

LEG. FINANCE - BILLS 1977 - 1978 799

CASHB 762 thru HB 763



# 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 O. Smith  
Signature of Camera Operator

2/23/90  
Date

Original sponsors: Urion, Eliason,  
Hayes, et al

Offered: 3/9/78  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 100

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Adjourning the legislature for the period  
6 April 15 through April 19, 1978, to permit  
7 members of the legislature to address  
8 Congress on pending "d-2" land proposals,  
9 and establishing a special committee to  
10 coordinate arrangements for that purpose.

11 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 WHEREAS Rule 51, Uniform Rules of the Alaska State Legislature, provides  
13 that adjournments or recesses for longer than three days must be approved by  
14 adoption of a concurrent resolution by a majority of the full membership of  
15 each house; and

16 WHEREAS it is critical for the members of the legislature to personally  
17 present views on the "d-2" land proposals now before Congress;

18 BE IT RESOLVED that the legislature is adjourned for the period April 15  
19 through April 19, 1978, for the purpose of traveling to Washington, D.C. so  
20 that members can present the views expressed in a resolution adopted by both  
21 houses of the legislature on the Alaska Native Claims Settlement Act "d-2"  
22 land proposals that are presently before Congress; and be it

23 FURTHER RESOLVED that the president of the senate and speaker of the  
24 house appoint three members from their respective bodies to work with the  
25 Steering Council for Alaska Lands and the members of Alaska's delegation in  
26 Congress, to coordinate arrangements for legislative travel during this  
27 recess, to include

28 (1) hiring staff and one or more persons experienced in public  
29 relations to complete arrangements for travel, housing and personal appoint-

1 ments;

2 (2) examining the propriety of sending all members on one air  
3 charter; and

4 (3) offering at cost any available seats aboard chartered aircraft  
5 to a cross-section of concerned Alaskans knowledgeable of the elements of  
6 "d-2" land proposals.  
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Original sponsors: Urion, Eliason,  
Hayes, et al

Offered: 3/9/78  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 762

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Legisla-  
7 tive Affairs Agency for legislative travel and other  
8 expenses related to legislative efforts before Con-  
9 gress; and providing for an effective date."

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

11 \* Section 1. The sum of \$31,500 is appropriated from the general fund to  
12 the Legislative Affairs Agency to provide air fare for 60 state legislators  
13 to travel round trip from Juneau to Washington D. C. for the purpose of pre-  
14 senting the views expressed in a resolution adopted by both houses of the  
15 legislature on the Alaska Native Claims Settlement Act "d-2" land proposals  
16 that are now before Congress.

17 \* Sec. 2. The sum of \$75,000 is appropriated from the general fund to the  
18 Legislative Affairs Agency to meet additional expenses incidental to the work  
19 of the joint legislative committee appointed under CS for House Concurrent  
20 Resolution No. 100 to oversee coordination of legislative efforts to advise  
21 and inform members of Congress of the effect of pending "d-2" land legisla-  
22 tion on the interests of the state.

23 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
24 070(c).

HB 762

RONALD G. BIRCH •  
IAL R. HORTON •  
WILLIAM H. BITTNER •  
BRUCE MONROE •  
SUZANNE C. PESTINGER  
LLOYD V. ANDERSON  
GREGORY C. TAYLOR  
ROD CARMAN  
RITA T. ALLEE  
GORDON F. SCHADT  
HARVEY A. LEVIN •  
JOSEPH M. CHOMSKI •  
MICHAEL R. SPAAN •  
RONALD NOEL •  
CAROL A. JOHNSON  
MARK S. BLEDSOE  
GERALD D. STOLTZ •  
MICHAEL J. O'BRIEN  
PETER A. GALBRAITH  
JOSEPH W. EVANS  
WINSTON S. BURBANK  
DIANNE H. PIERSON  
E. BUDD SIMPSON  
CONSTANCE E. BROOKS  
JAN S. OSTROVSKY  
WALLER TAYLOR, III

LAW OFFICES

**BIRCH, HORTON, BITTNER AND MONROE**

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(907) 270-9501

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FAIRBANKS, ALASKA 99707  
(907) 452-1668

130 SEWARD STREET, SUITE 314  
JUNEAU, ALASKA 99801  
(907) 586-2800

March 1, 1978

\* ADMITTED IN D. C.

Representative Bob Bradley  
Alaska State House  
Pouch V  
Juneau, Alaska 99811

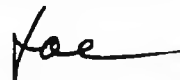
Dear Bob:

As you recall, last week we spoke about sending the Alaska Legislature to Washington to lobby on d-2 and the possibility of referring a public relations firm to you that would be experienced in handling the kind of operation you contemplate. I have checked around Washington and there seems to be a consensus as to the best firm: Daniel J. Edelman, Inc., 1730 Pennsylvania Avenue, N.W., Washington, D.C. 20006. Their telephone number is 202/393-1300 and the person to contact is John Meek. Meek, in addition to being Senior Vice President and a public relations whiz, has a substantial familiarity with Alaska and its problems. Also, I believe most of his wife's family are Alaska residents. I know that their firm has handled Washington visits of foreign governments as well as state delegations.

Good luck with your proposal and if there is any help we can offer, please feel free to call. It was good seeing you in Juneau and hope that we are in contact sometime in the near future.

Warmest personal regards,

BIRCH, HORTON, BITTNER & MONROE



Joseph M. Chomski

JMC/cjh

cc: Representative Rick Urion

# COMMITTEE REPORT

## HOUSE

3/9/78

FURTHER: \_\_\_\_\_

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on FINANCE has had HR 762  
(An Act making a special approp. to the Legislative Affairs Agency  
for legislative travel; e.d.)

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_  new title               same title
- AND attaches a Letter of Intent               New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
Chairman

# COMMITTEE REPORT

## HOUSE

2/8/78

FURTHER: FINANCE

Date: March 7, 1978

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 762

"An Act making a special appropriation to the Legislative Affairs Agency for legislative travel; eff. date."

under consideration and (<sup># three members</sup> a majority of the committee) (the committee reports it back as follows)

( ) recommends it do pass ( ) recommends it do not pass

( ) recommends it do pass with attached amendment(s)

recommends it be replaced with CS for HR-762

and that it do pass  new title ( ) same title

( ) AND attaches a Letter of Intent ( ) New Fiscal Note

( ) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS:

A. S. Bradley - Do Pass  
Don O'Connell - DO PASS  
Tom Kelly - Do Pass

(2) Brule - Do Not Pass

A. S. Bradley  
Chairman

4845  
Chenoweth

Original sponsors: Urion, Eliason,  
Hayes, et al

Offered: 3/9/78  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 762

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Legisla-  
7 tive Affairs Agency for legislative travel and other  
8 expenses related to legislative efforts before Con-  
9 gress; and providing for an effective date."

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

11 \* Section 1. The sum of \$31,500 is appropriated from the general fund to  
12 the Legislative Affairs Agency to provide air fare for 60 state legislators  
13 to travel round trip from Juneau to Washington D. C. for the purpose of pre-  
14 senting the views expressed in a resolution adopted by both houses of the  
15 legislature on the Alaska Native Claims Settlement Act "d-2" land proposals  
16 that are now before Congress.

17 \* Sec. 2. The sum of \$75,000 is appropriated from the general fund to the  
18 Legislative Affairs Agency to meet additional expenses incidental to the work  
19 of the joint legislative committee appointed under CS for House Concurrent  
20 Resolution No. 100 to oversee coordination of legislative efforts to advise  
21 and inform members of Congress of the effect of pending "d-2" land legisla-  
22 tion on the interests of the state.

23 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
24 070(c).

4845  
Bennett

Introduced: 2/8/78  
Referred: State Affairs and  
Finance

BY URION, ELIASON, HAYES, HAUGEN,  
AKERS, ANDERSON, BEIRNE, BENNETT,  
CARPENTER, CHATTERTON, DANKWORTH,  
FREEMAN, GARDINER, KELLY, LETHIN,  
LOVSETH, OSE, PHILLIPS, RHODE,  
SCHAEFFER, SNIDER AND SWANSON

1 IN THE HOUSE

2 HOUSE BILL NO. 762

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Legisla-  
7 tive Affairs Agency for legislative travel; and pro-  
8 viding for an effective date."

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

10 \* Section 1. The sum of \$31,500 is appropriated from the general fund to  
11 the Legislative Affairs Agency to provide air fare for 60 state legislators  
12 to travel round trip from Juneau to Washington D. C. for the purpose of pre-  
13 senting their views on the Alaska Native Claims Settlement Act "d-2" land  
14 proposals that are now before Congress.

15 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND Session

HOUSE ..... BILL ..... NO. 762

By URION, ELIASON, HAYES, HAUGEN, AKERS, ANDERSON, BEIRNE, BENNETT, CARPENTER, CHATTERTON, DANKWORTH, FREEMAN, GARDINER, KELLY, LETHIN, LOVSETH, OSE, PHILLIPS, RHODE, SCHAEFFER, SNIDER AND SWANSON

"An Act making a special appropriation to the Legislative Affairs Agency for legislative travel; and providing for an effective date."

spec. approp. LAA for travel

Introduced in the House ..... 2-5-1978

HISTORY IN THE HOUSE

19 78	Read first time and referred to Committee on State Affairs and Finance												
Feb. 8	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
	CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												
	SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....



# RECORDS CERTIFICATION



I, the undersigned, an employæ 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 O. Smith  
Signature of Camera Operator

2/23/90  
Date

new fln approved 3/24

# COMMITTEE REPORT

## HOUSE

3/29/78

FURTHER: \_\_\_\_\_

Date: 4/25/78

Mr. Speaker:

The Committee on FINANCE has had RB 763

"An Act relating to commercial fishing and agriculture."  
under consideration and (a majority of the committee) (the committee reports it back as follows)

- ( ) recommends it do pass                      ( ) recommends it do not pass
- ( ) recommends it do pass with attached amendment(s)
- (X) recommends it be replaced with CS for RB 76 - Finance
- and \_\_\_\_\_ ( ) new title                      ( ) same title
- ( ) AND attaches a Letter of Intent                      ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

F. C. ...

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OTHER RECOMMENDATIONS:

None Rec.

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\_\_\_\_\_  
Chairman

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 763 (am)  
 Title An Act relating to commercial fishing & agriculture  
 Requested by Representative Terry Gardiner Date 5/22/78

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development  
 Program Category Affected Development  
 Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			100.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
GENERAL FUND LOAN						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\$100,000 is appropriated as one time only setup costs for the Bank. The attached sheet gives the breakdown of that \$100,000 which will be used for organizational and setup purposes

The capitalization of the bank is to be \$10 million in loans from the General Fund. It is anticipated that the first \$1,000,000 loan would not be necessary until January 1979 due to organizational time. The loans shall bear an interest rate of 7%. No interest or principal payments shall accrue until 2 years after the date of the initial loan. The loans shall be repaid within 20 years after the date of the loans. The bank is intended to become a private institution over over time.

IV. DATE May 22, 1978

PREPARED BY Terry Gardiner  
 AGENCY Terry Gardiner (sponsor)

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

Alvin Osterback  
 Alvin Osterback (sponsor)

During FY 79 the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for the organizational activities.

1. Personal Services:

- A. Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224). . . . . \$43,344
- B. Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192

2. Travel:

- A. Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
- B. Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200

3. Contractual:

- A. Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
- B. Telephone/communications. . . . . 1,800
- C. Postage, etc. . . . . 600
- D. Printing and advertising . . . . . 1,600
- E. Professional fees and services (includes legal fees of organization) . . . . . 15,000

4. Commodities:

- A. Office Supplies . . . . . 600

5. Equipment:

- A. 2 desks, 2 chairs . . . . . 1,100
- B. File cabinets, book cases . . . . . 400
- C. Calculator, typewriter, and miscellaneous . . . . . 800

TOTAL FY-79. . . . . \$98,836

HFC approved 5/24

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill Resolution No. CS for HB 763 (am)  
Title An Act relating to commercial fishing & agriculture  
Requested by Representative Terry Gardiner Date 5/22/78

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development  
Program Category Affected Development  
Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			100.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
GENERAL FUND LOAN						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\$100,000 is appropriated as one time only setup costs for the Bank. The attached sheet gives the breakdown of that \$100,000 which will be used for organizational and setup purposes.

The capitalization of the bank is to be \$10 million in loans from the General Fund. It is anticipated that the first \$1,000,000 loan would not be necessary until January 1979 due to organizational time. The loans shall bear an interest rate of 7%. No interest or principal payments shall accrue until 2 years after the date of the initial loan. The loans shall be repaid within 20 years after the date of the loans. The bank is intended to become a private institution over over time.

