioner
Treasury Division
Dept. of Revenue

DATE: April 7, 1972

FROM: Ralph Kimlinger, Manager
Juneau Field Office
Dept. of Revenue

SUBJECT: CSHB 102 & CSHB 103
Loans on Fishing Boats

Review of the programs of the Dept. of Fish and Game reveals that information relative to ownership of fishing vessels is not maintained. This office has therefore estimated, from the 1971 Commercial Fishing License Sales, the number of resident vessels which might be subject to the provisions of CSHB 102 & 103.

During calendar year 1971 there were 7884 resident Alaska Vessel licenses issued for commercial fishing. Of the 7884 approximately 5058 would be owned by Alaska residents.

This office has no way of determining how many of the above 5058 residents have been residents for 5 years and commercially fished for three years. We would however, state that the majority would qualify.

It should be pointed out that the above boats will range in value from approximately \$500.00 for skiffs to \$70,000.00 for crab and seine boats.

Sorry we cannot be more exact but records are not maintained in a manner which would allow definite identification.

RK/hm

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Seventh State Legislature

I. REQUEST

Bill Identification: CSHB 102 and CSHB 103

Title: Relating to loans for commercial fishing purposes and appropriations

Requested by: Senate Finance Date: 4-4-72 Inv. No. 3344

Return Date Requested: 4-11-72

Agency: Department of Commerce Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONAL SERVICES	-0-	41.5	43.8	46.2	48.7	51.4
200 TRAVEL	-0-	2.4	2.5	2.6	2.7	2.8
300 COM. CAPITAL	-0-	10.9	11.5	12.1	12.8	13.3
400 COMMODITIES	-0-	2.2	2.3	2.4	2.5	2.6
500 EQUIPMENT	-0-	4.8	.5	.5	.6	.6
600 DEPRECIATION						
700 SUPPLIES, CLERICAL, ETC.						
900 Inter-Agency Charges	-0-	1.1	1.2	1.3	1.4	1.5
TOTAL	-0-	62.9	61.8	65.1	68.7	72.4

B. FUNDING: (Thousands of dollars)

FUND	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
MAN MONTHS (P./T.)	/	3 /	3 /	3 /	3 /	3 /
	/	36 /	36 /	36 /	36 /	36 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- (1) Basic assumption is made that the program will be initiated and sustained as a separate section within the Department. Consolidation with an existing section might effect totals.
- (2) Major equipment purchases assumed to be made in FY 73.
- (3) All salaries computed at step A.
- (4) 5.5% inflation factor used throughout.
- (5) Inter-Agency charges include central duplicating and marine transportation.

IV. ATTACHMENTS

Three (3)

V. DATE: April 10, 1972

PREPARED BY: *Sharon Hoffenberg*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REQUEST FOR NEW POSITION

CODE

AGENCY	COMMERCE
OPERATING PROGRAM	Division of Small Business Loans
ACTIVITY	
FUNCTION	

For the Fiscal Year Ending June 30, 1972

PROPOSED POSITION TITLE Loan Examiner II RANGE 19-A LOCATION Juneau
 TYPE OF POSITION Permanent-Full time REFERENCE: 02-13B, LINE _____

CODE (1)	EXPENDITURE BY OBJECT (2)	EXPENDITURES (3)	DETAIL OF RELATED EXPENSES (4)	APPROVED CLASSIFICATION	CLASS CODE	RANGE	APPROVED BY	EFFECTIVE DATE	LOCATION	PCN
100	PERSONAL SERVICES	19,122	16,344 plus 17% benefits							
200	TRAVEL	2,400	Travel outside 2400							
			Ins. 500, professional ser. 1000, other 1000,							
300	CONTRACTUAL SERVICES	7,120	Rent 150 sq. ft. @ .90=135.00 x 12=1,620 communications 1000, printing & adv. 1000, repairs 500, rental of equipment 500							
400	COMMODITIES	800	Professional supplies 500, office supplies 300							
500	EQUIPMENT	1,580	Exec desk 250, exec. chair 150, costumer 50, storage cabinet 100, calculator 700, side chair 50, file cabinet 130, bookcase 150							
	TOTAL									
NARRATIVE JUSTIFICATION:										
								CERTIFICATION BY DEPARTMENT HEAD		DATE

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REQUEST FOR NEW POSITION

CODE

AGENCY	COMMERCE
OPERATING PROGRAM	Small Business Loans
ACTIVITY	
FUNCTION	

For the Fiscal Year Ending June 30, 1972

PROPOSED POSITION TITLE Accountant II RANGE 14-A LOCATION Juneau
 TYPE OF POSITION Permanent-Full time REFERENCE: 02-136, LINE _____

