

**ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2**

**4167 SLAB SB 53 - SB 78**

1647



# RECORDS CERTIFICATION



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James O. Smith  
Signature of Camera Operator

11/24/89  
Date

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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### SB 53 Sectional Analysis:

Section 1) (h) Establishes an income and eligibility verification system (PL 98-369) requiring disclosure of U.I. benefit and wage information to appropriate state and federal agencies. Receipt of federal funds (\$22,652,100) for the administrative costs of the UI program are conditioned upon being in conformity with the provisions of the 1984 amendments to the Social Security Act.

(i) proposed subsection would allow the Department of Labor to voluntarily disclose UI information to the IRS. Current law requires the issuance of a subpoena before an information exchange takes place.

Section 2) Immediate effective date

CSSB 53 (L&C): Deletes subsection (i) with respect to voluntary disclosure of information between the IRS and the Department of Labor.

# STATE OF ALASKA

## DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

P.O. BOX 1149  
JUNEAU, ALASKA 99802  
PHONE: (907) 465-2700

February 1, 1985

Michael Thill  
Professional Assistant  
Labor and Commerce Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Michael:

This is in response to the question you posed last week on Senate Bill 53. If Alaska failed to enact the verification provisions in Section 1 of the bill, \$22,652,100 in federal administrative funds for our Employment Service and Unemployment Insurance programs would be jeopardized in FY 86.

You may recall that last year we were dealing with some conformity provisions which jeopardized employer FUTA tax credits as well as our administrative grants. Accordingly, I would like to clarify that the amendment we are dealing with this year is not attached in any way to the employer FUTA tax--this year we just have our administrative grants "on the line."

Thanks for your help; and please give me a shout if you need anything else.

Sincerely,



Eileen Plate  
Special Assistant

Bill No. Senate Bill No. 53  
Title "An Act relating to  
unemployment insurance"

Date January 21, 1985  
Contact: Eileen Plate  
465-2700  
John W. Shay, Jr.  
465-2712

Senate Bill 53 proposes amendments to provisions of Alaska's unemployment insurance law which deal with disclosure of unemployment insurance claim and wage information, as follows:

1. Section 1 provides for the Department of Labor to disclose unemployment insurance benefit and wage information to appropriate state and federal programs funded by the Social Security Act (Aid to Families with Dependent Children, Medicaid, Food Stamps, etc.).

This provision is in response to a 1984 amendment to the Social Security Act which establishes a system for verifying the income and eligibility of persons receiving benefits from programs operating under the Social Security Act. Basically, the verification system consists of the exchange of income and eligibility information among the programs.

State unemployment insurance programs are required, under the amendments to the Social Security Act, to participate in this exchange of information by April 1, 1985. The amendment to Alaska's unemployment insurance law set out in Section 1 of Senate Bill 53 is necessary to enable the Department of Labor to make the appropriate disclosures and thereby assure that federal funding received by the Department for administration of its Unemployment Insurance program is not jeopardized.

2. Section 2 provides for the Department of Labor to disclose information to the Internal Revenue Service. Under federal law, the IRS has the duty to seek information necessary for enforcement of the Internal Revenue Code, and it is empowered to compel the cooperation of persons and agencies in its performance of that duty. Although under current state law the department may not voluntarily disclose unemployment insurance information to the IRS for that purpose, the Department must respond to an IRS subpoena which requests such information. The proposed amendment would eliminate the need for the issuance and processing of subpoenas that have become especially burdensome due to the increasingly large number of subpoenas issued.

The Department supports passage of Senate Bill 53. It will not have a fiscal impact on the Department.

APPROVED:



Jim Robison  
Commissioner



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 15, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the disclosure of unemployment insurance information.


The bill has two provisions. The first is in response to amendments made to the Social Security Act by the Deficit Reduction Act of 1984 (P.L. 98-369). The latter Act establishes an income and eligibility verification system under which the state must disclose unemployment insurance benefit and wage information to appropriate state and federal agencies in order to qualify for federal money for payment of administrative costs of the unemployment insurance program (42.U.S.C. sec. 1220b-7).

The system is intended to verify the eligibility of recipients of certain benefits in federally assisted state programs, such as the medicaid, food stamp, and unemployment insurance programs, among others. The bill will allow the Department of Labor to make the appropriate disclosures.

The second provision allows the department to disclose information to the Internal Revenue Service. Under federal law, the IRS has the duty to seek information necessary for enforcement of the Internal Revenue Code, and it is empowered to compel the cooperation of persons and agencies in its performance of that duty. Although under current state law the department may not voluntarily disclose unemployment insurance information to the IRS for that purpose, the Department of Law has concluded that the Department of Labor must respond to an IRS subpoena which requests such information. The proposed amendment would eliminate the need for the issuance and processing of subpoenas, a costly procedure, which has become especially burdensome due to the increasingly large number of subpoenas issued.

Section 2651(1)(2) of the Deficit Reduction Act of 1984 (98 Stat. 1151) basically requires compliance with the provisions of that Act as of April 1, 1985. Therefore, I urge your prompt and favorable consideration of this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield  
Governor

Chairman's Information:

- 1) SB 53: "An act relating to unemployment insurance; and providing for an effective date"
  - a) Introduced: Governor
  - b) Co-Sponsors:
  
- 2) INTENT: Establishes an income and eligibility verification system requiring disclosure of U.I. benefit and wage information to appropriate state and federal agencies. Amendments to the 1984 Social Security Act make receipt of federal funds for the administrative costs of the UI program conditioned on the adoption of this section. (\$22,652,100)

Bill also contains a provision in subsection (i) which would allow the Department of Labor to voluntarily disclose UI information to the IRS. Current law requires the issuance of a subpoena before such an information exchange occurs.

Proposed CS would delete subsection (i) with respect to "voluntary" disclosure to the IRS.

FISCAL NOTES: 0

- 3) COMMITTEE COMMENTS:
  
- 4) PUBLIC HEARINGS:
  - a) Sponsor
  - b) Public witnesses:
  
- 5) BILL ACTION:
  - a) Hold in committee?
  - b) Assign to sub committee for further review?
  - c) Move from Committee?
  - d) close public hearings?
  
- 6) COMMITTEE ACTION:
  - a) amendments?
  - b) CS adoption?

Ford  
2/7/85✓

Original sponsor: Rules/Governor

BY THE LABOR AND  
COMMERCE COMMITTEE

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IN THE SENATE

CS FOR SENATE BILL NO. 53 (L&C)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FOURTEENTH LEGISLATURE - FIRST SESSION  
A BILL

For an Act entitled: "An Act relating to unemployment insurance; and providing for an effective date."

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

\* Section 1. AS 23.20.110 is amended by adding a new subsection to read:

(h) The department shall provide information requested by a state or federal agency under an income and eligibility verification system that meets the requirements of 42 U.S.C. 1320b-7 (Social Security Act).

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB 53  
 Title: "An Act relating to unemployment insurance...."  
 Sponsor: Rules Committee  
 Requestor: Senate Labor & Commerce  
 Date of Request: 1/17/85

FISCAL DETAIL

Agency Affected: Labor  
 Program Category Affected: Social Services  
 BRU, Program or Subprogram(s) Affected: Employment Security - Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: John W. Shay Phone: 465-2712

Division: Employment Security Date: 1/18/85

Approved by Commissioner: Jim Robison Date: 1/18/85

Agency: Labor

Distribution (by Agency preparing fiscal note):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

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# MEMORANDUM

# State of Alaska

TO: Mike Yhill  
Administrative Assistant to  
Senator Zharoff

DATE: February 1, 1985

FILE NO:

TELEPHONE NO: 465-2300

FROM: Ernest Polley, Chair *EP*  
Governor's Interagency Committee  
on Education for International Trade  
and Resource Management

SUBJECT: SB-59

This memo is in response to a question posed by the Labor and Commerce committee. The Governor's Interagency Committee on Education for International Trade and Resource Management had the opportunity to review SB-59 (Pacific Rim Fellowships) on August 28, 1984. It is our understanding that Pacific Rim countries refers to those countries in the Pacific in which Alaska has a compelling economic and social interest, both current and potential. Basically, this means the west coast of the Pacific from Southeast Asia (the ASEAN group) to Russia. In the near term and given an instance where applicants for the fellowships exceeded the number of fellowships available, we would assume that countries such as Korea, Taiwan, Japan and the PRC would be priority areas for study.

Please call should you desire additional information.

cc: Mary Hakala  
Governor's Interagency Committee

- Memo REGARDING -  
Pacific Rim Countries

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 16, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that creates a program of academic fellowships for educational exchange between Alaska and countries of the Pacific Rim. A slightly different form of this bill was introduced at my request last session (SB 505). I believe that the changes in this year's bill will open up the eligibility for a fellowship and permit a practical on-the-job course of study.

The fellowship program is designed to increase understanding between the people of Alaska and the people of neighboring Pacific Rim countries. The program will provide an opportunity for Alaskans to demonstrate and share their educational and cultural interests, developments, and achievements with people of the Pacific Rim, while at the same time learning from them. It is also the purpose of the fellowship program to promote international cooperation that will enhance trade that is of long-term mutual economic benefit to Alaska and neighboring countries.

The bill will provide financial assistance for selected Alaskan students to study in a Pacific Rim country as well as assistance for selected students from the Pacific Rim to study here.

Private industry, both in Alaska and in Pacific Rim countries, will be encouraged to participate in the fellowship program through contributions of financial resources and other means that promote long-term economic development and trade.

-GOVERNOR'S  
TRANSMITTAL LETTER

The fellowship program will be administered by the Alaska Commission on Postsecondary Education. Regulations will be adopted as necessary for program administration, in accordance with the Administrative Procedure Act.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield  
Governor

Chairman's Information:

1) CSSB 59: "An Act establishing the Pacific Rim fellowship; and providing for an effective date."

- a) Introduced: Governor
- b) Co-Sponsors:

2) INTENT: Establishes a Pacific Rim Fellowship program and defines purpose, fields of study, eligibility, administration, selection procedures, awards and funding.

CSSB 59 includes the following changes:

- a) Allows undergraduates access to the program
- b) Resolves the allocation of fellowships, i.e. "the majority of fellowships shall be awarded to Ak students studying in PR countries, remaining may be awarded to students from PR countries for study in Alaska."
- c) Redefines Pacific Rim country for the purposes of this chapter and would not include the US. Makes specific that the program is for PR country students to study in Alaska and not California, etc.

*PR 3  
from 12-15*

FISCAL NOTES: 101.9 for FY86 with 10 fellowships to be awarded first year, 15 thereafter.

3) COMMITTEE COMMENTS:

4) PUBLIC HEARINGS:

- a) Sponsor
- b) Public witnesses:

5) BILL ACTION:

- a) Hold in committee?
- b) Assign to sub committee for further review?
- c) Move from Committee?
- d) close public hearings?

