

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1144 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

D.A. Hostak, Director
Div. of Business Loans & Veterans Affairs
Dept. of Commerce & Economic Development
366-161-83

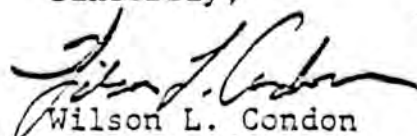
November 26, 1982
Page 25

some durational residency requirement.

As a result, we believe you have no choice but to shut down the commercial fishing loan program under AS 16.10.300--16-.10.370. No further loan commitments should be granted under that program following your receipt of this opinion 12/ We are providing copies of this opinion to Governor Hammond and Governor-elect Sheffield, and will urge them to take whatever steps are necessary to bring this matter to the attention of the Thirteenth Alaska Legislature which will be convening early next year.

If you have further questions, please contact us at your convenience.

Sincerely,


Wilson L. Condon
Attorney General

WLC:GTK:d1m

cc: Governor Hammond
Governor-Elect Sheffield
Alaska Commercial Fishing Agriculture Bank

12/ Loan commitments already made should be honored to avoid undue hardship to those who have changed circumstances in reliance on those commitments.



Cass M. Parsons
Executive Director

UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE
197 SOUTH FRANKLIN ST.
JUNEAU, ALASKA 99801
907 586-2820

FILE COPY

March 8, 1983

Honorable Rick Uehling
Chairman
House Special Committee on Loans
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

I would like to comment on House Bill 15, loans to commercial fishermen, on behalf of the United Fishermen of Alaska. The UFA is a fishermen's organization of 1500 individual members and 18 member fishing groups from many gear types and regions throughout the state. We feel particularly qualified to testify on the state's loan programs to fishermen.

The UFA Board of Directors voted to support a two year residency requirement for the following specific reasons:

- 1) Fishermen are a very mobile group, and as such, their permanent place of residency is difficult to ascertain. Even those fishermen who have legally resided in one state for years move around with the fishing seasons and often establish temporary residences in other towns. With the major supporting infra-structure facilities located outside the state, legal Alaska state residents often spend many months in other states, building, repairing and supplying their vessels. These fishermen often establish a temporary residence outside the state of Alaska.
- 2) A very high percentage of the Alaskan fleet is comprised of vessels registered to ports outside Alaska. The fishermen aboard these boats are legal residents of another state but fish in Alaska for many months and often establish temporary residence here. A study by Natural Resources Consultants reports the following percentages of out-of-state registered vessels* per fishery, fishing in Alaskan waters throughout the year:

*over 5 net ton vessels only

Honorable Rick Uehling
March 8, 1983
Page Two

17% Salmon
69% King crab
48% Tanner crab
15% Halibut
16% Herring
29% Ground fish

These traits of the fishing industry point to an enormous similarity in the patterns of resident and non-resident fishermen during the course of a year. The UFA believes that a longer period than one year is necessary to differentiate between the non-resident who may appear to be a resident and the legal resident.

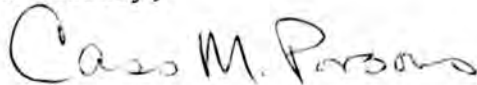
The UFA also supports legislation which would require that loans given out to fishermen from the state be paid back upon termination of the fishermen's residency. We feel that a requirement of this nature would assist the state in dissuading loan recipients from defaulting.

The UFA has voted to support a "3 of the last 5 year's" fishing experience requirement with the last year of experience immediately preceeding the year during which the loan is applied for. At least three year's experience are necessary to ensure that the individual has gained the knowledge and ability to succeed in the fishery. More than 3 year's experience required may preclude younger individuals from entering the fishery.

The UFA is also concerned that the state loan program has not met the needs of rural and urban lower-income people who depend on fisheries for their livelihoods.

Thank you.

Sincerely,



Cass M. Parsons
UFA Executive Director

CMP/jb

MEMBER
JOINT GAS PIPELINE COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

~~HOUSE OF REPRESENTATIVES~~
Representative
RICK UEHLING

POUCH V
JUNEAU, ALASKA 99811
(907) 485-4821

HAND DELIVERED

February 21, 1983

FILE COPY

Hon. Richard Lyon
Commissioner of Commerce
and Economic Development
State of Alaska
Juneau, Alaska 99811

Dear Dick:

House Bill 15, entitled "An Act relating to eligibility for commercial fishing loans," is scheduled to be heard by the House Special Committee on State Loans at 3:00 p.m., on Tuesday, February 22, 1983, in room 118 of the Capitol.

On behalf of the committee, I request that the Department of Commerce and Economic Development provide testimony in regard to this bill. Since HB 15 affects the Commercial Fishing Revolving Loan Fund, your input would be relevant.

The committee is most interested in your opinion on the adequacy of the proposed change as it affects the legality of the residency requirement.

I look forward to your participation in this important hearing. Bill Lovell of the committee staff is available to assist your office in making necessary arrangements. Thank you.

With best regards,

Rick
Rick Uehling
Chairman, Special Committee on State Loans

RU:w1
Enclosure: 1 copy of HB 15

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

March 16, 1983

The Honorable Rick Uehling
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

FILE COPY

Re: CSHB 15 (Loans)

Dear Representative Uehling:

You asked us to review Committee Substitute for House Bill 15 (Loans) to determine the legality of certain new sections of the bill added by the committee. Specifically, you asked for our opinion regarding section 2, which would mandate that at least 10 percent of available money be used for commercial fishing loans of \$35,000 or less, and section 3, which would accelerate the loan if a borrower ceases to be a state resident.

Unfortunately, although your request was delivered to this office on March 9, 1983, I did not receive it until March 14, 1983. As a result, I have not been able to review it in the kind of depth which would be most desirable. However, in the limited time which was available, I have developed some thoughts.

First, I see no constitutional problem with section 2. That section would require that at least 10 percent of the money that is available for commercial fishing loans be allocated for loans of \$35,000 or less. This would be a permissible exercise of the legislature's power to establish the basic guidelines for administration of the loan program by the executive branch.

On the other hand, section 3 does raise constitutional questions. However, it is my opinion that the provision would be found constitutional if challenged in the courts. This confirms my earlier off-the-cuff advice I gave to the House Special Committee on State Loans.

Section 3 would add a new subsection to AS 16.10.320. That subsection would provide in substance that a commercial fishing loan to a qualified state resident would be accelerated and repayment would be required within 120 days after the borrower ceases to be a state resident.

Initially, it is clear that the state constitutionally can limit monetary benefits, including below-market-rate commercial fishing loans in particular, to bona fide state residents. See 1982 Op. Att'y Gen. No. 12 (Alaska November 26). However, a constitutional question is raised by making such a loan due and payable 120 days after changing residency, since such a provision may be viewed as penalizing the right of Alaska residents to migrate to other states.

In the limited time available I have been unable to find any cases directly on point. However, it appears that the courts apply a balancing test in such a context to determine whether the state's interest in preserving the statutory scheme outweighs the penalty imposed on the individual. See e.g. Williams v. Zobel, 619 P.2d 422, 427 (Alaska 1980) (plurality opinion); id. at 431 n. 1 (Rabinowitz, C.J., concurring); id. at 439 (Connor, J., dissenting); Williams v. Zobel, 619 P.2d 448, 453 (Alaska 1980), reversed on other grounds, Zobel v. Williams, ___ U.S. ___, 72 L.Ed.2d 672 (1982).

In striking the balance here, we believe the courts would find that legitimate state objectives underlying section 3 outweigh any individual rights involved. Several legitimate state interests would be served by accelerating loans upon a change in residence. The most important, obviously, would be ensuring that direct state monetary benefits (i.e., subsidized loans) run only to bona fide state residents. This clearly is a permissible state objective. If loans to residents are accelerated and repaid at the time the borrower moves out of the state, that money immediately becomes available to loan to another bona fide state resident. In this way, only bona fide state residents will receive the benefits of the state loan program.

A second permissible state interest in acceleration upon a change in residency is safeguarding the fiscal integrity of the loan program. Loan administration, including bringing delinquent loans current and effecting foreclosure if necessary, will be significantly easier if the borrower is a state resident. If loans to nonresidents remain outstanding, the state may have to foreclose on collateral which is no longer within the state, may have to exercise long-arm jurisdiction over borrowers, etc. In that event, the state's ability to preserve the integrity of the revolving loan fund will be hampered significantly.

Finally, as the House Special Committee on State Loans letter of intent accompanying CS HB 15 (Loans) makes clear, one of the most difficult problems facing the commercial fishing loan program has been ensuring that only bona fide state residents

qualify. The committee noted that traditional indicia of residency are very easy to obtain. As a result, it is conceivable that nonresident loan applicants could come to Alaska for the minimum period required to qualify for a loan -- e.g., the two years which CSHB 15 (Loans) would require -- only to return immediately to some other state upon receiving the loan. An immediate acceleration clause would give the state the power to terminate the loan without the necessity of proving residency fraud at the time the loan was made. In other words, it provides a significant safeguard against residency fraud.

Against these permissible state interests must be balanced the individual's right to migrate from one state to another. We have no idea how the courts would strike the balance. Particularly with respect to loans for limited entry permits, the courts may be inclined to strike the balance in favor of the individual since the commercial fishing loan program is the only currently available mechanism for financing the purchase of a limited entry permit using the permit as collateral for the loan. 1/ In other words, no alternative financing might be available to a borrower migrating to another state.

However, against this individual interest, a number of additional factors must be balanced. The first is that nonresidents simply do not have the same right to state benefits that state residents have. Moreover, if enacted, the acceleration provision would be a part of every loan contract. A borrower may be estopped to assert that the provision is invalid. Finally, and most significantly, any decision to change residency necessarily carries with it certain consequences in terms of state benefits. Following a change in residency, the individual no longer is eligible for benefits afforded residents by his former state of residence while he is eligible for benefits afforded by his new state of residence. In this case, it would seem that one of the benefits for which eligibility would be lost is a continuing state subsidized loan.

This does not mean that a state could require

1/ The Commercial Fishing and Agriculture Bank is authorized to finance limited entry permits using the permit as collateral. However, because of constitutional challenges to the limited entry program, CFAB currently is not taking permits as collateral for loans to finance the purchase of permits.

forfeiture of all previous benefits upon a change in residency. For example, a statute requiring repayment of all previously granted benefits would present precisely the kind of barrier to interstate migration which at least four members of the United States Supreme Court found impermissible in Zobel v. Williams, supra. (See concurring opinion of Justice Brennan.)

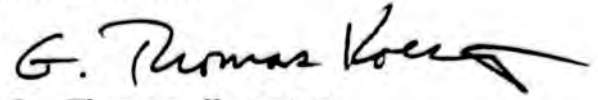
However, that is not what section 3 would accomplish. All it would do is require a person ceasing Alaska residence to forego the continuing future state subsidy of the loan.

Summarizing, it is our opinion that section 3, which would accelerate a commercial fishing loan if a borrower ceases to be a state resident, probably would be found constitutional if challenged in court. However, the question is not entirely free from doubt, and we cannot give a certain answer.

We hope this answers your question. If we can be of further assistance, please contact us at your convenience.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
G. Thomas Koester
Assistant Attorney General

GTK:dlm

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3800

March 21, 1983

FILE COPY

The Honorable Rick Uehling
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

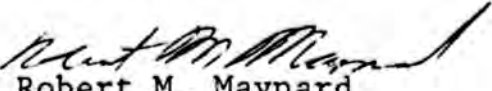
This letter is in response to your request for a brief written summary of the Department of Law's testimony before your committee on the subject of the constitutionality of a two-year residency requirement for commercial fishing loans.

Simply, we believe that the two-year requirement is very defensible under either the state or federal constitution. On the other hand, the law in this area is uncertain; any length of time beyond one year is past the present boundaries of judicially approved requirements and therefore carries a substantial risk of being found unconstitutional. If, however, any program can sustain a two-year residency requirement, both the student loan program and the commercial fishing loan program present the most compelling circumstances for such an extension. Both programs must address the very real problems of mobility of loan recipients coupled with an extremely generous loan program. Consequently, the normal superficial indicia of a subjective intent to consider oneself a citizen of the State of Alaska, such as voter registration, drivers license, and even the one-year residency requirement, are not as valid as they would be in other programs. As a result, we believe that a court could readily find that there is a rationale basis for choosing a two-year residency requirement over either a one-year residency requirement or any of the other objective standards normally used by the legislature.