CODE (1)	EXPENDITURE BY OBJECT (2)	EXPENDITURES (3)	DETAIL OF RELATED EXPENSES (4)
100	PERSONAL SERVICES	13,240	11,316 plus 17% benefits
200	TRAVEL	-0-	None
300	CONTRACTUAL SERVICES	2,120	Rent 150 sq. ft. @ .90 = 135 x 12 = 1,620, communications 500
400	COMMODITIES	600	Professional supplies 300, office supplies 150 other 150
500	EQUIPMENT	1,960	Exec. desk 250, typist chair 60, side chair 50 file cabinet 150, typewriter 600, calculator 700, bookcase 150
TOTAL			

NARRATIVE JUSTIFICATION:

CERTIFICATION BY DEPARTMENT HEAD	DATE

APPROVED CLASSIFICATION
CLASS CODE
RANGE
APPROVED BY
EFFECTIVE DATE
LOCATION
PCN

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REQUEST FOR NEW POSITION

CODE

AGENCY OPERATING PROGRAM	COMMERCE
ACTIVITY	Small Business Loans
FUNCTION	

For the Fiscal Year Ending June 30, 1972

PROPOSED POSITION TITLE Clerk-Steno III RANGE 9-A LOCATION Juneau
 TYPE OF POSITION Permanent-Full time REFERENCE: 02-13B, LINE _____

CODE (1)	EXPENDITURE BY OBJECT (2)	EXPENDITURES (3)	DETAIL OF RELATED EXPENSES (4)
100	PERSONAL SERVICES	9,154	7,804 plus 17% benefits
200	TRAVEL	-0-	None
300	CONTRACTUAL SERVICES	1,620	Rent 150 sq. ft. @ .90 135 x 12= 1,620
400	COMMODITIES	800	Professional Supplies 200, stationery and office supplies 600
500	EQUIPMENT	1,080	Desk 230, typist chair 50, side chair 50, file cabinet 150, typewriter 600.
TOTAL			

APPROVED CLASSIFICATION
CLASS CODE
RANGE
APPROVED BY
EFFECTIVE DATE
LOCATION
PCN

NARRATIVE JUSTIFICATION:

CERTIFICATION BY DEPARTMENT HEAD	DATE
----------------------------------	------

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

BUREAU 99801

MEMORANDUM

TO: Bob Stevenson
Deputy Commissioner
Department of Revenue

DATE: April 4, 1972

FROM: LEGISLATIVE FINANCE
ROOM 407
CAPITOL BUILDING

SUBJ: FISCAL NOTE REQUEST

PLEASE COMPLETE THE ATTACHED FISCAL NOTE FOR CSHB 102 & CSHB 103
AND RETURN IT TO OUR OFFICE BY 4/11/72.

IN ADDITION TO THE GENERAL INSTRUCTIONS REGARDING FISCAL NOTE PREPARATION (REFERENCE OUR MEMO OF _____), PLEASE OBSERVE THE FOLLOWING:

1. Comment on Sec. 16.10.330 of CSHB 102
2. Report on all state loan programs for which the Dept. of Revenue is obligated to purchase mortgages or notes. Information which shows the present Dept. of Revenue total purchases, anticipated purchases through FY 77, effect upon the unobligated general fund balance, etc. is requested.
3. Other comments or recommendations will be appreciated.

TIMELY RETURN OF THIS INFORMATION IS REQUESTED. HOWEVER, IF ADDITIONAL PREPARATION TIME IS REQUIRED, NOTIFY OUR OFFICE AS SOON AS POSSIBLE IN ORDER THAT DISCUSSION OF THE PROPOSED LEGISLATION MAY BE RESCHEDULED TO A LATER DATE.

ATTACHMENTS: (1) FISCAL NOTE
(2) COPY OF BILL VERSION

CC: BUDGET & MANAGEMENT

V. DATE: _____ PREPARED BY: _____

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Original sponsors: Peratrovich, Meland
and Whittaker

Offered: 3/22/72
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 102

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to loans for commercial fishing
7 purposes."

8

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

9

* Section 1. AS 16.10 is amended by adding new sections to read:

10

ARTICLE 7. COMMERCIAL FISHING LOAN ACT.

11

Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
12 state, under secs. 300 - 370 of this chapter, to promote the develop-
13 ment and continued maintenance of commercial fishing gear and vessels
14 throughout the state by means of long-term low interest loans.

