

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

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KODIAK REMOTE LICENSING PROJECT

The Entry Commission opened a licensing office at the Department of Fish and Game office in Kodiak on January 10, 1983. This was a pilot project to determine the feasibility of issuing licenses from remote sites. The office is fully equipped to issue permit cards and vessel licenses for fishermen who come into the office.

The Kodiak office utilizes the same computer system which is in place in Juneau, linked by satellite via the Anchorage Data Center. Use of the Kodiak office for licensing purposes has yet to reach anticipated levels. During 1983, 1,793 permits and 1,018 vessel licenses were issued from the office. More than 99% of the licenses issued by the Kodiak office were to resident fishermen. To encourage greater use of the Kodiak office, the Commission has widely publicized the presence of the Kodiak office in newspapers and fishing industry periodicals.

In addition to issuing licenses, the Kodiak office provides information to the public and data to the Alaska Department of Fish and Game. Public response to the Kodiak office has been very favorable.

LICENSING

BRISTOL BAY PILOT PROJECT

During the months of June and July 1983, the Entry Commission conducted a pilot project intended to reduce illegal fishing activity in the Bristol Bay area resulting from abuse of the emergency transfer provision. Requested by the legislature, the project also sped up the emergency transfer process. The Commission employed two transfer technicians to work out of the King Salmon and Dillingham Department of Fish and Game offices. The technicians were to review all requests for emergency transfers of salmon permits and contact the Transfer Officer in Juneau by telephone to obtain immediate approval or denial of the requested transfer; the transferee was allowed to retain a copy of the form to use for fishing only if the transfer was approved. In order to facilitate this procedure, despite the difference in time zones existing then, the Juneau office was staffed seven days a week until 6:30 pm.

This project was very successful in reducing the number of emergency transfers requested for unacceptable reasons; fishermen who in the past would request emergency transfers knowing that the transferee could fish with the carbon copy of the form until he received notice of denial apparently did not bother to request transfers during the course of the project as the ratio of denied to approved transfers decreased

significantly. The Dillingham office received 31 requests for emergency transfer during June and July, of which 29 were approved and 2 denied; the King Salmon office received 25 requests, of which 20 were approved and 5 denied. Although comparable statistics are not available for prior years, a logbook kept in King Salmon reflected that the ADF&G office there dealt with 44 individuals requesting emergency transfers or related information during the months of June and July 1982.

In addition to requests for emergency transfers, the Commission staff in the field provided assistance with requests for duplicate licenses and provided general information about Commission regulations and policies. As time allowed, efforts were made to examine fish tickets for indicators of potentially illegal fishing activities so that local enforcement personnel could be alerted promptly. In most cases enforcement officers must see the illegal activity in progress in order to take any action. Reactions to the project were favorable, both from the public and from agencies in the two areas. It was very beneficial to have personnel in the field with training in Entry Commission regulations as it freed the staff of the Fish and Game and the staff of Fish and Wildlife Protection offices from having to respond to permit-related questions, and provided more accurate information to the public. The Commission intends to continue this project in 1984.

RESEARCH

In 1983, the Commission was involved in a number of different research projects. These projects were designed to help monitor trends in Alaska's fisheries, to document and evaluate changes occurring under the entry limitation program, and to provide a means to help forecast the consequences of gear reductions in limited fisheries. The following section provides a brief overview of 1983 research activities.

PERMIT PRICES

Extensive research on limited entry permit market values was completed in 1983. The results of the research conducted by Dr. Jonathan M. Karpoff are published in three reports, which are available through the Commission.

In Limited Entry Permit Prices (CFEC Report 83-6), Dr. Karpoff empirically tests hypotheses concerning valuation of entry permits. The findings indicate that permit prices are strongly correlated with expected future profitability, that expectations concerning future profitability are revised in accord with experience and Alaska Department of Fish and Game run forecasts, and that the advent of state subsidized permit loans in 1979 resulted in sharp increases in permit prices. Karpoff also found that contemporaneous price differentials were declining over time suggesting that permit markets are maturing.

In Non-Pecuniary Benefits in Commercial Fishing: Empirical Findings From the Alaska Salmon Fisheries (CFEC Report 83-7), Karpoff examines the importance of psychic benefits to fishermen. He concludes that, while limited entry permit prices reflect primarily pecuniary factors, the continued presence of many low-revenue fishers in these fisheries suggest that they, at least, derive non-money benefits. However, these benefits did not appear to depend upon gear type or geographic area of the fishery.

In Low-Interest Loans and the Markets for Limited Entry Permits in the Alaska Salmon Fisheries, Dr. Karpoff demonstrates empirically that the initiation of the state subsidized permit loan program coincided with increases in both transfer volume and entry permit prices which could not be explained by other factors.

OPERATING COSTS AND NET RETURNS

Information on operating costs, net earnings, and rates of return are useful for a wide range of policy analyses. The data is especially needed to monitor the limited entry program and to evaluate the consequences of further gear reductions. CFEC has developed a methodology for utilizing survey data, combined with licensing records and catch records, to derive models which estimate operating costs and net returns as functions of information which is collected on an ongoing

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basis by administrative processes. This methodology is described in A Suggested Methodology for Estimating the Distribution of Operating Costs and Net Returns on Alaska's Salmon Fisheries (CFEC Report 83-9), a report prepared for the 34th Alaska Science Conference by Commission staff, Kurt Schelle and Ben Muse.

In 1983 preliminary fiscal models for the 1981 Southeast drift gill net, power troll, and seine fleets were developed. Draft reports (83-4, 83-5, and 83-6) on the models were circulated for comments. The models are currently being revised and extended to provide estimates for the 1980-1982 time period. Reports will be available in 1984.

In 1983 CFEC conducted operating costs surveys of the Prince William Sound drift gill net, Cook Inlet drift gill net, and Cook Inlet seine salmon fleets. Results from these surveys will be available in 1984. CFEC will use the data to develop fiscal models for those fisheries.

The fiscal models developed by CFEC will also be used to help evaluate the economic consequences of further gear reductions under alternative optimum number and buyback scenarios.

PERMIT OWNERSHIP PATTERNS

In 1983 CFEC prepared an updated version of an extensive study on permit ownership patterns. The report, Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries 1975-1982 (CFEC Report 84-1), examines the 31 limited fisheries for which permanent permits had been issued by the end of 1982. It provides fishery specific and statewide data on transfer incidence, the initial geographic distribution of permit holders, changes due to transfer, changes due to migration, and the year-end 1982 geographic distribution of permit holders. Extensive information is also provided on the age distribution of permit holders, age differences between transferors and transfer recipients, the incidence of inter-family and business partner transfers, transfer payment methods, and transfer financing methods.

The report's findings indicate that from initial issuance through 1982, permit ownership by rural residents living in areas local to limited fisheries has declined, while permit ownership by urban residents of Alaska and non-residents has increased. Most of this change in the geographical distribution of permit ownership has occurred through permit transfers as opposed to migration of permit holders. 42.1% (195 permits) of the decrease in permits held by "rural local" residents resulting from transfers has occurred in the Bristol Bay fisheries.

RESEARCH

The consequences of free transferability with respect to the geographical distribution of permit ownership are matters of widespread interest. CFEC will therefore continue to update this report on an annual basis so that the legislature, the administration, and other concerned parties will be kept accurately apprised of the facts.

OTHER REPORTS

CFEC Policy Discussion Paper

In early 1983, CFEC prepared a policy discussion paper titled Alaska's Limited Entry Program: Some Policy Considerations From an Administrator's Perspective. The paper provides an overview of some perceived problem areas with the present program and includes some suggestions for change which could provide for greater flexibility in the design of future programs. The paper was intended to provoke thought on alternatives and policy options.

Optimum Number Research

Dr. Karpoff also prepared a theoretical paper titled Regulatory Techniques in the Fishery: A Model for Pacific Salmon (CFEC Report 83-1). In the paper, costs and revenues of an individual fishing operation are modeled as functions of effort. Effort is composed of

time and capital inputs, and external effects from other vessels are incorporated into the model. Effects of gear restrictions, vessel restrictions, and season closures are derived. The substitutability of gear and vessel inputs, time spent fishing, and numbers of vessels is examined. Throughout, the regulated competitive common property fishery is contrasted with the fishery under a single owner.

Wholesale Price Report

1983 SLA Chapter 49 required that the Department of Commerce and Economic Development (DCED), in conjunction with the Commercial Fisheries Entry Commission and the Department of Revenue, report to the legislature on the potential development of a program to determine wholesale prices in the state for fresh, frozen, canned and cured salmon products. In January 1984, a report on the possible development of a program to determine Wholesale Price Averages for Salmon Products was submitted to the legislature. The report discussed alternative methodologies for reporting and collecting price information, and provided a qualitative analysis of the benefits and costs to the state and the commercial fishing industry of collecting and reporting wholesale price averages. This report is available from DCED.

RESEARCH

RESEARCH COMPUTING

Commercial Fisheries Entry Commission, in cooperation with the Department of Administration, installed a mini-computer system in June of 1982 to address previously unmet and documented research and fisheries data reporting needs of the Commission. This project was the first attempt at a distributive approach to data processing in the state, which uses full communications networking. The Commission, as a result of this computing facility, has seen a tremendous growth in research products and activities thus attesting to the success of this distributed processing facility.

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- Dinneford, Elaine and Nasser Kamali Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries, 1975-1982, (CFEC Report 81-4).

APPENDIX

Table 2.--Numbers of permits issued in limited fisheries; number held by Alaska residents; number of permit transfer transactions and the actual number of permits involved in these transactions; the net gain or loss of permits to Alaska residents; and transfer survey information.

Fishery & Year	ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION ^{1/}				
	Total No. of Permanent Permits ^{2/}	No. of Permits Held By Alaska Residents ^{3/}	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{4/}	No. of ^{5/} Non-Monetary Transfers	No. of ^{5/} Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
HERRING, PURSE SEINE, SAC ROE										
Southeastern										
1977	38	36	0	0	0	--				
1978	41	37	2	2	- 1	--	0	0	0	0
1979	42	38	2	2	0	1	1	0	0	0
1980	42	38	2	2	+ 1	1	2	0	0	0
1981	41	38	1	1	0	4	1	0	0	0
1982	42	39	4	4	0	4	2	2	*	2
1983	42	37	3	3	- 2	5	1	2	*	1
Prince William Sound										
1977	85	77	3	3	- 1	--	0	1	*	1
1978	91	80	7	6	0	--	0	1	*	0
1979	92	81	16	13	+ 1	0	1	2	*	1
1980	92	79	7	7	0	4	1	5	45,000	3
1981	92	77	4	4	- 1	7	1	3	*	3
1982	93	78	10	10	0	12	3	7	71,250	6
1983	97	82	2	2	+ 2	14	1	1	*	1
Cook Inlet										
1977	61	57	1	1	0	--	0	1	*	0
1978	67	62	9	7	0	--	1	1	*	1
1979	68	61	10	7	0	0	0	4	27,500	1
1980	68	59	3	3	0	5	0	2	*	1
1981	68	58	4	4	- 2	6	0	4	7,917	1
1982	69	60	2	2	0	6	0	1	*	1
1983	70	59	1	1	0	6	0	1	*	1
HERRING, GILL NET, SAC ROE										
Southeastern										
1978	10	10	1	1	0	--	0	0	0	0
1979	39	35	2	2	0	1	0	0	0	0
1980	44	38	4	4	+ 1	2	0	4	13,362	4
1981	45	39	4	4	+ 1	6	0	4	13,875	2
1982	59	47	6	6	- 1	10	0	6	27,500	6
1983	67	47	12	12	- 6	7	9	3	29,167	2
Prince William Sound										
1982	24	22	4	4	+ 1	0	1	3	*	1
1983	24	23	4	4	+ 1	3	0	4	17,000	4
SALMON PURSE SEINE										
Southeastern										
1975	398	198	51	51	- 4	--	8	15	10,633	12
1976	409	202	24	21	- 3	--	1	9	9,222	5
1977	411	196	53	50	- 6	--	6	21	16,667	14
1978	413	194	56	50	- 8	--	5	16	30,929	13
1979	413	190	38	36	- 3	1	3	12	39,917	10
1980	414	195	35	34	+ 3	13	9	20	39,778	14
1981	414	194	35	34	0	16	12	23	40,435	12
1982	414	187	31	31	- 6	24	8	22	40,636	13
1983	416	188	34	32	0	26	14	20	38,531	16