IV. DATE May 22, 1978

PREPARED BY

AGENCY Terry Gardiner (sponsor)

PHONE

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Alvin Osterback  
Alvin Osterback (sponsor)

During FY 79 the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for the organizational activities.

1. Personal Services:

- A. Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224). . . . . \$43,344
- B. Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192

2. Travel:

- A. Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
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- A. Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
- B. Telephone/communications. . . . . 1,800
- C. Postage, etc. . . . . 600
- D. Printing and advertising . . . . . 1,600
- E. Professional fees and services (includes legal fees of organization) . . . . . 15,000

4. Commodities:

- A. Office Supplies . . . . . 600

5. Equipment:

- A. 2 desks, 2 chairs . . . . . 1,100
- B. File cabinets, book cases . . . . . 400
- C. Calculator, typewriter, and miscellaneous . . . . . 800

TOTAL FY-79. . . . . \$98,836

095

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 763 (am)  
 Title An Act relating to commercial fishing and agriculture.  
 Requested by Representative I. Gardiner Date 5/8/78

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

All funds to be returned to general fund within 20 years.

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	100.0	100.0	110.0	120.0		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		5,000.0	4,000.0	540.0		
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	100.0	5,100.0	4,110.0	660.0		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

Private Cooperative Development Bank - no State employees

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

The Development Bank is intended to become a private institution over time (within 20 years). Assuming the Development Bank is organized and works similar to those in other states, the full \$10 million will be repaid to the State. The only cost is the "opportunity costs" of the interest over the period until the funds are repaid to the general fund, and the dividends over the first two years.

Even the operating costs - listed in the 300 category above and estimated on the attached sheet - will be repaid to the general fund.

IV. DATE May 9, 1978

PREPARED BY *J R Deagen*  
James R. Deagen

AGENCY Economic Enterprise

PHONE 465-2021

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/77)

In the concluding months of FY-78, the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for these activities, however, the funds are to be repaid by the Development Bank.

Operating costs will approximate the following assumptions:

1.	<u>Personal Services:</u>	
	A.	Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224) . . . . . \$43,344
	B.	Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192
2.	<u>Travel:</u>	
	A.	Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
	B.	Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200
3.	<u>Contractual:</u>	
	A.	Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
	B.	Telephone/communications. . . . . 1,800
	C.	Postage, etc. . . . . 600
	D.	Printing and advertising . . . . . 1,600
	E.	Professional fees and services (includes legal fees of organization) . . . . . 15,000
4.	<u>Commodities:</u>	
	A.	Office Supplies . . . . . 600
5.	<u>Equipment:</u>	
	A.	2 desks, 2 chairs . . . . . 1,100
	B.	File cabinets, book cases . . . . . 400
	C.	Calculator, typewriter, and miscellaneous . . . . . 800
TOTAL FY-79. . . . .		\$98,836



Official Business

# Alaska State Legislature

## House of Representatives

### Committee on Judiciary

Pouch V  
State Capitol  
Juneau, Alaska 99811

Memo

To: Rep. Freeman Date: April 25, 1978  
From: Rep. Gardiner *T.G.*  
Re: Amendments to CSHB 763

1. Page 1 Line 29; delete "commercial fishermen and farmers" and insert "agriculture and fishing businesses"
2. Page 9, line 20 - delete subsection (1)

Add new subsection (1):

Make variable rate or fixed rate loans to resident commercial agriculture and fishing businesses, including harvestors, processors, and marketers or to corporations, partnerships or joint ventures the majority interest of which is beneficially owned by the residents of the state and a majority of the owners are residents of the state, if the recipient of the loan is a shareholder of the bank;

Add new subsection (2):

Only make variable rate of fixed rate loans to a resident or business venture which is wholly owned and controlled by a resident of the state for the purchase of a new or existing fishing vessel or the repair or renovation of an existing fishing vessel, the primary purpose of which is to commercially harvest fishery resources; if the recipient of the loan is a shareholder of the bank;

Original sponsor: Osterback and  
Gardiner

Offered: 3/29/78  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 763

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to commercial fishing and agricul-  
7 ture."

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

9 \* Section 1. FINDINGS. The legislature finds that

10 (1) certain fish species which thrive in the seas off the coast of  
11 Alaska have long provided an abundant food source for foreign nations but  
12 have been underutilized by Alaskan fishermen;

13 (2) there is a potential for these species to provide a new source  
14 of revenue for Alaskan fishermen and for the state;

15 (3) Alaskan fishermen have not utilized these species to the  
16 fullest extent possible because of adverse economic and marketing conditions  
17 and the high cost of gear and equipment for harvesting;

18 (4) the 200-mile limit established by the Fisheries Management and  
19 Conservation Act of 1976 offers an opportunity for Alaskan fishermen to  
20 harvest these species free of the competition of foreign fishermen;

21 (5) the creation of sources of credit will enable Alaskan fisher-  
22 men to avail themselves of the opportunities offered by the Fisheries Manage-  
23 ment and Conservation Act of 1976 to the ultimate benefit of all Alaskans;

24 (6) access to regional institutions of the federal farm credit  
25 system in conjunction with appropriate state agencies will provide the finan-  
26 cial resources and specialized knowledge necessary for underutilized  
27 fisheries development.

28 \* Sec. 2. PURPOSES. The purposes of this Act are to

29 (1) provide sources of credit for Alaskan commercial fishermen and

1 farmers;

2 (2) encourage utilization of the fisheries off the coast of Alaska  
3 that have been underutilized in the past by local fishermen;

4 (3) encourage harvesting, processing and marketing of under-  
5 utilized fish species;

6 (4) encourage technological development in the harvesting and  
7 processing of underutilized fish species;

8 (5) promote the more rapid development of agriculture.

9 \* Sec. 3. AS 41 is amended by adding a new chapter to read:

10 CHAPTER 45. COMMERCIAL FISHING AND AGRICULTURE

11 COOPERATIVE DEVELOPMENT BANK.

12 Sec. 41.45.010. COMMERCIAL FISHING AND AGRICULTURE COOPERATIVE  
13 DEVELOPMENT BANK. (a) There is established the Commercial Fishing and  
14 Agriculture Cooperative Development Bank. The bank is a public corpora-  
15 tion and government instrumentality in the Department of Commerce and  
16 Economic Development but has a legal existence independent of and sepa-  
17 rate from the state. The exercise by the bank of the powers conferred  
18 by this chapter is considered an essential governmental function of the  
19 state. Except as otherwise provided in this chapter, the bank is sub-  
20 ject to the provisions of AS 10.15.005 - 10.15.600.

21 (b) For the purpose of the initial funding of the bank's opera-  
22 tions, the board of directors shall issue nonvoting, preferred shares of  
23 stock in the bank and shall determine the value of each share. The  
24 State of Alaska, through appropriate agencies, shall purchase not less  
25 than 60 per cent nor more than 80 per cent of the nonvoting, preferred  
26 shares initially issued by the bank. Shares purchased by the state  
27 shall be repurchased by the bank within 20 years after their purchase.  
28 If the bank fails to repurchase the shares within 20 years, the commis-  
29 sioner of commerce and economic development may dissolve the bank.

1           Sec. 41.45.020. BOARD OF DIRECTORS. The bank shall be managed by  
2 a board of directors consisting of five members. Initial appointments  
3 to the board shall be made by the governor. Thereafter, board members  
4 shall be elected by the shareholders. The board members shall annually  
5 elect a chairman from among themselves. The purpose of the board is to  
6 manage the assets of the bank.

7           Sec. 41.45.030. ARTICLES OF INCORPORATION. Not later than  
8 November 1, 1978, the board of directors shall file with the commis-  
9 sioner of commerce and economic development articles of incorporation as  
10 provided in AS 10.15.340 - 10.15.355 except that any filing fees shall  
11 be waived.

12           Sec. 41.45.040. BYLAWS. The board of directors shall adopt the  
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14 laws is vested in the board of directors. The bylaws may contain provi-  
15 sions for the regulation and management of the affairs of the bank not  
16 inconsistent with this chapter or other provisions of law.

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20 public meetings throughout the state for the purpose of explaining to  
21 members of the commercial fishing and farming industries the functions  
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24 shall issue shares of membership stock in the bank in the amounts and  
25 with the value determined by the board and stated in the articles of  
26 incorporation.

27           (b) Loans made to shareholders of the bank under the provisions of  
28 this chapter shall be in accordance with a schedule of maximum amounts  
29 adopted by the board of directors based upon proportional ownership of

1 shares.

2 Sec. 41.45.070. EXECUTIVE DIRECTOR; STAFF. (a) The board of  
3 directors may hire and determine the salary of an executive director.  
4 The executive director shall be responsible for the ordinary business of  
5 the bank.

6 (b) The executive director, with the approval of the board of  
7 directors, may hire and determine the salary of staff reasonably neces-  
8 sary for the efficient performance of the duties of the bank.

9 Sec. 41.45.080. EXEMPT STATUS. Employees of the bank are in the  
10 exempt service under AS 39.25.

11 Sec. 41.45.090. TERM OF OFFICE. The members of the board shall be  
12 appointed for terms of three years, and they may be reappointed. Terms  
13 shall be staggered. Initial terms shall be two members serving for one  
14 year, two members serving for two years, and one member serving for  
15 three years.

16 Sec. 41.45.100. QUORUM. A majority of the members of the board  
17 constitutes a quorum for the transaction of business and the exercise of  
18 the powers and duties of the board.

19 Sec. 41.45.110. COMPENSATION OF BOARD MEMBERS. Members receive  
20 \$250 per meeting day if they attend the meeting and are entitled to per  
21 diem and travel allowances as provided by law for members of state  
22 boards and commissions.

23 Sec. 41.45.120. BONDS OF THE BANK. (a) The bank may borrow money  
24 and may issue bonds for that purpose, including but not limited to bonds  
25 on which the principal and interest are payable,

26 (1) exclusively from the income and receipts or other money  
27 derived from the project financed with the proceeds of the bonds;

28 (2) exclusively from the income and receipts or other money  
29 derived from designated projects whether or not they are financed in

1 whole or in part with the proceeds of the bonds; or

2 (3) from its income and receipts or other assets generally,  
3 or a designated part or parts of them.

4 (b) Bonds shall be authorized by resolution of the board of direc-  
5 tors, and be dated and shall mature as the resolution may provide,  
6 except that no bond may mature more than 30 years from the date of its  
7 issue. Bonds shall bear interest at the rate or rates, be in the de-  
8 nominations, be in the form, either coupon or registered, carry the  
9 registration privileges, be executed in the manner, be payable in the  
10 medium of payment, at the place or places, and be subject to the terms  
11 of redemption which the resolution or a subsequent resolution may pro-  
12 vide.

13 (c) All bonds, regardless of form or character, shall be nego-  
14 tiable instruments for all the purposes of the Uniform Commercial Code.

15 (d) All bonds may be sold at public or private sale in the manner,  
16 for the price or prices, and at the time or times which the board of  
17 directors may determine.

18 (e) The superior court shall have jurisdiction to hear and deter-  
19 mine suits, actions or proceedings relating to the bank, including  
20 suits, actions or proceedings brought to foreclose or otherwise enforce  
21 a mortgage, pledge, assignment or security of a holder of its bonds or  
22 by a trustee for or other representative of the holders.

23 Sec. 41.45.130. TRUST INDENTURES AND TRUST AGREEMENTS. In the  
24 discretion of the board of directors an issue of bonds may be secured by  
25 a trust indenture or trust agreement between the bank and a corporate  
26 trustee (which may be a trust company, bank, or national banking asso-  
27 ciation, with corporate trust powers, located inside or outside the  
28 state) or by a secured loan agreement or other instrument or under a  
29 resolution giving powers to a corporate trustee by means of which the

1 bank may

2 (1) make and enter into any and all the covenants and agree-  
3 ments with the trustee or the holders of the bonds which the board of  
4 directors may determine to be necessary or desirable, including, without  
5 limitation, covenants, provisions, limitations and agreements as to

6 (A) the application, investment, depcsit, use and dis-  
7 position of the proceeds of bonds of the bank or of money or other  
8 property of the bank or in which it has an interest;

9 (B) the terms and conditions upon which additional bonds  
10 of the bank may be issued;

11 (2) pledge, mortgage or assign money, leases, agreements,  
12 property or other assets of the bank either presently in hand or to be  
13 received in the future, or both; and

14 (3) provide for any other matters of like or different char-  
15 acter which in any way affect the security or protection of the bonds.