15

Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department
16 may

17

(1) make loans to individual commercial fishermen who have
18 been state residents for a continuous period of five years and have had
19 a commercial gear license for three years for the repair, restoration
20 or upgrading of existing vessels and gear;

21

(2) designate agents and delegate its powers to them as
22 necessary;

23

(3) adopt rules and regulations necessary to carry out its
24 functions;

25

(4) establish amortization plans for repayment of loans,
26 which may include extensions for poor fishing seasons;

27

(5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of secs. 300 - 370 of this chapter.

1 (b) The department shall consult with the Department of Fish and
2 Game on regulations and procedures established under this chapter.

3 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan
4 may not exceed \$100,000. A loan may not run longer than 15 years or
5 bear interest exceeding seven per cent, and it shall be secured by a
6 chattel mortgage or real estate mortgage or both. The mortgage which
7 secures a loan may be of any priority if the total indebtedness on the
8 vessel or gear does not exceed \$200,000, but the loan shall not exceed
9 75 per cent of value including the value of any prior liens.

10 Sec. 16.10.330. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a)
11 The commissioner of commerce may sell or transfer at par value or at
12 a premium or discount to any bank or other private purchaser for cash
13 or other consideration the mortgages and notes held by the Department
14 of Commerce as security for loans made under this chapter.

15 (b) The commissioner of commerce may sell or transfer at par
16 value to the Department of Revenue the mortgages and notes held by the
17 Department of Commerce as security for loans made under this chapter.
18 The Department of Revenue shall purchase all such mortgages and notes
19 offered.

20 Sec. 16.10.340. CREATION OF FUND. There is a commercial fishing
21 revolving loan fund which shall not exceed \$1,000,000 to carry out the
22 purpose of secs. 300 - 370 of this chapter.

23 Sec. 16.10.350. ADMINISTRATION OF FUND. The commissioner shall
24 administer the loan fund.

25 Sec. 16.10.360. DEFINITIONS. In secs. 300 - 370 of this chapter

26 (1) "commissioner" means the commissioner of commerce;

27 (2) "department" means the Department of Commerce.

28 Sec. 16.10.370. SHORT TITLE. Secs. 300 - 370 of this chapter may
29 be cited as the Commercial Fishing Loan Act.

Zero of 10 cyp

Introduced: 1/26/71
Referred: Resources and
Finance

1 IN THE HOUSE

BY PERATROVICH, MELAND
AND WHITTAKER

2 HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for commercial fishing
7 purposes."

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

9 * Section 1. AS 16.10 is amended by adding new sections to read:

10 ARTICLE 7. COMMERCIAL FISHING LOAN ACT.

11 Sec. 16.10.300. DECLARATION OF POLICY. It is the policy of the
12 state, under secs. 300 - 370 of this chapter, to promote the develop-
13 ment and continued maintenance of commercial fishing gear and vessels
14 throughout the state by means of long-term low interest loans.

15 Sec. 16.10.310. POWERS OF THE DEPARTMENT. The department may

16 (1) make loans to individual commercial fishermen who have
17 been state residents for a continuous period of five years for the
18 purchase of new vessels and gear or the repair, restoration or upgrading
19 of existing vessels and gear;

20 (2) designate agents and delegate its powers to them as
21 necessary;

22 (3) adopt rules and regulations necessary to carry out its
23 functions;

24 (4) establish amortization plans for repayment of loans,
25 which may include delayed payments of principal and interest for not
26 to exceed five years;

27 (5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of secs. 300 - 370 of this chapter.

1 Sec. 16.10.320. LIMITATIONS ON LOANS. (a) A commercial fishing
2 loan may not exceed \$300,000. A loan may not run longer than 30 years
3 or bear interest exceeding six per cent, and it shall be secured by
4 a chattel mortgage. The chattel mortgage which secures a loan may
5 be of any priority if the total indebtedness on the vessel or gear
6 does not exceed \$300,000.

7 (b) A short-term loan, to be amortized within three years and
8 not to exceed \$25,000 to any one borrower, may be made for emergency
9 purposes.

10 Sec. 16.10.330. SALE OR TRANSFER OF NOTES. The commissioner may
11 sell or transfer at par value or at a premium or discount to the
12 Department of Revenue or a bank or other private purchaser for cash
13 or other consideration the notes held by the Department of Fish and
14 Game as security for loans made under secs. 300 - 370 of this chapter.

15 Sec. 16.10.340. CREATION OF FUND. There is a commercial fishing
16 revolving loan fund which shall not exceed \$35,000,000 to carry out
17 the purpose of secs. 300 - 370 of this chapter.