See footnotes on page 32

		ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION				
		No. of Permits		No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed E- Department of Commerce or CFAB ^{2/}	No. of Non-Monetary Transfers	No. of Monetary Transfers For Permits	Average Price Paid	No. of Trans. That Were Financed
Fishery & Year		Total No. of Permanent Permits	Held By Alaska Residents								
Prince William Sound	1975	210	164	19	17	+ 2	--	0	7	8,000	5
	1976	247	194	42	36	- 5	--	5	11	10,700	6
	1977	255	198	28	24	- 3	--	1	6	29,800	5
	1978	257	195	36	32	- 5	--	3	10	24,272	4
	1979	258	196	47	41	+ 1	5	3	13	33,846	5
	1980	258	199	29	28	+ 1	15	9	19	38,259	9
	1981	259	192	34	34	- 5	32	18	16	74,250	11
	1982	259	190	26	26	+ 1	40	8	17	97,587	14
	1983	259	188	29	28	- 2	53	10	19	143,186	14
Cook Inlet	1975	49	49	3	2	0	--	0	0	0	0
	1976	63	62	7	6	- 1	--	1	2	*	2
	1977	72	72	12	11	0	--	2	4	10,625	2
	1978	74	74	10	9	0	--	2	5	40,000	4
	1979	75	74	9	8	0	1	2	1	*	1
	1980	75	74	12	12	0	4	3	8	82,785	3
	1981	75	73	10	9	- 1	10	3	7	83,714	5
	1982	77	75	11	11	0	14	6	5	84,267	5
	1983	78	78	15	14	+ 1	21	7	8	90,000	7
Kodiak	1975	334	242	22	22	+ 4	--	4	7	4,571	5
	1976	358	262	42	40	- 1	--	6	13	9,736	5
	1977	365	270	72	62	+ 3	--	13	19	17,611	7
	1978	371	275	61	52	+ 2	--	11	9	47,611	9
	1979	374	274	57	41	- 2	3	5	12	66,045	6
	1980	375	277	35	34	+ 3	25	4	25	70,960	20
	1981	375	282	37	36	+ 6	50	18	19	69,605	14
	1982	376	285	43	42	+ 4	64	14	29	75,511	29
	1983	377	290	47	47	+ 4	81	19	28	69,903	26
Chignik	1975	85	64	4	4	0	--	1	1	*	1
	1976	90	72	4	4	0	--	2	0	0	0
	1977	90	73	6	5	+ 1	--	2	1	*	1
	1978	90	76	3	3	0	--	1	0	0	0
	1979	90	76	1	1	+ 1	0	0	0	0	0
	1980	90	76	1	1	0	2	1	0	0	0
	1981	90	74	5	4	- 1	5	2	3	*	3
	1982	90	74	7	6	0	5	5	2	*	1
	1983	90	74	4	4	0	9	2	2	*	1
Alaska Peninsula	1975	108	95	3	3	0	--	0	0	0	0
	1976	112	99	6	5	0	--	3	0	0	0
	1977	113	100	15	13	0	--	4	1	*	0
	1978	115	105	12	12	+ 1	--	2	3	*	2
	1979	117	103	13	12	- 3	0	3	5	66,000	1
	1980	117	99	19	17	- 3	3	11	5	102,500	2
	1981	117	98	9	9	0	7	7	2	*	2
	1982	118	99	5	5	0	6	3	2	*	0
	1983	118	98	22	19	- 2	7	16	6	195,000	8

		ACTUAL TRANSFER INFORMATION					TRANSFER INQUIRY INFORMATION				
		Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAS	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
Fishery & Year											
SALMON BEACH SEINE											
Kodiak	1975	21	20	0	0	0	--	0	0	0	0
	1976	23	22	2	2	0	--	0	0	0	0
	1977	30	27	10	8	- 1	--	1	3	*	2
	1978	33	30	16	14	0	--	4	3	*	1
	1979	33	30	7	7	- 1	0	1	4	36,500	3
	1980	34	31	9	9	- 1	0	2	4	41,375	2
	1981	34	32	10	8	0	4	3	7	42,429	5
	1982	34	32	4	4	0	3	2	2	*	2
	1983	35	32	5	5	0	6	2	3	50,000	3
SALMON DRIFT GILL NET											
Southeastern	1975	431	293	94	119	+ 6	--	9	28	9,211	21
	1976	449	313	59	48	+ 4	--	6	12	10,213	7
	1977	460	323	71	68	+ 6	--	11	25	16,262	17
	1978	463	329	81	67	+ 4	--	11	26	34,604	18
	1979	464	324	72	60	- 6	9	8	19	41,763	14
	1980	464	320	59	56	- 3	34	15	42	41,250	31
	1981	464	317	66	61	- 2	54	25	41	43,898	35
	1982	466	318	74	66	- 8	64	29	44	38,650	37
	1983	467	323	50	45	0	76	12	38	34,653	26
Prince William Sound	1975	494	366	36	33	+ 1	--	4	9	3,089	6
	1976	514	390	70	64	+ 3	--	10	18	4,500	15
	1977	524	393	83	71	- 2	--	8	30	13,750	20
	1978	528	386	84	69	- 2	--	8	25	27,742	19
	1979	531	386	68	62	+ 1	3	11	22	35,632	13
	1980	531	388	54	51	+ 4	14	14	30	27,810	22
	1981	531	399	74	73	+ 8	54	19	55	32,836	37
	1982	531	385	78	72	-11	69	23	54	46,337	37
	1983	533	396	54	53	+ 1	99	15	39	61,760	30
Cook Inlet	1975	453	291	30	30	+ 3	--	3	11	3,911	3
	1976	514	342	76	73	+ 1	--	9	29	5,552	12
	1977	539	359	87	79	- 4	--	13	28	9,643	14
	1978	549	365	87	82	- 2	--	20	21	36,825	15
	1979	554	371	86	75	+ 3	6	13	24	82,636	18
	1980	554	373	76	72	+ 1	42	32	38	67,224	30
	1981	554	374	76	73	- 1	81	28	48	67,629	43
	1982	555	383	64	61	+ 4	92	22	42	58,176	34
	1983	555	390	72	69	+ 5	115	19	53	69,919	40

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		No. of Permits		No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{2/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
Fishery & Year		Total No. of Permanent Permits	Held By Alaska Residents								
Alaska Peninsula	1975	152	109	4	4	0	--	1	0	0	0
	1976	153	110	17	17	0	--	1	4	6,333	1
	1977	154	108	31	26	- 1	--	7	7	10,286	5
	1978	156	109	27	25	- 5	--	6	5	15,000	3
	1979	156	108	32	26	- 1	0	7	4	60,625	3
	1980	156	104	28	25	- 4	12	16	11	92,454	6
	1981	156	101	23	23	- 4	15	13	10	123,500	7
	1982	156	98	25	24	- 2	18	10	14	128,833	8
	1983	156	96	26	23	- 1	17	16	10	157,700	6
Bristol Bay	1975	1,416	767	81	80	+ 9	--	16	19	1,166	9
	1976	1,522	918	126	124	0	--	34	30	2,536	10
	1977	1,663	947	213	196	-11	--	47	63	6,180	40
	1978	1,700	973	235	211	-13	--	49	78	21,638	52
	1979	1,717	973	225	197	-11	7	44	51	64,588	37
	1980	1,717	968	169	162	0	87	57	90	91,925	65
	1981	1,720	967	168	161	- 3	143	81	87	84,327	68
	1982	1,724	964	183	179	-14	188	60	122	95,936	87
	1983	1,727	993	160	155	+17	281	60	100	98,923	90
SALMON SET GILL NET Yakutat	1975	147	131	9	8	+ 2	--	1	3	*	2
	1976	156	140	15	15	+ 1	--	8	4	6,000	2
	1977	158	141	16	15	- 1	--	2	5	7,000	1
	1978	161	142	22	20	- 1	--	4	5	10,480	2
	1979	164	143	13	12	- 3	0	3	3	*	1
	1980	164	146	16	15	0	2	10	3	32,500	2
	1981	164	145	23	20	0	5	12	11	26,682	7
	1982	164	145	15	14	- 2	11	7	8	32,792	5
	1983	164	144	18	17	- 2	12	14	4	27,250	2
Prince William Sound	1975	26	21	2	2	+ 2	--	0	0	0	0
	1976	28	23	0	0	0	--	0	0	0	0
	1977	28	21	2	2	- 1	--	0	0	0	0
	1978	28	23	5	4	+ 1	--	0	2	*	1
	1979	28	23	2	2	0	0	0	1	*	1
	1980	28	24	3	3	+ 1	0	2	0	0	0
	1981	29	24	2	2	0	1	0	2	*	1
	1982	30	27	5	5	+ 2	2	0	5	19,400	5
	1983	30	28	9	8	+ 1	2	2	6	24,167	6

See footnotes on page 32

		ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION				
		Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
Fishery & Year											
Cook Inlet	1975	652	608	47	46	0	--	7	9	2,250	6
	1976	712	670	77	74	+ 9	--	14	14	1,778	7
	1977	731	690	93	90	+ 3	--	12	29	4,821	15
	1978	742	698	129	120	+ 1	--	23	46	9,824	15
	1979	744	699	99	92	- 6	0	24	20	23,412	9
	1980	744	697	89	87	+ 4	5	35	48	18,362	28
	1981	744	685	110	103	- 7	17	52	58	15,276	36
	1982	744	693	90	86	0	25	41	47	17,200	22
1983	743	683	103	101	-11	32	52	51	18,340	27	
Kodiak	1975	139	103	22	22	+ 8	--	7	7	5,380	5
	1976	176	133	37	34	- 2	--	4	10	3,900	2
	1977	181	137	28	26	+ 1	--	5	7	6,600	4
	1978	184	141	28	25	+ 2	--	9	6	19,800	4
	1979	185	140	32	27	0	1	4	10	33,667	6
	1980	186	140	34	33	+ 1	6	12	12	38,750	9
	1981	186	142	25	25	+ 1	17	16	9	41,278	9
	1982	186	139	28	28	- 3	18	15	12	39,817	8
1983	186	140	19	18	+ 1	20	11	8	76,525	4	
Alaska Peninsula	1975	82	76	4	3	0	--	2	0	0	0
	1976	105	98	5	5	0	--	2	3	*	1
	1977	106	95	15	14	- 1	--	1	4	5,150	1
	1978	108	100	14	13	+ 1	--	3	2	*	0
	1979	108	100	12	11	0	0	2	0	0	0
	1980	109	99	17	14	- 2	1	6	6	15,625	3
	1981	109	99	21	21	0	3	12	9	54,278	7
	1982	109	97	19	19	- 1	5	8	11	54,636	7
1983	109	97	24	24	0	5	14	10	55,420	3	
Bristol Bay	1975	716	592	22	22	+ 2	--	9	0	0	0
	1976	759	620	68	65	- 4	--	23	11	2,755	6
	1977	824	669	76	74	- 6	--	21	19	2,694	4
	1978	891	733	133	125	+ 4	--	39	27	8,507	9
	1979	910	745	133	125	- 5	1	32	38	18,184	16
	1980	913	731	113	111	- 9	11	43	55	32,014	26
	1981	914	717	112	106	-16	30	55	57	26,000	34
	1982	916	708	118	115	-12	48	36	79	37,394	47
1983	929	712	97	94	- 4	66	47	50	41,246	31	