If you have any questions, or if you wish further testimony on this or any other residency requirement, please do not hesitate to call.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
Robert M. Maynard
Assistant Attorney General

RMM:mr

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3800

February 22, 1983

The Honorable Rick Uehling
Representative
Chairman, House Special
Committee on State Loans
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

FILE COPY

Re House Bill 15
Our File AG #053-83

Dear Representative Uehling:

Attorney General Gorsuch referred your February 16, 1983 letter regarding House Bill 15 to me. You specifically inquired whether House Bill 15 would be effective in eliminating the unconstitutional five-year durational residency requirement previously contained in the commercial fishing loan statute, AS 16.10.310(a).

House Bill 15 changes the current five-year durational residency requirement to qualify for a commercial fishing loan to one year. Under our previous opinion on this subject, we believe a one-year requirement, if enacted, would be constitutional. See 1982 Op. Att'y Gen. No. 12 (Alaska November 26).

In reviewing House Bill 15, the House Special Committee on State Loans should be aware that a similar bill on this subject has been introduced at Governor Sheffield's request. See Senate Bill 73. That bill also would change the residency requirement from five years to one year.

There is a difference between that bill and House Bill 15 in terms of the other eligibility requirements which would be imposed for a commercial fishing loan. Governor Sheffield's bill retains the requirement that an applicant for a commercial fishing loan have participated in a commercial fishery for one year prior to applying for the loan, as is the case under current law. However, in light of the policy underlying the commercial fishing loan program set out in AS 16.10.300 -- i.e., to promote "the development of a predominantly resident fishery" (emphasis added) -- the governor's bill would require that the year of participation be the year immediately preceding application for a loan. The result is that the governor's bill would

require that an applicant be a resident commercial fisherman during the year immediately preceding application for a loan before the applicant is eligible for a loan.

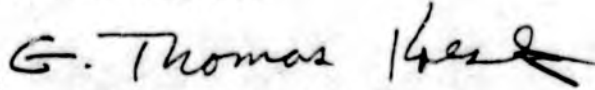
House Bill 15, on the other hand, would require that an applicant have participated in commercial fishing during three of the past five years. However, House Bill 15 would not require that an applicant have been a commercial fisherman during the year immediately preceding application for a loan -- i.e., the year in which he must have been a resident. Under House Bill 15, a nonresident commercial fisherman who participated in Alaska fisheries during three of the previous five years but then moved to Alaska to take a job in another industry still would be eligible for a commercial fishing loan while a resident Alaska commercial fisherman with two years experience in the fishery would not.

Of course, it is for the legislature to determine the eligibility requirements for applicants for state loans. However, please call on us at your convenience if we can be of any assistance as you make that determination.

We hope this answers your question regarding the one-year durational residency requirement contained in House Bill 15.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
G. Thomas Koester
Assistant Attorney General

GTK/dlm

Introduced: 1/17/83
Referred: Resources and Finance

(LOANS BE MADE TO RURAL
FISHERMAN) PURSUE
FISHING INDUSTRY
WOULD CONTINUE

FILE COPY

2 YEAR QUESTION -

BY HAYES, FLOOD, LINDAUER
SZYMANSKI AND TISCHER

1 IN THE HOUSE

2

HOUSE BILL NO. 15

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to eligibility for commercial fish-
7 ing loans."

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

9 * Section 1. AS 16.10.310(a) is amended to read:

10 (a) The department may

11 (1) make loans to

12 (A) individual commercial fishermen who have been
13 state residents for a continuous period of one year [FIVE YEARS],
14 immediately preceding the date of application for a loan under
15 AS 16.10.300 - 16.10.370 and have had a crewmember or commercial
16 fishing license under AS 16.05.480 or a permit under AS 16.43 for
17 any three ~~[ONE]~~ ^{THE PAST YEAR - INCLUDED} of the past five years, and who actively partic-
18 ipated in the fishery during that period, for the purchase of
19 entry permits;

20 (B) an individual who has been a state resident for a
21 continuous period of one year [FIVE YEARS] immediately preceding
22 the date of application for a loan under AS 16.10.300 - 16.10.-
23 370, who

24 (i) because of lack of training or lack of em-
25 ployment opportunities in the area of residence does not
26 have occupational opportunities available other than commer-
27 cial fishing; or

28 (ii) is economically dependent on commercial
29 fishing for a livelihood and for whom commercial fishing has

— FISHERIES FOR RURAL
AREA —

— A.Z.D.A.

— A.R.C.

— C.F.A.S. — COMMERCIAL FISHING

— COMMERCIAL

— FISHING REVOLVING ~~LOAN~~ FUND

1 been a traditional way of life [FOR HIM] in Alaska, for the
2 repair, restoration or upgrading of existing vessels and
3 gear, for the purchase of entry permits and gear, and for
4 the construction and purchase of vessels;

5 (C) corporations, partnerships, or joint ventures, 100
6 percent of which are owned by individual commercial fishermen who
7 have been state residents for a continuous period of one year
8 [FIVE YEARS] immediately preceding the date of application for a
9 loan under AS 16.10.310(a)(1)(B) and have had a crewmember or
10 commercial fishing license under AS 16.05.480 or a permit under
11 AS 16.43 for ~~any three~~ ^{THE PAST YEAR} [ONE] of the past [five years] and who
12 actively participated in the ^{ALASKAN} fishery during that period, for the
13 repair, restoration or upgrading of existing vessels and gear,
14 for the purchase of gear, and for the construction and purchase
15 of vessels;

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

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

19 (4) establish amortization plans for repayment of loans,
20 which may include extensions for poor fishing seasons or for adverse
21 market conditions for Alaskan products;

22 (5) enter into agreements with private lending institu-
23 tions, other state agencies, or agencies of the federal government, to
24 carry out the purposes of AS 16.10.300 - 16.10.370;

25 (6) enter into agreements with other agencies or organiza-
26 tions to create an outreach program to make loans under AS 16.10.300 -
27 16.10.370 in rural areas of the state.

SEC. 2 THIS ACT TAKES EFFECT IMMEDIATELY
IN ACCORDANCE



Official Business

Alaska State Legislature

House of Representatives

Al Adams
Chairman
Committee on Finance

March 16, 1983

FILE COPY

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615

MEMORANDUM

TO: House Finance Committee Members

FROM: Al Adams, Chair *ADA*
House Finance Committee

SUBJ: CS HB 15 (Loans), relating to the commercial fish loan program

Commercial Fishing Loan Program

AS 16.10.300 - .370 provides loans for commercial fishing. An eligible individual, corporation, partnership or joint venture may receive a loan for repair of vessels and gear, construction and purchase of vessels, or purchase of gear or limited entry permits. The amount of the loan may not exceed 90% of the appraised value of the collateral used to secure the loan. Loans up to \$300,000 are provided at 10.5 % interest for fifteen years.

Effect of the Bill on the Program

The bill seeks to address the potential unconstitutionality of the five year residency requirement in statute. Currently, the Department of Commerce and Economic Development (DCED) is operating under emergency regulations that provide for a one year residency requirement. However, these regulations expire April 6, 1983. It is hoped that the legislature will act on this bill before that date so that new regulations can be drafted reflecting legislative intent regarding residency for the program.

The bill also addresses the amount of funding available for loans under \$35,000 and an accelerated repayment plan for loan recipients who move Outside during the term of loan repayment.

Differences between CS HB 15 (Loans) and HB 15

Section 1 of the original bill provided for a one year residency requirement immediately preceding the date of application for the loan and required an applicant to have had a crew member or commercial fishing license for any three of the past five years. The CS has been modified to provide for a two year residency requirement, and possession of a license for the year immediately preceding the date of the loan application and any other two of the past five years.

The rationale behind the two year requirement is provided in the Loan Committee's proposed letter of intent. Basically, it is the Committee's desire that the program be protected from fraudulent applications to the extent constitutionally possible. Since residence is generally transitory throughout the year for a fisherman, the longer the residency requirement, the easier it will be for DCED to distinguish between a resident and a nonresident. The letter of intent has been approved by both the Department of Law and the Division of Legal Services, Legislative Affairs Agency.

The language of the CS regarding holding a license for a certain number of years is an attempt at compromise between the language provided in the original bill, and the Governor's bill on the same subject--SB 73.

Section 2 was added to the committee substitute at the request of Representative Fuller. It provides that at least 10% of the funding appropriated would be available for loans under \$35,000.

The Loan Committee Chair requests that the language of this section be changed slightly to make it clear that the intention is for 10% of the annual appropriation to be used for this purpose, not 10% of the entire revolving loan fund. He has provided language to the committee to address this problem.

Section 3 was added to the committee substitute at the request of Representative Goll. The language would provide that loan beneficiaries who move Outside during the term of loan repayment must pay off the loan within six months. The Department of Law has indicated that no legal problems will arise from this section.

Fiscal Note

DCED has requested one additional investigator

position. The department feels that the residency change will necessitate more careful review of applications. Currently, DCED passes along potentially fraudulent applications to the Office of Special Prosecutions in the Department of Law. Law does not have the personnel necessary to carefully investigate the volume of potentially fraudulent applications that have arisen due to the institution of a shorter residency requirement.

The costs associated with this position equal \$ 63,656.

CHAIRMAN
HOUSE SPECIAL COMMITTEE
ON STATE LOANS
VICE-CHAIRMAN
HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE
MEMBER
JOINT GAS PIPELINE COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12 - SEAT A
1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821

FILE COPY

MEMORANDUM

TO: Representative Al Adams
Chairman, House Finance Committee

FROM: Representative Rick Uehling

DATE: March 16, 1983

RE: Commercial Fishing Loans Bill [CSHB 15 (Loans)]

I suggest that the Finance Committee consider adopting the following amendment for inclusion in CSHB 15:

Page 3, line 3--delete "available" and insert "appropriated".

I believe that this change will effectively address the particular intent of the loans committee substitute without unnecessary restraints on funds received into the Commercial Fishing Revolving Loan Fund, thus preserving the revolving nature of the fund.

I encourage the committee to give this proposed amendment your favorable consideration. Thank you.

RU/wl

FILE COPY

(g) A loan for clearing land may not

- (1) exceed \$250,000;
- (2) bear interest that is less than eight percent;
- (3) have a term in excess of 20 years; or
- (4) be made for clearing land that is not classified as class 3 or better by the United States Soil Conservation Service under the land classification system used by the United States Soil Conservation Service.

(h) The commissioner shall adopt regulations to establish other terms for loans made under this chapter, consistent with the provisions of this section, and may establish interest rates for loans under (a)(4) of this section that

- (1) encourage agricultural development;
- (2) do not subsidize nonviable agricultural enterprises; and
- (3) do not discriminate against viable existing agricultural enterprises.

* Sec. 6. AS 03.10.050 is amended by adding a new subsection to read:

(d) A meeting of the agricultural revolving loan fund board to act on applications for loans is exempt from the public meeting requirements of AS 44.62.310.

~~Sec. 7. AS 16.10.310 is repealed and reenacted to read:~~

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

- (1) make loans to

(A) individual commercial fishermen who have been state residents for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.-370 and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for any one of the past five years, and who actively participated in the fishery during

1 that period, for the purchase of entry permits;

2 (B) an individual who has been a state resident for a
3 continuous period of five years immediately preceding the date of
4 application for a loan under AS 16.10.300 - 16.10.370, who (i)
5 because of lack of training or lack of employment opportunities in
6 the area of residence does not have occupational opportunities
7 available other than commercial fishing; or (ii) is economically
8 dependent on commercial fishing for a livelihood and commercial
9 fishing has been a traditional way of life for him in Alaska, for
10 the repair, restoration or upgrading of existing vessels and gear,
11 for the purchase of entry permits and gear, and for the construc-
12 tion and purchase of vessels;

13 (C) corporations, partnerships, or joint ventures, 100
14 percent of which are owned by individual commercial fishermen who
15 have been state residents for a continuous period of five years
16 immediately preceding the date of application for a loan under
17 AS 16.10.310(a)(1)(B) and have had a crewmember or commercial
18 fishing license under AS 16.05.480 or a permit under AS 16.43 for
19 any one of the past five years, and who actively participated in
20 the fishery during that period, for the repair, restoration or
21 upgrading of existing vessels and gear, for the purchase of gear,
22 and for the construction and purchase of vessels;

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

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

26 (4) establish amortization plans for repayment of loans,
27 which may include extensions for poor fishing seasons or for adverse
28 market conditions for Alaskan products;

29 (5) enter into agreements with private lending institutions,

1 other state agencies, or agencies of the federal government, to carry
2 out the purposes of AS 16.10.300 - 16.10.370;

3 (6) enter into agreements with other agencies or organiza-
4 ✓ tions to create an outreach program to make loans under AS 16.10.300 -
5 16.10.370 in rural areas of the state.