18 Sec. 16.10.350. ADMINISTRATION OF FUND. The commissioner shall
19 administer the loan fund.

20 Sec. 16.10.360. DEFINITIONS. In secs. 300 - 370 of this chapter

21 (1) "commissioner" means the commissioner of fish and game;

22 (2) "department" means the Department of Fish and Game.

23 Sec. 16.10.370. SHORT TITLE. Secs. 300 - 370 of this chapter may
24 be cited as the Commercial Fishing Loan Act.

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMERCE

PHONE: 586-6090

TO: House Finance Committee
Legislative Finance
Budget and Management

Thru: The Honorable Kenneth W. Kadow *Kadow* DATE: April 10, 1972
Commissioner

From: Sharon Wolfenberger *SW* SUBJECT: Fiscal Note
Manager, ASDC

Attached please find corrected fiscal note for CSHB 102 and CSHB 103. The original was forwarded this date and subsequently I found errors in the computations for the equipment purchases for FY 76.

Attachment

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

BUREAU 99301

MEMORANDUM

TO: Vern Roberts, Director
Division of Administration
Dept. of Fish & Game

DATE: 4/4/72

FROM: LEGISLATIVE FINANCE
ROOM 407
CAPITOL BUILDING

SUBJ: FISCAL NOTE REQUEST

PLEASE COMPLETE THE ATTACHED FISCAL NOTE FOR
AND RETURN IT TO OUR OFFICE BY 4/11/72.

CSHB 102 &
CSHB 103

IN ADDITION TO THE GENERAL INSTRUCTIONS REGARDING FISCAL
NOTE PREPARATION (REFERENCE OUR MEMO OF _____),
PLEASE OBSERVE THE FOLLOWING:

TIMELY RETURN OF THIS INFORMATION IS REQUESTED. HOWEVER,
IF ADDITIONAL PREPARATION TIME IS REQUIRED, NOTIFY OUR OFFICE
AS SOON AS POSSIBLE IN ORDER THAT DISCUSSION OF THE PROPOSED LEG-
ISLATION MAY BE RESCHEDULED TO A LATER DATE.

ATTACHMENTS: (1) FISCAL NOTE
(2) COPY OF BILL VERSION

CC: BUDGET & MANAGEMENT

V. DATE: _____ PREPARED BY: _____

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

133
in the appropriation of \$1,000,000 of Admin. for the purpose
of commercial bank loans

Committee Report

HOUSE OF REPRESENTATIVES

_____ Date

Mr. Speaker:

The Committee on _____ has had _____
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

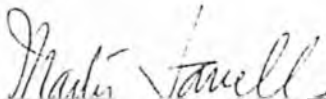
CHAIRMAN

The Resources Committee has had HOUSE BILL NO. 103 (appropriating to the Department of Administration for the purpose of making commercial fishing loans; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Farrell, Chairman, and concurred in by Farrell, McGill, Colletta, Moore, Tillion, Swanson, Reed, Peratrovich, Specking and Meland. Not concurring was Holm with no recommendation.

HOUSE BILL NO. 103 was referred to the Finance Committee

"RESOURCES COMMITTEE REPORT ON
HOUSE BILL 103

This bill would appropriate \$35 million from the general fund to the Department of Administration for the purpose of making loans into the commercial fishing revolving fund established by House Bill 102. It should be noted that the actual amount of money appropriated into the revolving fund is left to the discretion of the executive branch.



Marty Farrell
Chairman, House Resources Committee"

HJR The State Affairs Committee has had HOUSE BILL NO. 36 (relating to the employment of Japanese nationals in the salmon egg industry) under consideration and a majority of the members of the Committee recommends it do pass with the following amendment and further that it do pass with the State Affairs amendment only:

amendment No. 2 by the State Affairs Committee:

Page 1, line 5: In the title after "Relating to the employment of" delete "Japanese" and insert "alien"

Page 1, line 24: After "only one" delete "Japanese" and insert "alien"

The report was signed by Mr. McVeigh, Chairman, and concurred in by McVeigh, Fischer, Rose, M. Miller, Harris, Holm, Huber and Ferguson.

HOUSE JOINT RESOLUTION was referred to the Rules Committee for placement on the calendar.

HB The Local Government Committee has had HOUSE BILL NO. 266 (authorizing teacher sick leave banks; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. M. Miller, Chairman, and concurred in by M. Miller, Whittaker, Swanson and E. Miller. Not concurred in by Specking who has no recommendation.

HOUSE BILL NO. 266 was referred to the Health, Welfare and Education Committee.