See footnotes on page 32

		ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION				
		Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved In Transfers	Net Gain or Loss In Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAB ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
Fishery & Year											
SALMON POWER TROLL											
Southeastern	1975	849	619	137	130	+23	--	11	52	5,303	27
	1976	915	677	78	76	+ 2	--	14	29	5,065	18
	1977	929	698	159	147	+16	--	11	64	8,831	25
	1978	934	720	143	127	+13	--	13	78	15,457	39
	1979	939	720	126	108	- 2	23	13	61	26,680	39
	1980	939	706	97	94	-12	70	11	82	33,596	51
	1981	939	715	95	92	+ 7	119	27	68	28,938	48
	1982	940	720	86	83	- 3	143	12	74	21,630	50
	1983	939	726	95	94	0	158	19	76	20,878	76
SALMON HAND TROLL											
Southeastern	1982	696	665	56	53	- 2	0	20	36	3,828	4
	1983	2,121	1,979	100	98	- 6	7	14	86	4,948	22
SALMON FISHWHEEL											
Upper Yukon	1976	80	80	2	2	0	--	0	0	0	0
	1977	107	107	2	2	0	--	0	0	0	0
	1978	108	107	11	10	0	--	0	0	0	0
	1979	114	114	6	6	0	0	1	3	*	1
	1980	114	114	9	9	0	0	2	7	9,320	2
	1981	123	123	16	16	0	0	2	14	10,893	5
	1982	130	130	12	12	0	0	4	8	10,500	2
	1983	130	129	19	19	- 1	2	12	7	11,643	4
A-Y-K GILL NET											
Upper Yukon	1976	35	35	1	1	0	--	0	0	0	0
	1977	44	44	1	1	0	--	0	1	*	0
	1978	47	46	2	2	0	--	0	0	0	0
	1979	49 ^{5/}	48	5	5	0	0	1	2	*	1
	1980	48 ^{5/}	47	6	5	0	0	4	1	*	0
	1981	64	64	8	8	0	0	6	4	5,000	0
	1982	72	71	9	8	+ 1	0	3	6	8,366	0
	1983	72	70	10	9	- 1	0	5	5	10,600	1
Kuskokwim											
	1976	688	688	8	8	0	--	3	0	0	0
	1977	761	761	18	18	0	--	11	0	0	0
	1978	766	765	50	47	0	--	26	6	6,100	2
	1979	781	780	39	37	0	1	17	10	6,420	4
	1980	782	781	59	56	0	3	30	18	6,912	6
	1981	785	784	49	47	- 1	4	35	14	8,339	4
	1982	831	829	44	44	- 1	4	35	10	9,722	3
	1983	831	828	64	63	0	4	55	9	10,222	3

See footnotes on page 32

ACTUAL TRANSFER INFORMATION

TRANSFER SURVEY INFORMATION

TRANSFER SURVEY INFORMATION											
		ACTUAL TRANSFER INFORMATION					TRANSFER SURVEY INFORMATION				
		Total No. of Permanent Permits	No. of Permits Held By Alaska Residents	No. of Permit Transfer Transactions	No. of Permits Involved in Transfers	Net Gain or Loss in Permits To Alaska Residents	No. of Permits Financed By Department of Commerce or CFAS ^{3/}	No. of Non-Monetary Transfers	No. of Monetary Transfers	Average Price Paid For Permits	No. of Trans. That Were Financed
Fishery & Year											
Kotzebue	1976	118	118	4	4	0	--	2	0	0	0
	1977	175	175	2	2	0	--	0	0	0	0
	1978	177	177	17	17	0	--	5	1	*	1
	1979	180	180	18	18	0	0	3	8	5,200	2
	1980	194	193	12	11	0	0	6	3	*	1
	1981	211	208	18	18	- 1	0	10	8	7,812	0
	1982	219	216	25	23	- 1	2	14	11	9,591	3
	1983	219	216	17	17	0	5	5	12	13,083	6
Lower Yukon	1976	678	677	6	5	0	--	4	0	0	0
	1977	692	691	9	9	0	--	3	2	*	0
	1978	695	691	26	25	- 1	--	14	5	6,700	3
	1979	702	698	28	27	0	0	12	8	5,834	1
	1980	703	698	45	44	0	1	26	10	9,060	3
	1981	706	703	36	35	0	1	24	12	9,333	5
	1982	707	704	40	38	0	2	27	13	18,250	6
	1983	703	698	74	71	- 1	4	47	27	22,630	6
Norton Sound	1976	169	169	0	0	0	--	0	0	0	0
	1977	176	174	2	2	- 1	--	0	0	0	0
	1978	176	176	8	8	0	--	1	4	4,350	3
	1979	177	176	11	11	- 1	0	2	5	6,300	1
	1980	177	175	18	18	- 1	1	3	12	7,833	4
	1981	195	194	17	16	0	2	7	10	9,450	5
	1982	200	199	20	19	0	3	9	11	10,100	3
	1983	201	199	22	20	- 1	7	14	8	11,500	3
TOTAL ^{6/}	1975	6,762	4,808	590	568	+58	--	83	167	5,634	102
	1976	9,173	7,114	776	729	+ 4	--	152	199	5,488	99
	1977	9,772	7,639	1,108	1,019	- 9	--	181	341	10,206	178
	1978	9,975	7,819	1,315	1,185	- 9	--	260	385	20,445	220
	1979	10,104	7,886	1,209	1,071	-37	63	216	342	29,291	194
	1980	10,132	7,869	1,060	1,017	-15	363	366	560	45,946	348
	1981	10,204	7,918	1,092	1,047	-22	693	442	605	44,731	409
	1982	11,031	8,679	1,144	1,100	-54	882	425	706	49,603	448
	1983	12,488	10,043	1,211	1,169	- 7	1,150	516	695	50,442	469

See footnotes on page 32

Footnotes to Table 2

- 1/ Completion of the transfer survey has been required only since January 26, 1981. Transfer information for the years 1975 through 1980 is based on voluntary completion of surveys by some of those involved in permit transfers.
 - 2/ Decreases in numbers of permanent permits is caused by revocations.
 - 3/ From 1975-1978 residency figures were calculated using the permit holder's address. After 1978 permit holders were required to declare their residency status on the renewal form and residency figures were taken from those declarations. These numbers may differ somewhat from those reported in Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries published by CFEC. In that report all persons who declared Alaska residency status but had out-of-state addresses are counted as non-residents.
 - 4/ The Department of Commerce permit loan program began in 1979; the Commercial Fishing and Agricultural Bank loan program began in 1980. The numbers shown in this column are not the numbers of new loans made per year. They are numbers of loan indicators on the CFEC permit file each year. A loan is counted each year until paid off. The figures include financing of permit transfers and permits used as collateral for commercial fishing loans.
 - 5/ Permit sales used to compute average permit prices are counted here as monetary transfers. All other transfers are counted as non-monetary. For a different version of this data, where gifts, trades, sales and "other" forms of transfer are examined, see Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries, CFEC, Jan. 1984.
 - 6/ Total average price is the sum of the total amount paid for transfers (as shown by the transfer surveys) divided by the total number of sales shown on the surveys.
- * An asterisk indicates that there were fewer than 4 sales. Price is omitted to preserve confidentiality.

Table 3--Loans made by Department of Commerce and Economic Development
for the purchase of entry permits,^{1/} all years through FY 1982
in the 22 House Election Districts--

House Election District	Permit Only		Permit & Vessel		Total	
	No.	Dollars	No.	Dollars	No.	Dollars
1	35	\$1,095,228	8	\$ 456,350	43	\$1,551,578
2	40	1,455,646	12	1,081,983	52	2,537,629
3	40	1,259,203	4	155,030	44	1,414,233
4	59	2,219,870	23	1,414,937	82	3,634,807
5	34	1,474,816	9	628,750	43	2,103,566
6	15	700,921	1	160,000	16	860,921
7-12	93	4,492,966	8	606,200	101	5,099,166
13	96	5,175,152	19	1,400,725	115	6,575,877
14	51	2,712,120	6	609,900	57	3,322,020
15	8	589,500	4	363,000	12	952,500
16	28	1,373,829	7	661,200	35	2,035,029
17,18,19	10	454,177	-	-	10	454,177
20	9	334,100	1	55,000	10	389,100
21	1	5,625	-	-	1	5,625
22	3	20,873	-	-	3	20,873
TOTALS	522	\$23,364,026	102	\$7,593,075	624	\$30,957,101

TOTALS BY FISCAL YEAR

FY 72-78	3	\$ 103,250	-	\$ -	3	\$ 103,250
FY 79	22	673,775	38	2,810,608	60	3,484,383
FY 80	98	4,221,676	48	3,598,686	146	7,820,362
FY 81	174	7,637,392	16	1,183,781	190	8,821,173
FY 82	225	10,727,933	-	-	225	10,727,933
TOTALS	522	\$23,364,026	102	\$7,593,075	624	\$30,957,101

^{1/} Information through 6/30/82 supplied by Department of Commerce and Development on the basis of the 22 House Eleaction Districts under the 1970 reapportionment. Table 3A, on the facing page, shows loans subsequent to 6/30/82 on the basis of the 27 new House Election Districts created by the 1980 reapportionment which became effective in 1982.

Table 3A--Loans made by Department of Commerce and Economic Development for the purchase of entry permits in the 27 House Election Districts, 7/1/82 through 12/31/83^{1/}

House Election District ^{2/}		Permit Only		Permit & Vessel		Total	
		No.	Dollars	No.	Dollars	No.	Dollars
1	Ketchikan-Wrangell-Petersburg	27	\$967,088	1	\$ 57,600	28	\$ 1,024,688
2	Cordova-Hydaburg ^{3/}	32	1,208,613	2	171,815	34	1,380,428
3	Sitka-Pelican-Port Alexander	13	194,200	2	53,550	15	247,750
4	Juneau	14	480,349	2	86,580	16	566,929
5	Homer-Soldotna	40	2,460,827	-	-	40	2,460,827
6	Seward-Valdez	11	820,215	-	-	11	820,215
7-15	Anchorage	35	2,112,763	-	-	35	2,112,763
16	Palmer-Wasilla-Talkeetna	1	71,500	-	-	1	71,500
17	Delta-Nenana-Glennallen	1	7,200	-	-	1	7,200
18	Badger-Eielson AFB ^{4/}	-	-	-	-	-	-
19	Steese-Ft. Wainwright ^{4/}	-	-	-	-	-	-
20	Fairbanks	6	306,480	1	92,893	7	399,373
21	University-Chena ^{4/}	-	-	-	-	-	-
22	Kotzebue-Barrow	2	93,976	-	-	2	93,976
23	Lower Yukon-Norton Sound	1	11,000	-	-	1	11,000
24	Interior Yukon River	-	-	-	-	-	-
25	Kuskokwin	4	254,010	-	-	4	254,010
26	Bristol Bay-Aleutians	9	737,764	-	-	9	737,764
27	Kodiak-Chignik	21	1,360,565	1	83,500	22	1,444,065
TOTALS		217	\$11,086,550	9	\$545,938	226	\$11,632,488
TOTALS BY FISCAL YEAR							
FY83		188	\$ 9,466,624	6	\$397,935	194	\$9,864,559

^{1/} Information supplied by the Department of Commerce on the basis of the 27 House Election Districts under the 1980 reapportionment effective in 1982.