6) COMMITTEE ACTION:

- a) amendments?
- b) CS adoption?

SB 59: Sectional Analysis

Section 1) Establishes the Pacific Rim Fellowship Program and defines the program's purpose:

- a) increase understanding between Alaskan and Pacific Rim countries peoples;
- b) promote international cooperation for educational, cultural, and economic benefit.

Defines Fields of Study:

- 1) Language
- 2) natural resource management and development
- 3) marketing, business, economics and trade
- 4) public administration and policy development
- 5) health education and culture.

Establishes Eligibility Criteria:

- 1) US citizen or Pacific Rim country citizen
- 2) Resident of Alaska or Pacific Rim country
- 3) holds an undergraduate degree
- 4) recommendation of an official of the higher education institution
- 5) has language proficiency of the host country, or includes host country language study in the fellowship study plan
- 6) acceptance at an eligible institution for at least one year of study
- 7) provides the commission with a study plan for the academic year

Terms and Conditions:

- 1) Fellowships are for one academic year, and a person may not receive more than 2 fellowships
- 2) amount of fellowship is determined by adding the tuition and fees, room and board, books and supplies, one round trip airfare from the recipients home to the institution, and a living stipend of \$900. Fellowship not to exceed \$10,000.00

Administration: Commission may adopt regs

Selection Committee:

- 1) Commission to serve as the selection committee but may delegate its selection function to a subcommittee.
- 2) Commission shall consider :
  - a) academic record of applicant
  - b) plan of study
  - c) recommendations
  - d) other factors

Fellowship Awards:

- 1) Governor to make the award
- 2) No more than half the fellowships to be awarded for study outside the US

Funding:

General fund appropriations and donations

Definitions:

Section 2) July 1, 1985 effective date



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### CS SB 59(L&C): Sectional Analysis

Section 1) Establishes the Pacific Rim Fellowship Program and defines the program's purpose:

- a) increase understanding between Alaskan and Pacific Rim countries peoples;
- b) promote international cooperation for educational, cultural, and economic benefit.

Defines Fields of Study:

- 1) Language
- 2) natural resource management and development
- 3) marketing, business, economics and trade
- 4) public administration and policy development
- 5) health education and culture.

Establishes Eligibility Criteria:

- 1) US citizen or Pacific Rim country citizen
- 2) Resident of Alaska or Pacific Rim country
- 3) has language proficiency of the host country, or includes host country language study in the fellowship study plan
- 4) acceptance at an eligible institution for at least one year of study
- 5) provides the commission with a study plan for the academic year

Terms and Conditions:

- 1) Fellowships are for one academic year, and a person may not receive more than 2 fellowships
- 2) amount of fellowship is determined by adding the tuition and fees, room and board, books and supplies, one round trip airfare from the recipients home to the institution, and a living stipend of \$900. Fellowship not to exceed \$10,000.00

- SECTIONAL FOR -  
CS SB 59;

Administration: Commission,(Post Secondary Ed), may adopt regs;

Selection Committee:

- 1) Commission to serve as the selection committee but may delegate it's selection function to a subcommittee.
- 2) Commission shall consider:
  - a) academic record of applicant
  - b) plan of study
  - c) recommendations
  - d) other factors

Fellowship Awards:

- 1) Governor to make the award
- 2) Majority of fellowships to be awarded to Alaskan students studying in Pacific Rim countries; the remaining fellowships to be awarded to students from Pacific Rim countries studying in Alaska.

Funding: General fund appropriations and donations

Definitions:

Section 2) July 1, 1985 effective date

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 59 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Pacific Rim fellowship  
7 program; and providing for an effective date."

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

9 \* Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 8. PACIFIC RIM FELLOWSHIP PROGRAM.

11 Sec. 14.43.705. PURPOSE. The purpose of AS 14.43.705 - 14.43.-  
12 800 is to provide fellowships for Alaskans to study in Pacific Rim  
13 countries and citizens of Pacific Rim countries to study in Alaska.  
14 The fellowships are established to increase understanding between the  
15 people of Alaska and the people of Pacific Rim countries and to en-  
16 hance and promote international cooperation for educational and cul-  
17 tural exchange and mutual economic benefits.

18 Sec. 14.43.710. FIELDS OF STUDY. A fellowship may be awarded  
19 for one academic year of study in one or more of the following fields:

- 20 (1) language of the host country;  
21 (2) natural resource management and development;  
22 (3) marketing, business administration, economics, and  
23 trade;  
24 (4) public administration and policy development; or  
25 (5) health, education, and culture.

26 Sec. 14.43.715. PARTICIPATION AND ELIGIBILITY. A person is  
27 eligible for a fellowship if the person

- 28 (1) is a citizen of the United States or a Pacific Rim  
29 country;

1 (2) is a resident of

2 (A) Alaska, as "resident" is defined in AS 14.43.125;

3 or

4 (B) a Pacific Rim country;

5 (3) demonstrates enough language proficiency in the lan-  
6 guage of the host country to carry on the proposed study, or makes  
7 provision for study of the language of the host country in the plan of  
8 study for which the fellowship is sought;

9 (4) applies for and is accepted by an eligible institution  
10 for at least one academic year of study in one of the fields listed in  
11 AS 14.43.710; and

12 (5) provides the commission with a plan of study for the  
13 academic year for which the fellowship is sought.

14 Sec. 14.43.720. TERMS AND CONDITIONS OF FELLOWSHIPS. (a) A  
15 fellowship is for one academic year. A person may not receive more  
16 than two fellowships.

17 (b) The amount of a fellowship is determined by adding together  
18 the cost of tuition and fees, room and board, books and supplies, one  
19 round trip airfare from the recipient's home to the institution to be  
20 attended, and a living stipend of \$900. However, a fellowship may not  
21 exceed \$10,000.

22 Sec. 14.43.725. ADMINISTRATION. The commission may adopt regu-  
23 lations in accordance with the Administrative Procedure Act (AS 44.62)  
24 to implement and make specific the provisions of AS 14.43.705 - 14.-  
25 43.800.

26 Sec. 14.43.730. SELECTION COMMITTEE. (a) The commission shall  
27 serve as the selection committee for a fellowship awarded under  
28 AS 14.43.705 - 14.43.800, but may delegate its selection function to a  
29 subcommittee. The commission may appoint people from outside the

1 commission to serve on the subcommittee.

2 (b) In making its fellowship selection recommendations to the  
3 governor, the commission shall consider

4 (1) the previous academic record of the applicant;

5 (2) the applicant's plan of study and relationship of the  
6 plan of study to the purposes set out in AS 14.43.705;

7 (3) recommendations received concerning the applicant; and

8 (4) other factors the commission considers appropriate.

9 Sec. 14.43.735. FELLOWSHIP AWARDS. (a) The governor, on the  
10 recommendation of the commission, shall make the award of a fellow-  
11 ship.

12 (b) The majority of fellowships shall be awarded to Alaskan  
13 students studying in Pacific Rim countries. The remaining fellowships  
14 may be awarded to students from Pacific Rim countries for study in  
15 Alaska.

16 Sec. 14.43.740. FUNDING. The Pacific Rim fellowship program is  
17 financed by appropriations from the general fund and from money donat-  
18 ed to the state for the purposes of AS 14.43.705 - 14.43.800.

19 Sec. 14.43.800. DEFINITIONS. In AS 14.43.705 - 14.43.800

20 (1) "academic year" means the period from August 15 of one  
21 calendar year through August 14 of the following calendar year;

22 (2) "commission" means the Alaska Commission on Postsecond-  
23 ary Education;

24 (3) "eligible institution" means an institution approved by  
25 the commission located in Alaska or one of the Pacific Rim countries;

26 (4) "fellowship" means a Pacific Rim fellowship described  
27 in AS 14.43.720;

28 (5) "Pacific Rim country" means a country, other than the  
29 United States, bordering the North or South Pacific Ocean or adjacent

1 seas, that has common interests with Alaska in matters affecting trade  
2 and commerce.

3 \* Sec. 2. This Act takes effect July 1, 1985.  
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Introduced: 1/16/85  
Referred: Labor and Commerce  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Pacific Rim fellowship; and  
7 providing for an effective date."

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

9 \* Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. PACIFIC RIM FELLOWSHIP PROGRAM.

11 Sec. 14.43.505. PURPOSE. The purpose of AS 14.43.505 -- 14.43.-  
12 545 is to provide fellowships for Alaskans to study in Pacific Rim  
13 countries and citizens of Pacific Rim countries to study in Alaska.  
14 The fellowships are established to increase understanding between the  
15 people of Alaska and the people of Pacific Rim countries and to en-  
16 hance and promote international cooperation for educational and cul-  
17 tural exchange and mutual economic benefits.

18 Sec. 14.43.510. FIELDS OF STUDY. A fellowship under AS 14.43.-  
19 505 -- 14.43.545 may be awarded for one academic year of study in one  
20 of the following fields:

- 21 (1) language of the host country;  
22 (2) natural resource management and development;  
23 (3) marketing, business administration, economics, and  
24 trade;  
25 (4) public administration and policy development; or  
26 (5) health education and culture.

27 Sec. 14.43.515. PARTICIPATION AND ELIGIBILITY. A person is  
28 eligible for a fellowship under AS 14.43.505 -- 14.43.545 if the  
29 person

- 1 . (1) is a citizen of the United States or a Pacific Rim  
2 country;
- 3 (2) is a resident of  
4 (A) Alaska, as "resident" is defined in AS 14.43.125;  
5 or  
6 (B) a Pacific Rim country;
- 7 (3) holds an undergraduate or baccalaureate degree from an  
8 institution of higher education;  
9 (4) is recommended for a fellowship by an official of the  
10 institution of higher education  
11 (A) from which the undergraduate or baccalaureate  
12 degree was awarded;  
13 (B) sponsoring the applicant; or  
14 (C) to which the applicant is applying;
- 15 (5) demonstrates enough language proficiency in the lan-  
16 guage of the host country to carry on the proposed study, or makes  
17 provision for study of the language of the host country in the plan of  
18 study for which the fellowship is sought;
- 19 (6) applies for and is accepted by an eligible institution  
20 for at least one academic year of study in one of the fields listed in  
21 AS 14.43.510; and
- 22 (7) provides the commission with a plan of study for the  
23 academic year for which the fellowship is sought.

24 Sec. 14.43.520. TERMS AND CONDITIONS OF FELLOWSHIPS. (a) A  
25 fellowship granted under AS 14.43.505 -- 14.43.545 is for one academic  
26 year. A person may not receive more than two fellowships under  
27 AS 14.43.505 -- 14.43.545.