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

8 * Sec. 8. AS 16.10.320(a) is repealed and reenacted to read:

9 (a) A loan under AS 16.10.310 - 16.10.370

10 (1) may not exceed a term of 15 years;

11 (2) may not bear interest exceeding 10 and one-half percent;

12 (3) shall be secured by a first priority lien and appropriate
13 security agreement; and

14 (4) may not exceed 90 percent of the appraised value of the
15 collateral used to secure the loan, except that a loan granted under
16 AS 16.10.333 for the purchase of an Alaska limited entry permit may not
17 exceed an amount determined in accordance with (f) or (h) of this
18 section.

19 * Sec. 9. AS 16.10.320(d) is repealed and reenacted to read:

20 (d) Loans made to a borrower under AS 16.10.310(a)(1)(A) may not
21 exceed a total of \$300,000. Loans made to a borrower under AS 16.10.-
22 310(a)(1)(B) or (C) may not exceed a total of \$100,000. A loan to an
23 associate of the borrower is considered to be a loan to the borrower.
24 For the purposes of this section, "associate of the borrower" means

25 (1) a corporation or other organization of which the borrower
26 is an officer, director or partner, or is, directly or indirectly, the
27 beneficial owner of 10 percent or more of any class of equity securi-
28 ties;

29 (2) a person who is, directly or indirectly, the beneficial

owner of 10 percent or more of any class of equity securities of the borrower;

(3) a trust or other estate in which the borrower has a substantial beneficial interest or as to which the borrower serves as trustee or in a similar fiduciary capacity.

* Sec. 10. AS 16.10.320(e) is amended to read:

(e) Two or more individual commercial fishermen who each satisfy the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-(A)] may jointly obtain a commercial fishing loan for the construction of a fishing vessel or the purchase of an existing fishing vessel.

Loans granted under this subsection

(1) may not exceed the amount specified in (d) [(a)(1)] of this section multiplied by the number of qualified commercial fishermen applying for the loan;

(2) may not exceed a term of 15 years;

(3) shall be secured by a first priority lien and appropriate security agreement;

(4) may not bear interest exceeding 10 [NINE] and one-half percent; and

(5) may not exceed 90 [75] percent of the appraised value of the collateral used to secure the loan.

* Sec. 11. AS 16.10.320(f) is amended to read:

(f) Except as permitted in (h) of this section, a [A] loan made [GRANTED] under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.333(a)] for the purchase of an Alaska limited entry permit may not exceed 90 percent of the appraised value of the collateral used to secure the loan.

* Sec. 12. AS 16.10.320 is amended by adding new subsections to read:

(h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may be made for up to 100 percent of the appraised value of the collateral used

1 to secure the loan if the borrower demonstrates that (1) he has at least
2 three years of experience as a commercial fisherman in the fishery to
3 which the entry permit applies; and (2) he has not owned an Alaska
4 limited entry permit in the year immediately preceding the application
5 for the loan. In this subsection "three years of experience as a commer-
6 cial fisherman in the fishery" means that for an accumulated total of
7 three fishing seasons in the same fishery the borrower has actively
8 participated in the commercial harvest of fish under the direction of a
9 limited entry permit holder.

10 ✓ (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a
11 subsequent loan may not be made to the borrower or an associate of the
12 borrower under AS 16.10.310(a)(1)(B) or (C). If a loan is made to a
13 borrower under AS 16.10.310(a)(1)(B) or (C), a subsequent loan may be
14 made to the borrower or an associate of the borrower under AS 16.10.-
15 310(a)(1)(A) if the total of the loans received by the borrower or the
16 associate under AS 16.10.310 does not exceed \$300,000.

17 * Sec. 13. AS 16.10 is amended by adding a new section to read:

18 ✓ Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
19 borrower has insufficient collateral to secure a loan for the purposes
20 described in AS 16.10.310(a)(1)(B). The loan agreement shall specific-
21 ally describe the property of the guarantor to be used as collateral by
22 the borrower and shall be signed by the guarantor and the borrower. The
23 department shall provide the guarantor with a copy of all notices sent
24 to the borrower by the department. If the loan is for the purchase of
25 an entry permit, the guaranty by the guarantor may not constitute a
26 lien, mortgage, or encumbrance on or pledge of the entry permit.

27 * Sec. 14. AS 18.55.997 is amended to read:

28 Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers
29 authorized to a regional housing authority under AS 18.55.996, a regional

FILE COPY

JOURNAL SUPPLEMENT

1/26/83

No. 1

FISCAL NOTE

SB
79

I. REQUEST

Bill/Resolution No. _____

Title An Act relating to eligibility for commercial fishing loans.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Economic Development

BRU, Program, Or Subprogram(s) Affected Division of Loans & Veterans' Aff

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		63.7	51.3	64.4	67.7	71.1

FUNDING (Thousands of Dollars)

GENERAL FUND		63.7	51.3	64.4	67.7	71.1
FEDERAL FUNDS						
OTHER (Specify Source)						

III. ANALYSIS

Increased fund is required for the following reasons:

Five-year residents have a longer track record in Alaska, which makes their residency indicators much more obvious and more easily obtainable. A one-year residency requirement would require more investigative work into the residency background of the applicant.

During certain times of the year, many one-year residents do not have a prepared tax return, which is one of the main documents used in determining residency.

Contact with other states will be necessary in cases which involve prepared term residency to determine the actual dates of residence.

1/19/83 Prepared by D.A. Hostak, Director
Agency: Dept. of Commerce & Econ. Dev.
Phone 465-2555 Div of Loans & Veterans Aff

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THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

RECEIVED

FEB 7 1983

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 15

LEGISLATIVE FINANCE

Title An Act relating to eligibility for commercial fishing loans.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Economic Development

BRU, Program, Or Subprogram(s) Affected Division of Loans & Veterans' Affairs

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		63.7	61.3	64.4		

FUNDING (Thousands of Dollars)

GENERAL FUND		63.7	61.3	64.4		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Increased fund is required for the following reasons:

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- Contact with other states will be necessary in cases which involve prepared term residency to determine the actual dates of residence.

IV. DATE _____

PREPARED BY D. A. Hostak, Director

AGENCY Department of Commerce & Economic Development

Original: Legislative Finance

PHONE 464-2555 Division of Loans & Veterans' Affairs

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

OMB Reviewed by: Guv Bell

48-73

INTRODUCTION AND REFERENCE OF SENATE BILLS

SB 73

SENATE BILL NO. 73 by the Rules Committee by Request of the Governor, entitled:

"An Act relating to commercial fishing loans; and providing for an effective date."

was read the first time and referred to Resources Committee and the Finance Committee.

Fiscal note appears in Senate Supplement No. 1.

Governor's transmittal letter accompanying SENATE BILL NO. 73 follows:

January 26, 1983

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending the length of residency required to qualify for a commercial fishing loan.

The Department of Law has concluded that the five-year durational residency requirement for commercial fishing loans in AS 16.10.310(a) is unconstitutional. In the department's first opinion on that subject, dated November 26, 1982, it concluded that the unconstitutional five-year durational residency requirement was not severable from the remainder of the statute and, accordingly, that there was no alternative to shutting down the program. The program was, therefore, suspended.

Immediately upon taking office, I directed my Attorney General to review this conclusion. I was particularly concerned about the consequences of closing down the

SB 73 cont'd

program at this time since the winter, non-fishing season is the most important time of year for fishermen to make financial arrangements (i.e., commercial fishing loans) for the upcoming season. In an opinion dated December 6, 1982, Attorney General Norman C. Gorsuch concluded that the five-year durational residency requirement was severable, that a one-year durational residency requirement would be defensible, and that the Department of Commerce and Economic Development could adopt emergency regulations to reinstitute the program.

The Department of Commerce and Economic Development adopted an amendment to 3 AAC 80.100(11) as an emergency regulation on December 7, 1982 (filed by the lieutenant governor on December 8, 1982) to reinstitute the program with a one-year residence requirement. However, at my direction they have not published notice that that regulation will be adopted as a "permanent" regulation. It is my belief that any permanent change in the five-year requirement should be made by the legislature. To that end, the attached bill changes the statutory five-year durational residency requirement to a one-year one.

The emergency regulation will expire at midnight on April 6, 1983. At that time, in the absence of legislative action amending the statute, the commercial fishing loan program again will be suspended until the legislature acts to reinstitute the program. In the meantime, one-year Alaska resident commercial fishermen may continue to apply for loans. However, after that date, applications no longer will be accepted unless the legislature acts.

Given the interest which this program and its brief suspension have generated, as well as its importance to Alaska's commercial fishing industry, I urge you to act on this measure without delay.

Sincerely,

/s/ Bill Sheffield
Bill Sheffield
Governor

SB 74

SENATE BILL NO. 74 by Senators Pettyjohn, Sturgulewski, Halford, Faika, Paul Fischer and Kelly, entitled:

"An Act relating to sexual abuse of a minor."

was read the first time and referred to the Health, Education and Social Services Committee and the Judiciary Committee.

FILE COPY

JOURNAL SUPPLEMENT

1/26/83

No. 1

FISCAL NOTE

SB
79

I. REQUEST

Bill/Resolution No. _____
Title An Act relating to eligibility for commercial fishing loans.
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans & Veterans' Aff
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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200 TRAVEL						
300 CONTRACTUAL						
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OTHER (Specify Source)						

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Five-year residents have a longer track record in Alaska, which makes their residency indicators much more obvious and more easily obtainable. A one-year residency requirement would require more investigative work into the residency background of the applicant.

During certain times of the year, many one-year residents do not have a prepared tax return, which is one of the main documents used in determining residency.

Contact with other states will be necessary in cases which involve prepared term residency to determine the actual dates of residence.

1/19/83 Prepared by D.A. Hostak, Director
Agency: Dept. of Commerce & Econ. Dev.
Phone 465-2555 Div of Loans & Veterans Aff



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.


Signature of Camera Operator


Date

SCOMM

#

34:6

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811



P. O. BOX 9
KENAI, ALASKA 99611

REPRESENTATIVE HUGH MALONE

M E M O R A N D U M

To: Rep. Rick Uehling

From: Hugh Malone

MAY 16 1983

Subject: Student Loans

Date: May 16, 1983

I have attached a copy of a petition which I received from concerned students on the Kenai Peninsula. The original went to the Governor.

These students went to considerable effort to present their case. I am impressed with their efforts.

April 6, 1983

Honorable Governor Bill Sheffield
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield,

Enclosed you will find a petition signed by students, educators, and community members of Kenai, Soldotna, Seward, and Homer Alaska. This includes signatures of students at Kenai Central High School, Seward High School, Homer High School, and Kenai Peninsula Community College. The petition signers are opposed to your proposed changes in the Student Loan Program. The State of Alaska provides one of the best(if not the best) opportunities for people in the United States to recieve a quality education.

College costs have risen drastically in the past few years and the cost of a quality education is enormous. Although many students do work, they still do not have enough money to fund their education. Without the Student Loan Program many students could not go to school. Consequently, many intelligent minds will be lost if the Student Loan Program is drastically altered. We agree changes must be made in the program to make it more cost effective; however, there is a better solution than what you have proposed.

The three proposed changes addressed in the petition are those we feel are most important. By lowering the maximum loan amount to \$3000, raising the interest rate to nine percent, and deleting the forgiveness clauses, you defeat the purpose of the program.

The forgiveness clauses of the present Student Loan Program encourage many well-educated people to live and work in Alaska. By receiving a higher education, these people become productive residents of Alaska. Without the incentives supplied by the present Student Loan Program many well-educated Alaskans will choose to reside in another state.

The only way to improve the economic base of Alaska is to have well-educated, highly motivated supporters of Alaska as residents. The Student Loan Program will provide our state with these people.