^{2/} Election districts are designated by official number; unofficial names are also supplied here.

^{3/} The "Iceworm District," which includes Cordova and Yakutat, plus Skagway, Haines and other small Southeastern communities.

^{4/} Outlying areas surrounding Fairbanks.



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

MEMORANDUM

February 18, 1985

TO: Members
Special Committee on Fisheries

FROM: Representative Peter Goll *Peter*
Chairman

SUBJECT: 1979 Legislative Study of Limited Entry

As we begin to delve into limited entry, a quick review of a Legislative study of the program six years ago is appropriate.

In response to mounting concerns about the skyrocketing cost of permits and other problems associated with limited entry, the Legislature established a joint House-Senate Limited Entry Study Committee. The interim committee explored a number of "solutions" and arrived at some conclusions that may be beneficial for the committee to consider as it examines the loss of permits by rural Alaskans.

The options explored in depth by the committee included: (1) apprenticeship program; (2) capital gains tax; (3) amortization; and (4) a subsidized loan program "targeted" at rural residents. The first three options were discarded by the committee for a variety of legal, financial, administrative and political reasons. The 1980 Legislature adopted the recommendation of the joint committee and created a "targeted" loan program.

APPRENTICESHIPS

This option was vigorously pursued by the committee. The concept was attractive: permits would be distributed to individuals who had demonstrated their competence and commitment to a specific fishery by serving as a crewmember for a certain number of years. To implement this plan, free transferability would have to be halted and permits would revert back to the state when an individual had not fished for a specific period of time.

A federal court decision struck down an apprenticeship approved by the Legislature in 1968 because it allowed fishermen to select the apprentices involved. Consequently, the 1979 limited entry work group studied a state-run program.

The concept was abandoned for several reasons: fishermen balked at the concept of having to accept a complete stranger of unknown ability for a crewmember; the removal of free transferability could eliminate intra-family transfers and reduce the number of permits in circulation; a "use-it-or-lose-it" clause could increase fishing pressure; and administration of the program would be very costly.

CAPITAL GAINS TAX

This proposal would have the state setting a permit price ceiling by statute and taxing any sale price above the limit at 100 percent. Although this concept was greeted somewhat more favorably by the fishing community, it was dropped because of two primary concerns: (1) the cost of instituting a state system capable of preventing "under-the-table" payments above the ceiling would be prohibitive; and (2) fishermen who have purchased permits would lose millions of dollars or the state would be required to compensate to offset the losses.

AMORTIZATION

In the event the Legislature decided to abolish free transferability, the committee developed a system for to compensate individuals who purchased limited entry permits. The proposal would have allowed fishermen to write the cost of permits, vessels and gear from state income taxes. The option was abandoned before the concept was fully developed. The elimination of the state income tax makes this proposal moot.

TARGETED LOAN PROGRAM

As the only constitutional method of favoring residents over non-residents, the creation of a subsidized state loan program "targeting" rural residents who want to enter the commercial fisheries quickly gathered support from lawmakers and fishermen. The loan program was established in 1980, but it took two more years before the first loan was made.



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

MEMORANDUM

January 31, 1985

TO: Members
Special Committee on Fisheries

FROM: Representative Peter Goll
Chairman *Peter Goll*

SUBJECT: Limited Entry Background

Attached is a booklet that helps explain the history of the state's limited entry program and sets into perspective some of the shortcomings of the system. Keep in mind that this explanation is four years old and is dated in a couple of respects. The state's loan programs have undergone a major overhaul since the pamphlet was written, with the elimination of the five-year residency clause following the Zobel decision. As touched upon during an earlier committee meeting, the migration of permits from the rural areas has increased dramatically. We will explore the latter issue in depth in the coming weeks. In the meantime, this pamphlet should help explain the history of limited entry.



LIMITED ENTRY

A necessary evil?

Prepared for the Legislative Council
Sen. George Hohman, chairman
January 1981

by Rodger Painter
Fish and Fish

The state legislature's 1973 vote limiting the number of fishermen allowed to harvest Alaska's huge salmon runs prompted predictable howls of outrage.

The salmon fisheries always had been open to anyone willing to invest a lot of sweat and brave some of the toughest seas in the world. It seemed a God-given right to be able to go fishing to cover the winter's grubstake.

No one was surprised by the opposition from those locked out of the fisheries by limited entry. Also expected were objections from staunch opponents of government intervention in the free enterprise system.

Recent debate is laden with irony, however, as the most vocal critics have been the very people the system was designed to protect--rural Alaskans who rely heavily on the commercial salmon fisheries. And, the dramatic biological recovery of the salmon runs and economic turnaround of the industry appear to be responsible for most recent criticism of limited entry.

Considering the massive amount of flak directed at the fishing restrictions, many observers were taken aback when these very squeaky wheels got no grease during the legislature's re-examination of limited entry in 1979-80.

What lawmakers found is widespread, though quiet, support of limited entry. Fisheries managers, for instance, prefer the



steady effort and smaller numbers of limited fisheries to the boom-and-bust history of the salmon industry. Then there are the 8,100 permit holders, whose attitudes may have been expressed best by a former director of the commission administering the state program:

"The people who received entry permits and believe limited entry is necessary tend to remain quiet about it and do not crow about the system for fear of offending a neighbor or friend."

With courts recently upholding the program against major legal challenges, it appears limited entry is here to stay. Far less clear is whether the program will remain intact under growing sentiment for change.

Many of the harshest critics of limited entry oppose doing away with the system entirely, but want to give the program a major overhaul. Even the most ardent supporters agree that at least some fine tuning is in order.

But as the legislature discovered, tinkering with limited entry is not easy. Alaska's limited entry program is a highly complicated system of fisheries management based on interwoven social and political considerations, as well as economics and biology. It's difficult to make large changes without risking chaos in one of the state's most important industries.

This pamphlet shows the evolution of the present system of limited entry and points out some of the problems looming on the horizon.



history



ROOTS: Moonlighters and the company store

When Governor William A. Egan proposed in early 1973 to limit entry into the state's commercial salmon fisheries, Alaska's salmon resources were recovering nicely from the rape-and-run management of Territorial days. But the economic lot of those most dependent on the fisheries was not following a similar course.

"Even with substantially improved biological management since Statehood, the salmon fisheries are not as healthy as they can be because a steadily increasing number of fishermen are participating in the harvest," Egan said in his letter to the legislature. "These new entrants into the fishery have driven the profitability of fishing down to marginal levels for those professional fishermen who must depend upon fishing for a major share of their livelihood."

"The character of these new entrants varies. In Bristol Bay it may be the school teacher from Anchorage or the Boeing worker from Seattle; in Southeastern the sport-commercial troller with a well-paid government job; in Cook Inlet the vacationing set-netter from the Lower-48. However, in almost every area these moonlighters are adding substantially to the economic distress of the vocational fishermen who must derive their primary livelihood from fishing."

Although Egan never specified who he was trying to help, it was clear throughout his 300-page proposal that the program was meant to protect Alaskans. The Governor had reason to be careful, as two earlier attempts to restrict the salmon fisheries ran afoul of the equal protection clauses in the state and federal constitutions.



State officials long had been interested in trying to boost the incomes of resident commercial fishermen by restricting non-Alaskans. The now-infamous loathing of Outsiders by Alaskans was particularly strong in the Seattle-dominated commercial fisheries before Alaska became flushed with oil riches.

Consider this statistic offered to lawmakers during the debate over limited entry: in 1970 non-residents had 40 percent of the salmon fishing income with an average gross share of \$15,169, compared to \$7,283 for each Alaska-based gear operator.

By 1973 the courts made it clear that any system discriminating against non-residents would be slapped down. The emphasis was shifted to pressuring the growing number of part-time fishermen and trying to at least preserve the foothold in the fisheries Alaskans had gained with the abolition of company-owned fish traps and the manpower-short years of World War II.

Supporters argued limited entry would protect Alaskans to the best extent allowed under law by favoring long-time fishermen and rural residents through a complex point system.

Another major goal of lawmakers in limiting the fisheries had been lost in the current debate: to unchain fishermen from the Company Store. In the days before Big Oil, the canned salmon industry was the dominant economic and political force in Alaska.

A 1939 government study reported that of the 2,810 Western Alaska commercial fishermen 96.7 percent were "cannery fishermen," considered company employees; only 94 fishermen were independents.



Alan Adasiak, former chairman of the Alaska Commercial Fisheries Entry Commission, explained in a 1978 paper the control canneries had over the lives of individual fishermen:

"If, for example, a man had made himself unpopular during price negotiations, he might find himself without a vessel or a market for his fish that following year. The ability to 'import' non-resident fishermen was also used in connection with price negotiations. And there was control through the classic arrangement of the 'company store,' which made easy credit available, and employed payment-on-demand notes.

"In 1973, when the Alaskan legislature was considering the current limited entry law, there was a general belief that salmon processors still maintained a significant hold over individual fishermen, both through credit and financing arrangements and through the untrammelled power to decide whether a fisherman would fish for a particular company. The decision to issue permits to individuals was made primarily because people believed that it would strengthen the individual fisherman's bargaining power vis-a-vis fish buyers and processors. With only a fixed number of permits to go around, and with the requirement that a unit of gear may be operated only by a permit holder, the need that the processor had for the individual fisherman was increased."

The debate over limited entry split many fishing communities and caused still-open rifts in the ranks of fishermen. Supporters far outnumbered opponents, however, as attested by the formation of the state's largest fishermen's organization -- The United Fishermen of Alaska -- around the issue of limited entry.

When an initiative to repeal the limited entry act was placed



on the 1976 statewide ballot, the UFA raised \$170,000 to wage a campaign to keep the restrictions. Endorsements supporting the program were gathered from the state Boards of Fisheries and Game, Alaska Federation of Natives, Rural Alaska Community Action Program and the Alaska Chapter of the American Fisheries Society.

The initiative was defeated by a resounding vote of 75,125 to 44,304.

The margin of victory can be partially attributed to the extremely depressed condition of the salmon fisheries at the time of the election. Observers speculate a similar vote in the 1980s would be too close to call.



the legal story



THE LEGAL STORY: The constitution and the right to fish

It was no small coincidence that the state Attorney General spearheaded the group putting together Egan's limited entry proposal. The first step in the process, in fact, was to place a proposed constitutional amendment for limited entry: "No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State."

The amendment, which gained strong voter support, added: "This section does not restrict the power of the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture."

There have been few quarrels over the issues of resource conservation and aquaculture; the battle lines over limited entry always have been drawn around the right to fish. And, despite the care taken in constructing a legally defensible program, limited entry from its beginning has been under constant attack in the courts over who is eligible to harvest the valuable salmon resource.

The Commercial Fisheries Entry Commission, created to oversee the program, was given quasi-judicial powers to hear administrative appeals of decisions on individual applications for a permit. Of the hundreds of appeals filed, scores resulted in lawsuits, creating a huge backlog of contested permits and throwing the entire program into limbo.

The state lost the first major legal challenge to limited entry and that decision became the basis for many following lawsuits. In Isakson vs. Rickey, a group of fishermen who

first held gear licenses in 1973 and 1974 went to court over a provision in the law restricting permit eligibility to those who held gear licenses before January 1, 1973.

The Alaska Supreme Court eventually agreed with the fishermen and a new application period was ordered. The ruling, however, had much broader impact than the awarding of a few more permits to the later-coming fishermen.

In early 1979, a Superior Court judge used the Isakson decision to strike down a requirement that applicants for permits must have held a gear license. State officials said the ruling would have the effect of invalidating limited entry.

But after a year of deliberation, the Supreme Court backtracked and "superceded" the Isakson language. The gear license requirement does have a "rational connection" to the "legitimate purpose" of the limited entry act, the court said.