28 (b) The amount of a fellowship is determined by adding together  
29 the cost of tuition and fees, room and board, books and supplies, one

1 round trip airfare from the recipient's home to the institution to be  
2 attended, and a living stipend of \$900. However a fellowship under  
3 AS 14.43.505 -- 14.43.545 may not exceed \$10,000.

4 Sec. 14.43.525. ADMINISTRATION. The commission may adopt regu-  
5 lations in accordance with the Administrative Procedure Act (AS 44.62)  
6 to implement and make specific the provisions of AS 14.43.505 -- 14.-  
7 43.545.

8 Sec. 14.43.530. SELECTION COMMITTEE. (a) The commission shall  
9 serve as the selection committee for a fellowship awarded under  
10 AS 14.43.505 -- 14.43.545, but may delegate its selection function to  
11 a subcommittee. The commission may appoint people from outside the  
12 commission to serve on the subcommittee.

13 (b) In making its fellowship selection recommendations to the  
14 governor, the commission shall consider

15 (1) the previous academic record of the applicant;

16 (2) the applicant's plan of study and relationship of the  
17 plan of study to the purposes set out in AS 14.43.505;

18 (3) recommendations received concerning the applicant; and

19 (4) other factors the commission considers appropriate.

20 Sec. 14.43.535. FELLOWSHIP AWARDS. (a) The governor, on the  
21 recommendation of the commission, shall make the award of a fellow-  
22 ship.

23 (b) No more than half of the number of fellowships awarded for  
24 an academic year may be awarded for study in Pacific Rim countries  
25 other than the United States.

26 Sec. 14.43.540. FUNDING. The Pacific Rim fellowship program is  
27 financed by appropriations from the general fund and from money donat-  
28 ed to the state for the purpose of AS 14.43.505 -- 14.43.545.

29 Sec. 14.43.545. DEFINITIONS. In AS 14.43.505 -- 14.43.545

1           (1) "academic year" means the period from August 15 of one  
2 calendar year through August 14 of the following calendar year;

3           (2) "commission" means the Alaska Commission on Postsecond-  
4 ary Education;

5           (3) "eligible institution" means an institution approved by  
6 the commission which offers a degree higher than a baccalaureate de-  
7 gree and which is located in Alaska or one of the Pacific Rim coun-  
8 tries;

9           (4) "fellowship" means a Pacific Rim fellowship described  
10 in AS 14.43.520;

11           (5) "Pacific Rim country" means a country, bordering the  
12 North or South Pacific Ocean or adjacent seas, which has common inter-  
13 ests with Alaska in matters affecting trade and commerce.

14 \* Sec. 2. This Act takes effect July 1, 1985.

**STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No.: SB  
 Title: Pacific Rim Fellowship  
           Program  
 Sponsor: Rules/Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: 1/8/85

**FISCAL DETAIL**

Agency Affected: Education  
 Program Category Affected: Postsecondary  
   Education Commission  
 BRU, Program or Subprogram(s) Affected:  
Pacific Rim Fellows (New Subprogram)

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1.6	1.7	1.8	1.9	2.0
400 SUPPLIES		.3	.3	.4	.4	.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		100.0	150.0	150.0	150.0	150.0
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>N.A.</b>	<b>101.9</b>	<b>152.0</b>	<b>152.2</b>	<b>152.3</b>	<b>152.5</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	N.A.	101.9	152.0	152.2	152.3	152.5
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

(Based upon 10 fellows first year, 15 each year thereafter.)

Prepared By: Kerry D. Romesburg, Executive Director Phone: 465-2854  
 Division: Alaska Commission on Postsecondary Ed. Date: 1/8/85  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**FISCAL NOTE**



# RECORDS CERTIFICATION

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

James O. Smith  
Signature of Camera Operator

11/24/89  
Date

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64



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 18, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to cost allocations of the Alaska Public Utilities Commission. The bill provides the authority to allocate to public utilities, pipeline carriers, and other parties the commission's costs of employing professional staff and legal counsel in proceedings before the commission.

Currently, utilities, pipeline carriers, and other parties may be required to reimburse the commission for professional services costs when the services are provided to the commission by outside consultants. When similar services are provided by the commission's professional staff, the costs are not allocated to the parties. The difference in treatment is due mainly to the workload of the commission's in-house staff. The inequity in the present situation is obvious. This bill insures that the utilities and pipeline carriers that generate regulatory costs also pay those costs.

Until July 1, 1984, the Commission did not allocate to parties the costs of services provided by the attorney general. The Commission began allocating these costs on July 1, 1984, under its present statutory authority. Several parties have questioned the commission's authority to allocate the costs of attorney general services, and the bill clarifies the commission's authority to allocate those costs.

The bill amends three sections of the statutes applicable to the Alaska Public Utilities Commission. Section 1 of the bill would clarify that the costs of professional consultants employed to assist the commission in eliminating duplication among competing utilities, under AS 42.05.221, are to be allocated by the commission under the same

method as other professional services expenses under AS42.05.651. The existing AS 42.05.221(e) states that the expenses may be apportioned among the competing utilities, but does not provide procedural standards or criteria for the commission to use in its allocation.

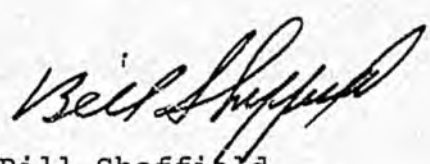
Section 2 of the bill would amend AS 42.05.651 in two ways. The bill would make it clear that the commission may allocate costs to a utility during the course of a proceeding, or may wait until the termination of the proceeding. In addition, the bill would clarify the commission's authority to allocate to utilities the cost of the commission's professional staff, and the cost of the attorney general or other legal counsel who assist the commission and its staff. The commission's professional staff includes its engineering, finance, economics, and tariff sections.

Section 3 of the bill would similarly clarify the commission's authority to allocate to pipeline carriers the costs of professional staff and legal counsel in proceedings involving pipeline carriers. It is not necessary to specify that the commission may take such action during proceedings involving pipeline carriers, since this is already explicitly stated in existing AS 42.06.610.

The bill has an effective date of July 1, 1985, to coincide with the beginning of the new fiscal year.

I urge prompt passage of this bill.

Sincerely,



Bill Sheffield  
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST  
Bill/Resolution No.: 64  
Title: Cost Allocations

FISCAL DETAIL Department of Commerce and  
Agency Affected: Economic Development  
Program Category Affected: Consumer Protection

Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected:  
Alaska Public Utilities Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		26.7	26.7	26.7	26.7	26.7
200 TRAVEL						
300 CONTRACTUAL		10.0				
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>36.7</b>	<b>26.7</b>	<b>26.7</b>	<b>26.7</b>	<b>26.7</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND		(763.3)	(773.3)	(773.3)	(773.3)	(773.3)
FEDERAL FUNDS						
OTHER Prog. Receipts*		800.0	800.0	800.0	800.0	800.0
<b>TOTAL</b>		<b>36.7</b>	<b>26.7</b>	<b>26.7</b>	<b>26.7</b>	<b>26.7</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

\*Legislation associated with this fiscal note would allow the allocation of professional staff costs in the estimated amount of \$800,000. This allocation would reduce General Fund obligation and increase Program Receipts. The specific costs noted in this fiscal note would not be eligible for cost allocation and are, therefore, reflected as an offset to the General Fund reduction.

Prepared By: John B. Farleigh, Executive Director Phone: 276-6222 ext 111  
Division: Alaska Public Utilities Commission Date: 12/06/84

Approved by Commissioner: [Signature] Date: 12/14/84  
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Fiscal Note Analysis  
APUC "Alternative Funding" Legislation

**Assumptions:** Addition of one Administrative support technician to function as cost control and revenue recovery clerk for full scale cost allocation program created by new legislation. Associated costs (salary, benefits, equipment and supplies) are included. Contractual costs are assumed to cover necessary automated program development, design and implementation in support of the expended cost allocation procedure. Expenses under these categories would not be allocable to program receipt revenues.

**Program Summary:** Implementation of the proposed "alternative funding" legislation would provide the APUC with the necessary legal authority to include the cost of professional staff time, on a case-specific basis, to the various utilities which appear before the Commission. These cost allocations would produce restricted program receipt revenue which would fund the related staff expenses.

- 1) The APUC believes that given a) the current level of contractual, travel and miscellaneous costs included in existing allocations and b) the significant allocable increases associated with the "alternative funding" proposal, the need for a highly detailed and accurate accounting system is required. This system will demand the services of a full-time accounting technician to ensure timely input of accounting data and the preparation of factually accurate allocation documentation, defensible before the Commission in accordance with AS 42.05.
- 2) In conjunction with (1) above the APUC intends to enhance its existing in-house data processing capability with an application program specifically designed to support the expanded program receipts/cost allocation accounting requirements created by the proposed legislation. Costs in this category are primarily contractual and related to computer program development, design and implementation.
- 3) All costs in (1) and (2) above are non-allocable and, therefore, are General Fund expenses.
- 4) Costs associated with (1) above are estimated at 26.7; with (2) above are estimated at 10.0. Total costs for FY85 are 36.7. Subsequent year costs would be a continuation of the personal services component of (1) as may be adjusted by future legislative action.

1.	POSITION TITLE Administrative Support Technician II				RANGE/STEP 8A	DARG. UNIT C	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	DRU PRIORITY	LOCATION Anch.	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2		3						
	PERSONAL SERVICES									
5.	Salary	19.6								
6.	Benefits	4.6								
7.	Supplemental Benefits	1.2								
8.	Fired Benefits	1.3								
9.	TOTAL PERSONAL SERVICES	01		26.7						
10.	Travel	02								
11.	Contractual	03								
12.	Commodities	04								
13.	Equipment	05								
14.	Other									
15.	TOTAL COST									
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Match 1003								
19.		General Funds 1004		36.7						
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								

If this legislation is implemented, it would provide the APUC with the necessary legal authority to include the cost of professional staff time, on a case specific basis, to the various utilities which appear before the Commission. These cost allocations would produce restricted program receipt revenue which would fund the related staff expenses.

Given the current level of contractual, travel and miscellaneous costs included in existing allocations and the significant allocable increases associated with this legislation, the need for a highly detailed and accurate accounting system is required. This system will demand the services of a full-time administrative support technician to ensure timely input of accounting data and the preparation of factually accurate allocation documentation, defensible before the Commission in accordance with AS 42.05. In-house data processing specifically designed to support the expanded program receipts/cost allocation accounting requirements would also be necessary. Costs are as follows:

1 Adm Support Technician II - Range 8A	26.7
Computer Software Program Design and Implementation	10.0
TOTAL COSTS	36.7

FOR BUI USE ONLY  
KEY NUMBER \_\_\_\_\_

**REQUEST FOR  
NEW POSITION**

AGENCY Commerce & Economic Development  
 PROGRAM Consumer Protection  
 BRU Alaska Public Utilities Commission  
 COMPONENT Alaska Public Utilities Commission

Page 1 of 1  
Revised Date \_\_\_\_\_

**FY 86**



# NUSHAGAK ELECTRIC CO-OPERATIVE, INC.

P. O. BOX 197 . DILLINGHAM, ALASKA 99576 . AREA CODE (907) 842-5251

ALASKA

February 8, 1985

Senator Fred Zharoff

Dear Senator Zharoff:

Nushagak Electric Cooperative would like to echo the strong protest against Senate Bill No. 64 that you received from Vincent Beans, President of AVEC.