HCR The State Affairs Committee has had HOUSE CONCURRENT RESOLUTION NO. 13 (relating to the opening of the Whittier Tunnel under consideration and a majority of the members of the Committee recommends it do pass with the following amendment and further that it do pass with the State Affairs amendment only:

Original sponsors: Peratrovich, Meland
and Whittaker

Offered: 3/22/72
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 103

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act appropriating to the Department of Commerce
7 for the purpose of making commercial fishing loans;
8 and providing for an effective date."

9

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

10

* Section 1. The sum of \$1,000,000 is appropriated from the general
11 fund to the Department of Commerce for the purpose of making loans from the
12 commercial fishing revolving loan fund.

13

* Sec. 2. This Act takes effect on the effective date of "An Act relating
14 to loans for commercial fishing purposes".

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Introduced: 1/26/71
Referred: Resources and
Finance

1 IN THE HOUSE

BY PERATROVICH, MELAND
AND WHITTAKER

2

HOUSE BILL NO. 103

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act appropriating to the Department of Adminis-
7 tration for the purpose of making commercial fishing
8 loans; and providing for an effective date."

9

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

10

* Section 1. The sum of \$35,000,000 is appropriated from the general
11 fund to the Department of Administration for the purpose of making loans
12 from the commercial fishing revolving loan fund.

13

* Sec. 2. This Act takes effect July 1, 1971.

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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James Smith
Signature of Camera Operator

4/4/89
Date

11/3/77

Committee Report

S E N A T E

[Handwritten signature]

Date

Mr. President:

The Committee on Finance has had CSHR 103
(appropriating to Commerce for fishing loans)
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for ~~_____~~ and that ~~_____~~ CS for ~~_____~~ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

[Handwritten signatures]

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

[Handwritten signature]

 CHAIRMAN

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Seventh State Legislature

I. REQUEST

Bill Identification: CSHB 102 + CSHB 103
 Title: Relating to loans for commercial fishing purposes - Approp. for loan fund
 Requested by: Senate Finance Date: 4/4/72
 Return Date Requested: 4/11/72
 Agency: Dept. of Revenue Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-					

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandums from Lawrence C. Eppenbach, Deputy Commissioner of Treasury; Richard E. Alexander, State Investment Officer and Ralph Kimlinger, Manager, Juneau Field Office of the Department of Revenue who is in charge of commercial fishing licensing.

IV. ATTACHMENTS

V. DATE: 4-12-72 PREPARED BY: R. D. Stevenson

R. D. Stevenson
 Deputy Commissioner

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

TO: Bob Stevenson
Deputy Commissioner
Department of Revenue

DATE: April 4, 1972

FROM: LEGISLATIVE FINANCE
ROOM 407
CAPITOL BUILDING

SUBJ: FISCAL NOTE REQUEST

PLEASE COMPLETE THE ATTACHED FISCAL NOTE FOR CSHB 102 & CSHB 103,
AND RETURN IT TO OUR OFFICE BY 4/11/72.

IN ADDITION TO THE GENERAL INSTRUCTIONS REGARDING FISCAL NOTE PREPARATION (REFERENCE OUR MEMO OF _____), PLEASE OBSERVE THE FOLLOWING:

1. Comment on Sec. 16.10.330 of CSHB 102
2. Report on all state loan programs for which the Dept. of Revenue is obligated to purchase mortgages or notes. Information which shows the present Dept. of Revenue total purchases, anticipated purchases through FY 77, effect upon the unobligated general fund balance, etc. is requested.
3. Other comments or recommendations will be appreciated.

TIMELY RETURN OF THIS INFORMATION IS REQUESTED. HOWEVER, IF ADDITIONAL PREPARATION TIME IS REQUIRED, NOTIFY OUR OFFICE AS SOON AS POSSIBLE IN ORDER THAT DISCUSSION OF THE PROPOSED LEGISLATION MAY BE RESCHEDULED TO A LATER DATE.

ATTACHMENTS: (1) FISCAL NOTE
(2) COPY OF BILL VERSION

CC: BUDGET & MANAGEMENT

MEMORANDUM

TO: R. D. Stevenson
Deputy Commissioner
Department of Revenue

DATE: April 11, 1972

FROM: Lawrence C. Eppenbach
Deputy Commissioner of Treasury
Department of Revenue

SUBJECT: Fiscal Note Request

This memo is in response to a fiscal note request on CSHB 102 and CSHB 103. These bills relate to proposed commercial fishing loans for the continued maintenance of commercial fishing gear and vessels. This memorandum and its attachments will cover items 1, 2 and 3 in the fiscal note request.