"Admittedly, individual cases will arise in which those barred may be able to show extreme hardship," the court said. "The legislature in its wisdom could conceivably have better provided for such instances. But equal protection, even under Alaska's stricter standard, does not demand perfection in classification."

There still were more than 100 court cases pending against the Alaska Commercial Fisheries Entry Commission in late 1980.

accessibility



ACCESSIBILITY: Rural residents and \$130,000 permits

The most emotionally charged debate over restricting access to Alaska's fisheries centers on the skyrocketing cost of entry permits.

Perhaps the most crucial, fundamental decision lawmakers made in 1973 was to treat permits essentially as property. This was done primarily to allow fishing rights to be transferred within families and communities, give fishermen the mobility to change fisheries, and avoid constitutional problems caused by creating a special closed class of fishermen.

No restrictions were put on the market price of permits as it was assumed there would be natural limitations to what someone would pay. In his proposal to the legislature, Governor Egan speculated:

"New people will be able to get into a fishery for whatever the fair market price of permits happens to be. Naturally, this will vary. The quality and size of fish runs, and other things, may cause more people to want to get out, or in, at a particular time. There is likely to be a limit, however, to how high the price of a permit will go since the bill requires that only the holder can fish it.

"One person may not hold a permit and have another person at his net site or in a boat working it for him as his agent. This means that the person buying a permit will have to work it, and he will have to expect to make enough money commercial fishing to cover the cost of the permit, as well as his other expenses and profits. Otherwise, it would not make sense for him to buy in. Consequently, there will be some practical limits on the price of entry permits."

Obviously unforeseen in this analysis was the dramatic rise in fish prices and biological recovery of Alaska's salmon fisheries during the late 1970s. As predicted, the price of permits has risen with the profitability of the particular fishery. Consider, for instance, that Bristol Bay drift gillnet permits shot up from a mere \$2,000 in 1976 to as high as \$130,000 prior to the 1980 season.

Understandably, these trends have created great concern among officials from rural areas over the ability of future generations to buy their way into the fisheries. Many Native leaders fear the high prices are bringing an exodus of permits from villages heavily dependent upon fishing.

The validity of those fears is open to debate. The Commercial Fisheries Entry Commission says statistics don't show any significant trends of permits flowing out of rural areas. With the exception of a single Southeast village troubled with an unusual set of circumstances, records show the distribution of permits in rural areas has been remarkably stable.

A study of the same statistics by a University of Alaska researcher in 1979, however, concluded there is some cause for concern. While Alaska residents in general have actually gained a handful of permits since they originally were doled out, the analysis by Dr. Steve Langdon showed rural residents have lost a significant number.

Residents of rural Alaska communities lost 145 permits, while urban Alaskans gained 170. Significantly, Alaskans who live in rural communities near the fishing grounds lost 3.5 percent of their initial holding of 3,897 licenses.

Langdon concluded that the "outflow of permits that has occurred and that potentially can occur must be regarded as



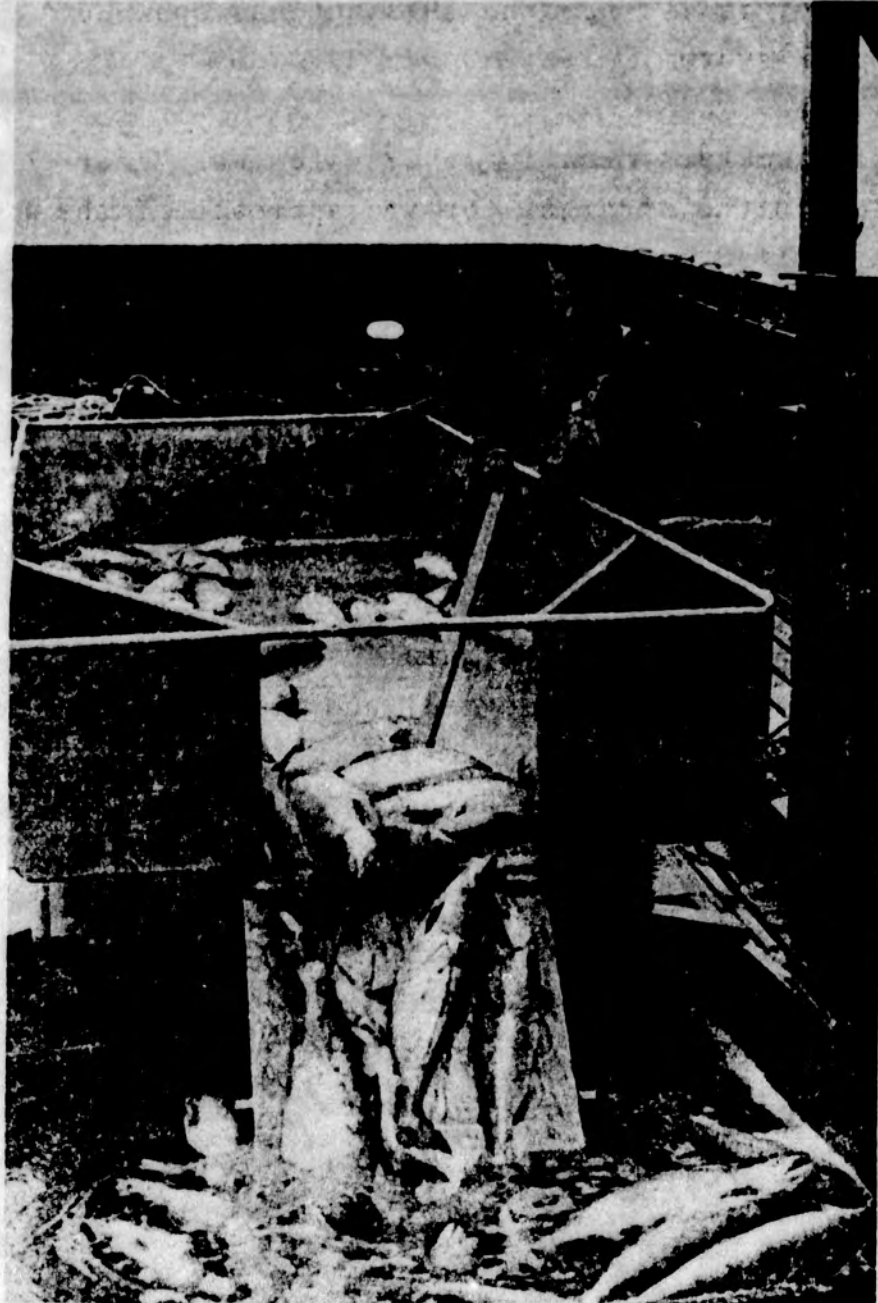
a significant threat to the rural Alaska economic base and the well-being of rural Alaskans."

The high cost of permits alarmed not only rural officials, though, as opposition to limited entry in urban and non-fishing areas seemed to grow in direct proportion to the cost of getting into the fisheries. When the legislature created the Limited Entry Study Group in 1979 the price of permits was the primary motivating force.

The question of how to deal with \$130,000 permits presented a tough dilemma to the legislative committee. Every alternative to freely transferable permits investigated by the study group was fraught with legal, financial, administrative or political problems.

In the end, the committee backed away from supporting any major changes in the program, concluding that the medicine was worse than the ailment. The only recommendation of the committee culminated in the 1980 creation of a special loan program designed to help rural residents enter the fisheries. (This so-called "targeted loan program" is described in a later section.)

problems



OTHER PROBLEMS: Efficiency, spinoffs and a ponderous process

When studying Alaska's system of limiting entry into the fisheries, one can reach radically different conclusions about its relative merits and evils. If there is one thing all sides can agree upon, it is that the 1973 act has spawned a tremendously complex system.

The goal of lawmakers creating the system was clear enough, as demonstrated in the straight-forward approach of the first attempt at limited entry in 1962:

"Whenever the Board (of Fish and Game) determines that the year run of salmon in any one registration area will be substantially less than the optimum run, and that under anticipated fishing conditions Alaska residents licensed by the area or district will not catch sufficient fish to sustain them for the year, the Board may, with the consent of the local advisory board or boards, promulgate regulations temporarily closing the area or district to fishing by all non-residents of Alaska."

Before the law was ever used a federal judge declared it unconstitutional.

To get by the constitutional barriers, a program was built around economic and social considerations with a keen eye for protecting residents as much as law would allow. The result is an extremely complicated system that defies easy explanation.

Consider these factors:

-- The "optimum" number of permits issued in a fishery is to be sufficient to provide a "reasonable rate of economic return to the fishermen participating in that fishery," and

the allowable catch "in an orderly, efficient manner and consistent with sound fishery management techniques," and "avoid serious economic hardship to those currently engaged in the fishery, considering the other economic opportunities available to them."

Permits then are handed out to applicants ranked by their past participation in the particular fishery and their degree of economic dependence, such as their percentage of income derived from fishing, reliance on alternative occupations, and availability of alternative occupations and investments.

The complex requirements involve careful crafting of regulations and point systems, and extensive public hearings and application periods. The process takes anywhere from one to three years before permits are issued.

Administrative review of appeals of point allocations throw contested permits into limbo for months or even years. Some appealed permit applications for fisheries limited in 1975 still were pending in 1980.

-- The initial number of permits issued in the limited fisheries was equal to the largest number of units of gear fishing in any of the four years preceding 1973. Those maximum permit numbers later were to be whittled down to "optimum" figures through a buy-back program under which the state would buy boats, gear and permits at going market rates.

Work on setting optimum numbers was delayed by the more pressing needs of issuing permits, then stalled for years by lack of funding for economists to study long-range trends in the fisheries. The buy-back program eventually was suspended indefinitely. By 1980 the optimum numbers of permits

still hadn't been issued for the 19 salmon fisheries originally brought under limited entry.

-- Whenever there is even a distant possibility of a developing fishery being brought under limited entry, it seems to create a flurry of activity by fishermen trying to put themselves in the position of earning a permit, should they eventually be issued. This phenomenon, in turn, creates pressure to impose the restrictions from fishermen nervously eyeing new competitors on the fishing grounds.

The high cost of permits also has served to increase fishing pressure in the limited fisheries, as fishermen who have to pay \$130,000 for a permit can scarcely afford to sit out poor seasons just because income is marginal. Loan payments won't wait for a better salmon run.

If limited entry has met any of the original goals of its creators it has been the evolution of the salmon fisheries into "professional" fisheries. With the lid on numbers fishermen have poured increased earnings into building expensive, highly efficient fleets of fishing vessels. Long-time fishermen say competition in the limited fisheries is much fiercer than it has ever been.

conclusion



CONCLUSION: A necessary evil?

In considering whether limited entry has worked, it is important to strip the equation of the cumbersome clothing of right or wrong. Does it violate the spirit of the free enterprise system? Did it create an exclusive rich man's club? Is it an unconstitutional allocation of natural resources belonging to all citizens of the state?

Emotions run so strongly on these issues that it is essential to narrow the question to how well the program has met its original goals. To this end, the answer can be a conditional "yes".

Statistics show limited entry has been remarkably successful in stabilizing the balance of fishing effort between Alaskans and non-residents. The only identifiable shift has been the loss of permits by rural Alaskans to urban residents.

Trends before limited entry were toward non-resident gains in the salmon fisheries, but when original permits were handed out Alaskans controlled a few more units of gear than they had before 1973. Since then, residents have gained another handful of permits.

Showing the exact degree of success limited entry has had in accomplishing another major goal of lawmakers in 1973 -- increasing the power of fishermen in dealing with processors -- is impossible. The lot of individual fishermen has increased dramatically since the early 1970s, but it's unclear how much of that was caused by limiting the number of fishermen.