The current trend of the Alaska Public Utilities Commission is to expand electric utility regulation in areas that were never envisioned in the enabling legislation. For example, in their dockets U-80-34, Order No. 4 and U-82-63, Order No. 2 they propose reviewing detailed generation design of all utilities with sales exceeding 500,000 KWH prior to construction. The APUC does not have the operational experience or engineering competency to undertake such a project. If they hire consultants to do this work, it will mean design costs of all power plants will be increased and timing will be interrupted.

The unchecked ability of the APUC to hire consultants and to bill the utilities produces the excellent potential for the utility consumer to foot the bill. The paradox here lies in the fact that the APUC is generally considered to be a consumer advocate and in favor of the lowest rates possible.

We believe the APUC is adequately funded if it follows its mandate as provided by the legislature. If it deviates or expands the mandate, the net effect will be to add an unnecessary burden to the utilities and, consequently, an unnecessary cost to the consumers.

We sincerely request that you consider opposing SB NO. 64 with all the resources within your command.

Thank you.

Yours very truly,

BOB CHERRY  
Secretary

Nushagak Electric Cooperative, Inc.



# RECORDS CERTIFICATION



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

James O. Smith  
Signature of Camera Operator

11/24/89  
Date

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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### SB 78: Sectional Analysis

Section 1) Makes both technical and policy changes to the present Commercial Fisheries Loan Program. The first substantive change occurs on line 11 of page 2 which repeals subsection pertaining to loans made to "corporations, partnerships, and joint venturers". Section 3 would allow individual fisherman who qualify for loans under 16.10.310 (a) (1) (B) to obtain loans jointly "whether operating as a corporation, partnership, joint venture, or otherwise"

Section also provides statutory authority to permit assumption of loans and repeals language which required consultation between the Dept of F&G and the DCED for all commercial fishing loan regulations.

Also adds language which grants the commissioner authority to consider all sources of a fisherman's income when determining a fisherman's ability to repay a loan. Currently the commissioner has that authority only with respect to loans for entry permits.

Section 2) Deletes references to "corporations, partnerships, or joint ventures (16.10.310 (a) (1) (C))" consistent with that deletion in section 1).

Section 3) Changes the "Limitations on Loans" section and provides for extensions on the term of loans because of a poor fishing season or adverse market conditions.

Language is also added which changes the loan limits from a "total dollar amount" to a borrower to the total "balances outstanding" to a borrower.

Further, deletes language regarding loans to "associates of the borrower" as all loans will be made to individuals.

Section 4) Currently, the department is able to consider fishing and all other sources of income of an applicant who applies for an entry permit loan under 16.10.310 (a) (1) (A). This bill would extend that authority to "consider all sources of income" for Commercial Fishing Loans

Section 5) Changes the requirements of notification when a debtor defaults on a note which has a permit pledged as security for the note. The mailing notice of default is changed from registered and certified mail to certified and first class mail. Changes the "countdown" provisions for notice of default and adds an additional day for each notice.

Requires that when a permit is pledged to secure a loan the borrower must maintain a current mailing address on file with the Department. Further states that upon evidence of mailing, the receipt of the notice of default by the debtor will be "presumed". This presumption is rebuttable by presentation of evidence by the debtor that the notice was not received and proof of lack of receipt nullifies the notice.

Section also grants the commissioner authority to waive any of the time limits if the department receives a request from the borrower or his representative before the expiration of the time limit for which the waiver is sought.

Section 6) Deletes the provision that the Commercial Fisheries Entry Commission, with the approval of the Department, adopt regulations for the limited entry permit sections of this bill.

Section 7) Provides statutory authority for the department to dispose of property acquired after default or foreclosure of a Comm Fish Loan.

Section 8) Establishes a special "foreclosure" expense account within the fisheries enhancement revolving loan fund. The account is established as a reserve from fund equity and this section also allows the department to dispose of property acquired thru default.

Section 9) Establishes a special foreclosure account for the Alaska WW II veterans revolving loan fund, and allows the department to dispose of property acquired thru default.

Section 10) Establishes a special foreclosure account for the mining loan fund, and allows the department to dispose of property acquired thru default.

Section 11) Establishes a special foreclosure account for the childcare facility revolving loan fund, and allows the department to dispose of property acquired thru default.

Section 12) Establishes a special foreclosure account for the bulk fuel revolving loan fund, and allows the department to dispose of property acquired thru default. Also permits the department to adopt regs to implement this chapter.

- Section 13) Establishes the special foreclosure account for the Alternative Energy Revolving Loan Fund, and allows the department to dispose of property acquired thru default.
- Section 14) Establishes the special foreclosure account for the Residential Energy Conservation Fund, and allows the department to dispose of property acquired thru default. Also allows the department to adopt regs to implement this program.
- Section 15) Establishes a special foreclosure account for the tourism revolving fund, and allows the department to dispose of property acquired thru default.
- Section 16) Establishes a special foreclosure account for the small business revolving loan fund, and allows the department to dispose of property acquired thru default.
- Section 17) Establishes a special foreclosure account for the historical district revolving loan fund.
- Section 18) Makes grammatical changes and defines the scope of the historical district loan program.
- Section 19) Provides the state with authority to dispose of property acquired thru default or foreclosure from the historical district loan program.
- Section 20) July 1, 1985 effective date.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
SECTIONAL ANALYSIS OF SB 78

SB 78 "An Act making miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development; and providing for an effective date."

SECTION 1

This section makes both technical and policy changes to the present AS 16.10.310.

Lines 23 through 29 on page 1 and lines 1 through 10 on page 2 make grammatical changes to the present subparagraph (B).

At line 11 of page 2, the present subparagraph (C) is repealed. In the experience of the division, loans under subparagraph (C) to corporations, partnerships and joint ventures are rarely made because the section requires applicants to meet the eligibility requirements of both subparagraphs (A) and (B). Since all applicants under subparagraph (C) would meet the requirements of subparagraphs (A) and (B) anyway, the division believes that all eligible individuals can be served under those sections and without the complexities posed in subparagraph (C).

On page 3 at lines 5 through 10, new authority is given to the department to permit assumption of loans under the program. At the present time, no express statutory authority exists to approve loan assumptions. This situation has proven to be detrimental to the best interests of the State when approval of an assumption by a defaulting loan holder is sought rather than require that a loan go through the foreclosure process. The language of the proposed addition ensures that assumptions may be approved only if consistent with the purposes of the program.

On page 3 at lines 14 through 18, the current provisions of AS 16.10.333(f) are moved to this section. This change would clarify that the total income of an applicant is used in evaluating the financial strength of all applicants and not just those applying under paragraph (A) for limited entry permits. This change would conform the statutes to current agency practice.

SECTION 2

This section deletes reference to AS 16.10.310(a)(1)(C) since that subparagraph is deleted in Section 1.

SECTION 3

This section reorganizes and clarifies AS 16.10.320. On page 3 at line 29, lead-in language makes clear that the terms that follow under subsection (a) apply to all loans except when an applicant applies for a limited entry permit loan under subsection (h) and can demonstrate that the applicant meets additional eligibility criteria.

On page 4, line 1, provision is provided for term of loan to exceed 15 years only when an extension is applied for and approved under AS 16.10.310(a)(4). The current law allows no deviation from the maximum term. If the borrower experiences a poor season or low market conditions in the final year(s) of a 15-year loan, the inability of the department to exceed the 15-year maximum can create an inequitable and unfair hardship on the borrower. If a permit is pledged as collateral and the borrower simply cannot make the scheduled payment, the permit is jeopardized. The proposed addition allows the department flexibility in a workout situation when it would benefit both the borrower and the State.

On page 4 at lines 7 through 10, redundant language is repealed. The reference to subsection (h) is moved to the beginning of subsection (a) and discussed above. Reference to subsection (f) is no longer necessary as that subsection is repealed (see below).

On page 5 at line 9, language is added to subsection (d) to clarify that loan limitations apply to the outstanding balances of loans rather than to loans under the lifetime of the program. With the rising prices of limited entry permits and the ongoing nature of the loans program, an increasing number of applicants are becoming ineligible for loans. This change will broaden the scope of the program to respond to this situation.

On page 5 at lines 13 through 25, provisions relating to loans to associates of the borrower are repealed. By the repeal of subparagraph (C) above, this language is no longer necessary as all loans will be made to individuals.

On page 5, beginning at page 28 and extending through line 7 on page 6, grammatical changes are made to current language to reflect the deletion of subparagraph (C) and the consolidation of all authority to make loans into subparagraphs (A) and (B) of AS 16.10.310. The current statutes can be interpreted to grant authority to make loans in several sections, including AS 16.10.321, AS 16.10.320 and AS 16.10.333. This change is part of that consolidation. It does not reflect a reduction in the scope of the commercial fishing loans program. Finally, the language on lines 8 through 14 on page 6 is duplicative of the language of subsection (a) of AS 16.10.320.

On page 6, lines 15 through 18, language is deleted from AS 16.10.320 as used as lead-in language of subsection (a) of this section. This change is made to improve the readability and clarity of the section.

On page 7, lines 4 through 5, changes are made to reflect the deletion of subparagraph (C) and the provisions defining "associate of the borrower."

#### SECTION 4

On page 7, line 13, a reference in the current AS 16.10.333 is changed to clarify, once again, that all authority to make loans is contained in AS 16.10.310.

On page 8, lines 13 through 16, language defining the scope of the department's inquiry into the financial strength of the applicant is deleted and moved to AS 16.10.310. This change will slightly broaden the authority to include consideration of applicant's ability to repay a loan to include all applicants, not just those applying for permit loans under subparagraph (A).

#### SECTION 5

Currently, statutes do not allow the department any flexibility once the notice of default has been mailed. The department is locked into the "countdown" as mandated by AS 16.10.335(a)(4), (5) and (6); 15 days to request a hearing, 60 days to bring the account current and 120 days to pay the note in full. The new sections will provide the borrower the means for recourse and permit the department latitude in negotiating with borrowers who sincerely want to cooperate in order to work out an alternative which is satisfactory to both the State and borrower. The sections allow borrowers who have defaulted on their loans to avoid forfeiture of their permits if exceptional circumstances warrant their retention of the permits.