1. Comment on Section 16.10.330 of CSHB 102. This section provides the Commissioner of Commerce the option of:

a. Selling or transferring at par value or at a premium or discount to any private purchaser the mortgage and note held by the Department of Commerce as security for the fishing loans, or

b. Selling or transferring at par value to the Department of Revenue these mortgages and notes with the requirement that the Department of Revenue purchase all such mortgages and notes offered. The notes are of 15 year maximum term with a 7% interest rate limit.

Paragraph (a) implies that the Commissioner of Commerce may sell or transfer these mortgages and notes to private purchasers and that a ready and available market exists. At the present time, however, and for the foreseeable future, no such resale market exists. Further, very few of these commercial fishing loans have been made in the past by any financial institution in the State because the risk nature of the loans makes them unprofitable at the current 8% interest rate ceiling. It is difficult to estimate the effective market rate for these loans, as so few are made. However, rates at the 9% level appear reasonable. For a ten year average life loan to be resold at a 9% rate would represent a discount of 13% from par value. Therefore, the effective market for private purchase is non-existent and only paragraph (b) of Section 16.10.330, which obligates the Department of Revenue to purchase such mortgages and notes at par, provides the only, and artificial, resale market.

Comments on paragraph (b) will be in two parts. First will be general comments relating to the term and yield value of such mortgages and notes. The yield to the State of Alaska of these notes and mortgages transferred to the Department of Revenue will not exceed 6-1/2% after servicing expense, whereas the loan term may be up to 15 years. Needless to say it is in the interest to the borrower of funds to make the term ceiling the effective term at purchase. These notes and mortgages will provide returns below the market yields available in alternative investments. Indeed, marketable investments in the general fund of like term can be purchased at a 7% yield at the present time. More importantly,

because they are marketable, active management of these investments has provided annual returns of 10%. In summary, mortgages and notes cannot be treated as investment instruments but rather as special purpose development loans. The critical variable then becomes the amount of liquidity remaining in the general fund in the future and the size of the loan commitment.

The second comment on paragraph (b) focuses on the question of the size of the expected commitment. Clearly paragraph (b) in itself contradicts the essential "revolving" nature of the commercial fishing funds by directing the Commissioner of Revenue to purchase any such mortgages offered.

In estimating the potential demand for commercial fishing loans we began with the estimate of qualifying vessels, (reference memorandum dated April 7, 1972 from Ralph Kimlinger, Manager, Juneau Field Office regarding an estimate of qualifying Alaska fishing vessels). At the present time about 5,058 Alaska fishing vessels are owned by Alaska residents ranging from skiffs to large crab and sein boats. It is estimated that at least 90% of these vessels do qualify under Section 16.10.310 for the five year residency and three year commercial gear license requirement. As an approximation then, about 4,500 vessels are presently capable of securing mortgages and notes for commercial fishing licenses.

There is no way of estimating what the effected average loan will be or its timing. However, the initial appropriation of CSHB 103 will provide for only 50 loans at an average value of \$20,000 each. Clearly, more than 50 loans will be requested of the Department of Commerce. If half of the present qualifying boats request an average of \$10,000 each the value of the loan program will approach \$22,500,000. If only 1/3 of the present qualifying boats request only an average of \$10,000 in loans, the value of the program will approach \$15,000,000. In any case, there will be established a loan program considerably larger than the appropriation in CSHB 103. These loans, of course, will not be made immediately, however it is expected that first and second year loan activities will be a high percentage of the qualifying vessels with a lower effective average per year thereafter.

2. Report on Present and Anticipated Mortgage Commitments. The attached memorandum from Richard Alexander, State Investment Officer, presents in detail the Department of Revenue's mortgage commitments and I shall only summarize that information here.

The Department of Revenue owns at the present time a total of \$18.8 million in mortgage loans with an additional commitment of \$8 million expected by the end of fiscal year 1972, bringing the total to \$26.8 million. Of this amount \$11.4 million is in veterans loans which represent a continuing obligation to purchase loans submitted by the Department of Commerce. The balance of these veterans loans in the general fund are expected to increase to \$54.6 million in 1977 and \$91.1 million in 1982.

3. Other Comments or Recommendations. The critical issue is the liquidity balance in the general fund. Projections of oil and gas revenue from the North Slope have varied greatly over the past year. The expected revenue from the

North Slope with our current regulatory and tax system now provides for an increase in operating expenditures of only 1% annually. More importantly, the timing of North Slope revenues are still indefinite with the start up expected sometime in fiscal year 1977.

Any moderation in expenditures to maintain solvency will nevertheless bring the general fund balance to a critically low level during FY 1977-78. For example, a 5% increase in operating expenses (below maintenance) will provide for only a \$157 million general fund at the end of FY 1977 and a deficit of \$19.6 million the following year.