Unquestionably, limited entry has given fishermen a powerful tool in negotiating fish prices, since the system has given permit holders the exclusive right to harvest Alaska's valuable

salmon resources. Processors can no longer simply hire another skipper willing to fish for lower prices.

A case in point is price negotiations in Bristol Bay where fish prices were increased by nearly 50 percent in 1979 after a virtual shutdown of the fisheries by boycotting fishermen. Although fish prices tumbled the next season following collapse of major Japanese markets, fishermen held out during the peak of the largest salmon run in history. About 21 million harvestable sockeye salmon passed by the fishing grounds because of the long price dispute.

By restricting the number of people allowed to fish salmon, lawmakers also hoped to increase the incomes of individual fishermen. While average gross incomes of gear operators have risen dramatically since 1973, the improved economic outlook mostly is due to spectacularly increased fish prices. There can be little doubt, though, that the allowable harvest would be split among a much larger group of fishermen if the salmon fisheries were open to all interested.

When all is said and done, the essential question regarding limited entry probably is:

"What's the alternative?"

Perhaps there wasn't justification to limit entry to Alaska's salmon fisheries. Maybe a better method of protecting residents could have been devised. But it's too late to debate those issues; the important point now is what would happen if the system were abolished.

With the current high level of interest in Alaska's salmon fisheries, the lifting of limited entry would invite a gear rush rivaling the Klondike gold rush. Examples of the interest in the state's fisheries are easy to find, as a glance at the

crowded halibut, crab, cod and open herring fisheries will show. Particularly troublesome is the large fleet of Washington State vessels squeezed out by the "Boldt decision" which allocated half the natural and hatchery salmon runs of that area to treaty Indian tribes.

Despite development of other fisheries and the emergence of the oil industry, salmon continues to be the economic mainstay of most of the communities spread out along Alaska's 34,000-mile coastline. Hundreds of millions of dollars have been invested on the assumption limited entry is here to stay. Abolition of the system would disrupt the economies of much of rural Alaska.

Although the cost of buying a permit adds a big barrier to entering the salmon fisheries for rural Alaskans, state loan programs can give an edge to residents. The programs will cover 90 percent of the market value of permits, and the recent "targeted loans" designed to help rural residents may carry 100 percent of the cost. Permits can be used as collateral only under state loan programs.

The threat of a gear stampede trampling long-time fishermen is responsible for the continuing support of limited entry by many harsh critics. Notably absent from the legislature's 1979-80 evaluation of limited entry was the possibility of removing the restrictions altogether.

Since limited entry is widely seen as an evil made necessary by the lack of alternatives, continuing support of the program by lawmakers appears likely. Equally likely are continuing opposition from a host of critics and pressure to substantially modify the present system.

FINANCING: The state and CFAB

When it comes to finding financing for limited entry permits, Alaska residents have a decided advantage. Under state law, permits can be owned only by individuals. Banks cannot take possession of permits in the event a borrower defaults on a loan. Thus, permits may not be used as collateral, except under the state loan program which is open only to five-year residents. The Alaska Commercial Fishing and Agriculture Bank (CFAB) also is able to hold permits as collateral since the state initially funded the bank and remains a major stockholder. CFAB uses the same requirements as the state for permit loans.

Through the state's Commercial Fishing and Revolving Loan Fund, applications for permit loans are made directly to the Division of Business Loans in the Department of Commerce and Economic Development.

Permit loans require five years state residency immediately preceding the date of application, with one year of commercial fishing experience during that time. The interest rate is 9.5 percent, and the maximum loan term is fifteen years.

The state can lend up to 90 percent of the average resale value or the actual cost of the permit, whichever is less, when the permit itself is used as collateral. The Entry Commission computes this average resale value quarterly, based upon what prices were paid for permits during the preceding quarter. It is important to keep this in mind, as the amount of money you can get varies as permit prices go up or, more rarely, down.

The newly-created Fishermen's Revolving Mortgage and Note Fund, targeted to assist fishermen in rural areas of the state

who are not eligible for regular commercial fishing loans, also may be used for the purchase of limited entry permits.

Under this program, the state will buy mortgages and notes from banks or other financial institutions. The interest rate is 10.5 percent.

The state may buy a mortgage or note for up to 100 percent of the appraised value of the collateral if the loan is for the purchase of an entry permit and if the borrower has at least three years experience as a commercial fisherman under the direction of a permit holder in the fishery for which he is buying the permit.

To be eligible for this program, an applicant must have five years state residency immediately preceding the date of application, but he does not necessarily need to have had commercial fishing experience as long as the lender finds that he is reasonably likely to succeed as a fisherman and be able to repay the loan.

For further information on loans for limited entry permits, contact one of the regional offices of the Division of Business Loans, Department of Commerce and Economic Development:

Juneau	Pouch D Juneau, Alaska 99811 465-2510
Anchorage	201 East Ninth, Suite 103 Anchorage, Alaska 99501 274-6693
Fairbanks	675 Seventh Avenue, Station A Fairbanks, Alaska 99701 452-8182

or



Alaska Commercial Fishing and Agriculture Bank
Gary Anderson, President
P. O. Box 4-2070
2550 Denali Street, Suite 1201
Anchorage, Alaska 99509
278-4553

CFAB also has offices in Homer, Kodiak, Cordova, and Seattle.



MISCELLANEOUS: A checklist

Attempting to deal long distance with the many and complex limited entry regulations is a constant source of frustration to fishermen and the Entry Commission alike. Misunderstandings are often a cause of delay, which can be critical and costly when the fish are going by the fishing grounds.

The following checklist offers important points to keep in mind about limited entry and is offered to help keep the level of red tape frustration at a minimum:

- ° The permit holder must have his card in his possession and must be present while his gear is being fished;
- ° A permit cannot be lent to anyone, not even a relative;
- ° A permit holder and crew must be able to produce identification at the request of an enforcement officer;
- ° Emergency transfers are to be used in cases of unavoidable hardship; they are not for leasing a permit. Send an emergency transfer form to the Commission, including documentation and your permit card;
- ° There is a 60-day waiting period between the time an intent to transfer form is filed with the Commission and the permit can actually be transferred;
- ° Once a permit is transferred permanently, it's gone. The Commission strongly recommends using an escrow agent to hold the money (contact your local Legal Services Agent);
- ° If a permit holder dies, the spouse or heir should contact the local superior court clerk for instructions on having an administrator of the estate appointed; and contact the Commission;
- ° Permit holders should allow at least three weeks for processing renewals, and more if they live in an area where mail is slow;
- ° Decisions of the Commission are subject to review, and an applicant may request a hearing;
- ° When in doubt, contact the Commission.

DEPARTMENT of COMMERCE & ECONOMIC DEVELOPMENT

Division of Accounting & Collections

Commercial Fish Summary

March 5, 1985

STATISTICS ON DCED LOAN PROGRAMS
(Thousands of Dollars)

January 31, 1985

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Hist Dist	Mining	Alternate Energy	Resid. Energy	Fish Enhance	Power Dev.	Water Resource	Total
Commitments														
Total No. Loans														
Committed FY '72-85	7,718	1,338	2,657	59	148	42	9	65	2,691	2,173	97	3	5	17,005
Total Dollar Amount														
Committed FY '72-85	371,795.2	202,529.3	154,396.7	29,874.7	5,482.6	1,320.4	667.7	28,160.0	17,140.9	8,151.2	37,084.1	191,165.0	2,500.0	1,050,267.8
Total No. Loans														
Committed FY '85	0	0	110	0	28	6	0	2	183	159	9	3	0	500
Total Dollar Amount														
Committed FY '85	0	0	6,148.1	0	962.9	276.2	0	1,128.1	1,394.2	404.4	3,780.1	191,165.0	0	205,259.0
Appropriations														
FY '83	0	0	9,400.0	0	1,000.0	400.0	500.0	15,000.0	4,000.0	4,500.0	22,000.0 ¹	N/A	0	56,800.0
FY '84	0	0	9,091.0	0	0	869.5	500.0	0	2,400.0	3,123.4	6,500.0	N/A	0	22,483.9
FY '85	0	0	3,500.0	0	0	0	0	0	1,000.0	0	5,000.0	210,000.0	0	219,500.0
Loans Outstanding														
Owned by Fund														
Number of Loans														
Outstanding	135	268	999	5	49	25	3	48	1,944	1,571	81	3	1	5,132
Principal Amount														
Outstanding	6,129.4	33,835.6	48,402.5	3,258.2	1,257.0	867.0	339.9	18,833.6	12,051.7	4,966.0	31,116.2	191,165.0	909.8	353,131.9
Average Loan Amount														
Outstanding	45.5	201.4	48.5	651.6	25.7	34.7	113.9	392.4	6.2	3.2	38.5	63,721.7	909.8	68.8
Serviced for the Dept. of Revenue														
Number of Loans														
Outstanding	1,841	225	764	14	N/A	3	3	N/A	N/A	N/A	14	N/A	N/A	2,864
Principal Amount														
Outstanding	83,241.0	18,587.5	30,215.1	2,578.9		16.9	124.3				6,604.2			141,367.9
Average Loan Amount														
Outstanding	45.2	82.6	39.5	184.2		5.6	41.4				471.7			49.4
Summary														
Total No. Loans														
Outstanding	1,976	493	1,763	19	49	28	6	48	1,944	1,571	95	3	1	7,996
Total Principal														
Amount Outstanding	69,370.4	52,423.1	78,617.6	5,837.1	1,257.0	883.9	464.2	18,833.6	12,051.7	4,966.0	37,720.4	191,165.0	909.8	494,499.8
Delinquency Rates (includes defaults)														
Number of Loans %	18.3%	32.8% ²	14.9% ³	10.5% ²	20.4%	14.8%	0	47.9%	16.6%	15.8%	N/A	N/A	0	17.8%
Outstanding Balance %	19.2%	34.1%	18.5%	3.5%	11.1%	13.9%	0	56.3%	15.8%	16.0%	N/A	N/A	0	24.0%

¹ See Ch 114, Sec 5 and Ch 141, Sec 242 SLA 1982, and Ch 106 Sec 11 SLA 1983.