The requirement of mailing the notice of default is changed from registered and certified mail to certified and first-class mail, AS 16.10.335(a). Past history indicates that many individuals receive first-class mail while refusing to accept registered or certified mail. The proposed change, in comparison to the current statute requirement, will increase the probability that the borrower will receive the notice of default. A new section, AS 16.10.335(b), requires each borrower to maintain on file with the department a current address where mail will be received timely.

Amendments to AS 16.10.335(a)(4), (5) and (6) are language revisions which make a minor clarification to the "countdown time" on notice of default for a limited entry permit. Instead of commencing as of postmark date, the time lapse will begin the day after the postmark and, in effect, allows the borrower one additional day.

AS 16.10.335(b), (c) and (d). In these new sections (b) places responsibility on the borrower to maintain on file with the department a current address where mail will be received timely; (c) assumes that the notice of default is received by the borrower unless, through no fault of the borrower, the notice is not received and such evidence is presented to the department (in such case the notice is considered void); and (d) gives the department the authority to waive the time limits imposed by mailing a notice of default.

## SECTION 6

On page 10 at lines 12 through 14, the bill deletes the requirement that regulations be promulgated by the Commercial Fishing Entry Commission, with the approval of the Department of Commerce and Economic Development, to implement AS 16.10.333 - 16.10.337. Since the vast majority of responsibility for administration of these sections is carried out by the department, full authority to promulgate these regulations should rest with that agency. This change will streamline the administration of these sections.

## SECTION 7

Language is added to the Commercial Fishing Loan Fund to provide express authority to the department to dispose of property acquired through default and foreclosure.

## SECTIONS 8 - 19

Language is added to the various Department of Commerce and Economic Development loan funds to provide express authority to the department to dispose of property acquired through default and foreclosure.

In each of the loan funds, except the Commercial Fishing Loan Fund, a special account, the foreclosure expense account is established. Currently the department is authorized to expend money to protect the State's interest in secured collateral under general powers and authority. The establishment of these accounts will promote better accounting of loans in default and ensure money spent will be reimbursed at the time of the sale of repossessed collateral. The foreclosure expense account already exists in the Commercial Fishing Loan Fund.

In Section 18 on page 6, line 21 makes minor grammatical changes to the Historical District Loan program to clarify the scope of that program. The proposed new language would make clear that the program includes buildings within historical district boundaries and important in State or national history and other buildings within historical districts which can be superficially modified to conform to the period or motif that is the reason for the designation of the area as a historical district.



# UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #10  
Juneau, Alaska 99801-1188  
(907) 586-2820

Cass M. Parsons  
Executive Director

February 5, 1985

Senator Fred Zharoff  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Zharoff:

This letter is in reference to Senate Bill 78, a bill introduced by the Governor regarding, in part, the fisheries loan program.

As you may recall, a similar bill was worked on last year by the United Fishermen of Alaska and Senate Advisory Council staff (SB 496) which would do essentially the same things this bill is concerned with. The bill would be very helpful in making our loan program more workable and we urge its speedy consideration by the Labor and Commerce Committee.

The United Fishermen of Alaska suggest also that when the Committee hears the bill, they might also wish to consider amending the legislation to allow fishermen to "pre-qualify" for a fishing loan so that the waiting period between the time one finds a permit available for sale and the time of actual loan approval is minimal. As it is now, most people prefer to sell to someone who has ready financing or cash rather than work with someone who has to go through the lengthy process of qualifying for and securing a state loan. This promotes sales to non-residents or urban residents who have better access to financing.

Thank you for your attention. I will appreciate any help you can give us in this regard.

Sincerely,

Cass M. Parsons  
UFA Executive Director



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

*Ch 78*  
78

January 22, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends or supplements various state loan programs. The bill performs a number of different functions.

In sec. 1, the bill deletes AS 16.10.310(a)(1)(C), which provides that commercial fishing loans can be made to fisherman-owned corporations, partnerships, or joint ventures for vessels and gear. However, under both the current AS 16.10.320(e) and as that subsection is amended in sec. 3 of the bill, loans may be made to commercial fishermen who join together in a joint operation; these loans can be in the amount of the standard loan limits for an individual multiplied by the number of fishermen applying. Thus the individuals operating as corporations, partnerships and joint ventures will all be treated in the same manner as individual fishermen.

The bill also deletes AS 16.10.310(b) (sec. 1 of the bill) and amends AS 16.10.339 (sec. 6 of the bill), relating to the adoption of regulations for the commercial fishing loan program. Under this bill, the Department of Commerce and Economic Development will be given the authority to adopt regulations necessary to implement its own loan programs. Under existing statutes, the department is required to consult with the Department of Fish and Game for all commercial fishing loan regulations, and the Commercial Fisheries Entry Commission must adopt any regulations which affect loans secured by limited entry permits. These particular amendments recognize that these programs are loan programs, and the expertise required for implementation of the programs lies with the Department of Commerce and Economic Development, which must be given the authority to control its own functions.

In sec. 1, the bill also provides that the Department of Commerce and Economic Development may take a more flexible and creative approach to protecting the state's security interests and to financing and disposing of repossessed collateral. It will permit commercial fishing loans to be assumed if the applicant meets the two-year residency requirement and assumption of the loan is determined to be consistent with the purposes of the commercial fishing loan program. In addition, for all of the department's loan programs, the bill provides, in secs. 7 -- 16 and 19, that the department may offer alternative financing, including amortized payments, whenever it disposes of property acquired through default proceedings. Under existing law, the department is frequently required to offer repossessed collateral for sale only for cash, which results in the state taking a large loss. If alternative financing could be offered, a much higher sales price often could be obtained. The bill amends 11 state loan programs (commercial fishing, fisheries enhancement, veterans, mining, child care facilities, bulk fuel, alternative energy, residential energy conservation, tourism, small businesses, and historical districts) to permit this flexible disposal of repossessed collateral if the disposal method selected is in the best interests of the state.

The last amendment made by sec. 1 is to relocate to a new subsec. (c) in AS 16.10.310 language that is now in AS 16.10.333(f) (deleted by sec. 4 of the bill), dealing with consideration of an individual's ability to repay a loan. The current provision is applicable only to loans made for purchase of a limited entry permit. As relocated, that language will apply to all commercial fishing loans made under AS 16.10.300 -- 16.10.370.

Section 3 of this bill amends AS 16.10.320(a)(1) to clarify that the department may extend the term of a commercial fishing loan beyond 15 years if the extension is necessary due to poor fishing seasons or adverse market conditions for fishing products.

AS 16.10.320(d) is also clarified in sec. 3. Under existing language, it is unclear whether an individual borrower who has repaid a commercial fishing loan may be granted a new loan. This bill amends that subsection to clarify that new or additional loans may be made to a fisherman, as long as the total outstanding balance of all commercial fishing loans to that individual does not exceed the statutory limit.

Section 5 of the bill will permit the Department of Commerce and Economic Development to take a more flexible approach in dealing with persons who are technically in default on their commercial fishing loans in specific cases where the forfeiture of an individual's limited entry permit is neither desirable nor advantageous to the state. If a commercial fisherman is able to show that he or she never received notice of default under the loan, that person would be able to present evidence to the department that he or she failed to receive the notice and the department would then dismiss the default proceedings. Also, if an individual fisherman contacts the department to state that he or she is unable, for financial or other reasons, to make payment in accordance with the default statute, but does not wish to sacrifice his permit and truly wants to cooperate with the department, the department would be able to negotiate with the individual to attempt to work out some alternative satisfactory to both the fisherman and the state.

The amendment to AS 16.10.335(a) requires the notice of the default to be sent to the debtor by both certified and first class mail, rather than by just registered or certified mail. The new language in AS 16.10.335(b) requires each fisherman to keep a current address on file with the department.

New AS 16.10.335(c) provides that if the department follows the procedures of (a) of that section, the department and, after that, the courts will presume that the debtor received the default notice, and it will be the debtor's responsibility to prove otherwise. Absent evidence that the debtor did not receive the notice, the department would still be able to continue with its default proceedings. However, if such evidence is presented, the default proceedings could be terminated.

New AS 16.10.335(d) gives the department the right to waive the time limits provided in AS 16.10.335(a) (15 days to request a hearing, 60 days to bring the note current, and 120 days to pay the note in full), if a request for a waiver is made by the debtor to the department before the expiration of the relevant time limit. Thus, this bill will allow fishermen who have defaulted on their loans to avoid forfeiture of their permits if exceptional circumstances warrant their retention of the permit.

The bill also makes technical changes to the historical district loan program to clarify its scope. Section 18 of

the bill.

For each loan program administered by the Department of Commerce and Economic Development, the bill establishes a special account, entitled the foreclosure expense account (secs. 8 -- 17 of the bill). Money in this account may be used to pay expenses incurred in protecting the state's security interest in collateral for loans made under the particular loan program. The language for these sections is taken from AS 16.10.342, which already provides for a foreclosure expense account for the commercial fishing loan program.

In addition, the bill fills an apparent statutory omission regarding the bulk fuel revolving fund and the residential energy conservation loan fund programs, by granting statutory authority to the Department of Commerce and Economic Development to adopt regulations necessary for these programs (secs. 12 and 14 of the bill, respectively).

This bill makes a number of significant improvements to the state loan programs, particularly the state commercial fishing loan program. I urge your support of and prompt action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Bill Sheffield".

Bill Sheffield  
Governor

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 6, 1985

SUBJECT: Senate CS for HB 66

TO: Senator Fred Zharoff  
Chair, Labor and Commerce Committee

FROM: Mike F. Ford *M.F.*  
Legislative Counsel

You have asked for an explanation of the technical change made to line 19 of the above referenced bill. The bill as introduced changed the word "shall" to "must", and the CS prepared by this agency deleted that change. The reason for the deletion of the change made in the original bill is that "shall" is the correct word to use to impose a duty upon someone, as is done in line 19 and 20. See Manual of Legislative Drafting (1985) pp. 51 and 52. This office routinely makes such corrections to governor's bills when preparing committee substitutes.

The word "must" is used when describing things or criteria. For example the word "must" is correctly used in line 16 of Senate CS for HB 66, in that "must" refers to panels of the compensation board. The reason that line 19 is somewhat harder to apply these rules to, is that the sentence is written in the passive voice, rather than in the active voice as this agency usually drafts such provisions. For example the sentence would read in the active voice as, "The governor shall appoint the latter two member of each panel, subject to confirmation by a majority of the members of the legislature in joint session."

If I can be of further assistance please let me know.