16 Sec. 41.45.140. VALIDITY OF PLEDGE. It is the intention of the  
17 legislature that a pledge made in respect of bonds shall be valid and  
18 binding from the time the pledge is made; that the money or property so  
19 pledged and thereafter received by the bank shall immediately be subject  
20 to the lien of the pledge without physical delivery or further act; and  
21 that the lien of the pledge shall be valid and binding as against all  
22 parties having claims of any kind in tort, contract or otherwise against  
23 the bank irrespective of whether the parties have notice. Neither the  
24 resolution, trust agreement nor any other instrument by which a pledge  
25 is created need be recorded or filed under the provisions of the Uniform  
26 Commercial Code to be valid, binding or effective against the parties.

27 Sec. 41.45.150. NONLIABILITY ON BONDS. (a) Neither the members  
28 of the board of directors, the executive director, staff, nor a person  
29 executing the bonds is liable personally on the bonds or subject to

1 personal liability or accountability by reason of the issuance of the  
2 bonds.

3 (b) The bonds issued by the bank may not constitute an indebted-  
4 ness or other liability of the state or of a political subdivision of  
5 the state, except the bank but shall be payable solely from the income  
6 and receipts or other funds or property of the bank. The bank may not  
7 pledge the faith or credit of the state or of a political subdivision of  
8 the state, except the bank, to the payment of a bond, and the issuance  
9 of a bond by the bank shall not directly or indirectly or contingently  
10 obligate the state or a political subdivision of the state to apply  
11 money from, or levy or pledge any form of taxation whatever to the  
12 payment of the bond.

13 Sec. 41.45.160. PLEDGE OF THE STATE. The state pledges to and  
14 agrees with the holders of the bonds issued under this chapter and with  
15 the federal agency or regional institution of the federal farm credit  
16 system which loans or contributes funds in respect of a project, that  
17 the state will not limit or alter the rights and powers vested in the  
18 bank by this chapter to fulfill the terms of any contract made by the  
19 bank with the holders or federal agency or regional institution of the  
20 federal farm credit system, or in any way impair the rights and remedies  
21 of the holders until the bonds, together with interest on them, with  
22 interest on unpaid installments of interest, and all costs and expenses  
23 in connection with any action or proceeding by or on behalf of the  
24 holders, are fully met and discharged. The bank is authorized to in-  
25 clude this pledge and agreement of the state, insofar as it refers to  
26 holders of bonds of the bank in a contract with the holders, and insofar  
27 as it relates to a federal agency or regional institution of the federal  
28 farm credit system, in a contract with a federal agency or regional  
29 institution of the federal farm credit system.

1           Sec. 41.45.170. EXEMPTION FROM TAXATION. The real and personal  
2 property of the bank and its assets, income and receipts are declared to  
3 be property of a political subdivision of the state and shall be exempt  
4 from all taxes and special assessments of the state or a political  
5 subdivision of the state, including, without limitation, all boroughs,  
6 cities, municipalities, school districts, public utility districts, and  
7 other taxing units. All bonds of the bank are declared to be issued by  
8 a political subdivision of the state, to be for an essential public and  
9 governmental purpose, and to be a public instrumentality, and the bonds,  
10 and the interest on them, the income from them, the transfer of the  
11 bonds, and all assets, income and receipts pledged to pay or secure the  
12 payment of the bonds, or interest on them, shall at all times be exempt  
13 from taxation by or under the authority of the state, except for inheri-  
14 tance and estate taxes and taxes on transfers by or in contemplation of  
15 death.

16           Sec. 41.45.180. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The  
17 bonds of the bank are securities in which all public officers and bodies  
18 of the state and all municipalities and municipal subdivisions, all  
19 insurance companies and associations and other persons carrying on an  
20 insurance business, all banks, bankers, trust companies, savings banks,  
21 savings associations, including savings and loan associations and build-  
22 ing and loan associations, investment companies and other persons carry-  
23 ing on a banking business, all administrators, guardians, executors,  
24 trustees and other fiduciaries, and all other persons who are now or may  
25 hereafter be authorized to invest in bonds or other obligations of the  
26 state, may properly and legally invest funds including capital in their  
27 control or belonging to them. Notwithstanding any other provisions of  
28 law, the bonds of the bank are also securities which may be deposited  
29 with and may be received by all public officers and bodies of this state

1 and all municipalities and municipal subdivisions for any purpose for  
2 which the deposit of bonds or other obligations of the state is now or  
3 may hereafter be authorized.

4 Sec. 41.45.190. CONFLICTS OF INTEREST. No member of the board of  
5 directors may vote on a transaction of the bank under this chapter if he  
6 is a party to the transaction.

7 Sec. 41.45.200. REPORTS AND PUBLICATIONS. The board of directors  
8 shall publish an annual report to the bank's shareholders. The report  
9 shall be made available to the public and shall include financial state-  
10 ments audited by independent outside auditors, a statement of the amount  
11 of money received by the bank from each source during the period  
12 covered, a statement of the bank's investments, a description of the  
13 bank's investment activity during the period covered by the report, an  
14 analysis of economic and other effects of investment decisions on the  
15 state's commercial fishing and agriculture industries, and any other  
16 information the board believes would be of interest to the governor, the  
17 legislature and the public. The board may also publish such other  
18 reports as it considers desirable to carry out its purposes.

19 Sec. 41.45.210. POWERS OF THE BANK. The bank may

20 (1) make variable rate or fixed rate loans to resident com-  
21 mercial fishermen and farmers or to corporations, partnerships, or joint  
22 ventures 51 per cent of which are owned by commercial fishermen or  
23 farmers who are state residents if the recipient of the loan is a share-  
24 holder of the bank;

25 (2) make and alter bylaws necessary or desirable to carry out  
26 its corporate functions;

27 (3) establish amortization plans for repayment of loans,  
28 which may include extensions for poor fishing or farming seasons;

29 (4) enter into agreements with regional institutions of the

1 federal farm credit system, private lending institutions, and other  
2 state agencies or agencies of the federal government, to carry out the  
3 purposes of this chapter;

4 (5) adopt, alter, and use a corporate seal;

5 (6) sue and be sued in the name of the bank;

6 (7) issue bonds to carry out any of its corporate purposes  
7 and powers;

8 (8) sell, lease as lessor or lessee, exchange, donate, convey  
9 or encumber in any manner by mortgage or by creation of any other se-  
10 curity interest, real or personal property owned by it, or in which it  
11 has an interest, when, in the judgment of the board of directors, the  
12 action is in furtherance of its corporate purposes;

13 (9) incur secondary liability by guaranty or endorsement of  
14 the obligations of another corporation or legal entity when, in the  
15 judgment of the board of directors, the action is in furtherance of its  
16 corporate purposes;

17 (10) make loans as provided in (1) of this section in partici-  
18 pation with financial institutions, and establish and regulate the terms  
19 of the loans;

20 (11) make contracts and execute instruments necessary or con-  
21 venient in the exercise of its corporate powers;

22 (12) acquire by purchase, lease, bequest, devise, gift, the  
23 satisfaction of debts, or the foreclosure of mortgages, and hold, main-  
24 tain, use, operate, and convey real or personal property;

25 (13) borrow money and issue secured and unsecured evidence of  
26 indebtedness for a corporate purpose or to fund, refund, pay, or dis-  
27 charge outstanding obligations, and enter agreements and contracts  
28 concerning these obligations;

29 (14) secure the payment of its obligations by pledge or mort-

1 gage or other lien on its contracts, revenues, income, or property;

2 (15) appoint officers, employees, trustees for certificate  
3 holders, and agents, and prescribe their powers and duties;

4 (16) provide technical services to shareholders; for the pur-  
5 poses of this paragraph, "technical services" includes services that  
6 will enhance the ability of the shareholder to obtain financial assis-  
7 tance from the bank;

8 (17) make loans, as provided in (1) of this section, secured  
9 by liens subordinate to valid first liens and security agreements  
10 granted to a private lending institution;

11 (18) participate with state departments and agencies in for-  
12 mulating policy and in planning for the development of commercial  
13 fishing and agriculture in the state;

14 (19) do what is necessary or desirable to carry out the cor-  
15 porate purposes and powers expressed or implied in this chapter.

16 Sec. 41.45.220. TRANSITION. Upon the repurchase of all the non-  
17 voting, preferred shares initially issued by the bank and purchased by  
18 agencies of the state, the provisions of this chapter lapse and the bank  
19 may proceed to operate as a private cooperative corporation under the  
20 terms of its bylaws and subject to the provisions of AS 10.15.005 -  
21 10.15.600.

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4-25-78

CS

AMENDMENTS TO HB 763

~~1~~ 29

- 1. page 2, line 2; delete "commercial fishermen and farmers" and insert "agriculture and fishing businesses"
  
- 2. page 9, line 21; delete "fishermen and farmers" and insert "agriculture and fishing businesses, including harvestors, processors, and marketers"
  
- 3. page 9, line 22; delete "51 per cent of which are owned by commercial fishermen or farmers who are state residents" and insert "the majority interest of which is beneficially owned by residents of the state and a majority of the owners are residents of the state"

Introduced: 2/8/78  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY OSTERBACK

2 HOUSE BILL NO. 763

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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14 of revenue for Alaskan fishermen and for the state;

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16 fullest extent possible because of adverse economic and marketing conditions  
17 and the high cost of gear and equipment for harvesting;

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19 Conservation Act of 1976 offers an opportunity for Alaskan fishermen to  
20 harvest these species free of the competition of foreign fishermen;

21 (5) the creation of a self-sustaining source of economic assis-  
22 tance will enable Alaskan fishermen to avail themselves of the opportunities  
23 offered by the Fisheries Management and Conservation Act of 1976 to the  
24 ultimate benefit of all Alaskans;

25 (6) access to the Federal Farm Credit System in conjunction with  
26 the Alaska permanent fund and the renewable resources development fund will  
27 provide the financial resources and specialized knowledge necessary for  
28 underutilized fisheries development.

29 \* Sec. 2. PURPOSES. The purposes of this Act are to

1 (1) provide a self-sustaining source of economic assistance for  
2 Alaskan commercial fishermen and farmers;

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4 that have been underutilized in the past by local fishermen;

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11 \* Sec. 3. AS 41 is amended by adding a new chapter to read:

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18 Economic Development but has a legal existence independent of and  
19 separate from the state. The exercise by the bank of the powers con-  
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21 of the state. Except as otherwise provided in this chapter, the bank is  
22 subject to the provisions of AS 10.15.005 - 10.15.600.

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25 stock in the bank and shall determine the value of each share. The  
26 board of trustees or other governing body of the Alaska permanent fund  
27 shall purchase from income of the permanent fund 50 per cent of the  
28 nonvoting, preferred shares initially issued by the bank. The board of  
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1 fund shall purchase 50 per cent of the nonvoting, preferred shares  
2 initially issued by the bank. Shares purchased by the permanent fund  
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6 economic development may dissolve the bank.

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8 a board of directors consisting of three members. Initial appointments  
9 to the board shall be made by the governor in consultation with the  
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11 ture industry in the state, one member of the commercial fishing indus-  
12 try in the state, and one member knowledgeable and experienced in  
13 finance, investments, or other business management-related field.  
14 Thereafter, board members shall be elected by the shareholders. The  
15 board members shall annually elect a chairman from among themselves.  
16 The purpose of the board is to manage and invest the assets of the bank.

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2 on which the principal and interest are payable,

3 (1) exclusively from the income and receipts or other money  
4 derived from the project financed with the proceeds of the bonds;

5 (2) exclusively from the income and receipts or other money  
6 derived from designated projects whether or not they are financed in  
7 whole or in part with the proceeds of the bonds; or

8 (3) from its income and receipts or other assets generally,  
9 or a designated part or parts of them.

10 (b) Bonds shall be authorized by resolution of the board of direc-  
11 tors, and be dated and shall mature as the resolution may provide,  
12 except that no bond may mature more than 30 years from the date of its  
13 issue. Bonds shall bear interest at the rate or rates, be in the denomi-  
14 nations, be in the form, either coupon or registered, carry the regis-  
15 tration privileges, be executed in the manner, be payable in the medium  
16 of payment, at the place or places, and be subject to the terms of  
17 redemption which the resolution or a subsequent resolution may provide.

18 (c) All bonds, regardless of form or character, shall be nego-  
19 tiable instruments for all the purposes of the Uniform Commercial Code.

20 (d) All bonds may be sold at public or private sale in the manner,  
21 for the price or prices, and at the time or times which the board of  
22 directors may determine.

23 (e) The superior court shall have jurisdiction to hear and deter-  
24 mine suits, actions or proceedings relating to the bank, including  
25 suits, actions or proceedings brought to foreclose or otherwise enforce  
26 a mortgage, pledge, assignment or security of a holder of its bonds or  
27 by a trustee for or other representative of the holders.

