



# LAWS OF ALASKA

2006

**Source**

CSHB 304(FIN) am

**Chapter No.**

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**AN ACT**

Relating to the commercial fishing loan program; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1



**AN ACT**

1 Relating to the commercial fishing loan program; and providing for an effective date.

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

4 (a) The department may

5 (1) make loans

6 (A) to individual commercial fishermen who have been state  
7 residents for a continuous period of two years immediately preceding the date  
8 of application for a loan under AS 16.10.300 - 16.10.370, who have had an  
9 annual crewmember or commercial fishing license under AS 16.05.480 or a  
10 permit under AS 16.43 for the year immediately preceding the date of  
11 application and any other two of the past five years, and who actively  
12 participated in the fishery during those periods

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(i) for the purchase of entry permits; or

1 (ii) to upgrade existing vessels and gear for the purpose  
2 of improving the quality of Alaska seafood products;

3 (B) to an individual for the repair, restoration, or upgrading of  
4 existing vessels and gear, for the purchase of entry permits and gear, and for  
5 the construction and purchase of vessels, if the individual has been a state  
6 resident for a continuous period of two years immediately preceding the date  
7 of application for a loan under AS 16.10.300 - 16.10.370, **is not eligible for**  
8 **financing from a state financial institution as defined in AS 06.01.050, a**  
9 **federally chartered financial institution, or the Commercial Fishing and**  
10 **Agricultural Bank,** and [EITHER]

11 (i) because of lack of training or lack of employment  
12 opportunities in the area of residence, does not have occupational  
13 opportunities available other than commercial fishing; or

14 (ii) is economically dependent on commercial fishing  
15 for a livelihood and for whom commercial fishing has been a traditional  
16 way of life in Alaska;

17 (C) for the purchase of quota shares for fisheries in or off the  
18 state by individual commercial fishermen who

19 (i) have been state residents for a continuous period of  
20 two years immediately preceding the date of application for a loan  
21 under AS 16.10.300 - 16.10.370;

22 (ii) for any two of the past five years, possessed an  
23 annual crewmember or commercial fishing license under AS 16.05.480  
24 or a permit under AS 16.43 and actively participated in a fishery for  
25 which the license or permit was issued;

26 (iii) qualify as transferees for quota shares under  
27 applicable law; and

28 (iv) are not eligible for financing from other recognized  
29 commercial lending institutions to purchase quota shares;

30 (D) to an individual commercial fisherman to satisfy past due  
31 federal tax obligations, if the fisherman has been a state resident for a

1 continuous period of two years immediately preceding the date of application  
2 for the loan, has filed past and current federal tax returns with the federal  
3 government, has executed an agreement with the federal government for  
4 repayment of past due federal tax obligations, and either

5 (i) [HAS HAD AN ANNUAL CREWMEMBER OR  
6 COMMERCIAL FISHING LICENSE UNDER AS 16.05.480 OR A  
7 PERMIT UNDER AS 16.43 FOR THE YEAR IMMEDIATELY  
8 PRECEDING THE DATE OF APPLICATION AND ANY OTHER  
9 TWO OF THE PAST FIVE YEARS, AND HAS ACTIVELY  
10 PARTICIPATED IN THE FISHERY DURING THOSE PERIODS;

11 (ii)] because of lack of training or lack of employment  
12 opportunities in the area of residence, does not have occupational  
13 opportunities available other than commercial fishing; or

14 (ii) [(iii)] is economically dependent on commercial  
15 fishing for a livelihood and for whom commercial fishing has been a  
16 traditional way of life in Alaska;

17 (E) for the purchase of fishing quota shares by a community  
18 quota entity eligible under federal statute or regulation to purchase the fishing  
19 quota shares if the community quota entity is not eligible or qualified for  
20 financing from other recognized commercial lending institutions to purchase  
21 the fishing quota shares;

22 (F) to an individual for the upgrade of existing tender vessels  
23 and gear to improve the quality of Alaska seafood products, if the individual  
24 has been a state resident for a continuous period of two years immediately  
25 preceding the date of application for a loan under AS 16.10.300 - 16.10.370;

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

27 (3) adopt regulations necessary to carry out the provisions of  
28 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for  
29 services provided;

30 (4) establish amortization plans for repayment of loans, which may  
31 include extensions for poor fishing seasons or for adverse market conditions for

1 Alaska products;

2 (5) enter into agreements with private lending institutions, other state  
3 agencies, or agencies of the federal government to carry out the purposes of  
4 AS 16.10.300 - 16.10.370;

5 (6) enter into agreements with other agencies or organizations to create  
6 an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of  
7 the state;

8 (7) allow an assumption of a loan if

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

12 (B) approval of the assumption would be consistent with the  
13 purposes of AS 16.10.300; an applicant for a loan assumption may not be  
14 disqualified because the applicant does not meet the loan eligibility  
15 requirements of (1) of this subsection;

16 (8) prequalify loan applicants for a limited entry permit loan or a quota  
17 shares loan and charge a fee not to exceed \$200 for prequalification;

18 (9) charge and collect the fees established under this subsection;

19 (10) refinance a debt obligation incurred by a borrower or borrowers  
20 under this section if the borrower or borrowers otherwise qualify for a loan under  
21 AS 16.10.300 - 16.10.370;

22 (11) refinance debt obligations, not to exceed \$200,000 [\$300,000],  
23 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel  
24 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -  
25 16.10.370; the department may collect a refinancing loan origination charge as  
26 provided by regulation.

27 \* **Sec. 2.** AS 16.10.320(a) is amended to read:

28 (a) Except as permitted in (h) of this section, a loan under AS 16.10.300 -  
29 16.10.370

30 (1) may not exceed a term of 15 years, except for extensions under  
31 AS 16.10.310(a)(4);

1 (2) may not bear interest exceeding **the prime rate, as defined by**  
2 **AS 44.88.599, plus two percentage points, but not more than** 10 1/2 percent;

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

5 (4) may not exceed **80** [90] percent of the appraised value of the  
6 collateral used to secure the loan; and

7 (5) may not be made to a person who has a past due child support  
8 obligation established by court order or by the child support services agency under  
9 AS 25.27.160 - 25.27.220 at the time of application.

10 \* **Sec. 3.** AS 16.10.320(d) is amended to read:

11 (d) The total of balances outstanding on loans made to a borrower under  
12 AS 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding on  
13 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed \$100,000. The  
14 total of balances outstanding on loans made to a borrower under  
15 AS 16.10.310(a)(1)(C) may not exceed \$300,000. The total of balances outstanding on  
16 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax  
17 obligations may not exceed **\$35,000** [\$30,000]. The total of balances outstanding on  
18 loans made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 **for each** [PER]  
19 community eligible under federal statute or regulation to establish or participate in the  
20 establishment of a community quota entity. The total of balances outstanding on loans  
21 made to a borrower under AS 16.10.310(a)(1)(F) may not exceed \$300,000. Excluding  
22 loans made under **AS 16.10.310(a)(1)(E)** [AS 16.10.310(a)(1)(C) - (F)], the total of  
23 balances outstanding on all loans, including debt refinancing under AS 16.10.310(a),  
24 made to a borrower under AS 16.10.300 - 16.10.370 may not exceed **\$400,000**  
25 [\$300,000].

26 \* **Sec. 4.** AS 16.10.315 is repealed.

27 \* **Sec. 5.** This Act takes effect July 1, 2006.