MFF:ojb  
J11/060



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

CS SB 78 (L&C)

"but may not be by lease" is removed  
from all loan programs except commercial  
fishing loans in the sections regarding  
disposal of property.

Original sponsor: Rules/Governor

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 78 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan  
7 programs administered by the Department of Commerce  
8 and Economic Development; and providing for an effective  
9 date."

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

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

12 (a) The department may

13 (1) make loans to

14 (A) individual commercial fishermen who have been  
15 state residents for a continuous period of two years immediately  
16 preceding the date of application for a loan under AS 16.10.300 -  
17 16.10.370 and have had a crewmember or commercial fishing license  
18 under AS 16.05.480 or a permit under AS 16.43 for the year immediately  
19 preceding the date of application and any other two of  
20 the past five years, and who actively participated in the fishery  
21 during those periods, for the purchase of entry permits;

22 (B) an individual for the repair, restoration, or up-  
23 grading of existing vessels and gear, for the purchase of entry  
24 permits and gear, and for the construction and purchase of ves-  
25 sels, if the individual [AN INDIVIDUAL WHO] has been a state  
26 resident for a continuous period of two years immediately pre-  
27 ceding the date of application for a loan under AS 16.10.300 -  
28 16.10.370, and either [WHO]

29 (i) because of lack of training or lack of

1 employment opportunities in the area of residence does not  
2 have occupational opportunities available other than commer-  
3 cial fishing; or

4 (ii) is economically dependent on commercial  
5 fishing for a livelihood and for whom commercial fishing has  
6 been a traditional way of life [FOR THE INDIVIDUAL] in  
7 Alaska [, FOR THE REPAIR, RESTORATION OR UPGRADING OF EXIST-  
8 ING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS AND  
9 GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;

10 (C) CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES, 100  
11 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN WHO  
12 HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO YEARS  
13 IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN UNDER  
14 AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMERCIAL  
15 FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.43 FOR  
16 THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND ANY  
17 OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICIPATED  
18 IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORATION OR  
19 UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF GEAR,  
20 AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

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

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

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

27 (5) enter into agreements with private lending intuitions,  
28 other state agencies, or agencies of the federal government, to carry  
29 out the purposes of AS 16.10.300 - 16.10.370;

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

4 (7) allow an assumption of a loan if

5 (A) the applicant has been a state resident for a  
6 continuous period of two years immediately preceding the date of  
7 the request for an assumption; and

8 (B) approval of the assumption would be consistent  
9 with the purposes of AS 16.10.300 - 16.10.370; it is not neces-  
10 sarily inconsistent with the purposes of AS 16.10.300 - 16.10.370  
11 to approve an assumption by an applicant who does not meet the  
12 loan eligibility requirements as they exist at the time of the  
13 application;

14 (8) prequalify loan applicants and charge a fee not to  
15 exceed \$100 for prequalification.

16 \* Sec. 2. AS 16.10.310 is amended by adding a new subsection to read:

17 (c) In determining whether an individual commercial fisherman is  
18 reasonably likely to be able to repay a loan made under AS 16.10.300 -  
19 16.10.370, the commissioner shall consider the individual commercial  
20 fisherman's income from commercial fishing and from all other sources.

21 \* Sec. 3. AS 16.10.315 is amended to read:

22 Sec. 16.10.315. ALLOCATION OF LOANS. The department shall  
23 allocate at least 10 percent of the money that is appropriated for a  
24 state fiscal year to make loans under AS 16.10.310 for loans of  
25 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-  
26 cation made under this section terminates on April 15 of the state  
27 fiscal year for which the allocation is made.

28 \* Sec. 4. AS 16.10.320(a) is amended to read:

29 (a) Except as permitted in (h) of this section, a [A] loan

1 under AS 16.10.300 - 16.10.370 [16.10.310 - 16.10.370]

2 (1) may not exceed a term of 15 years, except for exten-  
3 sions under AS 16.10.310(a)(4);

4 (2) may not bear interest exceeding 10-1/2 percent;

5 (3) must [SHALL] be secured by a first priority lien and  
6 appropriate security agreement; and

7 (4) may not exceed 90 percent of the appraised value of the  
8 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER  
9 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY  
10 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS  
11 SECTION].

12 \* Sec. 5. AS 16.10.320(d) is amended to read:

13 (d) The total of balances outstanding on loans [LOANS] made to a  
14 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]  
15 \$300,000. The total of balances outstanding on loans [LOANS] made to  
16 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A  
17 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-  
18 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-  
19 tion, "ASSOCIATE OF THE BORROWER" MEANS

20 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-  
21 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-  
22 RECTLY, THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF  
23 EQUITY SECURITIES;

24 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL  
25 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE  
26 BORROWER;

27 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A  
28 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS  
29 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

1 \* Sec. 6. AS 16.10.320(e) is amended to read:

2 (e) Two or more individual commercial fishermen who each satisfy  
3 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,  
4 whether operating as a corporation, partnership, joint venture, or  
5 otherwise, obtain a commercial fishing loan for the repair, restora-  
6 tion, or upgrading of an existing vessel and gear, for the purchase of  
7 gear, and for the construction [OF A FISHING VESSEL] or the purchase  
8 of a [AN EXISTING] fishing vessel. Loans granted under this subsec-  
9 tion

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

13 (2) MAY NOT EXCEED A TERM OF 15 YEARS;

14 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-  
15 PRIATE SECURITY AGREEMENT;

16 (4) MAY NOT BEAR INTEREST EXCEEDING 10-1/2 PERCENT;

17 AND

18 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF  
19 THE COLLATERAL USED TO SECURE THE LOAN].

20 \* Sec. 7. AS 16.10.320(i) is amended to read:

21 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),  
22 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF  
23 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made  
24 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan  
25 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under  
26 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on  
27 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310  
28 does not exceed \$300,000.

29 \* Sec. 8. AS 16.10.333(a) is amended to read:

1 (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be made to  
2 an individual commercial fisherman for the purchase of a limited entry  
3 permit upon certification by the commission that the fisherman is a  
4 person who qualifies as a transferee for the permit under AS 16.43 and  
5 the regulations adopted by the commission.

6 \* Sec. 9. AS 16.10.335 is amended to read:

7 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor  
8 defaults upon a note for which a limited entry permit has been pledged  
9 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-  
10 sioner shall provide the debtor, by both [REGISTERED OR] certified and  
11 first class mail sent to the debtor's last known address on file with  
12 the commissioner, with a notice of default that [WHICH] includes

13 (1) a description of the security given for the note in-  
14 cluding the number assigned to the pledged permit by the commission;

15 (2) the date upon which the default occurred;

16 (3) the amount of arrearages as of the date of the notice,  
17 the total amount remaining on the note less unearned interest, and the  
18 amount of daily interest;

19 (4) a statement that the debtor may, within 15 days after  
20 [OF] the postmark date of the notice, request a hearing to submit  
21 evidence showing the debtor has not defaulted;

22 (5) a statement that the note may be reinstated if brought  
23 current within 60 days after [FROM] the postmark date of the notice;

24 (6) a statement that the note may be paid in full less  
25 unearned interest within 120 days after [FROM] the postmark date of  
26 the notice;

27 (7) the place where reinstatement or payment in full may be  
28 made; and

29 (8) a notice in at least 10-point bold type stating:

1 "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE  
2 DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT  
3 AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

4 (b) In each case of a limited entry permit being pledged as  
5 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on  
6 file with the department an address where notice of default is to be  
7 sent, if necessary, and where that notice will be timely received by  
8 the debtor.

9 (c) Upon presentation of evidence of mailing in accordance with  
10 (a) of this section, the receipt of the notice of default by the  
11 debtor will be presumed for all purposes. This presumption is rebut-  
12 table by presentation of evidence sufficient to demonstrate lack of  
13 receipt of notice through no fault of the debtor. Upon presentation  
14 of evidence sufficient to prove lack of receipt of notice through no  
15 fault of the debtor, the notice is a nullity.

16 (d) Upon good cause shown, the commissioner may waive any of the  
17 time limits in (a) of this section, if the department receives from  
18 the debtor or the debtor's representative a request for the waiver  
19 before the expiration of the time limit for which the waiver is  
20 sought.

21 (e) Except as otherwise provided in (c) and (d) of this section,  
22 upon [UPON] the debtor's failure to satisfy the note within the time  
23 specified in (a)(6) of this section, the debtor's interest in the  
24 permit is terminated by operation of law without further notice. Any  
25 entry permit cards issued to the debtor under the permit must [SHALL]  
26 be cancelled immediately upon receipt by the commission of a certifi-  
27 cate of termination containing a copy of the notice required by (a) of  
28 this section issued by the commissioner.

29 \* Sec. 10. AS 16.10.339 is amended to read:

1           Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL  
2 OF THE] department[,] shall adopt regulations to implement AS 16.10.-  
3 333 - 16.10.337.

4 \* Sec. 11. AS 16.10 is amended by adding a new section to read:

5           Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-  
6 CLOSURE. The department shall dispose of property acquired through  
7 default or foreclosure of a loan made under AS 16.10.300 - 16.10.370  
8 or former AS 16.10.650 - 16.10.720. Disposal shall be made in a  
9 manner that serves the best interests of the state, and may include  
10 the amortization of payments over a period of years, but may not be by  
11 lease.

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

13           Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
14 established as a special account within the fisheries enhancement  
15 revolving loan fund the foreclosure expense account. This account is  
16 established as a reserve from fund equity.

17           (b) The commissioner may expend money credited to the foreclo-  
18 sure expense account when necessary to protect the state's security  
19 interest in collateral on loans made under AS 16.10.520 or to defray  
20 expenses incurred during foreclosure proceedings after a default by an  
21 obligor.

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

23           Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
24 FORECLOSURE. The Department of Commerce and Economic Development  
25 shall dispose of property acquired through default or foreclosure of a  
26 loan made under AS 16.10.500 - 16.10.620. Disposal shall be made in a  
27 manner that serves the best interests of the state, and may include  
28 the amortization of payments over a period of years.

29 \* Sec. 14. AS 26.15 is amended by adding a new section to read:

1           Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
2 FORECLOSURE. The Department of Commerce and Economic Development  
3 shall dispose of property acquired through default or foreclosure of a  
4 loan made under this chapter. Disposal shall be made in a manner that  
5 serves the best interests of the state, and may include the amortiza-  
6 tion of payments over a period of years.

7 \* Sec. 15. AS 26.15 is amended by adding a new section to read:

8           Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
9 established as a special account within the Alaska World War II veter-  
10 ans' revolving fund the foreclosure expense account. This account is  
11 established as a reserve from fund equity.

12           (b) The commissioner of commerce and economic development may  
13 expend money credited to the foreclosure expense account when neces-  
14 sary to protect the state's security interest in collateral on loans  
15 made under AS 26.15.040 or to defray expenses incurred during fore-  
16 closure proceedings after a default by an obligor.