28 Sec. 41.45.130. TRUST INDENTURES AND TRUST AGREEMENTS. In the  
29 discretion of the board of directors an issue of bonds may be secured by

1 a trust indenture or trust agreement between the bank and a corporate  
2 trustee (which may be a trust company, bank, or national banking asso-  
3 ciation, with corporate trust powers, located inside or outside the  
4 state) or by a secured loan agreement or other instrument or under a  
5 resolution giving powers to a corporate trustee by means of which the  
6 bank may

7 (1) make and enter into any and all the covenants and agree-  
8 ments with the trustee or the holders of the bonds which the board of  
9 directors may determine to be necessary or desirable, including, without  
10 limitation, covenants, provisions, limitations and agreements as to

11 (A) the application, investment, deposit, use and dis-  
12 position of the proceeds of bonds of the bank or of money or other  
13 property of the bank or in which it has an interest;

14 (B) the terms and conditions upon which additional bonds  
15 of the bank may be issued;

16 (2) pledge, mortgage or assign money, leases, agreements,  
17 property or other assets of the bank either presently in hand or to be  
18 received in the future, or both; and

19 (3) provide for any other matters of like or different char-  
20 acter which in any way affect the security or protection of the bonds.

21 Sec. 41.45.140. VALIDITY OF PLEDGE. It is the intention of the  
22 legislature that a pledge made in respect of bonds shall be valid and  
23 binding from the time the pledge is made; that the money or property so  
24 pledged and thereafter received by the bank shall immediately be subject  
25 to the lien of the pledge without physical delivery or further act; and  
26 that the lien of the pledge shall be valid and binding as against all  
27 parties having claims of any kind in tort, contract or otherwise against  
28 the bank irrespective of whether the parties have notice. Neither the  
29 resolution, trust agreement nor any other instrument by which a pledge

1 is created need be recorded or filed under the provisions of the Uniform  
2 Commercial Code to be valid, binding or effective against the parties.

3 Sec. 41.45.150. NONLIABILITY ON BONDS. (a) Neither the members  
4 of the board of directors, their staff, nor a person executing the bonds  
5 is liable personally on the bonds or subject to personal liability or  
6 accountability by reason of the issuance of the bonds.

7 (b) The bonds issued by the bank may not constitute an indebted-  
8 ness or other liability of the state or of a political subdivision of  
9 the state, except the bank but shall be payable solely from the income  
10 and receipts or other funds or property of the bank. The bank may not  
11 pledge the faith or credit of the state or of a political subdivision of  
12 the state, except the bank, to the payment of a bond, and the issuance  
13 of a bond by the bank shall not directly or indirectly or contingently  
14 obligate the state or a political subdivision of the state to apply  
15 money from, or levy or pledge any form of taxation whatever to the  
16 payment of the bond.

17 Sec. 41.45.160. PLEDGE OF THE STATE. The state pledges to and  
18 agrees with the holders of the bonds issued under this chapter and with  
19 the federal agency which loans or contributes funds in respect of a  
20 project, that the state will not limit or alter the rights and powers  
21 vested in the bank by this chapter to fulfill the terms of any contract  
22 made by the bank with the holders or federal agency, or in any way  
23 impair the rights and remedies of the holders until the bonds, together  
24 with interest on them, with interest on unpaid installments of interest,  
25 and all costs and expenses in connection with any action or proceeding  
26 by or on behalf of the holders, are fully met and discharged. The bank  
27 is authorized to include this pledge and agreement of the state, insofar  
28 as it refers to holders of bonds of the bank in a contract with the  
29 holders, and insofar as it relates to a federal agency, in a contract

1 with a federal agency.

2       Sec. 41.45.170. EXEMPTION FROM TAXATION. The real and personal  
3 property of the bank and its assets, income and receipts are declared to  
4 be property of a political subdivision of the state and shall be exempt  
5 from all taxes and special assessments of the state or a political  
6 subdivision of the state, including, without limitation, all boroughs,  
7 cities, municipalities, school districts, public utility districts, and  
8 other taxing units. All bonds of the bank are declared to be issued by  
9 a political subdivision of the state, to be for an essential public and  
10 governmental purpose, and to be a public instrumentality, and the bonds,  
11 and the interest on them, the income from them, the transfer of the  
12 bonds, and all assets, income and receipts pledged to pay or secure the  
13 payment of the bonds, or interest on them, shall at all times be exempt  
14 from taxation by or under the authority of the state, except for inheri-  
15 tance and estate taxes and taxes on transfers by or in contemplation of  
16 death.

17       Sec. 41.45.180. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The  
18 bonds of the bank are securities in which all public officers and bodies  
19 of the state and all municipalities and municipal subdivisions, all  
20 insurance companies and associations and other persons carrying on an  
21 insurance business, all banks, bankers, trust companies, savings banks,  
22 savings associations, including savings and loan associations and build-  
23 ing and loan associations, investment companies and other persons carry-  
24 ing on a banking business, all administrators, guardians, executors,  
25 trustees and other fiduciaries, and all other persons who are now or may  
26 hereafter be authorized to invest in bonds or other obligations of the  
27 state, may properly and legally invest funds including capital in their  
28 control or belonging to them. Notwithstanding any other provisions of  
29 law, the bonds of the bank are also securities which may be deposited

1 with and may be received by all public officers and bodies of this state  
2 and all municipalities and municipal subdivisions for any purpose for  
3 which the deposit of bonds or other obligations of the state is now or  
4 may hereafter be authorized.

5 Sec. 41.45.190. CONFLICTS OF INTEREST. No member of the board of  
6 directors may vote on a resolution of the bank relating to a contract to  
7 be entered into or an investment to be made by the bank under this  
8 chapter if he is a party to the contract or has a direct ownership or  
9 equity interest in a firm, partnership, corporation or association which  
10 may be a party to the contract or if he has a financial interest in the  
11 investment proposal.

12 Sec. 41.45.200. REPORTS AND PUBLICATIONS. The board of directors  
13 shall publish an annual report to the bank's shareholders. The report  
14 shall be made available to the public and shall include financial state-  
15 ments audited by independent outside auditors, a statement of the amount  
16 of money received by the bank from each source during the period  
17 covered, a statement of the bank's investments, a description of the  
18 bank's investment activity during the period covered by the report, an  
19 analysis of economic and other effects of investment decisions on the  
20 state's commercial fishing and agriculture industries, and any other  
21 information the board believes would be of interest to the governor, the  
22 legislature and the public. The board may also publish such other  
23 reports as it considers desirable to carry out its purposes.

24 Sec. 41.45.210. POWERS OF THE BANK. The bank may

25 (1) make variable rate or fixed rate loans to resident com-  
26 mercial fishermen and farmers or to corporations, partnerships, or joint  
27 ventures 51 per cent of which are owned by commercial fishermen or  
28 farmers who are state residents if the recipient of the loan is a share-  
29 holder of the bank;

1 (2) make and alter bylaws necessary or desirable to carry out  
2 its corporate functions;

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

5 (4) enter into agreements with (the Spokane Bank for Coopera-  
6 tives and other) <sup>regional</sup> institutions of the Federal Farm Credit System, private  
7 lending institutions, and other state agencies or agencies of the  
8 federal government, to carry out the purposes of this chapter;

9 (5) adopt, alter, and use a corporate seal;

10 (6) sue and be sued in the name of the bank;

11 (7) invest in projects conducted by shareholders of the bank  
12 relating to the purchase, construction, repair, or upgrading of fishing  
13 vessels or gear capable of harvesting underutilized fishery resources by  
14 purchase of the capital stock of corporations involved in such projects,  
15 except that no investment in capital stock may exceed 49 per cent of the  
16 capital stock of a corporation;

17 (8) invest in projects conducted by shareholders of the bank  
18 relating to the development of farms, storage and processing of farm  
19 produce, livestock and machinery by purchase of the capital stock of  
20 corporations involved in such projects, except that no investment in  
21 capital stock may exceed 49 per cent of the capital stock of a corpora-  
22 tion;

23 (9) issue bonds to carry out any of its corporate purposes  
24 and powers, including the acquisition or construction of a project to be  
25 owned or leased as lessor or lessee, by the bank, or the acquisition of  
26 any interest in it or any right to capacity of it, the establishment or  
27 increase of reserves to secure or to pay the bonds or interest on them,  
28 and the payment of all other costs or expenses of the bank incident to  
29 and necessary or convenient to carry out its corporate purposes and

1 powers;

2 (10) sell, lease as lessor or lessee, exchange, donate, convey  
3 or encumber in any manner by mortgage or by creation of any other se-  
4 curity interest, real or personal property owned by it, or in which it  
5 has an interest, when, in the judgment of the board of directors, the  
6 action is in furtherance of its corporate purposes;

7 (11) incur secondary liability by guaranty or endorsement of  
8 the obligations of another corporation or legal entity when, in the  
9 judgment of the board of directors, the action is in furtherance of its  
10 corporate purposes;

11 (12) make loans as provided in (1) of this section in partici-  
12 pation with financial institutions, and establish and regulate the terms  
13 of the loans;

14 (13) make contracts and execute instruments necessary or con-  
15 venient in the exercise of its corporate powers;

16 (14) acquire by purchase, lease, bequest, devise, gift, the  
17 satisfaction of debts, or the foreclosure of mortgages, and hold, main-  
18 tain, use, operate, and convey real or personal property;

19 (15) borrow money and issue secured and unsecured evidence of  
20 indebtedness for a corporate purpose or to fund, refund, pay, or dis-  
21 charge outstanding obligations, and enter agreements and contracts  
22 concerning these obligations;

23 (16) secure the payment of its obligations by pledge or mort-  
24 gage or other lien on its contracts, revenues, income, or property;

25 (17) appoint officers, employees, trustees for certificate  
26 holders, and agents, and prescribe their powers and duties;

27 (18) provide technical services to shareholders; for the pur-  
28 poses of this paragraph, "technical services" includes services that  
29 will enhance the ability of the shareholder to obtain financial assis-

1 tance from the bank;

2 (19) make loans, as provided in (1) of this section, secured  
3 by liens subordinate to valid first liens and security agreements  
4 granted to a private lending institution;

5 (20) do what is necessary or desirable to carry out the cor-  
6 porate purposes and powers expressed or implied in this chapter.

7 Sec. 41.45.220. TRANSITION. Upon the repurchase of all the non-  
8 voting, preferred shares initially issued by the bank and purchased by  
9 the permanent fund and the renewable resources development fund, the  
10 provisions of this chapter lapse and the bank may proceed to operate as  
11 a private cooperative corporation under the terms of its bylaws and sub-  
12 ject to the provisions of AS 10.15.005 - 10.15.600.

13 \* Sec. 4. AS 16.10.300 - 16.10.370 is repealed.  
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Juneau, Alaska  
~~Juneau~~, 1978

Ms. Diann Nelson  
House Resources Committee  
for Rep. Osterback

Re: CSHB 763

Diann:

I have the following comments to offer after briefly glancing over the revised version of HB 763 which you gave me yesterday:

- §§1 & 2 (1) In stating the need for the bill, the problems and possibilities inherent in beginning large-scale agricultural production and marketing are not adequately defined.
- §3 F 10 (2) In Section 41.45.210, Powers of the Board, items 7 and 8 are redundant. The establishment of a bank with State monies whereby the bank is allowed 49% ownership in projects raises a serious question regarding the nature of the bank. Is this to be a State institution or ultimately a private bank? Obviously through 49% control of a large number of corporations the State bank would not be encouraging private enterprise but rather controlling it. It would be my observation that the bank should not be competing with the enterprise it seeks to establish but only acting as a facilitator in the lending community.
- (3) The overall intent of the bill and the structuring of a private institution which will ultimately stand on its own is an excellent concept. There is a very strong need for this bank in Alaska immediately. I would suggest that in further defining the need for the bank a summary of current banking in the rural areas of Alaska as well as the availability of sound bank financing in Alaska as a whole be included.
- (4) In summary, the ultimate strength of this bank will not come through State participation but through the ability of a local people in rural areas which is harnessed into the structure of the bank from inception. I do not see any provision for local participation defined in the bill.

Jack Hakila

Attachment: Resume

125

SPOKANE BANK FOR COOPERATIVES

FARM CREDIT BANKS BUILDING  
W. 705 FIRST AVENUE  
SPOKANE, WASHINGTON 99204  
TELEPHONE: (509) 456-7340



February 1, 1978

The Honorable Alvin Osterback  
House of Representatives  
Pouch V  
Juneau, Alaska 99801

Re: "Financing Alaska Commercial-Fisheries Businesses:  
Problems and Alternative Solutions"  
by Franklin L. Orth, Alaska Sea Grant Program/  
School of Management, University of Alaska  
for Legislative Affairs Agency, State of Alaska

5763  
HB

Dear Mr. Osterback:

We have received Mr. Orth's report on financing Alaska commercial fisheries businesses and believe that he did a commendable job of analyzing the available alternatives.