² Adjusted for Bank Participation system inaccuracies

³ Adjusted for approved extension requests

Department of Commerce and Economic Development
Commercial Fish Loan Commitments

Dollar Amount of Loans Approved
(Thousands of Dollars)

	FY 72/73	FY 74/75	FY 76/77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 thru 01/31/85	Total
Commercial Fish Loan Act	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	9,054.3	2,282.2			120,759.2
Fisherman's Mortgage & Note								1,797.6				1,797.6
Commercial Fish - Type "A"									5,914.9	6,527.0	2,613.4	15,055.3
"B"									5,743.7	7,371.2	3,534.7	16,649.6
"C"									118.4	16.5	0	134.9
Total	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	10,851.9	14,059.2	13,914.7	6,148.1	154,396.6

Number of Loans Approved

Commercial Fish Loan Act	2	87	211	234	357	555	352	197	11			2,006
Fisherman's Mortgage & Note								31				31
Commercial Fish - Type "A"									147	95	34	276
"B"									121	144	76	341
"C"									2	1	0	3
Total	2	87	211	234	357	555	352	228	281	240	110	2,657

Prepared by Division of Accounting and Collections - 465-2555

DEPARTMENT of COMMERCE and ECONOMIC DEVELOPMENT

2-25-85

Division of Accounting & Collections

Commercial Fishing Loan Delinquency Analysis by Type:

	Total	Delinquency Rate (Unadjusted)	Delinquency Rate ¹ (Adjusted)
Commercial Fish Loans			
Type 0 (Other, Old)	1205	21.5%	16.4%
Type A	257	12.0%	7.8%
Type B	274	22.6%	11.7%
Type C	2	100.0%	100.0%
FM&N	25	48.0%	48.0%
TOTAL	<u>1763</u>	<u>20.8%</u>	<u>14.9%</u>
Outstanding Balances:			
Type 0	\$49,880.0	27.7%	21.8%
Type A	13,845.0	13.1%	7.4%
Type B	12,884.0	27.9%	14.4%
Type C	94.0	100.0%	100.0%
FM&N	<u>1,300.0</u>	44.6%	44.6%
TOTAL	<u>\$78,085.0</u>	<u>25.5%</u>	<u>18.5%</u>

¹Adjusted for approved 1984 payment extension requests

Department of Commerce & Economic Development
Division of Accounting and Collections

1984 COMMERCIAL FISH LOAN PAYMENT EXTENSION REQUESTS
(1-25-85)

	<u>PAID¹</u>	<u>APPROVED</u>	<u>TABLED²</u>	<u>DENIED</u>	<u>TOTAL</u>
Bristol Bay	1	61	0	6	68
Cook Inlet	1	36	2	7	46
Prince William Sound	0	22	0	5	27
Kodiak	0	16	0	5	21
Southeastern	1	10	1	1	13
Norton Sound	0	3	0	0	3
Yakutat	0	0	0	1	1
Peninsula/Aleutians	0	1	0	1	2
Kotzebue	0	1	0	0	1
Chignik	0	0	0	1	1
Other	<u>0</u>	<u>15</u>	<u>3</u>	<u>7</u>	<u>25</u>
TOTAL	<u>3</u>	<u>165</u>	<u>6</u>	<u>34</u>	<u>208</u>

REQUEST HISTORY

	<u>1983</u>	<u>1984</u>	<u>Change</u>	<u>% Change</u>
Bristol Bay	18	68	+50	+278%
Cook Inlet	22	46	+24	+109%
Prince William Sound	48	27	-21	-43.8%
Kodiak	62	21	-41	-66.1%
Southeastern	56	13	-43	-76.8%
Norton Sound	N/A	3	Unk	Unk
Yakutat	N/A	1	Unk	Unk
Peninsula/Aleutians	14	2	-12	-85.7%
Kotzebue	N/A	1	Unk	Unk
Chignik	5	1	-4	-80.0%
Other	<u>11</u>	<u>25</u>	+14	+127.7%
TOTAL	<u>236</u>	<u>208</u>		<u>-11.9%</u>

¹Borrower paid current before extension request was reviewed.

²Requests tabled by loan committee (or returned prior to committee review) for additional information.

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT POLICY AND PROCEDURES		P & P No. COL-001	Page 1 OF 1
SUBJECT LOAN PAYMENT EXTENSION		Effective Date March 1, 1984	
DIVISION Accounting & Collections		Superseded P & P No. 	Dated 10/1/83
SECTION Collections/Customer Service		APPROVED BY 	

PURPOSE

To provide guidelines for evaluating requests for loan payment extensions.

POLICY & PROCEDURE

The borrower:

1. Should not have funds available to make the payment;
2. Should not have had any nonessential expenditures within a reasonable time prior to payment due date;
3. Should have a strong payment history on the loan, and should not demonstrate excessive problems keeping contractual agreements;
4. Should demonstrate good faith effort to earn payment money; and
5. Should have reasonable potential to make future payments.

The loan should still be well-secured after the extension. Additional collateral must be required when loan-to-value ratio is excessive.

The following subjective questions should be answerable in the affirmative:

1. Is the requested action reasonable?
2. Will granting the requested action be in the best interest of both the borrower and the State?
3. Will granting the extension promote the intent of the program as specified by law?

A loan which was not in default at the time of the division's receipt of the extension application will not be considered delinquent during the time the request is under consideration. Should the extension be denied, in this instance, the borrower shall have 45 days from the date notice of denial is mailed to make the payment without being considered delinquent, and the payment will not accrue a late fee.

When an extension is granted, an extension fee equal to the contractual late fee will be charged, subject to a maximum of \$125.00 for all annual payment extensions less than \$35,000. Extensions of annual payments greater than \$35,000 shall bear a fee equal to the contractual late fee subject to a maximum of \$2,500.

A modification agreement may:

1. Add interest to principal and defer payment to maturity (will cause loan to amortize incorrectly and should be used only when borrower/State agree there is no other option).
2. Extend term of loan to statutory maximum. (NOTE: recording fee must be collected from borrower to record an amendment to First Preferred Ship Mortgage or any other legal document which may require it.)
3. Reamortize loan.
4. Allow double payment the following year.
5. Include other mutually-agreeable work-out arrangements.

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT POLICY AND PROCEDURES		P & P No. COL-003	Page 1 OF 1
		Effective Date December 1, 1984	
SUBJECT Commercial Fish Problem Loans Requesting Assumption Approval		Supersedes P & P No.	Dated
		APPROVED BY <i>[Signature]</i>	
DIVISION Accounting & Collections	SECTION Collections		

PURPOSE

To establish guidelines for borrowers who are requesting approval of an assumption as a "cure" for a problem commercial fishing loan, when an extension is not feasible and foreclosure is impending.

POLICY

We believe there is a strong probability that legislation will be introduced in January 1985 which would allow assumptions of commercial fishing loans in most cases where they are not assumable at present.

Present statutes are interpreted as not allowing assumptions for individuals and/or loans that do not meet all the requirements of the current loan program for new loans. This eliminates assumption of any vessel where the assumed balance would be greater than \$100,000; an assuming borrower for any vessel less than \$100,000 presently must meet Type B loan requirements: (1) no alternative financing, (2) limited by training or location to fishing, (3) fishing is only occupation, (4) fishing has been way of life.

The Department of Commerce and Economic Development has recommended statutory changes allowing assumptions because we feel viable assumptions are in every case a better solution for the borrower and the State than foreclosure.

Pending action on the proposed legislation, the department's policy will be:

- (1) to continue to examine problem loans on individual basis;
- (2) to approve extensions where requests meet extension guideline criteria;
- (3) where extensions are denied, and an assumption has been proposed by the borrower as "the solution," to hold legal action until after 6-30-85, when it is known whether the assumption legislation passed; a letter will be sent to any borrower where foreclosure action is being delayed pending action on this proposed legislation (see attached).

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2555

DIVISION OF ACCOUNTING AND COLLECTIONS

AC.94
Wang #1100t
12/4/84

Dear _____:

Re: _____

Your loan has been reviewed by the loan committee and it has been determined that no legal action will be taken at this time; we believe that an assumption of your loan could be a reasonable solution for both you and the State. However, the statutes currently do not allow assumptions for individuals who do not meet all the requirements of the current loan program for new loans. Many vessels used as security on older loans exceed the \$100,000 statutory limit as well.

We believe that new legislation relating to commercial fish loans has a good chance of passing the 1985 Legislature, especially if commercial fishermen and women around the State let their legislators know the importance of this issue. We are delaying legal action on your loan _____ - _____ until July 1, 1985, at which time we will know whether your loan legally can be assumed. (This letter is not an approval of the assumption; if the proposed legislation becomes law, assumption applications will be reviewed individually by the Division of Investments to determine acceptability.)

Please contact our Collections Section at (907) 465-2555 or Zenith 5500 if you have any questions.

Yours truly,

Margaret I. Hamley
Director

MIH/_____

STATE LOAN PAMPHLET

JUNE 1984



STATE OF ALASKA

Department of Commerce and Economic Development

Department of Community and Regional Affairs

**STATE OF ALASKA
STATE LOAN PAMPHLET**

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**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE**

**AGRICULTURAL LOAN PROGRAM
Alaska Statutes 03.10.010-.060**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing to promote development of agriculture as an industry in Alaska through low interest loans for product processing, land clearing, chattel loans (for purchase of equipment and livestock), farm development, irrigation, and short-term loans.

WHO CAN APPLY FOR A LOAN?

Individual farmers, ranchers, homesteaders, partnerships or corporations who are Alaskan residents and have farming or business experience with related skills and training may apply for a loan.

HOW MUCH CAN BE BORROWED?

Short-term loans may be made for up to \$200,000. Product processing and land clearing loans may be made for up to \$250,000, and chattel (equipment and livestock), irrigation or farm development loans may be made for up to \$1,000,000.

WHAT IS THE INTEREST RATE?

Currently, an interest rate of 8% per year will be charged on the total amount of the outstanding loan balance. The interest rate will not be less than 8% nor more than the commercial rate.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

A short-term loan must be repaid within one year. A loan for land clearing may be allowed up to 20 years to repay the loan. A loan for product processing, chattel (equipment and livestock), irrigation or farm development may be allowed up to 30 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on real property, or a security interest in machinery, equipment, crops, livestock, or some other asset until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Agricultural Loan Program
915 South Bailly
P.O. Box 2470
Palmer, Alaska 99645
Telephone: 745-7200

Agricultural Loan Program
Nistler Building
P.O. Box 268
Delta Junction, Alaska 99737
Telephone: 895-4921

Agricultural Loan Program
1514 S. Cushman, Room 312
Fairbanks, Alaska 99701
Telephone: 452-1570

**STATE OF ALASKA
DEPARTMENT OF REVENUE**

**ALASKA HOUSING FINANCE CORPORATION (AHFC)
Alaska Statutes 18.56**

WHAT IS THIS LOAN PROGRAM FOR?

The loan programs are for the purpose of purchasing owner-occupied new or existing homes, mobile homes, or obtaining a second mortgage when purchasing a dwelling that has an assumable first mortgage, or for obtaining a home improvement loan. Interim financing for construction or for rehabilitation is not available under the program, but funds for long-term financing once the construction or rehabilitation is completed are available.

WHO CAN APPLY FOR A LOAN?

The program is open to all eligible borrowers who are purchasing a home as their primary residence.

HOW MUCH CAN BE BORROWED?

There are several different programs available through AHFC and the maximum loan amount varies with the different programs.

WHAT IS THE INTEREST RATE?

Interest rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan when interest rates exceed 10%. For any portion above \$90,000, the borrower is required to pay the cost AHFC pays to obtain its funds.

For example, the interest rates in effect in May 1984 were:

<u>Type of Bond</u>	<u>1st \$90,000</u>	<u>Cost of Funds Amount Over \$90,000</u>
Taxable Bonds	12% (11% eligible Veterans)	15.06%
Tax-Exempt Bonds	(no funding is available at this time)	
General Obligation		
Veterans Bonds	11%	12.67%
2nd Mortgage Bonds	12% (11% eligible Veterans)	15.06%

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

On mobile home loans, you may be allowed up to 20 years to repay the loan or the remaining life of the unit, whichever is less. The maximum term for second mortgage loans depends on the amount borrowed and ranges from 5 to 15 years. On all other loans offered through AHFC an ABE (Alaska Building Equity) mortgage is used. An ABE structured mortgage is similar to a 30 year level payment mortgage in that the interest rate is fixed and the payments in the first 3 years are the same as under a 30 year mortgage. In years 4 through 9, the monthly payment is increased by 5% each year. The increased portion of the payment is applied to the outstanding principal balance resulting in a repayment of the loan within approximately 18 years.

**STATE OF ALASKA
DEPARTMENT OF REVENUE**

IS COLLATERAL REQUIRED?

The dwelling being purchased is the collateral for the loan.

WHERE CAN I APPLY FOR A LOAN?

The Corporation does not lend funds directly to the borrower. AHFC is a secondary investor in mortgages and purchases mortgage loans originated by private lenders. Since we do not directly lend money, you must apply for an AHFC loan through an approved lending institution. For a list of approved lending institutions or for more information on the programs, please contact:

Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, Alaska 99510
Telephone: 276-5599

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (AIDA)
Alaska Statutes 44.88.010-.220

FEDERAL GUARANTEE PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the purchase of the federally guaranteed portion (primarily Small Business Administration guarantees) of a loan approved by a lending institution such as a loan for business, building or property, and allows the borrower a fixed-rate, long-term loan. The Alaska Industrial Development Authority is always a secondary market investor.