The Student Loan Program is a worthwhile investment of the State of Alaska's money. You invest in the best resource life has to offer--the minds of the people. We need the Student Loan Program. Without it, Alaska will find itself with a rising unemployment rate due to the unavailability of jobs for the unskilled worker.

Remember Governor, the students of today are the voters of tomorrow. Please reconsider your decision. Thank You.

Diane L. Phillips

Diane L. Phillips

Petition Co-ordinator
Kenai Central H.S.
Home Address-Box 1994
Kenai, Alaska 99611

Rudy T. Tsukada

Traveling in Europe with the Chena
Student Council V.P.
Kenai Central H.S.

We, the undersigned, are vehemently opposed to Governor Sheffield's proposed changes in the Student Loan Program. Whereas changes in the Student Loan Program have been deemed necessary, we believe further studies must be conducted before any such changes are implemented. Whereas the State of Alaska is the largest and poorest of any Alaskans educational futures, we believe that lowering the maximum loan amount to \$3000 and raising the interest rate to 9% would be detrimental to the future of many Alaskans. Whereas the forgiveness clauses of the present Student Loan Program encourage well-educated Alaskans to live and work in Alaska, we believe that deleting these clauses would influence the decisions of many well-educated students to choose another state in which to live and work. Whereas we believe the Student Loan Program is a worthwhile investment of the State of Alaska's money, we strongly urge continued support of the Student Loan Program.

NAME	ADDRESS (Box #, City)
Richard E. Simpson	Box 677 Seward
Ray J. McHitt II	Box 161 SEWARD
Lynn R. Jones	Box 11 Seward
Iris G. King	Box 1 Seward, AK 99664
Conner D. Mac	Box 1494
Shannon S. McClelland	Box 564 SEWARD
TULA L. WRIGHT	Box 1033 SEWARD
Daniel D. Hilton	Box 1084, Seward
Kathleen R. Jones	Box 44 Moose Pass
Andrew J. Haggard	G.D. Hope AK 99605
Kathi Moore	Box 23 MOOSE PASS
Sophie Kather	Box 484 Seward, AK
Carol Hoofland	Box 305 Seward
Mary A. Lamon	Box 1371 Seward, AK
Yolanda Unai	Box 1095 Seward, AK
Donald P. P.	Star Route Box 15 Seward, AK
KIMMY Remig	Box 8112 Copper Landing AK 99572
Marjorie K. Brown	Box 1237 Seward, AK
John R. Hupkins	Star Route Box 456 Seward, AK 99664
Steve H. Hall	Star Route Box 510 Seward, AK 99664

NAME

ADDRESS (Box #, City)

Althea Lamberson
 Karmyn Dick
 Mike Shultz
 Don Williams
 Laura E. M. H.
 Mary Ann
 Corey Hill
 Denise Thompson
 Constance Walker
 Conrad (Karmyn) Wilson
 Todd DeFlora
 Butch Times
 Joan Moore
 Angie Gillois
 James Price
 Sam Cunningham
 Sharon Juddins
 Phil Cunningham
 Thomas L. Clarke Jr.
 Nancy C. Carlson
 Tammy Dixon
 Donna L. Dahl
 Robbie K. Westbreen
 Mike Thomas
 Sharon Noble

Box 1426 Seward
 Box 154 Seward
 Box 422 Seward
 Box 65 Moose Pass
 Box 500 E. Seward
 P.O. Box 1631 Seward
 Box 1223 Seward, AK 99664
 Box 42 Moose Pass AK 99664
 Box 616 Seward
 Box 1434 Seward
 Box 595 Seward
 Box 463 Seward AK 99664
 Box 1631 Seward AK 99664
 Box 1537 Seward AK 99664
 P.O. Box 513 Moose Pass
 Seward AK
 Box 65 Moose Pass
 Box 399 Star Route
 S/R Mile 23 Box 525
 Box 784 Birch St. Forest Acres
 Box 428 Cedar St. Forest Acres
 Box 1282 2nd Ave 239
 Star Rt Box 450 Seward
 Box 24 Moose Pass Alaska
 Box 1673 Seward Alaska

NAME

ADDRESS (Box #, City)

Carl M... ..	Box 391 Seward Alaska 99604
Brian Zinsig	Box 694 Seward Alaska 99664
Tim	Box 1434 "
Maureen L McCabe	Box 1324 Seward AK 99664
Audra Mai	Box 1095 Seward AK
Bob	Box 594 Seward AK
Lisa Driven	Star Route Box 402
Susan Branson	Box 833 Seward, Alaska 99664
Harumi Kawabe	Box 67 Seward, Alaska
Rochelle Hanschen	Box 454 Seward Alaska
Michael	Box 95 Seward Alaska
Michelle Clark	Box 1951 Seward, Alaska
Jonna Embly	Box 164 Seward Alaska
Bennie Brockman	Box 1383 Seward AK
Shirley Cunningham	Box 1335 Seward, AK.
Denise Barker	Box 741 Seward, AK.
Nancy Marie	Box 193 Seward, AK.
Ken Meyer	Box 1707 Seward, AK.
Patricia Wilson	Box 505 Cooper Landing
Carrie Lee	Box 347 Seward, AK.
Wade Branstetter	Box 1372 Seward AK 99664
Craig Myers	Box 535 Seward AK
Jim Sims	Box 1535 Seward AK.
Kathleen	Box 2517 Seward AK.
John Orange Jr.	Box 902 Seward AK.

NAME _____

NAME
Bernice Kain

ADDRESS (Box #, City)
P.O. Box 4122 Kemaj AR

Atchay Gupta

70 Bx 72-3 SCLDCTMA AK

Richard Hart Richard

F: Box 1887 Kenai, AK 99641

Donna Le Genda

PO. R-434 Stead, AK 99672

Kyrtillie' Anderson

POB 2502 Saldotua AK 99669

I have a little bit of...

File # 2011-11968

Mary Palmer

Box 3465 Kamaikahi

Prof. Dr. J. J. J.

500 2-64 50/60 20 40/100

Mike Lovett

Box 3241 Kenda AK 99611

Bert, Golf

Box 3206 KEN, AK. 99611

137 Shan

Box 562 Kemer AK 99611

Jerry Paulek

Bar 191 Salsoda H. 99669

Christa Jensen

9000 L. Ave Cir. Anch 99502

31st Oct. 71

Box 3766 K. S. Ad 901.

Roosteria Rooster

Beef 3067 Kenya 9961

We, the undersigned, are vehemently opposed to Governor Sheffield's proposed changes in the Student Loan Program. Whereas changes in the Student Loan Program have been deemed necessary, we believe further studies must be done before such radical changes are implemented. Whereas the Student Loan Program is an integral part of many Alaskans educational futures, we believe that lowering the maximum loan amount to \$3000 and raising the interest rate to 9% would be detrimental to the future of many Alaskans. Whereas the forgiveness clauses of the present Student Loan Program encourage well-educated Alaskans to live and work in Alaska, we believe that deleting those clauses would influence the decisions of many well-educated students to choose another state in which to live and work. Whereas we believe the Student Loan Program is a worthwhile investment of the State of Alaska's money, we strongly urge continued support of the Student Loan Program.

NWE

ADDRESS (Box #, City)

Justus Laranson

P.O. box 3129 Kenai, AK 99611

Peggy Polon

P.O. box 404 Kenai AK 99611

Jequeline Blackford

Box 1953 Kenai AK 99611

Robert J. ...

Box 1953 Kenai AK 99611

Markus ...

P.O. Box 1972 Kenai AK 99611

Ed ...

P.O. Box 4781 Kenai AK 99611

Valery Prince

Box 1087 Soldotna AK 99689

Don ...

5180 Anchor Bay Loop Anch AK 99501

Dianne ...

2331 Tasha dr. Anch AK 99502

Scott ...

Box 3237 Kenai AK 99611

Mr. ...

P.O. Box 110334 J. St. Anch AK 99511

Bill ...

Box 1946 Kenai AK 99611

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NAME

ADDRESS (Box #, City)

<u>Brunna Wenzell</u>	<u>P.O. Box 451 Kenai, Alaska 99609</u>
<u>Marci Robarge</u>	<u>Box 3787 Soldotna 99669</u>
<u>Mariacrell Pressell</u>	<u>Box 4748, Kenai, AK 99611</u>
<u>Karin F. Nitz</u>	<u>Box 6005 KENAI AK 99611</u>
<u>Jackie Mack</u>	<u>Box 238 Soldotna, AK 99669</u>
<u>Pam Nal</u>	<u>P.O. 2070 Kenai, AK 99611</u>
<u>Marta Benlik</u>	<u>P.O. Box 0582 Kenai, AK 99611</u>
<u>Latai Blake</u>	<u>Rt. 2 Box 588 Soldotna AK 99669</u>
<u>Robert Kagan</u>	<u>P.O. Box 432 Kenai 99611</u>
<u>Danney identity</u>	<u>Rt. 1 Box 860 Kenai 99611</u>
<u>Nickie Goff</u>	<u>Rt. 1 Box 930 Kenai 99611</u>
<u>Robert Hawson</u>	<u>P.O. Box 3720 Kenai 99611</u>
<u>Michelle Philbin</u>	<u>P.O. Box 3323 Soldotna, AK 99669</u>
<u>Ann V. Hall</u>	<u>Rt. 1 Box 1045 Kenai, AK 99611</u>
<u>Donna Williams</u>	<u>Box 1315 Kenai AK 99611</u>
<u>LuAnn Beauchamp</u>	<u>Box 851, Kenai, A.K. 99611</u>
<u>Kari Dixon</u>	<u>Box 3872 Soldotna AK 99669</u>
<u>Michael Flanagan</u>	<u>Rt. 1, Box 39 Kenai, AK 99611</u>
<u>Janice Dumbortk</u>	<u>Box 1321 Kenai AK 99611</u>
<u>Bonnie W. Schenck</u>	<u>Box 1322 Kenai, AK 99611</u>

NAME

ADDRESS (Box #, City)

Annette Johnson

Box 3134 Kenai, AK.

Van Stanker

Box 2075 Kenai, AK.

Sally Mxinkowski

Bl. 1 Box 951 Kenai, AK.

Dean Walters

P.O. Box 2954 Kenai

Russell W. Walker

Rt 3, Beaver Loop.

Andrew Black

P.O. Box 1228 Kenai, AK.

Moss

Box 1797 Kenai, AK.

Art Edelen

P.O. Box 1253 Kenai AK 99611

Cathy Wulfert

P.O. Box 4544 Kenai AK 99611

Daniel May Lorenzo

Box 384 Kenai AK 99611

Mark Kuka

Box 34 Kenai AK 99611

Michelle Vincent

Box 363 Kenai AK 99611

John Love

P.O. Box 65, Kasilof, AK 99610

Stirling Smith

P.O. Box 3656, Soldotna, AK, 99611

Martin Elac Blom

P.O. Box 3678, Kenai AK, 99611

Brian C. Green

P.O. Box 11617 Kenai AK, 99611.