Mr. Orth's suggestion of a Cooperative Fisheries Development Bank, owned and controlled by its Alaskan patrons, appears to us to have considerable merit. The concept of a cooperative financing organization established on a basis that would make it eligible to obtain funds from the Bank for Cooperatives seems to us to be a viable one and would have our Bank's support.

Sincerely,

*A. E. Van Winkle*  
A. E. Van Winkle  
Senior Vice President

cc: Franklin L. Orth

## EARL R. COMBS, INC.

CONSULTANTS IN ECONOMICS AND PLANNING

2737 - 77th Ave. S.E. • Mercer Island, WA 98040 • (206) 232-3991 • TWX 32-9472 MIS MRID

March 27, 1978

Rep. Al Osterback, Chairman  
House Resources Committee  
Pouch V State Capitol  
JUNEAU, AK 99811

Dear Al:

As reported to your office by phone on March 27, I would recommend that the Resources Committee consider the following changes to HB763:

## 1) Section 1 - FINDINGS

The concept of the target group for assistance throughout Section 1 (fishermen and farmers) could be expanded to include processing firms and other businesses whose primary function is to service farmers and fishermen, by referring to "agriculture and fishing businesses" instead of "farmers and fishermen". This would appear to make the FINDINGS more consistent with Sec. 41.45.210 POWERS OF THE BANK as written (and as proposed for change in the remainder of this letter).

## Sec. 41.45.210 POWERS OF THE BANK

Para (1) line 25, remove; replace with , and to seafood and agriculture processors, marketers and firms providing technical services to the agriculture and fishing industries for projects which will establish a facility within Alaska or which will establish or expand a market for the harvests of resident commercial fishermen or farmers.

Para (7) and (8) could be clarified by merging them and defining target projects as defined under para (1). This could be done by adding of the type approved under para (1) of this section at the end of line 7. Paragraphs (7) and (8) would then be replaced by a single paragraph:

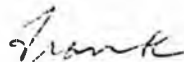
(7) invest in projects conducted by shareholders of the bank of the type approved under para (1) of this section by purchase of the capital stock of corporations involved in such projects, except that no investment in capital stock may exceed 49 percent of the capital stock of a corporation;

ERC, INC.

March 27, 1978  
Rep. Al Osterback  
Page 2

I am hopeful that these comments will be of assistance. If any clarification is needed, please contact me.

Sincerely,



Franklin L. Orth  
Senior Economist

FLO:TOE

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 763 (am)

Title An Act relating to commercial fishing & agriculture

Requested by Representative Terry Gardiner Date 5/22/78

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Development

Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			100.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
GENERAL FUND LOAN						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\$100,000 is appropriated as one time only setup costs for the Bank. The attached sheet gives the breakdown of that \$100,000 which will be used for organizational and setup purposes.

The capitalization of the bank is to be \$10 million in loans from the General Fund. It is anticipated that the first \$1,000,000 loan would not be necessary until January 1979 due to organizational time. The loans shall bear an interest rate of 7%. No interest or principal payments shall accrue until 2 years after the date of the initial loan. The loans shall be repaid within 20 years after the date of the loans. The bank is intended to become a private institution over over time.

IV. DATE May 22, 1978

PREPARED BY Terry Gardiner

AGENCY Terry Gardiner (sponsor)

PHONE \_\_\_\_\_

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Alvin Osterback

Alvin Osterback (sponsor)

During FY 79 the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for the organizational activities.

1. Personal Services:

- A. Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224). . . . . \$43,344
- B. Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192

2. Travel:

- A. Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
- B. Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200

3. Contractual:

- A. Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
- B. Telephone/communications. . . . . 1,800
- C. Postage, etc. . . . . 600
- D. Printing and advertising . . . . . 1,600
- E. Professional fees and services (includes legal fees of organization) . . . . . 15,000

4. Commodities:

- A. Office Supplies . . . . . 600

5. Equipment:

- A. 2 desks, 2 chairs . . . . . 1,100
- B. File cabinets, book cases . . . . . 400
- C. Calculator, typewriter, and miscellaneous . . . . . 800

TOTAL FY-79. . . . . \$98,836

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS for HB 763 (201)  
 Title An Act relating to commercial fishing and agriculture.  
 Requested by Representative T. Gardiner Date 5/8/78

II. FISCAL DETAIL  
 Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

All funds to be returned to general fund within 20 years.

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	100.0	100.0	110.0	120.0		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		5,000.0	4,000.0	540.0		
TOTAL						

CS HB 763 (cont)

FUNDING (Thousands of Dollars)

GENERAL FUND	100.0	5,100.0	4,110.0	660.0		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

Private Cooperative Development Bank - no State employees

FULL TIME						
PART TIME						
TEMPORARY						

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

The Development Bank is intended to become a private institution over time (within 20 years). Assuming the Development Bank is organized and works similar to those in other states, the full \$10 million will be repaid to the State. The only cost is the "opportunity costs" of the interest over the period until the funds are repaid to the general fund, and the dividends over the first two years.

Even the operating costs - listed in the 300 category above and estimated on the attached sheet - will be repaid to the general fund.

IV. DATE May 9, 1978 PREPARED BY James R. Deagen  
 AGENCY Economic Enterprise  
 PHONE 465-2371  
 Original: Legislative Council  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*J. R. Deagen*

In the concluding months of FY-78, the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for these activities, however, the funds are to be repaid by the Development Bank.

Operating costs will approximate the following assumptions:

1.	<u>Personal Services:</u>	
	A.	Cooperative Bank Executive Director with salary similar to State range 23, salary of \$35,120 plus benefits of 20% (\$7,224) . . . . . \$43,344
	B.	Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192
2.	<u>Travel:</u>	
	A.	Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
	B.	Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200
3.	<u>Contractual:</u>	
	A.	Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
	B.	Telephone/communications. . . . . 1,800
	C.	Postage, etc. . . . . 600
	D.	Printing and advertising . . . . . 1,600
	E.	Professional fees and services (includes legal fees of organization) . . . . . 15,000
4.	<u>Commodities:</u>	
	A.	Office Supplies . . . . . 600
5.	<u>Equipment:</u>	
	A.	2 desks, 2 chairs . . . . . 1,100
	B.	File cabinets, book cases . . . . . 400
	C.	Calculator, typewriter, and miscellaneous . . . . . 800
TOTAL FY-79. . . . .		\$98,836

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 763 *and*  
Title An Act relating to commercial fishing and agriculture.  
Requested by Representative I. Gardiner Date 5/8/78

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Development  
Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

All funds to be returned to general fund within 20 years.

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	100.0	100.0	110.0	120.0		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		5,000.0	4,000.0	540.0		

TOTAL

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	100.0	5,100.0	4,110.0	660.0		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

Private Cooperative Development Bank - no State employees

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

The Development Bank is intended to become a private institution over time (within 20 years). Assuming the Development Bank is organized and works similar to those in other states, the full \$10 million will be repaid to the State. The only cost is the "opportunity costs" of the interest over the period until the funds are repaid to the general fund, and the dividends over the first two years.

Even the operating costs - listed in the 300 category above and estimated on the attached sheet - will be repaid to the general fund.

IV. DATE May 9, 1978

PREPARED BY James R. Deagen

AGENCY Economic Enterprise

PHONE 465 2021

In the concluding months of FY-78, the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for these activities, however, the funds are to be repaid by the Development Bank.

Operating costs will approximate the following assumptions:

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	B.	Executive Director-12 trips @\$350 per trip (per diem included) . . . . . 4,200
3.	<u>Contractual:</u>	
	A.	Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
	B.	Telephone/communications . . . . . 1,800
	C.	Postage, etc. . . . . 600
	D.	Printing and advertising . . . . . 1,600
	E.	Professional fees and services (includes legal fees of organization) . . . . . 15,000
4.	<u>Commodities:</u>	
	A.	Office Supplies . . . . . 600
5.	<u>Equipment:</u>	
	A.	2 desks, 2 chairs . . . . . 1,100
	B.	File cabinets, book cases . . . . . 400
	C.	Calculator, typewriter, and miscellaneous . . . . . 800
TOTAL FY-79. . . . .		\$98,836

1978 FEB 22 PM 5 19

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HB 763

A-078249E053 02/22/78

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PMS HONORABLE ALVIN OSTERBACK, REPORT DELIVERY

MEMBER HOUSE OF REPRESENTATIVES

ALASKAN STATE LEGISLATURE COPY MESSAGE , FONE ASAP

JUNEAU AK 99801

REFERENCE HOUSE BILL 763 DUE FOR MARKUP SESSION OF RESOURCES

COMMITTEE, PLEASE CONSIDER THE FOLLOWING THE FEDERAL INTERMEDIATE

CREDIT BANK OF SPOKANE UNDER THE FARM CREDIT ACT OF 1971 IS CHARGED

WITH THE SUPERVISION OF PROVIDING SHORT AND INTERMEDIATE TERM CREDIT

FOR AGRICULTURE, INCLUDING FARMERS, RANCHERS AND HARVESTERS AND

PRODUCERS OF AQUATIC PRODUCTS FOR THE STATE OF ALASKA BY PRODUCTION

CREDIT ASSOCIATION AND OTHER FINANCING INSTITUTIONS. COMMENCING IN

THE LATE 60S THE NORTHWEST LIVE STOCK PRODUCTION CREDIT ASSOCIATION

HAS EXTENDED AGRICULTURAL CREDIT TO QUALIFIED FARMERS AND RANCHERS

IN ALASKA. IN 1973, NORTHWEST LIVE STOCK PRODUCTION CREDIT

ASSOCIATION ALSO BEGAN FINANCING FISHERMAN FISHING IN ALASKAN

WATERS. TO DATE, EXPERIENCE HAS BEEN SATISFACTORY.

THE FEDERAL INTERMEDIATE CREDIT BANK OF SPOKANE WOULD NOT REGISTER  
OBJECTION TO THE CREATION OF A COMMERCIAL FISHING AND AGRICULTURAL  
COOPERATIVE DEVELOPMENT BANK AS PROPOSED IN HOUSE BILL 763. IN FACT,  
THE FICB OF SPOKANE LOOKS FORWARD TO WORKING CLOSELY WITH THE BANK  
WHEN AUTHORIZED IN ITS CREATION. THIS IS PARTICULARLY IMPORTANT  
BECAUSE THE PROPOSED BANK SHOULD BE STRUCTURED SO AS TO QUALIFY FOR  
DISCOUNTING LOANS WITH THE FEDERAL INTERMEDIATE CREDIT BANK OF  
SPOKANE.

FOR FURTHER INFORMATION, CONTACT THE FEDERAL INTERMEDIATE CREDIT  
BANK OF SPOKANE WEST 705 FIRST AVE SPOKANE WASHINGTON 99204,  
TELEPHONE (509) 456-7380. SINCERELY,

WILLIAM F BARRATT PRESIDENT FEDERAL INTERMEDIATE CREDIT BANK



# 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 O. Irish  
Signature of Camera Operator

2/23/90  
Date

Master file

HB 763

To \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_

WHILE YOU WERE OUT

M Asterback's Off.

of \_\_\_\_\_

Phone X-5715

TELEPHONED	<input checked="" type="checkbox"/>	PLEASE CALL	<input type="checkbox"/>
CALLED TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	RUSH	<input type="checkbox"/>

RETURNED YOUR CALL

Message If you need

more copies

please call

Operator \_\_\_\_\_

COMMITTEE REPORT  
SENATE

FURTHER: \_\_\_\_\_

6/3/78

Date: June 12, 1978

Mr. President:

The Committee on FINANCE has had CSHB 763 (Rules) am  
commercial fishing and agriculture

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_  new title             same title

- AND attaches a Letter of Intent                       New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_  
Chairman

HOUSE JOURNAL  
SUPPLEMENT

No. 5.

May 30, 1978

HB  
763

FISCAL NOTE

REQUEST  
 Bill/Resolution No. CS for HB 763 (am)  
 Title An Act relating to commercial fishing and agriculture  
 Requested by Representatives Osterback and Gardiner Date 5/26/78

II. FISCAL DETAIL  
 Agency Affected Departments of Commerce and Economic Development and Revenue  
 Program Category Affected Development/Treasury  
 Budget Request Unit(s) Affected Economic Enterprise/Treasury Management

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			150.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
General Fund Equity Investment			2,000.0			
TOTAL			2,150.0			

FUNDING (Thousands of Dollars)

GENERAL FUND			2,150.0			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			0			
PART TIME						
TEMPORARY						

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

\$150,000 is appropriated as one time only setup costs for the bank. The attached sheet gives the breakdown of that \$150,000 which will be used for organizational and setup purposes.