The loan purchases authorized under CSHB 102 may total approximately \$20 million by 1977 together with the estimated \$54.6 million in VA loans and \$25 million in long term C.D.'s in Alaska banks. This adds up to a liquidity crunch of serious proportions. The initiation of other programs, particularly those in CSSB 211 (SB 392), HB 312, and HB 49 would make the liquidity crunch unmanageable.

Therefore, we recommend that the Department of Revenue be granted discretionary authority as to the purchase of loans under CSHB 102.

Fiscal Note Detail. We estimate that the purchase of loans under CSHB 102 will not require additional budget expense to the Department of Revenue. Accordingly, the fiscal note detail has been left blank.

LGE:ge

MEMORANDUM

State of Alaska

TO: Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

DATE : April 7, 1972

FROM: Richard E. Alexander *RE*
State Investment Officer
Department of Revenue

SUBJECT: CSHB 102 and 103 -
Loans for Commercial Fishing

In response to R. D. Stevenson's memo to you dated April 5, 1972 I am submitting the following information regarding all State loan programs.

The following tabulation indicates present as well as an estimate of the commitment of the general fund to mortgage loan purposes by June 30, 1972:

	Ending Balance FY 1971	Purchases to Date FY 1972	Total to Date	Estimated Further Submissions	Estimated Total Ending FY 1972
Veterans Loans	\$1,613,982.81	\$ 6,861,944.24	\$ 8,475,927.05	\$3,000,000.00	\$11,475,927.05
Loan Incentive Program	3,775,908.53		3,775,908.53		3,775,908.53
GNMA		6,088,705.44	6,088,705.44		6,088,705.44
Alaska Housing Finance Corp.				5,000,000.00	5,000,000.00
Agricultural		529,825.01	529,825.01		529,825.01
Total	<u>\$5,389,891.34</u>	<u>\$13,480,474.69</u>	<u>\$18,870,366.03</u>	<u>\$8,000,000.00</u>	<u>\$26,870,366.03</u>

The Department of Revenue is obligated to purchase all veterans loans submitted, and comprises the principal portion of loans purchased. You will note that further submissions are expected during the current fiscal year of \$3,000,000 which will result in approximately \$11,500,000 in veterans loans held by the general fund by June 30, 1972.

The Division of Veterans Affairs advises that they will be submitting a minimum of \$10,000,000 for purchase each year through FY 1977. The following amortization schedule indicates that we will have over \$54,000,000 in veterans loans held by the general fund by June 30, 1977.

Fiscal Year	Beginning Balance	Loan Purchases	Principal Payments	Loan Payoffs	Ending Balance
1972	1,613,000	10,000,000	288,000	120,000	11,205,000
1973	11,205,000	10,000,000	504,000	210,000	20,491,000
1974	20,491,000	10,000,000	720,000	300,000	29,471,000
1975	29,471,000	10,000,000	936,000	390,000	38,145,000

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Loan Purchases</u>	<u>Principal Payments</u>	<u>Loan Payoffs</u>	<u>Ending Balance</u>
1976	38,145,000	10,000,000	1,152,000	480,000	46,513,000
1977	46,513,000	10,000,000	1,344,000	560,000	54,609,000
1978	54,609,000	10,000,000	1,536,000	640,000	62,433,000
1979	62,433,000	10,000,000	1,728,000	720,000	69,985,000
1980	69,985,000	10,000,000	1,920,000	800,000	77,285,000
1981	77,285,000	10,000,000	2,088,000	870,000	84,327,000
1982	84,327,000	10,000,000	2,256,000	940,000	<u>91,131,000</u>

Principal payments average \$24,000 per year for each \$1 million in mortgages.

Payoffs average \$10,000 per year for each \$1 million in mortgages (Payoffs are low due to attractive interest rates).

Schedule assumes \$10 million in loan purchases each year.

Although at the present time our obligated loan purchases consist only of veterans loans, indications are that in the near future we will be purchasing loans of the Small Business Loan Program and the Alaska Rural Rehabilitation Corporation.

Of primary significance, in my view, is the fact that there is no secondary market for resale of these loans. This would include commercial fishing loans and tourist industry loans. In other words, these loans become a permanent investment of the general fund and will remain held by the fund until paid down by the respective mortgages. You must evaluate the capacity of the general fund to acquire unmarketable securities in the long term spending plan and projected fund balances in future years.