Roger Hughes

P.O. Box 2901 Kenai AK 99611

Hugge Pungas

P.O. Box 3834 Soldotna AK 99669

Joseph Pungas

P.O. Box 4058 Kenai, AK 99611

Joseph Pungas

P.O. Box 2017 Kenai AK 99611

Joseph Pungas

P.O. Box 2017 Kenai AK 99611

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NAME	ADDRESS (Box #, City)
<u>STEVEN E. Smith</u>	<u>Box 4717 KENAI, AK 99611</u>
<u>Michael C. Dickens</u>	<u>Box 842 Sterling, AK 99672</u>
<u>Beth Salters</u>	<u>Box 4031 Soldotna, AK 99669</u>
<u>Janice R. ...</u>	<u>RI 2, ...</u>
<u>M. ...</u>	<u>P.O. Box 8-3 KENAI, AK 99611</u>
<u>Kelly Ernst</u>	<u>P.O. Box 1272, Soldotna, AK 99669</u>
<u>Herbert Martin, Jr.</u>	<u>P.O. Box 3847, Soldotna, AK 99669</u>
<u>Art Curry</u>	<u>P.O. Box 2926, Kenai AK 99611</u>
<u>Blake ...</u>	<u>P.O. Box 633, ... AK 99669</u>
<u>Luke Jackson</u>	<u>General Delivery, Kenai AK 99611</u>
<u>Richard E. Doorn</u>	<u>Box 7313 Soldotna 99669</u>
<u>Lern Zylar</u>	<u>1109 Potlatch Cr. Anch AK 99503</u>
<u>Wendy N. Christensen</u>	<u>Box 4882, KENAI, 99611</u>
<u>John A. Etta</u>	<u>Box 353 Kenai, Alaska 99611</u>
<u>Anthony Renter</u>	<u>7713 Honeysuckle, Anch, AK 99502</u>
<u>Laurel Mariman</u>	<u>Box 4413 Kenai, AK 99611</u>
<u>Stanley P. English</u>	<u>General delivery Kenai</u>
<u>James C. Stack</u>	<u>GENERAL DELIVERY - KENAI 99611</u>
<u>Kyle Gibson</u>	<u>P.O. Box 3721 Soldotna, AK 99669</u>
<u>Ken ...</u>	<u>P.O. Box 182, Kaslof, AK 99610</u>

NAME

ADDRESS (Box #, City)

~~John Williams~~

Doug Sloan

Sam Thompson

Barbara Dickey

May A. Abel

Joe Dickey

Barbara Dickey

~~Barbara Dickey~~

Joe Dickey

Tony O'Quinn

Calvin Thompson

Randall M. Johnson

Mary L. Shano

Joseph G. Gable

W. Elmer Dickey

Maurice Dickey

Cynthia S. Phillips

P.O. Box 4123 Kenai

P.O. Box 2273 Kenai

P.O. Box 2571 Soldotna

Mar. Delivery, Kenai

Box 2000 Kenai 99611

Box 8384 Kenai 99611

Box 2622 Soldotna

Box 3125 Kenai

Box 1315 Kenai AK 99611

Box 3701 Soldotna AK 99669

Box 1785 Kenai AK 99611

P.O. Box 4651 Kenai AK 99611

P.O. Box 562 Kenai, AK 99611

P.O. Box 4449 Soldotna AK 99669

P.O. Box 1111

P.O. Box 1994 Kenai, AK 99611

We, the undersigned, are vehemently opposed to Governor Sheffield's proposed changes in the Student Loan Program. Whereas changes in the Student Loan Program have been deemed necessary, we believe further studies must be done before any such changes are implemented. Whereas the Student Loan Program is an integral part of many Alaskans' educational futures, we believe that lowering the maximum loan amount to \$3000 and raising the interest rate to 9% would be detrimental to the future of many Alaskans. Whereas the forgiveness clauses of the present Student Loan Program encourage well-educated Alaskans to live and work in Alaska, we believe that deleting these clauses would influence the decisions of many well-educated students to choose another state in which to live and work. Whereas we believe the Student Loan Program is a worthwhile investment of the State of Alaska's money, we strongly urge continued support of the Student Loan Program.

NAME	ADDRESS (Box #, City)
<u>Chris Smith</u>	<u>Box 2112, HOMER 99603</u>
<u>Jim Hall</u>	<u>Box 603, Homer 99603</u>
<u>Danville Kitzell</u>	<u>Box 11077, HOMER 99603</u>
<u>Lisa Ann Jones</u>	<u>Box 645, Homer, Alaska 99603</u>
<u>Ann Durig</u>	<u>SC 30 Anchorage, 99556</u>
<u>Greg Kaffer</u>	<u>Box 1033 Homer 99603</u>
<u>Jon Buenetree</u>	<u>BOX 634 Homer 99603</u>
<u>Todd Bracht</u>	<u>Box 492 Homer, Alaska 99603</u>
<u>Mike Smith</u>	<u>Box 2211 Homer AK 99603</u>
<u>Mary Jane</u>	<u>P.O. Box 3124</u>
<u>Teresa Kline</u>	<u>P.O. Box 11071 Homer</u>
<u>Jane Barton</u>	<u>SRA Box 540</u>
<u>Linda L Davis</u>	<u>P.O. Box 2362 Homer AK</u>
<u>Kelli Mink</u>	<u>PO Box 350 Anchorage Point</u>
<u>Lusan Clark</u>	<u>Box 143 Anchorage Point</u>
<u>Carham Kolbeck</u>	<u>Box 2150 Homer</u>
<u>Erik Fellow's</u>	<u>Box 3119 Homer</u>
<u>Ray Nelson</u>	<u>Box 1113 Homer</u>
<u>Jim M. Davis</u>	<u>Box 578 Homer</u>
<u>Dawn McBride</u>	<u>Box 282 Homer</u>

[Handwritten signature]

NAME	ADDRESS (Box #, City)
James Ballentine	1409 Homer Ak 99603
Rita Thakalaven	Box 2413 Homer Ak
Shannon, Dustin	Box 209 Anchor Point AK 99556
Phyllis Haines	Box 663 Homer Ak 99603
Chris Anderson	Box 856 Homer Ak 99603
Karen Stuart	Box 770 Homer Ak 99603
Sandy Stuart	Box 770 Homer Ak 99603
Hilma Jensen	Box 634 Homer Ak 99603
Kim Stillwell	Box 3149 Homer Ak 99603
Kathryn Engstbee	Box 201, Anchor Point AK 99556
Kelly Furlong	Box 579, Anchor Point AK 99556
Eliza Brice	Box 2260 Homer Ak 99603
Allison Butler	Box 1701 Homer Ak 99603
Rob Martinson	" 3103 " " "
Eric Carlson	Box 1100 Homer Ak 99603
Sam Gibson	SRA 150-D Homer
VC Jones	P.O. Box 2235 Homer
LISA ABELDAARD	PO Box 1265 Homer
Scott A. Learned	P.O. Box 3519 Homer Ak 99603
Dana Jackson	Box 217 Homer Ak 99603
Melinda Hollenberger	Box 3314 Homer Ak 99603
Steve Wright	Box 1225 Homer Ak 99603
Ronald E. Rosta	Box 832 Homer Ak 99603
Robin Miner	Box 350 Anchor Point Ak 99556
Aimee VanLumpkin	Box 294 Homer Ak 99603

NAME

Suea Christopher
Kay Plourd
Sara Maloney
Alitica Lynne

ADDRESS (Box #, City)

SRA Box 58 Homer
Liv. 3518, Homer
P.O. Box 2363 Homer
PO Box 996 Homer

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NAME

ADDRESS (Box #, City)

Hadi Tahura

Box 4111 Kenai

Noel Lyse

P.O. Box 1765 Kenai, AK

Nathan P. Keele

P.O. Box 1354 Kenai, AK 99611

John M. Miller

Box 3228 Kenai, AK 99611

David J. Miller

P.O. Box 2455 Soldotna, AK 99682

Chadwick

Box 1383 Kenai, Alaska 99611

Leann Loring

Box 1924 Kenai, AK

Melinda Gooding

P.O. Box 933 Kenai, AK

Bobbie Bylles

Box 7039 NRB Kenai,

Dorine Vinski

Box 852 Kenai, AK

Chadwick

Box 1705 Kenai

Barbara J. Miller

Box 8372 NRB Kenai, AK

Jane Bricker

Box 2582 Kenai AK

Jacki Hoenrich

Box 1330 P#1 Kenai, AK

Lera Blanchy

Box 1075 Kenai A.K.

Jamie M. Dupaul

Box 2939 Kenai, AK 99611

Juala Aguado

Box 4756 Kenai, AK 99611

Chadwick

Box 277 Kenai, AK 99611

Christy Norrby

Box 8150 NRB Kenai, AK 99611

Dorine Vinski

Box 1705 Kenai, AK 99611

NAME

ADDRESS (Box #, City)

Mary Kim	P.O. Box 8078 NPB Kenai, AK 99611
Kelly Dentice	P.O. Box 3560, Kenai, AK 99611
Jim J. [unclear]	Box 223 [unclear] Kenai, AK 99611
Richard [unclear]	Box 4487 Kenai 99611
F. DeWitt [unclear]	Box 4513 Kenai 99611
Maria J. Drapeta	Box 1324 Kenai 99611
[unclear]	Box 1355 Kenai 99611
[unclear]	Box 3004 Kenai 99611
[unclear]	Box 1197 Kenai 99611
[unclear]	Box 1197 Kenai 99611
[unclear]	Box 562 Kenai AK 99611
[unclear]	P.O. Box 3471 Kenai AK 99611
W. H. Nicholas	Box 177 Kenai AK 99611
[unclear]	Box 177 Kenai AK 99611
[unclear]	Box 177 Kenai AK 99611
Mark Hinkle	RT 1 Box 250 Kenai AK 99611
Scott Berkley	P.O. Box 514 Kenai AK 99611
Tracie Bailey	P.O. Box 303 Kenai AK 99611
Heather Breitzman	P.O. Box 1104 Kenai AK 99611
[unclear]	P.O. Box 1932 Kenai, AK 99611
F. H. [unclear]	P.O. Box 1359, Kenai, AK 99611
Jan Roberts	Box Delivery, Kenai, AK 99611
Marianne [unclear]	Box 1359 Kenai, AK 99611
Robert [unclear]	P.O. Box 2952 Kenai AK 99611

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NAME	ADDRESS (Box #, City)
Richard L. Ross	Box 7004 URB Kenai, AK 99611
Berkey Orsopa	Box #1 Kenai, AK 99611
Shri Des	Box 1535 Kenai, AK 99611
Wayne Orsola	Rt 1 Box 1395 Kenai AK
Mary Orsola	Box 1637 Kenai, Alaska 99611
Mark Orsola	Box 4101 Kenai, AK 99611
Tom Orsola	Box 5241 Kenai, AK 99611
Bill Orsola	Box 7147 URB Kenai AK 99611
John Orsola	Box 3896 Kenai, Alaska 99611
Phyllis Orsola	Box 1135 Kenai, AK 99611
Holly Orsola	P.O. Box 3017 Kenai, AK 99611
Brenda James	Box 9101 Soldotna AK 99669
Valerie James	P.O. Box 1974 Kenai, AK 99611
Lloyd Orsola	Box 846 Kenai, AK 99611
Joyce Orsola	Box 2212 Kenai, AK 99611
Karen Carter	Box 3594 Kenai, AK 99611
Robert A. Orsola	Box 4987 Kenai, AK 99611
Long W. Orsola	Box 1237 Kenai, AK 99611
Betty Orsola	Rt 2 Box 749 Soldotna, AK 99669
Stacy Orsola	Rt 1 Box 1555 Kenai, AK 99611

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NAME	ADDRESS (Box #, City)
Dawn Estes	Box 2377 Seldovia
Nancy Rodgers	P.O. Box 4823 Kenai, AK
Cellene Russ	Box 3390 Kenai, AK
Francis J. Lee	Rt. 1 Box 1525 Kenai
Brian Anderson	D.O. 1882 Kenai AK
Glen H. Johnson	P.O. Box 4561 Kenai AK
John Kivi	P.O. Box 7160 Kenai AK
Joe J. Kivi	P.O. Box 4561 Kenai AK
Brian H. Kivi	Box 396 Kenai, ALASKA
Don Kivi	
Mark Brewer	P.O. Box 2697 Seldovia AK
Penny Vandyke	Rt #1 Box 1330 Kenai, AK
Kim Cheneault	Box 1946 Kenai, AK
Dawn L. Taylor	Box 552 Kenai AK
Charles Taylor	Box 1507 Seldovia AK 99669
Jolene Miller	P.O. Box 3007 Seldovia, AK 99669
Brian George	Box 4436 NFB Kenai AK
Brynlyn Madsen	Box 4008 Kenai AK 99611
John F. Hild	Box 2137 NFB Kenai, AK 99611

NAME

ADDRESS (Box #, City)

Mary Burjel
 Donna Duggo
 Tony Wade
 Helen Wright
 Cheryl Petterson
 Ida Hines, Alfred
 David Hines
 Aaron Parker
 Anne Hines
 Ida Hines
 Zoya Oskolkoff
 Debbie Scuditt
 Marlene Keene
 Michelle Lightow
 Margaret Morio
 Patsey Barte
 H. S. Hines
 Jeanne Hines
 Mary Edelman
 Marilyn Egan
 J. Hines
 Kay Hines
 Anne Anderson
 Nellie Hines