The initial capitalization of the bank is to be \$2 million in preferred stock investment from the General Fund. It is anticipated that the \$2 million will be necessary after December, 1978. The stock shall be repurchased within 20 years. The bank is intended to become a member owned private institution.

IV. DATE 5/26/78 PREPARED BY John Williams  
 AGENCY Legislative Affairs Agency  
 Original: Legislative Finance PHONE 465-4918  
 Budget and Management  
 Prime Sponsor (First Legislator Named)

442 approved 5/24

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 763 (am)  
Title An Act relating to commercial fishing & agriculture  
Requested by Representative Terry Gardiner Date 5/22/78

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development  
Program Category Affected Development  
Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			100.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
GENERAL FUND LOAN						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\$100,000 is appropriated as one time only setup costs for the Bank. The attached sheet gives the breakdown of that \$100,000 which will be used for organizational and setup purposes.

The capitalization of the bank is to be \$10 million in loans from the General Fund. It is anticipated that the first \$1,000,000 loan would not be necessary until January 1979 due to organizational time. The loans shall bear an interest rate of 7%. No interest or principal payments shall accrue until 2 years after the date of the initial loan. The loans shall be repaid within 20 years after the date of the loans. The bank is intended to become a private institution over over time.

IV. DATE May 22, 1978 PREPARED BY Terry Gardiner  
AGENCY Terry Gardiner (sponsor)  
Original: Legislative Finance PHONE \_\_\_\_\_  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Alvin Osterback  
Alvin Osterback (sponsor)

During FY 79 the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for the organizational activities.

1. Personal Services:

- A. Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224). . . . . \$43,344
- B. Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192

2. Travel:

- A. Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
- B. Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200

3. Contractual:

- A. Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
- B. Telephone/communications. . . . . 1,800
- C. Postage, etc. . . . . 600
- D. Printing and advertising . . . . . 1,600
- E. Professional fees and services (includes legal fees of organization) . . . . . 15,000

4. Commodities:

- A. Office Supplies . . . . . 600

5. Equipment:

- A. 2 desks, 2 chairs . . . . . 1,100
- B. File cabinets, book cases . . . . . 400
- C. Calculator, typewriter, and miscellaneous . . . . . 800

TOTAL FY-79. . . . . \$98,836

R/b pin CS

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

11

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CS for HB 763 (am)  
Title An Act relating to commercial fishing and agriculture.  
Requested by Representative T. Gardiner Date 5/8/78

II. FISCAL DETAIL  
Agency Affected Department of Commerce & Economic Development  
Program Category Affected Development  
Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

All funds to be returned to general fund within 20 years.

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	100.0	100.0	110.0	120.0		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		5,000.0	4,000.0	540.0		
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	100.0	5,100.0	4,110.0	660.0		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

Private Cooperative Development Bank - no State employees

FULL TIME						
PART TIME						
TEMPORARY						

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

The Development Bank is intended to become a private institution over time (within 20 years). Assuming the Development Bank is organized and works similar to those in other states, the full \$10 million will be repaid to the State. The only cost is the "opportunity costs" of the interest over the period until the funds are repaid to the general fund, and the dividends over the first two years.

Even the operating costs - listed in the 300 category above and estimated on the attached sheet - will be repaid to the general fund.

IV. DATE May 9, 1978 PREPARED BY James R. Deagen  
AGENCY Economic Enterprise  
PHONE 465-2021  
Original: Legislative Finance

In the concluding months of FY-78, the board will be chosen and have an opportunity to hold an organizational meeting. An attorney can be hired to draft Articles of Incorporation and other necessary legal requirements. \$100,000 has been allotted for these activities, however, the funds are to be repaid by the Development Bank.

Operating costs will approximate the following assumptions:

1.	<u>Personal Services:</u>	
	A.	Cooperative Bank Executive Director with salary similar to State range 23, salary of \$36,120 plus benefits of 20% (\$7,224). . . . . \$43,344
	B.	Clerk Typist with salary similar to State Range 8, salary of \$12,660 plus benefits of 20% (\$2,532) . . . . . 15,192
2.	<u>Travel:</u>	
	A.	Board-6 meetings, 5 members @\$350 per trip. . . . . 10,500
	B.	Executive Director-12 trips @\$350 per trip (per diem included). . . . . 4,200
3.	<u>Contractual:</u>	
	A.	Rent-250 sq. ft. @\$1.25 per sq. ft./month . . . . . 3,700
	B.	Telephone/communications. . . . . 1,800
	C.	Postage, etc. . . . . 600
	D.	Printing and advertising . . . . . 1,600
	E.	Professional fees and services (includes legal fees of organization) . . . . . 15,000
4.	<u>Commodities:</u>	
	A.	Office Supplies . . . . . 600
5.	<u>Equipment:</u>	
	A.	2 desks, 2 chairs . . . . . 1,100
	B.	File cabinets, book cases . . . . . 400
	C.	Calculator, typewriter, and miscellaneous . . . . . 800
TOTAL FY-79. . . . .		\$98,836

Original sponsors: Osterback and  
Gardiner

Offered: 5/30/78  
For Today's Calendar

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 763 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to commercial fishing and agricul-  
7 ture."

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

9 \* Section 1. FINDINGS. The legislature finds that

10 (1) certain fish species which thrive in the seas off the coast of  
11 Alaska have long provided an abundant food source for foreign nations but  
12 have been underutilized by Alaskan fishermen;

13 (2) there is a potential for these species to provide a new source  
14 of revenue for Alaskan fishermen and for the state;

15 (3) Alaskan fishermen have not utilized these species to the  
16 fullest extent possible because of adverse economic and marketing conditions  
17 and the high cost of gear and equipment for harvesting;

18 (4) the 200-mile limit established by the Fisheries Management and  
19 Conservation Act of 1976 offers an opportunity for Alaskan fishermen to  
20 harvest these species free of the competition of foreign fishermen;

21 (5) the creation of sources of credit will enable Alaskan fisher-  
22 men to avail themselves of the opportunities offered by the Fisheries Manage-  
23 ment and Conservation Act of 1976 to the ultimate benefit of all Alaskans;

24 (6) access to regional institutions of the federal farm credit  
25 system in conjunction with appropriate state agencies will provide the finan-  
26 cial resources and specialized knowledge necessary for underutilized fish-  
27 eries development.

28 \* Sec. 2. PURPOSES. The purposes of this Act are to

29 (1) provide sources of credit for Alaskan agriculture and fishing

1 business;

2 (2) encourage utilization of the fisheries off the coast of Alaska  
3 that have been underutilized in the past by local fishermen;

4 (3) encourage harvesting, processing and marketing of underutil-  
5 ized fish species;

6 (4) encourage technological development in the harvesting and  
7 processing of underutilized fish species;

8 (5) promote the more rapid development of agriculture.

9 \* Sec. 3. AS 41 is amended by adding a new chapter to read:

10 CHAPTER 45. COMMERCIAL FISHING AND AGRICULTURE BANK.

11 Sec. 41.45.010. COMMERCIAL FISHING AND AGRICULTURE BANK. (a)

12 There is established the Commercial Fishing and Agriculture Bank. The  
13 bank is a public corporation and government instrumentality in the  
14 Department of Commerce and Economic Development but has a legal exist-  
15 tence independent of and separate from the state. The exercise by the  
16 bank of the powers conferred by this chapter is considered an essential  
17 governmental function of the state. Except as otherwise provided in  
18 this chapter, the bank is subject to the provisions of AS 10.15.005 -  
19 10.15.600.

20 (b) For the purpose of the initial funding of the bank's opera-  
21 tions, the board of directors shall issue nonvoting, preferred shares of  
22 stock in the bank and shall determine the value of each share. The  
23 State of Alaska, through appropriate agencies, shall purchase the non-  
24 voting, preferred shares initially issued by the bank. Shares purchased  
25 by the state shall be repurchased by the bank within 20 years after  
26 their purchase. If the bank fails to repurchase the shares within 20  
27 years, the commissioner of commerce and economic development may dis-  
28 solve the bank.

29 (c) After the board of directors has completed the necessary or-

1 ganizational matters described in secs. 30 and 40 of this chapter, the  
2 commissioner of revenue may purchase with funds from the general fund up  
3 to \$2,000,000 of preferred stock of the bank during fiscal year 1979 at  
4 such time and with terms agreed upon by the commissioner and the board.

5 Sec. 41.45.020. BOARD OF DIRECTORS. The bank shall be managed by  
6 a board of directors consisting of five members. Initial appointments  
7 to the board shall be made by the governor. Thereafter, board members  
8 shall be elected by the shareholders. The board members shall annually  
9 elect a chairman from among themselves. The purpose of the board is to  
10 manage the assets of the bank.

11 Sec. 41.45.030. ARTICLES OF INCORPORATION. Not later than  
12 November 1, 1978, the board of directors shall file with the commis-  
13 sioner of commerce and economic development articles of incorporation as  
14 provided in AS 10.15.340 - 10.15.355 except that any filing fees shall  
15 be waived.

16 Sec. 41.45.040. BYLAWS. The board of directors shall adopt the  
17 initial bylaws of the bank. The power to alter, amend or repeal the by-  
18 laws is vested in the board of directors. The bylaws may contain provi-  
19 sions for the regulation and management of the affairs of the bank not  
20 inconsistent with this chapter or other provisions of law.

21 Sec. 41.45.050. MEMBERSHIP MEETINGS. Upon filing the articles of  
22 incorporation, the board of directors, with the assistance of the com-  
23 missioner of commerce and economic development or his designee, may hold  
24 public meetings throughout the state for the purpose of explaining to  
25 members of the commercial fishing and farming industries the functions  
26 of the bank and to encourage membership in the bank.

27 Sec. 41.45.060. MEMBERSHIP STOCK. (a) The board of directors  
28 shall issue shares of membership stock in the bank in the amounts and  
29 with the value determined by the board and stated in the articles of

1 incorporation.

2 (b) Loans made to shareholders of the bank under the provisions of  
3 this chapter shall be in accordance with a schedule of maximum amounts  
4 adopted by the board of directors based upon proportional ownership of  
5 shares.

6 Sec. 41.45.070. EXECUTIVE DIRECTOR; STAFF. (a) The board of  
7 directors may hire and determine the salary of an executive director.  
8 The executive director shall be responsible for the ordinary business of  
9 the bank.

10 (b) The executive director, with the approval of the board of  
11 directors, may hire and determine the salary of staff reasonably neces-  
12 sary for the efficient performance of the duties of the bank.

13 Sec. 41.45.080. EXEMPT STATUS. Employees of the bank are in the  
14 exempt service under AS 39.25.

15 Sec. 41.45.090. TERM OF OFFICE. The members of the board shall be  
16 appointed for terms of three years, and they may be reappointed. Terms  
17 shall be staggered. Initial terms shall be two members serving for one  
18 year, two members serving for two years, and one member serving for  
19 three years.

20 Sec. 41.45.100. QUORUM. A majority of the members of the board  
21 constitutes a quorum for the transaction of business and the exercise of  
22 the powers and duties of the board.

23 Sec. 41.45.110. COMPENSATION OF BOARD MEMBERS. Members receive  
24 compensation at a rate determined by the board for each day the board  
25 meets if they attend the meeting and are entitled to per diem and travel  
26 allowances as provided by law for members of state boards and commis-  
27 sions.

28 Sec. 41.45.120. BONDS OF THE BANK. (a) The bank may borrow money  
29 and may issue bonds for that purpose, including but not limited to bonds

1 on which the principal and interest are payable,

2 (1) exclusively from the income and receipts or other money  
3 derived from the project financed with the proceeds of the bonds;

4 (2) exclusively from the income and receipts or other money  
5 derived from designated projects whether or not they are financed in  
6 whole or in part with the proceeds of the bonds; or

7 (3) from its income and receipts or other assets generally,  
8 or a designated part or parts of them.

9 (b) Bonds shall be authorized by resolution of the board of direc-  
10 tors, and be dated and shall mature as the resolution may provide,  
11 except that no bond may mature more than 30 years from the date of its  
12 issue. Bonds shall bear interest at the rate or rates, be in the de-  
13 nominations, be in the form, either coupon or registered, carry the  
14 registration privileges, be executed in the manner, be payable in the  
15 medium of payment, at the place or places, and be subject to the terms  
16 of redemption which the resolution or a subsequent resolution may pro-  
17 vide.

18 (c) All bonds, regardless of form or character, shall be nego-  
19 tiable instruments for all the purposes of the Uniform Commercial Code.

20 (d) All bonds may be sold at public or private sale in the manner,  
21 for the price or prices, and at the time or times which the board of  
22 directors may determine.

23 (e) The superior court shall have jurisdiction to hear and deter-  
24 mine suits, actions or proceedings relating to the bank, including  
25 suits, actions or proceedings brought to foreclose or otherwise enforce  
26 a mortgage, pledge, assignment or security of a holder of its bonds or  
27 by a trustee for or other representative of the holders.