WHO CAN APPLY FOR A LOAN?

Any business entity (individual, partnership or corporation) whose loan needs meet the requirements of the Small Business Administration or other guaranteeing federal agency may apply for a loan.

HOW MUCH CAN BE BORROWED?

Up to \$500,000, plus whatever portion the originating lender will retain (a minimum of 10% originating lender participation) can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

The interest rate is equal to the most recent index of AA corporate bond yield averages as published by Moody's Investors Service (13.3% as of 4/19/84) plus 1½% on loans of \$100,000 or less, or plus 1% on loans over \$100,000.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The loan term, as negotiated by the lending institution and borrower, and approved by the Small Business Administration, is acceptable to AIDA.

IS COLLATERAL REQUIRED?

The collateral requirements, as negotiated by the lending institution and borrower, and approved by the Small Business Administration, is acceptable to AIDA.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. AIDA can participate only after a lender and the Small Business Administration have approved the loan. For more information on this program, please contact:

Alaska Industrial Development Authority
1577 C Street, Suite 304
Anchorage, Alaska 99501
Telephone: 274-1651

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (AIDA)
Alaska Statutes 44.88.010-.220

GENERAL OBLIGATION BOND PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program assists in providing long-term financing for capital business purposes, such as buildings, plants, property and equipment. No inventory, working capital, or refinancing is available under this program.

WHO CAN APPLY FOR A LOAN?

Any business entity (individual, partnership or corporation) whose business is located in the State of Alaska may apply for a loan.

HOW MUCH CAN BE BORROWED?

Up to \$10,000,000 plus whatever portion the originating lender will retain (a minimum originating lender participation amount of 10% is required on loans of \$1 million or less, and 20% for loans over \$1 million), can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

The interest rate varies based on the cost of bond funds. For example, the interest rates in April 1984 were approximately 12% for tax exempt bonds and 14½% for taxable bonds.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The borrower may be allowed up to 25 years to repay the loan.

IS COLLATERAL REQUIRED?

AIDA will require collateral to protect its loan investment, such as a mortgage on real property or a security interest in machinery, equipment, or some other asset until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. AIDA can participate only after a lender has approved the loan. For more information on this program, please contact:

Alaska Industrial Development Authority
1577 C Street, Suite 304
Anchorage, Alaska 99501
Telephone: 274-1651

STATE OF ALASKA

ALASKA MUNICIPAL BOND BANK AUTHORITY Alaska Statutes 44.85.050-.420

WHAT IS THIS LOAN PROGRAM FOR?

The Alaska Municipal Bond Bank is a public corporation created by State law to assist Alaskan communities with financing for capital projects such as schools, water and sewer systems, public buildings, harbors and docks.

WHO CAN APPLY FOR A LOAN?

A community who has held a successful general obligation bond election, has the project designed and costs estimated may apply for assistance.

HOW MUCH CAN BE BORROWED?

There is no maximum loan amount. The community is required to submit a detailed application form along with current audited financial statements, illustrating the ability of the community to repay the Bond Bank.

WHAT IS THE INTEREST RATE?

The Bond Bank sells its bonds on the national financial market and uses the proceeds to purchase the local community's bonds under the same terms. The Bond Bank has received extremely good bond ratings and is able to borrow money at a lower interest rate. For example, in April 1984, the approximate interest rate for a 20 year loan varied from 9½% to 10%.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The bond repayment schedule varies depending upon the total amount of the sale and the terms established at the time of the bond sale.

IS COLLATERAL REQUIRED?

In the case of default by a community, the Bond Bank has first claim on any funds the community would receive from the State of Alaska. The bonds are also backed by the municipality's taxing powers. In addition, the Bond Bank establishes a 15 percent reserve fund at the time of the bond sale to protect their investment.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact:

Alaska Municipal Bond Bank Authority
601 West 5th Avenue, Suite 430
Anchorage, Alaska 99501
Telephone: 274-7366

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA POWER AUTHORITY (APA)**

**POWER PROJECT LOAN PROGRAM
Alaska Statutes 44.83.170**

WHAT IS THIS LOAN PROGRAM FOR?

The Alaska State Legislature appropriates funds to the Alaska Power Authority's Power Project Loan Program to be loaned to cities and utilities for power project development.

WHO CAN APPLY FOR A LOAN?

Electric utilities, regional electric authorities, municipalities, cities, boroughs, regional and village corporations, village councils, and nonprofit marketing cooperatives may apply for a Power Project Loan.

HOW MUCH CAN BE BORROWED?

There is no actual borrowing limitation set. The amount that can be borrowed is based upon the actual need of the applicant.

WHAT IS THE INTEREST RATE?

The loan must bear an interest rate or rates as determined by APA which meets the criteria established in AS 44.83.170(f), but the interest rate may not be less than 5 percent, nor more than a market rate based on a 12 month average of bond yield rates.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

The maturity date is determined by APA, but may not extend beyond the productive life of the project being financed.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a pledge of the revenues from the project, a mortgage on the project being financed, or a pledge of the taxing power of the borrower.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program, please contact:

Alaska Power Authority
334 West 5th Avenue
Anchorage, Alaska 99501
Telephone: 276-0001

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
ALASKA POWER AUTHORITY (APA)**

**RURAL ELECTRIFICATION LOAN PROGRAM
Alaska Statutes 44.83.361**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the extension of new electric service into an area of the State that an electric utility is authorized to serve. Loan monies may only be used for a utility's transmission and distribution system.

WHO CAN APPLY FOR A LOAN?

Utilities that do not have access to the Rural Electrification Administration (REA) loan program and REA utility borrowers that are having difficulty obtaining REA loans due to federal cutbacks can apply. To be eligible, utilities must be certificated and must provide service to at least three new customers.

HOW MUCH CAN BE BORROWED?

There is no actual borrowing limitation set. The amount that can be borrowed is based upon the actual need of the applicant.

WHAT IS THE INTEREST RATE?

Loans are made at an interest rate of two percent, with the principal to be paid back as future service connections are added to the extension.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

Utilities may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require a mortgage on the project being financed to protect its loan investment.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program, please contact:

Alaska Power Authority
334 West 5th Avenue
Anchorage, Alaska 99501
Telephone: 276-0001

**STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION**

**ALASKA STUDENT LOAN PROGRAM
Alaska Statutes 14.43.090-.160**

WHAT IS THIS LOAN PROGRAM FOR?

This program provides low-cost educational loans to Alaska students enrolled in a full-time undergraduate, graduate, or career degree programs.

WHO CAN APPLY FOR A LOAN?

Individuals who are two-year residents of Alaska may apply for a loan and must maintain full-time study in good standing to continue to receive financial assistance under this program.

HOW MUCH CAN BE BORROWED?

Up to \$6,000 per year can be borrowed by undergraduate and vocational students. Up to \$7,000 per year can be borrowed by graduate students.

WHAT IS THE INTEREST RATE?

An interest rate of 5% will be charged.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 10 years to repay the loan with provisions for extending repayment to 15 years, if necessary.

IS COLLATERAL REQUIRED?

At present, there is no requirement for collateral on student loans.

WHERE CAN I APPLY FOR A LOAN?

Applications are due by May 15 for priority processing. For more information on this program or a loan application form, please contact:

Alaska Commission on Postsecondary Education
Division of Student Financial Aid
Pouch FP
Juneau, Alaska 99811
Telephone? 465-2962

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**ALTERNATIVE TECHNOLOGY AND ENERGY LOAN PROGRAM
Alaska Statutes 45.88.010-.050**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in purchasing, constructing, or installing alternative energy systems or centralized multifuel heating systems for energy conservation and cost savings, this program may provide financial assistance. This would include projects such as wood stoves with catalytic converters, solar systems, wind systems, hydro systems, catalytic converters for wood stoves, and centralized multifuel heating systems.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older, you may apply for an Alternative Energy Loan if the project is located in Alaska.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$30,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 5% per year will be charged for the first \$15,000 of the loan and a rate of 15% will be charged for the amount of the loan that exceeds \$15,000.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on the home being improved until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**BULK FUEL LOAN PROGRAM
Alaska Statutes 45.87.010-.500**

WHAT IS THIS LOAN PROGRAM FOR?

To help communities purchase bulk fuel oil.

WHO CAN APPLY FOR A LOAN?

An organized municipality or unincorporated village with a population under 2,000, or an individual endorsed by the municipality may apply for this loan.

HOW MUCH CAN BE BORROWED?

Depending upon a community's needs, up to \$50,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

In most cases, a community is not required to pay any interest on its first bulk fuel loan. An interest rate of 5% may be charged on a community's second bulk fuel loan, and an interest rate based upon the municipal bond rate may be charged on a community's third bulk fuel loan or any additional bulk fuel loans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

A bulk fuel loan must be repaid within one year.

IS COLLATERAL REQUIRED?

At present, there is no requirement for collateral on bulk fuel loans.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**CHILD CARE FACILITY LOAN PROGRAM
Alaska Statutes 44.33.240-.275**

WHAT IS THIS LOAN PROGRAM FOR?

If you operate or would like to operate a child facility in Alaska and need help with construction, renovation, or the purchase of equipment, this program may provide financial assistance. Interim financing for construction or renovation is not allowed under this program, but funds would be available for long-term financing once the construction or renovation is completed.

WHO CAN APPLY FOR A LOAN?

If you are 18 years old or older and your facility provides care to children who are not related to you, if you take care of children in your home, or if you operate or plan to operate a day care center or preschool, you may apply for a loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$50,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 7% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 20 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a mortgage on the child care facility or a security interest in the equipment, until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING LOAN PROGRAM
Alaska Statutes 16.10.310-.370**

**SECTION A
(Permit Loans to Individuals)**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in buying a limited entry permit, this program may provide financial assistance.

NOTE: If you receive a loan under this section, you will not be able to borrow under sections B or C in the future.

WHO CAN APPLY FOR A LOAN?

An individual who is 18 years old or older, is a two-year resident of Alaska, and has experience in a commercial fishery during three of the last five years, including the season prior to filing a loan application, may apply for a loan.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$300,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a security interest in the limited entry permit until the loan is repaid. Under certain circumstances, the State may require additional collateral.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
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Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING LOAN PROGRAM
Alaska Statutes 16.10.310-.370**

**SECTION B
(Permit, Vessel and Gear Loans to Individuals)**

WHAT IS THIS LOAN PROGRAM FOR?

If you are interested in the repair, restoration, or upgrading of your vessels and gear, or in the purchase of limited entry permits, gear, and vessel, this program may provide financial assistance if no other source of financing is available to you.

WHO CAN APPLY FOR A LOAN?

An individual who is 18 years old or older, and is a two-year resident of Alaska may apply for a loan if 1) because of lack of training or employment opportunities is dependent upon commercial fishing; OR 2) is economically dependent upon commercial fishing for earning a living, and for whom commercial fishing has been a traditional way of life in Alaska.

HOW MUCH CAN BE BORROWED?

Depending upon your needs, up to \$100,000 can be borrowed under this loan program.

WHAT IS THE INTEREST RATE?

An interest rate of 10½% per year will be charged on the total amount of the outstanding loan balance.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 15 years to repay the loan.

IS COLLATERAL REQUIRED?

The State will require collateral to protect its loan investment, such as a security interest in the limited entry permit, the vessel or gear until the loan is repaid.

WHERE CAN I APPLY FOR A LOAN?

For more information on this program or a loan application form, please contact the office located in your area:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 C Street, Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087