Box 3825, Kenai
 Rt 3 Beaver Loop, Kenai
 Box 95, Kenai
 Box 545 Kenai
 Box 3791 Kenai
 Rt 3 BEAVER LOOP, KENAI
 Box 1137 Kenai AK.
 P.O. Box 7725 Kenai AK
 P.O. Box 7725 Kenai AK
 P.D. Box 3766 Kenai, AK
 Box 3101 Kenai, AK
 Box 1354 Kenai, AK
 P.O. Box 8167 NPB Kenai, AK.
 Box 7169 NPB Kenai, AK
 Box 2383 Kenai AK.
 Box 377 Kenai
 Box 3918 Kenai AK
 Rt #2 Box 720 Soldotna, AK
 Box 353 Kenai, AK.
 Box 3919 Kenai AK 99611
 Rt #1 Box 220 Kenai AK 99611
 P.O. Box 3727 Kenai AK 99611
 P.O. Box 3162 Kenai, AK

NAME

ADDRESS (Box #, City)

James Wadfield	P.O. Box 4836 Kenai
Harold A. Meade	P.O. Box 578 Kenai Ak.
Boye A. Meade	P.O. Box 578 Kenai, AK
Brooks Mrs. Hargis	RTI Box 39 Kenai, AK 99611
Boye Hargis	RTI Box 39 Kenai AK
Patricia Schmitt	Box 331, Kenai
Nikki Baker	Box 63 - Kenai
Robert Bergkamp	Box 851 Kenai AK 99611
Marion S. Bergkamp	Box 851 Kenai, Ak. 99611
Laura J. Balston	Box 4331 Kenai, AK 99611
J. S. Bergkamp	ST RTI Box 1214 Kenai AK 99611
Paul Bergkamp	Box 1506 Kenai, AK 99611
Kathy Bergkamp	Box 3369 Kenai, AK 99611
Susan J. Johnson	Box 3162 Kenai, AK 99611
Ann Johnson	Box 3369 Kenai AK 99611
Neva Black	P.O. Box 4323 Kenai Ak 99611
Lisa Meade	P.O. Box 856 Kenai, Ak 99611
Richard Meade	P.O. Box 4188 Kenai, Ak. 99611
James D. Meade	Box 4143 Soldotna AK 99669
Charles Meade	Box 1118 - Kenai AK 99611
Myron Meade	P.O. Box 751 Kenai Ak 99611
Michelle Bergkamp	ST RTI 1 Box 335 Kenai, AK 99
Richard Meade	Box 4924 Kenai Ak 99611
Barbara Meade	Box 5 Kenai 99611

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<u>NAME</u>	<u>ADDRESS (Box #, City)</u>
<u>Sherian Julinsson</u>	<u>P.O. Box 985 Kenai</u>
<u>Sharon Bunch</u>	<u>Box 564 Kenai</u>
<u>Suzanne Smagge</u>	<u>P.O. Box 3075 Kenai</u>
<u>Henry J. Wasinger</u>	<u>P.O. Box 1031 Kenai</u>
<u>Ray Barker</u>	<u>P.O. Box 63 Kenai</u>
<u>Verona Childers</u>	<u>P.O. Box 2708 Kenai</u>
<u>Richie Carter</u>	<u>P.O. Box 3402 Kenai</u>
<u>Lee Colclough</u>	<u>RT 1 Box 1214 Kenai</u>
<u>Julia O'Hara</u>	<u>P.O. Box 2345 Kenai</u>
<u>Curtis Dent</u>	<u>P.O. Box 1119 Kenai</u>
<u>Susan D. Rodes</u>	<u>Rt. 3, 207 Birch St. Kenai</u>
<u>Jim Robarge</u>	<u>Rt. 3 Beaver Hoop Rd Kenai</u>
<u>Laura Harris</u>	<u>P.O. Box 2747 Kenai</u>
<u>Lakissa Hall</u>	<u>Rt. 1 Box 185-14 Kenai</u>
<u>Patricia Branch</u>	<u>Sta Rt 1 Box 845 Kenai Alaska</u>
<u>Helen Murdock</u>	<u>Rt 1 Bowles Kenai AK</u>
<u>Billy J. Karpman</u>	<u>P.O. Box 2716 Kenai, AK</u>
<u>John Atkins</u>	<u>P.O. Box 7051 N.R.B.</u>
<u>Kinda Hudson</u>	<u>P.O. Box 986 Kenai</u>
<u>Chuck Thompson</u>	<u>P.O. Box 2695 Kenai</u>

NAME

ADDRESS (Box #, City)

Julie Gray	Box 3304 Kenai
Cinda Green	Box 3332 Kenai
George S. Hingson	P.O. Box 1667 Kenai
Kevin Carver	Rt 1 Box 1617 Kenai *
Renee Egan	Box 2172 Kenai, AK
D. Lynn (Dunk)	Box 392
Jeff Wolf	Rt 1 Box 332 Kenai AK
Gilda Stamford	P.O. Box 8018 N.P. B. Kenai
Tom Dargatzis	P.O. Box 4881 E.
Sue G. Chappell	Box 4195 Kenai, AK
Henrius Patrick Chippendale	P.O. Box 327, Kenai, AK 99611
Shirley M. O'Neil	P.O. Box 1575, Kenai, AK 99611
Kim Wynn	Rt. 1 Box 990, Kenai, AK 99611
Isabelle Ramirez	P.O. Box 2076 Kenai, AK 99611
Julie Young	P.O. Box 564 Kenai, AK 99611
Debra L. H. P.	P.O. Box 2073 Kenai, AK 99611
Cheryl Patterson	Box 545 Kenai
Alvin Bryant	Rt. 3 Super St. Kenai, AK 99611
Marilyn K. K.	P.O. Box 363 Kenai, Alaska 99611
Freddie J. Blum	Box 385 Kenai, AK
Brent Nelson	Box 188 Kenai, AK
Mark Warden	Rt. 2 P.O. Box 1111, Kenai, AK
Renee L. H.	Box 331 Kenai, AK
Lara Davis	Box 615 Kenai, AK 99611
Alvin J. H.	P.O. Box 1111 Kenai, AK 99611

NAME	ADDRESS (Box #, City)
Suzanne Clure	Box 2797, Kenai
Dustin Brown	Box 1311 Soldotna
Donna Kojac	P.O. Box 4465 Kenai
Patty Eady	
Marta Rose	Box 7004 NRB Kenai
Jim Rose	Box 7004 NRB Kenai
Jarret Eghart	Rt. 1 Box 1116 Kenai
Nancy Eghart	Box 1 Box 1116 Kenai AK 99611
Harold E. Eghart	Box 2377 Soldotna AK 99669
Julia Eghart	Rt. 1 Box 1535 Kenai, AK. 99611
Shirley Stratfield	Box 150 Kenai AK 99611
Carla Northman	P.O. Box 237 Kenai AK
Todd Northman	P.O. Box 237 Kenai AK
Bruce Threlkeld	P.O. Box 76 Kenai AK
John Threlkeld	P.O. Box 76 KENAI, AK
Billy Threlkeld	P.O. Box 605 Kenai, AK
Mike Threlkeld	Box 359 Soldotna
Keith Readman	Box 940 KENAI AK
Aennie Neumann	Box 1672 Kenai AK
Mary Webster	Box 3661 Kenai, AK
Ruby Webster	Box 1378 Kenai, AK
Keith B. Neuman	Box 1611 Kenai, AK
Sharon Neuman	2194 Soldotna AK
Barbara Vandak	Box 1996 - Kenai AK
Lyndee Vandak	P.O. Box 2017 Kenai AK

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NAME	ADDRESS (Box #, City)
<u>Jim Espinosa</u>	<u>P.O. Box 22 Kenai</u>
<u>Sam Price</u>	<u>P.O. Box 3727 Kenai</u>
<u>David Rector</u>	<u>Box 8094 N.P.B.</u>
<u>David Emerson</u>	<u>P.O. Box 2574 Kenai</u>
<u>Rhore Waddell</u>	<u>P.O. Box 2548 Kenai AK</u>
<u>Luke Dale</u>	<u>St. 1 Box 1516 Kenai AK</u>
<u>Robert W. Wadsworth</u>	<u>P.O. Box 1637 Kenai AK</u>
<u>Jason B. Smith</u>	<u>P.O. Box 203 Kenai</u>
<u>Alb. E. B. B.</u>	<u>Box 3177 Kenai AK 99611</u>
<u>Jeff Smith</u>	<u>Box 18 Kaslof, AK. 99610</u>
<u>Peggy C. H. Hingston</u>	<u>Rt. 3 Lynden, Or. Kenai AK 99611</u>
<u>Kevin Williams</u>	<u>Rt. 1 Box 1556 Kenai AK. 99611</u>
<u>Jack L. L.</u>	<u>St. 1 Box 353-11 Kenai AK 99611</u>
<u>Kenneth A. Hoffa</u>	<u>P.O. Box 4176 Kenai AK 99611</u>
<u>Josephson</u>	<u>Box 4016 Kenai AK 99611</u>
<u>Roni Morgan</u>	<u>Box 1927 Kenai AK 99611</u>
<u>Denise Clarke</u>	<u>Box 8333 N.P.B. Kenai, AK. 99611</u>
<u>Brent Smith</u>	
<u>Greg A. A.</u>	
<u>Wendy L.</u>	<u>Box 4223 S. H. H. AK. 99667</u>

[illegible]

P.O. Box 1002 Kenai AK 99610
 P.O. Box 1004 Kenai AK 99611
 P.O. Box 5010 Kenai AK 99611
 P.O. Box 1004 Kenai AK 99611
 Rt. 1 Box 1205 Kenai AK 99611
 P.O. Box 748 Seldovia AK 99669
 Box 4192 Seldovia
 P.O. Box 4323 Kenai AK 99611
 Box 402 Kenai AK 99611
 Box 172 Kenai AK 99611
 Rt. 1 Box 39
 Box 766 Kenai AK
 Box 42 Kenai AK
 P.O. Box 1004 Kenai AK
 S.F. RT. Box 1215
 P.O. Box 8007 Kenai AK 99611
 Box 1177 Kenai AK
 Box 1292 Kenai AK
 P.O. Box 912 Kenai
 P.O. Box 2938 Kenai AK
 P.O. Box 3092 Kenai AK 99611
 P.O. Box 3075 Kenai AK 99611
 P.O. Box 4819 Kenai AK 99611
 P.O. Box 3075 Kenai AK 99611

NAME
Todd Savage
PAT COECKE
Lisa Taylor
M. J. ...
Shelly Thompson
Nancy M. Strong
Michael P. Murphy
Kinda M. ...
Jan ...
Nancy M. Nelson
Tom ...
Elaine A. ...
Dorothy A. ...
Lynda ...
Edith ...
Phil ...
Marilyn ...
Donna ...
Cary ...
Angie ...
William W. ...
Dorinda ...
Wendy ...
Shirley ...
Jan ...