28 Sec. 41.45.130. TRUST INDENTURES AND TRUST AGREEMENTS. In the  
29 discretion of the board of directors an issue of bonds may be secured by

1 a trust indenture or trust agreement between the bank and a corporate  
2 trustee (which may be a trust company, bank, or national banking asso-  
3 ciation, with corporate trust powers, located inside or outside the  
4 state) or by a secured loan agreement or other instrument or under a  
5 resolution giving powers to a corporate trustee by means of which the  
6 bank may

7 (1) make and enter into any and all the covenants and agree-  
8 ments with the trustee or the holders of the bonds which the board of  
9 directors may determine to be necessary or desirable, including, without  
10 limitation, covenants, provisions, limitations and agreements as to

11 (A) the application, investment, deposit, use and dis-  
12 position of the proceeds of bonds of the bank or of money or other  
13 property of the bank or in which it has an interest;

14 (B) the terms and conditions upon which additional bonds  
15 of the bank may be issued;

16 (2) pledge, mortgage or assign money, leases, agreements,  
17 property or other assets of the bank either presently in hand or to be  
18 received in the future, or both; and

19 (3) provide for any other matters of like or different char-  
20 acter which in any way affect the security or protection of the bonds.

21 Sec. 41.45.140. VALIDITY OF PLEDGE. It is the intention of the  
22 legislature that a pledge made in respect of bonds shall be valid and  
23 binding from the time the pledge is made; that the money or property so  
24 pledged and thereafter received by the bank shall immediately be subject  
25 to the lien of the pledge without physical delivery or further act; and  
26 that the lien of the pledge shall be valid and binding as against all  
27 parties having claims of any kind in tort, contract or otherwise against  
28 the bank irrespective of whether the parties have notice. Neither the  
29 resolution, trust agreement nor any other instrument by which a pledge

1 a trust indenture or trust agreement between the bank and a corporate  
2 trustee (which may be a trust company, bank, or national banking asso-  
3 ciation, with corporate trust powers, located inside or outside the  
4 state) or by a secured loan agreement or other instrument or under a  
5 resolution giving powers to a corporate trustee by means of which the  
6 bank may

7 (1) make and enter into any and all the covenants and agree-  
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10 limitation, covenants, provisions, limitations and agreements as to

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13 property of the bank or in which it has an interest;

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15 of the bank may be issued;

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25 to the lien of the pledge without physical delivery or further act; and  
26 that the lien of the pledge shall be valid and binding as against all  
27 parties having claims of any kind in tort, contract or otherwise against  
28 the bank irrespective of whether the parties have notice. Neither the  
29 resolution, trust agreement nor any other instrument by which a pledge

1 on which the principal and interest are payable,

2 (1) exclusively from the income and receipts or other money  
3 derived from the project financed with the proceeds of the bonds;

4 (2) exclusively from the income and receipts or other money  
5 derived from designated projects whether or not they are financed in  
6 whole or in part with the proceeds of the bonds; or

7 (3) from its income and receipts or other assets generally,  
8 or a designated part or parts of them.

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10 tors, and be dated and shall mature as the resolution may provide,  
11 except that no bond may mature more than 30 years from the date of its  
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13 nominations, be in the form, either coupon or registered, carry the  
14 registration privileges, be executed in the manner, be payable in the  
15 medium of payment, at the place or places, and be subject to the terms  
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17 vide.

18 (c) All bonds, regardless of form or character, shall be nego-  
19 tiable instruments for all the purposes of the Uniform Commercial Code.

20 (d) All bonds may be sold at public or private sale in the manner,  
21 for the price or prices, and at the time or times which the board of  
22 directors may determine.

23 (e) The superior court shall have jurisdiction to hear and deter-  
24 mine suits, actions or proceedings relating to the bank, including  
25 suits, actions or proceedings brought to foreclose or otherwise enforce  
26 a mortgage, pledge, assignment or security of a holder of its bonds or  
27 by a trustee for or other representative of the holders.

28 Sec. 41.45.130. TRUST INDENTURES AND TRUST AGREEMENTS. In the  
29 discretion of the board of directors an issue of bonds may be secured by

1 a trust indenture or trust agreement between the bank and a corporate  
2 trustee (which may be a trust company, bank, or national banking asso-  
3 ciation, with corporate trust powers, located inside or outside the  
4 state) or by a secured loan agreement or other instrument or under a  
5 resolution giving powers to a corporate trustee by means of which the  
6 bank may

7 (1) make and enter into any and all the covenants and agree-  
8 ments with the trustee or the holders of the bonds which the board of  
9 directors may determine to be necessary or desirable, including, without  
10 limitation, covenants, provisions, limitations and agreements as to

11 (A) the application, investment, deposit, use and dis-  
12 position of the proceeds of bonds of the bank or of money or other  
13 property of the bank or in which it has an interest;

14 (B) the terms and conditions upon which additional bonds  
15 of the bank may be issued;

16 (2) pledge, mortgage or assign money, leases, agreements,  
17 property or other assets of the bank either presently in hand or to be  
18 received in the future, or both; and

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25 to the lien of the pledge without physical delivery or further act; and  
26 that the lien of the pledge shall be valid and binding as against all  
27 parties having claims of any kind in tort, contract or otherwise against  
28 the bank irrespective of whether the parties have notice. Neither the  
29 resolution, trust agreement nor any other instrument by which a pledge  
30

1 is created need be recorded or filed under the provisions of the Uniform  
2 Commercial Code to be valid, binding or effective against the parties.

3 Sec. 41.45.150. NONLIABILITY ON BONDS. (a) Neither the members  
4 of the board of directors, the executive director, staff, nor a person  
5 executing the bonds is liable personally on the bonds or subject to  
6 personal liability or accountability by reason of the issuance of the  
7 bonds.

8 (b) The bonds issued by the bank may not constitute an indebted-  
9 ness or other liability of the state or of a political subdivision of  
10 the state, except the bank but shall be payable solely from the income  
11 and receipts or other funds or property of the bank. The bank may not  
12 pledge the faith or credit of the state or of a political subdivision of  
13 the state, except the bank, to the payment of a bond, and the issuance  
14 of a bond by the bank shall not directly or indirectly or contingently  
15 obligate the state or a political subdivision of the state to apply  
16 money from, or levy or pledge any form of taxation whatever to the  
17 payment of the bond.

18 Sec. 41.45.160. PLEDGE OF THE STATE. The state pledges to and  
19 agrees with the holders of the bonds issued under this chapter and with  
20 the federal agency or regional institution of the federal farm credit  
21 system which loans or contributes funds in respect of a project, that  
22 the state will not limit or alter the rights and powers vested in the  
23 bank by this chapter to fulfill the terms of any contract made by the  
24 bank with the holders or federal agency or regional institution of the  
25 federal farm credit system, or in any way impair the rights and remedies  
26 of the holders until the bonds, together with interest on them, with  
27 interest on unpaid installments of interest, and all costs and expenses  
28 in connection with any action or proceeding by or on behalf of the  
29 holders, are fully met and discharged. The bank is authorized to in-

1 clude this pledge and agreement of the state, insofar as it refers to  
2 holders of bonds of the bank in a contract with the holders, and insofar  
3 as it relates to a federal agency or regional institution of the federal  
4 farm credit system, in a contract with a federal agency or regional  
5 institution of the federal farm credit system.

6 Sec. 41.45.170. EXEMPTION FROM TAXATION. The real and personal  
7 property of the bank and its assets, income and receipts are declared to  
8 be property of a political subdivision of the state and shall be exempt  
9 from all taxes and special assessments of the state or a political  
10 subdivision of the state, including, without limitation, all boroughs,  
11 cities, municipalities, school districts, public utility districts, and  
12 other taxing units. All bonds of the bank are declared to be issued by  
13 a political subdivision of the state, to be for an essential public and  
14 governmental purpose, and to be a public instrumentality, and the bonds,  
15 and the interest on them, the income from them, the transfer of the  
16 bonds, and all assets, income and receipts pledged to pay or secure the  
17 payment of the bonds, or interest on them, shall at all times be exempt  
18 from taxation by or under the authority of the state, except for inheri-  
19 tance and estate taxes and taxes on transfers by or in contemplation of  
20 death.

21 Sec. 41.45.180. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The  
22 bonds of the bank are securities in which all public officers and bodies  
23 of the state and all municipalities and municipal subdivisions, all  
24 insurance companies and associations and other persons carrying on an  
25 insurance business, all banks, bankers, trust companies, savings banks,  
26 savings associations, including savings and loan associations and build-  
27 ing and loan associations, investment companies and other persons carry-  
28 ing on a banking business, all administrators, guardians, executors,  
29 trustees and other fiduciaries, and all other persons who are now or may

1 hereafter be authorized to invest in bonds or other obligations of the  
2 state, may properly and legally invest funds including capital in their  
3 control or belonging to them. Notwithstanding any other provisions of  
4 law, the bonds of the bank are also securities which may be deposited  
5 with and may be received by all public officers and bodies of this state  
6 and all municipalities and municipal subdivisions for any purpose for  
7 which the deposit of bonds or other obligations of the state is now or  
8 may hereafter be authorized.

9 Sec. 41.45.190. CONFLICTS OF INTEREST. No member of the board of  
10 directors may vote on a transaction of the bank under this chapter if he  
11 is a party to the transaction.

12 Sec. 41.45.200. REPORTS AND PUBLICATIONS. The board of directors  
13 shall publish an annual report to the bank's shareholders. The report  
14 shall be made available to the public and shall include financial state-  
15 ments audited by independent outside auditors, a statement of the amount  
16 of money received by the bank from each source during the period  
17 covered, a statement of the bank's investments, a description of the  
18 bank's investment activity during the period covered by the report, an  
19 analysis of economic and other effects of investment decisions on the  
20 state's commercial fishing and agriculture industries, and any other  
21 information the board believes would be of interest to the governor, the  
22 legislature and the public. The board may also publish such other  
23 reports as it considers desirable to carry out its purposes.

24 Sec. 41.45.210. POWERS OF THE BANK. The bank may

25 (1) make variable rate or fixed rate loans to individuals who  
26 are residents and who are engaged in commercial agriculture or fishing,  
27 including harvesters, processors and marketers, or to corporations,  
28 partnerships or joint ventures primarily engaged in commercial agri-  
29 culture or fishing, the majority interest of which is beneficially owned

1 by residents of the state and a majority of the owners of which are  
2 residents of the state, if the recipient of the loan is a shareholder of  
3 the bank; however, the bank may make a loan under this paragraph to a  
4 corporation, partnership, or joint venture for the purchase of a new or  
5 existing fishing vessel or for the repair or renovation of an existing  
6 fishing vessel, the primary purpose of which is to commercially harvest  
7 fishery resources, only if the corporation, partnership, or joint ven-  
8 ture is wholly owned and controlled by residents of the state;

9 (2) make and alter bylaws necessary or desirable to carry out  
10 its corporate functions;

11 (3) establish amortization plans for repayment of loans,  
12 which may include extensions for poor fishing or farming seasons;

13 (4) enter into agreements with regional institutions of the  
14 federal farm credit system, private lending institutions, and other  
15 state agencies or agencies of the federal government, to carry out the  
16 purposes of this chapter;

17 (5) adopt, alter, and use a corporate seal;

18 (6) sue and be sued in the name of the bank;

19 (7) issue bonds to carry out any of its corporate purposes  
20 and powers;

21 (8) sell, lease as lessor or lessee, exchange, donate, convey  
22 or encumber in any manner by mortgage or by creation of any other se-  
23 curity interest, real or personal property owned by it, or in which it  
24 has an interest, when, in the judgment of the board of directors, the  
25 action is in furtherance of its corporate purposes;

26 (9) incur secondary liability by guaranty or endorsement of  
27 the obligations of another corporation or legal entity when, in the  
28 judgment of the board of directors, the action is in furtherance of its  
29 corporate purposes;

1 (10) make loans as provided in (1) of this section in partici-  
2 pation with financial institutions, and establish and regulate the terms  
3 of the loans;

4 (11) make contracts and execute instruments necessary or con-  
5 venient in the exercise of its corporate powers;

6 (12) acquire by purchase, lease, bequest, devise, gift, the  
7 satisfaction of debts, or the foreclosure of mortgages, and hold, main-  
8 tain, use, operate, and convey real or personal property;

9 (13) borrow money and issue secured and unsecured evidence of  
10 indebtedness for a corporate purpose or to fund, refund, pay, or dis-  
11 charge outstanding obligations, and enter agreements and contracts  
12 concerning these obligations;

13 (14) secure the payment of its obligations by pledge or mort-  
14 gage or other lien on its contracts, revenues, income, or property;

15 (15) appoint officers, employees, trustees for certificate  
16 holders, and agents, and prescribe their powers and duties;

17 (16) provide technical services to shareholders; for the pur-  
18 poses of this paragraph, "technical services" includes services that  
19 will enhance the ability of the shareholder to obtain financial assis-  
20 tance from the bank;

21 (17) make loans, as provided in (1) of this section, secured  
22 by liens subordinate to valid first liens and security agreements  
23 granted to a private lending institution;

24 (18) participate with state departments and agencies in for-  
25 mulating policy and in planning for the development of commercial  
26 fishing and agriculture in the state;

27 (19) do what is necessary or desirable to carry out the cor-  
28 porate purposes and powers expressed or implied in this chapter.