17 \* Sec. 16. AS 27.09 is amended by adding a new section to read:

18           Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
19 established as a special account within the mining loan fund the fore-  
20 closure expense account. This account is established as a reserve  
21 from fund equity.

22           (b) The commissioner of commerce and economic development may  
23 expend money credited to the foreclosure expense account when neces-  
24 sary to protect the state's security interest in collateral on loans  
25 made under AS 27.09.010 or to defray expenses incurred during fore-  
26 closure proceedings after a default by an obligor.

27 \* Sec. 17. AS 27.09 is amended by adding a new section to read:

28           Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
29 FORECLOSURE. The department shall dispose of property acquired

1 through default or foreclosure of a loan made under this chapter.  
2 Disposal shall be made in a manner that serves the best interests of  
3 the state, and may include the amortization of payments over a period  
4 of years.

5 \* Sec. 18. AS 44.33 is amended by adding a new section to read:

6 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
7 established as a special account within the child care facility re-  
8 volving loan fund the foreclosure expense account. This account is  
9 established as a reserve from fund equity.

10 (b) The commissioner of commerce and economic development may  
11 expend money credited to the foreclosure expense account when neces-  
12 sary to protect the state's security interest in collateral on loans  
13 made under AS 44.33.245 or to defray expenses incurred during fore-  
14 closure proceedings after a default by an obligor.

15 \* Sec. 19. AS 44.33 is amended by adding a new section to read:

16 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
17 FORECLOSURE. The department shall dispose of property acquired  
18 through default or foreclosure of a loan made under AS 44.33.240 -  
19 44.33.275. Disposal shall be made in a manner that serves the best  
20 interests of the state, and may include the amortization of payments  
21 over a period of years.

22 \* Sec. 20. AS 45.87 is amended by adding a new section to read:

23 Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
24 established as a special account within the bulk fuel revolving loan  
25 fund the foreclosure expense account. This account is established as  
26 a reserve from fund equity.

27 (b) The commissioner of commerce and economic development may  
28 expend money credited to the foreclosure expense account when neces-  
29 sary to protect the state's security interest in collateral on loans

1 made under this chapter or to defray expenses incurred during fore-  
2 closure proceedings after a default by an obligor.

3 \* Sec. 21. AS 45.87 is amended by adding new sections to read:

4 Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
5 FORECLOSURE. The department shall dispose of property acquired  
6 through default or foreclosure of a loan made under this chapter.  
7 Disposal shall be made in a manner that serves the best interests of  
8 the state, and may include the amortization of payments over a period  
9 of years.

10 Sec. 45.87.060. REGULATIONS. The department shall adopt regu-  
11 lations to implement this chapter.

12 \* Sec. 22. AS 45.88 is amended by adding a new section to read:

13 Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
14 established, as a special account within the revolving loan fund  
15 established under AS 45.88.010, the foreclosure expense account. This  
16 account is established as a reserve from fund equity.

17 (b) The commissioner of commerce and economic development may  
18 expend money credited to the foreclosure expense account when neces-  
19 sary to protect the state's security interest in collateral on loans  
20 made under AS 45.88.020 or to defray expenses incurred during fore-  
21 closure proceedings after a default by an obligor.

22 \* Sec. 23. AS 45.88 is amended by adding a new section to read:

23 Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
24 FORECLOSURE. The Department of Commerce and Economic Development  
25 shall dispose of property acquired through default or foreclosure of a  
26 loan made under this chapter. Disposal shall be made in a manner that  
27 serves the best interests of the state, and may include the amortiza-  
28 tion of payments over a period of years.

29 \* Sec. 24. AS 45.89 is amended by adding a new section to read:

1           Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
2 established as a special account within the residential energy conser-  
3 vation fund the foreclosure expense account. This account is estab-  
4 lished as a reserve from fund equity.

5           (b) The commissioner may expend money credited to the foreclo-  
6 sure expense account when necessary to protect the state's security  
7 interest in collateral on loans made under AS 45.89.030 or to defray  
8 expenses incurred during foreclosure proceedings after a default by an  
9 obligor.

10 \* Sec. 25. AS 45.89 is amended by adding new sections to read:

11           Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
12 FORECLOSURE. The department shall dispose of property acquired  
13 through default or foreclosure of a loan made under this chapter.  
14 Disposal shall be made in a manner that serves the best interests of  
15 the state, and may include the amortization of payments over a period  
16 of years.

17           Sec. 45.89.070. REGULATIONS. The department shall adopt regu-  
18 lations to implement this chapter.

19 \* Sec. 26. AS 45.90 is amended by adding a new section to read:

20           Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
21 established as a special account within the tourism revolving fund the  
22 foreclosure expense account. This account is established as a reserve  
23 from fund equity.

24           (b) The commissioner of commerce and economic development may  
25 expend money credited to the foreclosure expense account when neces-  
26 sary to protect the state's security interest in collateral on loans  
27 made under AS 45.90.020 or to defray expenses incurred during fore-  
28 closure proceedings after a default by an obligor.

29 \* Sec. 27. AS 45.90 is amended by adding a new section to read:

1           Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
2 FORECLOSURE. The Department of Commerce and Economic Development  
3 shall dispose of property acquired through default or foreclosure of a  
4 loan made under this chapter. Disposal shall be made in a manner that  
5 serves the best interests of the state, and may include the amortiza-  
6 tion of payments over a period of years.

7 \* Sec. 28. AS 45.95 is amended by adding a new section to read:

8           Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
9 FORECLOSURE. The Department of Commerce and Economic Development  
10 shall dispose of property acquired through default or foreclosure of a  
11 loan made under this chapter. Disposal shall be made in a manner that  
12 serves the best interests of the state, and may include the amortiza-  
13 tion of payments over a period of years.

14 \* Sec. 29. AS 45.95 is amended by adding a new section to read:

15           Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
16 established as a special account within the small business revolving  
17 loan fund the foreclosure expense account. This account is estab-  
18 lished as a reserve from fund equity.

19           (b) The commissioner may expend money credited to the foreclo-  
20 sure expense account when necessary to protect the state's security  
21 interest in collateral on loans made under AS 45.95.020 or to defray  
22 expenses incurred during foreclosure proceedings after a default by an  
23 obligor.

24 \* Sec. 30. AS 45.98 is amended by adding a new section to read:

25           Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
26 established as a special account within the historical district re-  
27 volving loan fund the foreclosure expense account. This account is  
28 established as a reserve from fund equity.

29           (b) The commissioner of commerce and economic development may

1 expend money credited to the foreclosure expense account when neces-  
2 sary to protect the state's security interest in collateral on loans  
3 made under this chapter, or to defray expenses incurred during fore-  
4 closure proceedings after a default by an obligor.

5 \* Sec. 31. AS 45.98.020 is amended to read:

6 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and  
7 plan approval by a local historical district commission established  
8 under AS 29.48.108 and the recommendation of a majority of the members  
9 of the Historic Sites Advisory Committee, the Department of Commerce  
10 and Economic Development may make loans to a person, firm, business or  
11 municipality subject to applicable laws for the restoration, improve-  
12 ment, rehabilitation, or maintenance of

13 (1) a structure which is [(1)] within the boundaries of a  
14 historical district established under AS 29.48.110 and [;]

15 [(2)] identified as important in state or national history as  
16 provided for in AS 29.48.110(b); or [AND]

17 (2) a [(3) ANOTHER] building or structure within a histor-  
18 ical district, that is [AND] suitable for superficial modification so  
19 that it can conform to the period or motif of the surrounding build-  
20 ings or structures that are the reason for the area's designation as a  
21 historical district.

22 \* Sec. 32. AS 45.98 is amended by adding a new section to read:

23 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
24 FORECLOSURE. The Department of Commerce and Economic Development  
25 shall dispose of property acquired through default or foreclosure of a  
26 loan made under this chapter. Disposal shall be made in a manner that  
27 serves the best interests of the state, and may include the amortiza-  
28 tion of payments over a period of years.

29 \* Sec. 33. AS 16.10.310(b), 16.10.320(f), and 16.10.333(f) are

1 repealed.

2 \* Sec. 34. This Act takes effect July 1, 1985.

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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Senator John Sackett  
Senate Finance Committee Co-chair

Senate Jan Faiks  
Senate Finance Committee Co-chair

FROM: Senator Dick Eliason  
Senate Labor and Commerce Vice-chair

RE: CSSB 78

DATE: March <sup>11</sup>/<sub>8</sub>, 1985

Today the Senate Labor and Commerce Committee passed out Committee Substitute for Senate Bill 78 - "An Act making miscellaneous amendments to state loan programs administered by the Department of Commerce and Economic Development.

During the two public hearings held on this legislation, the fiscal notes submitted by the Department were discussed. It was the feeling of the committee that this legislation could adequately be implemented without the projected added costs. The increased workload which may occur upon passage of SB 78 could more than likely be absorbed by the existing personnel.

Senate Bill 78 contains several provisions which will greatly assist commercial fisherman within Alaska to achieve a healthy industry. It is important that those provisions be given adequate consideration without being encumbered with a "hefty fiscal note".

SUMMARY OF SENATE BILL 78 - AMENDMENTS TO STATE LOAN PROGRAMS

1) Repeals "Section C " (AS 16.10.310 (1)(c)) which allows the Department to authorize loans to corporations, partnerships, or joint ventures who meet Section A and B qualifications. The maximum limit of this loan is currently \$100,000. To date, a total of three loans has been issued under this section.

Adds language which allows individuals who qualify for a Section B loan to form a partnership, joint venture, or corporation to apply for a loan. The maximum limit of this loan would be \$100,000 times the number of individuals involved.

2) Adds language which would allow individuals to assume loans if the applicant has been a state resident for two years and if the approval of the assumption would be consistent with the purposes of the Commercial Fishing Loan Act.

Committee Substitute Adds language which states "that it is not necessarily inconsistent with the purposes of the Commercial Fishing Loan Act to permit assumption of a loan to an individual who does not meet the current eligibility requirement".

3) Deletes language which requests the Department of Commerce to consult with the Department of Fish and Game or the Commercial Fisheries Entry Commission when implementing regulations and procedures regarding the Commercial Fishing Loan Act.

4) Adds language which would allow the Department of Commerce to extend the term of the loan past 15 years if the individual has experienced "poor fishing seasons or adverse market conditions for Alaskan products".

5) Adds language which states that "the total of balances outstanding on loans" may not exceed the previously stated limits.

6) Adds language which changes the requirements of notification when a debtor defaults on a loan which has a permit pledged as security. Certified mail AND first class mail is used when mailing the notice of default. The borrower is responsible to keep a current address on file with the Department and upon evidence of mailing, it will be PRESUMED that the borrower received notice.