ADDRESS (Box #, City)
Box 3075 Kenai, AK 99611
Box 3474 Kenai, AK 99611
Box 2000 Soldotna AK 99669
Box 63 Kenai AK 99611
PO Box 1000 Kenai AK 99611
Box 28 Kenai AK 99611
Box 153 Kenai AK 99611
Rt 3 Kenai, AK 99611
PO Box 2007 Soldotna 99665
302 McKenly St. Kenai AK 99611
Box 451 Kenai, AK
Box 2071 Kenai AK
Box 562, Kenai, AK 99611
Box 3825, Kenai AK 99611
Box 2096, Kenai AK 99611
Box 2096, Kenai AK 99611
Box 3948 Kenai AK 99611
Box 1359 Kenai AK 99611
Box 3977 Kenai, AK 99611
Box 846 Kenai AK 99611
Box 4146 Kenai AK 99611
Box 4136 Kenai, AK 99611
PO Box 1055 Soldotna AK 99661
Rt 3, Kenai, AK 99611
PO Box 327, Kenai AK 99611

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NAME	ADDRESS (Box #, City)
<u>Alison Hill</u>	<u>Pl. 2 Box 156 Seldovia, AK.</u>
<u>Gregory Webb</u>	<u>P.O. Box 2022 Kenai, AK 99611</u>
<u>Katie Miller</u>	<u>P.O. Box 422 Kenai</u>
<u>Jana Syverson</u>	<u>Box 401 Kenai, Alaska 99611</u>
<u>Jeff Thomsen</u>	<u>P.O. Box 1882 Kenai, Alaska</u>
<u>Melodee Kambree</u>	<u>P.O. Box 1674 Kenai, AK 99611</u>
<u>Jodi Knighten</u>	<u>P.O. Box 4662 Kenai, AK 99611</u>
<u>Janet Thompson</u>	<u>P.O. Box 2231 Kenai, AK 99611</u>
<u>Michelle Paul</u>	<u>P.O. Box 1159 NEP Kenai, AK 99611</u>
<u>Sharon C. Murphy</u>	<u>Box 16 Kenai, AK</u>
<u>Ron B. Eggertson</u>	<u>P.O. B 8132 NEB Kenai, AK</u>
<u>Barb Carter</u>	<u>Box 3963 Kenai, AK 99611</u>
<u>Shelia Wilches</u>	<u>Box 1322 Kenai, AK 99611</u>
<u>Michael Williams</u>	<u>P.O. Box 387 Kenai, AK 99611</u>
<u>Robert J. Thorne</u>	<u>P.O. Box 8096 NEB Kenai, AK 99611</u>
<u>Kevin Harrison</u>	<u>P.O. Box 7014 NEB Kenai, Alaska 99611</u>
<u>Corayn Olsen</u>	<u>P.O. Box 3077 Kenai, Alaska 99611</u>
<u>Linda Cuss</u>	<u>P.O. Box 3330 Kenai, AK 99611</u>
<u>Brett Hall</u>	<u>~~THE~~ P.O. Box 387 Kenai, AK</u>
<u>Kurt Halper</u>	<u>P.O. 1754 Kenai, AK 99611</u>

NAME

ADDRESS (Box #, City)

Darryl Morris

Box 3152 Kenai

Mike Callan

Box 1197 KENAI

W. STANLEY

Box 854, Kenai

Carla Garcia

Box 203 Kenai

Rick Gifford

Box 3228 Kenai

Kathleen Newman

Box E Kenai

Fini Diamond

Box 1118, Kenai

Beth Ernst

P.O. Box 7092 NRB, Kenai

Brad Zubeck

RT #3 414 SUIRES, KENAI, AK.

Bill Channing

Box 2750, Kenai

Linda Stalder

Box 3211 KENAI, AK

- Pamela Tolson

Box 3903 Kenai, AK.

D. W. Tolson

Box 3211 Kenai, AK

Julie Bielefeld

Box 416 Kenai, AK

Eddie Bielefeld

Box 4121 Kenai AK

Holly Jalo

Box 3559 Kenai AK

John G. Jalo

Box 7185 NRB, Kenai

Rick Jalo

P.O. 1177 Kenai AK 99611

Jody Jensen

Sherry Burdeman

RT 1 Box 150 Kenai

Julie Jensen

Box 3784 Kenai

Peggy Jo Christensen

Box 646 Kenai, AK 99611

Sharon Malone

Box 9 Kenai, AK 99611

Timmy Morse

Box 7057 Kenai, AK 99611

Kenny Bittick

RT 1 Box 1590 Kenai AK 99611

NAME

ADDRESS (Box #, City)

Craig Robinson

Jeff Cox

Bill Johnson

C.G. Johnson

Alice Johnson

Betty L. Talent

William P. Amos

Steve Allison

Valeria Peters

Claudine Wright

~~James Wright~~

Don J. Black

Mica Black

Steve Black

Stephen W. Black

Angelina Guenther

~~Robert Guenther~~

James A. Brown

Lynne Koberger

Thomas H. Burt

Gladys M. Stalder

Lee P. Stalder

Gypsy Jolly

P.O. BOX 25 KENAI

P.O. Box 7094 NRB Kenai

Gael P.O. Kenai

Box 1611 (Thompson Place) Kenai AK

P.O. Box 1611 Kenai AK

Box 3638 Kenai AK

PO Box 992 Kenai AK 99604

P.O. Box 1904 Kenai AK 99611

P.O. Box 1904 Kenai AK 99611

P.O. Box 25 Kenai, AK 99611

" " " " "

Box 1982 Kenai AK

P.O. Box 4323 Kenai, AK 99611

" " " " "

" " " "

PO Box 3471 Kenai, Alaska

" " " "

Box 3238 Kenai, AK

P.O. Box 3787 ^{Solihna, AK} Kenai AK

PO Box 4101 Kenai, Alaska 99611

Box 3141 Kenai 99611

Box 3141 Kenai 99611

Rt 2 Box 750 B Solihna 99669

We, the undersigned, are vehemently opposed to Governor Sheffield's proposed changes in the Student Loan Program. Whereas changes in the Student Loan Program have been deemed necessary, we believe further studies must be done before such radical changes are implemented. Whereas the Student Loan Program is an integral part of many Alaskans' educational futures, we believe that lowering the maximum loan amount to \$3000 and raising the interest rate to 9% would be detrimental to the future of many Alaskans. Whereas the forgiveness clauses of the present Student Loan Program encourage well-educated Alaskans to live and work in Alaska, we believe that deleting these clauses would influence the decisions of many well-educated students to choose another state in which to live and work. Whereas we believe the Student Loan Program is a worthwhile investment of the State of Alaska's money, we strongly urge continued support of the Student Loan Program.

NAME	ADDRESS (Box #, City)
<u>Lynn Adams</u>	<u>POB 2071, Kenai</u>
<u>DAVID C. AASE</u>	<u>PO BOX 1359 KENAI 99611</u>
<u>Eric Baker</u>	<u>PO Box 241 Kenai</u>
<u>Adriana Dent</u>	<u>P.O. Box 1119 Kenai</u>
<u>Dianne Shyrval</u>	<u>Box 3803 Kenai</u>
<u>Dan Winkler</u>	<u>Rt. 1 Box 250 Kenai</u>
<u>Duan Robinson</u>	<u>P.O. Box 2234 Kenai</u>
<u>Judy Skille</u>	<u>P.O. Box 733 Soldotna AK</u>
<u>Gene Burquinn</u>	<u>P.O. Box 385 Kenai</u>
<u>Matt Keil</u>	<u>rt 2 Box 727-D Kaslof AK</u>
<u>Pat Runkiewicz</u>	<u>P.O. Box 292 Kenai AK 99611</u>
<u>Frank Knight</u>	<u>P.O. Box 3484 Kenai AK 99611</u>
<u>Mike Roth</u>	<u>P.O. Box 3250 Kenai, AK 99611</u>
<u>Chris Collier</u>	<u>P.O. Box 300 Kenai AK 99611</u>
<u>Heather Fortinax</u>	<u>4 Rt 1 Box 205 Kenai AK 99611</u>
<u>Michael de Abung</u>	<u>P.O. Box 1856 Kenai AK 99611</u>
<u>Kaley Kien U U</u>	<u>P.O. Box 3817 Kenai AK 99611</u>
<u>Jenni Mancini</u>	<u>P.O. Box 1672 Kenai AK 99611</u>
<u>Deena Gandy</u>	<u>Pravara 3373 Kenai AK 99611</u>
<u>Annice Vainky</u>	<u>P.O. Box 3269 Kenai AK 99611</u>

James Anderson
Tom Watkins
John Turner
Karl J. Smith
Howard Means
Leroy Rogers
Port Johnson
~~James H. Smith~~
Bryan L.
James Hildesbrandt
Rachel Hanky
Dawn + Rick Kilo
Lisa Jernade
Randy Ford
T. L. Rogers
Beth Smith
Lisa Hildesbrandt
711 1/2 S. P. Hwy
Clark - Cent.
The Milling Co
Ray Morgan
Michael S. Thompson
Dore & Field
Korea Williams

Box 9160 AHB.
Box 1677 Kema: AK.
Box 7581 Kema: AK.
Box 849 Kema: AK.
Box 4158 Kema: AK
P.O. Box 5055 Kema: AK.
P.O. Box 7101 Kema: AK.
Box 1800 Kema: AK. 9961
Box 122 Kema: AK. 9961
Box 1743 Kema: AK.
Box 4177 Kema: AK. 9961
Box 1 Box 5 Kema: AK. 9961
Box 1925 Kema: AK. 9961
Box 915 Kema: AK. 9961
Box 1745 Kema: AK. 9961

NAME

ADDRESS (Box #, City)

Joannie Hines

Kimberly Ann Marchand

Orcutt Smith

Tracy Craft

Elizabeth V. Smith

Kelly Hines

Cecilia Smith

Sandra Shagwell

David Jackson

Susan V. Smith

Bill Bullock

Dana Emerson

Don Williams

Mike Kowalski

Don Chen -

Don Fido

Harold Smith

Linda Hines

Linda Hines

Dana A. Taylor

Lee Taylor

Cynthia L. Parsons

Robert L. Parsons

Helen E. Taylor

Virginia Walters

P.O. Box 1177 Kenai AK 99611

P.O. Box 3321, Sitka, AK 99809

Box 7601 PE, Kenai AK 99611

Box 3906 Kenai AK 99611

Box 1165 Kenai

Box 1766 Kenai

Box 1974 Kenai

Box 2012 Kenai

RT 1 Box 100

P.O. Box 1143 Kenai

P.O. Box 7139 NOD

P.O. Box 1054 - Kenai, AK 99611

P.O. Box 4136 Kenai AK 99611

P.O. Box 3239 Kenai, Alaska 99611

Box 1202 Sitka AK 99611

Box 1202 Sitka AK 99611

Box 2006 Sitka AK 99611

Box 2006 Sitka AK

Box 4258 Kenai AK 99611

Box 4258 Kenai AK 99611

P.O. Box 1208 Kenai AK 99611

SR 3-214 Birch Kenai 99611

We, the undersigned, are vehemently opposed to Governor Sheffield's proposed changes in the Student Loan Program. Whereas changes in the Student Loan Program have been deemed necessary, we believe further studies must be done before such radical changes are implemented. Whereas the Student Loan Program is an integral part of many Alaskans educational futures, we believe that lowering the maximum loan amount to \$3000 and raising the interest rate to 9% would be detrimental to the future of many Alaskans. Whereas the forgiveness clauses of the present Student Loan Program encourage well-educated Alaskans to live and work in Alaska, we believe that deleting these clauses would influence the decisions of many well-educated students to choose another state in which to live and work. Whereas we believe the Student Loan Program is a worthwhile investment of the State of Alaska's money, we strongly urge continued support of the Student Loan Program.

NAME

ADDRESS (Box #, City)

Dyane L. Phillips
Sharon Wright
Carol Ambrosio

Box 1794 Kenai
Box 665 Kenai
Box 2662 Soldotna

Janette Dine
Bonnie Miller
Jessica Black

P.O. 2670, Kenai
Box 257 Kodiak Alaska 99646
General Delivery, Kenai

W. J. Chittenden
Tom Kober

Box 2992 Soldotna AK 99669
Box 577, Kenai, AK.



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

FILE COPY

MEMORANDUM

TO: House HESS Committee

DATE: March 21, 1983

FROM: Linda Otey, HESS Staff

RE: Student Loans/HB 56/For Your Review

At the 3/7/83 HESS meeting regarding SSHB 56, staff was directed to summarize the issues under debate regarding the student loan program. A list of those issues follows:

1. Amount of loan awards - line 16, page 1, subsection (4) removes the lid on loan awards.
 - a. Previous testimony pointed out that this change, cited in sections 1, 2 & 3, would increase the cost of the program to approximately 73 million dollars in the first year.
2. Interest rate - current law sets the rate at 5% - SSHB 56 proposes an increase to 7%.
 - a. The Postsecondary Commission recommends raising the rate to 9% (see attached comparisons).
 - b. Rep. Lacher's recommendation sets the rate at 8%.
 - c. The Federal Student Loan Program is presently set at 9% and will probably drop to 8% this year. In this event, the State may not retain higher rates than the federal program if it wishes to comply with federal requirements for participation in the GSLA.
 - d. Floating rates were also recommended. Apparently, this was previously avoided because of the administrative difficulties it would involve.
 - e. Another suggestion was to retain current interest rates while eliminating forgiveness. Figures reflecting this type of change were requested from the Postsecondary Commission.