29 Sec. 41.45.220. TRANSITION. Upon the repurchase of all the non-

1 voting, preferred shares initially issued by the bank and purchased by  
2 agencies of the state, the provisions of this chapter lapse and the bank  
3 may proceed to operate as a private cooperative corporation under the  
4 terms of its bylaws and subject to the provisions of AS 10.15.005 -  
5 10.15.600.  
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Original sponsors: Os:erback and  
Gar:iner

Offered: 5/4/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 763 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to commercial fishing and agricul-  
7 ture."

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

9 \* Section 1. FINDINGS. The legislature finds that

10 (1) certain fish species which thrive in the seas off the coast of  
11 Alaska have long provided an abundant food source for foreign nations but  
12 have been underutilized by Alaskan fishermen;

13 (2) there is a potential for these species to provide a new source  
14 of revenue for Alaskan fishermen and for the state;

15 (3) Alaskan fishermen have not utilized these species to the  
16 fullest extent possible because of adverse economic and marketing conditions  
17 and the high cost of gear and equipment for harvesting;

18 (4) the 200-mile limit established by the Fisheries Management and  
19 Conservation Act of 1976 offers an opportunity for Alaskan fishermen to  
20 harvest these species free of the competition of foreign fishermen;

21 (5) the creation of sources of credit will enable Alaskan fisher-  
22 men to avail themselves of the opportunities offered by the Fisheries Manage-  
23 ment and Conservation Act of 1976 to the ultimate benefit of all Alaskans;

24 (6) access to regional institutions of the federal farm credit  
25 system in conjunction with appropriate state agencies will provide the finan-  
26 cial resources and specialized knowledge necessary for underutilized fish-  
27 eries development.

28 \* Sec. 2. PURPOSES. The purposes of this Act are to

29 (1) provide sources of credit for Alaskan agriculture and fishing

1 business;

2 (2) encourage utilization of the fisheries off the coast of Alaska  
3 that have been underutilized in the past by local fishermen;

4 (3) encourage harvesting, processing and marketing of underutil-  
5 ized fish species;

6 (4) encourage technological development in the harvesting and  
7 processing of underutilized fish species;

8 (5) promote the more rapid development of agriculture.

9 \* Sec. 3. AS 41 is amended by adding a new chapter to read:

10 CHAPTER 45. COMMERCIAL FISHING AND AGRICULTURE  
11 COOPERATIVE DEVELOPMENT BANK.

12 Sec. 41.45.010. COMMERCIAL FISHING AND AGRICULTURE COOPERATIVE  
13 DEVELOPMENT BANK. (a) There is established the Commercial Fishing and  
14 Agriculture Cooperative Development Bank. The bank is a public corpora-  
15 tion and government instrumentality in the Department of Commerce and  
16 Economic Development but has a legal existence independent of and sepa-  
17 rate from the state. The exercise by the bank of the powers conferred  
18 by this chapter is considered an essential governmental function of the  
19 state. Except as otherwise provided in this chapter, the bank is sub-  
20 ject to the provisions of AS 10.15.005 - 10.15.600.

21 (b) For the purpose of the initial funding of the bank's opera-  
22 tions, the board of directors shall issue nonvoting, preferred shares of  
23 stock in the bank and shall determine the value of each share. The  
24 State of Alaska, through appropriate agencies, shall purchase not less  
25 than 60 per cent nor more than 80 per cent of the nonvoting, preferred  
26 shares initially issued by the bank. Shares purchased by the state  
27 shall be repurchased by the bank within 20 years after their purchase.  
28 If the bank fails to repurchase the shares within 20 years, the commis-  
29 sioner of commerce and economic development may dissolve the bank.

1           Sec. 41.45.020. BOARD OF DIRECTORS. The bank shall be managed by  
2 a board of directors consisting of five members. Initial appointments  
3 to the board shall be made by the governor. Thereafter, board members  
4 shall be elected by the shareholders. The board members shall annually  
5 elect a chairman from among themselves. The purpose of the board is to  
6 manage the assets of the bank.

7           Sec. 41.45.030. ARTICLES OF INCORPORATION. Not later than  
8 November 1, 1978, the board of directors shall file with the commis-  
9 sioner of commerce and economic development articles of incorporation as  
10 provided in AS 10.15.340 - 10.15.355 except that any filing fees shall  
11 be waived.

12           Sec. 41.45.040. BYLAWS. The board of directors shall adopt the  
13 initial bylaws of the bank. The power to alter, amend or repeal the by-  
14 laws is vested in the board of directors. The bylaws may contain provi-  
15 sions for the regulation and management of the affairs of the bank not  
16 inconsistent with this chapter or other provisions of law.

17           Sec. 41.45.050. MEMBERSHIP MEETINGS. Upon filing the articles of  
18 incorporation, the board of directors, with the assistance of the com-  
19 missioner of commerce and economic development or his designee, may hold  
20 public meetings throughout the state for the purpose of explaining to  
21 members of the commercial fishing and farming industries the functions  
22 of the bank and to encourage membership in the bank.

23           Sec. 41.45.060. MEMBERSHIP STOCK. (a) The board of directors  
24 shall issue shares of membership stock in the bank in the amounts and  
25 with the value determined by the board and stated in the articles of  
26 incorporation.

27           (b) Loans made to shareholders of the bank under the provisions of  
28 this chapter shall be in accordance with a schedule of maximum amounts  
29 adopted by the board of directors based upon proportional ownership of

1 shares.

2 Sec. 41.45.070. EXECUTIVE DIRECTOR; STAFF. (a) The board of  
3 directors may hire and determine the salary of an executive director.  
4 The executive director shall be responsible for the ordinary business of  
5 the bank.

6 (b) The executive director, with the approval of the board of  
7 directors, may hire and determine the salary of staff reasonably neces-  
8 sary for the efficient performance of the duties of the bank.

9 Sec. 41.45.080. EXEMPT STATUS. Employees of the bank are in the  
10 exempt service under AS 39.25.

11 Sec. 41.45.090. TERM OF OFFICE. The members of the board shall be  
12 appointed for terms of three years, and they may be reappointed. Terms  
13 shall be staggered. Initial terms shall be two members serving for one  
14 year, two members serving for two years, and one member serving for  
15 three years.

16 Sec. 41.45.100. QUORUM. A majority of the members of the board  
17 constitutes a quorum for the transaction of business and the exercise of  
18 the powers and duties of the board.

19 Sec. 41.45.110. COMPENSATION OF BOARD MEMBERS. Members receive  
20 \$250 per meeting day if they attend the meeting and are entitled to per  
21 diem and travel allowances as provided by law for members of state  
22 boards and commissions.

23 Sec. 41.45.120. BONDS OF THE BANK. (a) The bank may borrow money  
24 and may issue bonds for that purpose, including but not limited to bonds  
25 on which the principal and interest are payable,

26 (1) exclusively from the income and receipts or other money  
27 derived from the project financed with the proceeds of the bonds;

28 (2) exclusively from the income and receipts or other money  
29 derived from designated projects whether or not they are financed in

1 whole or in part with the proceeds of the bonds; or

2 (3) from its income and receipts or other assets generally,  
3 or a designated part or parts of them.

4 (b) Bonds shall be authorized by resolution of the board of direc-  
5 tors, and be dated and shall mature as the resolution may provide,  
6 except that no bond may mature more than 30 years from the date of its  
7 issue. Bonds shall bear interest at the rate or rates, be in the de-  
8 nominations, be in the form, either coupon or registered, carry the  
9 registration privileges, be executed in the manner, be payable in the  
10 medium of payment, at the place or places, and be subject to the terms  
11 of redemption which the resolution or a subsequent resolution may pro-  
12 vide.

13 (c) All bonds, regardless of form or character, shall be nego-  
14 tiable instruments for all the purposes of the Uniform Commercial Code.

15 (d) All bonds may be sold at public or private sale in the manner,  
16 for the price or prices, and at the time or times which the board of  
17 directors may determine.

18 (e) The superior court shall have jurisdiction to hear and deter-  
19 mine suits, actions or proceedings relating to the bank, including  
20 suits, actions or proceedings brought to foreclose or otherwise enforce  
21 a mortgage, pledge, assignment or security of a holder of its bonds or  
22 by a trustee for or other representative of the holders.

23 Sec. 41.45.130. TRUST INDENTURES AND TRUST AGREEMENTS. In the  
24 discretion of the board of directors an issue of bonds may be secured by  
25 a trust indenture or trust agreement between the bank and a corporate  
26 trustee (which may be a trust company, bank, or national banking asso-  
27 ciation, with corporate trust powers, located inside or outside the  
28 state) or by a secured loan agreement or other instrument or under a  
29 resolution giving powers to a corporate trustee by means of which the

1 bank may

2 (1) make and enter into any and all the covenants and agree-  
3 ments with the trustee or the holders of the bonds which the board of  
4 directors may determine to be necessary or desirable, including, without  
5 limitation, covenants, provisions, limitations and agreements as to

6 (A) the application, investment, deposit, use and dis-  
7 position of the proceeds of bonds of the bank or of money or other  
8 property of the bank or in which it has an interest;

9 (B) the terms and conditions upon which additional bonds  
10 of the bank may be issued;

11 (2) pledge, mortgage or assign money, leases, agreements,  
12 property or other assets of the bank either presently in hand or to be  
13 received in the future, or both; and

14 (3) provide for any other matters of like or different char-  
15 acter which in any way affect the security or protection of the bonds.

16 Sec. 41.45.140. VALIDITY OF PLEDGE. It is the intention of the  
17 legislature that a pledge made in respect of bonds shall be valid and  
18 binding from the time the pledge is made; that the money or property so  
19 pledged and thereafter received by the bank shall immediately be subject  
20 to the lien of the pledge without physical delivery or further act; and  
21 that the lien of the pledge shall be valid and binding as against all  
22 parties having claims of any kind in tort, contract or otherwise against  
23 the bank irrespective of whether the parties have notice. Neither the  
24 resolution, trust agreement nor any other instrument by which a pledge  
25 is created need be recorded or filed under the provisions of the Uniform  
26 Commercial Code to be valid, binding or effective against the parties.

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2 bonds.

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4 ness or other liability of the state or of a political subdivision of  
5 the state, except the bank but shall be payable solely from the income  
6 and receipts or other funds or property of the bank. The bank may not  
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8 the state, except the bank, to the payment of a bond, and the issuance  
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18 bank by this chapter to fulfill the terms of any contract made by the  
19 bank with the holders or federal agency or regional institution of the  
20 federal farm credit system, or in any way impair the rights and remedies  
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12 payment of the bonds, or interest on them, shall at all times be exempt  
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17 bonds of the bank are securities in which all public officers and bodies  
18 of the state and all municipalities and municipal subdivisions, all  
19 insurance companies and associations and other persons carrying on an  
20 insurance business, all banks, bankers, trust companies, savings banks,  
21 savings associations, including savings and loan associations and build-  
22 ing and loan associations, investment companies and other persons carry-  
23 ing on a banking business, all administrators, guardians, executors,  
24 trustees and other fiduciaries, and all other persons who are now or may  
25 hereafter be authorized to invest in bonds or other obligations of the  
26 state, may properly and legally invest funds including capital in their  
27 control or belonging to them. Notwithstanding any other provisions of  
28 law, the bonds of the bank are also securities which may be deposited  
29 with and may be received by all public officers and bodies of this state

1 and all municipalities and municipal subdivisions for any purpose for  
2 which the deposit of bonds or other obligations of the state is now or  
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22 sors and marketers, or to corporations, partnerships or joint ventures  
23 the majority interest of which is beneficially owned by residents of the  
24 state and a majority of the owners of which are residents of the state,  
25 if the recipient of the loan is a shareholder of the bank; however, if  
26 the purpose of the loan is to purchase a new or existing fishing vessel  
27 or to repair or renovate an existing fishing vessel, the primary purpose  
28 of which is to commercially harvest fishery resources, the loan may only  
29 be made to a resident or business venture which is wholly owned and