7) Adds language which allows the Department to dispose of property acquired through default in a manner that serves the best interests of the state, but may not be by lease.

8) Adds language to establish special foreclosure expense accounts within the following loan programs:

Bulk Fuel	WW II Veterans
Alternative Energy	Mining
Residential Energy Conservation	Child Care Facility
Small Business	Historical District
Tourism	

This account would provide a better audit trail for foreclosure expenses.

9) Adds language which makes grammatical changes and defines the scope of the historical district loan program.

The number items do not correspond to section numbers.



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

## LETTER OF INTENT

Senate Bill 78

It is the intent of the Legislature that when implementing the Commercial Fishing Loan Act, the Department of Commerce and Economic Development shall:

- 1) utilize maximum flexibility in dealing with loan assumption requests with the understanding that the credit worthiness of the applicant shall be of paramount importance in the decision making process.
- 2) relinquish the original borrower's obligation under the loan agreement whenever the applicant for the assumption has demonstrated his/her credit worthiness to the satisfaction of the Department.
- 3) allow individuals to pre-qualify for a loan. This pre-qualification status would apply only to loans authorized for the purchase of limited entry permits.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1985

SUBJECT: Commercial fishing loans (SB 78)

TO: Senator Richard I. Eliason  
Vice-Chairman, Labor and Commerce Committee

FROM: Keith B. Levy <sup>KBL</sup>  
Legislative Counsel

You have asked for an opinion on the significance of AS 16.10.310(a)(7), a provision of SB 78 that would allow the assumption of commercial fishing loans if enacted. Under current law, there is no direct authority for the Department of Commerce and Economic Development to allow the assumption of commercial fishing loans, although the department probably could allow an assumption by an individual who meets existing eligibility requirements.

Senate Bill 78, introduced by the governor, would add the following language to the powers of DCED with respect to commercial fishing loans under AS 16.10.310(a)(7):

The department may . . . (7) allow an assumption of a loan if (A) the applicant has been a state resident for a continuous period of two years immediately preceding the date of the request for an assumption; and (B) approval of the assumption would be consistent with the purposes of AS 16.10.300 -- 16.10.370.

Accordingly, the department would be given broad discretion to allow the assumption of a commercial fishing loan, provided the person making the assumption meets the residency requirement and the assumption is consistent with the Commercial Fishing Loan Act.

You have asked whether this provision would permit or require DCED to allow an assumption only if the applicant meets the eligibility requirements as they exist when the application for the assumption is made. The assumption

Senator Richard I. Eliason  
March 5, 1985  
Page 2

provision would certainly permit DCED to require the assumption applicant to meet current eligibility requirements, since such a requirement would clearly be consistent with the Commercial Fishing Loan Act. Therefore, if the Commissioner of Commerce and Economic Development were to adopt a regulation with such a requirement, the regulation would continue to be effective if SB 78 became law. However, the commissioner would not be required to adopt such a regulation if SB 78 is enacted, since it could well be argued that eligibility requirements other than those in effect at the time of the assumption are nonetheless consistent with the purposes of the Commercial Fishing Loan Act. For example, the commissioner might find that it is consistent with the Commercial Fishing Loan Act to allow an applicant for an assumption to meet the eligibility requirements as they existed when the loan was originally made rather than as they exist at the time of the application for the assumption. This is a judgement which could be made in the discretion of the commissioner under AS 16.10.310(7), as added by SB 78.

If it is your intent to permit DCED to allow the assumption of commercial fishing loans based on former eligibility requirements, SB 78 gives that discretion as long as those requirements are consistent with the Commercial Fishing Loan Act. However, if you wish to require DCED to permit the assumption of commercial fishing loans under eligibility requirements other than those in effect at the time of assumption, the bill should spell this requirement out. If that is the case, I would recommend that page 3, lines 5 - 10 of SB 78 be changed to provide that it is not necessarily inconsistent with the purposes of the Commercial Fishing Loan Act to permit assumption of a loan to an individual who does not meet the current eligibility requirements.

If I may be of further assistance, please feel free to contact me.

KBL:ojb  
J12/054

statement, sources and application of all funds received and a schedule of change of owner's equity. The department may also require an audit or audits to determine whether the borrower has complied with the provisions of the loan and conduct periodic inspection of collateral securing repayment of the loan. If a vessel is used as collateral, a current marine survey must be supplied to the department at the borrower's expense upon request by the department.  
(Eff. / / , Reg. )

Authority: AS 16.10.310

3 AAC 80.075. COSTS. All expenses incurred by the department in closing a loan, including the processing of the loan application, shall be paid by the applicant. These expenses include the cost of credit reports, title reports and insurance, recording fees, appraisals, surveys, out-of-state travel and other direct costs. (Eff. / / , Reg. )

Authority: AS 16.10.310

3 AAC 80.080. ASSUMPTIONS. (a) Requests for permission to assume obligations and benefits of loans granted under AS 16.10.300-16.10.370 will be processed in the same manner as a loan request.

(b) A loan committee may permit an assumption if the individual seeking to assume the loan would be eligible for a new loan of the type that is sought to be assumed, the applicant is a good financial risk, and the security of the state's investment is preserved.

(c) Eligibility standards currently in effect, rather than standards in effect at the time the original loan was made, will govern assumptions. (Eff. / / , Reg. )

Authority: AS 16.10.310

3 AAC 80.085. RECONSIDERATION. (a) If a loan request is denied or significantly modified by a loan committee, an applicant may file a written request for reconsideration with the department. The request must be filed within 30 days of receipt of the initial decision of the loan committee.

(b) The loan committee will reconsider a request only upon a showing by the applicant that

(1) there has been a substantial change in the circumstances; or

(2) additional relevant information can be provided to the loan committee that was not initially available. (Eff. / / , Reg. )

Authority: AS 16.10.310  
AS 16.10.339

(8)

DRAFT

Proposed Regs.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 8, 1985

SUBJECT: Pre-qualification of commercial fishing  
loan applicants

TO: Senator Richard I. Eliason  
Chairman, Senate Labor and Commerce Committee

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have asked whether the Commercial Fishing Loan Act (AS 16.10.300 - 16.10.370) gives the commissioner of the Department of Commerce and Economic Development the power to pre-qualify loan applicants. In my opinion it does.

There is nothing in the Commercial Fishing Loan Act to specifically prohibit DCED from pre-qualifying loan applicants. Under AS 16.10.310 DCED is given broad powers to make commercial fishing loans. That section also gives DCED the power to "adopt regulations necessary to carry out its functions." The functions of the department are summarized in AS 16.10.300, which states the policy of the state with regard to the Commercial Fishing Loan Act:

It is the policy of the state, under AS 16.10.300 - 16.10.370, to promote the rehabilitation of the state's fisheries, the development of a predominantly resident fishery, and the continued maintenance of commercial fishing gear and vessels throughout the state by means of long-term low interest loans.

Therefore, it is clear that the Commercial Fishing Loan Act was intended to give DCED the power to do whatever is necessary to make commercial fishing loans, within the specific statutory limitations. If pre-qualifying loan applicants furthers that purpose, as it appears that it would, then DCED may do so under the existing statutes.

If I may be of any further assistance, please feel free to contact me.

KBL:csh  
c3/034

Introduced: 1/22/85  
Referred: Labor and Commerce  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 78

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan  
7 programs administered by the Department of Commerce  
8 and Economic Development; and providing for an effec-  
9 tive date."

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

11 \* Section 1. AS 16.10.310 is amended to read:

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

14 (1) make loans to

15 (A) individual commercial fishermen who have been  
16 state residents for a continuous period of two years immediately  
17 preceding the date of application for a loan under AS 16.10.300  
18 -- 16.10.370 and have had a crewmember or commercial fishing  
19 license under AS 16.05.480 or a permit under AS 16.43 for the  
20 year immediately preceding the date of application and any other  
21 two of the past five years, and who actively participated in the  
22 fishery during those periods, for the purchase of entry permits;

23 (B) individuals for the repair, restoration, or up-  
24 grading of existing vessels and gear for the purchase of entry  
25 permits and gear, and for the construction and purchase of ves-  
26 sels, if the individuals have [AN INDIVIDUAL WHO HAS] been [A]  
27 state residents [RESIDENT] for a continuous period of two years  
28 immediately preceding the date of application for a loan under  
29 AS 16.10.300 -- 16.10.370, and either [WHO]

1 (i) because of lack of training or lack of em-  
2 ployment opportunities in the area of residence do [DOES]  
3 not have occupational opportunities available other than  
4 commercial fishing; or

5 (ii) are [IS] economically dependent on commer-  
6 cial fishing for a livelihood and for whom commercial fish-  
7 ing has been a traditional way of life [FOR THE INDIVIDUAL]  
8 in Alaska[, FOR THE REPAIR, RESTORATION OR UPGRADING OF  
9 EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS  
10 AND GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

11 (C) [CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES,  
12 100 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN  
13 WHO HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO  
14 YEARS IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN  
15 UNDER AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMER-  
16 CIAL FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.-  
17 43 FOR THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND  
18 ANY OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICI-  
19 PATED IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORA-  
20 TION OR UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE  
21 OF GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;]

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

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

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

28 (5) enter into agreements with private lending intuitions,  
29 other state agencies, or agencies of the federal government, to carry

1 out the purposes of AS 16.10.300 -- 16.10.370;

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

5 (7) allow an assumption of a loan if

6 (A) the applicant has been a state resident for a  
7 continuous period of two years immediately preceding the date of  
8 the request for an assumption; and

9 (B) approval of the assumption would be consistent  
10 with the purposes of AS 16.10.300 -- 16.10.370.

11 (b) [THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF FISH  
12 AND GAME ON REGULATIONS AND PROCEDURES ESTABLISHED UNDER THIS CHAP-  
13 TER.]

14 (c) In determining whether an individual commercial fisherman is  
15 reasonably likely to be able to repay a loan made under AS 16.10.300  
16 -- 16.10.370, the commissioner shall consider the individual commer-  
17 cial fisherman's income from commercial fishing and from all other  
18 sources.

19 \* Sec. 2. AS 16.10.315 is amended to read:

20 Sec. 16.10.315. ALLOCATIONS OF LOANS. The department shall  
21 allocate at least 10 percent of the money that is appropriated for a  
22 state fiscal year to make loans under AS 16.10.310 for loans of  
23 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-  
24 cation made under this section terminates on April 15 of the state  
25 fiscal year for which the allocation is made.

26 \* Sec. 3. AS 16.10.320 is amended to read:

27 Sec. 16.10.320. LIMITATIONS ON LOANS. (a) Except as permitted  
28 in (h) of this section, a ~~TA~~ loan under AS 16.10.300 [16.10.310] --  
29 16.10.370