3. Forgiveness - current law sets the forgiveness rate at 50%, a 10% increase from the 40% level in 1981 - SSHB 56 retains current 50% forgiveness statutes without changes.
 - a. One recommendation would set forgiveness at 30% which would total a 1986 savings of \$143,000 increasing to 1 million in 1989.
 - b. The Postsecondary Commission recommends deleting the forgiveness clause (see attachment based on 9% interest and no forgiveness).
4. Residency - residency requirement is 2 years under current law - SSHB 56 does not address this issue.
 - a. Deborah Vogt, Assistant Attorney General, testified in regards to decreasing the requirement to 1 year. The Attorney General's Office believes that the 2-year statute is defensible and recommends retaining this requirement. A case contesting the 2-year residency requirement is currently before the court but is not scheduled for oral argument.
 - b. Consider the possible ramifications if the 2-year residency requirement is not upheld in court.
 - c. Dr. Romesburg encourages leaving the current statutes unchanged because the change to 1 year would financially burden the program. Fiscal note estimate forthcoming.
5. Eligibility - current statute requirement for eligibility is 14.43.120 Conditions of Loan - "full-time" student is defined by regulation AAC 15.085 Definitions and requires 12 credit hours - SSHB 56 does not address this issue.
 - a. An amendment was offered by the Alaska Statewide Student Assoc. to include part-time students in good standing in more than one institution for a total number of credits equivalent to a full-time student 14.43.120(c) amendment (see attachment).
 - b. The "needs basis" for eligibility is suggested in Section 6 of SSHB 56. In order to comply with the GSLA and receive federal insurance, the State must comply with the federal needs test which is currently at a level far below the average Alaskan income. Because the federal needs test is based on a "Lower 48" average, Alaska has been unable to comply with or meet the federal standards. Consequently, it appears unnecessary to retain Section 6 in SSHB 56.
 - c. Another factor in the Alaska Student Loan Program which does not comply with the federal program is the State requirement for "full-time" status. The federal program requires half-time status. However, this regulatory change on the part of the State has financially benefited the program by approximately 10 million dollars since its inclusion into the structure of the loan program.

6. Regulatory changes - not addressed in SSHB 56.

- a. It was suggested that the Postsecondary Commission submit recommendations concerning regulation changes instead of statutory changes to tighten the program and reduce costs.
- b. The deadline for filing applications for the preceeding school year is currently May 15. It was suggested that moving this date to January would give the legislature a more accurate account of necessary funds to accomodate applicants in the budget process.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

BILL SHEFFIELD, GOVERNOR

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

MEMORANDUM

TO: Linda Odie
Legislative Assistant to House HESS

FROM: Kerry Romesburg, Executive Director
Alaska Commission on Postsecondary Education

DATE: March 21, 1983

As you requested, the fiscal impacts of changing interest rates and forgiveness rates are listed below. Please note, these impacts are compared to the current program of 5% interest and 50% forgiveness.

<u>Year</u>	<u>5% Interest</u>	<u>30% Forgiveness</u>	<u>Total Impact</u>
FY84	\$ 0	\$ 0	\$ 0
FY85	0	0	0
FY86	0	214,200	214,200
FY87	0	520,200	520,200
FY88	0	930,000	930,000
FY89	0	1,491,000	1,491,000

<u>Year</u>	<u>8% Interest</u>	<u>30% Forgiveness</u>	<u>Total Impact</u>
FY84	\$ 0	\$ 0	\$ 0
FY85	0	0	0
FY86	93,450	214,200	307,650
FY87	372,450	520,200	892,650
FY88	1,562,775	930,000	2,492,775
FY89	3,210,225	1,491,000	4,701,225

5% - 50% forgiveness

STATE STUDENT LOAN ACTIVITY
Projected to 1988-89
(Current Program)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	54,563,309
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,871,653	500,000	4,750,002	95,728,947
1986-87	21,100	124,490,000	559,954,963	5,900	20,742,025	350,000	6,432,819	103,397,975
1987-88	22,489	133,809,550	693,764,513	5,950	24,787,158	225,000	8,113,038	108,797,392
1988-89	24,365	144,971,750	838,736,263	5,950	28,423,931	150,000	10,617,441	116,397,819

*1982-83 through 1988-89 are projections

Revised 3/3/83

9% - ~~No~~ Forgiveness

STATE STUDENT LOAN ACTIVITY
Projected to 1988-89
(Current Maximums)
(9% Interest)
(No Forgiveness)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	795,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	51,813,509
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,996,253	500,000	4,393,002	95,604,347
1986-87	21,100	124,490,000	559,954,963	5,900	21,238,625	350,000	5,565,819	102,901,375
1987-88	22,489	133,809,550	693,764,513	5,950	26,870,858	225,000	6,563,038	106,713,692
1988-89	24,365	144,971,750	838,736,263	5,950	32,704,231	150,000	8,132,441	112,117,537

*1982-83 through 1988-89 are projections

Revised 3/1/83



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

ASSA requests that the following section be added to SPONSOR
SUBSTITUTE FOR HOUSE BILL 56:

AS 14.43.120(c) is amended to read:

(c) To maintain a loan the student must continue to be enrolled as a full-time student in good standing or as a part-time student in good standing in more than one institution for a total number of credits equivalent to a full-time student in a career education program, college, or university designated under (b) of this section. The commission shall adopt regulations defining "good standing" for purposes of this subsection.

At present, students enrolled at both UAF and TVCC, UAA and ACC, or Sitka CC and Sheldon Jackson may not receive scholarship loans unless they have a total of twelve credit hours at one or the other institution. This amendment would allow these perfectly legitimate, full-time students to be eligible for the loans.

Thank you.

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508

Alaska State Legislature



While in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

April 5, 1983

FILE COPY

TO: House Special Committee on Loans
FROM: Representative John Lindauer
RE: Sponsor Substitute House Bill #56: "An Act relating to scholarship loans."

The intent of SS HB #56 is to tighten up the student loan program in order to provide greater collections and reduce the interest rate subsidies.

SSHB 56 also allows student loans to be made for six thousand dollars; however loans to cover the actual costs of tuition, required fees, and room which exceed \$6000 may be made to cover those costs.

With the costs of education rising, provision must be made to allow Alaskan students to receive higher education.

Finance Committee considers student loan program revision

Associated Press

Juneau — The Senate Finance Committee today took up a sweeping measure to revise Alaska's low-interest student loan program, with some senators objecting to provisions to "forgive" part of loan interest and to restrict vocational education loans.

The bill, hammered out by the Senate Health, Education and Social Services Committee under the leadership of Sen. Joe Josephson, D-Anchorage, would:

- Raise the 5 percent loan interest rate to 8 percent.

- Expand loan forgiveness provisions afforded borrowers who remain in Alaska by forgiving up to 70 percent of the interest as well as the current practice of forgiving up to 50 percent

of the loan principal. The amounts would depend on how many years a borrower remained in the state following graduation.

- Retain the two-year residency requirement.

- Provide the state the authority to annually review vocational fields of study and set limits on the number of loans made in various fields depending on the market demand for the skill.

- Require potential borrowers to apply by Jan. 1 of the year they intend to go to college. Applicants would not have had to been accepted in a particular school, but could simply supply a letter stating their intent to apply to a school.

Suggested Addition to Proposed Loan Legislation

1. OK AS 14.43.120(k)(2) is amended to read:
(2) serving a first enlistment period of up to four years on active duty as a member of the armed forces of the United States; *enlisted*

2. OK AS 14.43.125(a) is amended by adding a new paragraph to read:
(4) is not delinquent or in default on a previously awarded scholarship loan.

FILE COPY

3. AS 14.43.125(b) is amended to read:

(b) In addition to the requirements of (a) of this section, to obtain a scholarship loan a person must have been a resident of the state for at least ~~one year~~ ^{two years} at the time of application for the loan. For purposes of this subsection, a person qualifies as a resident of the state if at the time of application for the loan the person

(1) has been present in the state for at least ~~one year~~ ^{two years} ~~unless an absence from the state during any part of the two years was due to military service~~; or

(2) is a person who is dependent on a parent or guardian for care, and the parent or guardian has been present in the state for ~~one year~~ ^{two years; or} at least ~~one year~~

~~one year~~ (3) has been physically present in the state for at least ~~one year~~ ^{two years} immediately before being absent from the state and the

absence is due solely to

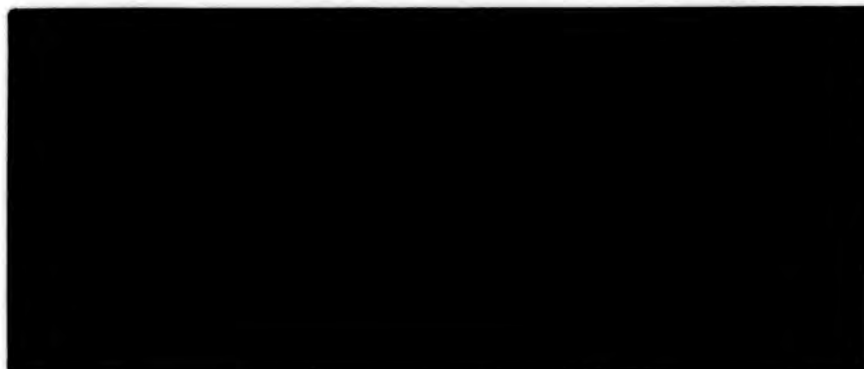
- (A) military service;
- (B) attending a school as a full-time student; or
- (C) full-time employment by the state or its congressional delegation.

(Temporary section)

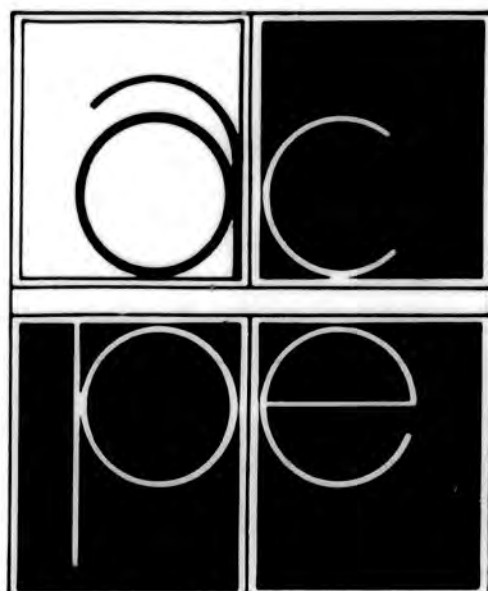
If the two-year residency requirement in AS 14.43.125 is declared unconstitutional, the commission shall have the authority to promulgate regulations to impose as stringent a residency test as would be allowable under both the United States and Alaska Constitutions.

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COMPARISON OF PROPOSED STUDENT LOAN LEGISLATION						
	CSHB 56 HESS	SB 197 Josephson	SB 185 Fischer	SB 118 Sackett	SB 209 Governor	SB 210 Governor
Residency:	2 years	selection criteria pt.system residency	2 years	1 year	1 year	Sets up guaranteed student loan financing in line with AK Industrial Develop. Authority; addresses financing structure rather than requirements and specifics of SB 209. Implementation of guaranteed student loan program thru Higher Education Act of 1965 PL 89 - 329 to federally insure loans for bonding purposes.
Eligibility:	retains current law	adds part-time students in more than 1 institution as = to full-time	retains current law and not addressed	high school sr. or graduation 6 mo. prior to application	retain current law	
Loan amounts:	\$6000 undergrad \$7000 grad w/provisions for fees & tuition & room	\$6000 undergrad \$7000 grad	\$8000 undergrad \$8000 grad	\$6000 undergrad \$7000 grad	\$6000 undergrad \$7000 grad	
Interest:	8%	8%	retains 5%	retains 5%	9%	
Forgiveness:	20%	retains 50%	retains 50%	retains 50%	retains 50%	
Limit on number of loan awards:	none	100 per vocational field annually subject to review under 14.43.150	none	none	none	
Deferment:	120 days	retain current law 1 yr after study terminates	retain current law not addressed	up to 5 yrs from date of approval	not addressed	
Application date:	not addressed current law May 15	filing date no later than Jan 1 of year for which application is made	not addressed	application filed while applicant is enrolled in high school	Jan. 1 preceeding year for which loan is requested	
Federally insured:	new section added as encouragement	not addressed	not addressed	not addressed		



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Alaska Commission on Postsecondary Education

ALASKA STUDENT LOANS

Background and Discussion Materials
for the House Special Committee on State Loans

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