Given the uncertainties of revenue forecasting, date of oil flow, etc., it would be prudent to retain discretionary authority as to the purchase of loans. I say this in view of the rapid expansion of the veterans loan program and imminent initiation of other programs.

REA:ge

STATE
of ALASKA

MEMORANDUM

TO: Larry Eppenbach
Deputy Commissioner
Treasury Division
Dept. of Revenue

DATE: April 7, 1972

FROM: Ralph Kimlinger, Manager
Juneau Field Office
Dept. of Revenue

SUBJECT: CSHB 102 & CSHB 103
Loans on Fishing Boats

Review of the programs of the Dept. of Fish and Game reveals that information relative to ownership of fishing vessels is not maintained. This office has therefore estimated, from the 1971 Commercial Fishing License Sales, the number of resident vessels which might be subject to the provisions of CSHB 102 & 103.

During calendar year 1971 there were 7884 resident Alaska Vessel licenses issued for commercial fishing. Of the 7884 approximately 5058 would be owned by Alaska residents.

This office has no way of determining how many of the above 5058 residents have been residents for 5 years and commercially fished for three years. We would however, state that the majority would qualify.

It should be pointed out that the above boats will range in value from approximately \$500.00 for skiffs to \$70,000.00 for crab and seine boats.

Sorry we cannot be more exact but records are not maintained in a manner which would allow definite identification.

RK/hm

The Legislature of the State of Alaska
FISCAL NOTE
Second Session - Seventh State Legislature

I. REQUEST

Bill Identification: CSHB 102 and CSHB 103
 Title: Relating to loans for commercial fishing purposes and appropriate
 Requested by: Senate Finance Date: 3-4-72 ing for same.
 Return Date Requested: 4-11-72
 Agency: Department of Commerce Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONAL SERVICES	-0-	41.5	43.8	46.2	48.7	51.4
200 TRAVEL	-0-	2.4	2.5	2.6	2.7	2.8
300 COMM. COSTS	-0-	10.9	11.5	12.1	12.8	13.5
400 COMMODITIES	-0-	2.2	2.3	2.4	2.5	2.6
500 EQUIPMENT	-0-	4.8	.5	.5	.6	.6
600 DEPRECIATION						
700 SUPPLIES, CLERICAL, ETC.						
900 Inter-Agency Charges	-0-	1.1	1.2	1.3	1.4	1.5
TOTAL	-0-	62.9	61.8	65.1	68.7	72.4

B. FUNDING: (Thousands of dollars)

FUND	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
MAN MONTHS (P./T.)	/	3 /	3 /	3 /	3 /	3 /
	/	36 /	36 /	36 /	36 /	36 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- (1) Basic assumption is made that the program will be initiated and sustained as a separate section within the Department. Consolidation with an existing section might effect totals.
- (2) Major equipment purchases assumed to be made in FY 73.
- (3) All salaries computed at step A.
- (4) 5.5% inflation factor used throughout.
- (5) Inter-Agency charges include central duplicating and marine transportation.

IV. ATTACHMENTS

Three (3)

V. DATE: April 10, 1972

PREPARED BY: *Sharon Woffenberg*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REQUEST FOR NEW POSITION

For the Fiscal Year Ending June 30, 1972

PROPOSED POSITION TITLE Loan Examiner II RANGE 19-A LOCATION Juneau
 TYPE OF POSITION Permanent-Full time REFERENCE: 02-13B, LINE _____

AGENCY	COMMERCE	CODE
OPERATING PROGRAM	Division of Small	
ACTIVITY	Business Loans	
FUNCTION		

CODE (1)	EXPENDITURE BY OBJECT (2)	EXPENDITURES (3)	DETAIL OF RELATED EXPENSES (4)
100	PERSONAL SERVICES	19,122	16,344 plus 17% benefits
200	TRAVEL	2,400	Travel outside 2400
			Ins. 500, professional ser. 1000, other 1000,
300	CONTRACTUAL SERVICES	7,120	Rent 150 sq. ft. @ .90=135.00 x 12=1,620
			communications 1000, printing & adv. 1000,
			repairs 500, rental of equipment 500
400	COMMODITIES	800	Professional supplies 500, office supplies 300
500	EQUIPMENT	1,580	Exec. desk 250, exec. chair 150, costumer 50,
			storage cabinet 100, calculator 700, side chair
			50, file cabinet 130, bookcase 150
	TOTAL		

NARRATIVE JUSTIFICATION:

CERTIFICATION BY DEPARTMENT HEAD	DATE
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APPROVED CLASSIFICATION
 CLASS CODE
 RANGE
 APPROVED BY
 EFFECTIVE DATE
 LOCATION
 PCN